KECK SENG INVESTMENTS (HONG KONG) LIMITED

Stock Code : 184

ANNUAL REPORT 2022
ANNUAL REPORT 2022

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FINANCIAL HIGHLIGHTS

For the year ended 31 December 2022

	2022 HK$'000	2021 HK$'000
Total Assets	5,635,896	5,579,024
Total equity attributable to Equity Shareholders	2,936,799	2,907,640
Issued Share Capital	498,305	498,305
Revenue	1,429,488	482,878
Profit/Loss Before Taxation	129,823	(242,076)
Profit/Loss Attributable to Equity Shareholders	76,302	(194,724)
Basic Profit/Loss Per Share (cents)	22.4	(57.2)
Dividends Attributable to the year (cents per share)	5.0	4.0

CORPORATE INFORMATION

DIRECTORS

HO Kim Swee @ HO Kian Guan – *Executive Chairman*
HO Cheng Chong @ HO Kian Hock
– *Deputy Executive Chairman*
TSE See Fan Paul
CHAN Lui Ming Ivan
YU Yuet Chu Evelyn
HO Chung Tao
(resigned with effect from 31 March 2023)
HO Chung Hui
* HO Eng Chong @ HO Kian Cheong
** KWOK Chi Shun Arthur
** WANG Poey Foon Angela
** YU Hon To David
** Stephen TAN
HO Chung Kain @ HE Chongjing
(Alternate to HO Chung Hui)
HO Chung Kiat Sydney @ HE Chongjie Sydney
* *(Alternate to HO Kian Cheong)*

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

AUDIT AND COMPLIANCE COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

RISK MANAGEMENT COMMITTEE

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

AUDITORS

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

SHARE REGISTRAR & TRANSFER OFFICE

Tricor Tengis Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

COMPANY SECRETARY

CHENG Ka Kit

REGISTERED OFFICE

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

COMPANY'S WEBSITE

www.keckseng.com.hk

Financial Calendar

Closure of registers of members[1]	Thursday, 25 May 2023 to Wednesday, 31 May 2023, both days inclusive
Annual General Meeting	Wednesday, 31 May 2023
Ex-dividend date for final dividend	Monday, 5 June 2023
Closure of registers of members[2]	Wednesday, 7 June 2023 to Friday, 9 June 2023, both days inclusive
Final dividend payable	Thursday, 29 June 2023
Announcement of 2023 interim results	August 2023

Notes:

1. *For ascertaining shareholders' entitlement to attend and vote at the annual general meeting*

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

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, I am pleased to present the results of the Group for the year ended 31 December 2022.

RESULTS

The consolidated profit attributable to equity shareholders of the Company for the year 2022 amounted to HK$76,302,000 (HK$0.224 earnings per share), as compared to loss attributable to the equity shareholders of the Company amounted to HK$194,724,000 (HK$0.572 loss per share) in 2021.

DIVIDENDS

The Board is recommending that a final dividend of HK$0.05 per share (2021: HK$0.04) be paid for the year ended 31 December 2022, subject to equity shareholders' approval of the final dividend at the forthcoming Annual General Meeting of the Company.

REVIEW OF OPERATIONS

Since early 2020, the COVID-19 pandemic (the "pandemic") has led to a series of precautionary and control measures implemented by governments worldwide. Even though these restrictions were lifted and borders were gradually reopened in most countries in late 2021 and 2022, the operating environment for our business was still challenging throughout 2022, particularly in our hotel business. In addition, the difficult situation was exacerbated by the Russian-Ukraine war, growing geopolitical tensions and soaring inflationary pressure, resulting in a complex and unstable overall operating environment for three consecutive years. Despite these difficulties, with the gradual relaxation of travel and social-distancing restrictions, our company remained resilient and achieved significant improvements in our hotel business. Having said that, the pace of recovery is expected to remain slow and uneven in the near future.

The Group's revenue for 2022 was HK$1,429.5 million, an increase of 196% as compared to HK$482.9 million in 2021. Operating profit for the Group amounted to HK$162.1 million, as compared with the operating loss of HK$202.6 million in 2021.

A summary and analysis of the operations are as follows.

Property Leasing and Management Operations

Macau

The Macau economy continued to face challenges in 2022 due to the ongoing pandemic and related control measures. Following a significant community outbreak of pandemic in July 2022, heightened border controls and temporary closure of non-essential businesses under China's zero-COVID policy has led to a further contraction of the Macau economy. According to Macau Government statistics, Macau's GDP shrank by 26.8% in 2022 and the overall unemployment rate of Macau has further increased from 3.1% in the fourth quarter of 2021 to 3.5% in the fourth quarter of 2022. The number of visitors to Macau has also dropped by 26% in 2022 compared with 2021, at less than 15% of the pre-pandemic level in 2019.

Despite the challenging business environment and ongoing impact of the pandemic, the Macau property sector was not severely affected. Our Macau property leasing and management business was modestly impacted but has remained largely stable. Income from leasing of Macau properties of the Group decreased slightly to HK$82.0 million in 2022 as compared to HK$85.8 million in 2021. The decrease was mainly driven by lower occupancy rate, impact of lower residential rental rates upon reversion of tenancies, and concessionary rental rates given to some retail tenants for the third quarter in 2022. Occupancy of our residential units decreased to 72% in 2022 as compared to 79% in 2021, as serviced apartments were prone to the impact of citywide lockdown, travel restrictions and drop in expatriate demand for lease of residential properties. Our office buildings has been fully occupied in 2022 as compared to an average occupancy rate of 93% in 2021.

A net increase in fair value of our investment properties of HK$3.9 million (2021: HK$4.4 million) was recorded. Our investment properties are held as long-term investments to earn recurring rental income.

There were no sales of properties in 2022. Given the after-effect of the pandemic and current state of property market in Macau, there was slowdown in the property market in Macau during the year.

With the recent full reopening of borders between Mainland China, Hong Kong and Macau in January 2023, economic activities between these three markets are expected to resume and thrive, and will lead to an appreciable economic recovery and rise in visitor arrivals to Macau. However, the Macau property market is likely to remain quiet due to increasing interest rate expectations, rising inflation and uncertainty in the level and pace of ultimate business and travel recovery.

The Group has maintained an optimal sales strategy to sell the properties and continued to closely monitor property market conditions. The Group is in a view of growth opportunities that may emerge from Macau's economic recovery through several promising growth drivers such as the Hong Kong-Zhuhai-Macau Bridge, the new Hengqin immigration facility, the expanded Macau Airport passenger terminal, and greater integration with the Guangdong-Hong Kong-Macau Greater Bay Area.

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

Hotel Operations

	Occupancy		Average Room Rate	
	2022	**2021**	**2022**	**2021**
The People's Republic of China				
Holiday Inn Wuhan Riverside	**51%**	46%	**CNY305**	CNY397
Vietnam				
Sheraton Saigon Hotel and Towers	**55%**	19%	**USD148**	USD90
Caravelle Hotel	**52%**	12%	**USD122**	USD80
Japan				
Best Western Hotel Fino Osaka Shinsaibashi	**41%**	10%	**JPY6,326**	JYP5,899
The United States				
W San Francisco	**69%**	43%	**USD305**	USD197
Sofitel New York^	**61%**	4%	**USD387**	USD338
Canada				
The Sheraton Ottawa Hotel	**57%**	20%	**CAD199**	CAD141
Delta Hotels by Marriott Toronto Airport & Conference Centre	**62%**	29%	**CAD158**	CAD108

^ Sofitel New York suspended its operation since end of Mar 2020 and reopened in Nov 2021.

Having endured the worst impacts of several pandemic waves over the previous two years, the hospitality sector continued to be influenced by lingering impacts from the pandemic in 2022. However, there are positive signals as a majority of countries lifted their travel restrictions on the back of vaccinations. However, the pace of recovery has been uneven across regions. In particular, certain Asian countries including China have seen negative impact due to tightened travel restrictions and periodic city lockdowns throughout the year. US and Canada, on the other hand, have seen significant improvements.

Although there was a moderate recovery in the Group's hotel performance during the year, the profitability and stability of the hotels' future business remains uncertain as hospitality businesses have been facing a wave of new challenges such as labor shortages and rising costs.

Total revenue for the hotel operations increased to HK$1,331.0 million in 2022, an increase of 250% as compared to HK$380.4 million in 2021. Profit for the hotel operations was HK$79.0 million as compared to the loss of HK$204.9 million in 2021.

The People's Republic of China

In 2022, the wave of pandemic infections swirled across China resulting in frequent city-wide lockdowns and compulsory testing measures. From the second quarter of 2022 onwards, this has slowed the broad recovery of the Chinese economy. According to the National Bureau of Statistics of China, China's economy grew by 3% in 2022, missing the official target of around 5.5% due largely to pandemic controls and the real estate slump.

The hospitality sector in China was also significantly impacted by the pandemic in 2022. Multiple waves of infections and resulting lockdowns in major cities disrupted economic activities and travel, hampering the recovery of the Group's hotel business in China.

In December 2022 and early January 2023, the government issued new guidelines that gradually removed mass testing and quarantine requirements, as well as lifting travel restrictions. This marked a major reorientation of China's strict zero-COVID approach. Even though the business environment will continue to be tough and uncertain in the period ahead, the Group nevertheless remains optimistic about the overall Chinese hotel market prospects.

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

Holiday Inn Wuhan Riverside had an extremely challenging year in 2022. The imposition of international and domestic travel restrictions, social distancing measures, heightened quarantine requirements and multiple rounds of city-wide lockdowns and testing have caused disruptions to the hotel during 2022.

Room revenue of the hotel decreased to RMB17.3 million in 2022 as compared to RMB20.2 million in 2021, a decrease of 14%. The food and beverage revenue of the hotel has also decreased to RMB7.4 million in 2022 from RMB11.1 million in 2021, a decrease of 33%.

During 2022, occupancy rate has slightly increased to 51.1%, as compared to 45.6% in 2021. Average room rate was at RMB305 per room night in 2022, as compared to RMB397 per room night in 2021.

Vietnam

Vietnam's economy had an impressive recovery in 2022, with GDP growth of 8.02%, the fastest annual pace since 1997. The recovery was attributed to a post-pandemic economic rebound, positive impacts from trade agreements, and strong domestic consumption and exports, particularly in the manufacturing sector. Vietnam is now considered one of the fastest-growing economies in Southeast Asia and the world. However, Vietnam may face headwinds ahead, with weakening global demand impacting its exports.

Vietnam's economic structure shifted in a positive direction, and the tourism sector also made a significant recovery. International arrivals humped to 3.7 million, which is 23.3 times higher than in 2021 but equivalent to only 20% of international arrivals in 2019, prior to the pandemic.

The Group's revenue from Vietnam increased to HK$593.5 million in 2022, as compared to HK$186.2 million in 2021, an increase of 219%.

For the second year in a row, both Sheraton Saigon Hotel and Towers and Caravelle Hotel were awarded the Travelers' Choice Winner by TripAdvisor in 2022.

Sheraton Saigon Hotel and Towers (Group's interest: 64.12%)

Sheraton Saigon Hotel & Towers' occupancy rate has increased to 55.4% as compared to 18.7% in 2021. Average room rate was at US$148 per room night in 2022, as compared to US$90 per room night in 2021. The hotel's financial performance in terms of gross operating profit in 2022 was improved by 352% year-on-year.

Caravelle Hotel (Group's interest: 24.99%)

Turning into operating profit in 2022 with an increase in occupancy rate of 51.5%, as compared to 12.1% in 2021. Average room rate was at US$122 per room night in 2022, as compared to US$80 per room night in 2021.

Japan

In 2022, Japan's economy showed gradual improvement despite the ongoing threat of pandemic. The government implemented measures to stimulate social and economic activities in the country, resulting in a 1.1% expansion of the economy. This marked the second consecutive year of growth, although the pace of growth slowed down from 2.1% in 2021.

The hospitality sector has experienced a recovery in 2022. This recovery was strengthened by the reopening its borders to tour groups in June 2022 and resumption of visa-free inbound tourism in October 2022, resulting in a significant uptick in overseas arrivals, particularly in the fourth quarter of 2022. In 2022, Japan welcomed 3.8 million foreign visitors, which was more than 15 times as many as in 2021. Nevertheless, this figure only accounts for around 10% of the total number of visitors in 2019, just before the pandemic.

However, the industry still faces challenges, and an uneven recovery is expected within the sector. The labor shortages, rising operating costs, and the potential impact of a global economic slowdown may moderate future growth.

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

Hotel performance has improved gradually in 2022 and occupancy rates have seen notable increments. Occupancy rate has increased to 40.9%, as compared to 9.5% in 2021. Average room rate was at JPY6,326 per room night in 2022, as compared to JPY5,899 per room night in 2021.

The United States ("US")

The US economy has made an impressive recovery after the COVID-19 pandemic and, despite widespread concerns of an impending recession, has returned to its pre-pandemic growth trajectory. The US economy grew by 2.1 percent in 2022, bouncing back from the earlier decline in the first two quarters of the year. By the end of 2022, US unemployment rate also dropped to 3.6%, the lowest rate seen for decades, as compared to 5.3% in December 2021.

Following over two years of travel constraints, the US government significantly eased restrictions in the summer of 2022, including elimination of pre-arrival testing requirement. However, all international visitors must be fully vaccinated.

In 2022, the New York hospitality market saw a significant rebound, while the San Francisco market lagged behind other markets and its pre-pandemic levels from 2019. San Francisco's slow recovery can be attributed to reduced convention attendance and limitations on inbound Asian visitation, particularly from China. While the performance of hotels is expected to improve steadily in 2023 after China lifted its travel ban at the end of 2022, the path to recovery remains uncertain due to the possibility of an economic slowdown, continued inflation, and geopolitical conflicts.

W San Francisco was awarded the Travelers' Choice Winner by TripAdvisor in 2022 for the second consecutive year and Sofitel New York was awarded Top 15 Best Hotels NYC by TRAVEL+LEISURE in 2022.

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

W San Francisco's occupancy increased to 68.8% in 2022, as compared to 42.7% in 2021. Average room rate was US$305 per room night in 2022, as compared to US$197 per room night in 2021.

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

After reopening in November 2021, Sofitel New York's occupancy rate increased to 61.2% in 2022 from 4.0% in 2021. Average room rate was at US$387 per room night in 2022, as compared to US$338 per room night in 2021.

Canada

In 2022, Canada's economy continued to recover from the pandemic-induced slowdown, with GDP of 3.5%, which is lower than 4.5% in 2021. The unemployment rate also decreased from 7.4% in 2021 to 5.3% in 2022.

The hospitality industry in Canada also experienced a remarkable recovery in 2022, albeit not fully rebounding from lockdowns and travel restrictions until October 2022 when pandemic border restrictions, such as vaccination and testing/quarantine requirements for all travellers entering Canada by land, air, or sea, were lifted.

However, the Canadian economy is expected to experience slower growth in early 2023, following the end of five consecutive quarters of growth in the fourth quarter of 2022. Additionally, the hospitality industry has faced challenges due to recent inflationary pressures and labour shortages. Despite these challenges, the outlook for the hotel industry remains positive, and more recovery is expected to take place in 2023, following the lifting of pandemic border restrictions.

The Sheraton Ottawa Hotel (Group's interest: 85%)

Occupancy rate of Sheraton Ottawa Hotel increased to 57.0% in 2022 versus 20.0% in 2021. Average room rate was C$199 per room night in 2022 versus C$141 per room night in 2021.

During the year, government relief subsidies amounted to HK$7.3 million (2021: HK$4.8 million) was booked for the hotel.

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

Occupancy rate of Delta Hotels by Marriott Toronto Airport & Conference Centre increased to 61.6% in 2022 versus 28.6% in 2021. Average room rate was C$158 per room night in 2022 versus C$108 per room night in 2021.

Other net gains/losses

Net exchange loss for 2022 amounted to HK$7.5 million, as compared HK$2.0 million in 2021.

Net realised and unrealised gains on derivative financial instruments amounted to HK$10.7 million in 2022, as compared to HK$5.9 million in 2021.

Net unrealised gain on other non-current financial assets amount to HK$9.3 million recognised in 2022, as compared to net unrealised loss of HK$6.2 million in 2021. These were mainly related to our investment in A2I Holdings S.A.R.L., which owns 6.75% (2021: 6.75%) equity shares of AccorInvest Group S.A..

Net unrealised gains on trading securities for 2022 amounted to HK$0.2 million, as compared to net unrealised losses of HK$1.7 million in 2021.

Government grants

During the year, the Company and its subsidiaries received subsidies of approximately HK$7.3 million (2021: HK$4.8 million) from the Temporary Wage Subsidy Scheme and Tourism Recovery Program implemented by the Canadian Government. In 2021, subsidies of HK$0.2 million was also received from the Business Subsidy Scheme implemented by the Macau SAR Government.

