LET

LEISURE ENTERTAINMENT TASTE

LET GROUP HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1383)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2022

FINANCIAL HIGHLIGHTS

- Total revenue from continuing operations increased by 34% to approximately HK$394,340,000 (2021: approximately HK$294,308,000)

- Gross profit from continuing operations increased by 113% to approximately HK$185,117,000 (2021: approximately HK$86,724,000)

- Loss for the year attributable to equity holders of the Company of approximately HK$138,362,000 in 2022 (2021: approximately HK$258,265,000)

- Basic loss per share attributable to shareholders of the Company of HK6.13 cents in 2022 (2021: HK7.91 cents)

The board of directors (the "**Board**") of LET Group Holdings Limited (the "**Company**", formerly known as Suncity Group Holdings Limited) is pleased to announce the consolidated results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 December 2022.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2022

	Notes	2022 HK$'000	2021 HK$'000 (Restated)
Continuing operations			
Revenue	5	**394,340**	294,308
Cost of sales		**(209,223)**	(207,584)
Gross profit		**185,117**	86,724
Other income, gains and losses	6	**110,058**	99,910
Selling and distribution expenses		**(20,909)**	(13,740)
Administrative expenses		**(202,471)**	(199,852)
Other operating expenses		**(15,180)**	(10,284)
Change in fair value of derivative financial instruments	18	**12,167**	825,835
Gain on disposal of an associate		**–**	594
Impairment loss on equity loans to a joint venture	13	**(17,643)**	(119,717)
Impairment loss on loans to a joint venture	13	**(12,155)**	(194,212)
Impairment loss on amounts due from a joint venture	13	**(44,538)**	(22,906)
Impairment loss on property, operating right and equipment		**–**	(287,119)
Share of losses of associates		**–**	(520)
Share of loss of a joint venture		**(160,854)**	(437,952)
Finance costs	7	**(195,050)**	(207,961)
Loss before taxation		**(361,458)**	(481,200)
Income tax credit (expense)	9	**16,751**	(22,947)
Loss for the year from continuing operations	8	**(344,707)**	(504,147)
Discontinued operations			
Profit for the year from discontinued operations	20, 21	**138,039**	34,750
Loss for the year		**(206,668)**	(469,397)

	Notes	2022 HK$'000	2021 HK$'000 (Restated)
Other comprehensive (expense) income:			
Items that will not be reclassified to profit of loss:			
Exchange differences arising on translation from functional currency to presentation currency		**–**	62,910
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		**(303,644)**	(286,536)
Reclassification of exchange reserve upon disposal of subsidiaries	*21*	**(9,477)**	–
Reclassification of exchange reserve upon disposal of an associate		**–**	(76)
Share of other comprehensive income (expense) of a joint venture, net of related income tax		**2,081**	(900)
		(311,040)	(287,512)
Other comprehensive expense for the year		**(311,040)**	(224,602)
Total comprehensive expense for the year		**(517,708)**	(693,999)
(Loss) profit for the year attributable to:			
– Equity holders of the Company:			
– Shareholders of the Company		**(408,762)**	(527,492)
– Holder of perpetual securities	*22*	**270,400**	269,227
		(138,362)	(258,265)
– Non-controlling interests		**(68,306)**	(211,132)
		(206,668)	(469,397)

	Notes	**2022**	2021
		HK$'000	*HK$'000*
			(Restated)
Total comprehensive (expense) income for the year attributable to:			
– Equity holders of the Company:			
– Shareholders of the Company		**(681,272)**	(711,186)
– Holder of perpetual securities	*22*	**270,400**	269,227
		(410,872)	(441,959)
– Non-controlling interests		**(106,836)**	(252,040)
		(517,708)	(693,999)
Total comprehensive (expense) income for the year attributable to equity holders of the Company arose from:			
– Continuing operations		**(566,353)**	(459,773)
– Discontinued operations	*20, 21*	**155,481**	17,814
		(410,872)	(441,959)
Loss per share attributable to shareholders of the Company:			
Basic *(HK cents)*	*11*		
– For loss for the year		**(6.13)**	(7.91)
– For loss from continuing operations		**(8.20)**	(8.43)
Diluted *(HK cents)*	*11*		
– For loss for the year		**(6.43)**	(15.52)
– For loss from continuing operations		**(8.50)**	(15.95)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

		As at 31 December	
		2022	2021
	Notes	***HK$'000***	*HK$'000*
Non-current assets			
Property, operating right and equipment		**3,242,864**	2,837,734
Right-of-use assets		**1,767,020**	2,161,410
Intangible assets		**13,243**	14,449
Prepayments and deposits for non-current assets	*12*	**275,628**	226,132
Interest in a joint venture	*13*	**–**	175,659
Loans to a joint venture	*13*	**97,024**	77,126
Amounts due from a joint venture	*13*	**6,863**	4,433
Loan receivable	*14*	**–**	113,659
Derivative financial instrument	*18(c)*	**3,232**	4,570
		5,405,874	5,615,172
Current assets			
Inventories		**4,452**	307,236
Trade and other receivables and prepayments	*15*	**211,732**	248,773
Loan receivable	*14*	**–**	485,550
Loans to a joint venture	*13*	**90,050**	89,600
Amounts due from a joint venture	*13*	**39,359**	12,458
Pledged bank deposits	*16*	**485**	1,534
Restricted bank deposits	*16*	**–**	1
Bank balances and cash		**1,036,314**	1,571,507
		1,382,392	2,716,659

	Notes	As at 31 December 2022 HK$'000	2021 HK$'000
Current liabilities			
Trade and other payables	*17*	**177,648**	287,859
Amount due to a related company		**–**	262,905
Amount due to a non-controlling shareholder of a subsidiary		**6,204**	–
Loan from a non-controlling shareholder of a subsidiary		**77,660**	–
Contract liabilities		**6,560**	8,189
Rent and other deposits		**5,377**	6,003
Other borrowings	*19*	**400,000**	823,101
Lease liabilities		**10,326**	9,840
Bond payables	*18(a)*	**628,442**	–
Convertible bonds	*18(a)*	**–**	589,203
Derivative financial instruments	*18(a) and (b)*	**167**	13,301
Current tax liabilities		**5,374**	17,003
		1,317,758	2,017,404
Net current assets		**64,634**	699,255
Total assets less current liabilities		**5,470,508**	6,314,427

	Notes	As at 31 December 2022 HK$'000	2021 HK$'000
Non-current liabilities			
Other borrowings	*19*	–	149,217
Other payables	*17*	**79,369**	69,216
Lease liabilities		**923,085**	1,009,184
Loans from non-controlling shareholders of subsidiaries		**138,748**	237,262
Amounts due to non-controlling shareholders of a subsidiary		–	5,013
Convertible bonds	*18(b)*	**19,073**	17,767
		1,160,275	1,487,659
Net assets		**4,310,233**	4,826,768
Capital and reserves			
Share capital		**666,797**	666,797
Perpetual securities	*22*	**6,036,663**	5,766,263
Reserves		**(3,674,087)**	(2,993,926)
Equity attributable to equity holders of the Company		**3,029,373**	3,439,134
Non-controlling interests		**1,280,860**	1,387,634
Total equity		**4,310,233**	4,826,768

Notes:

1. GENERAL INFORMATION

LET Group Holdings Limited is a public company incorporated in the Cayman Islands and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The registered office of the Company is at P.O. Box 31119, Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1–1205, Cayman Islands. The principal place of business of the Company is at Unit 1705, 17/F., West Tower, Shun Tak Centre, 168–200 Connaught Road Central, Hong Kong. Its immediate holding company is Major Success Group Limited ("**Major Success**"), a company incorporated in the British Virgin Islands (the "**BVI**") and Mr. Lo Kai Bong ("**Mr. Lo**") is the ultimate controlling party of the Company.

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

The principal activity of the Company is investment holding. The Group is principally engaged in (i) through Suntrust Resort Holdings, Inc. ("**Suntrust**", formerly known as Suntrust Home Developers, Inc.) and its subsidiaries (collectively referred to as the "**Suntrust Group**"), the development and operation of an integrated resort in the Philippines; (ii) through Summit Ascent Holdings Limited ("**Summit Ascent**") and its subsidiaries (collectively referred to as the "**Summit Ascent Group**"), the operation of the hotel and gaming business in the Integrated Entertainment Zone of the Primorye Region ("**IEZ Primorye**") in the Russian Federation; (iii) property development in Japan; and (iv) management and operation of malls in the People's Republic of China (the "**PRC**").

Restatements due to discontinued operations

The presentation of comparative information in respect of the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2021 has been restated in order to disclose the discontinued operations separately from continuing operations pursuant to the 2022 Disposal (as defined in Note 3) and the Cessation (as defined in Note 20) as mentioned in Note 3. Details are set out in Notes 20 and 21. As the restatements do not affect the consolidated statement of financial position, it is not necessary to disclose comparative information as at 1 January 2021.

2. BASIS OF PREPARATION

The Group incurred a net loss for the year of approximately HK$206,668,000 and net operating cash outflow of approximately HK$37,046,000 for the year ended 31 December 2022. The Group had committed capital expenditure of approximately HK$4,457,905,000 as at 31 December 2022.

As at 31 December 2022, the Group had an other borrowing in principal amount of HK$400,000,000 due within one year (the "**Other Borrowing**") and bond payables (the "**Bond Payables**"), which were reclassified from convertible bonds upon maturities, in the unpaid principal amounts of approximately HK$226,442,000 and HK$402,000,000 due on 28 August 2022 and 7 December 2022 respectively.

The above conditions indicate the existence of material uncertainties which may cast significant doubt about the Group's ability to continue as a going concern.

In assessing the appropriateness of the use of the going concern basis in the preparation of these consolidated financial statements, the directors of the Company (the "**Director(s)**") prepared a cash flow forecast covering a period of not less than 12 months from 31 December 2022. In preparing the cash flow forecast, the Directors have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern.

Certain measures have been taken by the Group during the year and subsequent to the end of the reporting period to mitigate the liquidity pressure and to improve the financial position of the Group which include, but not limited to the following:

(i) a revolving loan in the principal amount of up to HK$500,000,000 (the "**Revolving Loan**") is to be advanced by Summit Ascent to the Company under a conditional revolving loan agreement dated 27 January 2023 subject to approval by the independent shareholders of Summit Ascent;

(ii) repayment of part of the equity loans and other loans to a joint venture together with interest thereon in the amount of approximately US$114,800,000 (equivalent to approximately HK$895,440,000) to the Company by a joint venture of the Company on 17 March 2023;

(iii) the raising of net placing proceeds of approximately HK$48,500,000 following completion of a placing by the Company of its new shares on 24 February 2023;

(iv) repayment of the Other Borrowing together with interest accrued thereon in March 2023 from funds received by the Group mentioned in (ii) and (iii) above;

(v) active negotiation by the Group with the Bond Payables' holder (the immediate holding company of the Company) not demanding immediate repayment of the Bond Payables and not taking further actions against the Company;

(vi) plan and negotiation for the disposal of certain of the Group's non-core assets, including but not limited to parcels of land in Japan;

(vii) application for potential loan financing from an independent financial institution to fund in whole or in part the capital commitment of Suntrust in the construction of the hotel and casino project;

(viii) continue to take active measures to control operating expenses of the Group; and

(ix) continue to explore other debt and/or equity financing.

The Directors believe that if the above measures are implemented properly and effectively in the year 2023 and if the Group could raise adequate funds or successfully agree with the holder of the Bond Payables for extension or renewal of the outstanding Bond Payables, the Group will have sufficient working capital in the next twelve months from 31 December 2022.

Given the above, the Directors are of the opinion that, taking into account the above-mentioned measures, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within the next twelve months from 31 December 2022. Accordingly, the Directors are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Notwithstanding the above, significant uncertainties exist as to whether the Group can achieve the plans and measures described in (i) and (v) to (ix) above. The sufficiency of the Group's working capital to satisfy its present obligations for at least the next twelve months from 31 December 2022 is dependent on the Group's ability to generate adequate funds or through successful extension or renewal of the outstanding bond payables. Should the Group be unable to operate as a going concern, adjustments would have to be made to reduce the carrying values of the Group's assets to their recoverable amounts, to provide for further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in the consolidated financial statements.

3. SIGNIFICANT EVENTS IN THE CURRENT REPORTING PERIOD

(a) On 1 April 2022, the board of Directors decided to cease the Group's travel related products and services and hotel and integrated resort general consultancy services businesses. With effect from 1 April 2022, the Group ceased and discontinued the operations in travel related products and services and hotel and integrated resort general consultancy services businesses. Details are set out in Note 20.

(b) On 10 May 2022, the Company entered into a sale and purchase agreement (the "**S&P Agreement**") with an independent third party (the "**Purchaser**"). Pursuant to the S&P Agreement, the Company agreed to sell and the Purchaser agreed to purchase the entire equity interest of wholly-owned subsidiaries of the Group including: (i) Goal Explore Investments Limited ("**Goal Explore**") and its subsidiaries save for Dongyang Xinguang Pacific Enterprises Limited ("**Dongyang Xinguang**") (collectively referred to as "**Disposal Group A**"); and (ii) Boshing Investments Limited ("**Boshing Investments**") and its subsidiaries (collectively referred to as "**Disposal Group B**"), at a total cash consideration of HK$1 subject to the terms and conditions of the S&P Agreement (the "**2022 Disposal**") and the 2022 Disposal was completed on 22 July 2022. Details are set out in Note 21.

4. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange ("**Listing Rules**") and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for derivative financial instruments that are measured at fair values at the end of each reporting period. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Application of amendments to HKFRSs

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

Amendments to HKFRS 3	*Reference to the Conceptual Framework*
Amendments to HKAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*
Amendments to HKAS 37	*Onerous Contracts – Cost of Fulfilling a Contract*
Annual Improvements to HKFRSs 2018–2020	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. The impacts of the adoption of the amended HKFRSs are discussed below:

(a) Amendments to HKFRS 3 replace a reference to the previous *Framework for the Preparation and Presentation of Financial Statements* with a reference to the *Conceptual Framework for Financial Reporting* (the "**Conceptual Framework**") issued in June 2018 without significantly changing its requirements. The amendments also add to HKFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of Hong Kong Accounting Standard ("**HKAS**") 37 or HK(IFRIC)-Int 21 if they were incurred separately rather than assumed in a business combination, an entity applying HKFRS 3 should refer to HKAS 37 or HK(IFRIC)-Int 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group has applied the amendments prospectively to business combinations that occurred on or after 1 January 2022. As there were no business combinations during the year, the amendments did not have any impact on the financial position and performance of the Group.

(b) Amendments to HKAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items as determined by HKAS 2 *Inventories*, in profit or loss. The Group has applied the amendments retrospectively to items of property, operating right and equipment made available for use on or after 1 January 2021. Since there was no sale of items produced prior to the property, operating right and equipment being available for use, the amendments did not have any impact on the financial position or performance of the Group.

(c) Amendments to HKAS 37 clarify that for the purpose of assessing whether a contract is onerous under HKAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling that contract. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The Group has applied the amendments prospectively to contracts for which it has not yet fulfilled all its obligations at 1 January 2022 and no onerous contracts were identified. Therefore, the amendments did not have any impact on the financial position or performance of the Group.

(d) *Annual Improvements to HKFRSs 2018–2020* sets out amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41. Details of the amendments that are applicable to the Group are as follows:

- HKFRS 9 *Financial Instruments*: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. The Group has applied the amendment prospectively from 1 January 2022. As there was no modification or exchange of the Group's financial liabilities during the year, the amendment did not have any impact on the financial position or performance of the Group.

5. REVENUE AND SEGMENT INFORMATION

Segment Information

Information reported to the executive Director, being the chief operating decision maker ("**CODM**") for the purpose of resources allocation and assessment of segment performance focuses on types of goods or services delivered or provided.

Specifically, the Group's operating and reportable segments are as follows:

(a) Continuing operations

(1) Operation of integrated resort in the Philippines – Development and operation of an integrated resort at the Entertainment City, Manila, the Philippines through a non-wholly owned subsidiary, Suntrust;

(2) Operation of integrated resort in the Russian Federation – Operation of the hotel and gaming business in the IEZ Primorye in the Russian Federation through a non-wholly owned subsidiary, Summit Ascent;

(3) Property development – Development and sales of properties and hotel premises in Japan; and

(4) Management and operation of malls – Management and operation of malls in the PRC through a wholly-owned subsidiary, Dongyang Xinguang.

(b) Discontinued operations

(1) Property development – Development and sales of office premises, residential and retail properties in Chaohu, Anhui Province and Shenzhen, the PRC;

(2) Property leasing – Leasing of retail and residential properties and provision of property management services in Shenzhen, the PRC;

(3) Travel related products and services – Sales of travel related products, provision of travel agency services and aircraft chartering services; and

(4) Hotel and integrated resort general consultancy services – Provision of hotel and integrated resort general consultancy services.

Pursuant to the 2022 Disposal and the Cessation (as defined in Note 20) as mentioned in Note 3, part of the property development segment and the entire travel related products and services segment and hotel and integrated resort general consultancy services segment were reported as discontinued operations for the year ended 31 December 2022. The comparative figures in the consolidated statement of profit or loss and other comprehensive income have been restated as if the operations discontinued during the current period had been discontinued at the beginning of the comparative period. Details are set out in Notes 20 and 21.

