海天地悅旅集團有限公司

S.A.I. LEISURE GROUP COMPANY LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1832

ANNUAL REPORT 2023

CONTENTS

In case of any inconsistency between the English version and the Chinese version of this annual report, the English version shall prevail.

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Dr. TAN Henry, *BBS, JP (Vice Chairman and CEO)*
Mr. CHIU George
Mrs. SU TAN Jennifer Sze Tink

Non-Executive Directors

Dr. TAN Siu Lin, *SBS (Chairman)*
Mr. TAN Willie
Mr. SCHWEIZER Jeffrey William
(Redesignated on September 1, 2023)

Independent Non-Executive Directors

Mr. CHAN Leung Choi Albert
Mr. MA Andrew Chiu Cheung
Mr. WONG Chun Tat, *JP*

AUDIT COMMITTEE

Mr. MA Andrew Chiu Cheung *(Chairman)*
Mr. CHAN Leung Choi Albert
Mr. WONG Chun Tat, *JP*

REMUNERATION COMMITTEE

Mr. CHAN Leung Choi Albert *(Chairman)*
Mr. WONG Chun Tat, *JP*
Dr. TAN Henry, *BBS, JP*

NOMINATION COMMITTEE

Mr. WONG Chun Tat, *JP (Chairman)*
Mr. CHAN Leung Choi Albert
Dr. TAN Henry, *BBS, JP*

CHAIRMAN AND NON-EXECUTIVE DIRECTOR

Dr. TAN Siu Lin, *SBS*

COMPANY SECRETARY

Ms. CHEUNG Pik Shan Bonnie

AUTHORIZED REPRESENTATIVES

(for the purpose of the Listing Rules)
Dr. TAN Henry, *BBS, JP*
Ms. CHEUNG Pik Shan Bonnie

LEGAL ADVISERS TO OUR COMPANY

As to Hong Kong laws
Deacons
5th Floor
Alexandra House
18 Chater Road
Central, Hong Kong

As to CNMI and Guam laws
Blair Sterling Johnson & Martinez, P.C.
238 Archbishop Flores Street
Suite 1008
Hagåtña Guam
96910-5205

AUDITOR

Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor
27th Floor, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

REGISTERED OFFICE

Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

CORPORATE HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS REGISTERED UNDER PART 16 OF THE COMPANIES ORDINANCE

5/F, Nanyang Plaza
57 Hung To Road
Kwun Tong, Kowloon
Hong Kong

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
Bank of Hawaii, Hagatna Branch
Bank of Hawaii, Gualo Rai Branch
First Hawaiian Bank, Gualo Rai Branch
The Hongkong and Shanghai Banking Corporation Limited

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

Financial Calendar and Investor Relation Information

Announcement of 2023 Final Results		March 26, 2024
Announcement of 2023 Interim Results		August 23, 2023
Dividends	2023 Final	Nil
	2023 Interim	Nil
Closure of Register of Members for ascertaining shareholders' entitlement to attend and vote at the annual general meeting		Period from May 27 to May 30, 2024
Date of Annual General Meeting in 2024		May 30, 2024
Authorized Shares		500,000,000 shares
Issued Shares		360,000,000 shares (as at December 31, 2023)
Website address		www.saileisuregroup.com
Stock Code		1832
Board Lot		1,000 shares
Financial Year End		December 31

Key Financial Highlights

	2023 **US$'000**	2022 US$'000
Revenue	**36,847**	15,751
Operating loss	**(18,183)**	(12,472)
Loss attributable to owners of the Company	**(22,961)**	(11,425)
As a percentage of revenue	**-62.3%**	-72.5%
Basic loss per share (US cents)	**(6.4)**	(3.2)
Dividend per share		
— Final (US cent)	**—**	—
— Interim (US cent)	**—**	—
Equity		
Attributable to owners of the Company	**51,558**	74,519

CHAIRMAN'S STATEMENT

Dear Shareholders,

It is my pleasure to present the annual report of S.A.I. Leisure Group Company Limited (the "**Company**") and its subsidiaries (collectively, the "**Group**") for the financial year ended December 31, 2023 (the "**Year**").

OVERVIEW

During the Year, countries around the globe conformed to the "co-living" with COVID-19 and gradually scrapped all travel restrictions and quarantine requirements previously imposed on travelers during the pandemic years. The reopening of China's borders at the start of 2023 and the continuous increase in air connectivity throughout the Year unleashed the pent-up demand on outbound travels and support a sustainable recovery of the global tourism markets.

Tourist arrivals on Guam and the Commonwealth of Northern Marianas Islands (the "**CNMI**") continued to grow in 2023 with both destinations recording double visitor arrivals as compared to 2022. Stepping into 2024, the tourist arrivals on Guam and the CNMI kept climbing up and among all, the recovery of tourists from South Korea, one of our key tourist origin markets, is notable and outperformed the other origin markets. Tourist arrivals from Japan were sluggish due to the weakened currency and the uncertainty of the future economic situation; whilst the recovery of tourist arrivals from Mainland China was slow due to the fact that the resumption of flights between certain PRC cities and Saipan was still under process.

BUSINESS DEVELOPMENT

Our two InterContinental Hotels Group ("**IHG**") branded hotel, Crowne Plaza Resort Saipan and Crowne Plaza Resort Guam, were reopened with a dazzling new look on October 31, 2022 and March 28, 2023, respectively. Riding on the gradual recovery of the tourism market, both Crowne Plaza resorts contributed a substantial increase to the Group's revenue for the twelve months ended December 31, 2023. During the Year, management of the Group and IHC Hotel Limited (the "**Hotel Manager**") focused on the ramp up and gained a reasonable market share out of the recovering tourism market. Moving forward, we will continue to secure our market share and adjust the operation strategies to raise the segmental margin and improve the hotels' operation efficiency. Kanoa Resort has remained closed since the completion of the emergency contract between the Group and the CNMI Homeland Security and Emergency Management in July 2022. We are in the process of carrying out the planning and design works for the renovation and rebranding of Kanoa Resort in order for it to be reopened as "voco Resort Saipan" in the future.

All the Group's luxury travel retail boutiques in Guam and Hawaii, as well as two out of the Group's five luxury travel retail boutiques in Saipan have resumed operation under normal business hours from the start of the Year. With the gradual return of tourists to the CNMI, the remaining three out of the Group's five luxury travel retail boutiques in Saipan have resumed operation at different times during the Year. Having said that, management of the Group continues to implement effective cost-saving measures and has relocated the boutiques of certain brands in Guam to stronger retail spaces to improve the segmental profits of the luxury travel retail business.

GOING FORWARD

Various research showed that international tourism is expected to fully recover to pre-pandemic levels by the end of 2024, with initial estimates pointing to 2.0% growth above 2019 levels. However, such forecast remains subject to the resumption of air connectivity and the pace of recovery of existing economic and geopolitical downside risks. Among all, China is still a source market with significant room for recovery. With the resumption of international flights, the recovery of the tourism industry in the region might boost accordingly.

In 2024, the management of the Group continues to adjust the Group's business plan and strategies to seize the best market opportunities to achieve long-term and sustainable business growth. With our strong collaboration with the IHG brand, we are to refresh the image, recognition and market reputation of our "S.A.I. Leisure Group" brand so as to strengthen our leading position in the market.

Last but not least, I would like to extend my sincere gratitude to our management and staff for their commitment and hard work in the past years. I would also like to thank our shareholders and customers for their loyalty and confidence in the Group.

S.A.I. Leisure Group Company Limited
Dr. TAN Siu Lin, *SBS*
Chairman

Hong Kong, March 26, 2024

MANAGEMENT DISCUSSION AND ANALYSIS

Management Discussion and Analysis

BUSINESS OVERVIEW

Despite the fact that economic and geopolitical difficulties still prevailed around the world, the global recovery of the travel and tourism industry continued at pace in 2023, demonstrating the resilience of the sector and people's enduring desire to travel. The continuous reopening of China's borders to the globe from the start of 2023 made a big step in expediting the recovery of the tourism industry. Currently, people around the globe have conformed to "co-living" with COVID-19 and the travel restrictions and/or quarantine requirements of all countries have been eliminated, making travel effortless for both business and leisure travelers.

In 2023, the travel and tourism industry in Guam and Saipan witnessed a progressive recovery. For the year of 2023, Guam recorded over 656,000 visitor arrivals, which was double the visitor arrivals of 2022 and approximately 39.4% of the visitor arrivals of 2019 (pre-pandemic). On the other hand, Saipan recorded over 215,000 visitor arrivals in 2023, which was approximately 2.2 times the visitor arrivals of 2022 and approximately 44.3% of the visitor arrivals of 2019 (pre-pandemic).

Among our key tourist origin markets, South Korea continues to be the top tourist origin market of both Guam (56.6% of total visitor arrivals of 2023) and the CNMI (82.3% of total visitor arrivals of 2023). With effect from March 11, 2023, the government of South Korea has scrapped COVID-19 testing requirements for international entrants upon their arrival in South Korea, this precipitated the recovery of outbound travel for the South Koreans. Besides, in early June 2023, the CNMI governor and representatives of the Marianas Visitors Authority (the "**MVA**") has reaffirmed ties and collaboration with key tourism partners in South Korea, including but not limited to travel agencies, airlines and government departments, which further intensified the continuous recovery of the South Korea market.

With effect from April 29, 2023, the Japanese government ended its border control measures, making international travel easier in terms of national regulations. However, recovery in outbound travelers has been sluggish due to inflations, weakened currency and ongoing uncertainty in the economic situation. The continued extension of the government-backed National Travel Discount program in Japan suppressed the international travel sentiments of the Japanese. For the Year, the cumulative visitor arrivals from Japan to Guam was approximately 137,000 visitors, representing 20.8% of total visitor arrivals of 2023.

During the Year, Kanoa Resort remained closed, and the Group is in the process of carrying out planning and design works for the renovation and rebranding of Kanoa Resort in order for it to be reopened as “voco Resort Saipan” in the future. On the other hand, Crowne Plaza Resort Guam, Crowne Plaza Resort Saipan and Century Hotel continued to be open for business throughout the Year. All luxury travel retail boutiques in Guam, Hawaii and Saipan as well as one of the Group’s three excursion tours continued to be open for business during the Year. Furthermore, in August 2023, a new convenience store was opened within the hotel premises of Crowne Plaza Resort Guam, marking the expansion of the Group’s destination services businesses from Saipan to Guam.

Typhoon Mawar lashed Guam for hours on the night of May 24, 2023. Being the strongest storm that hit Guam since 2002, Typhoon Mawar damaged the structure of the buildings, cutting electricity and access to water for most areas of Guam. Crowne Plaza Resort Guam managed to remain in operation after the typhoon hit with no major damage to the structure of the hotel property. On the contrary, all luxury travel retail boutiques of the Group in Guam were closed for a month after the typhoon hit and could resume operation only in the week of June 26, 2023.

REVENUE AND OPERATING LOSS

For the Year, the Group recorded a revenue of approximately US$36,847,000, representing an increase of US$21,096,000 from approximately US$15,751,000 in the preceding year. The total revenue from our Guam businesses increased by 312.7% whilst that of Saipan businesses increased by 43.2% when compared to the preceding year. The substantial increase in revenue was mainly due to the resumption of operation of both Crowne Plaza Resort Guam and Crowne Plaza Resort Saipan throughout the Year.

Resumption of the operation of both Crowne Plaza resorts of the Group attributed to a significant increase in certain hotel operating expenses. In particular, there was a sharp increase in (i) utilities and operating expenses and (ii) staff costs as both Crowne Plaza resorts maintained a full team of staff since their respective reopening dates in view of operational needs, whilst in the preceding year, both resorts only maintained a full team in the last month of the year.

In view of the increase in operating expenses, the Group recorded an operating loss of US$18,183,000 for the Year (2022: US$12,472,000). The said operating loss has taken into account, amongst others, the recognition of depreciation and amortization expenses (non-cash items) relating to the Group's assets of approximately US$10,865,000 (2022: US$4,306,000).

Performance of the Group's business is covered in more detail under the "Segmental Review" section below.

SEGMENTAL REVIEW

The Hotels & Resorts Segment, Luxury Travel Retail Segment and Destination Services Segment accounted for approximately 76.5%, 21.6% and 1.9% respectively of the Group's total revenue for the Year.

Hotels & Resorts Segment

During the Year, the Hotels & Resorts Segment generated total revenue of US$28,194,000, representing an increase of US$20,134,000 or 249.8% when compared to the full year in 2022. The substantial increase in revenue was mainly due to the resumption of operations of Crowne Plaza Resort Guam and Crowne Plaza Resort Saipan, which contributed an increase in revenue by approximately US$17,343,000 and approximately US$9,109,000, respectively. Being the newly renovated resorts on the islands, both Crowne Plaza Resort Guam and Crowne Plaza Resort Saipan kept ramping up their operations and competing for their share of the recovering tourism markets in Guam and Saipan throughout the Year. Revenues from Crowne Plaza Resort Guam and Crowne Plaza Resort Saipan were limited during the first half of the Year as the return of tourists was sluggish as travel restrictions were being still imposed in our major tourist origin markets. On the other hand, no revenue was generated by Kanoa Resort (to be renovated and rebranded as "voco Resort Saipan") in 2023 (2022: US$6,222,000) as it remained temporarily closed since July 2022 after completion of the emergency contract with the CNMI Homeland Security and Emergency Management. As a result, the increase in revenue was not sufficient to offset the significant increase in operating expenses due to the resumption of the hotels' operations.

Having said that, management of the Group continued to implement effective cost-saving measures and adjust operation strategies with IHC Hotel Limited (the "**Hotel Manager**") to alleviate the negative financial impact during the ramp-up period of the two Crowne Plaza resorts and the temporary closure of Kanoa Resort as well as to improve the hotels' operation efficiency. For the Year, the negative segmental operating margin was mainly attributable to (1) an increase in the staff cost and operating expenses in view of the full resumption of operations of Crowne Plaza Resort Saipan (throughout the Year) and Crowne Plaza Resort Guam (since March 2023); and (2) the recognition of depreciation and amortization expenses (non-cash items) under the Hotels & Resorts Segment of approximately US$10,316,000.