PROSPECTS

The relaxation of pandemic measures, border restrictions and social distancing policies in 2022 has led to a noticeable improvement in economic activities, including the MICE and hospitality industries. With China relaxing its pandemic control measures in late 2022 and removing quarantine requirements for inbound travelers in January 2023, the Group remains optimistic about the hospitality industry's outlook in 2023. However, there will still be many challenges and uncertainties on the road to economic recovery, such as global economic slowdown, rising inflation and interest rates, labor scarcity and geopolitical tensions, including Russian-Ukraine war and the intensified political tension amongst China, United States and Taiwan. All these factors may collectively affect growth and profitability in the short to medium term.

The lifting of pandemic restrictions and the recent resumption of quarantine-free travel between China, Macau and Hong Kong have led to a more optimistic market situation in Macau. It is expected to drive inbound tourist arrivals in Macau and bring back additional leasing and property demand from China over time. In addition, limited new supply in the real estate market, especially in the luxury sector, is expected to be conducive to price stability. We will continue to focus on building up occupancy and maximising retention rates by adopting competitive leasing strategies.

The Group will maintain a high level of liquidity by closely monitoring and preserving its funding position. The Group's financial position remains robust with cash, bank balances and short-term bank deposits totalling HK$1,341.3 million as at 31 December 2022. The Board believes that the Group has sufficient resources to satisfy its working capital requirements.

The Group will also continue to be cautious and will only focus on reviewing potential investments that creates long-term value for shareholders on a sustainable basis. We will also continue to adopt a disciplined and pragmatic approach towards possible acquisitions, targeting industries and countries or regions where the Group has experience and comparative advantages.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to take this opportunity to express my gratitude and sincere appreciation to the management and staff of our Group for their enduring diligence, commitment and continuing support. I would also like to extend our gratitude to our management team and Board of Directors who voluntarily contributed to the various cost savings programs during the past years and for being so supportive of our Company during this period of time.

The independent non-executive directors have continued to dispense their invaluable advice and guidance. To them, we also owe our sincere gratitude.

Ho Kian Guan
Executive Chairman

Hong Kong, 24 March 2023

REPORT OF THE DIRECTORS

The Directors have pleasure in submitting their Annual Report together with the audited financial statements for the year ended 31 December 2022.

PRINCIPAL ACTIVITIES

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

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

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

BUSINESS REVIEW AND PERFORMANCE

Further discussion and analysis of the Group's principal activities and business review as required by Schedule 5 to the Hong Kong Companies Ordinance, including a discussion of the principal risks and uncertainties facing by the Group, indication of likely future developments in the Group's business, analysis of the Group's performance during the year and the material factors underlying its results and financial position, can be found in "Chairman's Statement", "Other Corporate Information" and "Corporate Governance Report" as set out on pages 4 to 10, 24 to 25 and 30 to 47 respectively, of this Annual Report. The environmental and social matters of the Group for the year ended 31 December 2022 is set out in the Company's Environmental, Social and Governance ("ESG") Report 2022, which is available on the Company's website. This discussion forms part of this "Report of the Directors".

ENVIRONMENT, SOCIAL AND GOVERNANCE (ESG)

ESG Governance

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

The Group considers that there is a close linkage between its Environmental, Social and Governance ("ESG") strategy and business operations. ESG strategy and policies facilitates the Group's understanding of its exposure to emerging environmental and social risks, and its linkage to new commercial opportunities. The Group's hotels strictly follow their hotel chains' sustainability goals which consist of reduction of environmental impact, community and employee development and human right initiatives. ESG performance and reporting is the process by which the group gathers data to monitor and manage its environmental performance and social responsibilities.

The Group commits to create an open, transparent and safe working environment where our employees feel comfortable to work in. A confidential whistle-blowing mechanism has been established to ensure all raised concerns are promptly responded and followed up by the Internal Audit Team and Audit and Compliance Committee.

The Group's employment contracts have clearly stipulated that all staffs must act with integrity with their actions are made in best interest of the Group and to comply with all relevant local regulations. Any violations with the employment contract will be subject to disciplinary actions or terminations.

During the year,

- There were no cases of corruption practices recorded.
- There was no incident of significant non-compliance with any relevant laws and regulations in all material aspects for the business operation of the Group.

ESG governance structure

An effective governance structure for Environmental, Social and Governance (ESG) matters can help ensure that ESG issues are factored into high-level discussion and appropriate systems and processes are implemented with adequate resources.

The Board oversee ESG risk, opportunities, and set ESG management approach, strategy, priorities and objectives. Audit and Compliance Committee reviews the Group's performance periodically against ESG-related goals and targets and ensure the compliance with the Listing Rules ESG, working group prepares ESG Report, CG Report.

The local management of each major reporting entity is accountable for ESG management. The scope as well as roles and responsibilities of ESG management are well defined in each business unit entity. The Board, with the support of the Audit and Compliance Committee, reviewed the adequacy of resources, staff qualifications and experience, training programmes and budget of the accounting, internal audit and financial reporting function during the year and not aware of any areas of concern that would have a material impact on the Group's financial position or results of operations.

Employees

Workforce Diversity

The Group strongly believes workforce diversity is key to success. Since the Group invests in properties across the globe, we are pleased to embrace workplace diversity so that we can bring in the best talents, provide broader range of services, better cater to our customers' needs, and enable our employees to perform to their highest ability.

The Group (including our properties) follows local labor law and only recruit employees with legal working age. Personal identification information of selected candidates is fully inspected to ensure no child and forced labor are employed.

Relations with Employees

The Group believes attracting and retaining loyal employees in the respective geographical areas of operations is central to our success. We are an equal opportunities employer and aim to provide a work environment that is respectful, challenging, rewarding and safe. We have policies covering training and development, labor practices, human rights and workplace health and safety. A policy of localizing as many of the positions as possible is in place throughout the Group, subject to suitable and sufficient local executives and staff with relevant qualifications and experiences being available. The Group pursue the highest standards of integrity and honesty from every employee in every process.

The Group provides new employees with the required orientation and on-the-job training. In addition, the Group encourage the employees to improve their job-related knowledge through sponsorship of relevant external courses.

It is our responsibility to reward our employees with their hard work and dedication. Salary and remuneration are competitive and are based on varying conditions in the different countries in which the Group operates. Discretionary bonus is paid out to our employees if certain conditions are met. To help our employees develop their careers, employees with exceptional performance and the required experience are considered for promotion should such opportunities are available.

Work Place Safety

The Group is committed to provide a safe working environment for its employees. The Group comply with all applicable local laws and regulations on work safety to minimize the possibility of employees getting injured when performing their duties. General and customized occupational safety training sessions are provided to employees based on their specific roles and responsibilities. During the past three years, there were no work-related fatalities.

Community Investment

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

This year, the Group have participated in activities with the following focus areas of contribution:

- Handicapped Population
- Environmental Protection and Concerns
- Children Care and Welfare
- Support for Poverty
- Humanitarian Support
- Health and Community support
- Charity Support
- Culture

Environment

The Group maintains a global perspective on managing our emissions, minimizing consumption of fresh water and energy. The local management of each major reporting entity is accountable to ESG management, performance and reporting. The Group (including its subsidiaries and associates) has complied with all environmental regulations and internal policies related to environmental responsibility. The Group aims to improve our performance continually in line with best practices, and to be prepared to respond to future challenges and opportunities on sustainable development. No incident of significant non-compliance with relevant environmental policies, laws and regulations was recorded in 2022 for our Group and subsidiaries.

Use of Resources

Throughout the year, the Group's properties have implemented a number of initiatives on saving energy and water usage, as follow:

- Replace old lightings with LED lightings
- Utilize solar energy
- Replace cooling tower pump
- Install water saving facilities (installation of low-flow shower heads, sinks and toilets)
- Water recycling
- Training on water saving

None of our subsidiaries have issues on sourcing water that is fit for purpose.

Environment and Natural Resources

The property management and hotel operations of the Group produce wastes such as food scraps, oil and chemical disposals. In addition, significant amount of water, electricity, diesel and gas need to be utilized for the daily operations.

Continuous efforts have been made by the properties to reduce our operations ' impact on the environment and natural resources:

- Waste recycling
- Energy and water saving
- Donation of unused resources

The Group's hotels actively participate in environment-friendly initiatives organized by respective hotel chains. Targets are established for minimization of emissions, waste production and use of resources. The Group's properties have received a lot of recognitions and awards on their effort to protect the environment.

Operations

The Group commits to ensure that its affairs are conducted in accordance with high ethical standards. By doing so, the Group believes that shareholders wealth will be maximized in the long term. Further, its employees, those with whom it does business, and the communities in which it operates will all stand to benefit.

The Group aims to do businesses fairly, ethically and in accordance with local laws that promote and safeguard fair competition between businesses.

Service Quality

The Group maintain mutually beneficial relationship with the customers and strive to provide quality service. The Group's properties mainly provide property management, property sale and leasing, hotel room accommodation and food and beverage services. In 2022, none of our products/services are subject to recall due to safety and health reasons.

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

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

Suppliers

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

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

Customers' Privacy and Data Protection

The Group protects customer data privacy and we comply with all relevant laws and regulations. Internal procedures are established for protecting customer data and they are disseminated to all relevant staffs.

The Group informs our customers the purpose and recipients of data during data collection; only collecting personal data that is necessary for conducting our business and retaining personal data for the period necessary in compliance with relevant provisions. Stored customer information is only accessible to authorized personnel.

Respect for Intellectual Property Rights

The Group respects intellectual property rights and our properties comply with relevant laws and regulations. Internal procedures are established for intellectual property rights protection and they are disseminated to all relevant staffs. Our properties only purchase authentic software licenses.

Compliance with relevant Laws and Regulations

The Group's principal activities are property investment and development. Other activities include hotel operations, building management and club operations. Operations are carried out mainly in Macau, Vietnam, the People's Republic of China, Canada, United States and Hong Kong. The law and regulation relating to the Group's operations include:

- Air and greenhouse gas emission
- Discharges and waste practices
- Exploitation and use of water resources
- Real estate management
- Sales of real estate
- Labor protection
- Work place safety
- Supply chain management
- Hotel and Food safety
- Anti-corruption

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

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2022:

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

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

FINANCIAL STATEMENTS

The profit or loss of the Group for the year ended 31 December 2022 and the state of the Company's and the Group's affairs as at that date are set out in the financial statements on pages 54 to 126.

TRANSFER TO RESERVES

Profit attributable to equity shareholders, before dividends, of HK$76,302,000 (2021: loss attributable to equity shareholders, before dividends, of HK$194,724,000) have been transferred to reserves. Other movements in reserves of the Company are set out in Note 24 to the financial statements.

DIVIDEND

No interim dividend declared and paid after the interim period (2021: Nil). The Board now recommend the payment of final dividend of HK$0.05 per share (2021: HK$0.04 per share) in respect of the year ended 31 December 2022.

CHARITABLE DONATIONS

Charitable donations made by the Group during the year amounted to HK$529,126 (2021: HK$1,060,439).

DIRECTORS

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

Executive Directors

HO Kim Swee @ HO Kian Guan *(Executive Chairman)*
HO Cheng Chong @ HO Kian Hock *(Deputy Executive Chairman)*
TSE See Fan Paul
CHAN Lui Ming Ivan
YU Yuet Chu Evelyn
HO Chung Tao *(resigned with effect from 31 March 2023)*
HO Chung Hui
HO Chung Kain @ HE Chongjing *(Alternate to HO Chung Hui)*

Non-executive Directors

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

Independent Non-executive Directors

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

Mr. HO Kian Guan, Mr. HO Kian Hock, Mr. TSE See Fan Paul and Ms. WANG Poey Foon Angela will retire as Directors in accordance with Article 116 of the Articles of Association and being eligible, offer themselves for re-election at the Annual General Meeting.

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

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

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

DIRECTORS OF SUBSIDIARIES

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

(In alphabetical order)

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

CONNECTED TRANSACTIONS

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

RELATED PARTY TRANSACTIONS

Details of the related party transactions undertaken by the Group during the year under review in the ordinary course of business are set out in note 27 to the financial statements. Such related party transactions are all exempt connected transactions under Chapter 14A of the Listing Rules.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES

The Directors of the Company who held office as at 31 December 2022 had the following interests in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) (the "Associated Corporations") at that date as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Issuer (the "Model Code"):

Number of ordinary shares (unless otherwise specified)

Long Positions:

Name of Company	Name of Directors	Personal Interests[1]	Corporate Interests	Total	% Interest
Keck Seng Investments (Hong Kong) Limited	HO Kian Guan	496,480	198,084,320[2]	198,580,800	58.37
	HO Kian Hock	20,480	198,084,320[2]	198,104,800	58.23
	HO Kian Cheong	55,160,480	–	55,160,480	16.21
	TSE See Fan Paul	288,720	–	288,720	0.08
Lam Ho Investments Pte Ltd	HO Kian Guan	–	32,410,774[3]	32,410,774	99.70
	HO Kian Hock	–	32,410,774[3]	32,410,774	99.70
	HO Kian Cheong	96,525	–	96,525	0.30
Shun Seng International Limited	HO Kian Guan	–	83,052[4]	83,052	83.05
	HO Kian Hock	–	83,052[4]	83,052	83.05
	HO Kian Cheong	1,948	–	1,948	1.95
Hubei Qing Chuan Hotel Company Limited – paid in registered capital in US$	HO Kian Guan	–	13,163,880[5]	13,163,880	80.76
	HO Kian Hock	–	13,163,880[5]	13,163,880	80.76
	HO Kian Cheong	1,017,120	–	1,017,120	6.24
	KWOK Chi Shun Arthur	–	489,000[6]	489,000	3.00
Golden Crown Development Limited – common shares	HO Kian Guan	–	56,675,000[7]	56,675,000	80.96
	HO Kian Hock	–	56,675,000[7]	56,675,000	80.96
	HO Kian Cheong	1,755,000	–	1,755,000	2.51
	TSE See Fan Paul	50,000	–	50,000	0.07
Ocean Gardens Management Company Limited	HO Kian Guan	–	1,000,000[8]	1,000,000	100.00
	HO Kian Hock	–	1,000,000[8]	1,000,000	100.00
Shun Cheong International Limited	HO Kian Guan	–	4,305[9]	4,305	43.05
	HO Kian Hock	–	4,305[9]	4,305	43.05
	HO Kian Cheong	195	–	195	1.95
	KWOK Chi Shun Arthur	–	5,500[10]	5,500	55.00
KSF Enterprises Sdn Bhd – ordinary shares	HO Kian Guan	–	31,705,000[11]	31,705,000	100.00
	HO Kian Hock	–	31,705,000[11]	31,705,000	100.00
KSF Enterprises Sdn Bhd – Redeemable Convertible Preference	HO Kian Guan	–	24,000,000[12]	24,000,000	100.00
	HO Kian Hock	–	24,000,000[12]	24,000,000	100.00
Chateau Ottawa Hotel Inc. – common shares	HO Kian Guan	–	9,000,000[13]	9,000,000	100.00
	HO Kian Hock	–	9,000,000[13]	9,000,000	100.00
Chateau Ottawa Hotel Inc. – preferred shares	HO Kian Guan	–	2,700,000[14]	2,700,000	100.00
	HO Kian Hock	–	2,700,000[14]	2,700,000	100.00

Notes:

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

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

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

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

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

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

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

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

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

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

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

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

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

(14) This represents 2,295,000 preferred shares (85%) indirectly held by the Company; 405,000 preferred shares (15%) held by KSC Enterprises Ltd. in which each of HO Kian Guan and HO Kian Hock had 1/3 interest indirectly.

Save as mentioned above, as at 31 December 2022, none of the Directors of the Company or any of their associates had interests or short positions in the shares, underlying shares or debentures of the Company or any of its Associated Corporations, as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange of Hong Kong Limited pursuant to the Model Code.

SUBSTANTIAL INTERESTS AND SHORT POSITIONS IN SHARES

As at 31 December 2022, the interests and short positions of those persons (other than the directors) in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Long Positions:

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

Notes:

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

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

Save as mentioned above, as at 31 December 2022, the Company had not been notified of any interests and short positions in the shares and underlying shares of the Company which had been recorded in the register required to be kept under section 336 of the SFO.

MANAGEMENT ARRANGEMENTS

During the year, there existed the following arrangements:

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

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

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

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

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

INDEMNITY OF DIRECTORS

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

DIRECTORS' INTEREST IN COMPETING BUSINESS

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

CHANGES IN DIRECTORS' BIOGRAPHICAL DETAILS

Changes in Director's biographical details up to the date of this report, which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules, is set out below:

(1) Directors' remuneration was changed during the year. Details of the Directors' remuneration were set out in Note 7 to the financial statements.