Disaggregation of revenue

Segment	Continuing operations										Discontinued operations											
	Operation of integrated resort in the Philippines		Operation of integrated resort in the Russian Federation		Property development		Management and operation of malls		Sub-total		Property development		Property leasing		Travel related products and services		Hotel and integrated resort general consultancy services		Sub-total		Total	
	2022	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021
	HK$'000	*HK$'000* (Restated)	***HK$'000***	*HK$'000* (Restated)	***HK$'000***	*HK$'000* (Restated)	***HK$'000***	*HK$'000* (Restated)	***HK$'000***	*HK$'000* (Restated)	***HK$'000***	*HK$'000* (Restated)	***HK$'000***	*HK$'000* (Restated)	***HK$'000***	*HK$'000* (Restated)	***HK$'000***	*HK$'000* (Restated)	***HK$'000***	*HK$'000* (Restated)	***HK$'000***	*HK$'000* (Restated)
Types of goods and services																						
Property management services income	–	–	–	–	–	–	–	–	–	–	–	–	–	3,172	–	–	–	–	–	3,172	–	3,172
Revenue from management and operation of malls	–	–	–	–	–	–	**22,034**	28,789	**22,034**	28,789	–	–	–	–	–	–	–	–	–	–	**22,034**	28,789
Sales of travel related products																						
– Hotel accommodation products	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	40,880	–	–	–	40,880	–	40,880
– Others	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	611	–	–	–	611	–	611
Travel agency services income	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	702	–	–	–	702	–	702
Revenue from aircraft chartering services	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	652	–	–	–	652	–	652
Revenue from gaming and hotel operations																						
– Gaming operations	–	–	**340,898**	248,355	–	–	–	–	**340,898**	248,355	–	–	–	–	–	–	–	–	–	–	**340,898**	248,355
– Hotel operations	–	–	**31,408**	17,164	–	–	–	–	**31,408**	17,164	–	–	–	–	–	–	–	–	–	–	**31,408**	17,164
Hotel and integrated resort general consultancy services income	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	3,284	–	3,284	–	3,284
Revenue from contracts with customers	–	–	**372,306**	265,519	–	–	**22,034**	28,789	**394,340**	294,308	–	–	–	3,172	–	42,845	–	3,284	–	49,301	**394,340**	343,609
Leases	–	–	–	–	–	–	–	–	–	–	–	–	–	19,694	–	–	–	–	–	19,694	–	19,694
Total revenue	–	–	**372,306**	265,519	–	–	**22,034**	28,789	**394,340**	294,308	–	–	–	22,866	–	42,845	–	3,284	–	68,995	**394,340**	363,303

Segment	Continuing operations										Discontinued operations										Total	
	Operation of integrated resort in the Philippines		Operation of integrated resort in the Russian Federation		Property development		Management and operation of malls		Sub-total		Property development		Property leasing		Travel related products and services		Hotel and integrated resort general consultancy services		Sub-total			
	2022	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021
	HK$'000	*HK$'000* (Restated)	***HK$'000***	*HK$'000* (Restated)	***HK$'000***	*HK$'000* (Restated)	***HK$'000***	*HK$'000* (Restated)	***HK$'000***	*HK$'000* (Restated)	***HK$'000***	*HK$'000* (Restated)	***HK$'000***	*HK$'000* (Restated)	***HK$'000***	*HK$'000* (Restated)	***HK$'000***	*HK$'000* (Restated)	***HK$'000***	*HK$'000* (Restated)	***HK$'000***	*HK$'000* (Restated)
Geographical markets																						
The PRC	**–**	–	**–**	–	**–**	–	**22,034**	28,789	**22,034**	28,789	**–**	–	**–**	3,172	**–**	–	**–**	–	**–**	3,172	**22,034**	31,961
Macau	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	42,132	**–**	–	**–**	42,132	**–**	42,132
Cambodia	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	1	**–**	–	**–**	1	**–**	1
Vietnam	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	24	**–**	3,284	**–**	3,308	**–**	3,308
The Russian Federation	**–**	–	**372,306**	265,519	**–**	–	**–**	–	**372,306**	265,519	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**372,306**	265,519
Others	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	688	**–**	–	**–**	688	**–**	688
Revenue from contracts with customers	**–**	–	**372,306**	265,519	**–**	–	**22,034**	28,789	**394,340**	294,308	**–**	–	**–**	3,172	**–**	42,845	**–**	3,284	**–**	49,301	**394,340**	343,609
Leases	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	19,694	**–**	–	**–**	–	**–**	19,694	**–**	19,694
Total revenue	**–**	–	**372,306**	265,519	**–**	–	**22,034**	28,789	**394,340**	294,308	**–**	–	**–**	22,866	**–**	42,845	**–**	3,284	**–**	68,995	**394,340**	363,303
Timing of revenue recognition																						
At a point in time	**–**	–	**358,840**	259,041	**–**	–	**–**	–	**358,840**	259,041	**–**	–	**–**	–	**–**	702	**–**	–	**–**	702	**358,840**	259,743
Over time	**–**	–	**13,466**	6,478	**–**	–	**22,034**	28,789	**35,500**	35,267	**–**	–	**–**	3,172	**–**	42,143	**–**	3,284	**–**	48,599	**35,500**	83,866
	–	–	**372,306**	265,519	**–**	–	**22,034**	28,789	**394,340**	294,308	**–**	–	**–**	3,172	**–**	42,845	**–**	3,284	**–**	49,301	**394,340**	343,609
Leases	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	19,694	**–**	–	**–**	–	**–**	19,694	**–**	19,694
Total revenue	**–**	–	**372,306**	265,519	**–**	–	**22,034**	28,789	**394,340**	294,308	**–**	–	**–**	22,866	**–**	42,845	**–**	3,284	**–**	68,995	**394,340**	363,303

The duration of contracts in relation to property management services income, revenue from management and operation of malls, income from sales of travel related products, revenue from aircraft chartering services and hotel and integrated resort general consultancy services income usually varies from 1 to 20 years, 6 months to 15 years, 1 to 31 days, 1 day and 1 to 10 years, respectively and the contract fees of contracts with customers are either fixed or variable based on certain percentage of gross gaming revenue and EBITDA of a casino under management.

Performance obligations for contracts with customers

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December 2022 and 2021 and the expected timing of recognising revenue are as follows:

	Revenue from gaming and hotel operations	Revenue from management and operation of malls	Total
	HK$'000	*HK$'000*	*HK$'000*
As at 31 December 2022			
Within one year	**4,602**	**1,958**	**6,560**
As at 31 December 2021			
Within one year	4,323	3,866	8,189

Information about major customers

No customers represented over 10% of total revenue of the Group for both years ended 31 December 2022 and 2021.

Segment revenue and results

Segment	Continuing operations										Discontinued operations											
	Operation of integrated resort in the Philippines		Operation of integrated resort in the Russian Federation		Property development		Management and operation of malls		Sub-total		Property development		Property leasing		Travel related products and services		Hotel and integrated resort general consultancy services		Sub-total		Total	
	2022	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021
	HK$'000	*HK$'000* (Restated)	***HK$'000***	*HK$'000* (Restated)	***HK$'000***	*HK$'000* (Restated)	***HK$'000***	*HK$'000* (Restated)	***HK$'000***	*HK$'000* (Restated)	***HK$'000***	*HK$'000* (Restated)	***HK$'000***	*HK$'000* (Restated)	***HK$'000***	*HK$'000* (Restated)	***HK$'000***	*HK$'000* (Restated)	***HK$'000***	*HK$'000* (Restated)	***HK$'000***	*HK$'000* (Restated)
Segment revenue from external customers	**-**	-	**372,306**	265,519	**-**	-	**22,034**	28,789	**394,340**	294,308	**-**	-	**-**	22,866	**-**	42,845	**-**	3,284	**-**	68,995	**394,340**	363,303
Segment (loss) profit	**(26,841)**	(25,587)	**28,046**	(351,749)	**(2,063)**	(2,634)	**316**	5,792	**(542)**	(374,178)	**(1,143)**	(31,081)	**-**	(18,139)	**496**	(48,393)	**377**	(24,714)	**(270)**	(122,327)	**(812)**	(496,505)
Change in fair value of derivative financial instruments									**12,167**	825,835									**-**	-	**12,167**	825,835
Gain on disposal of subsidiaries									**-**	-									**196,463**	201,736	**196,463**	201,736
Gain on disposal of an associate									**-**	594									**-**	-	**-**	594
Impairment loss on equity loans to a joint venture									**(17,643)**	(119,717)									**-**	-	**(17,643)**	(119,717)
Impairment loss on loans to a joint venture									**(12,155)**	(194,212)									**-**	-	**(12,155)**	(194,212)
Impairment loss on amounts due from a joint venture									**(44,538)**	(22,906)									**-**	-	**(44,538)**	(22,906)
Share of losses of associates									**-**	(520)									**-**	-	**-**	(520)
Share of loss of a joint venture									**(160,854)**	(437,952)									**-**	-	**(160,854)**	(437,952)
Reversal of provision for litigation									**-**	-									**-**	21,361	**-**	21,361
Unallocated other income, gains and losses									**79,322**	86,881									**36,823**	15,338	**116,145**	102,219
Unallocated finance costs									**(177,528)**	(192,918)									**(94,002)**	(74,113)	**(271,530)**	(267,031)
Unallocated expenses									**(39,687)**	(52,107)									**(975)**	(7,510)	**(40,662)**	(59,617)
(Loss) profit before taxation									**(361,458)**	(481,200)									**138,039**	34,485	**(223,419)**	(446,715)
Income tax credit (expense)									**16,751**	(22,947)									**-**	265	**16,751**	(22,682)
(Loss) profit for the year									**(344,707)**	(504,147)									**138,039**	34,750	**(206,668)**	(469,397)

Segment results represent the profit earned by/loss from each segment without allocation of certain other income, gains and losses, certain finance costs, change in fair value of derivative financial instruments, gains on disposal of subsidiaries and an associate, impairment losses on equity loans to, loans to and amounts due from a joint venture, share of losses of associates, share of loss of a joint venture, reversal of provision for litigation and corporate expenses. This is the measure reported to the CODM for the purpose of resources allocation and performance assessment.

Segment assets and liabilities

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

	As at 31 December	
	2022	2021
	HK$'000	*HK$'000*
Segment assets		
Operation of integrated resort in the Philippines	**3,959,680**	4,481,730
Operation of integrated resort in the Russian Federation	**2,037,064**	1,830,318
Travel related products and services	**9,084**	87,722
Hotel and integrated resort general consultancy services	**375**	3,798
Property development	**440,280**	831,823
Management and operation of malls	**83,053**	99,093
Total segment assets	**6,529,536**	7,334,484
Unallocated assets:		
Interest in a joint venture	**–**	175,659
Loans to a joint venture	**187,074**	166,726
Amounts due from a joint venture	**46,222**	16,891
Property, operating right and equipment	**328**	571
Right-of-use assets	**–**	998
Derivative financial instrument	**3,232**	4,570
Loan receivable	**–**	599,209
Bank balances and cash	**2,812**	6,659
Others	**19,062**	26,064
Consolidated total assets	**6,788,266**	8,331,831

	As at 31 December	
	2022	2021
	HK$'000	*HK$'000*
Segment liabilities		
Operation of integrated resort in the Philippines	**1,006,755**	1,091,176
Operation of integrated resort in the Russian Federation	**221,046**	224,138
Travel related products and services	**140**	8,872
Hotel and integrated resort general consultancy services	**2,492**	3,196
Property development	**83,883**	144,820
Management and operation of malls	**71,171**	85,047
Total segment liabilities	**1,385,487**	1,557,249
Unallocated liabilities:		
Current tax liabilities	**5,374**	17,003
Convertible bonds	**19,073**	606,970
Bond payables	**628,442**	–
Derivative financial instruments	**167**	13,301
Lease liabilities	**–**	1,000
Amount due to a related company	**–**	262,905
Other borrowings	**400,000**	972,318
Others	**39,490**	74,317
Consolidated total liabilities	**2,478,033**	3,505,063

For the purposes of monitoring segment performance and allocating resources among segments:

- all assets are allocated to operating segments other than interest in a joint venture, loans to and amounts due from a joint venture, loan receivable, certain right-of-use assets, derivative financial instrument, certain property, operating right and equipment, certain bank balances and cash, and corporate assets of investment holding companies; and

- all liabilities are allocated to operating segments other than certain lease liabilities, convertible bonds, bond payables, derivative financial instruments, current tax liabilities, amount due to a related company, other borrowings, and corporate liabilities of investment holding companies.

6. OTHER INCOME, GAINS AND LOSSES

	2022	2021
	HK$'000	*HK$'000*
		(Restated)
Bank interest income	**29,288**	10,020
Interest income on loans to a joint venture	**73,993**	37,077
Imputed interest income on loans to a joint venture	**32,628**	38,650
Imputed interest income on value-added tax ("**VAT**") arrangements	**–**	472
Total interest income	**135,909**	86,219
Loss on disposal/written-off of property, operating right and equipment	**(372)**	(276)
Loss on disposal of intangible assets	**–**	(60)
Exchange (losses) gains, net	**(27,584)**	10,498
Others	**2,105**	3,529
	110,058	99,910

7. FINANCE COSTS

	2022	2021
	HK$'000	*HK$'000*
		(Restated)
Imputed interest expense on convertible bonds *(Notes 18(a) and (b))*	**111,112**	116,481
Imputed interest expense on promissory note	**42,187**	54,575
Imputed interest expense on loan from a related company	**–**	9,603
Imputed interest expense on loans from non-controlling shareholders of a subsidiary	**8,765**	8,215
Imputed interest expense on VAT arrangements	**2,353**	–
Interest on promissory note	**4,350**	6,060
Interest on loan from a related company	**–**	2,284
Interest on loans from non-controlling shareholders of a subsidiary	**1,896**	2,239
Interest on bank overdraft	**–**	403
Interest on other borrowings	**21,154**	4,581
Interest on lease liabilities	**37,119**	40,696
Total finance costs	**228,936**	245,137
Less: capitalised in construction in progress included in property, operating rights and equipment *(Note)*	**(33,886)**	(37,176)
Finance costs expensed	**195,050**	207,961

Note: The borrowing costs have been capitalised at 4%% per annum (2021: 4% per annum).

8. LOSS FOR THE YEAR FROM CONTINUING OPERATIONS

	2022	2021
	HK\$'000	*HK\$'000*
		(Restated)
Loss for the year from continuing operations has been arrived at after charging (crediting) the following:		
Depreciation of property, operating right and equipment	**71,561**	87,959
Depreciation of right-of-use assets	**117,359**	133,740
Amortisation of intangible assets	**4**	21
Total depreciation and amortisation	**188,924**	221,720
Less: capitalised in construction in progress included in property, operating right and equipment	**(104,549)**	(121,722)
Total depreciation and amortisation expensed	**84,375**	99,998
Total depreciation and amortisation expensed is presented in the consolidated statement of profit or loss as		
− Cost of sales	**60,887**	76,134
− Administrative expenses	**23,488**	23,864
	84,375	99,998
Auditor's remuneration	**7,094**	9,569
Directors' remuneration	**9,564**	17,194
Staff costs, excluding Directors		
− salaries and wages	**131,109**	138,591
− share-based compensation benefits	**153**	965
− retirements benefits scheme contributions*	**27,173**	25,259
Staff costs, excluding Directors	**158,435**	164,815
Total staff costs	**167,999**	182,009
Less: capitalised in construction in progress included in property, operating right and equipment	**(173)**	(8,322)
Total staff costs expensed	**167,826**	173,687

* There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

	2022	2021
	HK$'000	*HK$'000*
		(Restated)
Impairment loss recognised in respect of other receivables, prepayments and deposits	**3**	1,840
Short-term and variable lease payments	**927**	1,008
Cost of sales		
– cost of services rendered	**10,277**	10,100
– operating expenses of gaming and hotel operations	**198,946**	197,484
	209,223	207,584

9. INCOME TAX (CREDIT) EXPENSE

	2022	2021
	HK$'000	*HK$'000*
		(Restated)
Current		
− PRC Enterprise Income Tax ("**EIT**")	**711**	1,170
− Philippines capital gains tax	**–**	3,687
− Philippines withholding tax	**83**	17,949
− Russian corporate tax	**173**	141
	967	22,947
Overprovision in prior years		
Philippines withholding tax	**(17,718)**	–
	(16,751)	22,947

(a) Hong Kong Profits Tax

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "**Bill**") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

The Directors considered the amount involved upon implementation of the two-tiered profits tax rates regime as insignificant to the consolidated financial statements. Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years. No provision for taxation in Hong Kong has been made as the Group's income neither arises in, nor is derived from, Hong Kong.

(b) PRC EIT

Under the Law of the PRC on the PRC EIT (the "**EIT Law**") and Implementation Regulation of the EIT Law, the tax rate of the Group's PRC subsidiaries is 25% for both years.

According to the EIT Law and the Implementation Regulation of the EIT Law of the PRC, an entity eligible as a small low-profit enterprise ("**Small Low-profit Enterprise**") is subject to preferential tax treatments, a Small Low-profit Enterprise with annual taxable income not more than RMB1,000,000 is subject to PRC EIT calculated at 25% of its taxable income at a tax rate of 20%; a Small Low-profit Enterprise with annual taxable income which exceeds RMB1,000,000 but does not exceed RMB3,000,000 is subject to PRC EIT calculated at 50% of its taxable income at a tax rate of 20%. For both years, none of the subsidiaries of the Group is eligible as a Small Low-profit Enterprise.

(c) PRC withholding income tax

Under the EIT Law, withholding tax is imposed on dividends declared in respect of profits earned by the PRC subsidiaries for those registered as foreign-investment enterprises under the laws of the PRC from 1 January 2008 onwards. A lower 5% withholding tax rate may be applied when the immediate holding companies of the PRC subsidiaries are incorporated or operated in Hong Kong and fulfil the requirements of the tax treaty arrangements between the PRC and Hong Kong.

For the years ended 31 December 2022 and 2021, no deferred taxation has been provided for in the consolidated financial statements as no accumulated profits are generated by PRC subsidiaries of the Group registered as foreign-investment enterprises.

(d) Overseas income tax

The Company and a subsidiary were incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law, Cap. 22 of the Cayman Islands and accordingly, are exempted from the Cayman Islands income tax. Pursuant to the rules and regulations of the BVI and Bermuda, the Company's subsidiaries are not subject to any income tax in the respective jurisdictions.

(e) Macau Complementary Income Tax ("CIT")

Macau CIT is calculated at the progressive rate on the estimated assessable profits. The maximum tax rate is 12% for both years.

(f) Philippines Corporate Income Tax ("PCIT")

PCIT is calculated at 30% of the estimated profits for the years ended 31 December 2022 and 2021. No provision for PCIT has been made for both years as no assessable profits are earned by subsidiaries incorporated in the Philippines.

(g) Philippines capital gains tax

Philippines capital gains tax is calculated at (i) 15% of the net capital gains realised during the taxable year from the sale, barter, exchange or other disposal of shares in a domestic corporation, except for shares traded and sold through The Philippine Stock Exchange, Inc.; or (ii) 6% of the gross selling price or current fair market value, whichever is higher, during the taxable year from the sale, barter, exchange or other disposal of real property classified as capital assets located in the Philippines.

(h) Philippines withholding tax

Philippines withholding tax of 30% shall be levied on the dividend declared by the companies incorporated in the Philippines to non-resident foreign corporations in the Philippines.

Interests on bank savings and time deposits received by the companies incorporated in the Philippines are subject to a final tax between 15% to 20%.

(i) Japan corporate income tax

Corporate tax in Japan is calculated on the estimated assessable profit for both years at the rates of taxation prevailing in Japan in which the Group operates. No provision for Japan corporate income tax has been made for both years as the Japan subsidiaries incurred losses for both years.

(j) Russian corporate tax

Russian corporate tax is calculated at a rate of 20% of the estimated assessable profit for both years. However, no Russian corporate tax is levied on the Group's gaming activities in the Russian Federation in accordance with Russian legislation.

10. DIVIDENDS

The Board does not recommend the payment of a final dividend for each of the years ended 31 December 2022 and 2021.

11. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to the shareholders of the Company is based on the following data:

(Loss) earnings figures are calculated as follows:

	2022	2021
	HK$'000	*HK$'000*
		(Restated)
(Loss) earnings		
(Loss) profit for the year attributable to shareholders of the Company for the purpose for calculating basic (loss) earnings per share		
– Continuing operations	**(546,801)**	(562,242)
– Discontinued operations	**138,039**	34,750
	(408,762)	(527,492)
Effect of dilutive potential ordinary shares:		
– Adjustment to the share of loss of Suntrust based on dilution of its loss per share	**(19,697)**	(18,693)
– Change in fair value of conversion option derivatives of 2016 Convertible Bond	**–**	(778,633)
– Imputed interest expense on 2016 Convertible Bond	**–**	61,122
– Exchange gain in relation to 2016 Convertible Bond	**–**	(11,508)
Loss for the purpose of calculating diluted loss per share	**(428,459)**	(1,275,204)
Attributable to:		
– Continuing operations	**(566,498)**	(1,309,954)
– Discontinued operations	**138,039**	34,750
	(428,459)	(1,275,204)

	Number of shares	
	2022	2021
Number of shares		
Weighted average number of ordinary shares for the purpose of basic (loss) earnings per share	**6,667,972,746**	6,667,917,951
Effect of dilutive potential ordinary shares		
– 2016 Convertible Bond	**–**	1,546,153,846
Weighted average number of ordinary shares for the purpose of diluted loss per share	**6,667,972,746**	8,214,071,797

For the year ended 31 December 2021, the conversion of 2018 Convertible Bond (as defined in Note 18(a)) has an anti-dilutive effect on the basic loss per share from continuing operations presented.

For the years ended 31 December 2022 and 2021, the calculation of diluted loss per share does not assume the exercise of the Company's outstanding share options since the assumed exercise of those share options has an anti-dilutive effect on the basic loss per share from continuing operations.

For the years ended 31 December 2022 and 2021, the exercise of the outstanding share options issued by Summit Ascent and conversion of outstanding convertible bonds issued by Summit Ascent have anti-dilutive effect on the basic loss per share from continuing operations presented.

12. PREPAYMENTS AND DEPOSITS FOR NON-CURRENT ASSETS

	As at 31 December	
	2022	2021
	HK$'000	*HK$'000*
Land use right in the PRC *(Note (a))*	**–**	9,951
Long-term prepayments *(Note (b))*	**13,533**	13,533
Deposits in relation to construction of Main Hotel Casino *(Note (c))*	**237,514**	201,576
Deposits for purchase of property, operating right and equipment	**33,561**	10,052
	284,608	235,112
Less: Allowance for impairment	**(8,980)**	(8,980)
	275,628	226,132

Notes:

(a) The amount represents prepayment for the land use right for a property project in the PRC. As the 2022 Disposal has been completed on 22 July 2022, the prepayment has been disposed on 22 July 2022 and is no longer consolidated into the consolidated financial statements of the Group.

(b) Long-term prepayments represent prepayments for connection to the utility infrastructure network located in the IEZ Primorye in the Russian Federation.

(c) The balance mainly represents the advance deposits paid to the main contractor for the construction of a 5-star hotel and casino complex at the Entertainment City, Manila, the Philippines, which is currently under development by Suntrust (the "**Main Hotel Casino**").

13. INTEREST IN A JOINT VENTURE/LOANS TO AND AMOUNTS DUE FROM A JOINT VENTURE

	As at 31 December	
	2022	2021
	HK$'000	*HK$'000*
Interest in a joint venture		
Cost of unlisted investment	**414,998**	414,998
Share of post-acquisition losses and other comprehensive expenses	**(415,136)**	(415,136)
Exchange realignment	**138**	138
	–	–
Equity loans to a joint venture *(Note (a))*	**507,086**	507,086
Allowance for impairment *(Note (d))*	**(137,254)**	(119,717)
Deemed capital contribution *(Notes (b) and (c))*	**208,141**	208,141
Share of post-acquisition losses and other comprehensive expenses in excess of the cost of investment	**(573,400)**	(414,627)
Exchange realignment	**(4,573)**	(5,224)
Interest in a joint venture	**–**	175,659
Loans to a joint venture		
– Current *(Note (b))*	**233,895**	233,943
– Allowance for impairment *(Note (d))*	**(143,845)**	(144,343)
	90,050	89,600
– Non-current *(Note (c))*	**159,453**	126,995
– Allowance for impairment *(Note (d))*	**(62,429)**	(49,869)
	97,024	77,126
Loans to a joint venture	**187,074**	166,726
Amounts due from a joint venture		
– Current	**102,182**	32,498
– Allowance for impairment *(Note (d))*	**(62,823)**	(20,040)
	39,359	12,458
– Non-current	**11,282**	7,299
– Allowance for impairment *(Note (d))*	**(4,419)**	(2,866)
	6,863	4,433
Amounts due from a joint venture	**46,222**	16,891

Notes:

(a) The loans in the aggregate amount of approximately HK$507,086,000 to a joint venture are interest-free, unsecured and with no fixed repayment term. Such loans form the Group's net investment in the joint venture.

(b) During the year ended 31 December 2020, the Group advanced a loan in principal amount of US$30,000,000 (equivalent to approximately HK$232,500,000 at the drawdown date) to a joint venture. The loan is interest bearing at 14% per annum, unsecured and repayable after 12 months from the first drawdown date of the facility and the maturity date may be extended up to 28 February 2022, and therefore is classified as current asset as at 31 December 2022 and 2021. The loan has not yet been repaid by 28 February 2022 and as of 31 December 2022, which is interest bearing at 25% per annum with effect from 1 March 2022.

As the interest rate charged on the loan to a joint venture is below the prevailing market interest rate, aggregated imputed interest of approximately HK$25,957,000 of the loan upon initial recognition was calculated based on the difference between the prevailing market interest rate and the coupon interest rate has been recognised as deemed contribution to a joint venture as at 31 December 2022 and 2021. The prevailing market interest rate of the loan is 29.54% per annum.

(c) During the year ended 31 December 2020, the Group advanced loans in aggregate principal amount of US$34,045,000 (equivalent to approximately HK$263,849,000 at the drawdown date) to a joint venture. The loans are interest bearing at 1.5% per annum, unsecured and repayable after 5 years from the first drawdown date of the facilities and therefore are classified as non-current assets as at 31 December 2022 and 2021.

As the interest rates charged on the loans to a joint venture are below prevailing market interest rates, aggregated imputed interest of approximately HK$182,184,000 of the loans upon initial recognition was calculated based on the difference between the prevailing market interest rates and the coupon interest rate has been recognised as deemed contribution to a joint venture as at 31 December 2022 and 2021. The prevailing market interest rates of the loans are ranged from 25.63% to 28.90% per annum.

(d) After considering the quantitative and qualitative information that is reasonable and supportive forward-looking information and the financial position of the joint venture, the management of the Group considered that the credit risk on the equity loans to, loans to and the amounts due from a joint venture had significantly increased for the years ended 31 December 2022 and 2021. In view of this, the management of the Group assessed the expected credit losses ("**ECL**") on the equity loans, loans to and the amounts due from the joint venture based on lifetime ECL during the years ended 31 December 2022 and 2021.

Impairment assessment

The key measuring parameters of ECL include probability of default ("**PD**"), loss given default ("**LGD**") and exposure at default ("**EAD**"). Based on the requirements of HKFRS 9, the Group takes into account the quantitative analysis of historical statistics (such as ratings of counterparties, manners of guarantees and types of collaterals, repayments, etc.) and forward-looking information in order to establish the model of PD, LGD and EAD.

Relative definitions are listed as follows:

- PD refers to the possibility that the debtor will not be able to fulfil its obligations of repayment over the next 12 months or throughout the entire remaining lifetime. The Group's PD is adjusted based on the results of the Internal Rating-Based Approach, taking into account the forward-looking information and deducting the prudential adjustment to reflect the debtor's point-in-time PD under the current macroeconomic environment;

- LGD refers to the Group's expectation of the extent of the loss resulting from the default exposure. Depending on the type of counterparty, the method and priority of the recourse, and the type of collaterals, the LGD varies;

- EAD is the amount that the Group should be reimbursed at the time of the default in the next 12 months or throughout the entire remaining lifetime.

The assessment of credit risk and the calculation of ECL both involve forward-looking information. Through the analysis of historical data, the Group identifies the key economic indicators that affect the credit risk. The Group applied experts' judgement in this process, according to the result of experts' judgement, the Group predicts these economic indicators and determines the impact of these economic indicator on the PD and the LGD.

The following table provides information about the Group's exposure to credit risk and ECLs for equity loans to, loans to and amounts due from a joint venture as at 31 December 2022 and 2021:

	As at 31 December 2022			As at 31 December 2021		
	Expected loss rate *(%)*	**Gross carrying amount** ***HK$'000***	**Loss allowance** ***HK$'000***	Expected loss rate *(%)*	Gross carrying amount *HK$'000*	Loss allowance *HK$'000*
Equity loans to a joint venture	**27.1**	**507,086**	**137,254**	23.6	507,086	119,717
Loans to a joint venture	**39.2-61.5**	**393,348**	**206,274**	39.2-61.7	360,938	194,212
Amounts due from a joint venture	**39.2-61.5**	**113,464**	**67,242**	39.2-61.7	39,797	22,906
		1,013,898	**410,770**		907,821	336,835

The following table shows the movement in lifetime ECL that has been recognised for equity loans to a joint venture, loans to a joint venture and amounts due from a joint venture.

	Equity loans to a joint venture	**Loans to a joint venture**	**Amounts due from a joint venture**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2021	–	–	–	–
Allowance for impairment	119,717	194,212	22,906	336,835
At 31 December 2021 and 1 January 2022	119,717	194,212	22,906	336,835
Allowance for impairment	17,643	12,155	44,538	74,336
Exchange realignment	(106)	(93)	(202)	(401)
As at 31 December 2022	**137,254**	**206,274**	**67,242**	**410,770**

In view of the probability of default of the joint venture is no longer insignificant as at 31 December 2022 and 2021, allowances for impairment on the equity loans to a joint venture of approximately HK$137,254,000 (31 December 2021: approximately HK$119,717,000), loans to a joint venture of approximately HK$206,274,000 (31 December 2021: approximately HK$194,212,000) and amounts due from a joint venture of approximately HK$67,242,000 (31 December 2021: approximately HK$22,906,000) have been recognised as at 31 December 2022.

(e) The Group has discontinued recognition of its share of loss of a joint venture. The amount of unrecognised share of loss of a joint venture is as follows:

	2022	2021
	HK$'000	*HK$'000*
Unrecognised share of loss of interest in a joint venture for the year and cumulatively	**70,084**	–

14. LOAN RECEIVABLE

The maturity profile of the loan receivable is as follows:

	As at 31 December	
	2022	2021
	HK$'000	*HK$'000*
Within one year (shown under current assets)	–	485,550
More than one year but not exceeding two years (shown under non-current assets)	–	113,659
	–	599,209

On 30 June 2021, as part of the disposal of Access Achievement Limited ("**Access Achievement**"), a loan and guarantee agreement (the "**Loan Agreement**") was entered into among Shenzhen Sky Alliance Property Company Limited ("**Shenzhen Sky Alliance**"), an indirect wholly-owned subsidiary of the Company, Shenzhen Zirui Real Estate Development Limited ("**Shenzhen Zirui**"), a wholly-owned subsidiary of Access Achievement, and Mr. Chiu King Yan ("**Mr. Chiu**"), the agent of Shenzhen Sky Alliance. A property mortgage agreement (the "**Property Mortgage Agreement**") was subsequently entered into between Mr. Chiu as the agent of Shenzhen Sky Alliance and Shenzhen Zirui, as the guarantor on 30 June 2021. Pursuant to the Loan Agreement and the Property Mortgage Agreement, the outstanding principal amount of RMB519,249,000 (equivalent to approximately HK$623,099,000) owed by Shenzhen Zirui to Shenzhen Sky Alliance (the "**Shenzhen Sky Alliance Loan**") on 30 June 2021 was interest-free, and secured by 20 commercial units and shops, 1 apartment and 22 villas in Le Paysage, which are owned by Shenzhen Zirui (the "**Properties**"). As the 2022 Disposal has been completed on 22 July 2022, the loan receivable has been disposed on 22 July 2022 and is no longer consolidated into the consolidated financial statements of the Group.

Shenzhen Sky Alliance Loan shall be repayable according to the schedule as outlined below:

	RMB'000
On or before 31 July 2021	17,500
On or before 31 March 2022	401,749
On or before 30 June 2023	100,000
Total outstanding principal amount	519,249

The carrying amount of the loan receivable was determined using an effective interest rate of 5.04% per annum.

As at 31 December 2021, RMB17,500,000 (equivalent to approximately HK$21,102,000) had been settled according to the above schedule. The Directors considered the loan receivable was secured by the Properties and that was recoverable given the fair values of the collaterals were sufficient to cover the entire loan receivable. Accordingly, the ECL for the Group's loan receivable was insignificant as at 31 December 2021.

15. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	As at 31 December	
	2022	2021
	HK$'000	*HK$'000*
Trade receivables *(Note (a))*	**1,347**	6,033
Allowance for impairment	**–**	(4,225)
	1,347	1,808
Other receivables	**20,264**	42,116
Consideration receivables from disposal of property, operating right and equipment *(Note (b))*	**–**	77,981
Indirect tax recoverable *(Note (c))*	**141,980**	93,089
Other deposits	**2,944**	6,338
Prepayments	**45,614**	27,855
	212,149	249,187
Less: Allowance for impairment	**(417)**	(414)
	211,732	248,773

Notes:

(a) Amount represents the trade receivables from management and operation of malls and hotel and integrated resort general consultancy services. For the service income for management and operation of malls, a credit period ranging from 0 to 30 days is granted. For the hotel and integrated resort general consultancy services, a credit period ranging from 0 to 15 days is granted.

An aging analysis of the trade receivables as at the end of the reporting period, based on the invoice dates and net of loss allowances is as follows:

	As at 31 December	
	2022	2021
	HK$'000	*HK$'000*
Within 30 days	**1,347**	642
31–90 days	**–**	161
91–180 days	**–**	321
Over 180 days	**–**	684
	1,347	1,808

As at 31 December 2021, approximately HK$1,166,000 of trade receivables from provision of hotel and integrated resort general consultancy services were past due for which the Group has not provided for impairment loss.

The Group has not held any collateral over the trade receivable in respect of hotel and integrated resort general consultancy services. For credit term reviews of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit initially granted up to the end of the reporting period.

In order to minimise credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts.

The Group applies the HKFRS 9 simplified approach to measure ECL which uses a lifetime ECL, trade receivables have been assessed on individual basis and, the Directors considered that ECL for the trade receivables is not significant as at 31 December 2022 and 31 December 2021 due to the high internal credit rating of these debtors.

(b) Amount represents consideration receivable from the disposal of an aircraft as at 31 December 2021, the amount has been fully settled during the year ended 31 December 2022.

(c) Amount represents mainly input VAT paid by Suntrust Group for the construction of the Main Hotel Casino.

16. PLEDGED BANK DEPOSITS/RESTRICTED BANK DEPOSITS

Pledged bank deposits represent deposits for the following purposes:

	As at 31 December	
	2022	2021
	HK$'000	*HK$'000*
Securities for the travel agency business to the suppliers and license granted by the local regulatory bodies	**485**	1,534

For the year ended 31 December 2022, pledged bank deposits are subjected to floating interest rates ranged from 0.2% to 0.3% (2021: 0.2% to 0.3%) per annum.

As at 31 December 2021, a restricted bank deposit of approximately RMB960 (equivalent to approximately HK$1,000), in connection with a litigation in relation to a construction contract and supplemental agreement with a service provider, was subject to court seizure. As the 2022 Disposal is completed on 22 July 2022, the restricted bank deposit has been disposed on 22 July 2022 and is no longer consolidated into the consolidated financial statements of the Group.

17. TRADE AND OTHER PAYABLES

	As at 31 December	
	2022	2021
	HK$'000	*HK$'000*
Trade payables *(Note)*	**954**	47,467
Interest payables	**2,449**	34,058
Payable in respect of transfer of connection right to local electricity supply network	**11,286**	10,687
Liabilities for VAT arrangements	**29,619**	34,945
Retention payables	**59,051**	35,688
Other tax payables	**13,923**	8,585
Provision for indemnity *(Note 23(b))*	**22,927**	21,653
Construction cost payables	**70,252**	96,350
Other payables and accruals	**46,556**	67,642
	257,017	357,075
Amounts presented as:		
– Current	**177,648**	287,859
– Non-current	**79,369**	69,216
	257,017	357,075

Note: The credit period of trade payables ranges from 30 to 180 days.

An aging analysis of trade payables at the end of each reporting period based on invoice dates is as follows:

	As at 31 December	
	2022	2021
	HK$'000	*HK$'000*
0–90 days	**954**	1,713
Over 90 days	**–**	45,754
	954	47,467

18. CONVERTIBLE BONDS/DERIVATIVE FINANCIAL INSTRUMENTS/BOND PAYABLES

(a) Convertible bonds/bond payables issued by the Company

2016 Convertible Bond/2016 Bond Payable

On 8 December 2016, the Company issued a convertible bond ("**2016 Convertible Bond**") with a principal amount of HK$570,000,000 to Fame Select Limited ("**Fame Select**"), the former major shareholder of the Company to set off the balance of the loan from and the related accrued interest due to Fame Select on a dollar-for-dollar basis against the total subscription price payable by Fame Select in respect of the subscription of the 2016 Convertible Bond.

The original maturity date of the 2016 Convertible Bond is 7 December 2018 ("**2016 CB Maturity Date**") which is 2 years from the date of issue of the 2016 Convertible Bond. The 2016 Convertible Bond is not interest bearing and matures on 2016 CB Maturity Date at the principal amount. The 2016 Convertible Bond is convertible into shares of the Company at any time after the issuance up to the close of business on the 2016 CB Maturity Date at the conversion price of HK$0.26 per share, subject to anti-dilutive adjustments ("**2016 CB Conversion Option**"). The initial number of ordinary shares of the Company issuable upon conversion is 2,192,307,692 shares, which represent 59.34% of the total number of ordinary shares of the Company issued and outstanding as of the issue date of the 2016 Convertible Bond as enlarged by the conversion of the entire 2016 Convertible Bond.

The Company is entitled to an option to early redeem at any time before 2016 CB Maturity Date the whole or part of the principal outstanding amount of the 2016 Convertible Bond at the corresponding principal amount.

The 2016 Convertible Bond contains a debt component and derivative component. The 2016 CB Conversion Option is classified as a derivative financial liability as it will be settled other than by an exchange of a fixed amount of cash for a fixed number of the Company's own equity instruments on the basis that the 2016 Convertible Bond is denominated in HK$, which was a foreign currency of the Company at the issue date of the 2016 Convertible Bond.

On initial recognition, the debt component was recognised at fair value, calculated based on the present value of the principal amount over the expected life of the 2016 Convertible Bond. In subsequent periods, the debt component is carried at amortised cost using the effective interest method. The derivative component was measured at fair values at the date of issue and in subsequent periods with changes in fair value recognised in profit or loss.

On 8 May 2018, the Company and Fame Select entered into an amendment agreement (the "**Amendment Agreement**") to extend the 2016 CB Maturity Date to 7 December 2020 ("**Extended 2016 CB Maturity Date**"). The Amendment Agreement was passed by the ordinary resolution at the extraordinary general meeting of the Company held on 28 September 2018. The effective interest rate of the debt component was 8.01% per annum after the extension of the 2016 CB Maturity Date.