Crowne Plaza Resort Guam

The asset rejuvenation and rebranding works under the hotel management agreement with the Hotel Manager was completed early this Year and the grand opening of Crowne Plaza Resort Guam was held on March 28, 2023. For the Year, revenue from Crowne Plaza Resort Guam increased by US$17,343,000, representing an increase of 3,102.5% as compared to the preceding year and equivalent to approximately 88.8% of the revenue of Fiesta Resort Guam (now rebranded as Crowne Plaza Resort Guam) for the year of 2019 (pre-pandemic).

Being a newly renovated resort on the island, Crowne Plaza Resort Guam kept ramping up its operation and competing for its share of the recovering tourism markets in Guam throughout the Year. The Group benefits from the use of the InterContinental Hotels Group's booking engines and enjoys the InterContinental Hotels Group's marketing and operational support. With the support from the U.S. market and the recovery of tourist arrivals from South Korea and Japan, Crowne Plaza Resort Guam was able to achieve positive gross operating profit in the Year. Strategies have been adjusted to improve the hotel's operation efficiency as well as optimizing our sales channels and business mix, which grows our average room rate, enhances customers' loyalty and reduces the cost of sales and reliance on wholesales agents.

On May 24, 2023, Typhoon Mawar lashed Guam for hours, damaging buildings, cutting electricity and access to water for most areas of Guam. Crowne Plaza Resort Guam managed to remain in operation after the typhoon hit with no major damage to the structure of the hotel property.

Crowne Plaza Resort Saipan

Similarly, the asset rejuvenation and rebranding works under the hotel management agreement with the Hotel Manager for Crowne Plaza Resort Saipan was completed in October 2022 and the grand opening of the resort was held on October 31, 2022. For the Year, revenue from Crowne Plaza Resort Saipan increased by US$9,109,000, representing an increase of 981.6% as compared to the preceding year and equivalent to approximately 33.9% of the revenue of Fiesta Resort Saipan (now rebranded as Crowne Plaza Resort Saipan) for the year of 2019 (pre-pandemic).

Being the newest hotel in town, Crowne Plaza Resort Saipan also kept ramping up its operation and competing for its share of the recovering tourism markets in Saipan throughout the Year. On August 10, 2023, the Ministry of Culture and Tourism of the People's Republic of China (the "**PRC**") announced the resumption of group tours to various overseas destinations, particularly the CNMI. Having said that, in order to speed up the return of tourists from China, the resumption of flights between certain PRC cities with Saipan is pivotal. The Group's management is endeavoring to facilitate the process and is working with various airlines to prepare for the resumption of flights between certain PRC cities and Saipan.

Kanoa Resort

In July 2022, Kanoa Resort completed the emergency contract with the CNMI Homeland Security and Emergency Management and remained closed since then. On December 29, 2020, the Group had entered into the hotel management agreement with the Hotel Manager, pursuant to which Kanoa Resort will be rebranded as "voco Resort Saipan" after the completion of the renovation and rebranding works contemplated under the hotel management agreement. The Group is now in the process of carrying out planning and design works for the renovation and rebranding of the hotel.

Luxury Travel Retail Segment

For the Year, revenue from the Luxury Travel Retail Segment was US$7,948,000, representing an increase of US$500,000 or 6.7% as compared to the preceding year of US$7,448,000. The increase in the revenue was mainly due to (1) the increase in tourist arrivals in Guam and Saipan; and (2) the resumption of the operation of the remaining three luxury travel retail boutiques in Saipan. Such increase was offset by the one-month business interruption caused by Typhoon Mawar on the Group's luxury travel retail boutiques in Guam.

On the night of May 24, 2023, Typhoon Mawar lashed Guam for a few hours, damaging buildings, cutting electricity and access to water for most areas of Guam. The Group's luxury travel retail boutiques in Guam resumed its operation under normal business hours on a daily basis from the start of 2023, have closed since the typhoon hit and was able to reopen in the week of June 26, 2023 after the city restored. During the Year, the Group's luxury travel retail boutiques in Hawaii and two out of the Group's five luxury travel retail boutiques in Saipan continued to operate under normal business hours on a daily basis. The remaining three out of the Group's five luxury travel retail boutiques in Saipan resumed operation under normal business hours in August, September and October, respectively.

Management Discussion and Analysis

For the twelve months ended December 31, 2023, the Luxury Travel Retail Segment turned the segmental operating margin to positive. In order to alleviate the negative financial impact on the segmental results, the management of the Group continued to implement effective cost-saving measures as well as to review cautiously and eliminate loss-making brands. During the Year, two out of the Group's nine brands closed their boutiques in Guam, which mitigated the negative financial and operational impacts on the Luxury Travel Retail Segment. On the other hand, in order to improve the segmental profitability, four out of the Group's nine brands relocated their boutiques in Guam to a mall with stronger retail spaces. Depreciation and amortization expenses (non-cash items) recognized during the Year under the Luxury Travel Retail Segment was approximately US$500,000.

Destination Services Segment

For the Year, revenue from the Destination Services Segment was US$705,000, representing an increase of US$462,000 or 190.1% as compared to the preceding year. The increase in the revenue was mainly contributed by the resumption of operation of the Group's convenience store, which is located within the hotel premises of Crowne Plaza Resort Saipan. The newly renovated convenience store occupies a more spacious retail area and offers hotel guests commodities in more varieties. In August 2023, the Group's destination services businesses expanded to Guam and newly opened a convenience store, which is located within the hotel premises of Crowne Plaza Resort Guam. On the other hand, the gradual business resumption of one of the Group's three excursion tours and the launch of new excursion tours during the Year also contributed to the increase in revenue.

For the twelve months ended December 31, 2023, the segmental loss of the Destination Services Segment was US$450,000, which is similar to the preceding year. The management of the Group is cautiously optimistic that the performance of the Destination Services Segment could be improved upon the increase in the volume of transactions as a result of the progressive recovery of the tourist market. Depreciation and amortization expenses (non-cash items) recognized during the Year under the Destination Services Segment was approximately US$48,000.

ACQUISITIONS AND INVESTMENTS

During the Year, the Group did not make any material acquisitions and disposals of subsidiaries, associates, or joint ventures.

The Group had no significant investments held during the Year.

EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Stepping into 2024, the recovery of international tourism is at pace and industry experts are expecting the global tourism industry to resume back to the pre-pandemic levels with little growth by the end of 2024.

Subsequent to the end of the Year, the Group continues its efforts to expand its share of the recovering tourism markets in Guam and Saipan, improve the operation efficiency of both Crowne Plaza resorts and to promote the food and beverage ("**F&B**") business of Crowne Plaza Resort Guam. Century Hotel remains open for business whilst Kanoa Resort remains closed. The Group is in the process of carrying out planning and design works for the renovation and rebranding of Kanoa Resort in order for it to be reopened as "voco Resort Saipan" in the future.

All luxury travel retail boutiques in Guam, Saipan and Hawaii have resumed daily operation under normal business hours on a daily basis. Subsequent to the end of the Year, the franchise agreement signed by the Group with one of the brands expired on January 31, 2024. Under mutual agreement, the term of the franchise agreement further extended for one month and finally completed on February 29, 2024. As of the date of this annual report, the Group has a total of seven renowned brands and operates a total of twelve boutiques in Guam, Saipan and Hawaii.

For the Destination Services Segment, convenience stores located within the hotel premises of each of the Crowne Plaza resorts and one of the Group's three excursion tours as well as certain new excursion tours, which launched during the Year, continue to operate in 2024.

FUTURE PLANS AND MARKET PROSPECTS

Research showed that international tourism is expected to fully recover to pre-pandemic levels by the end of 2024, with initial estimates pointing to 2.0% growth above 2019 levels. Such forecast remains subject to the pace of recovery in Asia and to the evolution of existing economic and geopolitical downside risks.

Stepping into 2024, tourist arrivals in the CNMI continues to grow. According to the MVA, the total tourist arrivals to the CNMI increased 91.7% to 23,840 visitors in January 2024 as compared to the same period in 2023. Visitor arrivals from South Korea registered 16,770 visitors in January 2024, representing a 66.0% increase as compared to the same period in 2023. Currently, direct flight service is provided from Seoul by three airlines, whilst one of the three airlines has announced that it will extend the operation of its Incheon-Saipan route beyond March. Besides, in February 2024, another airline operated 10 additional charter flights to meet the high seat demand during the Lunar New Year holiday period, which boosted the occupancy rate of Crowne Plaza Resort Saipan. Whilst South Korea monopolized to be the top tourist origin market in Saipan, the return of tourists from our two other key tourist origin markets are sluggish. The continuous weakened currency as well as the uncertainty in the economic situation retarded the return of Japanese tourists. On the other hand, China arrivals to the CNMI are mostly free individual travelers ("**FITs**") arriving via Seoul or Tokyo. In order to speed up the return of tourists from China, the resumption of flights between certain PRC cities with Saipan is pivotal. As of the date of this annual report, it was confirmed that one airline will launch its direct flight from Hong Kong to Saipan with effect from April 28, 2024. The Group's management is endeavoring to facilitate the resumption of flights between certain PRC cities and Saipan.

For Guam, the Guam Visitors Bureau is projecting a robust 1.1 million visitor arrivals in the fiscal year 2024. In 2023, the return of tourists from South Korea was on track and coupled with the support of U.S. market, the recovery momentum of Guam is above par. Tourist arrivals in January 2024 increased by 38.0% as compared to the same period in 2023. South Korea continues to be the top tourist origin market; whilst the tourist arrivals from Japan has a big jump in January 2024 showing an increase of 295.6% as compared to the same period in 2023. Based on latest economic data, the economy of Japan is recovering moderately despite the fact that its currency stays weak. With the government-backed National Travel Discount program gradually fading out, it is foreseeable that once the economy of Japan recovers to a satisfactory level, the international travel sentiments will be regained.

Hotel & Resorts Segment

As of the date of this annual report, the Hotel Manager of Crowne Plaza Resort Guam and Crowne Plaza Resort Saipan continues its efforts to expand the hotels' share of the recovering tourism markets in Guam and Saipan, improve the operation efficiency of both Crowne Plaza resorts and to promote the F&B business of Crowne Plaza Resort Guam.

As announced on December 29, 2020, the Group has entered into the hotel management agreement in respect of Kanoa Resort with the Hotel Manager and Kanoa Resort will be rebranded as "voco Resort Saipan" after the completion of renovation and rebranding works. As of the date of this annual report, Kanoa Resort remains closed. Due to the level of capital commitment required for carrying out the relevant works and in view of the fact that the Saipan tourism market is still picking up, the management of the Group is taking a cautious approach, and the date of commencement of the renovation and rebranding works is yet to be confirmed.

The capital expenditure to be incurred in respect of the renovation and upgrade works of Kanoa Resort will be funded partly by the Group's internal resources and partly by external financing.

With the InterContinental Hotels Group managing Crowne Plaza Resort Guam, Crowne Plaza Resort Saipan and Kanoa Resort (after its rebranding as "voco Resort Saipan"), our management expects that this will create positive synergy among the three major hotels of the Group when the leisure travel market fully recovers.

Luxury Travel Retail Segment

Supported by the military build-up and the gradual return of tourists, the resumption of the local economy of Guam is above par. The Group's management continues to relocate the boutiques in Guam to stronger retail spaces with the view of improving the segmental profitability. As of the date of this annual report, three out of the six boutiques newly relocated to stronger retail spaces and operate under normal business hours. Two out of the six new retail spaces are under renovation and the Group's management expects to move into the new retail spaces in the second half of 2024. The capital expenditure to be incurred in respect of the renovation of the new retail spaces will be funded partly by the landlord's sponsorship, partly by the brand owner's sponsorship and partly by the Group's internal resources. For Saipan, all the Group's luxury travel retail boutiques will continue to operate under normal business hours.

Other plans and prospects

To maintain the Group's long-term growth and for the best interests of the Group and the shareholders of the Company as a whole, the Group's management continues to explore possible merger and acquisition opportunities.

INVESTOR RELATIONS AND COMMUNICATIONS

The Group acknowledges the importance of communication with our Shareholders. The Group promotes investor relations proactively through meetings with analysts and investors, media luncheon and company interviews. Each year, an annual general meeting will be called by giving not less than 20 clear business days' notice and the Directors will be available at the annual general meeting to answer questions on the Group's business.

The Group encourages two-way communication with both private and institutional investors and responds to their enquiries in an informative and timely manner. The Group has established various forms of communication channels to improve its transparency, including proactive and timely issuance of press releases to inform investors of our latest development. The Group regularly updates its corporate information on the Company's website (www.saileisuregroup.com) in both English and Chinese.

CONTINGENT LIABILITIES

As at December 31, 2023 and 2022, the Group did not have any material contingent liabilities.

VALUATION OF PROPERTIES

For the purpose of conforming the bank covenants, a valuation as at September 30, 2023 was conducted on the properties held by our Group in Saipan and Guam (the "**Properties**"). The Properties include premises occupied by our Group for our business operations and premises in our hotels and resorts leased to third parties on concessions in return for a rental income. The Properties were valued at US$136,900,000 in aggregate as at September 30, 2023 by AP Hospitality Advisors. The Properties were classified as property, plant and equipment and investment properties in the consolidated statement of financial position. As detailed in note 3 to the consolidated financial statements, the property, plant and equipment and investment properties are carried at historical cost less deprecation and impairment loss. Accordingly, no additional depreciation would be charged to the consolidated statement of profit or loss and other comprehensive income regardless of the changes in the market value of the Properties.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

During the Year, both Crowne Plaza Resort Guam and Crowne Plaza Resort Saipan kept ramping up their operations and competing for their share of the recovering tourism markets in Guam and Saipan. Management of the Group's luxury travel retail business continued to implement effective cost-saving measures as well as relocate their boutiques in Guam with stronger retail spaces to improve the segmental margin. The financial position of the Group remained healthy throughout the Year. The Group generally finances its operations with internally generated cash flows, proceeds from the Company's listing on the Main Board of the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**" or "**HKEx**") on May 16, 2019 (the "**Listing**"), shareholder's loans and external financing. As at December 31, 2023, the total amount of cash and bank deposits of the Group was approximately US$4,438,000, which is slightly increased as compared to that as at December 31, 2022.