(2) Messrs. HO Kian Guan, HO Kian Hock, CHAN Lui Ming Ivan, HO Chung Tao, HO Chung Hui, and HO Chung Kain decided to waive part of their basic salary for the year. Details were set out in Note 7 to the financial statements.

Save as disclosed, there is no other information that is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

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

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

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

BANK LOANS AND OTHER BORROWINGS

Particulars of bank loans and other borrowings of the Company and the Group at 31 December 2022 are set out in Note 19, Note 22 and Note 27 to the financial statements.

SUFFICIENCY OF PUBLIC FLOAT

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

FIVE YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 127 of the Annual Report.

PROPERTIES

Particulars of the properties and property interests of the Group are shown on page 128 to 129 of the Annual Report.

PERSONNEL AND RETIREMENT SCHEMES

At 31 December 2022, the Group had approximately 1,682 employees. A policy of localising as many of the positions as possible is in place throughout the Group, subject to suitable and sufficient local executives and staff with relevant qualifications and experiences being available. Salary and remuneration are competitive and are based on varying conditions in the different countries in which the Company and its subsidiaries operate. The Group has defined contribution schemes in Hong Kong, Macau, the People's Republic of China, Vietnam, the United States, Canada and Japan.

All the emoluments payable to the Directors were in respect of their services as directors or their services in connection with the management of the affairs of the Company and/ or its subsidiary undertakings.

CONFIRMATION OF INDEPENDENCE

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

AUDITORS

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

By Order of the Board

HO Kian Guan
Executive Chairman

Hong Kong, 24 March 2023

OTHER CORPORATE INFORMATION

FINANCIAL REVIEW

The Group's revenue was HK$1,429.5 million for the year ended 31 December 2022, an increase of 196% as compared to the year 2021. The increase was primarily due to the rebound of the Group's hotel business.

The Group's operating profit was HK$162.1 million for the year ended 31 December 2022 as compared to operating loss of HK$202.6 million in 2021.

Profit attributable to equity shareholders amounted to HK$76.3 million as compared to the losses attributable to equity shareholders of HK$194.7 million in 2021. The increase in profit of the Group in 2022 was mainly attributable to increase in hotel business.

KEY PERFORMANCE INDICATORS ("KPIs")

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

Operational KPIs:

				2022		2021	
				Occupancy		Occupancy	
Operation and investment	**Country**	**Star rated**	**Currency**	Rate	ARR	Rate	ARR
Sofitel New York	USA	5	USD	61%	387	4%	338
W San Francisco	USA	5	USD	69%	305	43%	197
Sheraton Saigon Hotel & Towers	Vietnam	5	USD	55%	148	19%	90
Caravelle Hotel	Vietnam	5	USD	52%	122	12%	80
Sheraton Ottawa Hotel	Canada	4	CAD	57%	199	20%	141
Delta Hotels by Marriott Toronto Airport & Conference Centre	Canada	4	CAD	62%	158	29%	108
Holiday Inn Wuhan Riverside	PRC	4	RMB	51%	305	46%	397
Best Western Hotel Fino Osaka Shinsaibashi	Japan	3	YEN	41%	6,326	10%	5,899

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

Financial KPIs:

Strategy	KPIs	Calculation basis
To maintain a healthy liquidity ratio	Bank loan to Total assets ratio = 25% (2021: 27%)	Percentage of Total bank loans relative to the Total assets as at the respective year end
	Leverage ratio = 37% (2021: 37%)	Percentage of Total liabilities relative to the Total assets as at the respective year end
To maintain a healthy cash flow	Times interest covered by Profits = 2 (2021: N/A)	Ratio of Profit for the year to
	Times interest covered by Deposits and cash = 27 (2021: 36)	Ratio of Deposits and cash (including pledged deposits) to Finance costs

PLEDGE OF ASSETS

As at 31 December 2022, hotel properties including land, and certain properties held for sale with an aggregate value of HK$1,895.0 million (2021: HK$1,958.4 million) were pledged to banks to secure bank loans and banking facilities granted to the Group.

CONTINGENT LIABILITIES

As at 31 December 2022, there were outstanding counter indemnities relating to guarantees issued by the bankers of a subsidiary in favour of the Macau SAR Government in respect of properties held for sale amounted to HK$8.3 million (2021: HK$8.3 million).

As at 31 December 2022, the directors do not consider it probable that a claim will be made against the Group under any of the guarantees. The Group has not recognised any deferred income in respect of any of the above guarantees as their fair value cannot be reliably measured and they were issued many years ago and their transaction price was Nil.

PROFILES OF DIRECTORS

Mr. HO Kian Guan, aged 77, is the Executive Chairman of the Company and director/chairman/president of various companies of the Group. He was appointed as a Director of the Company on 5 December 1979. Mr. Ho is also the executive chairman and director of Keck Seng (Malaysia) Berhad (listed on the Bursa Malaysia Securities Berhad (the "BMSB")). Mr. Ho is also an independent Director and the chairman of the board of directors of Parkway Trust Management Limited, which is acting as manager of Parkway Life Real Estate Investment Trust which its units are trading on Singapore Exchange Securities Trading Limited ("SGX-ST"). Mr. Ho retired as non-executive director of Shangri-La Asia Limited (listed on The Stock Exchange of Hong Kong Limited) on 28 May 2021. Mr. Ho holds a Bachelor of Business Administration and Commerce. He is also a director of KS Ocean Inc., Pad Inc., Lapford Limited, Goodland Limited and Kansas Holdings Limited (all being substantial shareholders of the Company). He is the father of Mr. HO Chung Tao, brother of Mr. HO Kian Hock and Mr. HO Kian Cheong, and uncle of Mr. CHAN Lui Ming Ivan, Mr. HO Chung Kain, Mr. HO Chung Hui and Mr. HO Chung Kiat Sydney.

Mr. HO Kian Hock, aged 75, is the Deputy Executive Chairman of the Company and director/vice chairman of various companies of the Group. He was appointed as a Director of the Company on 19 December 1979. Mr. Ho is also the managing director of Keck Seng (Malaysia) Berhad (listed on the BMSB). He is also a director of KS Ocean Inc., Pad Inc., Lapford Limited, Goodland Limited and Kansas Holdings Limited (all being substantial shareholders of the Company). He is the father of Mr. HO Chung Kain and Mr. HO Chung Hui, brother of Mr. HO Kian Guan and Mr. HO Kian Cheong, and uncle of Mr. CHAN Lui Ming Ivan, Mr. HO Chung Tao and Mr. HO Chung Kiat Sydney.

Mr. TSE See Fan Paul, aged 68, is an Executive Director of the Company, a Remuneration Committee member, a Nomination Committee member and a Risk Management Committee member of the Board and director/president/vice president/chairman/CEO/secretary of various companies of the Group. He was appointed as a Director of the Company on 5 December 1979. Mr. Tse is a director of KS Ocean Inc., Lapford Limited, Goodland Limited and Kansas Holdings Limited (all being substantial shareholders of the Company). He was appointed a director of Macau Urban Renewal Limited on 30 May 2019. He is also a non-executive director of Banco Nacional Ultramarino, one of the two note-issuing banks of the Macau SAR, a member of the Chinese People's Political Consultative Committee of Yunnan Province, China for the 10th & 11th sessions.

Ms. YU Yuet Chu Evelyn, aged 67, is an Executive Director of the Company and director/secretary of various companies of the Group. She joined the Company in 1994 to oversee the Group's investments in China and was appointed as a director of the Company on 1 July 2006. Ms. Yu holds a Bachelor of Arts degree from Carleton University, Canada.

Mr. CHAN Lui Ming Ivan, aged 53, is an Executive Director of the Company and director of various companies of the Group. He was appointed as a director of the Company on 1 July 2006. He is also a director of Keck Seng (Malaysia) Berhad (listed on the BMSB). Mr. Chan holds a Bachelor of Business Administration and a Master of Science degree from the National University of Singapore. He is also a director of KS Ocean Inc., Lapford Limited and Kansas Holdings Limited (all being substantial shareholders of the Company). He is a nephew of Mr. HO Kian Guan, Mr. HO Kian Hock and Mr. HO Kian Cheong, and cousin of Mr. HO Chung Tao, Mr. HO Chung Kain, Mr. HO Chung Hui and Mr. HO Chung Kiat Sydney.

Mr. HO Chung Tao[Note], aged 48, is an Executive Director of the Company, a Nomination Committee member and a Risk Management Committee member of the Board, and director/president/treasurer of various Companies of the Group. He was appointed as a Director of the Company on 15 October 2008. He is also an alternate director of Keck Seng (Malaysia) Berhad (listed on the BMSB). Mr. Ho ceased to be an alternate director of Shangri-La Asia Limited (listed on the Hong Kong Exchange) on 28 May 2021. Before joining the Group, Mr. Ho worked for a major US investment bank based in Japan, focusing on real estate acquisitions, a venture capital firm in Japan and a securities firm in Singapore. Mr. Ho holds a Bachelor of Science degree in Hotel Administration from Cornell University, USA. He is also a director of KS Ocean Inc., Goodland Limited and Kansas Holdings Limited (all being substantial shareholders of the Company). Mr. Ho is the son of Mr. HO Kian Guan, nephew of Mr. HO Kian Hock and Mr. HO Kian Cheong, and cousin of Mr. CHAN Lui Ming Ivan, Mr. HO Chung Kain, Mr. HO Chung Hui and Mr. HO Chung Kiat Sydney.

Mr. HO Chung Hui, aged 46, is an Executive Director of the Company and director/chairman of various Companies of the Group. He was appointed as a Director of the Company on 15 October 2008. He is also an alternate director of Keck Seng (Malaysia) Berhad (listed on the BMSB). Mr. Ho joined the Group in August 2003 as a director of a subsidiary for the Group's hotel related investments in China and Vietnam. Before joining the Group, Mr. Ho worked for a major US consulting firm on various practices of strategy, finance and business process reengineering and human capital in Singapore. Mr. Ho holds a Bachelor of Science in Economics from the London School of Economics. He is the son of Mr. HO Kian Hock, brother of Mr. HO Chung Kain, nephew of Mr. HO Kian Guan and Mr. HO Kian Cheong, and cousin of Mr. CHAN Lui Ming Ivan, Mr. HO Chung Tao and Mr. HO Chung Kiat Sydney.

Mr. HO Kian Cheong, aged 73, is a Non-executive Director of the Company. He was appointed as a Director of the Company on 5 December 1979 and was re-designated as Non-executive Director on 17 April 2003. He is also a non-executive director of Keck Seng (Malaysia) Berhad (listed on the BMSB). He is the father of Mr. HO Chung Kiat Sydney, brother of Mr. HO Kian Guan and Mr. HO Kian Hock and uncle of Mr. CHAN Lui Ming Ivan, Mr. HO Chung Tao, Mr. HO Chung Kain and Mr. HO Chung Hui.

Mr. KWOK Chi Shun Arthur, aged 77, is an Independent Non-executive Director of the Company since 3 January 1995 and director of various companies of the Group. He is also the chairman of the Nomination Committee, an Audit and Compliance Committee member and a Remuneration Committee member of the Board. He is a professional architect with extensive architectural, town planning and interior design experience and has wide business interests in property development, merchandise retailing and wholesale.

Ms. WANG Poey Foon Angela, aged 65, is an Independent Non-executive Director of the Company since 28 September 2004. She is also the chairman of the Remuneration Committee, an Audit and Compliance Committee member, a Nomination Committee member and a Risk Management Committee member of the Board. Ms. Wang holds an LLB (Hons) degree from the National University of Singapore, and is an Advocate and Solicitor (Singapore), Solicitor (Hong Kong and United Kingdom). She has practised with major law firms in Singapore, Australia and Hong Kong and is currently a senior partner of a firm of solicitors in Hong Kong.

PROFILES OF DIRECTORS (continued)

Mr. YU Hon To David, aged 74, is an Independent Non-executive Director of the Company. He was appointed as a Director of the Company on 1 April 2013. He is also the chairman of Audit and Compliance Committee, a Remuneration Committee member, a Nomination Committee member and a Risk Management Committee member of the Board. He is an associate member of The Hong Kong Institute of Certified Public Accountants ("HKICPA") and a fellow member of Institute of Chartered Accountants in England and Wales. Mr. Yu has extensive experience in the fields of auditing, corporate finance (including IPO advisory, mergers and acquisitions and financial restructuring), financial investigation and corporate management and is currently an independent non-executive directors ("INED") of China Resources Gas Group Limited, One Media Group Limited, Playmates Toys Limited and MS Group Holdings Limited, all listed on The Stock Exchange of Hong Kong Limited ("HKEx"). Mr. Yu is also a non-executive director of Haier Smart Home Co., Ltd. which is listed on Shanghai Stock Exchange and HKEx. In the past three years, Mr Yu was an INED of Playmates Holdings Limited, Haier Electronics Group Company Limited, Media Chinese International Limited, New Century Asset Management Limited and China Renewable Energy Investment Limited, all currently listed or previously listed on HKEx.

Mr. Stephen TAN, aged 69, is an Independent Non-executive Director of the Company. He was appointed as a Director of the Company on 6 June 2019. He is also the chairman of Risk Management Committee, an Audit and Compliance Committee member, a Remuneration Committee member and a Nomination Committee member of the Board. Mr. Tan is currently an executive director of Asia Financial Holdings Limited, an independent non-executive director of Pioneer Global Group Limited and China Motor Bus Company, Limited (all listed on HKEX). He also sits on the boards of Bank Consortium Trust Company Limited, Hong Kong Life Insurance Limited and AFH Charitable Foundation Limited. Mr. Tan serves as a Standing Committee Member of The Chinese General Chamber of Commerce, the Incumbent Honorary President of Chiu Yang Residents Association of Hong Kong Limited, the Supervisor of Chiu Yang Por Yen Primary School and the Manager of Chiu Yang Primary School of Hong Kong. Mr. Tan is a member of the Board of Governor of Hong Kong Sinfonietta Limited, a voting member of Tung Wah Group of Hospitals Advisory Board, a founding member of both Hong Kong-Thailand Business Council and Hong Kong-Korea Business Council, a trustee of Outward Bound Trust of Hong Kong, a charter member of The Rotary Club of The Peak and a founding member of Opera Hong Kong Limited. Mr. Tan is also the honorary adviser of the Hong Kong Baseball Association. Mr. Tan was educated in the U.S.A. and holds a bachelor's degree in Business Administration from Rutgers University, and a master's degree in Business Administration from St. John's University.

Mr. HO Chung Kain, aged 48, is an Alternate Director to Mr. HO Chung Hui and director of various Companies of the Group. He was appointed as a director of the Company on 15 October 2008. Mr. Ho joined the Group in 2001 as a director of a subsidiary. He is also an alternate director of Keck Seng (Malaysia) Berhad (listed on the BMSB). He has experience in property marketing and development activities with major Japanese and Singapore real estate companies based in Singapore, and is responsible for property development, property management, construction and hotel related activities in Malaysia and Singapore. Mr. Ho holds a Bachelor of Business Administration degree from Murdoch University in Perth, Australia. He is the son of Mr. HO Kian Hock, brother of Mr. HO Chung Hui, nephew of Mr. HO Kian Guan and Mr. HO Kian Cheong, and cousin of Mr. CHAN Lui Ming Ivan, Mr. HO Chung Tao and Mr. HO Chung Kiat Sydney.

Mr. HO Chung Kiat Sydney, aged 39, was appointed as Alternate Director to Mr. HO Kian Cheong with effect from 1 December 2018. He is presently an executive director of Hub Synergy (S) Pte Ltd, Leefon Corporation Pte Ltd and i.Contemporary Living Pte Ltd. Mr. Ho is responsible for the marketing and operations of a commercial building, supervision of the re-development of a 26-storey commercial building as well as its day-to-day operations, and marketing and leasing of warehouse lots in an industrial building. Previously, Mr. Ho was also involved in the development of a 49-unit, 30-storey residential project. Mr. Ho is also an Alternate Director to Mr. HO Kian Cheong in Keck Seng (Malaysia) Berhad (listed on BMSB). Mr. Ho holds a Master degree in Electrical and Electronic Engineering from the Imperial College of Science, Technology and Medicine, London. He is the son of Mr. HO Kian Cheong, nephew of Mr. HO Kian Guan and Mr. HO Kian Hock, and cousin of Mr. CHAN Lui Ming Ivan, Mr. HO Chung Tao, Mr. HO Chung Hui and Mr. HO Chung Kain.

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

Note:

Mr. Ho Chung Tao has resigned an Executive Director of the Company with effect from 31 March 2023. Simultaneously to his resignation, he ceased to be a member of the Nomination Committee and the Risk Management Committee of the Board.