On 8 November 2018, the Company received the conversion notice from Fame Select in respect of the exercise in part of the subscription rights attached to the 2016 Convertible Bond to convert an aggregate of HK$168,000,000 of the principal amount of the 2016 Convertible Bond into 646,153,846 ordinary shares of the Company at the conversion price of HK$0.26 per share.

On 15 October 2020, the Company and Fame Select entered into a supplemental deed to further extend the Extended 2016 CB Maturity Date to 7 December 2022. The supplemental deed became effective on 7 December 2020, the date on which all the conditions precedent of the supplemental deed have been fulfilled.

Due to the extension of the Extended 2016 CB Maturity Date, the carrying amount of the debt component had been reduced from HK$402,000,000 to approximately HK$268,499,000 on 7 December 2020 (i.e. date of extension) based on the present value of the principal amount. The effective interest rate of the debt component was 22.36% per annum after the extension of the Extended 2016 CB Maturity Date.

On 13 May 2022, the 2016 Convertible Bond was acquired by Major Success, a company wholly-owned by Mr. Lo, an executive Director of the Company.

The 2016 Convertible Bond matured on 7 December 2022, the principal amount of HK$402,000,000 remained unpaid. Upon the maturity of the 2016 Convertible Bond, the 2016 CB Conversion Option lapsed and was no longer exercisable, therefore, 2016 Convertible Bond was reclassified as bond payable ("**2016 Bond Payable**") on 7 December 2022.

The fair values of the derivative financial instruments of 2016 Convertible Bond as at 31 December 2021 was determined by Grant Sherman Appraisal Limited, an independent and professionally qualified valuer not connected to the Group, based on the Binomial Option Pricing Model (the "**Binomial Model**").

2018 Convertible Bond/2018 Bond Payable

On 28 August 2018, the Company issued a convertible bond ("**2018 Convertible Bond**") with a principal amount of HK$297,000,000 to Star Hope Limited ("**Star Hope**") and Better Linkage Limited ("**Better Linkage**") a company wholly-owned by Mr. Lo, an executive Director of the Company for the acquisition of the entire equity interest of Star Admiral Limited and shareholder's loan owed by Star Admiral Limited.

The maturity date of the 2018 Convertible Bond is 28 August 2020 ("**2018 CB Maturity Date**") which is 2 years from the date of issue of the 2018 Convertible Bond. The 2018 Convertible Bond is not interest bearing and matures on 2018 CB Maturity Date at the principal amount. The 2018 Convertible Bond is convertible into shares of the Company at any time after the issuance up to the close of business on the 2018 CB Maturity Date at the conversion price of HK$0.90 per share, subject to anti-dilutive adjustments ("**2018 CB Conversion Option**"). The initial number of ordinary shares of the Company issuable upon conversion is 329,999,999 shares, which represent 5.20% of the total number of ordinary shares of the Company issued and outstanding as of the issue date of the 2018 Convertible Bond as enlarged by the conversion of the entire 2018 Convertible Bond.

The Company is entitled to an option to early redeem at any time before 2018 CB Maturity Date the whole or part of the principal outstanding amount of the 2018 Convertible Bond at corresponding principal amount.

The 2018 Convertible Bond contains a debt component and derivative component. The 2018 CB Conversion Option is classified as a derivative financial liability as it will be settled other than by an exchange of a fixed amount of cash for fixed number of the Company's own equity instruments on the basis that the 2018 Convertible Bond is denominated in HK$, which was a foreign currency of the Company as at the issue date of the 2018 Convertible Bond.

On initial recognition, the debt component was recognised at fair value, calculated based on the present value of the principal amount over the expected life of the 2018 Convertible Bond. In subsequent periods, the debt component is carried at amortised cost using the effective interest method. The effective interest rate of the debt component was 9.86% per annum. The derivative component is measured at fair values at the issuance date and in subsequent periods with changes in fair value recognised in profit or loss.

On 3 July 2020, the Company, Star Hope and Better Linkage entered into a supplemental deed to extend the 2018 CB Maturity Date to 28 August 2022. The supplemental deed became effective on 24 August 2020, the date on which all the conditions precedent of the supplemental deed have been fulfilled.

Due to the extension of the 2018 CB Maturity Date, the carrying amount of the debt component had been reduced from HK$297,000,000 to approximately HK$184,018,000 on 24 August 2020 (i.e. date of extension) based on the present value of the principal amount. The effective interest rate of the debt component was 26.87% per annum after extension.

On 13 May 2022, the 2018 Convertible Bond was acquired by Major Success, a company wholly-owned by Mr. Lo, an executive Director of the Company.

On 29 August 2022, the 2018 Convertible Bond in the principal amount of HK$297,000,000 due on 28 August 2022 (or if that is not a business day, the first business day thereafter, i.e. 29 August 2022) remained unpaid, the non-payment constituted an event of default ("**2018 CB Event of Default**"). The 2018 CB Event of Default had triggered a cross default in respect of the 2016 Convertible Bond.

The 2018 Convertible Bond matured on 29 August 2022, the principal amount of HK$297,000,000 remained unpaid on the maturity date. Upon the maturity of the 2018 Convertible Bond, the 2018 CB Conversion Option lapsed and was no longer exercisable, therefore, 2018 Convertible Bond was reclassified as bond payable ("**2018 Bond Payable**") on 29 August 2022.

In September 2022, 2018 Bond Payable with principal amount of approximately HK$70,558,000 was redeemed by the Company and the 2018 Bond Payable in the principal amount of approximately HK$226,442,000 remains outstanding as at 31 December 2022.

The fair values of the derivative financial instruments of 2018 Convertible Bond as at 31 December 2021 was determined by Grant Sherman Appraisal Limited, an independent and professionally qualified valuer not connected to the Group, based on the Binomial Model.

The significant inputs used for the calculations of fair values of the derivative financial instruments are as follows:

	31 December 2021
2016 Convertible Bond	
Share price	HK$0.13
Conversion price	HK$0.26
Expected volatility *(Note (a))*	87.89%
Expected option life	0.94 year
Expected dividend yield *(Note (b))*	Zero
Risk-free rate *(Note (c))*	0.54%

	31 December 2021
2018 Convertible Bond	
Share price	HK$0.13
Conversion price	HK$0.90
Expected volatility *(Note (a))*	99.73%
Expected option life	0.66 year
Expected dividend yield *(Note (b))*	Zero
Risk-free rate *(Note (c))*	0.54%

Notes:

(a) The expected volatility was determined by using the historical volatility of the Company's share price over a period commensurate with the remaining term.

(b) The expected dividend yield was estimated with reference to the historical dividend payment record and the expected dividend payment in the next two years of the Company.

(c) Risk-free rate is estimated based on the yield of Hong Kong Dollar Swap Curve with a similar remaining tenure.

The movements of the debt component and derivative financial instruments of the 2016 Convertible Bond and the 2018 Convertible Bond are shown as follows:

	Debt component *HK$'000*	Derivative financial instruments *HK$'000*	Total *HK$'000*
2016 Convertible Bond			
At 1 January 2021	272,460	791,621	1,064,081
Credit to profit or loss	–	(778,633)	(778,633)
Imputed interest expense *(Note 7)*	61,122	–	61,122
Exchange difference recognised in profit or loss	(3,160)	(8,348)	(11,508)
Exchange realignment	3,147	8,312	11,459
At 31 December 2021 and 1 January 2022	333,569	12,952	346,521
Credit to profit or loss	–	(12,952)	(12,952)
Imputed interest expense *(Note 7)*	68,431	–	68,431
Reclassified as bond payables	(402,000)	–	(402,000)
At 31 December 2022	**–**	**–**	**–**
2018 Convertible Bond			
At 1 January 2021	201,503	45,138	246,641
Credit to profit or loss	–	(45,073)	(45,073)
Imputed interest expense *(Note 7)*	54,140	–	54,140
Exchange difference recognised in profit or loss	(2,342)	(456)	(2,798)
Exchange realignment	2,333	454	2,787
At 31 December 2021 and 1 January 2022	255,634	63	255,697
Credit to profit or loss	–	(63)	(63)
Imputed interest expense *(Note 7)*	41,366	–	41,366
Reclassified as bond payables	(297,000)	–	(297,000)
At 31 December 2022	**–**	**–**	**–**
Total			
At 31 December 2022	**–**	**–**	**–**
At 31 December 2021	589,203	13,015	602,218

The movements of 2016 Bond Payable and 2018 Bond Payable are shown as follows:

	2016 Bond Payable	2018 Bond Payable	Total
	HK$'000	*HK$'000*	*HK$'000*
As at 1 January 2022	–	–	–
Reclassified from convertible bonds	402,000	297,000	699,000
Redemption	–	(70,558)	(70,558)
As at 31 December 2022	**402,000**	**226,442**	**628,442**

(b) Convertible bonds payable issued by Summit Ascent ("Summit Ascent CB")

On 16 November 2020, a non-wholly owned subsidiary of the Company, Summit Ascent, issued convertible bonds denominated in United States dollars ("**US$**") for acquisition of additional interests in its subsidiary from a non-controlling shareholder in an aggregate principal amount of US$3,000,000 with an initial conversion price of HK$3.50 (to be translated to US$ at a fixed rate of HK$7.75 to US$1.00) per share with adjustments clauses, which will mature on the fifth anniversary of the respective issue dates. The Summit Ascent CB carries no interest.

The Summit Ascent CB contained two components, a debt component and a derivative financial instrument. The derivative financial instrument represented the conversion option given to the holder the right at any time to convert the Summit Ascent CB into ordinary shares of Summit Ascent ("**Summit Ascent Shares**"). However, since the conversion option would be settled other than by the exchange of a fixed amount of Summit Ascent's own equity instruments, the conversion option was accounted for as a derivative financial instrument.

At initial recognition, the derivative financial instrument in the Summit Ascent CB is measured at fair value and is separately presented. Any excess of the fair values of the Summit Ascent CB over the amounts initially recognised as the derivative financial instrument in Summit Ascent CB is recognised as debt component in the Summit Ascent CB.

At the end of the reporting period, the fair value of the derivative financial instrument in the Summit Ascent CB is remeasured and the gain or loss on remeasurement to the fair value is recognised in profit or loss.

The debt component in the Summit Ascent CB is subsequently carried at amortised cost with interest expenses calculated using the effective interest method recognised in profit or loss. The effective interest rate of the debt component in the Summit Ascent CB is 7.37% per annum.

When the Summit Ascent CB is converted, the Summit Ascent Shares to be issued are measured at fair value and any difference between the fair value of Summit Ascent Shares to be issued and the carrying amounts of the derivative financial instrument and debt component in the Summit Ascent CB is recognised in profit or loss.

The fair value of the Summit Ascent CB as at 31 December 2021 and 31 December 2022 is determined by Valplus Consulting Limited, an independent and professionally qualified valuer not connected to the Group, based on the Binomial Model.

The significant inputs used for the calculation of fair value of the Summit Ascent CB and the derivative financial instrument of the Summit Ascent CB are as follows:

	31 December 2022	31 December 2021
Summit Ascent CB		
Share price of Summit Ascent	**HK$0.17**	HK$0.15
Conversion price	**HK$3.50**	HK$3.50
Expected volatility *(Note (a))*	**111.39%**	77.38%
Expected remaining life	**2.88 Years**	3.88 Years
Expected dividend yield *(Note (b))*	**Zero**	Zero
Risk-free rate *(Note (c))*	**4.26%**	1.14%

Notes:

(a) The expected volatility was determined by using the historical volatility of Summit Ascent's share price over a period commensurate with the remaining term.

(b) The expected dividend yield was estimated with reference to the historical dividend payment record and the expected dividend payment in the remaining term of Summit Ascent.

(c) Risk-free rate is estimated with reference to the US Treasury Yield Curve of similar remaining tenure.

The movements of the debt component and derivative financial instrument of Summit Ascent CB are shown as follows:

	Debt component *HK$'000*	**Derivative financial instrument** *HK$'000*	**Total** *HK$'000*
At 1 January 2021	16,449	836	17,285
Credit to profit or loss	–	(550)	(550)
Imputed interest expense *(Note 7)*	1,219	–	1,219
Exchange difference recognised in profit or loss	99	–	99
At 31 December 2021 and 1 January 2022	17,767	286	18,053
Credit to profit or loss	–	(119)	(119)
Imputed interest expense *(Note 7)*	1,315	–	1,315
Exchange difference recognised in profit or loss	(9)	–	(9)
At 31 December 2022	**19,073**	**167**	**19,240**

(c) Put option

On 28 October 2019, the Group has entered into an agreement with Westside City Resorts World Inc. ("**Westside**") and Travellers International Hotel Group Inc. ("**Travellers**"), related companies of a non-controlling shareholder of Suntrust. Pursuant to the agreement, the Group is entitled, at its sole discretion, to exercise a put option in relation to its equity interest in Suntrust with consideration of approximately HK$169,382,000 plus interest of 3.5% per annum to Westside and Travellers upon the occurrence of events stated in the agreement.

The fair value of the derivative financial instrument of the put option as at 31 December 2022 and 31 December 2021 were approximately HK$3,232,000 and HK$4,570,000, respectively, which are determined by Grant Sherman Appraisal Limited, an independent and professionally qualified valuer not connected to the Group, based on the Binomial Model.

The significant input used for the calculation of fair values of the derivative financial instrument of the put option are as follows:

	31 December 2022	31 December 2021
Put option		
Share price of Suntrust	**PHP0.990**	PHP1.120
Expected volatility *(Note (a))*	**46.82%**	66.41%
Expected option life *(Note (b))*	**1.92 Years**	2.50 Years
Expected dividend yield *(Note (c))*	**Zero**	Zero
Risk-free rate *(Note (d))*	**5.05%**	3.37%

Notes:

(a) The expected volatility was determined by using the historical volatility of Suntrust's share price over a period commensurate with the remaining term.

(b) The option period is assumed to be expiring in 2024 (2021: 2024), being the date of expected commencement of operation of the Main Hotel Casino. The expected option life used in the model is based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

(c) The expected dividend yield was estimated with reference to the historical dividend payment record and the expected dividend payment during the expected option life of Suntrust.

(d) Risk-free rate is estimated based on the yield-to-maturity in continuous compounding of the Philippines peso swap rates with a similar remaining tenure.

The movements of the fair value of the derivative financial instrument of the put option are as follows:

	HK$'000
At 1 January 2021	3,209
Credit to profit or loss	1,579
Exchange difference recognised in profit or loss	(218)
At 31 December 2021 and 1 January 2022	4,570
Charge to profit or loss	(967)
Exchange difference recognised in profit or loss	(371)
At 31 December 2022	**3,232**

19. OTHER BORROWINGS

	As at 31 December	
	2022	2021
	HK$'000	*HK$'000*
Other borrowings		
– Secured	**400,000**	366,928
– Unsecured	**–**	605,390
	400,000	972,318

(a) The maturity profile of other borrowings is as follows:

	As at 31 December	
	2022	2021
	HK$'000	*HK$'000*
Within one year (Notes (b) and (c))	**400,000**	823,101
More than one year but not exceeding two years	**–**	149,217
	400,000	972,318
Less: Amounts due for settlement within one year	**(400,000)**	(823,101)
Amounts due for settlement after one year	**–**	149,217

(b) During the year, there was a new other borrowing of HK$400,000,000 (2021: new other borrowings of approximately HK$839,738,000) raised from four (2021: four) independent third party lenders. The new other borrowing, being a loan facility for a term of 12 months, is secured by certain shares of a subsidiary of the Company and a debenture, with interest bearing at the higher of (i) 18% per annum; or (ii) the aggregate of 13% per annum and the HK$ prime lending rate as may be offered by The Hongkong and Shanghai Banking Corporation Limited from time to time.

(c) The Group's assets pledged as securities for the Group's other borrowings are as follows:

On 19 September 2022, the Company entered into a loan agreement with four independent third party lenders for a loan of HK$400,000,000 (the "**Facility**"). The Facility is secured by a debenture incorporating a first fixed charge and a first floating charge over certain undertaking, property and assets of the Group with a carrying value of approximately HK$6,506 million as at 31 December 2022. The Facility has been repaid in March 2023, and the securities have been released on 20 March 2023.

As at 31 December 2021, loan receivable of approximately HK$599,209,000 was pledged as security for the Group's other borrowings of approximately HK$366,928,000.

20. DISCONTINUED OPERATIONS

Cessation of businesses for travel related products and services and hotel and integrated resort general consultancy services

On 1 April 2022, the Board decided to cease the Group's travel related products and services and hotel and integrated resort general consultancy services businesses (the "**Ceased Businesses**"). With effect from 1 April 2022, the Group ceased and discontinued the operations in travel related products and services and hotel and integrated resort general consultancy services businesses (the "**Cessation**").

(i) ***Results of the discontinued operations in relation to the Ceased Businesses have been included in the consolidated statement of profit or loss and other comprehensive income:***

The Cessation was effective from 1 April 2022 and was reported in the consolidated financial statements for the year ended 31 December 2022 as discontinued operations. Financial results relating to the discontinued operations in relation to the Ceased Businesses for the year are set below.

The financial performance and cash flow information presented reflects the discontinued operations in relation to the Ceased Businesses for the years ended 31 December 2022 and 2021.

	Travel related products and services		**Hotel and integrated resort general consultancy services**	
	2022	2021	**2022**	2021
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Revenue	–	42,845	–	3,284
Cost of sales	–	(42,743)	–	–
Gross profit	–	102	–	3,284
Other income, gains and losses	**296**	(1,183)	**798**	(32)
Selling and distribution expenses	–	(7,986)	–	–
Administrative expenses	**(404)**	(31,875)	**(281)**	(33,509)
Other operating expenses	–	(5,837)	–	–
Finance costs	–	(1,775)	–	(27)
(Loss) profit before taxation	**(108)**	(48,554)	**517**	(30,284)
Income tax expense	–	(11)	–	(211)
(Loss) profit for the year from discontinued operations in relation to the Ceased Businesses	**(108)**	(48,565)	**517**	(30,495)

	Travel related products and services		Hotel and integrated resort general consultancy services	
	2022	2021	**2022**	2021
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Profit (loss) and total comprehensive income (expense) for the year from discontinued operations in relation to the Ceased Businesses	**146**	(45,781)	**517**	(30,485)
Net cash flows from (used in) operating activities	**1,579**	42,591	**(1,857)**	692
Net cash flows from (used in) investing activities	**4**	105	**–**	(29)
Net cash flows used in financing activities	**–**	(63,244)	**–**	(358)
Net increase (decrease) in cash and cash equivalents	**1,583**	(20,548)	**(1,857)**	305
Basic (loss) earnings per share from discontinued operations in relation to the Ceased Businesses attributable to shareholders of the Company *(HK cent)*	**(0.002)**	**(0.728)**	**0.008**	**(0.457)**
Diluted (loss) earnings per share from discontinued operations in relation to the Ceased Businesses attributable to shareholders of the Company *(HK cent)*	**(0.002)**	**(0.591)**	**0.008**	**(0.371)**

(ii) (Loss) profit for the year from discontinued operations in relation to the Ceased Businesses

(Loss) profit for the year from discontinued operations in relation to the Ceased Businesses is stated after charging (crediting) the following:

	Travel related products and services		**Hotel and integrated resort general consultancy services**	
	2022	2021	**2022**	2021
	HK\$'000	*HK\$'000*	***HK\$'000***	*HK\$'000*
Depreciation of property, operating right and equipment	**–**	9,399	**–**	128
Depreciation of right-of-use assets	**–**	418	**–**	341
Total depreciation and amortisation	**–**	9,817	**–**	469
Staff costs, excluding Directors				
– salaries and wages	**31**	6,696	**–**	14,616
– retirements benefits scheme contributions	**–**	156	**–**	414
Total staff costs, excluding Directors	**31**	6,852	**–**	15,030
Impairment loss recognised in respect of trade receivables	**–**	–	**–**	1,950
Impairment loss recognised in respect of an amount due from a related company	**–**	5,819	**–**	–
Short-term and variable lease payments (including COVID-19 related rent concessions of Nil (2021: HK\$307,000)	**–**	132	**–**	80
Cost of sales				
– cost of travel related products sold	**–**	42,743	**–**	–

21. DISPOSAL OF SUBSIDIARIES

(a) Disposal of subsidiaries during the year ended 31 December 2022

On 10 May 2022, the Company entered into the S&P Agreement with the Purchaser. Pursuant to the S&P Agreement, the Company agreed to sell and the Purchaser agreed to purchase the entire equity interest of wholly-owned subsidiaries of the Company including Disposal Group A and Disposal Group B, at a total cash consideration of HK$1 subject to the terms and conditions of the S&P Agreement. The 2022 Disposal was completed on 22 July 2022.