During the Year, the Group continues to use internally generated cash flows, proceeds from the Listing and shareholder's loan to finance the asset rejuvenation plan of the Group. As at December 31, 2023, the full amount of the banking facilities were drawn to finance the renovation and upgrade works carried out to Crowne Plaza Resort Guam and Crowne Plaza Resort Saipan. During the Year, the total capital expenditure for the asset rejuvenation plan was approximately US$8,702,000.

As at December 31, 2023, the Group had an interest-bearing term loan of US$42,633,000 (As at December 31, 2022: US$43,000,000) and a revolving loan of US$5,000,000 (As at December 31, 2022: US$5,000,000). The relevant banking facilities were fully drawn down as at December 31, 2023. Based on the scheduled repayments set out in the relevant banking facility letter, the maturity profile of the term loan is spread over a period of five years, with approximately US$367,000 was repaid during the Year, approximately US$3,133,000 repayable in the second year, approximately US$4,300,000 repayable in the third year, approximately US$15,833,000 repayable in the fourth year, and approximately US$19,367,000 repayable within the fifth year.

On August 30, 2022, the Group entered into a loan agreement with Tan Holdings Corporation ("**Tan Holdings**") for a loan facility of US$5,000,000. The loan is unsecured, interest-bearing at 2.0% per annum and repayable in 1 year from the date of the loan agreement. As at December 31, 2023, the full amount of the loan facility had been drawn down by the Company and, on June 30, 2023, Tan Holdings has confirmed to grant an extension of 2 years to the repayment term of this loan facility. On December 16, 2022, the Group entered into a second loan agreement with Tan Holdings for a loan facility of US$8,000,000. The loan is unsecured, interest-bearing at 2.0% per annum and repayable in 2 years from the date of the loan agreement. As at December 31, 2023, the full amount of the loan facility had been drawn down by the Company. On February 28, 2023, the Group entered into a third loan agreement with Tan Holdings for a loan facility of US$8,000,000. The loan is unsecured, interest-bearing at 2.0% per annum and repayable in 2 years from the date of the loan agreement. As at December 31, 2023, the full amount of the loan facility had been drawn down by the Company. Further on August 1, 2023, the Group entered into a fourth loan agreement with Tan Holdings for a loan facility of US$7,000,000. The loan is unsecured, interest-bearing at 5.0% per annum and repayable in 2 years from the date of the loan agreement. As at December 31, 2023, an amount of US$5,000,000 had been drawn down by the Company.

Subsequent to the year end, the Group entered into a fifth loan agreement with Tan Holdings on February 29, 2024 for a loan facility of US$4,000,000. The loan is unsecured, interest-bearing at 5.0% per annum and repayable in 2 years from the date of the loan draw down.

The Directors are of the view that the Group has adequate liquidity to meet its expected working capital requirements and capital expenditure requirements in the coming twelve months from December 31, 2023.

Gearing ratio of the Company is calculated based on the total interest-bearing bank borrowings divided by total equity as at the end of respective years and multiplied by 100%. As at December 31, 2023, the gearing ratio of the Group was 93.0% (2022: 64.7%).

The capital structure of the Group consists of debt which includes bank borrowings, shareholder's loans, net of cash and cash equivalents and equity attributable to owners of the Company, which comprises issued share capital, share premium and various reserves as shown in the consolidated statement of financial position. There has been no changes in the share capital structure of the Company since the Listing Date.

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maximize the return to the Shareholders through the optimization of the debt and equity balance. The Directors review the capital structure regularly, taking into account the cost of capital and the risk associated with the capital.

CHARGE ON ASSETS

As at December 31, 2023 and 2022, the Group had aggregate banking facilities of US$48,000,000 and US$48,000,000, respectively, which were fully utilized and were secured by certain buildings and investment properties owned by the Group.

FOREIGN EXCHANGE RISK MANAGEMENT

The subsidiaries of the Group mainly operate in Saipan, Guam and Hawaii with most transactions settled in United States dollars ("**US Dollars**"). Foreign exchange rate risk arises when recognized financial assets and liabilities are denominated in a currency that is not the entity's functional currency. As at December 31, 2023, the financial assets and liabilities of the subsidiaries of the Group in Saipan, Guam and Hawaii are also primarily denominated in US Dollars. Therefore, the Group's foreign exchange risk is insignificant.

EMPLOYEES AND EMOLUMENT POLICY

As at December 31, 2023, the Group had a total of 402 (2022: 372) full-time employees, including 185 employed in Saipan, 204 employed in Guam, 8 employed in Hawaii and 5 employed in Hong Kong. During the Year, all luxury travel retail boutiques in Saipan have resumed their operations on a daily basis, and Crowne Plaza Resort Saipan as well as Crowne Plaza Resort Guam have re-opened in the last quarter of 2022, driving a continuous increase in the number of headcounts since the beginning of the Year and maintained full team throughout the Year in view of the operation needs. As a responsible employer, the Group continues to value our employees and continues to strive to provide an excellent working environment. We have complied with all relevant labor laws and regulations and has formulated a set of human resources policies relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal employment opportunity, diversity, anti-discrimination and other benefits and welfare. Remuneration is determined with reference to market terms and performance, qualification and experience of individual director and employee. During the Year, the total staff costs (including directors' emoluments) amounted to approximately US$15,932,000 (2022: US$7,383,000). On April 9, 2019, the Company adopted a share option scheme for the purpose of providing incentives and rewards to eligible persons, including the employees of the Group, for their contribution to the Group. Details of the share option scheme are set out under the heading "Share Option Scheme" in the section headed "Report of Directors" on page 29 of this annual report.

CHAIRMAN AND NON-EXECUTIVE DIRECTOR

Dr. TAN Siu Lin, ***SBS***, (“**Chairman Tan**”), aged 93, has been the Chairman of the Board and a Non-Executive Director of the Company since November 2018. He founded the Group in April 1997. Chairman Tan is a prominent entrepreneur in mainland China, Hong Kong and the Western Pacific Region with over 50 years of experience in developing a diversified portfolio of business ventures. He is the honorary director of Peking University Education Foundation (北京大學教育基金會), chairman of the board of the Peking University Luen Thai Center for Supply Chain System Research & Development (北京大學聯泰供應鏈系統研發中心), and chairman of the board of Tan Siu Lin School of Business in Quanzhou Normal University (泉州師範學院陳守仁商學院). Chairman Tan is the permanent honorary director of the board of Huaqiao University (華僑大學) and the honorary consul of the Federated States of Micronesia in Hong Kong. Chairman Tan holds an honorary doctoral of laws degree from the University of Guam and has been awarded honorary university fellowships by both the Hong Kong Baptist University and the Chinese University of Hong Kong. He is also the founder, honorary life chairman and executive director of Luen Thai Holdings Limited (Stock Code: 311), a company listed on the Main Board of the Stock Exchange. Chairman Tan is the father of Dr. Tan Henry (Vice Chairman, an Executive Director, the Chief Executive Officer and a controlling shareholder), Mr. Tan Willie (a Non-Executive Director), Mr. Tan Jerry Cho Yee (a member of our senior management) and the grandfather of Mrs. Su Tan Jennifer Sze Tink (an Executive Director and the Executive Vice President). Chairman Tan is also a controlling shareholder of the Company. Details of his interest in the shares of the Company are set out under the headings “Directors’ and Chief Executives’ Interest in Shares” in the section headed “Report of Directors” on page 32 of this annual report.

EXECUTIVE DIRECTORS

Dr. TAN Henry, ***BBS, JP***, aged 70, has been the Vice Chairman of the Board, an Executive Director and the Chief Executive Officer of the Company since November 2018. He is also a member of our Nomination and Remuneration Committees. He joined the Group in April 1997. Dr. Tan has over 40 years of experience in conducting business in mainland China, Hong Kong and the Western Pacific Region and has gained in-depth local knowledge, business and personal connections and market insight in the region. Dr. Tan is passionate about serving the community. He is a court member of The Hong Kong Polytechnic University, a member of the Council and the chairman of the Advisory Committee of College of Professional and Continuing Education of The Hong Kong Polytechnic University, and an honorary court member of the Hong Kong Baptist University. Dr. Tan is a member of the election committee of the Chief Executive of the Hong Kong Special Administrative Region and a member of the National Committee of the Chinese People’s Political Consultative Conference of the People’s Republic of China. He is an honorary trustee of Peking University (北京大學) and a director of the board of Huaqiao University (華僑大學). Dr. Tan is an honorable life-chairman of the Hong Kong General Chamber of Textiles since 2009 and an honorary chairman of the Textile Council of Hong Kong since December 2023. Dr. Tan is a Hong Kong Deputy to the 13th National People’s Congress of the People’s Republic of China and a former chairman of Po Leung Kuk. He was awarded a Bronze Bauhinia Star in November 2005 and was appointed as Justice of the Peace in July 2008 by the Government of Hong Kong Special Administrative Region. Dr. Tan holds a bachelor’s degree and a master’s degree in business administration from the University of Guam. He also received an honorary doctorate in humane letters from the University of Guam in recognition of his contribution in the Western Pacific Region. Since June 2020, Dr. Tan has been the independent non-executive director of SinoMedia Holding Limited (Stock Code: 623), the shares of which are listed on the Main Board of the Stock Exchange. Dr. Tan is a son of Chairman Tan (Chairman, a non-Executive Director and a controlling shareholder), a brother of Mr. Tan Willie (a Non-Executive Director) and Mr. Tan Jerry Cho Yee (a member of our senior management), the father of Mrs. Su Tan Jennifer Sze Tink (an Executive Director and the Executive Vice President), and a brother-in-law of Mr. Chiu George (an Executive Director). He is also a director of S.A.I. CNMI Holdings Limited, S.A.I. CNMI Tourism Inc., S.A.I. Guam Holdings Limited, Gemkell Corporation and Gemkell U.S.A. LLC, all of which are our subsidiaries. Dr. Tan is also a controlling shareholder of the Company. Details of his interest in the shares of the Company are set out under the headings “Directors’ and Chief Executives’ Interest in Shares” in the section headed “Report of Directors” on page 32 of this annual report.

Management Executives

Mr. CHIU George, aged 62, has been an Executive Director of the Group since November 2018. Mr. Chiu joined the Group in April 1997 and has held directorship and key management roles. Mr. Chiu is recognized as a successful businessman in the Western Pacific Region with over 30 years of experience in overseeing and managing various business ventures in the region. Mr. Chiu has a strong presence in the business community of the Western Pacific Region. He is also actively involved in other community organizations. Mr. Chiu is the president of both the Chinese Chamber of Commerce of Guam and the Guam Chinese Association. He also serves as the director of the board of the Guam Visitors Bureau and the director/treasurer of the board of the University of Guam Endowment Foundation. On March 23, 2023, Mr. Chiu was elected as the chairman of the board of the Guam Visitors Bureau. Mr. Chiu was a former director of the board of the Guam Economic Development Authority. Mr. Chiu holds a bachelor's degree in business administration with double majors in management and accounting from the University of Guam. Mr. Chiu is the brother-in-law of Dr. Tan Henry (Vice Chairman, an Executive Director, the Chief Executive Officer and a controlling shareholder) and an uncle of Mrs. Su Tan Jennifer Sze Tink (an Executive Director and the Executive Vice President). He is also a director of S.A.I. CNMI Tourism Inc., S.A.I. Guam Tourism Inc., Asia Pacific Hotels, Inc., Asia Pacific Hotels, Inc. (Guam), Gemkell (Saipan) Corporation, Gemkell Corporation and Gemkell U.S.A. LLC, all of which are our subsidiaries.

Mrs. SU TAN Jennifer Sze Tink, aged 41, has been an Executive Director of the Company since November 2018. She is also the Executive Vice President of our Group. Mrs. Su Tan joined our Group in February 2017. She has a solid background and experience in the hotel and hospitality industry and marketing. Mrs. Su Tan is a member of the Industry Advisory Committee of the School of Hotel and Tourism Management of The Hong Kong Polytechnic University. Mrs. Su Tan won the Guangdong-Hong Kong-Macao Greater Bay Area Outstanding Youth Entrepreneurs Award in September 2022. In 2023, the Economic Observer conferred the 2023 Outstanding Women Business Leaders Award on Mrs. Su Tan and she was also awarded as one of the 2023 Most Powerful Women by Fortune China. Mrs. Su Tan holds a bachelor's degree in science majoring in hotel and restaurant administration from Cornell University, the U.S.. She is a granddaughter of Chairman Tan (Chairman, a Non-Executive Director and a controlling shareholder), a daughter of Dr. Tan Henry (Vice Chairman, an Executive Director, the Chief Executive Officer and a controlling shareholder) and a niece of Mr. Chiu George (an Executive Director), Mr. Tan Willie (a Non-Executive Director) and Mr. Tan Jerry Cho Yee (a member of our senior management). Mrs. Su Tan is also a director of Asia Pacific Hotels, Inc., Asia Pacific Hotels, Inc. (Guam) and Century Tours. Inc., all of which are our subsidiaries.

NON-EXECUTIVE DIRECTOR

Mr. TAN Willie, aged 68, has been a Non-Executive Director of the Company since November 2018. Mr. Tan joined the Group in April 1997. He has over 30 years of experience in business management. Mr. Tan is the vice chairman of the board of Tan Holdings (a controlling shareholder), which is the privately held business of the family of Chairman Tan. Mr. Tan has an extensive experience in tourism and retail businesses. He is also the chief executive officer of Skechers China Limited, Skechers Hong Kong Limited, Skechers South Korea Limited and Skechers Southeast Asia Limited. He was appointed honorary ambassador-at-large for Guam, U.S. in 2007. Mr. Tan holds a bachelor's degree in business administration from the University of Guam. He is a son of Chairman Tan (Chairman, a Non-Executive Director and a controlling shareholder), a brother of Dr. Tan Henry (Vice Chairman, an Executive Director, the Chief Executive Officer and a controlling shareholder) and Mr. Tan Jerry Cho Yee (a member of our senior management) and an uncle of Mrs. Su Tan Jennifer Sze Tink (an Executive Director and the Executive Vice President). Mr. Tan is also a director of Asia Pacific Hotels, Inc., Gemkell (Saipan) Corporation, Gemkell Corporation and Gemkell U.S.A. LLC, all of which are our subsidiaries.