CORPORATE GOVERNANCE REPORT

CORPORATE CULTURE

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

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

CORPORATE GOVERNANCE PRACTICES

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

The Company's corporate governance practices are based on the principles and code provisions as set out in the Corporate Governance Code (the "CG Code") as contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules"). During the year, the Company has complied with the principles set out in the CG Code, save and except for deviations as explained below:

- Code Provision C.2.1, as the role of Chairman and Chief Executive Officer of the Company is not segregated.

Code provision C.2.1 stipulates that the roles of Chairman and Chief Executive Officer should be separated and should not be performed by the same individual.

The Company had not appointed a Chief Executive Officer, since day-to-day operations of the Group were undertaken by the management teams in the respective geographical locations under the supervision of the Executive Directors. In respect of the management of the Board, the role was undertaken by Mr. HO Kian Guan, Executive Chairman of the Company. The Board is of the view that this structure has served the Company well in past years and does not impair the balance of responsibility between the Board and the management of the business.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules.

Specific enquiry has been made of all the Directors and the Directors have confirmed that they have complied with the Model Code throughout the year 2022.

BOARD OF DIRECTORS

The Board of the Company comprises the following Directors:

Executive Directors:
HO Kim Swee @ HO Kian Guan – *Executive Chairman*
HO Cheng Chong @ HO Kian Hock – *Deputy Executive Chairman*
TSE See Fan Paul
CHAN Lui Ming Ivan
YU Yuet Chu Evelyn
HO Chung Tao *(resigned with effect from 31 March 2023)*
HO Chung Hui
HO Chung Kain @ HE Chongjing *(Alternate to HO Chung Hui)*

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

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

The Board currently comprises 12 members, consisting of 7 Executive Directors (having 1 Alternate Director), 1 Non-executive Director (having 1 Alternate Director) and 4 Independent Non-executive Directors. The biographical information of the Directors are set out in the section headed "Profiles of Directors" on pages 26 to 29 of this annual report.

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

Independent Non-executive Directors

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

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

Responsibilities, Accountabilities and Contributions of the Board and Management

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

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

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

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

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

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

Continuous Professional Development of Directors

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

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

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

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

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

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

COMPANY SECRETARY

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

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

BOARD COMMITTEES

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

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

Audit and Compliance Committee

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

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

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

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

The Audit and Compliance Committee has reviewed with the management and the external auditors the accounting principles and practices adopted by the Group, discussed financial reporting matters including a review of the financial statements for the year ended 31 December 2022 and review the effectiveness of the internal audit function.

During the year, three Audit and Compliance Committee meetings were held. The Audit and Compliance Committee met the Company's external auditors thrice during 2022. The Audit and Compliance Committee has also met thrice with the representative of the internal audit team of the Company, which conducted independent reviews of the Group's risk management, internal control framework and systems.

Corporate Governance Functions

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

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

Remuneration Committee

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

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

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

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

Details of the remuneration of each Director and senior management for the year ended 31 December 2022 are set out in note 7 to the Financial Statements contained in this Annual Report.

Nomination Committee

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

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

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

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

During the year, the Nomination Committee held two meetings. It reviewed the Nomination Policy and the Board Diversity Policy and considered them remain effective and appropriate for the Company. It also reviewed the structure, size and composition of the Board in accordance with the Listing Rules, the Board Diversity Policy, and the Nomination Policy and considered that the Board consists of a diverse mix of members and has provided a good balance of skills and experience appropriate to the corporate strategy and goal of the Group. The Nomination Committee also assessed the independence of all the Independent Non-executive Directors and considered all of them to be independent having regard to their annual independence confirmation and the assessment of their independence with reference to the independence criteria set out in Rule 3.13 of the Listing Rules. It made recommendation to the Board on the re-election of the retiring Directors at 2022 annual general meeting of the Company.

Nomination Policy

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

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

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

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

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

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

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

Board Diversity

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

The Nomination Committee monitors the implementation of the Board Diversity Policy and reviews the same as appropriate. The Board consists of a diverse mix of Board members in terms of age, gender and tenure of office. Currently, the Board has two female Directors out of 11 Directors and the Directors come from a variety of different backgrounds and have a diverse range of business, financial services and professional experience. The Company is committed to improving the diversity of the Board based on its needs and as and when suitable candidates are identified.

The Company has also taken, and continues to take steps to promote diversity at all levels of its workforce. The Group provides equal opportunity to all employees and does not discriminate on the grounds of gender, race, age, nationality, religion, sexual orientation, disability, and any other aspects of diversity. In 2022, our total workforce comprised 45% female and 55% male. Further details of the Group's inclusive policy, please refer to "Our Workforce Diversity" section of ESG Report 2022.

Risk Management Committee

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

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

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

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

CORPORATE GOVERNANCE REPORT (continued)

ATTENDANCE RECORD OF DIRECTORS AND COMMITTEE MEMBERS

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

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

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

\# Not include meetings attended by Alternate.

^ Due to travel restriction, Directors participated the Annual General Meeting by video conference.

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

RISK MANAGEMENT AND INTERNAL CONTROL

A. Risk Management

Oversight of Risk Management & Framework

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

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

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

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

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

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

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

Group's Principal Risks

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

Principal Risks	Possible impacts	Mitigation
1. Pandemic Risk	• The Covid-19 pandemic (the "pandemic") has become one of the biggest disruptors in the global economy and has given rise to a serious global health crisis and adversely affect our hotel business • A downturn in economy in Macau gives tenants more bargaining power and increased the risk of losing long-term tenants.	• Implement cost saving measures and optimal sizing of workforce to support business continuity • Adopt precautionary measures and providing employees with sufficient epidemic prevention supplies in order to provide a safe and worry-free environment for our guests and employees. • Strengthen our marketing effort to maintain high occupancy for our properties portfolio
2. Investment and Asset Management	• The lack of certainty brought by the protracted global pandemic have elevated financial market uncertainties and exposed our Investments to financial risks in the areas of earnings, liquidity, cashflow and capital values. • Changing market sentiment caused by uncertainties in macro-economic, political outlook, changes in government policies, and possible inflation, will also impact our business earnings and value of properties owned.	• Closely monitor the exposure to the risk and uncertainties and take necessary measures to safeguard the interests of employees and business operations in order to minimise the impact to the financial and operational performances to the Group. • Global and regional economic and political factors should be also take into consideration and promptly reflect in our Group's development plan, business plan and budgets of our invested properties. • Review investments that creates long-term value on a sustainable basis and also adopt a disciplined approach towards possible acquisitions. • Prudently manage resources and maintain sound financial position

Principal Risks	Possible impacts	Mitigation
3. Health & Safety	• The health and safety and security of guests, visitors and employees is a fundamental expectation but with differing regulatory requirements across jurisdictions. Failure to implement these health and safety measures could result in serious injury or loss of life, which could lead to regulatory investigations and expose the Group to significant claims, sanctions or fines, both civil and criminal, as well as reputational damage.	• While the Hotel Managers have their own established Health, Safety and ESG systems in place, the Group reviews their policies, procedures, testing, self and third- party audits, training and reports. • As the well-being of the guests, employees and other stakeholders is one of the top priorities, the Group supports and implemented robust precautionary measures, including an enhanced cleaning and sanitisation programme, to help ensure all offices and hotels remain safe places to visit.
4. Cybersecurity and data security	• Although Hotel Managers are responsible in ensuring IT Risks are mitigated, any lapses in non-compliances e.g. Payment Card Industry Standards ("PCI-DSS") will have serious consequences i.e. litigation and financial losses, which are borne by the Group. • The occurrence of a cybersecurity event or loss of data could disrupt business and impedes the ability of the Hotels to take or fulfil bookings. • Employees working from home during coronavirus lockdowns has given rise to an increased security threat of cyberattacks against those employees.	• Regular review of Hotels' IT security processes and risk assessments on an ongoing basis and constantly enhanced security measures • Conduct periodic security and penetration testing and any recommendations or enhancements are implemented where necessary. • Regular review and update of IT infrastructure, systems and recovery processes. • Provide regular trainings on information security awareness

Principal Risks	Possible impacts	Mitigation
5. Hotel Operation	• Majority of our invested hotels are managed by various Hotel Managers and the risk of mismanagement by the Hotel Managers cannot be fully mitigated.	• The Group has professional teams to support and monitor the performance of our hotels and our teams periodically analyse and review relevant operating and financial information to ensure that they continue to satisfy the Group's investment strategies and control principles. • Group Internal Audit's review covers major operational and financial systems of our invested hotels on a continuing basis and continues to implement measures to address material weakness.
6. Human Resources	• A succession plan for the Company's senior management is necessary in order to be prepared for the successor in the event that such senior executive will retire or not in the position to perform the duty, so that the Group's business could continue to operate as usual.	• The Group aims to improve its senior manager cadre through identifying and developing individuals to achieve their full potential within the Group and to ensure that appropriate succession plans are in place to meet the future needs of the business.

B. Internal Audit and Internal Controls

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

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

C. Conclusion

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

The Board reviewed, considered and is satisfied that the Group's internal control systems and risk management functions are effective, adequate and in compliance with the risk management and internal control code provisions of the Corporate Governance Code, for the year ended 31 December 2022. The annual review also covered the financial reporting and internal audit function and staff qualifications, experiences and relevant resources.

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

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

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

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

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

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

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended 31 December 2022.

In preparing the financial statements for the year ended 31 December 2022, the Directors have selected suitable accounting policies and applied them consistently, approved adoption of all applicable Hong Kong Financial Reporting Standards, made judgments and estimates which are fair and reasonable, and have prepared the financial statements on the going concern basis.

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

The statement of the independent auditors of the Company about their reporting responsibilities on the financial statements is set out in the Independent Auditors' Report on pages 48 to 53.

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

AUDITORS' REMUNERATION

The remuneration paid to the external auditors of the Company in respect of audit services and non-audit services for the year ended 31 December 2022 are set out below.

	2022 HK$'000	2021 HK$'000
Auditor's remuneration		
– Audit services	4,942	4,655
– Non-audit services (including tax advisory and other services)	1,614	1,522
	6,556	6,177

DIVIDEND POLICY

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

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

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

It has also taken into consideration the possibility of:

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

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

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

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

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

CONSTITUTIONAL DOCUMENT

For the purpose of bring existing constitutional document of the Company in line with the latest legislation and providing flexibility to the Company in relation to the conduct of general meetings, the Company's shareholders passed a special resolution on 31 May 2022 to adopt a new set of Articles of Association which allow general meetings to be held as a hybrid meeting where shareholders may attend by electronic means in addition to as a physical meeting where shareholders attend in person. Details of the major amendments brought about by the adoption of the new Articles of Association are set out in the Company's circular dated 21 April 2022. A copy of the latest version is available on the website of the Stock Exchange and the Company's website.

SHAREHOLDERS' RIGHTS

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

Convening A General Meeting/Right To Call A General Meeting

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

Putting Forward Proposals at General Meeting

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

Putting Forward Enquiries To The Board

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

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

Contact Details

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

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

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

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

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

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

PUBLIC FLOAT

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

INDEPENDENT AUDITOR'S REPORT

KPMG

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

(Incorporated in Hong Kong with limited liability)

OPINION

We have audited the consolidated financial statements of Keck Seng Investments (Hong Kong) Limited ("the Company") and its subsidiaries ("the Group") set out on pages 54 to 126, which comprise the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

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 Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* ("the Code") and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KEY AUDIT MATTERS *(continued)*

Valuation of investment properties

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

The Key Audit Matter

The Group holds a portfolio of investment properties (primarily office and commercial premises) located in Macau which are stated at their fair values which totalled HK$905 million and accounted for 16% of the Group's total assets as at 31 December 2022.

The fair values of the investment properties as at 31 December 2022 were assessed by the board of directors based on independent valuations prepared by an independent firm of professional surveyors with appropriate qualifications and experience in the location and category of property being valued. The net changes in fair value of investment properties recorded in the consolidated statement of profit or loss represented 3% of the Group's profit before taxation for the year ended 31 December 2022.

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

How the matter was addressed in our audit

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

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

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

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

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

KEY AUDIT MATTERS *(continued)*

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

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

The Key Audit Matter

The Group holds a number of hotel properties located in major cities in Asia Pacific and North America. These hotel properties were stated at cost less accumulated depreciation and impairment with carrying amounts totalling HK$1,420 million and accounted for 25% of the Group's total assets as at 31 December 2022.

At the year end management assesses if there are any indicators of potential impairment of hotel properties. Where indicators of potential impairment are identified, management assesses the recoverability of the carrying value of hotel properties based on the present value of estimated future cash flows arising from the continued use of the related assets. The assessment of the recoverable amounts of hotel properties is inherently subjective as it involves significant management judgement and estimation, particularly given the diverse locations of the hotel properties and the particular economic and political circumstances at each location which can affect, inter alia, occupancy rates, average room rate and future growth rates.

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

How the matter was addressed in our audit

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

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

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

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

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

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

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

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

The directors are responsible for the other information. The other information comprises all the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Chan Tsz Kei.

KPMG
Certified Public Accountants

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

24 March 2023

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2022

	Note	2022 HK$'000	2021 HK$'000
Revenue	3	1,429,488	482,878
Cost of sales		(132,740)	(44,032)
		1,296,748	438,846
Other revenue	4(a)	41,331	19,532
Other net gains/(losses)	4(b)	17,052	(3,929)
Direct costs and operating expenses		(611,252)	(200,035)
Marketing and selling expenses		(30,190)	(11,004)
Depreciation	11(a)	(149,291)	(154,428)
Administrative and other operating expenses		(402,272)	(291,537)
Operating profit/(loss)		162,126	(202,555)
Net increase in fair value of investment properties	11(a)	3,900	4,400
		166,026	(198,155)
Finance costs	5(a)	(50,274)	(32,293)
Share of net profits/(losses) of associates		14,071	(11,628)
Profit/(loss) before taxation	5	129,823	(242,076)
Income tax	6(a)	(5,624)	57,872
Profit/(loss) for the year		124,199	(184,204)
Attributable to:			
Equity shareholders of the Company		76,302	(194,724)
Non-controlling interests		47,897	10,520
Profit/(loss) for the year		124,199	(184,204)
Earnings/(loss) per share, basic and diluted (cents)	9	22.4	(57.2)

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

The notes on pages 60 to 126 form part of these financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2022

	2022 HK$'000	2021 HK$'000
Profit/(loss) for the year	124,199	(184,204)
Other comprehensive income for the year		
Item that will not be reclassified to profit or loss:		
Equity investments at fair value through other comprehensive income – net movement in fair value reserve (non-recycling)	(91)	(437)
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of: – financial statements of overseas subsidiaries and associates	(37,445)	3,002
Other comprehensive income for the year	(37,536)	2,565
Total comprehensive income for the year	86,663	(181,639)
Attributable to:		
Equity shareholders of the Company	42,767	(193,833)
Non-controlling interests	43,896	12,194
Total comprehensive income for the year	86,663	(181,639)

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

The notes on pages 60 to 126 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2022

	Note	2022 HK$'000	2021 HK$'000
Non-current assets			
Investment properties		905,400	901,500
Property, plant and equipment		1,541,519	1,699,985
Land		808,509	820,312
	11	3,255,428	3,421,797
Interest in associates	13	85,891	84,645
Derivative financial assets		13,372	2,724
Other non-current financial assets	14	120,611	116,994
Deferred tax assets	23(b)	423,611	376,979
		3,898,913	4,003,139
Current assets			
Trading securities	15	12,154	11,940
Properties held for sale	16	278,873	278,873
Inventories		4,879	4,080
Trade and other receivables	17	75,674	69,146
Deposits and cash	18(a)	1,341,269	1,175,977
Taxation recoverable	23(a)	24,134	35,869
		1,736,983	1,575,885
Current liabilities			
Bank loans	19(a)	1,359,323	366,887
Trade and other payables	20	413,947	339,772
Loan from an associate	13	464	464
Loans from non-controlling shareholders	22	41,227	4,313
Taxation payable	23(a)	24,239	8,841
		1,839,200	720,277
Net current (liabilities)/assets		(102,217)	855,608
Total assets less current liabilities		3,796,696	4,858,747

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

At 31 December 2022

	Note	2022 HK$'000	2021 HK$'000
Non-current liabilities			
Bank loans	19(a)	76,481	1,121,417
Deferred revenue	21	3,172	3,560
Loans from non-controlling shareholders	22	73,283	106,796
Deferred tax liabilities	23(b)	91,114	90,287
		244,050	1,322,060
NET ASSETS		3,552,646	3,536,687
CAPITAL AND RESERVES	24		
Share capital		498,305	498,305
Reserves		2,438,494	2,409,335
Total equity attributable to equity shareholders of the Company		2,936,799	2,907,640
Non-controlling interests		615,847	629,047
TOTAL EQUITY		3,552,646	3,536,687

Approved and authorised for issue by the board of directors on 24 March 2023.