Goal Explore is an investment holding company and a wholly-owned subsidiary of the Company. Its wholly-owned subsidiaries, Sky Alliance Investments Limited and Shenzhen Sky Alliance Property Company Limited (深圳聯天置業有限公司) are principally engaged in investment holding, Dongyang Xinguang is principally engaged in management and operation of malls in the PRC. Dongyang Xinguang was transferred back to the Group before the completion of the 2022 Disposal.

Boshing Investments is an investment holding company and a wholly-owned subsidiary of the Company. Its wholly-owned subsidiary, Chaohu Baosheng Tourism Development Company Limited (巢湖寶昇旅遊開發有限公司) is principally engaged in property development in Chaohu, Anhui Province, the PRC.

(i) The net liabilities at the date of the disposal of subsidiaries are as follows:

	Disposal Group A *HK$'000*	Disposal Group B *HK$'000*	Total *HK$'000*
Net liabilities disposed of			
Property, operating right and equipment	–	42	42
Prepayments and deposits for non-current assets	–	9,457	9,457
Inventories	–	289,352	289,352
Trade and other receivables and prepayments	38,034	2,159	40,193
Loan receivable	578,024	–	578,024
Amounts due from the Group	274,830	–	274,830
Amounts due to the Group	(329,588)	(328,112)	(657,700)
Restricted bank deposits	–	1	1
Bank balances and cash	77	1	78
Trade and other payables	(123,756)	(56,690)	(180,446)
Other borrowings	(924,058)	–	(924,058)
Net liabilities disposed of	(486,437)	(83,790)	(570,227)

	Total
	HK$'000
Cash consideration received	–*
Net liabilities disposed	570,227
Waiver of net amounts due to group companies	(382,870)
Other costs directly attributable to the disposal	(371)
Cumulative exchange differences in respect of the net liabilities of the subsidiaries reclassified from equity to profit or loss on loss on control of the subsidiaries	9,477
Gain on disposal of subsidiaries	196,463

Analysis of net cash outflow in respect of the 2022 Disposal is as follows:

	HK$'000
Cash consideration received	–*
Bank balances and cash disposed of	(78)
Total net cash outflow from the disposal	(78)

* The cash consideration received represents HK$1

(ii) Results of the discontinued operations have been included in the consolidated statement of profit or loss and other comprehensive income:

The disposals of Disposal Group A and Disposal Group B were completed on 22 July 2022 and were reported in the consolidated financial statements for the year ended 31 December 2022 as discontinued operations. Financial information relating to the discontinued operations for the period to the completion date of the 2022 Disposal is set below.

The financial performance and cash flow information presented reflect the discontinued operations for the years ended 31 December 2022 and 2021.

	Disposal Group A		**Disposal Group B**	
	2022	2021	**2022**	2021
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Other income, gains and losses	**38,027**	14,779	**(742)**	747
Administrative expenses	**(958)**	(1,906)	**(1,142)**	(2,532)
Other operating expenses	**(16)**	–	**–**	–
Finance costs	**(94,002)**	(74,113)	**–**	–
Loss before taxation	**(56,949)**	(61,240)	**(1,884)**	(1,785)
Income tax credit	**–**	20	**–**	–
Loss for the year from discontinued operations	**(56,949)**	(61,220)	**(1,884)**	(1,785)

	Disposal Group A		Disposal Group B	
	2022	2021	**2022**	2021
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Gain (loss) on disposal of subsidiaries	**197,285**	–	**(822)**	–
Profit (loss) for the year from discontinued operations	**140,336**	(61,220)	**(2,706)**	(1,785)
Profit (loss) and total comprehensive income (expense) for the year from discontinued operations	**155,735**	(68,520)	**(917)**	(4,218)
Net cash flows (used in) from operating activities	**(693)**	96,670	**–**	(45)
Net cash flows from investing activities	**1**	21,129	**–**	–
Net cash flows used in financing activities	**–**	(127,459)	**–**	–
Effect of foreign exchange rate changes	**(19)**	163	**–**	–
Net decrease in cash and cash equivalents	**(711)**	(9,497)	**–**	(45)
Basic earnings (loss) per share from discontinued operations attributable to shareholders of the Company *(HK cents)*	**2.105**	(0.918)	**(0.041)**	(0.027)
Diluted earnings (loss) per share from discontinued operations attributable to shareholders of the Company *(HK cents)*	**2.105**	(0.735)	**(0.041)**	(0.022)

(iii) Profit (loss) for the year from discontinued operations

Profit (loss) for the year from discontinued operations is stated after charging the following:

	Disposal Group A		Disposal Group B	
	2022	2021	**2022**	2021
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Depreciation of property, operating right and equipment	**–**	–	**1**	2
Staff costs, excluding Directors				
– salaries and wages	**504**	1,242	**253**	335
– retirements benefits scheme contributions	**131**	140	**39**	67
Total staff costs, excluding Directors	**635**	1,382	**292**	402
Short-term and variable lease payments	**–**	–	**25**	87

(b) Disposal of subsidiaries during the year ended 31 December 2021

On 21 February 2021, the Company entered into a sale and purchase agreement with an independent third party (the "**Purchaser of Access Achievement**"). Pursuant to a sale and purchase agreement, the Company agreed to sell and the Purchaser of Access Achievement agreed to purchase the entire equity interest in Access Achievement, a direct wholly-owned subsidiary of the Company, at a consideration of RMB155,290,000 (equivalent to approximately HK$186,624,000). Control and ownership of Access Achievement passed to the Purchaser of Access Achievement upon the completion of the disposal on 30 June 2021.

Access Achievement is an investment holding company. Access Achievement owns the entire equity interest in Sun Century Property Group Company Limited (太陽世紀地產集團有限公司), which is principally engaged in property development and property investment in Shenzhen, the PRC. Its principal assets are (1) Hong Long Plaza; and (2) the entire equity interest in Shenzhen Zirui. Shenzhen Zirui is principally engaged in property development and its principal assets are the remaining unsold units in Le Paysage.

(i) ***The net liabilities at the date of the disposal of subsidiaries are as follows:***

	HK$'000
Net liabilities disposed of	
Property, operating right and equipment	346
Investment properties	1,412,823
Right-of-use assets	2,707
Deferred tax assets	79
Inventories	401,698
Trade and other receivables and prepayments	18,630
Pledged bank deposits	368
Restricted bank deposits	3,007
Bank balances and cash	97
Trade and other payables	(127,852)
Amounts due from the Group	1,771,613
Amounts due to the Group	(3,357,042)
Contract liabilities	(151,661)
Receipt in advance	(1,065)
Rent and other deposits	(7,238)
Provision for potential claims	(27,117)
Bank and other borrowings	(681,408)
Lease liabilities	(2,815)
Current tax liabilities	(6,500)
Deferred tax liabilities	(282,422)
Net liabilities disposed of	(1,033,752)
Cash consideration received	186,624
Net liabilities disposed	1,033,752
Waiver of amounts due to the Group	(961,407)
Other costs directly attributable to the disposal	(1,306)
Fair value loss on initial recognition of a loan receivable	(28,843)
Loss on indemnification arising from the disposal	(27,084)
Gain on disposal of subsidiaries	201,736

Analysis of net cash inflow in respect of the disposal is as follows:

	HK$'000
Cash consideration received	186,624
Bank balances and cash disposed of	(97)
Total net cash inflow from the disposal	186,527

(ii) ***Results of the discontinued operations have been included in the consolidated statement of profit or loss and other comprehensive income:***

The disposal of Access Achievement was completed on 30 June 2021 and was reported in the consolidated financial statements for the year ended 31 December 2021 as discontinued operations. Financial information relating to the discontinued operations for the period to the completion date of the disposal is set below.

The financial performance and cash flow information presented reflect the discontinued operations for the year ended 31 December 2021.

	2021
	HK$'000
Revenue	
– Contracts with customers	3,172
– Leases	19,694
Total revenue	22,866
Cost of sales	(6,792)
Gross profit	16,074
Other income, gains and losses	610
Selling and distribution expenses	(842)
Administrative expenses	(10,054)
Other operating expenses	(7,773)
Change in fair value of investment properties	(11,988)
Reversal of provision for litigation	21,361
Finance costs	(32,776)
Loss before taxation	(25,388)
Income tax credit	467
Loss for the year from discontinued operations	(24,921)
Gain on disposal of subsidiaries	201,736
Profit for the year from discontinued operations	176,815
Exchange differences arising on translation from functional currency to presentation currency	(9,997)
Total comprehensive income for the period attributable to equity holders of the Company arose from discontinued operations	166,818

	2021
	HK$'000
Net cash flows used in operating activities	(6,899)
Net cash flows used in investing activities	(430)
Net cash flows used in financing activities	(355)
Net decrease in cash and cash equivalents	(7,684)
Basic earnings per share from discontinued operations attributable to shareholders of the Company *(HK cents)*	2.65
Diluted earnings per share from discontinued operations attributable to shareholders of the Company *(HK cents)*	2.15

(iii) Profit for the year from discontinued operations

Profit for the year from discontinued operations is stated after charging (crediting) the following:

	2021
	HK$'000
Depreciation of property, operating right and equipment	71
Depreciation of right-of-use assets	891
Total depreciation and amortisation	962
Staff costs, excluding Directors	
– salaries and wages	5,362
– retirements benefits scheme contributions	934
Total staff costs, excluding Directors	6,296
Short-term and lease payments	4
Cost of sales	
– cost of services rendered	6,792
Gross rental income from investment properties	(19,694)
Less: direct operating expenses incurred for investment properties included in cost of sales	4,728
	(14,966)

22. PERPETUAL SECURITIES

	HK$'000
Principal	
At 1 January 2021 *(Note (a))*	5,372,000
Subsequent issuances during the year *(Note (b))*	36,000
At 31 December 2021 and 31 December 2022	**5,408,000**
Distribution	
At 1 January 2021	89,036
Provision for the year *(Note (c))*	269,227
At 31 December 2021 and 1 January 2022	358,263
Provision for the year *(Note (c))*	270,400
At 31 December 2022	**628,663**
Total	
At 31 December 2022	**6,036,663**
At 31 December 2021	5,766,263

On 18 August 2020, the Company and Star Hope entered into the subscription agreement, pursuant to which the Company agreed to issue, and Star Hope agreed to subscribe for, the HK$6,000 million 5.00% perpetual securities of the Company (the "**Perpetual Securities**").

The Perpetual Securities confer on their holder a right to receive distribution at 5% per annum on the principal amount and has no fixed redemption date. The Company may elect to cancel or defer (in whole or in part) any distribution accrued on the Perpetual Securities at its sole and absolute discretion. The Company may elect to redeem (in whole or in part) the Perpetual Securities at 100% of the outstanding principal amount, together with any distribution accrued thereon, on the date falling 10 years after the date of issue of the Perpetual Securities or change of control of the Company.

On 13 May 2022, the Perpetual Securities were acquired by Major Success, a company wholly-owned by Mr. Lo, an executive Director of the Company.

Notes:

(a) The first tranche Perpetual Securities was issued on the date of the subscription agreement to effect repayment of a pro tanto amount of the existing amount due to Star Hope of approximately HK$3,887 million on 18 August 2020 (the "**First Tranche Perpetual Securities**").

The carrying amounts of the loans from Star Hope of approximately HK$1,910,962,000, together with the amount due to Star Hope (i.e. interest payable) of approximately HK$93,572,000, being the aggregate amount of approximately HK$2,004 million has been used to settle the above consideration payable. The capital contribution previously recognised through the loans from the related company provided by Star Hope amounting to approximately HK$1,882 million was derecognised from capital reserve and transferred to the Perpetual Securities. The Perpetual Securities are classified as an equity instrument of the Company.

After the issuance of the First Finance Perpetual Securities, the Company issued further tranches of Perpetual Securities with an aggregate principal amount of HK$1,485 million during the year ended 31 December 2020.

(b) The Company issued further tranches of Perpetual Securities with an aggregate principal amount of HK$36 million during the year ended 31 December 2021.

(c) During the year ended 31 December 2022, the distribution provision in relation to Perpetual Securities issued is approximately HK$270 million (2021: approximately HK$269 million).

23. CONTINGENT LIABILITIES

(a) During the year ended 31 December 2021, the Group was involved in several litigations in relation to the construction of the Group's properties under development in the PRC with several contractors and suppliers, who are independent third parties to the Company. In this regard, approximately RMB37 million (equivalent to approximately HK$45.3 million) is recorded as trade and other payables in the consolidated financial statements of the Group as at 31 December 2021. In connection with three of the litigations, court judgements were received and the Group is obliged to pay the compensation to a plaintiff of approximately RMB8.4 million (equivalent to approximately HK$10.2 million). The judgements are being enforced for execution and the Group had recorded full amount as trade and other payables as at 31 December 2021. Save for the above, based on the fact that the legal proceedings of the remaining litigations were still in progress and with reference to the legal opinion obtained from the Company's PRC lawyer, management considers that the likelihood for further outflow of resources of the Group was remote. Upon the completion of the 2022 Disposal as set out in Note 21, the Group no longer has the above contingent liabilities as at 31 December 2022.

(b) On 30 June 2021, pursuant to the sale and purchase agreement in relation to the disposal of Access Achievement and a deed of indemnity entered into by the Company, the Purchaser of Access Achievement and Access Achievement, the Company will indemnify the Purchaser of Access Achievement against certain tax, litigation and contingent liabilities which, except for litigation liabilities, in aggregate cannot exceed the sum of (i) the consideration of the disposal of Access Achievement amounting to RMB155,290,000 (equivalent to approximately HK$173,839,000) (2021: RMB155,290,000 (equivalent to approximately HK$186,624,000)); and (ii) the principal amount of the Shenzhen Sky Alliance Loan amounting to RMB519,249,000 (equivalent to approximately HK$581,271,000) (2021: RMB519,249,000 (equivalent to approximately HK$623,099,000)), in the aggregate amount of RMB674,539,000 (equivalent to approximately HK$755,110,000) (2021: RMB674,539,000 (equivalent to approximately HK$809,723,000)). In this regard, approximately RMB20,481,000 (equivalent to approximately HK$22,927,000) (2021: approximately RMB17,703,000 (equivalent to approximately HK$21,653,000)) was recorded as provision for indemnity included in "other payables" in the consolidated financial statements as at 31 December 2022 and 31 December 2021.

24. CAPITAL COMMITMENTS

The Group has the following material commitments in respect of property, operating right and equipment which are not provided for in the consolidated financial statements at the end of the reporting period:

	2022	2021
	HK$'000	*HK$'000*
Contracted but not provided for*	**4,457,905**	3,600,183

* The amount included approximately HK$4,418,457,000 (2021: approximately HK$3,568,183,000) in relation to the construction project of Main Hotel Casino.

25. EVENTS AFTER THE END OF THE REPORTING PERIOD

(a) On 27 January 2023, the Company, as borrower, entered into a revolving loan agreement with Summit Ascent, as lender, pursuant to which Summit Ascent has conditionally agreed to grant the Revolving Loan in the principal amount up to HK$500,000,000 to the Company. The transaction is subject to the approval of the independent shareholders of Summit Ascent.

(b) On 3 February 2023, the Company entered into a conditional shares placing agreement ("**Placing Agreement**") with two securities firms ("**Joint Placing Agents**") pursuant to which the Joint Placing Agents have conditionally agreed, as agents of the Company, to procure, on a best effort basis, not less than six placees who are independent third parties (the "**Shares Placing**") to subscribe for a maximum of 269,000,000 new shares ("**Placing Share(s)**") of the Company at the placing price of HK$0.186 per Placing Share under the general mandate granted to the Directors at the annual general meeting of the Company held on 27 June 2022.

Completion of the Shares Placing took place on 24 February 2023 in accordance with the terms and conditions of the Placing Agreement. The 269,000,000 Placing Shares have been placed and represent approximately 4.03% and 3.88% of the issued share capital of the Company immediately before and after the completion of the Shares Placing. Further details of the Shares Placing are set out in the Company's announcements dated 3 February 2023 and 24 February 2023.

(c) On 17 March 2023, a joint venture of the Company repaid certain outstanding shareholder's loans and interest accrued thereon due to Star Admiral Limited in the aggregate amount of approximately US$114.8 million (equivalent to approximately HK$895.4 million) (the "**Repayment**"). The part of the equity loans to, the non-current loans to, the current overdue loan to a joint venture, and interest accrued has been settled upon the Repayment.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

The Group recorded a loss attributable to equity holders of the Company of approximately HK$138.4 million for the year ended 31 December 2022 ("**FY2022**"), reduced from the loss attributable to equity holders of the Company of approximately HK$258.3 million for the year ended 31 December 2021 ("**FY2021**"). Consolidated Adjusted EBITDA from continuing operations was approximately positive HK$77.5 million versus approximately negative HK$13.3 million for FY2021.

The loss for the year attributable to equity holders of the Company in FY2022 was mainly attributable to the costs and expenses from continuing operations of (i) finance costs of approximately HK$195.1 million; (ii) share of loss of a joint venture of approximately HK$160.9 million; (iii) impairment loss on equity loans to, loans to and amounts due from a joint venture of approximately HK$74.3 million; and (iv) partially offset by (a) the gain of approximately HK$12.2 million in respect of the change in fair value of derivative financial instruments; and (b) profit for the year from discontinued operations of approximately HK$138.0 million, including the gain on disposal of approximately HK$196.5 million attributable to the 2022 Disposal.

In FY2022, Summit Ascent's 77.5%-owned integrated resort located in the IEZ Primorye in the Russian Federation, Tigre de Cristal, contributed revenue from gaming and hotel operations of approximately HK$372.3 million to the Group, and a contribution of approximately HK$401.9 million total gross gaming revenue ("**GGR**") to the Group.