Mr. SCHWEIZER Jeffrey William, aged 70, has been an Executive Director of the Company since April 2019 and was redesignated to be a Non-Executive Director of the Company with effect from September 1, 2023. Mr. Schweizer has been the Head of Hotel Operations of our Group since November 2018 and decided to step down from the hotel operations with effect from September 1, 2023. Mr. Schweizer joined the Group in April 2005. He has over 33 years of experience in the hospitality industry. He served as chairman of the board of the Guam Hotel and Restaurant Association (the "**GHRA**") in 2009, 2018 and 2019, and has been a longstanding board member of the GHRA. Mr. Schweizer was a member of Skål Club of Guam, serving many terms as President as well as a member of Skål Club of Guam, Scholarship Committee. Mr. Schweizer had been a longstanding member of the Chinese Chamber of Commerce in Guam, a member of the Guam Chamber of Commerce and one of its subcommittees, the Armed Forces Committee. Mr. Schweizer completed the advanced hotel management program of the Hong Kong Winter School 2004 of The Hong Kong Polytechnic University and completed the food and beverage management seminar held by the School of Hotel Administration, Cornell University, the U.S..

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. CHAN Leung Choi Albert, aged 69, has been an Independent Non-Executive Director of the Company since April 2019 and is the Chairman of our Remuneration Committee and a member of our Audit and Nomination Committees. Mr. Chan has over 40 years of banking experience based in Hong Kong. Prior to his retirement in 2017, he was Head of Commercial Banking Hong Kong of The Hongkong and Shanghai Banking Corporation Limited ("**HSBC**"). Before that, he assumed various management positions in HSBC including retail banking, treasury, corporate banking and risk management. Since January 2019, Mr. Chan has been a non-executive director of HSBC Bank (China) Company Limited, a wholly owned subsidiary of the HSBC group. Mr. Chan holds a bachelor's degree in science from the University of Hong Kong.

Mr. MA Andrew Chiu Cheung, aged 82, has been an Independent Non-Executive Director of the Company since April 2019 and is the Chairman of our Audit Committee. Mr. Ma holds a bachelor's degree in economics from the London School of Economics and Political Science (The University of London) in the United Kingdom and has over 40 years of experience in accounting, auditing and finance. He is a Fellow Member of each of the Institute of Chartered Accountants in England & Wales, the Hong Kong Institute of Certified Public Accountants, the Taxation Institute of Hong Kong and the Hong Kong Institute of Directors. Mr. Ma is a founder and former director of AMA CPA Limited (formerly known as Andrew Ma DFK (CPA) Limited) in Hong Kong. He is also a founder and served as a director of Mayee Management Limited until his retirement on January 1, 2024. He is currently an independent non-executive director of Asiaray Media Group Limited (Stock Code: 1993) and C-Mer Eye Care Holdings Limited (Stock Code: 3309), the shares of all of which are listed on the Main Board of the Stock Exchange. Mr. Ma previously served as an independent non-executive director of C.P. Pokphand Co. Ltd. (Stock Code: 43), Chong Hing Bank Limited (Stock Code: 1111) and China Resources Power Holdings Company Limited (Stock Code: 836), the shares of all of which are listed on the Main Board of the Stock Exchange, until his retirement on June 5, 2020, May 14, 2021 and September 15, 2021, respectively.

Mr. WONG Chun Tat, *JP*, aged 43, was appointed as an Independent Non-Executive Director of the Company since December 16, 2022 and is the Chairman of our Nomination Committee and a member of our Audit and Remuneration Committees. Mr. Wong has over 10 years of experience in the tourism industry. He has been the general manager of Sin Ma Tours Limited since February 2019, an executive director of Hong Thai Golf Centre Limited since July 2021 and an executive director of Hong Thai Expo & Business Centre Limited since October 2022. Mr. Wong is actively engaged in public and community services with a focus on developing the Hong Kong tourism industry. He is currently the honorary adviser of the Hong Kong Travel Industry Council, a former board member of the Hong Kong Tourism Board, vice-chairperson of the Travel Industry Training Advisory Committee, member of the Hong Kong-Taiwan Economic and Cultural Cooperation and Promotion Council and honorary consul general of the Republic of Mali — Hong Kong. Mr. Wong is also currently a standing committee member of the Chinese Chamber of Commerce, Hong Kong, vice-chairman of the Youth Executives' Committee of the Chinese Chamber of Commerce, Hong Kong, vice-chairman of the Y. Elites Association, member of the Chongqing Committee of the Chinese People's Political Consultative Conference (the 5th session), member of the Thirteenth Committee of the All-China Youth Federation and member of the election committee of the Chief Executive of the Hong Kong Special Administrative Region. In addition, Mr. Wong is currently an independent non-executive director of South China Holdings Company Limited (Stock Code: 413), the shares of which are listed on the Main Board of the Stock Exchange. Mr. Wong obtained a Bachelor of Arts degree in tourism management in 2003 and a master's degree in professional accounting in 2008, both from the Hong Kong Polytechnic University.

Management Executives

SENIOR MANAGEMENT

Mr. TAN Jerry Cho Yee, aged 62, has been our President, Guam & Northern Mariana Islands since November 2018. He joined the Group in April 1997. Mr. Tan is the chief executive officer of Tan Holdings (a controlling shareholder), which is the privately held business of the family of Chairman Tan, and has over 30 years of management experience in doing business in the Western Pacific Region, particularly in Guam and the CNMI. Mr. Tan received recognition as an entrepreneur and community leader including Executive of the Year from the Guam Business Magazine, Employer of the Year from the CNMI Society for Human Resource Management, Business Person of the Year from the Saipan Chamber of Commerce, and Sports Administrator of the Year from the Northern Marianas Sports Association. Mr. Tan is the vice chairman of Tan Siu Lin Foundation and the chairman of Pacific Century Fellows Marianas Chapter, a non-profit leadership mentoring program for young people working in both public and private sectors in the CNMI. He was appointed to the US Travel & Tourism Advisory Board on January 10, 2023 by the US Department of Commerce Secretary Gina Raimondo, and has been involved in the leveraging sporting events to promote the United States as a Tourism Destination Committee since February 2024 and Workforce Development-Attracting Talent to the Tourism Workfoce Subcommittee since July 2023. He serves as co-chairman of the Governor's Council of Economic Advisers of the CNMI together with the former CNMI Governor Ralph DLG Torres from 2020 to 2022. He previously served as a board member of the Marianas Visitors Authority from 2012 to 2020 and was its chairman from 2006 to 2010. He is the chairman of Tuloy Football Club since 2023, the president of the Northern Marianas Sports Association since 2020, the president of the Northern Mariana Islands Football Association since 2005 and the president of the Chinese Association of Saipan, U.S.A. since 2005. Mr. Tan graduated magna cum laude from the University of Guam with double majors in management and accounting. He is a son of Chairman Tan (Chairman, a Non-Executive Director and a controlling shareholder), a brother of Dr. Tan Henry (Vice Chairman, an Executive Director, the Chief Executive Officer and a controlling shareholder) and Mr. Tan Willie (a Non-Executive Director) and an uncle of Mrs. Su Tan Jennifer Sze Tink (an Executive Director and the Executive Vice President). Mr. Tan is also a director of S.A.I. CNMI Tourism Inc., S.A.I Guam Tourism Inc., Asia Pacific Hotels, Inc., Asia Pacific Hotels, Inc. (Guam), Gemkell (Saipan) Corporation and Century Tours, Inc. and a manager (equivalent to a director) of CKR, LLC, all of which are our subsidiaries.

Ms. CHEUNG Pik Shan Bonnie, aged 47, has been our Group Financial Controller since November 2018 and was appointed as the Company Secretary of the Company since April 2019. She joined the Group in April 2018. Ms. Cheung has over 25 years of experience in the field of auditing and accounting. Before transferring to the Group, she was a vice president of the corporate finance division of Luen Thai Holdings Limited (Stock Code: 311), a company listed on the Main Board of the Stock Exchange. Ms. Cheung completed the Business Sustainability Management programme designed by the Institute for Sustainability Leadership of the University of Cambridge in 2022. Ms. Cheung is a fellow member of the Association of Chartered Certified Accountants and an associate member of the Hong Kong Institute of Certified Public Accountants. Ms. Cheung holds a bachelor's degree in accountancy from The Hong Kong Polytechnic University.

Report of Directors

The Board has the pleasure of presenting to the Shareholders this annual report together with the audited consolidated financial statements of the Group for the Year.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the principal subsidiaries of the Company are (1) the operation of hotels and resorts in Saipan and Guam, (2) luxury travel retail business in Saipan, Guam and Hawaii and (3) the provision of destination services in Saipan and Guam, the particulars of which are set out in note 1 to the consolidated financial statements.

The Listing of and the dealing in the Shares on the Stock Exchange commenced on the Listing Date, being May 16, 2019.

An analysis of the Group's performance by principal activities during the Year is set out in note 5 to the consolidated financial statements on pages 130 to 132 of this annual report.

GROUP PROFIT/LOSS

The loss of the Group for the Year is set out in the consolidated statement of profit or loss and other comprehensive income on page 103 of this annual report. The state of the Group's affairs as at December 31, 2023 are set out in the consolidated financial statements on pages 103 to 169 of this annual report.

DIVIDENDS

No interim dividend (2022: Nil) was declared during the Year. The Board has resolved not to recommend the payment of a final dividend for the Year (2022: Nil).

The Board is not aware of any Shareholders who have waived or agreed to waive any dividends.

CASH FLOW

The cash flow position of the Group for the Year is set out and analyzed in the consolidated statement of cash flows on pages 107 to 108 of this annual report.

BUSINESS REVIEW AND PERFORMANCE

A fair review of the business of the Group for the Year together with a discussion and analysis of its performance and the material factors underlying its performance as well as the Group's future business development are set out in the sections headed "Chairman's Statement" as well as the "Management Discussion and Analysis" on pages 6 to 7 and pages 8 to 18 of this annual report respectively. An analysis of the Group's performance during the Year using financial key performance indicators is provided in the section headed "Key Financial Highlights" on page 5 of this annual report.

Report of Directors

ENVIRONMENTAL POLICIES AND SOCIAL RESPONSIBILITIES

Detailed information and a discussion on the environmental, social and governance practices adopted by the Group will be set out in the "Environmental, Social and Governance Report" on pages 41 to 79 of this annual report.

COMPLIANCE WITH LAWS AND REGULATIONS

The Group's business operations are mainly carried out by the Company's subsidiaries in Saipan, Guam and Hawaii, the United States of America (the "**U.S.**"), while the Company is listed on the Main Board of the Stock Exchange in Hong Kong. Sufficient resources have been allocated to ensure the on-going compliance with applicable laws and regulations. During the Year and up to the date of this annual report, the Board is not aware of any material non-compliance with the relevant laws and regulations in the countries where the Group is operating.

PRINCIPAL RISKS AND UNCERTAINTIES

The Directors are aware that business operations and financial results of the Group may be affected by various risks and uncertainties. Description of the principal risks and uncertainties faced by the Group are set out in the section headed "Principal Risks and Uncertainties" on pages 39 to 40 of this annual report.

RELATIONSHIP WITH KEY STAKEHOLDERS

The success of the Group depends on the support from key stakeholders which comprise customers, suppliers, employees and Shareholders.

Customers and Suppliers

The Group appreciates the importance of maintaining a good relationship with its customers and suppliers to meet its immediate and long-term business goals. The Group values customers' feedback and addresses their concerns in a timely manner. During the Year, there is no circumstance of any event between the Group and its customers or suppliers which will have a significant impact on the Group's business and on which the Group's success depends.

Employees

Employees constitute one of the valuable assets of the Group. The key objective of the Group's human resource management is to recognize and reward performing staff by providing competitive remuneration packages and implementing an effective performance appraisal system with appropriate incentives. Sufficient training and development are provided to all the employees and equal opportunities are provided within the Group for career advancement.

Shareholders

One of the major goals of the Group is to maximize the return to the Shareholders. The Group endeavors to foster the development of business for achieving sustainable profit growth and rewarding the Shareholders with stable dividend payouts taking into account the business development needs and financial health of the Group.

MAJOR CUSTOMERS

The Group's major customers during the year are primarily corporate customers of our Hotels & Resorts Segment. During the Year, the aggregate percentage of the Group's revenue from sales attributable to the Group's five largest customers was less than 30%. In addition, the Group's largest customer accounted for approximately 0.4% of the total revenue from sales.

Our Directors have confirmed that, save as disclosed under the paragraph headed "Connected Transactions, Directors' and Shareholders' Interest in Contracts" below and as at December 31, 2023, all of our five largest customers (by revenue contribution) were independent third parties. None of our Directors, their close associates or our existing Shareholder(s) who, to the knowledge of the Directors, owned more than 5% of the Company's issued share capital, had an interest in any of the five largest customers.

MAJOR SUPPLIERS

The Group's major suppliers are utilities suppliers in our Hotels & Resorts Segment, as well as brand owners in our Luxury Travel Retail Segment. During the Year, the aggregate percentage of the Group's purchases attributable to the Group's five largest suppliers was less than 30%. In addition, the Group's largest supplier accounted for approximately 3.8% of the total purchases.

As at December 31, 2023, none of our Directors, their close associates or our existing Shareholder(s) who, to the knowledge of the Directors, own more than 5% of the Company's issued share capital had an interest in any of the five largest suppliers.

PRINCIPAL SUBSIDIARIES

Details of the principal subsidiaries of the Group as at December 31, 2023 are set out in note 1 to the consolidated financial statements.

USE OF NET PROCEEDS FROM LISTING

The Shares of the Company were listed on the Main Board of the Stock Exchange on the Listing Date. The net proceeds from the Listing were US$39,400,000 (equivalent to HK$307,400,000, after deduction of underwriting fees and commissions and estimated expenses payable by the Company in connection with the Listing). The Company has applied and will continue to apply the net proceeds from the Listing for the purposes as set out in the section headed "Future Plans and Use of Proceeds" in the prospectus of the Company published on April 30, 2019 ("**Prospectus**") and supplemented by the 2019 Annual Report published on April 17, 2020 ("**2019 Annual Report**"), the 2020 Annual Report published on April 16, 2021 ("**2020 Annual Report**"), the 2021 Annual Report published on April 23, 2022 ("**2021 Annual Report**"), the 2022 Annual Report published on April 16, 2023 ("**2022 Annual Report**") and the 2023 Interim Report published on September 8, 2023 ("**2023 Interim Report**").