Ho Kian Guan
Executive Chairman

Tse See Fan Paul
Executive Director

The notes on pages 60 to 126 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2022

	Attributable to equity shareholders of the Company							
	Share capital HK$'000	Legal reserve HK$'000	Exchange reserve HK$'000	Fair value reserve (non-recycling) HK$'000	Retained profits HK$'000	Sub-total HK$'000	Non-controlling interests HK$'000	Total HK$'000
Balance at 1 January 2022	498,305	19,511	11,991	3,071	2,374,762	2,907,640	629,047	3,536,687
Changes in equity for 2022:								
Profit for the year	–	–	–	–	76,302	76,302	47,897	124,199
Other comprehensive income	–	–	(33,444)	(91)	–	(33,535)	(4,001)	(37,536)
Total comprehensive income for the year	–	–	(33,444)	(91)	76,302	42,767	43,896	86,663
Dividends approved in respect of the previous year	–	–	–	–	(13,608)	(13,608)	–	(13,608)
Dividends paid by subsidiaries to non-controlling shareholders	–	–	–	–	–	–	(57,096)	(57,096)
Balance at 31 December 2022	498,305	19,511	(21,453)	2,980	2,437,456	2,936,799	615,847	3,552,646
Balance at 1 January 2021	498,305	19,417	10,663	3,508	2,569,580	3,101,473	633,796	3,735,269
Changes in equity for 2021:								
(Loss)/profit for the year	–	–	–	–	(194,724)	(194,724)	10,520	(184,204)
Other comprehensive income	–	–	1,328	(437)	–	891	1,674	2,565
Total comprehensive income for the year	–	–	1,328	(437)	(194,724)	(193,833)	12,194	(181,639)
Transfer from retained profits to legal reserve	–	94	–	–	(94)	–	–	–
Dividends paid by subsidiaries to non-controlling shareholders	–	–	–	–	–	–	(16,943)	(16,943)
Balance at 31 December 2021	498,305	19,511	11,991	3,071	2,374,762	2,907,640	629,047	3,536,687

The notes on pages 60 to 126 form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2022

	Note	2022 HK$'000	2021 HK$'000
Operating activities			
Cash generated from/(used in) operations	18(b)	335,794	(25,496)
Overseas tax paid (net)		(24,003)	(1,836)
Net cash generated from/(used in) operating activities		311,791	(27,332)
Investing activities			
Payment for the purchase of property, plant and equipment		(21,653)	(20,999)
Payment of capital injection to an associate		–	(1,537)
Proceeds from sale of property, plant and equipment		6,169	2,081
Interest received		23,649	8,059
Increase/(decrease) in bank deposits with maturity more than three months		(70,115)	529,418
Dividends received from listed securities		457	595
Dividends received from associates		11,466	10,702
Net cash (used in)/generated from investing activities		(50,027)	528,319
Financing activities			
Proceeds from new bank loans	18(c)	–	94,149
Repayment of bank loans	18(c)	(53,718)	(112,200)
Proceeds from new loan from non-controlling shareholders	18(c)	–	4,369
Interest paid	18(c)	(41,290)	(27,125)
Dividends paid to the equity shareholders of the Company	24(b)	(13,608)	–
Dividends paid to non-controlling shareholders		(57,096)	(16,943)
Net cash used in financing activities		(165,712)	(57,750)
Net increase in cash and cash equivalents		96,052	443,237
Cash and cash equivalents at 1 January		1,152,738	710,072
Effect of foreign exchange rate changes		(875)	(571)
Cash and cash equivalents at 31 December		1,247,915	1,152,738
Analysis of the balances of cash and cash equivalents at 31 December			
Deposits and cash	18(a)	1,341,269	1,175,977
Less:Bank deposits with maturity more than three months		(93,354)	(23,239)
		1,247,915	1,152,738

The notes on pages 60 to 126 form part of these financial statements.

1 SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

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

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

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2022 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in associates.

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

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

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

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

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 28.

1 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(c) Subsidiaries and non-controlling interests

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

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

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

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

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

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

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

1 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(d) Associates

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

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

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

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

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

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

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

1 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(e) Investments in debt and equity securities

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

Investments in debt and equity securities are recognised/derecognised on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at fair value through profit or loss ("FVPL") for which transaction costs are recognised directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see note 25(f). These investments are subsequently accounted for as follows, depending on their classification.

Investments other than equity investments

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

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

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

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

Equity investments

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

1 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(f) Derivative financial instruments

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

(g) Investment properties

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

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

(h) Property, plant and equipment

(i) Hotel properties

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

(ii) Other property, plant and equipment

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

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

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

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

1 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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

(iii) Depreciation

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

– Buildings situated on freehold land are depreciated over their estimated useful lives of 30 to 48 years. Freehold land is not depreciated.

– The Group's interests in buildings situated on leasehold land are depreciated over the shorter of the unexpired term of the lease and the buildings' estimated useful lives of 30 to 48 years.

–	Motor vehicles	7 years
–	Furniture, fixtures and equipment	3 to 5 years

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

(i) Leased assets

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

(i) As a lessee

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

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

1 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(i) Leased assets *(continued)*

(i) As a lessee (continued)

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

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

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

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("lease modification") that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification. The only exceptions are rent concessions that occurred as a direct consequence of the COVID-19 pandemic and met the conditions set out in paragraph 46B of HKFRS 16 Leases. In such cases, the group has taken advantage of the practical expedient not to assess whether the rent concessions are lease modifications, and recognised the change in consideration as negative variable lease payments in profit or loss in the period in which the event or condition that triggers the rent concessions occurred.

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

1 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(i) Leased assets *(continued)*

(ii) As a lessor

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

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

(j) Credit losses and impairment of assets

(i) Credit losses from financial instruments

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

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

Measurement of ECLs

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

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

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

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

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

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

1 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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

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

Measurement of ECLs *(continued)*

ECLs are measured on either of the following bases:

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

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

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

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

Significant increases in credit risk

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

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

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

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

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

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

1 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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

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

Significant increases in credit risk *(continued)*

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

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

Basis of calculation of interest income

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

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

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

– significant financial difficulties of the debtor;

– a breach of contract, such as a default or past due event;

– it becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;

– significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or

– the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

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

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

1 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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

(ii) Impairment of other assets

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

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

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

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

- Calculation of recoverable amount

  The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit). A portion of the carrying amount of a corporate asset (for example, head office building) is allocated to an individual cash-generating unit if the allocation can be done on a reasonable and consistent basis, or to the smallest group of cash-generating units if otherwise.

- Recognition of impairment losses

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

- Reversals of impairment losses

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

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

1 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(k) Inventories

(i) Hotel and club operations

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

(ii) Property development

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

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

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

(l) Trade and other receivables

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

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

(m) Interest-bearing borrowings

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

(n) Trade and other payables

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

1 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(o) Cash and cash equivalents

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

(p) Employee benefits

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

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

(ii) Termination benefits

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

(q) Income tax

(i) Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

(ii) Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

(iii) Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

1 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(q) Income tax *(continued)*

(iii) *(continued)*

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

Where investment properties are carried at their fair value in accordance with the accounting policy set out in note 1(g), the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

(iv) Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

  - the same taxable entity; or

  - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

1 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(r) Financial guarantees issued, provisions and contingent liabilities

(i) Financial guarantees issued

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

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

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

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

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

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

(ii) Provisions and contingent liabilities

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

1 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(r) Financial guarantees issued, provisions and contingent liabilities *(continued)*

(ii) Provisions and contingent liabilities *(continued)*

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

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

(s) Revenue and other income

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

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

(i) Revenue from contracts with customers

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

(a) Sale of properties

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

(b) Hotel and club operations

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

(c) Management fee income

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

1 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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

(ii) Revenue from other service and other income

(a) Rental income from operating leases

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

(b) Interest income

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

(c) Dividends

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

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

(d) Government grants

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are deducted from the carrying amount of the asset and consequently are effectively recognised in profit or loss over the useful life of the asset by way of reduced depreciation expense.

1 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(t) Translation of foreign currencies

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

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

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

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

(u) Borrowing costs

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

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

1 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(v) Related parties

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

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

(2) has significant influence over the Group; or

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

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

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

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

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

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

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

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

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

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

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

(w) Segment reporting

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

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

2 CHANGES IN ACCOUNTING POLICIES

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

- Amendments to HKAS 16, Property, plant and equipment: Proceeds before intended use
- Amendments to HKAS 37, *Provisions, contingent liabilities and contingent assets: Onerous contracts – cost of fulfilling a contract*

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

3 REVENUE

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

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

	2022 HK$'000	2021 HK$'000
Hotel and club operations		
– Rooms	716,662	179,349
– Shops	27,743	25,834
– Food and beverage	198,659	52,947
– Slot machine income	325,746	100,166
– Others	69,187	29,316
	1,337,997	387,612
Rental income	84,699	87,929
Management fee income	6,792	7,337
	1,429,488	482,878

4 OTHER REVENUE AND OTHER NET GAINS/(LOSSES)

(a) Other revenue

	2022 HK$'000	2021 HK$'000
Interest income	23,649	8,059
Dividend income from listed securities	457	595
Government grants	7,309	4,968
Others	9,916	5,910
	41,331	19,532

(b) Other net gains/(losses)

	2022 HK$'000	2021 HK$'000
Net exchange losses	(7,475)	(2,017)
Net realised and unrealised gains on derivative financial instruments	10,671	5,912
Net unrealised gains/(losses) on other non-current financial assets	9,281	(6,248)
Net unrealised gains/(losses) on trading securities	214	(1,685)
Gains on disposal of property, plant and equipment	4,361	109
	17,052	(3,929)

5 PROFIT/(LOSS) BEFORE TAXATION

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

(a) Finance costs

	2022 HK$'000	2021 HK$'000
Bank loan interests	45,010	27,092
Discounting effect on loans from non-controlling shareholders	5,225	5,168
Other interest expenses	39	33
	50,274	32,293

5 PROFIT/(LOSS) BEFORE TAXATION *(continued)*

(b) Staff costs (note)

	2022 HK$'000	2021 HK$'000
Salaries, wages and other benefits	518,664	247,713
Contributions to defined contribution retirement plans	7,127	4,106
	525,791	251,819

Note: During the year ended 31 December 2022, staff costs of HK$178,587,000 (2021: HK$122,447,000) are included in "Administrative and other operating expenses".

Employee benefits

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

Location	Defined contribution retirement schemes	Details of the scheme
Hong Kong	Mandatory Provident Fund scheme	5% of the employees' relevant income with a ceiling of HK$1,500 per month by both employers and employees
Macau	Social Security Fund	MOP60 by employers and MOP30 by employees on a monthly basis
PRC	Central pension scheme	20% (2021: 19%) of the employees' salaries cost in accordance with the relevant regulations by employers
Vietnam	Social insurance fund scheme	At a prevailing rate of 21.5% of basic salaries by employers
United States	Voluntary Defined Contribution Program	Between 0% and 50% of the compensation to the plan subject to certain maximum limits on a pre-tax basis by employees and provisions for matching contributions, which are based on a portion of the participants' eligible compensation, by employers
Canada	Canadian Pension Plan	Employers and employees contribute at 4.95% each to an employee's earnings subject to certain maximum limits
Japan	Pension plan	Both employers and employees are required to contribute at 9.1% of the employee's monthly salary

5 PROFIT/(LOSS) BEFORE TAXATION *(continued)*

(b) Staff costs (note) *(continued)*

Employee benefits *(continued)*

The portion of employer's contributions to which the employees are not entitled and which has been forfeited can be used by the Group to reduce the future contributions in some countries. During the year ended 31 December 2022, none (2021: HK$9,000) of employer's contributions to which the employees are not entitled and has been forfeited and utilised during the year. No forfeited contributions available to reduce the future contributions at 31 December 2022 and 2021.

(c) Other items

	2022 HK$'000	2021 HK$'000
Cost of inventories	132,740	44,032
Auditors' remuneration		
– Audit services	4,942	4,655
– Other services	1,614	1,522
Government rent and rates (note)	58,452	53,608
Rentals income from investment properties less direct outgoings of HK$844,000 (2021: HK$1,357,000)	(33,131)	(33,874)
Rentals income from properties held for sale and other rental income less direct outgoings of HK$1,357,000 (2021: HK$1,707,000)	(49,367)	(52,090)

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

6 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

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

	2022 HK$'000	2021 HK$'000
Current tax – Overseas		
Provision for the year (note 23(a))	51,406	17,956
Tax credit	–	(5,093)
Under-provision in respect of prior years	127	467
	51,533	13,330
Deferred tax (note 23(b))		
Origination and reversal of other temporary differences	(45,909)	(71,202)
	5,624	(57,872)

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

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

Notes:

(i) No provision has been made for Hong Kong Profits Tax as the Company and all other entities comprising the Group that are incorporated in Hong Kong sustained a loss for taxation purposes or had unutilised tax losses to set-off against taxable income during the years ended 31 December 2021 and 2022.

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

(iii) The usual income tax rate applicable to Vietnam enterprises before any incentives is 20% (2021: 20%) for the year ended 31 December 2022.

(iv) The applicable PRC Enterprise Income Tax of the subsidiary established in the PRC is calculated at 25% (2021: 25%) of the estimated taxable profits for the year ended 31 December 2022. No provision has been made for PRC Enterprise Income Tax as the subsidiary sustained a loss for taxation purposes during the years ended 31 December 2022 and 2021.

(v) Pursuant to the income tax rules and regulations of the United States, the applicable Federal and State Income Tax in respect of the subsidiaries operating in the United States are calculated at a rate of 21% (2021: 21%) and 9.98% (2021: 9.98%) respectively determined by income ranges for the year ended 31 December 2022. United States sourced interest income received by foreign entities are subject to withholding tax of 30% (2021: 30%) on all gross income received.

(vi) Under the Japanese domestic law, the subsidiary established in Japan under the Tokumei-Kumiai arrangement is subject to Japanese withholding tax at the rate of 21.36% (2021: 21.36%) on all gross profit distributions from the subsidiary.

(vii) Provision for Macau Complementary Tax is calculated at 12% (2021: 12%) of the estimated assessable profits for the year ended 31 December 2022. Macau Property Tax is calculated at 8% (2021: 8%) of the assessable rental income in Macau.

(viii) Pursuant to the income tax rules and regulations of Canada, the applicable federal and provincial statutory tax rate is 26.5% (2021: 26.5%).

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

6 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(continued)

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

	2022 HK$'000	2021 HK$'000
Profit/(loss) before taxation	**129,823**	(242,076)
Notional tax on profit/(loss) before taxation, calculated at the rates applicable to profit/(loss) in the countries concerned	**4,086**	(77,912)
Tax effect of non-deductible expenses	**18,798**	18,264
Tax effect of non-taxable revenue	**(13,182)**	(702)
Tax effect of unused tax losses not recognised	**5,268**	2,065
Tax effect of recognition of unused tax losses not recognised in prior years	**(9,597)**	–
Under-provision in respect of prior years	**127**	467
Others	**124**	(54)
Actual tax expense/(credit)	**5,624**	(57,872)

7 DIRECTORS' EMOLUMENTS

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

	Directors' fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Discretionary bonuses HK$'000	Retirement scheme contributions HK$'000	2022 Total HK$'000
Executive directors					
HO Kian Guan	158	–	–	–	158
HO Kian Hock	109	–	–	–	109
TSE See Fan Paul	244	–	–	–	244
CHAN Lui Ming Ivan	104	–	–	–	104
YU Yuet Chu Evelyn	90	1,164	97	–	1,351
HO Chung Tao	209	1,288	91	18	1,606
HO Chung Hui	85	367	31	–	483
HO Chung Kain (alternate director to HO Chung Hui)	–	367	31	–	398
Non-executive directors					
HO Kian Cheong	85	–	–	–	85
Ho Chung Kiat Sydney (alternate director to HO Kian Cheong)	–	–	–	–	–
Independent non-executive directors					
KWOK Chi Shun Arthur	255	–	–	–	255
Stephen TAN	295	–	–	–	295
WANG Poey Foon Angela	295	–	–	–	295
YU Hon To David	295	–	–	–	295
	2,224	3,186	250	18	5,678

7 DIRECTORS' EMOLUMENTS *(continued)*

	Directors' fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Discretionary bonuses HK$'000	Retirement scheme contributions HK$'000	2021 Total HK$'000
Executive directors					
HO Kian Guan	146	–	–	–	146
HO Kian Hock	103	–	–	–	103
TSE See Fan Paul	238	–	–	–	238
CHAN Lui Ming Ivan	98	–	–	–	98
YU Yuet Chu Evelyn	155	1,164	97	–	1,416
HO Chung Tao	208	1,199	82	18	1,507
HO Chung Hui	85	367	31	–	483
HO Chung Kain (alternate director to HO Chung Hui)	–	367	31	–	398
Non-executive directors					
HO Kian Cheong	85	–	–	–	85
Ho Chung Kiat Sydney (alternate director to HO Kian Cheong)	–	–	–	–	–
Independent non-executive directors					
KWOK Chi Shun Arthur	255	–	–	–	255
Stephen TAN	295	–	–	–	295
WANG Poey Foon Angela	295	–	–	–	295
YU Hon To David	295	–	–	–	295
	2,258	3,097	241	18	5,614

The Company does not have any share option scheme for the purchase of ordinary shares in the Company. None of the directors have received any share based payments from the Company or any of its subsidiaries during the year ended 31 December 2022 (2021: Nil).