Group Key Financial Data

	FY2022	FY2021
	HK$'000	*HK$'000*
		(Restated)
Revenue:		
Operation of integrated resort in the Russian Federation		
– Tigre de Cristal:		
– Gaming operations	**340,898**	248,355
– Hotel operations	**31,408**	17,164
	372,306	265,519
Other segments:		
– Management and operation of malls	**22,034**	28,789
– Property development	**–**	–
Total revenue from continuing operations	**394,340**	294,308
Consolidated Adjusted EBITDA from continuing operations	**77,505**	(13,321)

The following is a reconciliation of loss for the year to Consolidated Adjusted EBITDA from continuing operations of the Group:

	FY2022	FY2021
	HK$'000	*HK$'000*
		(Restated)
Loss for the year	**(206,668)**	(469,397)
Add (deduct):		
Profit for the year from discontinued operations	**(138,039)**	(34,750)
Income tax (credit) expense	**(16,751)**	22,947
Change in fair value of derivative financial instruments	**(12,167)**	(825,835)
Gain on disposal of an associate	**–**	(594)
Loss on disposal/written-off of property, operating right and equipment	**372**	276
Loss on disposal of intangible assets	**–**	60
Impairment loss on equity loans to a joint venture	**17,643**	119,717
Impairment loss on loans to a joint venture	**12,155**	194,212
Impairment loss on amounts due from a joint venture	**44,538**	22,906
Impairment loss on property, operating right and equipment	**–**	287,119
Share of losses of associates	**–**	520
Share of loss of a joint venture	**160,854**	437,952
Finance costs	**195,050**	207,961
Interest income and imputed interest income on loans to a joint venture	**(106,621)**	(75,727)
Imputed interest income on VAT arrangements	**–**	(472)
Other operating expenses	**15,180**	10,284
Depreciation and amortisation	**84,375**	99,998
Exchange losses (gains), net	**27,584**	(10,498)
Consolidated Adjusted EBITDA from continuing operations	**77,505**	(13,321)

Revenue

Revenue from continuing operations in FY2022 was approximately HK$394.3 million, increased by approximately HK$100 million or 34.0% when compared to approximately HK$294.3 million in FY2021. The increase was mainly attributable to the growth of revenue from Summit Ascent Group in 2022.

(i) **Operation of integrated resort in the Philippines** – through an indirect 51% owned subsidiary of the Company, Suntrust, the Group is currently developing a 5-star hotel and casino complex at the Entertainment City, Manila, the Philippines (the "**Main Hotel Casino**" or the "**Westside City Project**") of which Suntrust would be the sole and exclusive operator and manager to operate and manage the Main Hotel Casino upon commencement of operation of the Main Hotel Casino in 2024. As at 31 December 2022, the construction of structural work up to Level 6 have been completed whereas the facade works were in progress. The major mechanical, electrical, and plumbing equipment has been delivered to construction site. No revenue was recognised during the year.

(ii) **Operation of integrated resort in the Russian Federation** – Summit Ascent, the 69.66% owned subsidiary of the Company, contributed revenue from gaming and hotel operations in the IEZ Primorye in the Russian Federation through its approximately 77.5% owned subsidiary of approximately HK$372.3 million to the Group during FY2022 (FY2021: approximately HK$265.5 million).

(iii) **Management and operation of malls** – The revenue for concessionaire sales and provision of retail management and related services from the management and operation of the Group's leased assets, namely Phase 1 Shopping Mall and Phase 2 Living Mall of Xinguang Tiandi in Zhejiang Province, the PRC. The occupancy rates of Phase 1 Shopping Mall and Phase 2 Living Mall of Xinguang Tiandi as of 31 December 2022 were approximately 77% and 74%, respectively (31 December 2021: 87% and 77% respectively).

(iv) **Property development** – The Group engaged in the development and sales of properties and hotel premises in Japan, and had two property development projects located in Japan as at 31 December 2022. In FY2022, both projects were in the development planning stage, hence no revenue was generated from this segment.

Other income, gains and losses

The increase in other income, gains and losses during FY2022 was mainly due to the increase in interest income and imputed interest income from loans to a joint venture advanced by the Group, offset by the net exchange losses recognised in FY2022 of approximately HK$27.6 million (FY2021: net exchange gains of approximately HK$10.5 million).

Selling and distribution expenses

Selling and distribution expenses increased slightly in FY2022, which comprised mainly salaries and benefits of sales and marketing staff, advertising and promotion expenses.

Administrative expenses

Administrative expenses remained stable during FY2022 and FY2021, which comprised mainly salaries and benefits of employees, legal and professional fees, and depreciation and amortisation.

Other operating expenses

The increase in other operating expenses in FY2022 was mainly attributable to legal and professional fees and stamp tax in the Philippines incurred for the issuance of the 2022 Summit Ascent Subscribed CB (defined as below) by Suntrust during FY2022.

Change in fair value of derivative financial instruments

It mainly represented the change in fair value of derivative components carried in the 2016 Convertible Bond and the 2018 Convertible Bond during FY2022. In FY2022, 2016 Convertible Bond and the 2018 Convertible Bond (as defined as below) have been matured, the conversion options (i.e. derivative financial instruments) attached to the 2016 Convertible Bond and the 2018 Convertible Bond were no longer exercisable upon the maturity of the 2016 Convertible Bond and the 2018 Convertible Bond, therefore, the derivative financial instruments in relation to the 2016 Convertible Bond and the 2018 Convertible Bond were derecognised during the year.

Gain on disposal of an associate

During FY2021, the Group disposed of its remaining 24.27% equity interest in First Oceanic Property Management, Inc. ("**FOPM**") at the consideration of PHP153,728,294 (equivalent to approximately HK$24.7 million) and recognised a gain of approximately HK$0.6 million.

Impairment loss on equity loans to a joint venture, loans to/amounts due from a joint venture

As at 31 December 2022 and 2021, Star Admiral Limited ("**Star Admiral**", an indirect wholly-owned subsidiary of the Company) has made advances to Gold Yield Enterprises Limited ("**GYE**"), a 50% owned joint venture of the Group, in the aggregate amount of approximately US$64,955,799 (equivalent to approximately HK$507,086,000) ("**Advances A**"). Such Advances A have been provided by the Group to GYE to support the development of the integrated resort development project located in Hoi An South, Quang Nam Province, Vietnam ("**Hoiana**"). The Advances A have been provided on a pro-rata basis by reference to the percentage of shareholdings held by the Group in GYE which are interest-free, unsecured and no fixed repayment term.

In addition, Star Admiral has advanced loans in the aggregate principal amount of US$34,045,000 (equivalent to approximately HK$263,849,000 at the drawdown date) to GYE ("**Advances B**"). Advances B are interest bearing at 1.5% per annum, unsecured and repayable after 5 years from the first drawdown date of the facilities.

Furthermore, Star Admiral has advanced loan in the aggregate principal amount of US$30,000,000 (equivalent to approximately HK$232,500,000 at the drawdown date) to GYE ("**Advance C**") in July 2020. Advance C is interest bearing at 14% per annum, unsecured and repayable after 12 months from the first drawdown date of the facility and the maturity date may be extended up to 28 February 2022. GYE has not repaid Advance C together with interest accrued thereon by the due date (i.e. 28 February 2022) and such amount became immediately payable. Advance C has not yet been repaid by 28 February 2022 and is interest bearing at 25% per annum with effect from 1 March 2022. Up to 31 December 2022, no repayment of the principal together with interest accrued thereon (if any) was made by GYE in respect of Advance C.

Advance A, B and C were deployed to Hoiana by way of capital contribution and/or shareholders' loan by GYE as investment fund contribution provided by the Group. All the investors of Hoiana, that is, the Group and Alpha Era Investments Limited ("**Alpha Era**") each a 50% interest in GYE which holds an indirect approximately 68% interest in Hoiana, and an independent investor which has an indirect approximately 32% interest in Hoiana, have contributed such investment fund in pro-rata basis.

Other than Advances A, which was acquired by the Group as part of the acquisition of the equity of Star Admiral (in turns owns 50% equity interest in GYE) in August 2018, Advances B and C were advanced by the Group to GYE in an amount pro-rata to the Group's 50% interest in GYE in accordance with the shareholders' agreement in respect of GYE. Advances B and C were made by the Group to GYE in discharge of its obligations to fund the capital requirements of GYE/Hoiana in accordance with the shareholders' agreement in respect of GYE. Otherwise, the Group's indirect interest in Hoiana would be diluted by the other shareholder of GYE (i.e. Alpha Era) who provided funding to Hoiana. Advances B and C were advanced to GYE given the investment of the Group in Hoiana through its investment in GYE on basis of the Group's understanding of the business prospect of Hoiana which remained positive at the time when these loans were advanced. Therefore, making these advances to GYE in which the Group has equity stake is altogether different from lending to a third party borrower when extensive due diligence and credit assessment would otherwise be performed.

During the years ended 31 December 2022 and 2021, GYE failed to repay the interest on Advance C to the Group and this indicated an actual or expected significant deterioration in the operating results of the joint venture. The Group's underlying investment in the joint venture (i.e. GYE), is the Hoiana project in which GYE has an approximately 68% indirect interest. That is, the Group has an indirect 34% interest in the Hoiana project. In fact, Advance C advanced by the Group to GYE was further injected by GYE to Hoiana by way of shareholder's loan.

The ability of GYE to effect repayment of Advances A, B and C depends much on the financial performance of Hoiana, which is the sole investment and revenue source from which GYE may make repayment of these loans. However, the unprecedented impact of the COVID-19 and its variants on the financial performance of the Hoiana project (the "**COVID-19 Impact**") in FY2021 and FY2022 is out of the expectation of everyone, including the followings:

- Due to the continual travel restrictions and quarantine measures implemented in Vietnam and the persistent impact of the COVID-19 in 2021, the full opening of Hoiana has been further delayed from 2H 2021 to a later date yet to be determined and Hoiana has not been in full operation during 2021 as remaining construction of the hotels and facilities was heavily impacted by the restrictions in Vietnam under COVID-19 since the preview opening of Hoiana on 28 June 2020;

- International flights to Vietnam were suspended most of the time and the number of tourists to Vietnam has remained low since the preview opening of Hoiana on 28 June 2020. Foreign flights were only resumed since March 2022. The occupancy rate of the hotel and casino forming part of the Hoiana project has remained low and the casino of the Hoiana project which only allows admission by foreigners has had limited patrons when international flights were suspended during the pandemic period. One of the hotel buildings in Hoiana, the All Suites Hotel, started operation from July 2020 only achieved approximately 2% occupancy rate during 2021 as the main focus of Hoiana, i.e. the Casino, was opened only to non-locals;

- The hotel forming part of the Hoiana project has been operated as a quarantine hotel from June 2021 to October 2021 and the operating hours of the Hoiana project had been restricted during 2021 in compliance with the guidelines issued by the local government of Vietnam; and

- COVID-19 Impact has continued effects on the tourism industry and economic activities during FY2022. Despite the border controls and other travel related restrictions between Asian countries were gradually relaxed during FY2022, the Vietnam tourism industry was slowly recovering and the foreign arrivals of Vietnam for the full year of 2022 only reached approximately 20% of the total number of arrivals in 2019.

The COVID-19 Impact began to emerge only from late 2020 and in the course of 2021 after the advancements of Advances A, B and C, the last of which was advanced in July 2020, it was out of expectation that COVID-19 would last for over two years from 2020 up till 2022.

All in all, the COVID-19 Impact hits hard on the financial results as well as the cash flows of Hoiana materially and adversely, and ended up with GYE failing to pay interest on Advance C during the year of 2021 and subsequently failing to repay the principal of Advance C together with interest accrued thereon on the repayment due date of 28 February 2022. Recoverability of Advances A, B and C due from GYE depends pretty much on the financial results of Hoiana which would in turn be dependent upon a successful control of COVID-19 and its variants and relaxation of travel restrictions and quarantine measures, all of them are policies not under the control of the Group or the other investors of Hoiana.

The joint venture (i.e. GYE) had a net liability position as at 31 December 2022 and 2021, and Hoiana had negative operating cashflows for the two years ended 31 December 2022. Given that the slow recovery of tourism industry and the uncertainty of global economy which have continued impact on the financial results of the Hoiana project in the near future, the Group considered that the joint venture and the Hoiana project would not have sufficient operating cash inflow to enable it to repay Advance C notwithstanding that the Group does believe that the Hoiana project could generate positive cash inflows in the long run depend on the recovery of tourism industry and the global economy.

Having considered (i) the financial and business forecast of Hoiana for the period from 2023 to 2025 prepared by the management of the Hoiana project at the end of 2022 which projected a downward adjustment to the future revenue and cash inflows of the Hoiana's operation to reflect the uncertainties of continuing and unprecedented hit of COVID-19 on the tourism and gaming businesses in Southeast Asia and the latest regulations on gaming promoters in the Asia market ended up in decline in VIP gaming business in Southeast Asia market in 2021 and 2022; (ii) the loss continuously incurred by Hoiana for the year ended 31 December 2022; (iii) the net liability position and the liquidity of the Hoiana project and the joint venture as at 31 December 2022, and (iv) the uncertainty in the recovery of the global economy and the tourism industry which affecting the future performance of the joint venture, the Company and the joint venture partners anticipated that it is most unlikely that Hoiana could generate sufficient operating cash inflow in the near future to effect repayment of the loans.

In addition, GYE has failed to repay Advance C on the due date for repayment on 28 February 2022, which constituted an event of default and Advance C has become interest bearing at 25% per annum with effect from 1 March 2022.

In view of this, the management of the Group considers that there was a significant increase in credit risks and probability of default on repayment of the loans, the Company assessed the expected credit loss ("**ECL**") on the loans to and the amounts due from the joint venture based on lifetime ECL during the years ended 31 December 2022 and 2021. Assessment of impairment losses on loans to and amounts due from the joint venture were based on the method of ECL and such approach have been consistently applied throughout different financial periods.

In determining the expected loss rates of loans to and amounts due from the joint venture, the financial position and performance of the joint venture and its subsidiaries including but not limited to financial information, business prospects and business forecasts of the joint venture and its subsidiaries available up to the end of the each reporting period were assessed and a credit rating was assigned. The ECL and expected loss rates of loans to and amounts due from the joint venture as at 31 December 2022 and 2021 are determined by reference to the valuation carried out by an independent professional valuer.

During the year ended 31 December 2022, the Group has recognised impairment losses on the equity loans to a joint venture, loans to a joint venture and amounts due from a joint venture of approximately HK$17.6 million, HK$12.2 million and HK$44.5 million respectively (2021: approximately HK$119.7 million, HK$194.2 million and HK$22.9 million respectively).

On 17 March 2023, certain outstanding amount of the Advance A, the whole outstanding amount of Advances B and C and interest accrued thereon in the aggregate amount of approximately US$114.8 million (equivalent to approximately HK$895.4 million) has been repaid by GYE. Further details of the repayment were disclosed in the announcement of the Company dated 19 March 2023.

Impairment loss on property, operating right and equipment

During FY2021, an impairment loss of approximately HK$287.1 million was recognised after the reassessment of the fair values of Summit Ascent Group's property, operating right and equipment in relation to Tigre de Cristal and the changes in cash flow expectations. Such amount impaired has included the portion of fair value adjustments recognised by the Group upon the acquisition of Summit Ascent in 2020.

Share of losses of associates

During FY2021, the Group recognised the share of loss of an associate of approximately HK$0.5 million in respect of the equity interest in FOPM before the disposal of the remaining approximately 24.27% equity interest in FOPM in April 2021.

Share of loss of a joint venture

The amount represented the share of loss of the Group's joint venture, which is owned by Star Admiral. The principal asset of Star Admiral is approximately 34% equity interest in Hoiana. Hoiana was opened for preview on 28 June 2020. As a tourist-dependent property, Hoiana was in loss making position and its performance was adversely impacted by the COVID-19 pandemic during FY2022. During FY2022, the Group recorded a share of loss of a joint venture of approximately HK$160.9 million (2021: approximately HK$438.0 million). As the joint venture is still in a net liability position with accumulated losses, and the carrying amount of the interest in the joint venture is reported as zero as at 31 December 2022, the Group has discontinued recognition of the share of loss of the joint venture.

Finance costs

Finance costs for FY2022 comprise mainly (i) interest on interest-bearing other borrowing, (ii) imputed interest expenses on convertible bonds, (iii) interests and imputed interest expenses on a promissory note, (iv) interest on lease liabilities; and (v) interest and imputed interest expense on loans from non-controlling shareholders of subsidiaries. The slight decrease in finance costs during FY2022 was mainly attributable to the repayment of the 2018 Promissory Note (as defined as below) during the year.

Income tax credit (expense)

Income tax credit (expense) comprises current tax and the decrease for FY2022 was mainly due to the prior year Philippines capital gains tax levied on the gain on disposal of remaining 24.27% equity interest in FOPM and the Philippines withholding tax on gross interest income earned by Summit Ascent Group on intragroup borrowings advanced to Suntrust during FY2021 and no such provision for FY2022. During FY2022, the Group recorded a tax credit of approximately HK$17.7 million due to the overprovision of the Philippines withholding tax in the prior year.

Convertible Bonds/Bond Payables

As at 31 December 2021, the Company had convertible bonds with outstanding principal amount of HK$402.0 million ("**2016 Convertible Bond**") held by Fame Select Limited ("**Fame Select**"), the former major shareholder of the Company. The Company had convertible bonds with outstanding aggregate principal amount of HK$297.0 million ("**2018 Convertible Bond**") held by Star Hope Limited ("**Star Hope**") and Better Linkage Limited ("**Better Linkage**"). During FY2022, 2016 Convertible Bond and the 2018 Convertible Bond were acquired by Major Success Group Limited, the current major shareholder of the Company. Both 2016 Convertible Bond and the 2018 Convertible Bond matured on 7 December 2022 and 28 August 2022 respectively, both 2016 Convertible Bond and the 2018 Convertible Bond had not been repaid upon the respective maturity date and constituted events of default. Upon the maturity of the 2016 Convertible Bond and the 2018 Convertible Bond, the conversion options attached to the 2016 Convertible Bond and the 2018 Convertible Bond lapsed and were no longer exercisable, therefore, the 2016 Convertible Bond and 2018 Convertible Bond were reclassified as bond payables ("**2016 Bond Payable**" and "**2018 Bond Payable**") as at 31 December 2022.

In September 2022, 2018 Bond Payable with principal amount of approximately HK$70,558,000 was redeemed by the Company. The 2016 Bond Payable in the principal amount of HK$402,000,000, and the 2018 Bond Payable in the principal amount of approximately HK$226,442,000 remain outstanding as at 31 December 2022.

SEGMENT ANALYSIS

In FY2022, (i) revenue from gaming and hotel operations in the Russian Federation; and (ii) revenue from management and operation of malls accounted for 94.4% (2021: 90.2%) and 5.6% (2021: 9.8%) of total revenue from continuing operations of the Group respectively. No revenue was generated from the property development segment in FY2022.