Utilization during the Year

As at December 31, 2023, the Group had utilized the net proceeds from the Listing as set out in the table below:

	Net proceeds from Listing US$'000	Utilization during the Year US$'000	Aggregated amount utilized as at December 31, 2023 US$'000	Percentage utilized as at December 31, 2023	Unutilized amount US$'000
Asset rejuvenation plan	29,555	3,825	29,555	100.0%	—
New travel retail boutiques	2,000	—	2,000	100.0%	—
IT upgrade	2,000	100	1,812	90.6%	188
Digital sales and marketing	2,000	998	2,000	100.0%	—
General working capital	3,945	—	3,945	100.0%	—
Total[(a)]	39,400[(b)]	4,923	39,312	99.8%	188[(b)]

Notes:

(a) The inconsistency between the sum of the numbers in this table and the total figures is due to rounding.

(b) In respect of the amount of net proceeds from Listing, the exchange rate applied is US$1.0 = HK$7.8 and the amount in US$ is calculated according to such exchange rate. As a result, the difference between the net value of the remaining funds in the above table and the actual amount of funds in the retained account is due to the difference between the controlling exchange rate and the actual exchange rate.

Currently, the Group holds the unutilized net proceeds of US$188,000 as deposit with creditworthy banks with no recent history of default.

Adjustments to the timing for use of proceeds of Listing

Minor adjustments have been made to the timing for the use of proceeds from Listing when compared to the implementation plan set out in the 2023 Interim Report. The Board is of the view that the adjustments made were not material. Please refer to the revised plan set out below under the heading "Revised proceeds utilization plan" for the updated expected timeline for the utilization of the net proceeds from the Listing.

The adjustments only relate to the utilization of proceeds from the Listing for the purposes of IT upgrade. There is no change to the timing as regards the use of proceeds for the purposes of the Group's asset rejuvenation plan, new travel retail boutiques, digital sales and marketing and general working capital, which have fully been applied in accordance with the utilization plan set out in the 2023 Interim Report.

The Company will continue to apply the unutilized net proceeds from the Listing for the purposes stated in the Prospectus (as supplemented by the 2023 Interim Report), taking into account the revised proceeds utilization plan, our development strategy, as well as market conditions. The Company expects that the remaining unutilized proceeds will be fully used by December 31, 2024.

Revised proceeds utilization plan

Set out below is the revised proceeds utilization plan of the Company:

	Estimated total capital expenditure and expenses by December 31, 2024[c]	Approximate amount to be funded with the net proceeds from Listing[b]		Amount of net proceeds used in the year ended December 31, 2023	Aggregate amount of net proceeds used as at December 31, 2023	Unutilized amount as at December 31, 2023	Estimated amount of net proceeds to be used for the year ending December 31, 2024
	US$'000	US$'000	%	US$'000	US$'000	US$'000	US$'000
Asset rejuvenation plan							
Crowne Plaza Resort Saipan	42,031	13,106	31.2%	1,326	13,106	–	–
Kanoa Resort	14,035	3,250	23.2%	–	3,250	–	–
Crowne Plaza Resort Guam	45,112	13,199	29.3%	2,499	13,199	–	–
Sub-total	101,178	**29,555**		**3,825**	**29,555**	–	–
New travel retail boutiques							
New Saipan boutique	1,550	630	40.6%	–	630	–	–
New Guam boutique	1,550	1,370	88.4%	–	1,370	–	–
Other future boutiques	1,550	–	N/A	–	–	–	–
Sub-total	4,650	**2,000**		**–**	**2,000**	**–**	–
IT upgrade							
New reservation system	646	646	100.0%	–	646	–	–
New data server	–	–	N/A	–	–	–	–
New online booking interface	14	14	100.0%	–	14	–	–
New Wi-Fi systems and other IT expenses	1,504	1,340	89.1%	100	1,152	188	188
Sub-total	2,164	**2,000**		**100**	**1,812**	**188**	188
Digital sales and marketing	2,250	**2,000**	88.9%	**998**	**2,000**	**–**	–
General working capital	3,945	**3,945**	100.0%	**–**	**3,945**	**–**	–
Total		**39,400[a]**		**4,923**	**39,312**	**188[b]**	

Notes:

(a) The inconsistency between the sum of the numbers in this table and the total figures is due to rounding.

(b) The outstanding amount of estimated capital expenditure or expenses not otherwise funded with the net proceeds from the Listing will be funded with our internal financial resources or external financing.

(c) Subject to future operating conditions and market environment, we may incur additional expenses for these purposes in the future, such as carrying out additional renovation and upgrade works to our hotels, launching additional travel retail boutiques, other IT upgrade, other sales and marketing initiatives and general working capital. The estimated capital expenditure and expenses above represent our estimated funding requirements as of the date of this annual report only.

Report of Directors

SHARE CAPITAL

Details of movements in the share capital of the Company during the Year are set out in note 22 to the consolidated financial statements.

DISTRIBUTABLE RESERVES OF THE COMPANY

As at December 31, 2023, the Company's reserves available for distribution to the Shareholders, calculated in accordance with the Companies Law (Revised), Cap 22 of the Cayman Islands, amounted to US$86,610,000. Details of movements in the reserves of the Company during the Year are set out in note 36(b) to the consolidated financial statements. Under the Companies Law (Revised), Cap. 22 of the Cayman Islands, the funds in the share premium account and the capital reserve account of the Company are distributable to the Shareholders provided that, immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as and when they fall due in the ordinary course of business.

FIVE YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the past five financial years is set out on page 170 of this annual report.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment of the Group during the Year are set out in note 15 to the consolidated financial statements.

INVESTMENT PROPERTY

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

RETIREMENT SCHEMES

Details of the retirement schemes of the Group are set out in note 3 to the consolidated financial statements.

DONATIONS

Charitable and other donations made by the Group during the Year amounted to approximately US$29,000 (2022: US$11,000).

SHARE OPTION SCHEME

The Company adopted a share option scheme (the "**Share Option Scheme**") on April 9, 2019, pursuant to which the Board may, at its absolute discretion, offer to grant to any Eligible Person (as defined below) an option to subscribe for Shares.

Subject to the provisions of Chapter 17 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "**Listing Rules**"), "**Eligible Persons**" include any director or proposed director (including an independent non-executive director) of any member of our Group, any executive director of, manager of, or other employee holding an executive, managerial, supervisory or similar position in, any member of our Group (an "**Employee**"), any proposed Employee, any full-time or part-time Employee, or a person for the time being seconded to work full-time or part-time for any member of our Group (an "**Executive**"), a consultant, business or joint venture partner, franchisee, contractor, agent or representative of any member of our Group, a person or entity that provides research, development or other technological support or any advisory, consultancy, professional or other services to any member of our Group, or an Associate (as defined under the Listing Rules) of any of the foregoing persons.

The purposes of the Share Option Scheme are to motivate Eligible Persons to optimize their future contributions to our Group and/or to reward them for their past contributions, to attract and retain or otherwise maintain on-going relationships with Eligible Persons who are significant to and/or whose contributions are or will be beneficial to the performance, growth or success of the Group, and additionally in the case of Executives, to enable our Group to attract and retain individuals with experience and ability and/or to reward them for their past contributions.

Under the Share Option Scheme and subject to the Listing Rules, an option may be exercised at any time during a period to be notified by the Board to each grantee. The Board may also provide restrictions on the exercise of an option during the period an option may be exercised. As of the date of this annual report, the total number of shares available for issue under the Share Option Scheme is 36,000,000, representing 10% of the total issued share capital of the Company as of the date of this annual report. Subject to the Listing Rules, the maximum number of Shares issued and to be issued upon exercise of the options granted to any one Eligible Person (including exercised and outstanding options) in any 12-month period shall not exceed 1% of the Shares in issue from time to time. Each grantee shall pay a consideration of HK$10 upon acceptance of the offer of the option (within 21 days of the offer) and the exercise price of the share options will be determined by the Board and shall be less than the highest of (i) the nominal value of a Share; (ii) the closing price of Shares as stated in the Stock Exchange's daily quotations sheet on the offer date; and (iii) the average of the closing prices of Shares as stated in the Stock Exchange's daily quotations sheet for the five business days immediately preceding the offer date.

The Share Option Scheme will remain in force for ten years from the Listing Date until May 15, 2029, unless otherwise determined in accordance with its terms.

During the Year, no options were granted, exercised or cancelled, or lapsed under the Share Option Scheme and there were no options outstanding as at December 31, 2023. No share options were granted to any Eligible Person since the adoption of the Scheme.

MANAGEMENT CONTRACTS

The three hotel management agreements made between the Group and the Hotel Manager in respect of Crowne Plaza Resort Guam, Crowne Plaza Resort Saipan and Kanoa Resort respectively dated September 10, 2019, May 1, 2020 and December 29, 2020 remained in effect during the Year. Each of the hotel management agreements are for an initial term of 25 years from its commencement date with two options to renew for an additional 5 years each.

The hotel management agreements in respect of Crowne Plaza Resort Guam and Crowne Plaza Resort Saipan commenced in October 2019 and August 2020 respectively, and the Hotel Manager has been managing both hotels throughout the Year. Kanoa Resort is currently closed and the Group is in the process of carrying out planning and design works for the renovation and rebranding of the hotel. The hotel management agreement in respect of Kanoa Resort has not commenced pending completion of the relevant renovation and rebranding works to be carried out. When the hotel management agreement in respect of Kanoa Resort commences, the Hotel Manager will be managing three out of four of the Group's hotels and resorts under our Hotels & Resorts Segment. Kanoa Resort will be rebranded as "voco Resort Saipan" upon commencement of the hotel management agreement. Under the terms of the three hotel management agreements, the Hotel Manager provides hotel management services and manages and operates the three hotels in accordance with the relevant brand standards. The Group retains its rights as hotel owner over certain key managerial, financial and strategic decisions.

None of the Directors has a material interest in the hotel management agreements.

Save as aforesaid, no contracts, other than contracts of service with Directors or persons engaged under the full-time employment of the Company, concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or subsisted during the Year.

DIRECTORS AND DIRECTORS' SERVICE AGREEMENTS

The Directors who held office during the Year and up to the date of this annual report were:

Chairman and Non-Executive Director

Dr. TAN Siu Lin, *SBS*

Executive Directors

Dr. TAN Henry, *BBS, JP*
Mr. CHIU George
Mrs. SU TAN Jennifer Sze Tink

Non-Executive Director

Mr. TAN Willie
Mr. SCHWEIZER Jeffrey William *(Redesignated on September 1, 2023)*

Independent Non-Executive Directors

Mr. CHAN Leung Choi Albert
Mr. MA Andrew Chiu Cheung
Mr. WONG Chun Tat, *JP*

The Company received written confirmations from the independent non-executive Directors of their independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all the independent non-executive Directors as independent.

APPOINTMENTS, RETIREMENT, RE-ELECTION AND REMOVAL OF DIRECTORS

Each of the executive Directors has entered into a service contract with the Company for a term of three years and is subject to termination by either party by giving not less than three months' written notice or compensation in lieu.

Each of the non-executive Directors and independent non-executive Directors has entered into a letter of appointment with the Company for a term of three years and is subject to termination by either party by giving not less than three months' written notice or compensation in lieu.

During the Year, Mr. Schweizer Jeffrey William has notified the Board of his intention to step down as the Head of Hotel Operations of the Group as he is to move away from Guam to spend more time with his family in the United States. Accordingly, he has ceased to be the Head of Hotel Operations of the Group with effect from September 1, 2023. After reviewing Mr. Schweizer's qualifications, experience and his contributions to the Group over the past 18 years, the Board considered and accepted the recommendation from the nomination committee of the Board to re-designate Mr. Schweizer from executive Director to non-executive Director with effect from September 1, 2023. After his redesignation, Mr. Schweizer will assume an advisory role and continue to provide valuable advice and support to the Group. The biographical details of Mr. Schweizer was set out in the section headed "Management Executives" on pages 19 to 22 of this annual report.

Under the articles of association of the Company (the "**Articles**"), at each annual general meeting, one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not greater than one-third) shall retire from office by rotation. In addition, according to the Corporate Governance Code as set out in Appendix C1 to the Listing Rules (the "**CG Code**") and the Articles, every Director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. A retiring Director is eligible for re-election and continues to act as a Director throughout the meeting at which he retires.

The Articles provide that any Director appointed by the Board, either to fill a causal vacancy in the Board or as an addition to the existing Board, shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

In accordance with the Articles, Dr. Tan Siu Lin, Mr. Chiu George and Mr. Chan Leung Choi Albert will retire from office at the forthcoming annual general meeting ("**AGM**"). All retiring Directors, being eligible, will offer themselves for re-election at the AGM.

DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS OF SIGNIFICANCE

Save as disclosed under the paragraph headed "Connected Transactions, Directors' and Shareholders' Interests in Contracts" below, no other transactions, arrangements or contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a Director and the Director's connected entities had a material interest, whether directly or indirectly, subsisted as at December 31, 2023 or at any time during the Year.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the paragraph headed "Directors' and Chief Executives' Interests in Shares" below, at no time during the Year was the Company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire benefits by means of an acquisition of shares or underlying shares in, or debentures of, the Company or any other body corporate.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

The biographical details of Directors and senior management are set out in the section headed "Management Executives" on pages 19 to 22 of this annual report.

DIRECTORS' AND MANAGEMENT EMOLUMENTS

Particulars of Directors' emoluments and the five highest paid individuals in the Group are set out in notes 10 and 11 respectively to the consolidated financial statements. The Board is not aware of any Directors who have waived or agreed to waive any emoluments.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES

As at December 31, 2023, the interests of the Directors and chief executives of the Company and its associated corporations (within the meaning of Part XV of the Securities and Future Ordinance, Cap. 571 of the laws of Hong Kong (the "**SFO**")), as recorded in the register maintained by the Company under Section 352 of the SFO, or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") contained in the Listing Rules were as follows:

Long position in the Shares

	Shares in the Company			
Directors	**Personal interests (held as beneficial owner)**	**Corporate interests (interests of controlled corporations)**	**Total interests**	**Percentage of interests in the Company**[a]
Dr. TAN Siu Lin [b]	—	270,000,000	270,000,000	75%
Dr. TAN Henry [c]	—	270,000,000	270,000,000	75%

Notes:

(a) The percentage has been compiled based on the total number of Shares issued (i.e. 360,000,000) as at December 31, 2023.