During the years ended 31 December 2022 and 2021, there were no amounts paid to directors and senior executives for the compensation for loss of office and inducement for joining the Group.

During the year ended 31 December 2022, directors waived part of their basic salary with total amount of HK$3,126,000 (2021: HK$3,214,800).

8 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with highest emoluments, none (2021: one) is a director whose emoluments are disclosed in note 7.

The aggregate of the emoluments in respect of the five (2021: four) other individuals is as follows:

	2022 HK$'000	2021 HK$'000
Salaries and other emoluments	12,415	7,367
Discretionary bonuses	3,184	541
Retirement scheme contributions	166	153
	15,765	8,061

The emoluments of the five (2021: four) individuals with the highest emoluments are within the following bands:

	2022 Number of individuals	2021 Number of individuals
HK$1,500,001 – HK$2,000,000	–	2
HK$2,000,001 – HK$2,500,000	–	1
HK$2,500,001 – HK$3,000,000	3	1
HK$3,000,001 – HK$3,500,000	–	–
HK$3,500,001 – HK$4,000,000	2	–

9 EARNINGS/(LOSS) PER SHARE

The calculation of basic earnings/(loss) per share is based on the profit attributable to equity shareholders of the Company of HK$76,302,000 (2021: loss attributable to equity shareholders of the Company of HK$194,724,000) and on the 340,200,000 ordinary shares in issue during the years ended 31 December 2022 and 2021.

There are no potential dilutive ordinary shares during the years ended 31 December 2022 and 2021.

10 SEGMENT REPORTING

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

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

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

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

Segment results, assets and liabilities

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

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

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

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

10 SEGMENT REPORTING *(continued)*

Segment results, assets and liabilities *(continued)*

(a) Analysis of segment results of the Group

	Revenue HK$'000	Depreciation HK$'000	Finance costs HK$'000	Share of profit/ (loss) of associates HK$'000	Income tax (expense)/ credit HK$'000	Contribution to profit/ (loss) HK$'000
2022						
Hotel	1,331,028	(144,804)	(48,423)	14,073	13,106	78,953
– Vietnam	593,506	(47,592)	(3,238)	8,050	(29,625)	122,833
– United States	627,513	(75,042)	(41,465)	–	45,252	(40,270)
– The People's Republic of China	33,063	(11,516)	(3,413)	–	–	(18,374)
– Canada	66,403	(9,550)	(307)	6,023	(2,516)	16,059
– Japan	10,543	(1,104)	–	–	(5)	(1,295)
Property						
– Macau	96,346	(4,393)	(39)	–	(8,227)	61,550
Investment and corporate	2,114	(94)	(1,812)	(2)	(10,503)	(16,304)
Total	1,429,488	(149,291)	(50,274)	14,071	(5,624)	124,199

	Revenue HK$'000	Depreciation HK$'000	Finance costs HK$'000	Share of losses of associates HK$'000	Income tax credit/ (expense) HK$'000	Contribution to (loss)/ profit HK$'000
2021						
Hotel	380,351	(150,228)	(30,378)	(11,627)	75,948	(204,859)
– Vietnam	186,163	(52,431)	(4,833)	(6,889)	(1,073)	(2,118)
– United States	131,145	(70,201)	(21,774)	–	70,760	(163,324)
– The People's Republic of China	43,671	(12,038)	(3,287)	–	–	(7,892)
– Canada	16,604	(11,203)	(484)	(4,738)	6,267	(22,077)
– Japan	2,768	(4,355)	–	–	(6)	(9,448)
Property						
– Macau	100,620	(4,106)	(34)	–	(8,624)	58,946
Investment and corporate	1,907	(94)	(1,881)	(1)	(9,452)	(38,291)
Total	482,878	(154,428)	(32,293)	(11,628)	57,872	(184,204)

10 SEGMENT REPORTING *(continued)*

Segment results, assets and liabilities *(continued)*

(b) Analysis of total assets of the Group

	Segment assets HK$'000	Interest in associates HK$'000	Total assets HK$'000	Capital expenditure HK$'000
At 31 December 2022				
Hotel				
– Vietnam	314,797	54,575	369,372	8,073
– United States	2,430,823	–	2,430,823	6,149
– The People's Republic of China	148,724	–	148,724	2,910
– Canada	128,052	27,145	155,197	3,167
– Japan	76,948	–	76,948	–
Property				
– Macau	1,941,833	–	1,941,833	1,331
Investment and corporate	508,828	4,171	512,999	23
Total	5,550,005	85,891	5,635,896	21,653

	Segment assets HK$'000	Interest in associates HK$'000	Total assets HK$'000	Capital expenditure HK$'000
At 31 December 2021				
Hotel				
– Vietnam	330,119	57,991	388,110	491
– United States	2,413,954	–	2,413,954	11,284
– The People's Republic of China	170,671	–	170,671	4,456
– Canada	119,350	22,482	141,832	2,934
– Japan	86,823	–	86,823	–
Property				
– Macau	1,899,667	–	1,899,667	1,834
Investment and corporate	473,795	4,172	477,967	–
Total	5,494,379	84,645	5,579,024	20,999

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

10 SEGMENT REPORTING *(continued)*

Segment results, assets and liabilities *(continued)*

(c) Analysis of total liabilities of the Group

	Segment liabilities HK$'000	Bank borrowings HK$'000	Total liabilities HK$'000
At 31 December 2022			
Hotel			
– Vietnam	155,770	–	155,770
– United States	151,372	1,435,804	1,587,176
– The People's Republic of China	91,340	–	91,340
– Canada	13,849	–	13,849
– Japan	1,315	–	1,315
Property			
– Macau	175,412	–	175,412
Investment and corporate	58,388	–	58,388
Total	647,446	1,435,804	2,083,250

	Segment liabilities HK$'000	Bank borrowings HK$'000	Total liabilities HK$'000
At 31 December 2021			
Hotel			
– Vietnam	109,057	54,927	163,984
– United States	108,369	1,433,377	1,541,746
– The People's Republic of China	90,395	–	90,395
– Canada	8,483	–	8,483
– Japan	692	–	692
Property			
– Macau	181,048	–	181,048
Investment and corporate	55,989	–	55,989
Total	554,033	1,488,304	2,042,337

NOTES TO THE FINANCIAL STATEMENTS (continued)

11 INVESTMENT PROPERTIES, PROPERTY, PLANT AND EQUIPMENT AND LAND

(a) Reconciliation of carrying amount

		Property, plant and equipment				Land			
	Investment properties HK$'000	Hotel properties HK$'000	Other property, plant and equipment HK$'000	Furniture, fixtures and equipment HK$'000	Sub-total HK$'000	Freehold land HK$'000	Interests in leasehold land held for own use HK$'000	Sub-total HK$'000	Total HK$'000
Cost or valuation:									
At 1 January 2022	901,500	3,449,994	111,333	919,242	4,480,569	741,411	176,298	917,709	6,299,778
Additions	–	6,367	193	15,093	21,653	–	–	–	21,653
Disposals	–	(350)	–	(13,807)	(14,157)	–	–	–	(14,157)
Surplus on revaluation	3,900	–	–	–	–	–	–	–	3,900
Exchange adjustments	–	(60,131)	(848)	(23,416)	(84,395)	(5,217)	(6,379)	(11,596)	(95,991)
At 31 December 2022	905,400	3,395,880	110,678	897,112	4,403,670	736,194	169,919	906,113	6,215,183
Representing:									
Cost	–	3,395,880	110,678	897,112	4,403,670	736,194	169,919	906,113	5,309,783
Valuation – 2022	905,400	–	–	–	–	–	–	–	905,400
	905,400	3,395,880	110,678	897,112	4,403,670	736,194	169,919	906,113	6,215,183
Accumulated depreciation and impairment:									
At 1 January 2022	–	1,935,877	93,645	751,062	2,780,584	–	97,397	97,397	2,877,981
Charge for the year	–	72,888	4,230	68,844	145,962	–	3,329	3,329	149,291
Written back on disposals	–	(263)	–	(12,086)	(12,349)	–	–	–	(12,349)
Exchange adjustments	–	(32,967)	(487)	(18,592)	(52,046)	–	(3,122)	(3,122)	(55,168)
At 31 December 2022	–	1,975,535	97,388	789,228	2,862,151	–	97,604	97,604	2,959,755
Net book value:									
At 31 December 2022	905,400	1,420,345	13,290	107,884	1,541,519	736,194	72,315	808,509	3,255,428

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

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

		Property, plant and equipment				Land			
	Investment properties HK$'000	Hotel properties HK$'000	Other property, plant and equipment HK$'000	Furniture, fixtures and equipment HK$'000	Sub-total HK$'000	Freehold land HK$'000	Interests in leasehold land held for own use HK$'000	Sub-total HK$'000	Total HK$'000
Cost or valuation:									
At 1 January 2021	897,100	3,425,974	111,280	893,434	4,430,688	741,653	173,548	915,201	6,242,989
Additions	–	535	213	20,251	20,999	–	–	–	20,999
Disposals	–	(4,285)	(387)	(4,981)	(9,653)	–	–	–	(9,653)
Surplus on revaluation	4,400	–	–	–	–	–	–	–	4,400
Exchange adjustments	–	27,770	227	10,538	38,535	(242)	2,750	2,508	41,043
At 31 December 2021	901,500	3,449,994	111,333	919,242	4,480,569	741,411	176,298	917,709	6,299,778
Representing:									
Cost	–	3,449,994	111,333	919,242	4,480,569	741,411	176,298	917,709	5,398,278
Valuation – 2021	901,500	–	–	–	–	–	–	–	901,500
	901,500	3,449,994	111,333	919,242	4,480,569	741,411	176,298	917,709	6,299,778
Accumulated depreciation and impairment:									
At 1 January 2021	–	1,848,640	89,459	675,212	2,613,311	–	92,387	92,387	2,705,698
Charge for the year	–	75,156	4,481	71,369	151,006	–	3,422	3,422	154,428
Written back on disposals	–	(3,713)	(348)	(3,620)	(7,681)	–	–	–	(7,681)
Exchange adjustments	–	15,794	53	8,101	23,948	–	1,588	1,588	25,536
At 31 December 2021	–	1,935,877	93,645	751,062	2,780,584	–	97,397	97,397	2,877,981
Net book value:									
At 31 December 2021	901,500	1,514,117	17,688	168,180	1,699,985	741,411	78,901	820,312	3,421,797

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

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

Notes:

(i) Fair value measurement of investment properties

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

The fair value of the Group's investment properties falls under Level 3 of the three-level fair value hierarchy as defined in HKFRS 13. The significant unobservable inputs were average unit rent per month ranging from HK$14.5 to HK$25.3 (2021: HK$14.5 to HK$25.3) per square foot and capitalisation rate ranging from 3.0% to 4.5% (2021: 3.0% to 4.5%) for the investment properties in Macau. The fair value measurement of the investment properties is positively correlated to the average unit rent per month and negatively correlated to the capitalisation rate.

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

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

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

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

(b) Right-of-use assets

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

	Note	2022 $'000	2021 $'000
Ownership interests in leasehold land held for own use, carried at cost, with remaining lease term of:	(i)		
– between 10 and 50 years		72,315	78,901
Ownership interests in leasehold other property, plant and equipment held for own use, carried at cost, with remaining lease term of:			
– between 10 and 50 years		2,499	2,575
– less than 10 years		1,742	5,225
		4,241	7,800
Ownership interests in leasehold investment property, carried at fair value, with remaining lease term of:			
– less than 10 years		905,400	901,500
		981,956	988,201

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

	2022 $'000	2021 $'000
Depreciation charge of right-of-use assets by class of underlying asset:		
Ownership interests in leasehold land	3,329	3,422
Ownership interests in leasehold other property, plant and equipment	3,559	3,559
	6,888	6,981

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

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

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

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

(c) Properties leased out under operating leases

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

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

	2022 HK$'000	2021 HK$'000
Within 1 year	57,122	47,334
After 1 year but within 2 years	41,450	30,138
After 2 year but within 3 years	21,771	22,705
After 3 year but within 4 years	7,029	13,692
After 4 year but within 5 years	1,938	1,330
After 5 years	577	1,301
	129,887	116,500

12 INTEREST IN SUBSIDIARIES

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

Details of the subsidiaries are as follows:

			Proportion of ownership interest			
Name of company	Place of incorporation/ operation	Issued equity capital	Group's effective interest	Held by the Company	Held by subsidiaries	Principal activity
Ocean Incorporation Ltd	Macau	Two quotas of Ptc9,999,000 and Ptc1,000 respectively totalling Ptc10,000,000	100%	100%	–	Property investment and investment holding
Golden Crown Development Limited ("Golden Crown")	Macau	70,000,000 shares of Ptc1 each	70.61%	–	70.61%	Property development and investment
Ocean Place Joint Venture Company Limited ("OPJV")	Vietnam	US$29,100,000	64.12%**	–	70%	Operation of a hotel
Hubei Qing Chuan Hotel Company Limited ("Qing Chuan")*#	PRC	US$16,300,000	41.26%	–	55%	Operation of a hotel
KSSF Enterprises Limited	USA	26,000,000 common stock and 35,000,000 series A preferred stock of US$1 each	100%	–	100%	Operation of a hotel
KSSNY, Inc.	USA	26,000,000 common stock and 69,000,000 preferred stock of US$1 each	100%	–	100%	Operation of a hotel
Godo Kaisha TSM 107*	Japan	JPY500,000	100%	0.54%	99.46%	Operation of a hotel
Chateau Ottawa Hotel Inc. ("Chateau Ottawa")*	Canada	9,000,000 common shares and 2,700,000 preferred shares of C$1 each	85%	–	85%	Operation of a hotel

* Companies not audited by KPMG.

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

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

12 INTEREST IN SUBSIDIARIES *(continued)*

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

	Golden Crown		OPJV	
	2022	2021	**2022**	2021
	HK$'000	HK$'000	**HK$'000**	HK$'000
NCI percentage	**29.39%**	29.39%	**45.04%**	45.04%
Current assets	**842,988**	843,729	**86,905**	42,408
Non-current assets	**750,932**	750,425	**227,892**	287,711
Current liabilities	**(154,694)**	(160,894)	**(155,814)**	(163,984)
Non-current liabilities	**(78,715)**	(78,636)	**–**	–
Net assets	**1,360,511**	1,354,624	**158,983**	166,135
Carrying amount of NCI	**399,854**	398,124	**125,628**	119,899
Revenue	**73,545**	76,765	**593,506**	186,163
Profit for the year	**54,888**	51,829	**114,007**	4,771
Total comprehensive income	**54,888**	51,829	**107,512**	7,718
Profit allocated to NCI	**16,131**	15,233	**51,349**	2,149
Dividend paid to NCI	**14,401**	11,521	**42,695**	5,422
Cash flows from operating activities	**11,516**	13,940	**91,851**	15,002
Cash flows from investing activities	**3,111**	864	**(923)**	17,136
Cash flows from financing activities	**(15,806)**	(12,967)	**(72,269)**	(38,851)

13 INTERESTS IN ASSOCIATES

	2022	2021
	HK$'000	HK$'000
Share of net assets	**82,214**	80,968
Loans to associates	**3,677**	3,677
	85,891	84,645
Loan from an associate	**464**	464

Loans to associates are unsecured and recoverable on demand and are not expected to be recovered within one year. The management assessed that the allowance for expected credit losses is insignificant during the years ended 31 December 2022 and 2021.