LIQUIDITY, FINANCIAL RESOURCES AND GEARING

Bank balances and cash, pledged bank deposits and restricted bank deposits, in aggregate, as at 31 December 2022 amounted to approximately HK$1,036.8 million (31 December 2021: HK$1,573.0 million).

The Group had total other borrowing being a loan facility for a term of 12 months of HK$400.0 million as at 31 December 2022 (31 December 2021: other borrowings of approximately HK$972.3 million) which was obtained by the Group during the year ended 31 December 2022. The Group's other borrowing carried interest at floating interest rate, which is interest bearing at the higher of (i) 18% per annum; or (ii) the aggregate of 13% per annum and the HK$ prime lending rate as may be offered by The Hongkong and Shanghai Banking Corporation Limited from time to time.

During the year ended 31 December 2021, the Group obtained bank overdrafts of up to HK$80 million. Bank overdrafts were secured by fixed deposits and interest bearing at (i) 1.5% per annum over the overnight HIBOR; or (ii) 1% per annum above the deposit rate for the pledged bank deposit, whichever is higher. Such bank overdrafts were repaid in FY2021.

The amounts due to related companies represent a HK$ denominated promissory note ("**2018 Promissory Note**") due to a related company with a carrying amount of approximately HK$262.9 million as at 31 December 2021, which was unsecured, interest bearing at 2% per annum and repayable on 28 August 2022. During FY2022, the 2018 Promissory Note, together with the accrued interest, were acquired by Major Success, the immediate holding company of the Company, the 2018 Promissory Note and the accrued interest thereon have been repaid during the year ended 31 December 2022.

The Group had loans from non-controlling shareholders of subsidiaries of approximately HK$216.4 million as at 31 December 2022 (31 December 2021: approximately HK$237.3 million), in which (i) an amount of approximately HK$77.7 million which is secured by parcels of land (included in property, operating right and equipment), interest bearing at 2.4% and repayable on 21 July 2023, and (ii) an amount of approximately HK$138.7 million which is unsecured, interest-free and will not be repaid unless there are sufficient free cash flows generated from the operations to make the repayment.

The Group had convertible bonds and derivative financial instruments liabilities of approximately HK$19.1 million (31 December 2021: approximately HK$607.0 million) and approximately HK$0.2 million (31 December 2021: approximately HK$13.3 million), respectively.

As at 31 December 2022, the Group had bond payables of approximately HK$628.4 million (31 December 2021: Nil).

The gearing ratio, expressed as a percentage of total other borrowings, promissory notes, loans from non-controlling shareholders of subsidiaries, bond payables, convertible bonds and derivative financial instruments liabilities divided by consolidated total equity of the Group as at 31 December 2022 is approximately 29.3% (31 December 2021: 43.4%).

As at 31 December 2022, the Group had current assets of approximately HK$1,382.4 million (31 December 2021: approximately HK$2,716.7 million) and current liabilities of approximately HK$1,317.8million (31 December 2021: approximately HK$2,017.4 million).

As at 31 December 2022, the aggregate perpetual securities facilities with principal amount of up to HK$6,000.0 million have been granted by a related company to the Group, of which approximately HK$5,408.0 million have been issued and the unissued amount of the facilities is approximately HK$592.0 million.

CHARGE ON ASSETS

As at 31 December 2022, an other borrowing of HK$400.0 million was secured by certain shares of a subsidiary of the Group and a debenture incorporating a first fixed charge and a first floating charge over certain undertaking, property and assets of the Group with carrying value of approximately HK$6,506.1 million. The other borrowing of HK$400.0 million was repaid in March 2023, first fixed charge and a first floating charge over certain undertaking, property and assets of the Group has been released in March 2023.

As at 31 December 2021, other borrowings of approximately HK$366.9 million were secured by the Group's loan receivable of approximately HK$599.2 million.

As at 31 December 2022, pledged bank deposits of approximately HK$0.5 million (31 December 2021: approximately HK$1.5 million) were pledged for the license (31 December 2021: the license and suppliers) in relation to Sun Travel Ltd..

As at 31 December 2022, loans from non-controlling shareholder(s) of a subsidiary of approximately HK$77.7 million (31 December 2021: approximately HK$89.7 million) were secured by parcels of land under property, operating right and equipment of the Group of approximately HK$268.7 million (31 December 2021: approximately HK$321.7 million).

As at 31 December 2022 and 2021, the indirect equity interest of approximately 34% in Hoi An South Development Limited ("**HASD**") was pledged to a bank for the banking facilities granted to HASD.

As at 31 December 2022 and 2021, the indirect equity interest of approximately 68% in Hoi An South Investment Pte. Limited, the immediate holding company of HASD, and the approximately 66% equity interest of HASD were pledged to a joint venture partner for a loan granted to HASD.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

The functional currency of the Company and the presentation currency of the consolidated financial statements of the Company are in Hong Kong Dollars ("**HK$**"). The income and expenses, assets and liabilities and interest in a joint venture of the Company and its subsidiaries which are denominated in currencies other than the functional currency are converted into HK$ for financial reporting purpose. Fluctuations in exchange rates may have an impact on the Group's financial position and results. The Group monitors the exposure to fluctuations in exchange rates and takes appropriate measures to mitigate and manage the risk on a timely and effective manner. The Group did not engage in any derivative activities and did not commit to any financial instruments to hedge its statement of financial position exposure to fluctuations in exchange rates as at 31 December 2022.

In respect of Summit Ascent, the significant fluctuation in the exchange rate of the Russian Ruble ("**RUB**") due to the Russia-Ukraine conflict since late February 2022 would lead to a significant fluctuation in the Group's asset values denominated in RUB when the consolidated financial statements of the Group are presented in HK$.

CONTINGENT LIABILITIES

For the details of contingent liabilities, please refer to Note 23 of this announcement.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

On 10 May 2022, the Company entered into the S&P Agreement with the Purchaser. Pursuant to the S&P Agreement, the Company agreed to sell and the Purchaser agreed to purchase the entire equity interest of wholly-owned subsidiaries of the Company including (i) Goal Explore and its subsidiaries save for Dongyang Xinguang (collectively referred to as the "**Disposal Group A**") and (ii) Boshing Investments Limited and its subsidiaries (collectively referred to as the "**Disposal Group B**"), at a total cash consideration of HK$1 subject to the terms and conditions of the S&P Agreement (the "**2022 Disposal**").

On 22 July 2022, all the conditions precedent under the S&P Agreement have been fulfilled. The 2022 Disposal was completed on 22 July 2022. Further details of the 2022 Disposal were disclosed in the announcements of the Company dated 10 May 2022 and 22 July 2022.

Save for the 2022 Disposal above, the Group had no significant investments, material acquisitions and disposals of subsidiaries during FY2022.

TREASURY POLICIES AND CAPITAL STRUCTURE

The Group adopts a prudent approach with respect to treasury and funding policies, with a focus on risk management and transactions that are directly related to the underlying business of the Group.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2022, the Group had a staff force of 1,079 (as at 31 December 2021: 1,103) employees. Of this, most were stationed in the Russian Federation and the PRC. The remuneration of employees was in line with the market trend and commensurable to the level of pay in the industry. Remuneration of the Group's employees includes basic salaries, bonuses and long-term incentives (such as share option scheme). Total staff costs, including directors, incurred for the year ended 31 December 2022 was approximately HK$169.0 million (2021: approximately HK$212.0 million).

The Group formulates its human resources allocation and recruitment plans based on its development strategies. The remuneration packages of the employees are structured by reference to job nature (including geographical locations) and prevailing market conditions. The remuneration policy of the Group is subject to periodic review, and year-end bonuses and share options are available to reward employees in line with their individual performances and industry practice.

In addition, the Group encourages its employees to receive training that is suitable for their job nature and caters to their needs of obtaining certain professional qualifications, such as providing or encouraging employees to attend seminars and training for different professional knowledge. Appropriate training programmes and/or seminar subsidies are also offered to ensure continuous staff training and development.

The emoluments of the Directors, comprising Director's fee, salary package, discretionary bonus and share options, are reviewed and determined by the Board based on the recommendations from the Remuneration Committee with reference to the Company's performance, the Director's duties and responsibilities with the Company, and the prevailing market conditions. The Director's remuneration will be subject to annual review by the Remuneration Committee and the Board with the authorisation granted by shareholders at the annual general meeting of the Company.

The human resources department of the Group is responsible for the collection and administration of the human resources data and for making recommendations to the Remuneration Committee for consideration. The Remuneration Committee consults with the Board about these recommendations on remuneration policy and structure and remuneration packages. The Remuneration Committee is also responsible for establishing transparent procedures for developing such remuneration policy and structure to ensure that no Director or any of his/her associates will participate in deciding his/her own remuneration.

The Group has followed the measures and directives issued by the government and health authorities at the cities with operations and deployed appropriate operation protocols and preventive measures to protect the Group's employees and provide them with healthy and hygienic working environments within the office premises during the reporting period.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2022 (2021: nil).

EVENTS AFTER THE REPORTING PERIOD

For the details of events after the reporting period, please refer to Note 25 of this announcement.

BUSINESS REVIEW

During the year, the Group engages in the following continuing operations: (i) through Suntrust Group, the development and operation of an integrated resort in the Philippines; (ii) through Summit Ascent Group, the operation of the hotel and gaming business in the IEZ Primorye in the Russian Federation; (iii) property development in Japan; and (iv) management and operation of malls in the PRC.

Development, operation and investment in integrated resorts, hotels and gaming business

(i) Co-Development of Westside City Project at Entertainment City

The Company, through its wholly-owned subsidiary, Fortune Noble Limited ("**Fortune Noble**"), acquired 51% equity interest in Suntrust on 28 October 2019. Pursuant to the operations and management/services agreement dated 4 May 2020 entered into between Westside as appointer and Suntrust as an appointee in relation to the appointment of Suntrust as the sole and exclusive operator and manager to operate and manage the Main Hotel Casino as contemplated under the co-development agreement entered into between Suntrust and Westside on 28 October 2019 (the "**Co-Development Agreement**"), Suntrust will be the sole and exclusive operator and manager of the Main Hotel Casino. The investment in Suntrust marked the first step towards establishing the Group's footprint in the integrated resort and entertainment market in the Philippines and allowing the Group to tap into this growing market. Further details of the co-development of Westside City Project at Entertainment City were disclosed in the announcements of the Company dated 29 October 2019, 25 November 2019, 20 January 2020, 23 February 2020, 30 March 2020, 4 May 2020, 15 June 2020 and 23 July 2020 as well as the circular of the Company dated 26 March 2020.

On 29 May 2020, Suntrust and Fortune Noble entered into a subscription agreement (the "**CB Subscription Agreement**") of PHP7.3 billion (equivalent to approximately HK$1.1 billion) zero coupon convertible bonds of Suntrust to be issued by Suntrust to Fortune Noble for an initial term of 5 years (the "**Fortune Noble Subscribed CB**"). Upon full exercise of the rights to convert the Fortune Noble Subscribed CB into common shares of Suntrust at the initial conversion price of PHP1.1 each into shares of Suntrust (the "**Suntrust Conversion Shares**"), Suntrust will become 74.42% owned by the Group (on the basis of 7,250,000,000 shares of Suntrust in issue as at the date of the CB Subscription Agreement and assuming no change in that number other than by the issuance of the Suntrust Conversion Shares). Further details of the Fortune Noble Subscribed CB were disclosed in the announcement of the Company dated 29 May 2020.

On 1 June 2020, Suntrust (as issuer) and Summit Ascent Investments Limited ("**SA Investments**"), a wholly-owned subsidiary of Summit Ascent (as subscriber), entered into a subscription agreement, pursuant to which, SA Investments conditionally agreed to subscribe for the convertible bonds in the aggregate principal amount of up to PHP5.6 billion (equivalent to approximately HK$847.0 million) with a 6% coupon rate (or 8% per annum if held until their maturity) for an initial term of 5 years, which are convertible into common shares of Suntrust (the "**2020 Summit Ascent Subscribed CB**"). Further details of the 2020 Summit Ascent Subscribed CB were disclosed in the circular of Summit Ascent dated 14 August 2020.

In December 2020, both the Fortune Noble Subscribed CB and the 2020 Summit Ascent Subscribed CB had been issued by Suntrust to Fortune Noble and SA Investments respectively and the subscription proceeds of the Fortune Noble Subscribed CB and the Summit Ascent Subscribed CB have already been fully utilised as intended for the development of the Main Hotel Casino.

On 18 December 2020, Suntrust entered into a supplemental agreement (the "**Supplemental Agreement**") with the main contractor of the Main Hotel Casino, Megawide Construction Corporation ("**Megawide**"), to revise the letters of award dated 13 November 2020 by expanding the scope of work of Megawide as main contractor and increasing the contract sum payable by PHP20,000,000,000 (equivalent to approximately HK$3,211.0 million) in relation to the (i) construction of basement, podium and tower of the Main Hotel Casino and (ii) construction work of the pile cap, excavation and lateral support and additional pile cap area of the Main Hotel Casino (the "**Construction Agreements**"). The terms of the Construction Agreements remain unchanged save as revised by the Supplemental Agreement. Further details of the Supplemental Agreement were disclosed in the circular of the Company dated 11 February 2021.

On 23 February 2021, Suntrust, as borrower entered into a loan agreement (the "**SA Loan Agreement**") with SA Investments as lender, pursuant to which SA Investments shall provide a loan in the principal amount of US$120.0 million (equivalent to approximately HK$930.0 million) (the "**SA Loan**") to Suntrust. The SA Loan is unsecured, interest-bearing at 6% per annum and shall be matured after three months from the date of the disbursement of the SA Loan, which is extendable not more than three months. The SA Loan was advanced to Suntrust in May 2021. The loan proceeds from the SA Loan will be applied by Suntrust for the development of the Main Hotel Casino. Further details of the SA Loan were disclosed in the announcements of Summit Ascent dated 23 February 2021 and 20 April 2021, respectively and the circular of Summit Ascent dated 26 March 2021.

On 17 August 2021, 17 September 2021 and 17 October 2021, the maturity date of the SA Loan was extended from 18 August 2021 to 18 September 2021, from 18 September 2021 to 18 October 2021 and from 18 October 2021 to 18 November 2021 respectively. SA Investments had agreed to further extend the maturity date of the SA Loan to 18 July 2022 or such other date as SA Investments otherwise agrees to in its sole and absolute discretion. Further details of the extension of SA Loan were disclosed in the announcement and circular of Summit Ascent dated 20 September 2021 and 26 October 2021 respectively.

On 20 September 2021, SA Investments entered into a subscription agreement (the "**Subscription Agreement**") with Suntrust, pursuant to which Suntrust has conditionally agreed to issue and SA Investments has conditionally agreed to subscribe for the convertible bonds in the maximum aggregate principal amount of PHP6.4 billion (equivalent to approximately HK$1.0 billion). The aggregate subscription amount payable by SA Investments under the Subscription Agreement shall be satisfied by setting off the outstanding amount owing by Suntrust to SA Investments under the SA Loan Agreement comprising the principal amount of the SA Loan together with interest accrued up to (the "**Indebted Amount**") with an equal amount of the aggregate subscription amount payable by SA Investments as at the completion of subscription for the convertible bonds (the "**Completion**"). Under the Subscription Agreement, SA Investments and Suntrust will enter into a set-off deed (the "**Set-Off Deed**") upon the Completion to set-off the Indebted Amount up to a maximum set-off amount (the "**Maximum Set-off Amount**"). The Maximum Set-Off Amount under the Subscription Agreement is US$128.4 million (equivalent to approximately PHP6.4 billion and HK$995.1 million) comprising the principal amount of the SA Loan of US$120.0 million (equivalent to approximately HK$930.0 million) and the interest accrued up to the 18 July 2022 of approximately US$8.4 million (equivalent to approximately HK$65.1 million). Further details of the Subscription Agreement and the Set-off Deed were disclosed in the announcement and circular of Summit Ascent dated 20 September 2021 and 26 October 2021 respectively.

On 10 June 2022, all the conditions precedent under the Subscription Agreement have been fulfilled and the convertible bonds in the aggregate principal amount of PHP6.4 billion (the "**2022 Summit Ascent Subscribed CB**") were issued by Suntrust to SA Investments. Part of the Indebted Amount in the amount of approximately US$127.7 million as at 10 June 2022 to the extent of US$120.9 million was set-off against the US$ equivalent of the subscription amount in the amount of approximately US$120.9 million pursuant to the Set-Off Deed in accordance with the terms of the Subscription Agreement. Further details of the completion of the Subscription Agreement and the Set-off Deed were disclosed in the joint announcement of the Company and Summit Ascent dated 13 June 2022.

The coupon interest of the 2020 Summit Ascent Subscribed CB is payable yearly in arrears accruing from 30 December 2020, i.e. the issue date of the 2020 Summit Ascent Subscribed CB. On 15 January 2023, Suntrust failed to pay the coupon interest for the second year due on 30 December 2022 after the lapse of a 15-day grace period provided under the terms of the 2020 Summit Ascent Subscribed CB. The coupon interest amounted to approximately PHP336 million (equivalent to approximately HK$48 million as at the due date. Summit Ascent and Suntrust are in discussion on the payment arrangement of the overdue interest but no concrete plan has been reached up to date of this announcement. As Summit Ascent and Suntrust both are non-wholly owned subsidiaries of the Company, the transactions between Summit Ascent and Suntrust are eliminated in the consolidated financial statements of the Group, any provision would be made by Summit Ascent for above overdue interest will not have material impact on the consolidated financial results of the Group for the year ended 31 December 2022. Further details of the overdue interest of 2020 Summit Ascent Subscribed CB was disclosed in the announcement of Summit Ascent dated 16 January 2023.

As at 31 December 2022, the construction of structural work up to Level 6 have been completed whereas the facade works were in progress. The major mechanical, electrical, and plumbing equipment has been delivered to construction site. During FY2022, Suntrust had recorded a loss because of its pre-operating activities under the development phase.

(ii) Tigre de Cristal

Summit Ascent's first property Tigre de Cristal is operating in the Russian Far East and has been self-sustaining without any bank borrowings. The solid operating results in 2022 from the mass table and electronic gaming businesses signified Summit Ascent's capability to seize opportunities upon the post COVID-19 recovery of the local demand in leisure and entertainment. The Board and the management of the Group have been closely monitoring the market conditions and the impact of the Russia-Ukraine conflict and will continue to assess the effects on the financial position and operations of the Group.

In FY2022, the social distancing and travel-related measures implemented by Russian government to combat the spread of COVID-19 were gradually lifted, and the Russian tourism industry began to slowly recover. Total revenue of Summit Ascent was approximately HK$372.3 million in FY2022, up 40% compared to approximately HK$265.5 million in FY2021. Such increase was predominantly attributable to the local customers which led a strong recovery in the local mass and slot businesses in FY2022, as the number of foreigners visiting Tigre de Cristal remains at low level as compared to pre-COVID record.

Gaming Operations

Net gaming revenue of Tigre de Cristal, which consists of three main sources namely the rolling chip business, mass table business and electronic gaming business, was approximately HK$340.9 million during FY2022, increased by approximately HK$92.5 million or 37% year-on-year compared to FY2021.