(b) Dr. Tan Siu Lin is deemed to be interested in 270,000,000 Shares under the SFO (representing 75% of the Company's entire issued share capital) held by THC Leisure Holdings Limited ("**THC Leisure**") because (i) he acts in concert with Dr. Tan Henry in respect of the affairs of the Group, (ii) he and Dr. Tan Henry together control the majority of the board of directors of Supreme Success Limited ("**Supreme Success**"), which is the registered owner of the entire interests in Leap Forward Limited ("**Leap Forward**") as the trustee of a discretionary family trust, (iii) he and Dr. Tan Henry together control the majority of the protectors of the said discretionary family trust and the board of directors of Leap Forward, and are thus entitled to exercise the voting rights in Leap Forward, (iv) he is the founder of the said discretionary family trust, (v) Leap Forward is the registered owner of a 39% interest in Tan Holdings Corporation ("**Tan Holdings**"), and (vi) Tan Holdings is the registered owner of the entire interests in THC Leisure. As such, THC Leisure is a controlled corporation of Dr. Tan Siu Lin.

(c) Dr. Tan Henry is deemed to be interested in 270,000,000 Shares under the SFO (representing 75% of the Company's entire issued share capital) held by THC Leisure because (i) he acts in concert with Dr. Tan Siu Lin in respect of the affairs of the Group, (ii) he and Dr. Tan Siu Lin together control the majority of the board of directors of Supreme Success, which is the registered owner of the entire interests in Leap Forward as the trustee of a discretionary family trust, (iii) he and Dr. Tan Siu Lin together control the majority of the protectors of the said discretionary family trust and the board of directors of Leap Forward and are thus entitled to exercise the voting rights in Leap Forward, (iv) Leap Forward is the registered owner of a 39% interest in Tan Holdings, and (v) Tan Holdings is the registered owner of the entire interests in THC Leisure. As such, THC Leisure is a controlled corporation of Dr. Tan Henry. He is also the founder of a discretionary family trust which is the registered owner of a 20% interest in Tan Holdings.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

As at December 31, 2023, the register of substantial Shareholders maintained pursuant to Section 336 of Part XV of the SFO showed that other than the interests disclosed in the section headed "Directors' and Chief Executives' Interests in Shares" above, the following Shareholders had notified the Company of their relevant interests in the issued share capital of the Company.

Long position in the Shares

Name of Shareholder	Capacity/Nature of interests	Number of Shares	Percentage of interests in the Company[(a)]
Dr. TAN Siu Lin [(b)]	Interests in a controlled corporation	270,000,000	75%
Dr. TAN Henry [(c)]	Interests in a controlled corporation	270,000,000	75%
THC Leisure [(d)]	Beneficial interests	270,000,000	75%
Tan Holdings [(d)]	Interests in a controlled corporation	270,000,000	75%
Leap Forward [(d)]	Interests in a controlled corporation	270,000,000	75%
Supreme Success [(d)]	Interests in a controlled corporation	270,000,000	75%

Notes:

(a) The percentage has been compiled based on the total number of Shares in issue (i.e. 360,000,000) as at December 31, 2023.

(b) Dr. Tan Siu Lin is deemed to be interested in 270,000,000 Shares under the SFO (representing 75% of the Company's entire issued share capital) held by THC Leisure because (i) he acts in concert with Dr. Tan Henry in respect of the affairs of the Group, (ii) he and Dr. Tan Henry together control the majority of the board of directors of Supreme Success, which is the registered owner of the entire interests in Leap Forward as the trustee of a discretionary family trust, (iii) he and Dr. Tan Henry together control the majority of the protectors of the said discretionary family trust and the board of directors of Leap Forward, and are thus entitled to exercise the voting rights in Leap Forward, (iv) he is the founder of the said discretionary family trust, (v) Leap Forward is the registered owner of a 39% interest in Tan Holdings, and (vi) Tan Holdings is the registered owner of the entire interests in THC Leisure. As such, THC Leisure is a controlled corporation of Dr. Tan Siu Lin.

(c) Dr. Tan Henry is deemed to be interested in 270,000,000 Shares under the SFO (representing 75% of the Company's entire issued share capital) held by THC Leisure because (i) he acts in concert with Dr. Tan Siu Lin in respect of the affairs of the Group, (ii) he and Dr. Tan Siu Lin together control the majority of the board of directors of Supreme Success, which is the registered owner of the entire interests in Leap Forward as the trustee of a discretionary family trust, (iii) he and Dr. Tan Siu Lin together control the majority of the protectors of the said discretionary family trust and the board of directors of Leap Forward and are thus entitled to exercise the voting rights in Leap Forward, (iv) Leap Forward is the registered owner of a 39% interest in Tan Holdings, and (v) Tan Holdings is the registered owner of the entire interests in THC Leisure. As such, THC Leisure is a controlled corporation of Dr. Tan Henry. He is also the founder of a discretionary family trust which is the registered owner of a 20% interest in Tan Holdings.

(d) THC Leisure directly holds 270,000,000 Shares (representing 75% of the Company's entire issued share capital). THC Leisure is 100% directly owned by Tan Holdings. Leap Forward holds 39% interest in Tan Holdings directly and Supreme Success holds 100% interest in Leap Forward.

Save as disclosed above, so far as is known to the Directors, there is no other person (not being a Director or chief executive of the Company) who has an interest or a short position in the Shares or underlying shares which could fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who is directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group.

CONNECTED TRANSACTIONS, DIRECTORS' AND SHAREHOLDERS' INTERESTS IN CONTRACTS

The related party transactions of the Company for the Year are set out in note 31 to the consolidated financial statements. Other than disclosed below, the related party transactions of the Company did not constitute connected transactions or continuing connected transactions of the Company under Chapter 14A of the Listing Rules which are required to comply with any of the reporting, announcement and/or independent shareholders' approval requirements under the Listing Rules.

Non-exempt Continuing Connected Transactions

During the Year, the Group entered into a number of transactions which constituted non-exempt continuing connected transactions for the Company and are subject to announcement, annual review and/or independent shareholders' approval requirements contained in Chapter 14A of the Listing Rules.

The following table is a summary of the approximate aggregate value and the annual caps of each category of the non-exempt continuing connected transactions of the Group pursuant to Chapter 14A of the Listing Rules for the Year. Details of these connected transactions are set out below in accordance with the Listing Rules.

		For the Year ended December 31, 2023	
Connected Parties	**Category**	**Aggregate Value**	**Annual Cap**
		US$'000	US$'000
Expenses			
QZ Tours	Holiday Package Transactions [(a)]	**326**	16,311
TakeCare	Medical Insurance [(b)]	**1,086**	2,933
Cosmos Saipan, Cosmos Guam and D&Q	Consumer Goods Transactions [(c)]	**109**	1,098
Beach Road Tourism, L&T Group and Luen Thai International	Leased premises [(d)]	**331**	—
CTSI Group	Freight and Logistics Transactions [(e)]	**268**	970
Income			
Strategic Gaming	Leased premises [(d)]	**–**	—

Notes:

(a) On April 9, 2019, the Company entered into an agreement with 泉州市世紀旅遊投資有限公司 ("**QZ Tours**") for a term commencing from April 9, 2019 to December 31, 2021 pursuant to which QZ Tours agreed to (i) reserve in bulk accommodation in our hotels and resorts, (ii) purchase meal coupons from our on-site restaurants and our self-operated excursion tours, and (iii) procure destination-based, concierge and travel management services from our Destination Services Segment (the "**Holiday Package Transactions**"). These travel products and services are often bundled by QZ Tours into holiday packages and on-sold to its customers. The Holiday Package Transactions relate to our business operations in Saipan only.

QZ Tours has been providing the Holiday Package Transactions for more than five years before the Company's Listing on the Stock Exchange. The commercial terms we offered to QZ Tours were substantially the same as those we offered to other independent tour operators, with the exceptions that (i) we generally offer a discount to tour operators which place bulk bookings with us and the level of such discount is determined primarily based on the level of bulk bookings placed with us, (ii) only QZ Tours may extend its guest room check-out time until mid-night at a special late night charge, (iii) only QZ Tours had the option to increase its room allocation in the event that it has secured additional charter flights between Saipan and mainland China, (iv) QZ Tours was given a short cancellation or release date, and (v) only QZ Tours had the option to guarantee a room reservation without providing guest names.

Notwithstanding the difference in the terms we offer to QZ Tours and other independent tour operators set out above, the terms and conditions of the Holiday Package Transactions reflect normal commercial terms negotiated on an arm's length basis. Furthermore, the bulk purchase volume of QZ Tours gives us a stable volume from which we optimize our revenue and yield and hedge our risks against the cyclical and seasonal downside of the leisure tourism market in Saipan.

Given the long term and mutually beneficial collaboration with QZ Tours, the Directors (including the independent non-executive Directors) consider that such Holiday Package Transactions and their respective terms and conditions are on normal commercial terms, are fair and reasonable and are in the interests of the Group and the Shareholders as a whole.

QZ Tours is owned as to 99% by Mr. ZHOU Xindong (周新東先生), who is a brother-in-law of Dr. Tan Henry (the Vice Chairman of the Board, an Executive Director, the Chief Executive Officer and a controlling shareholder). QZ Tours is a majority-controlled corporation of a deemed connected person, and hence a connected person of the Company.

The aforesaid agreement with QZ Tours expired on December 31, 2021 and the Company entered into a new framework agreement (the "**New QZ Framework Agreement**") with QZ Tours on November 10, 2021. Pursuant to the New QZ Framework Agreement, the annual caps for the Holiday Package Transactions as agreed between the Company and QZ Tours for each of the three years ending December 31, 2024 are US$5,079,000, US$16,311,000 and US$17,465,000, respectively.

(b) On April 9, 2019, the Company entered into an agreement with TakeCare Insurance Company, Inc. ("**TakeCare**") for a term commencing from April 9, 2019 to December 31, 2021, pursuant to which the Company agreed to purchase medical and dental insurance coverage (the "**Medical Insurance**") for our employees. Under the agreement, our employees also have the option to enhance his/her coverage and benefits and/or extend the Medical Insurance to his/her family members by paying additional insurance premium, which would be settled through our Group initially and deducted from their salary (the "**Additional Coverage**").

TakeCare is one of the leading medical and dental insurers in Saipan and Guam with a sizable network of clinics. In our ordinary and usual course of business, we have been purchasing the Medical Insurance and the Additional Coverage from TakeCare for a long time before the Company's Listing on the Stock Exchange. The Directors believe that such transactions are beneficial to the Group and the Shareholder as a whole taking into account the scale and quality of TakeCare's operation in Saipan and Guam as well as the extent of coverage it offers. Besides, the Group is able to leverage on its long-established relationship with TakeCare.

The insurance premium payable by us to TakeCare is determined on a case-by-case basis in arm's length commercial negotiations. The Directors (including the independent non-executive Directors) consider that the terms and conditions under the Medical Insurance and the premium payable reflect normal commercial terms, are fair and reasonable and no less favorable compared to other independent insurers.

TakeCare is a 30%-controlled corporation of Dr. Tan Siu Lin (the Chairman of the Board, a Non-Executive Director and a controlling shareholder) and Dr. Tan Henry (the Vice Chairman of the Board, an Executive Director, the Chief Executive Officer and a controlling shareholder). TakeCare is an associate of a connected person, and hence a connected person of the Company.

The aforesaid agreement with TakeCare expired on December 31, 2021 and the Company entered into a new framework agreement (the "**New TakeCare Framework Agreement**") with TakeCare on November 10, 2021. Pursuant to the New TakeCare Framework Agreement, the annual caps agreed between the Company and TakeCare for each of the three years ending on December 31, 2024 are US$1,834,000, US$2,933,000 and US$3,080,000, respectively.

(c) On April 9, 2019, the Company entered into an agreement with Cosmos Distributing Co. (Saipan) Ltd. ("**Cosmos Saipan**"), Cosmos Distributing Co., Ltd. ("**Cosmos Guam**") and D&Q Co., Ltd. ("**D&Q**") for a term commencing from April 9, 2019 to December 31, 2021, pursuant to which the Company agreed to procure miscellaneous supplies of consumer goods, such as linens, towels, detergents and food and beverage ingredients, principally for our hotels and resorts operations (the "**Consumer Goods Transactions**"). Cosmos Saipan has ceased to operate since mid-2017 and its wholesale business was transferred to and taken up by D&Q.

Each of Cosmos Guam and D&Q is a consumer goods wholesaler in Guam and Saipan of significant scale. The terms and conditions of the Consumer Goods Transactions are determined on a case-by-case basis based on arm's length commercial negotiations and the amounts payable by us to Cosmos Guam and D&Q under the Consumer Goods Transactions have been more favorable to us compared to our other independent suppliers. The Directors confirm that the terms and conditions under the Consumer Goods Transactions reflect normal commercial terms, are fair and reasonable and no less favorable compared to other independent consumer goods wholesalers.

Given the scale of the operation and the quality of supplies of Cosmos Guam and D&Q in Guam and Saipan, the Directors further consider that the Consumer Goods Transactions are in the interests of our Group and the Shareholders as a whole.

Each of Cosmos Guam and D&Q is a 30%-controlled corporation of Tan Holdings (a controlling shareholder) and an associate of Mr. Chiu George (an Executive Director). Each of Cosmos Guam and D&Q is an associate of a connected person, and hence a connected person of the Company.

The aforesaid agreements expired on December 31, 2021 and the Company entered into new framework agreements (the "**New Consumer Goods Framework Agreements**") with Cosmos Guam and D&Q on November 10, 2021. Pursuant to the New Consumer Goods Framework Agreements, the annual caps agreed between the Company, Cosmos Guam and D&Q for each of the three years ending on December 31, 2024 are US$1,046,000, US$1,098,000 and US$1,153,000, respectively.