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

13 INTERESTS IN ASSOCIATES *(continued)*

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

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

Notes:

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

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

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

13 INTERESTS IN ASSOCIATES *(continued)*

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

	CCH	
	2022 HK$'000	2021 HK$'000
Gross amounts of the associate		
Current assets	145,481	104,207
Non-current assets	193,354	239,035
Current liabilities	(41,461)	(35,413)
Non-current liabilities	(30,328)	(34,044)
Equity	267,046	273,785
Revenue	352,621	12,465
Profit/(loss) for the year	33,673	(34,032)
Total comprehensive income	33,673	(34,032)
Dividend received/receivable from the associate	11,714	11,695
Reconciled to the Group's interest in the associate		
Gross amounts of net assets of the associate	267,046	273,785
Group's effective interest	24.99%	24.99%
Carrying amount in the consolidated financial statements	66,735	68,419

Aggregate information of associates that are not individually material:

	2022 HK$'000	2021 HK$'000
Aggregate carrying amount of individually immaterial associates in the consolidated financial statements	15,479	12,549
Aggregated amounts of the Group's share of those associates'		
Profit/(loss) for the year	7,188	(3,123)
Other comprehensive income	(1,338)	(408)
Total comprehensive income	5,850	(3,531)

14 OTHER NON-CURRENT FINANCIAL ASSETS

	Note	2022 HK$'000	2021 HK$'000
Equity securities designated at FVOCI (non-recycling)			
– Listed outside Hong Kong		3,571	3,662
Financial assets measured at FVPL			
– Unlisted securities	(i)	117,040	113,332
		120,611	116,994

Notes:

(i) At 31 December 2022, the Group owned 8.10% (2021: 8.10%) interest of A2I Holdings S.A.R.L..A2I Holdings S.A.R.L. is a private limited liability company incorporated in Luxembourg which owns 6.75% (2021: 6.75%) equity shares of AccorInvest Group S.A..

15 TRADING SECURITIES

	2022 HK$'000	2021 HK$'000
Equity securities listed outside Hong Kong, at market value	12,154	11,940

16 PROPERTIES HELD FOR SALE

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

	2022 HK$'000	2021 HK$'000
Outside Hong Kong		
– freehold	8,599	8,599
– short term lease	270,274	270,274
	278,873	278,873

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

16 PROPERTIES HELD FOR SALE *(continued)*

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

	2022 HK$'000	2021 HK$'000
Within 1 year	27,293	12,843
After 1 year but within 2 years	13,193	2,685
After 2 year but within 3 years	1,113	322
After 3 year but within 4 years	445	–
After 4 year but within 5 years	445	–
After 5 years	409	–
	42,898	15,850

17 TRADE AND OTHER RECEIVABLES

	2022 HK$'000	2021 HK$'000
Trade receivables	44,887	15,882
Other receivables, deposits and prepayments	30,787	53,264
	75,674	69,146

The Group's credit policy is set out in note 25(a).

	2022 HK$'000	2021 HK$'000
Amounts expected to be recoverable:		
– within one year	74,732	68,126
– after one year	942	1,020
	75,674	69,146

17 TRADE AND OTHER RECEIVABLES (continued)

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

	2022 HK$'000	2021 HK$'000
Within 1 month	37,960	12,427
1 to 3 months	3,692	2,752
More than 3 months	3,235	703
	44,887	15,882

85% of trade receivables at 31 December 2022 (2021: 78%) were neither past due nor more than one month past due.

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

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases. The management assessed that the allowance for expected credit losses is insignificant during the years ended 31 December 2022 and 2021.

18 DEPOSITS AND CASH

(a) Deposits and cash:

	2022 HK$'000	2021 HK$'000
Deposits with banks and other financial institutions	1,123,978	1,055,539
Cash at bank and on hand	217,291	120,438
	1,341,269	1,175,977

18 DEPOSITS AND CASH *(continued)*

(b) Reconciliation of profit/(loss) before taxation to cash generated from/(used in) operations:

	Note	2022 HK$'000	2021 HK$'000
Profit/(loss) before taxation		**129,823**	(242,076)
Adjustments for:			
Net increase in fair value of investment properties	11(a)	**(3,900)**	(4,400)
Depreciation	11(a)	**149,291**	154,428
Interest income	4(a)	**(23,649)**	(8,059)
Dividend income from listed securities	4(a)	**(457)**	(595)
Net unrealised gains on derivative financial instruments	4(b)	**(10,671)**	(5,912)
Net unrealised (gains)/losses on other non-current financial assets	4(b)	**(9,281)**	6,248
Net unrealised (gains)/losses on trading securities	4(b)	**(214)**	1,685
Gain on disposal of property, plant and equipment	4(b)	**(4,361)**	(109)
Finance costs	5(a)	**50,274**	32,293
Share of net (profits)/losses of associates		**(14,071)**	11,628
Foreign exchange differences		**4,663**	8,734
Operating profit/(loss) before changes in working capital		**267,447**	(46,135)
Increase in inventories		**(799)**	(74)
(Increase)/decrease in trade and other receivables		**(7,501)**	376
Increase in trade and other payables		**76,647**	20,337
Cash generated from/(used in) operations		**335,794**	(25,496)

18 DEPOSITS AND CASH *(continued)*

(c) Reconciliation of liabilities arising from financing activities:

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

	Bank loans and other borrowings HK$'000 (note (i))	Accrued interest HK$'000 (note (ii))	Total HK$'000
At 1 January 2022	1,599,877	2,796	1,602,673
Changes from financing cash flows:			
Repayment of bank loans	(53,718)	–	(53,718)
Interest paid	–	(41,290)	(41,290)
Total changes from financing cash flows	(53,718)	(41,290)	(95,008)
Exchange adjustments	(606)	29	(577)
Other change:			
Interest expenses (note 5(a))	5,225	45,049	50,274
Total other change	5,225	45,049	50,274
At 31 December 2022	1,550,778	6,584	1,557,362

18 DEPOSITS AND CASH *(continued)*

(c) Reconciliation of liabilities arising from financing activities:

	Bank loans and other borrowings HK$'000 (note (i))	Accrued interest HK$'000 (note (ii))	Total HK$'000
At 1 January 2021	1,601,166	2,780	1,603,946
Changes from financing cash flows:			
Proceeds from new bank loans	94,149	–	94,149
Proceeds from new loan from non-controlling shareholders	4,369	–	4,369
Repayment of bank loans	(112,200)	–	(112,200)
Interest paid	–	(27,125)	(27,125)
Total changes from financing cash flows	(13,682)	(27,125)	(40,807)
Exchange adjustments	7,225	16	7,241
Other change:			
Interest expenses (note 5(a))	5,168	27,125	32,293
Total other change	5,168	27,125	32,293
At 31 December 2021	1,599,877	2,796	1,602,673

Note:

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

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

19 BANK LOANS

(a) At 31 December 2022, the bank loans were repayable as follows:

	2022 HK$'000	2021 HK$'000
Within 1 year or on demand	1,359,323	366,887
After 1 year but within 2 years	–	1,045,066
After 2 years but within 5 years	76,481	76,351
	76,481	1,121,417
	1,435,804	1,488,304

At 31 December 2022, the bank loans were secured and unsecured as follows:

	2022 HK$'000	2021 HK$'000
Bank loans		
– Secured (note 19(b))	1,359,323	1,357,026
– Unsecured	76,481	131,278
	1,435,804	1,488,304

At 31 December 2022, except for the loans received by two of the Group's subsidiaries amounting to HK$76,481,000 (2021: HK$76,351,000) which bear fixed interest rates, all other bank loans bear interest at floating interest rates which approximate to market rates of interest.

(b) At 31 December 2022, the banking facilities available to the Company and certain subsidiaries of the Group were secured by:

(i) Properties held for sale with a carrying value of HK$64,366,000 (2021: HK$64,366,000), and

(ii) Hotel properties, including land, of the Group with aggregate carrying value of HK$1,830,666,000 (2021: HK$1,893,998,000).

Such banking facilities amounted to HK$1,444,323,000 (2021: HK$1,442,026,000) and were utilised to the extent of HK$1,359,323,000 as at 31 December 2022 (2021: HK$1,357,026,000).

(c) Except for the loans received by two of the Group's subsidiaries amounting to HK$76,481,000 (2021: HK$76,351,000), all of the Group's banking facilities are subject to the fulfilment of covenants relating to certain of the Group's financial ratios, as are commonly found in lending arrangements with financial institutions. If the Group were to breach the covenants, depositing or prepaying the shortfall balance will be required. The Group regularly monitors its compliance with these covenants. Further details of the Group's management of liquidity risk are set out in note 25(b).

As at 31 December 2022, certain covenant ratios of two bank loans (referred as "Loan 1" and "Loan 2", respectively) entered into by two of the Group's subsidiaries deviated from the requirements as stated in the relevant loan agreements. For both Loan 1 and Loan 2, the Group has obtained waivers from the banks to waive the testing of the covenant prior to the end of the reporting period and the waivers to exempt those covenants testing covered a period until the loan maturity in October 2023.

As at 31 December 2021, certain covenant ratios of two bank loans (referred as "Loan 1" and "Loan 2", respectively) entered into by two of the Group's subsidiaries deviated from the requirements as stated in the relevant loan agreements. For both Loan 1 and Loan 2, the Group had obtained waivers from the banks to waive the testing of the covenant prior to the end of the reporting period and the waivers to exempt those covenants testing covered a period of twelve months from 31 December 2021.

20 TRADE AND OTHER PAYABLES

	2022 HK$'000	2021 HK$'000
Trade payables	105,621	86,631
Payables and accruals	137,412	107,160
Deposits and receipts in advance	170,914	145,981
	413,947	339,772

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

	2022 HK$'000	2021 HK$'000
Within 1 month	64,866	59,478
1 to 3 months	36,757	1,120
More than 3 months	3,998	26,033
	105,621	86,631

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

21 DEFERRED REVENUE

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

22 LOANS FROM NON-CONTROLLING SHAREHOLDERS

As at 31 December 2022 and 2021, loans from non-controlling shareholders are unsecured, interest bearing on prime leading rate and repayable on demand (2021: unsecured, interest bearing on prime leading rate and repayable on demand) except for amounts of HK$37,160,000 (2021: HK$35,302,000) and HK$73,283,000 (2021: HK$71,494,000), which were unsecured, interest-free and repayable on 30 April 2023 and 30 April 2025 respectively and amount of HK$73,283,000 (2021: HK$106,796,000) were classified as non-current liabilities.

23 INCOME TAX IN THE STATEMENT OF FINANCIAL POSITION

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

	2022 HK$'000	2021 HK$'000
Provision for overseas tax for the year	51,406	12,863
Provisional tax paid	(22,085)	(625)
	29,321	12,238
Balance of overseas tax receivables relating to prior years	(29,216)	(39,266)
	105	(27,028)
Taxation recoverable	(24,134)	(35,869)
Taxation payable	24,239	8,841
	105	(27,028)

(b) Deferred tax assets and liabilities recognised:

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

	Revaluation of investment properties HK$'000	Tax losses recognised HK$'000	Withholding tax HK$'000	Depreciation allowance in excess of the related depreciation and others HK$'000	Total HK$'000
Deferred tax arising from:					
At 1 January 2021	90,935	(143,631)	(284)	(160,501)	(213,481)
Charged/(credited) to profit or loss (note 6(a))	528	(70,132)	–	(1,598)	(71,202)
Exchange difference	–	(1,064)	–	(945)	(2,009)
At 31 December 2021 and 1 January 2022	91,463	(214,827)	(284)	(163,044)	(286,692)
Charged/(credited) to profit or loss (note 6(a))	468	(44,372)	–	(2,005)	(45,909)
Exchange difference	–	(244)	–	348	104
At 31 December 2022	91,931	(259,443)	(284)	(164,701)	(332,497)

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

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

Deferred tax assets and liabilities recognised:

	2022 HK$'000	2021 HK$'000
Net deferred tax assets recognised in the statement of financial position	**(423,611)**	(376,979)
Net deferred tax liabilities recognised in the statement of financial position	**91,114**	90,287
	(332,497)	(286,692)

(c) Deferred tax assets not recognised:

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

	2022 HK$'000	2021 HK$'000
Future benefit of tax losses	**10,754**	14,205

The Group has not recognised the deferred tax assets attributable to the future benefit of tax losses sustained in the operations of certain subsidiaries as the availability of future taxable profits against which the assets can be utilised is not considered to be probable at 31 December 2022 and 2021. The tax losses arising from Hong Kong operations do not expire under current tax legislation. The tax losses arising from Macau and PRC operations expire three years and five years respectively after the relevant accounting year end date.

24 CAPITAL, DIVIDENDS AND RESERVES

(a) Movements in components of equity

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

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

The Company

	Share capital HK$'000	Exchange reserve HK$'000	Fair value reserve (non-recycling) HK$'000	Retained profits HK$'000	Total HK$'000
Balance at 1 January 2021	498,305	736	3,508	1,482,108	1,984,657
Changes in equity for 2021:					
Profit for the year	–	–	–	1,838	1,838
Other comprehensive income	–	–	(437)	–	(437)
Total comprehensive income for the year	–	–	(437)	1,838	1,401
Balance at 31 December 2021 and 1 January 2022	498,305	736	3,071	1,483,946	1,986,058
Changes in equity for 2022:					
Profit for the year	–	–	–	12,270	12,270
Other comprehensive income	–	–	(91)	–	(91)
Total comprehensive income for the year	–	–	(91)	12,270	12,179
Dividends approved in respect of the previous year (note (b))	–	–	–	(13,608)	(13,608)
Balance at 31 December 2022	498,305	736	2,980	1,482,608	1,984,629

24 CAPITAL, DIVIDENDS AND RESERVES *(continued)*

(b) Dividends

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

	2022 HK$'000	2021 HK$'000
Final dividend proposed after the end of the reporting period of HK$0.05 (2021: HK$0.04)	17,010	13,608
	17,010	13,608

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

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

	2022 HK$'000	2021 HK$'000
Final dividend in respect of the previous financial year, approved and paid during the year, of HK$0.04 (2021: HK$Nil) per ordinary share	13,608	–

(c) Share capital

	2022		2021	
	No. of shares '000	Amount HK$'000	No. of shares '000	Amount HK$'000
Ordinary shares, issued and fully paid:				
At 1 January and 31 December	340,200	498,305	340,200	498,305

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

24 CAPITAL, DIVIDENDS AND RESERVES *(continued)*

(d) Nature and purpose of reserves

(i) Legal reserve

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

(ii) Exchange reserve

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

(iii) Fair value reserve (non-recycling)

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

(e) Distributability of reserves

At 31 December 2022, the aggregate amount of reserves available for distribution to equity shareholders of the Company was HK$1,482,608,000 (2021: HK$1,483,946,000).

(f) Capital management

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

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

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

24 CAPITAL, DIVIDENDS AND RESERVES *(continued)*

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

	Note	2022 HK$'000	2021 HK$'000
Bank loans	19	**1,435,804**	1,488,304
Less: Deposits and cash	18	**(1,341,269)**	(1,175,977)
Adjusted net debt		**94,535**	312,327
Total equity		**3,552,646**	3,536,687
Less: Proposed dividends		**(17,010)**	(13,608)
Adjusted capital		**3,535,636**	3,523,079
Adjusted net debt-to-equity ratio		**3%**	9%

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

25 FINANCIAL RISK MANAGEMENT AND FAIR VALUES

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

(a) Credit risk

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

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

The Group does not have significant concentration of credit risk.

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

(b) Liquidity risk

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

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

	Carrying amount HK$'000	Total contractual undiscounted cash flow HK$'000	Repayable within 1 year or on demand HK$'000	Repayable more than 1 year but less than 2 years HK$'000	Repayable more than 2 years but less than 5 years HK$'000
Bank loans	1,435,804	1,467,844	1,391,363	–	76,481
Trade and other payables	317,262	317,262	317,262	–	–
Loan from an associate	464	464	464	–	–
Loans from non-controlling shareholders	114,510	124,298	42,444	–	81,854
At 31 December 2022	1,868,040	1,909,868	1,751,533	–	158,335

	Carrying amount HK$'000	Total contractual undiscounted cash flow HK$'000	Repayable within 1 year or on demand HK$'000	Repayable more than 1 year but less than 2 years HK$'000	Repayable more than 2 years but less than 5 years HK$'000
Bank loans	1,488,304	1,515,902	367,833	1,067,515	80,554
Trade and other payables	336,833	336,833	336,833	–	–
Loan from an associate	464	464	464	–	–
Loans from non-controlling shareholders	111,109	125,777	4,313	37,731	83,733
At 31 December 2021	1,936,710	1,978,976	709,443	1,105,246	164,287

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

(c) Currency risk

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

(i) Exposure to currency risk

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

2022

	Exposure to foreign currency SGD HK$'000
Deposits and cash	**3,518**
Net exposure arising from recognised assets and liabilities at 31 December 2022	**3,518**

2021

	Exposure to foreign currency SGD HK$'000
Deposits and cash	3,232
Net exposure arising from recognised assets and liabilities at 31 December 2021	3,232

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

(c) Currency risk

(ii) Sensitivity analysis

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

	2022			2021		
	Increase/ (decrease) in foreign exchange rates %	Effect on profit after tax HK$'000	Effect on retained profits HK$'000	Increase/ (decrease) in foreign exchange rates %	Effect on loss after tax HK$'000	Effect on retained profits HK$'000
Singapore Dollars	10	352	352	10	(323)	323
	(10)	(352)	(352)	(10)	323	(323)

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

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to currency risk at the end of the reporting period, including inter-company payables and receivables within the Group which are denominated in a currency other than the functional currencies of the lender or the borrower. The analysis excludes differences that would result from the translation of the financial statements of foreign operations into the Group's presentation currency. The analysis is performed on the same basis for 2021.