Due to the COVID-19 pandemic and various travel restrictions, no rolling chip business has been noted in FY2022 and FY2021.

Mass table drop (measured as the sum of gaming chips purchased or exchanged at the cages) increased by 46% to approximately HK$723 million in FY2022, compared to approximately HK$496 million in FY2021. Net win from mass table business increased by 50% to approximately HK$169 million in FY2022, compared to approximately HK$113 million in FY2021. Net win rate percentage (represented net win as a percent of mass table drop) increased slightly from 22.8% in FY2021 to 23.4% in FY2022.

Electronic gaming volume (measured as the total value of electronic gaming credits wagered by players) was approximately HK$4,836 million in FY2022, increased by 39% compared to approximately HK$3,477 million in FY2021. The electronic gaming business recorded net win of approximately HK$172 million, up 27% compared to approximately HK$135 million in FY2021. The net win rate percentage decreased to 3.6% in FY2022 from 3.9% in FY2021.

Hotel Operations

Revenue from hotel operations, despite largely dependent on foreign guests before the COVID-19 pandemic, increased to approximately HK$31.4 million in FY2022 or by 83% compared to FY2021, as a result of an improvement in domestic demand. Average hotel occupancy rates increased to 61% (2021: 55%) during weekends and 30% (2021: 25%) during weekdays in FY2022.

Key Financial Data of Tigre de Cristal

	FY2022	FY2021
	HK$'000	*HK$'000*
Revenue:		
Net Gaming	**340,898**	248,355
Hotel/F&B/Others	**31,408**	17,164
Total Net Revenue	**372,306**	265,519
Adjusted EBITDA	**105,138**	40,949
Adjusted EBITDA margin	**28%**	15%

Gaming Statistics

(HK$ million)	Q12022	Q22022	Q32022	Q42022	**FY2022**	FY2021
Total GGR[(i)]	86	112	102	102	**402**	286
Rolling Chip Volume	–	–	–	–	**–**	–
Gross Win Rate %	N/A	N/A	N/A	N/A	**N/A**	N/A
Gross Win	–	–	–	–	**–**	–
Mass Table Drop	159	195	183	186	**723**	496
Net Win Rate %	22.6%	25.1%	22.4%	23.1%	**23.4%**	22.8%
Net Win	36	49	41	43	**169**	113
Electronic Gaming Volume	991	1,190	1,316	1,339	**4,836**	3,477
Net Win Rate %	3.8%	3.8%	3.4%	3.3%	**3.6%**	3.9%
Net Win	38	45	45	44	**172**	135

(i) GGR represents the amount of money players wagered minus the winning payouts to them, before commissions rebated, discounted or complimentary products and services provided and redeemable points earned under the loyalty programs.

(iii) Hoiana

As at 31 December 2022, the Group held approximately 34% indirect equity interest in Hoiana through the investment in a joint venture. The Certificate for the Eligibility for Casino Business in relation to the casino operation of Hoiana in Vietnam was granted in May 2020, and the preview took place on 28 June 2020. Hoiana features an integrated resort with a casino that holds gaming tables, electronic gaming machines, Asian delights and other international cuisine with more than 1,000 hotel rooms and an eighteen-hole golf course. The operation of Hoiana during the pandemic had significant impacts on its business performance in FY2022 and FY2021. As travel related restrictions between Asian countries were gradually relaxed during FY2022, the Vietnam tourism industry was slowly recovering hence the performance of Hoiana slightly improved in FY2022 and recorded a growth in revenue.

In FY2022, Hoiana's net revenue was approximately US$36.7 million. Adjusted EBITDA was approximately negative US$38.69 million.

Key Financial Data of Hoiana

	2022	2021
	US$'000	*US$'000*
Revenue:		
Net Gaming	**23,249**	8,575
Hotel/F&B/Others	**13,439**	3,497
Total Net Revenue	**36,688**	12,072
Adjusted EBITDA	**(38,689)**	(29,011)
Adjusted EBITDA margin	**N/A**	N/A

Gaming Statistics

(In US$'000)	Q12022	Q22022	Q32022	Q42022	**FY2022**	FY2021
Total GGR[(i)]	1,679	12,778	33,463	34,679	**82,599**	20,821
Rolling Chip Volume	105,034	273,872	679,137	928,494	**1,986,537**	375,311
Gross Win Rate %	0.1%	3.7%	4.3%	3.2%	**3.5%**	4.1%
Gross Win	99	10,187	29,209	29,375	**68,870**	15,326
Mass Table Drop	2,200	4,894	10,509	10,239	**27,842**	19,084
Gross Win Rate %	28.8%	21.0%	17.7%	21.8%	**20.7%**	16.2%
Gross Win	634	1,029	1,861	2,236	**5,760**	3,083
Electronic Gaming Volume	21,315	40,075	48,417	49,633	**159,440**	31,371
Gross Win Rate %	4.4%	3.9%	4.9%	6.2%	**5.0%**	7.7%
Gross Win	946	1,562	2,393	3,068	**7,969**	2,412

(i) GGR represents the amount of money players wagered minus the winning payouts to them, before commissions rebated, discounted or complimentary products and services provided and redeemable points earned under the loyalty programs.

Management and operation of malls

On 19 November 2020, the Group acquired the entire interest of Dongyang Xinguang, Dongyang Xinguang has become a wholly-owned subsidiary of the Group. Dongyang Xinguang is currently engaged in the management and operation of malls located in Zhejiang Province, the PRC, in which Dongyang Xinguang is the lessee in relation to a lease on the Phase 1 Shopping Mall of Xinguang Tiandi (新光天地一期購物廣場) and Phase 2 Living Mall of Xinguang Tiandi (新光天地二期生活廣場) comprising 620 units with a total floor area of 65,241.98 m^2 for a term of twenty (20) years commencing on 1 January 2015 and ending on 31 December 2034. The occupancy rates of the Phase 1 Shopping Mall and Phase 2 Living Mall of Xinguang Tiandi as at 31 December 2022 were approximately 77% and 74%, respectively.

Property development in Japan

As at 31 December 2022, the Group had two property development projects in Japan.

As at 31 December 2022, the Group owns 51% of the issued share capital of MSRD Corporation Limited ("**MSRD**"), which held a plot of land with a total site area of 108,799 m^2 located on Miyako Island, Okinawa, Japan. Subject to the final development plan to be approved by the Group, MSRD intends to build 40 villas and a hotel of more than 100 rooms on the land.

As at 31 December 2022, the Group owns the entire interest in certain land parcels with a total site area of 220,194 m^2 located at Niseko, Hokkaido, Japan and the acquisition of the land parcels was completed in January 2021. Subject to the final development plan to be approved by the Group, the Group intends to build over 50 villas and 20 townhouses and a hotel with over 40 rooms on the land.

REVIEW AND OUTLOOK

Market Overview

Russia

According to the International Monetary Fund (IMF), the World Bank and the Organization for Economic Cooperation and Development (OECD), Russia's Gross Domestic Product (GDP) contracted by an estimated 3.4% to 4.5%[1] in 2022. Despite the contraction, the country's economy performed better than initially expected due to the strong fiscal response and the increase in energy prices[2]. Meanwhile, tourism industry was experiencing a recovery, but there were only approximately 73,000[3] visitors to Primorsky Krai for the full year of 2022. However, the long-term impact of the Western sanctions resulting from the Russia-Ukraine conflict remained a concern for the country's economy and its tourism industry.

The Philippines

The Philippine economy continued to grow in 2022, with a 7.7% increase in GDP, reaching PHP19.9 trillion[4] (US$363.4 billion). The entertainment industry, particularly the integrated resorts in Manila, continued to benefit from local demand. According to the Philippine Amusement

1 Financial Times
2 World Bank
3 The Border Department of Russia
4 The Philippines Statistics Authority
5 PAGCOR
6 PAGCOR
7 Department for Tourism, the Philippines
8 Socialist Government of Vietnam
9 Vietnam Plus
10 Socialist Government of Vietnam General Statistics Office
11 VN Express

and Gaming Corporation (PAGCOR), The Gross Gaming Revenue (GGR) from licensed casino in the country grew by 91% year-on-year to PHP214.3 billion (US$3.9 billion) at the end of 2022[5]. In particular, Entertainment City casinos accounted for 87% of the Total Licensed Casino GGR in 2022, and has recovered to 93% of the level of GGR compared to 2019[6]. In 2022, 2.65 million visitors arrived at the Philippines, translating to PHP209.0 billion (US$3.7 billion) in tourism revenue for the country, representing a significant increase from 2021 as borders were closed back then[7]. The majority of tourists arrived from the United States, South Korea, Australia, Canada and the United Kingdom in 2022.

Vietnam

Vietnam's GDP grew by 8.02%[8] in 2022, the highest rate recorded in the 2011–2022 period[9]. The increase is three times the growth in 2021 and exceeded the target of 6–6.5% set by the government. The country's tourism industry also continued to recover, with a total of 3.6 million foreign arrivals[10] for the full year of 2022, 23 times than that of 2021 yet this still only reflected approximately 20% of the total number of arrivals in 2019. 70% of foreign tourists are from Asia while the rest are from Europe and the United States[11].

Development Update

Westside City Project, Philippines

The construction of the exterior of the podium which would hold the future gaming facilities has now been completed. The focus of the construction team is to continue building upward. Soft opening is targeted towards the end of 2024, with the grand opening aimed at 2025.

When all phases of Westside City Project are ready, it will consist of:

- Approximately 300 tables
- Over 1,300 electronic gaming machines
- Over 450 five-star hotel rooms including state-of-the-art party rooms and suites
- All sorts of amenities that fits our LET theme Leisure, Entertainment and Taste, including the privileged LET Club, Cigar and Wine bars, night clubs, Wellness Spa, and a Director's Club
- Approximately 1,000 car park spaces

Westside City Project will be integrated with the shopping malls, theatres, restaurants, and shopping streets, etc. to be built by our local partner Westside/Travellers. They will also build additional hotel rooms, a shopping mall, a Grand Opera House, restaurants, a theatre district and an additional of approximately 2,000 car park spaces.

Tigre de Cristal, Russia

Due to the unpredictable and volatile geopolitical tensions, the Company has made the difficult decision to slow down the development of Phase II Tigre de Cristal. We are now taking a conservative approach on investing in Russia.

The Company has been exploring alternative opportunities in other regions, as well as potentially looking for strategic partners who might be able to bring in value in terms of operating the gaming and hotel business in the Russian Far East.

Hoiana, Vietnam

In Hoiana, Hoiana Phase I including Hoiana Shores Golf Club, the casino, Hoiana Hotel & Suites and New World Hoiana Hotel are now operational.

Hoiana Phase II and beyond are planning in progress as land plots are now being prepared for development.

Outlook

2022 has proven itself to be a year of both promise and peril for the Group. While the gradual easing of travel restrictions and recovering consumer sentiment bode well for the Group's integrated resorts in Vietnam and the Philippines, geopolitical tensions and the ongoing public health crisis introduced a measure of uncertainty. However, despite formidable challenges, the Group has emerged resilience with a reinvigorated brand and a diverse portfolio of integrated resorts across Asia, affording us the ability to deliver maximum value to shareholders when difficult times turn its head away.

As a publicly listed company in Hong Kong with operations spanning across the Philippines, Vietnam, and Russia, the Group is well-positioned to mitigate risks through geographic diversification, and has harnessed extensive expertise in integrated resort development. In comparison to other established Asian gaming markets, the Philippines gaming market represents a substantial potential for growth as an innovative luxury destination. With a considerable portion of GGR contributed by local and expatriate patrons, and its proximity to major regional economies with high disposable income, the Philippines offers a compelling value proposition in the growth of Asian gaming. As the Asian middle class grows at an incredible pace, demand for world-class integrated travel, leisure, and entertainment experiences has reached unprecedented heights.

In Suntrust Resorts Holdings, Inc., our Philippines team is actively recruiting seasoned gaming executives on the ground to bring this vision to fruition. Since the completion of the construction of the podium level where the main gaming halls will be located in, efforts have pivoted to the construction of the hotel tower, with plans to launch a soft opening before the end of 2024 and a grand opening in 2025. By providing the finest quality, a range of lifestyle amenities, and exceptional services, the Group aims to cement its position as the preferred choice for regional gaming patrons. With the support of a local financial institution, the Group will obtain the necessary capital to execute this strategy. Through the partnership with a leading local conglomerate, the Group is set to deliver a unique blend of cultural sensitivity and Asian gaming prowess navigating through the business environment in the Philippines while offering an unmatched experience for regional patrons.

In Vietnam, Hoiana has seen a spike in business volumes and occupancy rates ever since its soft opening in mid-2020, breaking successive records month after month. As an integrated five-star resort offering a blend of a luxury beachside resort and an authentic Vietnamese cultural experience, Hoiana's unique value proposition serves as a magnet for foreign tourists and mass market gaming patrons alike. Although record performance is a notable achievement, its foreigner-only admission policy to the gaming floor currently acts as its key impediment to growth, with visitation hinging on the status of regional travel restrictions. However, as constraints ease and visitation regains momentum, we are confident that Hoiana will cement its stature as Vietnam's premier hospitality destination.

In Russia, Tigre de Cristal has seen a resurgence in the local mass gaming business and slots business in 2022, achieving company records since its first opening despite multiple challenges in the operating environment. By procuring supplies locally and expanding into new markets such as Japan and South Korea, Tigre de Cristal is gradually adapting to persistent geopolitical tensions. However, due to the unpredictable business climate, the Group has adopted a cautious investment approach and has decided that inevitably, the development of Tigre de Cristal Phase II will be slowed down as a prudent business decision.

In summary, while we regard the future with prudent optimism, our primary focus remains at the Philippines integrated resort. With a dedicated team and the necessary funding ready to be deployed, we are confident in delivering a world-class experience and capturing the market's unique opportunities. We remain committed to our vision and will overcome challenges that may emerge.

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

During the year, neither the Company nor any of its subsidiaries had purchased, sold, or redeemed any of the Company's listed securities.

CLOSURE OF REGISTER OF MEMBERS FOR ANNUAL GENERAL MEETING

The annual general meeting of the Company is scheduled to be held on 24 May 2023. For determining the entitlement to attend and vote at the annual general meeting, the register of members of the Company will be closed from 18 May 2023 to 24 May 2023 (both days inclusive), during which period no share transfers will be registered. In order to be eligible to attend and vote at the above annual general meeting, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the branch share registrar and transfer office of the Company in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration no later than 4:30 p.m. on 17 May 2023.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintain high standard of corporate governance standards and procedures to safeguard the interests of all shareholders and to enhance accountability and transparency. The Company has complied with the code on corporate governance practices (the "**CG Code**") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") during the year ended 31 December 2022 except the following deviations:

Under code provision C.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and the chief executive should be clearly established and set out in writing. Following the resignation of the former Chief Executive Officer, the Company has not appointed an individual to take up the vacancy of the Chief Executive Officer, and the roles and functions of the Chief Executive Officer have been performed by the executive Director(s).

Under code provision C.2 of the CG Code, there are certain roles and responsibilities to be carried out by the chairman of the Company. Due to the vacancy of the chairman of the Company following the resignation of Mr. Chau Cheok Wa as chairman, such roles are delegated to the executive Directors except the roles and responsibilities as stated in code provision C.2.7 of the CG Code until the appointment of Mr. Lo Kai Bong ("**Mr. Lo**") as chairman of the Company with effect from 31 August 2022.

Under code provision C.3.3 of the CG Code, the Company should have formal letters of appointment for Directors setting out the key terms and conditions of their appointment. The Company did not have formal letter of appointment for Mr. Lo as executive Director of the Company. However, Mr. Lo is subject to retirement by rotation at least once in every three years in accordance with the Company's articles of association.

Under code provision F.2.2 of the CG Code, the chairman of the Board should attend the annual general meeting of the Company and invite the chairman of the committees to attend. However, due to the vacancy of the chairman of the Company before the new chairman appointment on 31 August 2022, the chairman did not attend the annual general meeting held on 27 June 2022 and the extraordinary general meeting held on 15 August 2022. In addition, Mr. Tou Kin Chuen, the chairman of audit committee of the Company and an independent non-executive Director, did not attend the extraordinary general meeting held on 15 August 2022.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions of Directors and employees (the "**Securities Code**") no less exacting than the required standard as set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in Appendix 10 to the Listing Rules. On specific enquiries made, all Directors have confirmed that they have complied with the required standard as set out in the Model Code throughout the year ended 31 December 2022.

Employees who are likely to be in possession of unpublished price sensitive information of the Company are also subject to compliance with the Securities Code.

AUDIT COMMITTEE

The Company has an Audit Committee which was established in accordance with Rule 3.21 of the Listing Rules for the purposes of reviewing and providing supervision over the Group's financial reporting process, risk management and internal control systems. The consolidated results of the Group for the year ended 31 December 2022 have been reviewed by the Audit Committee. The Audit Committee comprises three members namely Mr. Tou Kin Chuen (Chairman), Dr. Wu Kam Fun Roderick and Mr. Lo Wai Tung John. All of them are independent non-executive Directors.

SCOPE OF WORK OF CROWE (HK) CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit and loss and other comprehensive income and the related notes thereto for the year ended 31 December 2022 as set out in the preliminary announcement have been agreed by the Group's auditor, Crowe (HK) CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Crowe (HK) CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Crowe (HK) CPA Limited on the preliminary announcement.

PUBLICATION OF THE ANNUAL RESULTS AND 2022 ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This annual results announcement is published on the websites of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the Company (www.letgroupholdings.com). The Company's 2022 annual report containing all the information required under the Listing Rules will be dispatched to the shareholders of the Company and will be published on the respective websites of the Stock Exchange and the Company in due course.

PUBLICATION OF ANNUAL REPORT

The annual report of the Company for the year ended 31 December 2022 will be published on or before 30 April 2023.

EXTRACTS OF THE INDEPENDENT AUDITOR'S REPORT

The following is an extract of the independent auditor's report on the Company's consolidated financial statements for the year ended 31 December 2022.

Opinion

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 2022, 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 disclosure requirements of 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.

Material uncertainty relating to going concern

We draw attention to note 2 to the consolidated financial statements, as at 31 December 2022, the Group had outstanding liabilities including bond payables, which were reclassified from convertible bonds upon maturity, in the unpaid principal amounts of approximately HK$226,442,000 and HK$402,000,000 due on 28 August 2022 and 7 December 2022 respectively. The sufficiency of the Group's working capital to satisfy its present obligations for at least the next twelve months from 31 December 2022 is dependent on the Group's ability to generate adequate funds by obtaining financing, through successful extension or renewal of the outstanding bond payables or disposal of non-core assets. These conditions indicate that a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

By order of the Board
LET Group Holdings Limited
Chiu King Yan
Company Secretary

Hong Kong, 30 March 2023

As at the date of this announcement, the executive Director is Mr. Lo Kai Bong (Chairman), and the independent non-executive Directors are Mr. Tou Kin Chuen, Dr. Wu Kam Fun Roderick and Mr. Lo Wai Tung John.