(d) On April 9, 2019, the Company entered into an agreement with Beach Road Tourism Development, Inc. ("**Beach Road Tourism**"), L&T Group of Companies, Ltd. ("**L&T Group**") and Luen Thai International Development Limited ("**Luen Thai International**") in relation to the leasing of certain premises as travel retail boutiques, a souvenir and amenities store, a burger joint, a warehousing unit in Saipan, and our corporate headquarter in Hong Kong, for a term commencing from April 9, 2019 to December 31, 2021. The Company, as landlord, has also entered into a concession agreement with Strategic Gaming Solutions, Inc. ("**Strategic Gaming**"), to lease premises within our Kanoa Resort as an amusement and gaming center operated by Strategic Gaming, for a term commencing from April 9, 2019 to December 31, 2021 (the said tenancy agreements and concession agreement together, the "**Connected Tenancy Agreements**").

Each of Beach Road Tourism, L&T Group, Luen Thai International and Strategic Gaming, has been leasing properties to/from the Group since the Listing. The Directors believe that such lease arrangements are for cost efficiency and for better utilization of the Group's premises, which are beneficial to the Group and the Shareholders as a whole.

Given the prime location of the premises and the level of rental and other income received or paid by us, the Directors further consider that the leasing arrangements and their respective terms are on normal commercial terms, are fair and reasonable and are in the interests of our Group and the Shareholders as a whole.

Each of Beach Road Tourism, L&T Group, Luen Thai International and Strategic Gaming is a 30%-controlled corporation and an associate of Tan Holdings (a controlling shareholder), Dr. Tan Siu Lin (the Chairman of the Board, a Non-Executive Director and a controlling shareholder) and Dr. Tan Henry (the Vice Chairman of the Board, an Executive Director, the Chief Executive Officer and a controlling shareholder). Each of Beach Road Tourism, L&T Group, Luen Thai International and Strategic Gaming is an associate of a connected person, and hence a connected person of the Company.

(e) On April 9, 2019, the Company entered into an agreement with CTSI Holdings Limited and its subsidiaries (the "**CTSI Group**") for a term commencing from April 9, 2019 to December 31, 2021, pursuant to which the Company procures warehousing, international freight forwarding, customs clearance and local courier services for our fixtures, furniture, retail merchandises and miscellaneous supplies and documents (the "**Freight and Logistics Transactions**").

The CTSI Group is a logistics and freight service provider in Saipan and Guam of significant scale. The terms and conditions of the Freight and Logistics Transactions are determined on a case-by-case basis based on arm's length commercial negotiations. The Directors believe that the terms and conditions under the Freight and Logistics Transactions reflect normal commercial terms, are fair and reasonable and no less favorable compared to other independent logistics and freight service providers.

Given the scale of the operation and the quality of the freight forwarding services provided by CTSI Group in Saipan and Guam, the Directors further believe that the Freight and Logistics Transactions are in the interests of our Group and the Shareholders as a whole.

Each of CTSI Holdings Limited and its subsidiaries is a 30%-controlled corporation of a connected person of the Group and an associate of Dr. Tan Henry (the Vice Chairman of the Board, an Executive Director, the Chief Executive Officer and a controlling shareholder). Each of CTSI Holdings Limited and its subsidiaries is an associate of a connected person, and hence a connected person of the Company.

The aforesaid agreement with CTSI Group expired on December 31, 2021 and the Company entered into a new framework agreement (the "**New CTSI Framework Agreement**") with the CTSI Group on November 10, 2021. Pursuant to the New CTSI Framework Agreement, the annual caps agreed between the Company and the CTSI Group for each of the three years ending on December 31, 2024 are US$1,255,000, US$970,000 and US$1,024,000, respectively.

The Company has conducted a review of its continuing connected transactions and confirmed that all such transactions had complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

Confirmations from the independent non-executive Directors and auditor

Pursuant to Rule 14A.55 of the Listing Rules, the independent non-executive Directors have reviewed the aforesaid continuing connected transactions and have confirmed that these continuing connected transactions (i) were entered into in the ordinary and usual course of business of the Group; (ii) were either on normal commercial terms or on terms no less favorable to the Group than terms available to or from independent third parties; and (iii) were in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with "Hong Kong Standard on Assurance Engagements 3000 (Revised) Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 (Revised) "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor of the Company confirmed that the above transactions were approved by the Board, were in accordance with the pricing policies of the Company, and were entered into under respective agreements that regulate such transactions and did not exceed any of the relevant caps as mentioned in the relevant agreements and announcements of the Company. The auditor has issued an unqualified letter containing the findings and conclusions in respect of the continuing connected transactions disclosed by the Group on pages 34 to 36 of this annual report in accordance with Rule 14A.56 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

The Company confirmed that, save as disclosed above:

(i) there were no subsisting contracts of significance to which the Company or any of its subsidiaries was a party and in which any one of the Directors of the Company had a material interest, whether directly or indirectly, at the end of the Year or at any time during the Year; and

(ii) there were no transactions which need to be disclosed as connected transactions in accordance with the requirements of the Listing Rules.

EQUITY-LINKED AGREEMENTS

No equity-linked agreements that will or may result in the Company issuing shares or that require the Company to enter into any agreements that will or may result in the Company issuing shares were entered into by the Company during the Year or subsisted at the end of the Year.

PERMITTED INDEMNITY PROVISION

Article 164(1) of the Articles provides that every Director or other officer of the Company shall be entitled to be indemnified and secured harmless out of the assets and profits of the Company from and against actions, costs, charges, losses, damages and expenses as a result of any act or failure to act in the execution of their duty. The Company has also maintained Directors' and officers' liability insurance during the Year.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles or the laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing Shareholders.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed Shares during the Year.

PUBLIC FLOAT

As of the date of this annual report, the Company has maintained the prescribed public float under the Listing Rules, based on the information that is publicly available to the Company and within the knowledge of the Directors.

DIRECTORS' INTEREST IN COMPETING BUSINESS

Pursuant to Rule 8.10 of the Listing Rules, there were no competing business of which a Director had a material interest, whether directly or indirectly, subsisting at the end of the Year or at any time during the Year which is required to be disclosed.

CORPORATE GOVERNANCE

The Corporate Governance Report of the Company is set out in pages 80 to 97 of this annual report.

AUDITOR

The consolidated financial statements for the Year have been audited by Messrs. Ernst & Young. A resolution will be submitted to the forthcoming AGM of the Company to re-appoint Messrs. Ernst & Young as the auditor of the Company.

On behalf of the Board

TAN Henry, *BBS, JP*
Vice Chairman of the Board,
Executive Director and Chief Executive Officer

March 26, 2024

Principal Risks and Uncertainties

The Group's business operations and results may be affected by various factors, some of which are external causes, and some are inherent to the business. There are several principal risks and uncertainties which may directly or indirectly affect the Group's business operations, financial conditions and future business prospects. The magnitude of the impact on the Group arising from these risks depends on the severity, duration and locality of the relevant event should it occur. There are also risks that are not significant now but can turn significant, risks that we are not aware of and/or new risks that may emerge in the future. Outlined below are the several principal risks and uncertainties that may affect the Group, but this list is not intended to be exhaustive or comprehensive:

1. Macro-economic and political environment

The Group is one of the leading leisure tourism groups in Saipan and Guam. Our business is particularly sensitive to the general macro-economic and political environment, which could affect levels of discretionary leisure tourism and tourist spending. In particular, the number of tourists traveling and the amount they spend on holidays could decrease if disposable income reduces, sales taxes or value-added taxes increase, unemployment rate increases, transport and fuel costs increase, or the spending habits of tourists change in response to uncertain economic conditions. We closely monitor changes in the macro-economic environment and endeavor to adjust our business plans in a timely manner.

2. Tourist Arrivals

The Group's business depends on the number of tourist arrivals in Saipan and Guam, which is highly reliant on the schedule and price of the flights to and from Saipan and/or Guam. These flights could be regular flights or chartered flights. Suspension or reduction in the frequency of direct flights from a key tourist origin market, such as mainland China, South Korea and/or Japan, could significantly reduce the number of tourist arrivals from these markets. In turn, our results of operations might be adversely affected and the competition in the leisure tourism market in Saipan and Guam might intensify. The Group does not have any contractual relationship with airlines and control over their business decisions on flight operations and pricing. Nevertheless, we actively encourage the airlines to develop new flight routes from our key tourist origin markets with a view to facilitate a general increase in the number of air seats to and from Saipan and/or Guam.

3. Land lease renewal

The Kanoa Resort is operated on land parcels leased from the local government which will expire on June 15, 2025. If we fail to renew the land leases, we will lose a revenue stream and our business prospects, results of operations and financial conditions could decline. The renewal of the public land leases will be subject to the publication of a public notice and a public hearing (where public comments are collected) as well as commercial negotiations on statutorily prescribed terms and conditions, including rental level, new improvements and upgrades and public benefits and contributions (such as local employment, public facilities or infrastructure), all of which are common in the context of public land lease renewals in the CNMI and Guam but are not entirely within our control. As of the date of this annual report, we are finalizing the land lease renewal with the local government.

4. Human Resources

The Group's operations in Hotels & Resorts Segment is labor-intensive. Our success depends in large on our ability to attract, retain, train, manage and engage employees. The level of services we provide to our guests depend a significant degree on the quality and skillset of our staff (including our temporary and full-time employees and our casual staff). The failure to attract, retain, train, manage and engage skilled employees could reduce guest satisfaction and thus have a material adverse effect on our business, results of operations and financial conditions. Staffing shortages could also hinder our ability to grow and expand our businesses. A shortage of skilled employees could also require higher wages that would increase our personnel costs and could adversely affect our profits. The Group monitors labor market conditions on a regular basis to ensure our employment terms are both reasonable and competitive while maintaining our high quality of services.

5. Legal and Compliance

The Group is committed to complying with all relevant legal, regulatory and contractual requirements, which gives rise to compliance costs.

The Group's Hotels & Resorts Segment has three hotel management agreements with our Hotel Manager, each of which has a term of 25 years from its commencement date with two options to renew for an additional 5 years each. During the term of the hotel management agreements, we are subject to a number of terms and obligations which may restrict our hotels and resorts business operations. Failure to observe the terms of the hotel management agreements may give rise to the Hotel Manager's right to prematurely terminate the hotel management agreements with 30 days' notice.

The Group's Luxury Travel Retail Segment has a number of franchise and distribution agreements with brand owners which typically have a fixed term of 4 to 5 years. During the term of these agreements, we are subject to a number of terms and obligations which may restrict our travel retail business operations, expansion and future prospects. Failure to observe these terms may give rise to the brand owners' rights to prematurely terminate the franchise and distribution agreements with a nil to 60 days' notice.

During the Year, the Group has bank facilities of US$48,000,000. As of the date of this annual report, the full amount of the facilities was drawn to finance the renovation and upgrade works that have been carried out to Crowne Plaza Resort Saipan and Crowne Plaza Resort Guam. The two hotels have their grand openings on October 31, 2022 and March 28, 2023, respectively. Pursuant to the terms and conditions of the facilities with the bank, the Group is subject to certain undertaking clauses including but not limited to financial covenants and completion of the renovation and upgrade works of Crowne Plaza Resort Saipan and Crowne Plaza Resort Guam at an agreed date. Failure to observe these covenants may allow the bank to request for immediate repayment of all outstanding bank borrowing drawn under the facility.

The Group actively engages external professional advisors to advise on relevant legal, regulatory and contractual requirements to ensure compliance. The Group also actively negotiates with the bank in order to obtain waivers for relevant undertaking clauses which may potentially be breached in order to avoid the bank from requesting for immediate repayment and such that the bank facility will continue to be available to the Group.

6. Disaster Events

The Group's leisure tourism business will be materially and adversely affected by natural disaster events such as super typhoon or flooding. Other disaster events include acts or threats of terrorism, wars, travel-related accidents, outbreak of contagious diseases or other catastrophic events. Depending on the severity, duration and locality, such events could severely disrupt the Group's business operations and cause damages to our properties. Such events, or a general apprehension of such events, may also significantly and adversely affect travel sentiments and reduce demand for tourism products and services in the affected destination. The Group regularly conducts risk assessment, and has taken out comprehensive insurance covering our properties, business operations and third-party liabilities.

The global outbreak of COVID-19 in 2020 is an example of such disaster events, which has also caused changes in the macro-economic environment, dampening of global travel sentiment, decrease in flight availability and hence tourist arrivals, as well as changes in local laws and regulations (including but not limited to travel bans and mandatory quarantine requirements).