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

(d) Interest rate risk

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

		2022		2021	
	Fixed/ floating	Effective interest rate	Amount HK$'000	Effective interest rate	Amount HK$'000
Interest-bearing borrowings					
Bank loans	Floating	1.13% – 5.80%	1,359,323	1.11% – 5.50%	1,411,953
Bank loans	Fixed	1.00%	76,481	1.00%	76,351
			1,435,804		1,488,304
Income-earning financial assets					
Cash at bank and on hand	Floating	0.00% – 4.44%	217,291	0.00% – 3.20%	120,438
Time Deposits	Fixed	0.05% – 5.25%	1,123,978	0.05% – 2.32%	1,055,539
			1,341,269		1,175,977

(ii) Sensitivity analysis

At 31 December 2022, it is estimated that an increase/decrease of 1% in interest rates, with all other variables held constant, would decrease/increase the Group's results and retained profits by HK$11,784,000 (2021: HK$12,979,000) and HK$12,770,000 (2021: HK$13,620,000) respectively. Other components of equity would not be affected by changes in the interest rates.

The sensitivity analysis above indicates the instantaneous change in the Group's profit after tax and retained profits that would arise assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to re-measure those financial instruments held by the Group which expose the Group to interest rate risk at the end of the reporting period. The analysis is performed on the same basis for 2021.

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

(e) Equity price risk

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

At 31 December 2022, it is estimated that an increase/(decrease) of 5% (2021: 5%) in the relevant stock market index (for listed investments), the price/earning ratios of comparable listed companies (for unquoted investments) or the Company's own share price (for the conversion option of certain convertible bonds) as applicable, with all other variables held constant, would have increased/decreased the Group's profit after tax (and retained profits) and other components of consolidated equity as follows:

	2022			2021		
	%	Effect on results for the year and retained profits HK$'000	Effect on other components of equity HK$'000	%	Effect on results for the year and retained profits HK$'000	Effect on other components of equity HK$'000
Change in the relevant equity price risk variable:						
Increase	5	608	179	5	597	183
Decrease	(5)	(608)	(179)	(5)	(597)	(183)

The analysis is performed on the same basis for 2021.

(f) Fair value measurement

(i) Financial assets and liabilities carried at fair value

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

During the years ended 31 December 2021 and 2022, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

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

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

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

(f) Fair value measurement *(continued)*

(iii) Information about Level 3 fair value measurements

	Valuation techniques	Significant unobservable inputs	Range
Unlisted securities	Adjusted net asset value	Underlying assets' value	N/A
		Discount for marketability	25% to 30% (2021: 25% to 30%)

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

Significant unobservable inputs	Increase/ (decrease) in significant unobservable inputs %	2022 Increase/ (decrease) on the Group's profit HK$'000	2021 Increase/ (decrease) on the Group's loss HK$'000
Underlying assets' value	5	5,852	(5,667)
	(5)	(5,852)	5,667
Discount for marketability	1	1,665	(1,610)
	(1)	(1,665)	1,610

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

	2022 HK$'000	2021 HK$'000
Financial assets measured at FVPL:		
– Unlisted securities:		
At 1 January	113,332	128,848
Changes in fair value recognised in profit or loss	9,281	(6,248)
Unrealised exchange loss	(5,573)	(9,268)
At 31 December	117,040	113,332

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

(f) Fair value measurement *(continued)*

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

The carrying amounts of the Group's financial assets and liabilities carried at cost or amortised cost were not materially different from their fair values as at 31 December 2021 and 31 December 2022.

26 COMMITMENTS

At 31 December 2022, capital commitments outstanding not provided for in the financial statements were as follows:

	2022 HK$'000	2021 HK$'000
Contracted for	29,056	2,660
Authorised but not contracted for	28,185	20,081
	57,241	22,741

27 MATERIAL RELATED PARTY TRANSACTIONS

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

KC Ho is a non-executive director and a substantial shareholder of the Company at 31 December 2022 and 2021. Goodland holds 28% of the equity interest in the Company at 31 December 2022 and 2021. Kansas holds 30% of the equity interest in the Company at 31 December 2022 and 2021. KSC is the fellow subsidiary of Kansas and Goodland. Mr Ho Kian Guan and Mr Ho Kian Hock, executive directors of the Company, each had 1/3 indirect interest in Goodland, Kansas and KSC and are also directors of Goodland and Kansas. They are deemed to be interested in the following transactions.

27 MATERIAL RELATED PARTY TRANSACTIONS *(continued)*

	Note	For the year ended 31 December 2022 HK$'000	2021 HK$'000
(a) Transactions with Goodland			
Rental income receivable	(i)	509	509
Management fee payable	(ii)	1,968	1,968
(b) Balances with Goodland			
Amount due to Goodland	(iv)	88	660
(c) Balances with KC Ho			
Loan from KC Ho	(iii)	12,077	11,422
Amount due to KC Ho	(iii)	610	604
(d) Balances with Kansas			
Loan from Kansas	(iii)	49,856	47,152
Amount due to Kansas	(iii)	2,760	2,836
(e) Balances with KSC			
Loan from KSC	(iii)	4,067	4,313

Notes:

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

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

(iii) Loan from KC Ho of HK$9,180,000 (2021: HK$8,670,000) and HK$2,897,000 (2021: HK$2,752,000) were unsecured, interest-free and repayable on 30 April 2025 and 30 April 2023 respectively. Amount due to KC Ho of HK$610,000 (2021: HK$604,000) is interest-free, unsecured and repayable on demand.

Loan from Kansas of HK$37,898,000 (2021: HK$35,791,000) and HK$11,958,000 (2021: HK$11,361,000) was unsecured, interest-free and repayable on 30 April 2025 and 30 April 2023 respectively. Amount due to Kansas of HK$2,760,000 (2021: HK$2,836,000) is interest-free, unsecured and repayable on demand.

Loan from KSC of HK$4,067,000 (2021: HK$4,313,000) was unsecured, interest bearing on prime lending rate and repayable on demand.

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

27 MATERIAL RELATED PARTY TRANSACTIONS *(continued)*

Notes: *(continued)*

(iv) At 31 December 2022, trade and other payables included amount due to Goodland of HK$88,000 (2021: HK$660,000) comprising:

- interest bearing accounts with certain subsidiaries of the Company amounting to HK$30,000 (2021: HK$92,000).

- non-interest bearing accounts with certain subsidiaries of the Company amounted to HK$58,000 (2021: HK$568,000).

The balances are unsecured and repayable on demand.

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

28 ACCOUNTING ESTIMATES AND JUDGEMENTS

Note 25 contains information about the assumptions and their risk factors relating to financial instruments. Other significant sources of estimation uncertainty are as follows:

(a) Key sources of estimation uncertainty

(i) Valuation of investment properties

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

(ii) Impairment of assets

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

28 ACCOUNTING ESTIMATES AND JUDGEMENTS *(continued)*

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

(iii) Fair value of unlisted securities

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

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

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

29 CONTINGENT LIABILITIES

(i) At 31 December 2022, there were outstanding counter indemnities relating to guarantees issued by the bankers of a subsidiary in favour of the Macau Special Administrative Region Government in respect of properties held for sale amounted to HK$8,252,000 (2021: HK$8,252,000).

At 31 December 2022, the directors do not consider it probable that a claim will be made against the Group under any of the guarantees. The Group have not recognised any deferred income in respect of any of the above guarantees as their fair value cannot be reliably measured and they were issued many years ago and their transaction price was Nil.

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

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

30 COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

	Note	2022 HK$'000	2021 HK$'000
Non-current assets			
Property, plant and equipment		2,531	2,602
Interest in subsidiaries		2,047,958	2,014,391
Interest in associates		31,773	31,773
Other non-current financial assets		120,611	116,994
		2,202,873	2,165,760
Current assets			
Trading securities		12,154	11,940
Properties held for sale		10,727	10,727
Trade and other receivables		6,923	5,722
Deposits and cash		184,879	225,409
		214,683	253,798
Current liabilities			
Trade and other payables		7,912	7,896
Taxation payable		1,931	1,804
		9,843	9,700
Net current assets		204,840	244,098
Total assets less current liabilities		2,407,713	2,409,858
Non-current liability			
Amounts due to subsidiaries		423,084	423,800
NET ASSETS		1,984,629	1,986,058
CAPITAL AND RESERVES	24		
Share capital		498,305	498,305
Reserves		1,486,324	1,487,753
TOTAL EQUITY		1,984,629	1,986,058

Approved and authorised for issue by the board of directors on 24 March 2023.

Ho Kian Guan
Executive Chairman

Tse See Fan Paul
Executive Director

31 ULTIMATE CONTROLLING PARTY

As 31 December 2022, Kansas and Goodland hold 30% and 28% respectively of the equity interest in the Company. The directors consider the ultimate controlling party of the Group to be KS Ocean Inc., which is incorporated in Republic of Liberia. This entity does not produce financial statements available for the public use.

32 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2022

Up to the date of issue of these financial statements, the HKICPA has issued a number of new or amended standards, which are not yet effective for the year ended 31 December 2022 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
HKFRS 17, *Insurance contracts*	1 January 2023
Amendments to HKAS 1, *Presentation of financial statements* and HKFRS Practice Statement 2, *Making materiality judgements: Disclosure of accounting policies*	1 January 2023
Amendments to HKAS 8, *Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates*	1 January 2023
Amendments to HKAS 12, *Income Taxes: Deferred tax related to assets and liabilities arising from a single transaction*	1 January 2023
Amendments to HKAS 1, *Presentation of financial statements: Classification of liabilities as current or non-current*	1 January 2024
Amendments to HKAS 1, *Presentation of financial statements: Non-current liabilities with covenants*	1 January 2024
Amendments to HKFRS 16, *Leases: Lease liability in a sale and leaseback*	1 January 2024

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

FIVE YEAR FINANCIAL SUMMARY

	2022 HK$'000	2021 HK$'000	2020 HK$'000	2019 HK$'000	2018 HK$'000
Consolidated statement of profit or loss					
Revenue	1,429,488	482,878	665,709	1,943,399	2,022,401
Profit/(loss) before share of profits less losses of associates	115,752	(230,448)	(742,429)	39,405	329,098
Share of results of associates	14,071	(11,628)	(15,347)	5,682	6,833
Profit/(loss) before taxation	129,823	(242,076)	(757,776)	45,087	335,931
Income tax	(5,624)	57,872	211,815	79,238	(19,428)
Profit/(loss) for the year	124,199	(184,204)	(545,961)	124,325	316,503
Attributable to:					
Equity shareholders of the Company	76,302	(194,724)	(562,586)	5,516	196,579
Non-controlling interests	47,897	10,520	16,625	118,809	119,924
	124,199	(184,204)	(545,961)	124,325	316,503
Consolidated statement of financial position					
Investment properties, property, plant and equipment and land	3,255,428	3,421,797	3,537,291	3,950,958	4,042,213
Interest in associates	85,891	84,645	105,825	121,060	114,587
Other non-current assets	557,594	496,697	436,035	367,943	236,912
Current assets	1,736,983	1,575,885	1,675,375	2,392,160	2,210,090
	5,635,896	5,579,024	5,754,526	6,832,121	6,603,802
Share capital	498,305	498,305	498,305	498,305	498,305
Reserves	2,438,494	2,409,335	2,603,168	3,200,903	3,251,983
Non-controlling interests	615,847	629,047	633,796	678,464	669,928
Non-current liabilities	244,050	1,322,060	947,083	187,998	1,592,941
Current liabilities	1,839,200	720,277	1,072,174	2,266,451	590,645
	5,635,896	5,579,024	5,754,526	6,832,121	6,603,802
Other data					
Basic earnings/(loss) per share (cents)	22.4	(57.2)	(165.4)	1.6	57.8
Dividends per share (cents)	5.0	4.0	N/A	8.0	16.0
Dividend cover (times)	4.5	N/A	N/A	0.2	3.6

SCHEDULE OF PRINCIPAL PROPERTIES

At 31 December 2022

Properties	Group's interest	Type	No. of units	Gross floor area (sq. ft.)	Lease term
Properties classified as investment properties					
Luso International Bank Building 1, 3 and 3A Rua Do Dr. Pedro Jose Lobo, Macau	100%	Office	40	30,264	Short lease
Ocean Plaza, I & II Ocean Gardens, Macau	70.61%	Commercial	47	94,525	Short lease
Ocean Tower Ocean Gardens, Macau	70.61%	Office	19	49,703	Short lease
Ocean Tower Ocean Gardens, Macau	70.61%	Car parks	206	N/A	Short lease
Properties classified as hotel properties					
Sheraton Ottawa Hotel Ottawa, Canada	85%	Hotel	236	191,296	Freehold
Delta Hotels by Marriott Toronto Airport & Conference Centre Toronto, Canada	25%	Hotel	433	447,380	Freehold
Caravelle Hotel Ho Chi Minh City, Vietnam	24.99%	Hotel	335	388,458	Medium lease
Holiday Inn Wuhan Riverside Wuhan, PRC	41.26%	Hotel	305	296,288	Medium lease
Sheraton Saigon Hotel & Towers Ho Chi Minh City, Vietnam	64.12%	Hotel	485	742,156	Medium lease
W San Francisco San Francisco, United States	100%	Hotel	411	292,168	Freehold
Sofitel New York New York, United States	100%	Hotel	398	294,000	Freehold
Best Western Hotel Fino Osaka Shinsaibashi Osaka, Japan	100%	Hotel	179	41,720	Freehold

SCHEDULE OF PRINCIPAL PROPERTIES (continued)

At 31 December 2022

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

SUSTAINABILITY EFFORTS AND AWARDS IN 2022
二零二二年可持續發展工作及獎項

Our Properties
我們集團的物業

Sheraton Saigon Hotel & Towers, Vietnam
越南胡志明市西貢喜來登酒店

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

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

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

SUSTAINABILITY EFFORTS AND AWARDS IN 2022 (continued)
二零二二年可持續發展工作及獎項（續）

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

Sheraton Ottawa Hotel, Canada
加拿大渥太華喜來登酒店

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

Sotel New York, USA
美國紐約索菲特酒店

W Hotel San Francisco, USA
美國三藩市W酒店

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

Ocean Gardens, Macau
澳門海洋花園

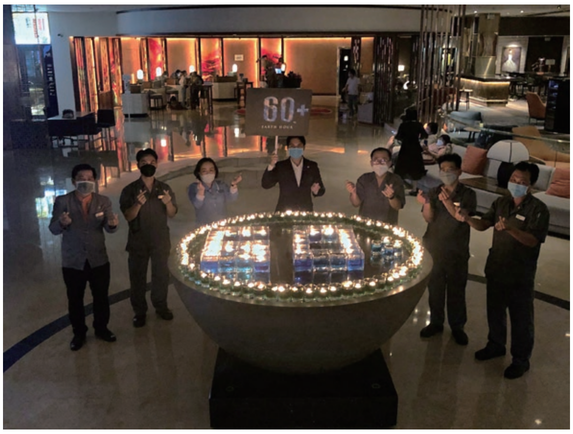
Ocean Club, Macau
澳門海洋會所

Ocean Tower, Macau
澳門海洋大廈

Plaza Oceano, Macau
澳門海洋廣場

SUSTAINABILITY EFFORTS AND AWARDS IN 2022 (continued)
二零二二年可持續發展工作及獎項(續)

Sheraton Saigon Hotel & Towers, Vietnam 越南胡志明市西貢喜來登酒店



Earth Hour
地球一小時

Marriott Road to Give 2022
二零二二萬豪慈善之路

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

Street Cleaning
街道清潔

SUSTAINABILITY EFFORTS AND AWARDS IN 2022 (continued)
二零二二年可持續發展工作及獎項(續)

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


捐赠证书

武汉晴川假日酒店：

感谢贵单位对汉阳区公益慈善事业的大力支持，向我会捐赠 自助餐家庭套餐 等物资，价值 4760 元。我们将遵照捐赠意愿，依法行善，对于贵单位的人道主义精神和善行义举表示衷心的感谢，并致以崇高敬意！

特颁此证，谨致谢忱！

武汉市汉阳区慈善会

2022年 1 月12日

Donation
慈善捐贈

Visit children with mental retardation
探訪兒童

Sofitel New York, USA 美國紐約索菲特酒店

Toy drive
玩具慈善捐贈

SUSTAINABILITY EFFORTS AND AWARDS IN 2022 (continued)
二零二二年可持續發展工作及獎項（續）

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

Bake Sale for SickKids Foundation
為病童籌款

Sheraton Ottawa Hotel, Canada 加拿大渥太華喜來登酒店

CHEO Bear Tree
CHEO 玩具捐贈