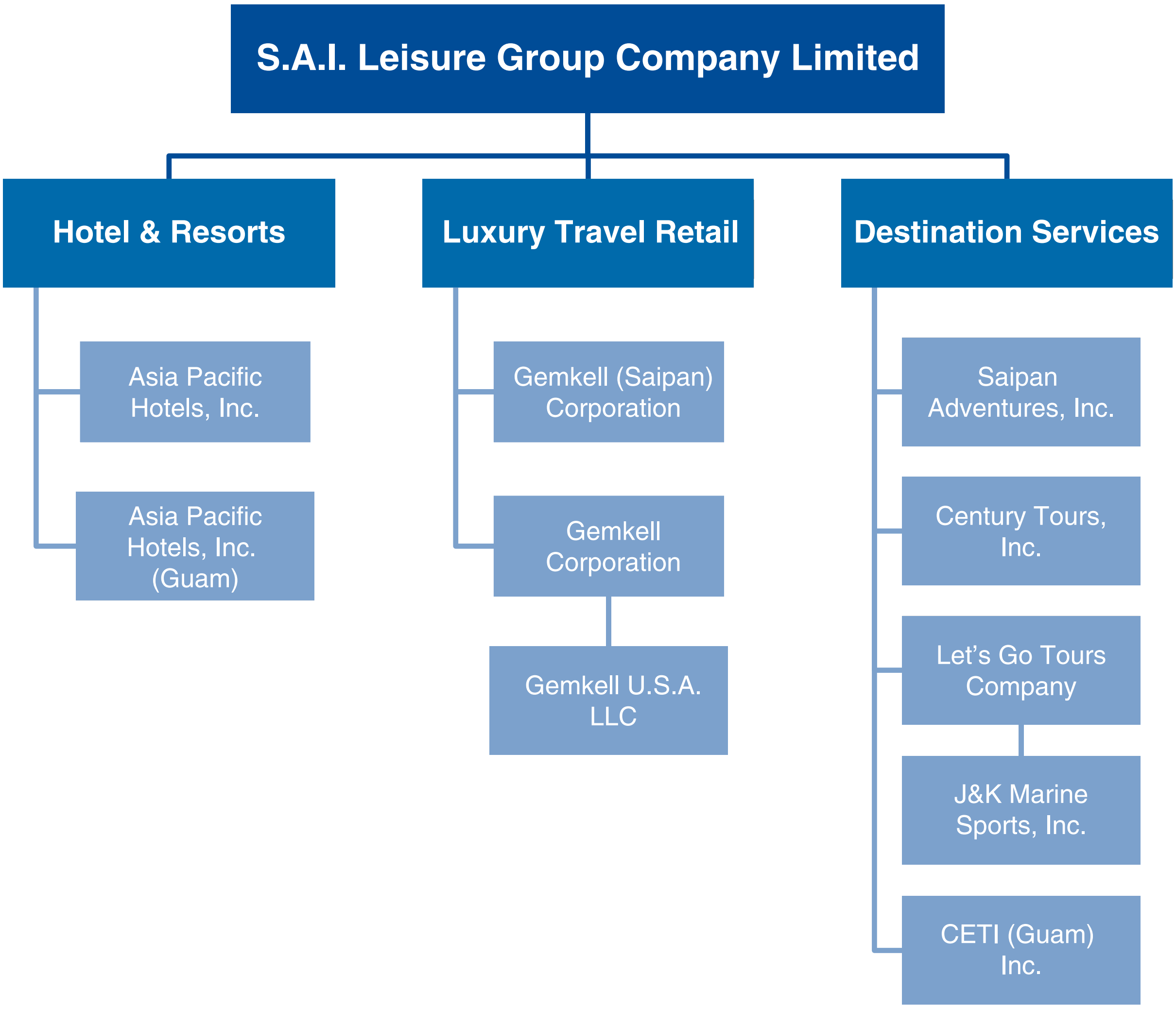
Although the global tourism industry has been recovering, the extent of the impact of the COVID-19 pandemic on the Group's business operations and financial results, in particular the decreased availability of flights, remains a principal risk and continues to create uncertainties for our Group's business operations and financial results.

ABOUT THIS REPORT

The Group is pleased to publish the environmental, social and governance ("**ESG**") report (the "**ESG Report**") of the Group for the year 2023.

Reporting Scope

The scope of this ESG Report covers the Group's corporate headquarters in Hong Kong and leisure tourism operations in Saipan, Guam and Hawaii, territories of the U.S., under the three business segments of hotels and resorts, luxury travel retail and destination services for the year 2023. We have expanded our reporting scope to include CETI (Guam) Inc., which has started operation since August 2023 under our Destination Services Segment.



Reporting Standard

This ESG Report has been prepared in accordance with the latest requirements of the ESG Reporting Guide set out in Appendix C2 of the Listing Rules. In developing the content of the ESG Report, the Group adheres to the fundamental reporting principles, namely materiality, quantitative, balance and consistency, as outlined in the HKEx ESG Reporting Guide.

Reporting Principles	Description
Materiality	Material topics were assessed through internal discussion and engagement of key stakeholders. The materiality matrix and details of stakeholder engagement are illustrated in the later section of the ESG Report.
Quantitative	All environmental and social key performance indicators ("**KPI(s)**") in the ESG Report were calculated in accordance with a series of standardized methodologies and robust methodologies were adopted as illustrated in the relevant sections.
Balance	We have included data comparisons over years to provide an unbiased comparison of our ESG performance from time to time.
Consistency	The ESG Report has been prepared in the same way in terms of the reporting scope and methodologies when compared to those in previous years. Consistent environmental and social data management approach is adopted to allow a fair comparison of our performance over time.

The Board has acknowledged its responsibility to oversee the Group's sustainable development and ensured that appropriate and effective ESG risk management and internal control systems are in place. The ESG Report has been reviewed and approved by the Board.

Contact & Feedback

The Group values your feedback and opinion on the ESG Report. Please feel free to contact us with the contact information below:

S.A.I. Leisure Group Company Limited
5/F Nanyang Plaza
57 Hung To Road, Kwun Tong
Kowloon, Hong Kong

Email: **info@saileisuregroup.com**
Company website: **www.saileisuregroup.com**

ABOUT THE GROUP

As reflected in our corporate company name, the Group is dedicated to providing leisure travelers with unique and unforgettable experiences that encompass the themes of "Sea, Air, and Island". Since our establishment in 1997, we have positioned the Group as one of the premier leisure tourism groups in the Western Pacific Region, committed to delivering exceptional service and ensuring visitors enjoy every aspect of our diverse leisure tourism businesses.

Hotels and Resorts

In our Hotels and Resorts Segment, we are proud to own four properties in Saipan and Guam. Our beachfront resorts, Crowne Plaza Resort Saipan and Crowne Plaza Resort Guam are premium resorts offering a wide range of services including leisure and entertainment, meeting and events, dining and accommodation. Kanoa Resort was currently closed. Before it's temporary closure, we were honored to support the Commonwealth of the Northern Mariana Islands (the "**CNMI**") Homeland Security and Emergency Management from March 2020 to July 2022 by providing its hotel rooms, facilities and meal services to persons who were subject to the mandatory quarantine requirements upon their arrival in Saipan. The Group is now in the process of carrying out planning and design works for the renovation and rebranding Kanoa Resort as "voco Resort Saipan". Meanwhile, Century Hotel provides budget-friendly lodging and food and beverage ("**F&B**") services for both budget and business travelers.

We have partnered with one of the leading international hospitality chains, allowing us to benefit from its well-established sales channels and booking engine, elevate the service standard of the Group's hotels as well as the market position. Our ultimate goal is to provide exceptional service and create memorable experiences that bring happiness to our guests.

Luxury Travel Retail

During the Year, we carry a suite of nine world-renowned brands under the Group's Luxury Travel Retail Segment, providing our customers with a diverse selection of fine clothes, leather goods, and fashion accessories. As at the date of this ESG Report, we carry a total of seven world-renowned brands and operate a total of twelve boutiques in Saipan, Guam, and Hawaii. Each of our boutiques is a standalone "Concept Store" that houses a single brand.

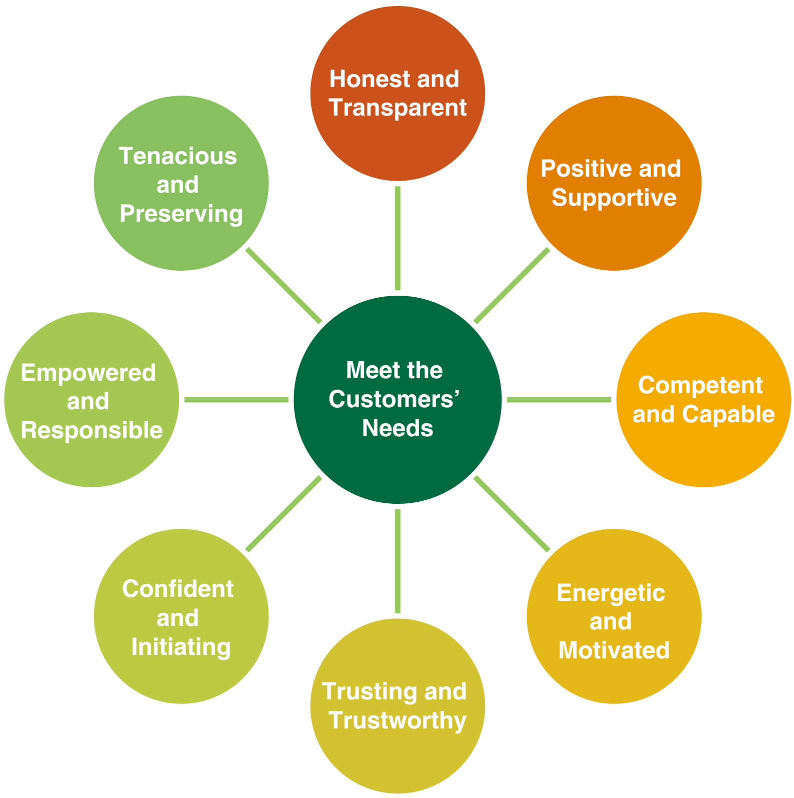
Destination Services

After COVID-19 pandemic, our operation in Saipan resumed gradually. Out of the three reasonably priced and popular excursion tours under our Destination Services Segment, namely SeaTouch (a stingray interaction experience), Jetovator (a hydro-powered jetski that propels participants through the air) and Let's Go (a 4-wheel drive jungle and mountain adventure), only SeaTouch resumed its operation during the Year. Aside from that, the Group has proudly launched a brand-new souvenir and amenities shop within the hotel premises of Crowne Plaza Resort Saipan in the last quarter of year 2022. The newly renovated souvenir and amenities shop occupies a more spacious retail area and offers hotel guests commodities in more varieties. In August 2023, the Group expands its destination services businesses to Guam and newly opens a brand-new souvenir and amenities shop within the hotel premises of Crowne Plaza Resort Guam. Depending on the recovery of the tourists in Saipan, the Group continues to optimize our customers' experiences by providing comprehensive one-stop tourist services.

CORPORATE VALUES

Value	We respect humanity and do the right things.
Accountability	We are responsible to each other and to all those we serve.
Learning	We continually expand our minds to enhance our performance, cope with the change in market trends and growth.
Unity	We work together in harmony to achieve our common goals.
Empowerment	We have the strength to follow through on our commitments.
Satisfaction	We render our guests a feeling of wanting to return.

To set ourselves apart from competitors and remain agile in tackling the changing market dynamics, we are driven by eight corporate core values to our ESG identity and commitments. These values underpin our ESG approaches and help us to deliver exceptional service while meeting the needs of all stakeholders.



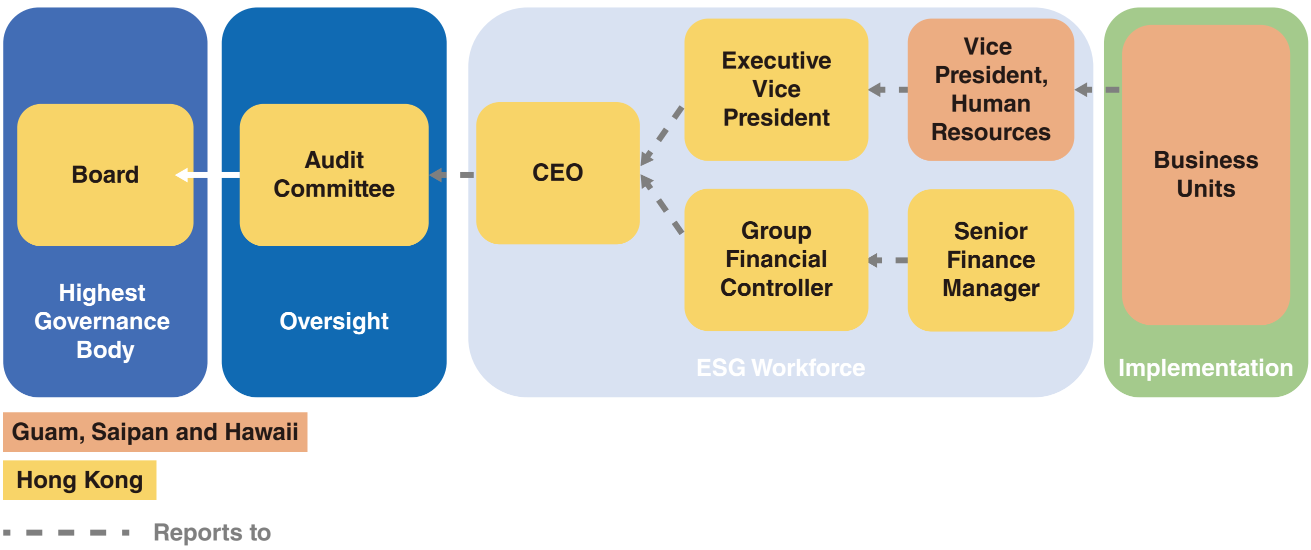
ESG GOVERNANCE

A solid and effective corporate governance framework allows us more adequate oversight and better management of ESG issues. The Group has established an ESG governance structure with four management levels and clearly defined responsibilities to ensure the accountability of policy implementation and enhance our ESG performance.

The goals of the ESG workforce (the "**Workforce**") of the Group include overseeing related policies and practices, assessing and making recommendations on issues about sustainable development of the Group. The Workforce ensures their activities correspond to the appropriate targets. The Workforce meeting is held at least once a year to discuss emerging ESG challenges and trends, identify and mitigate ESG risks, and assess the efficacy of the structures, policies, and actions of the Group. Moreover, the Workforce provides the board of directors of the Company (the "**Board**") with suggestions for tactics on issues involving the strategies of corporate social responsibility and environmental aspects.

The Workforce directly presents its conclusions, choices, and recommendations to the Chief Executive Officer ("**CEO**") and the Audit Committee. The Audit Committee oversees and supervises the Workforce to guarantee adequate and efficient ESG risk management procedures are in place. Regarding any ESG risks and issues, the Audit Committee reports its findings and suggestions to the Board.

The organization of our ESG management system, along with their duties, are summarized as follows:



The Board	
• Oversee ESG issues of the Group • Set the approaches, strategies, priorities and objectives of the ESG management • Evaluate the Group's performance periodically against ESG related goals and targets	• Identify and respond to the ESG-related issues, risks and opportunities • Verify that ESG risk management and risk management system are efficient • Review and approve the ESG Report

CEO	
• Review and approve the Group's ESG management approaches, strategies, priorities and objectives • Lead the Workforce which is responsible for developing sustainability short-term, mid-term and long-term goals and a set of ESG KPIs	• Review the Group's performance periodically against ESG related goals and targets • Review and make recommendations to the Board in respect of the ESG strategies, priorities and targets

Executive Vice President	
• Facilitate and drive ESG strategies, goals and initiatives within the business units • Set appropriate strategic goals, shorter term KPIs and associated targets related to ESG matters • Monitor and report the performance against those KPIs and targets	• Monitor and review the Group's policies and practices relating to ESG matters to ensure that they are relevant, effective, reflective of best practice and comply with legal and regulatory requirements and international standards

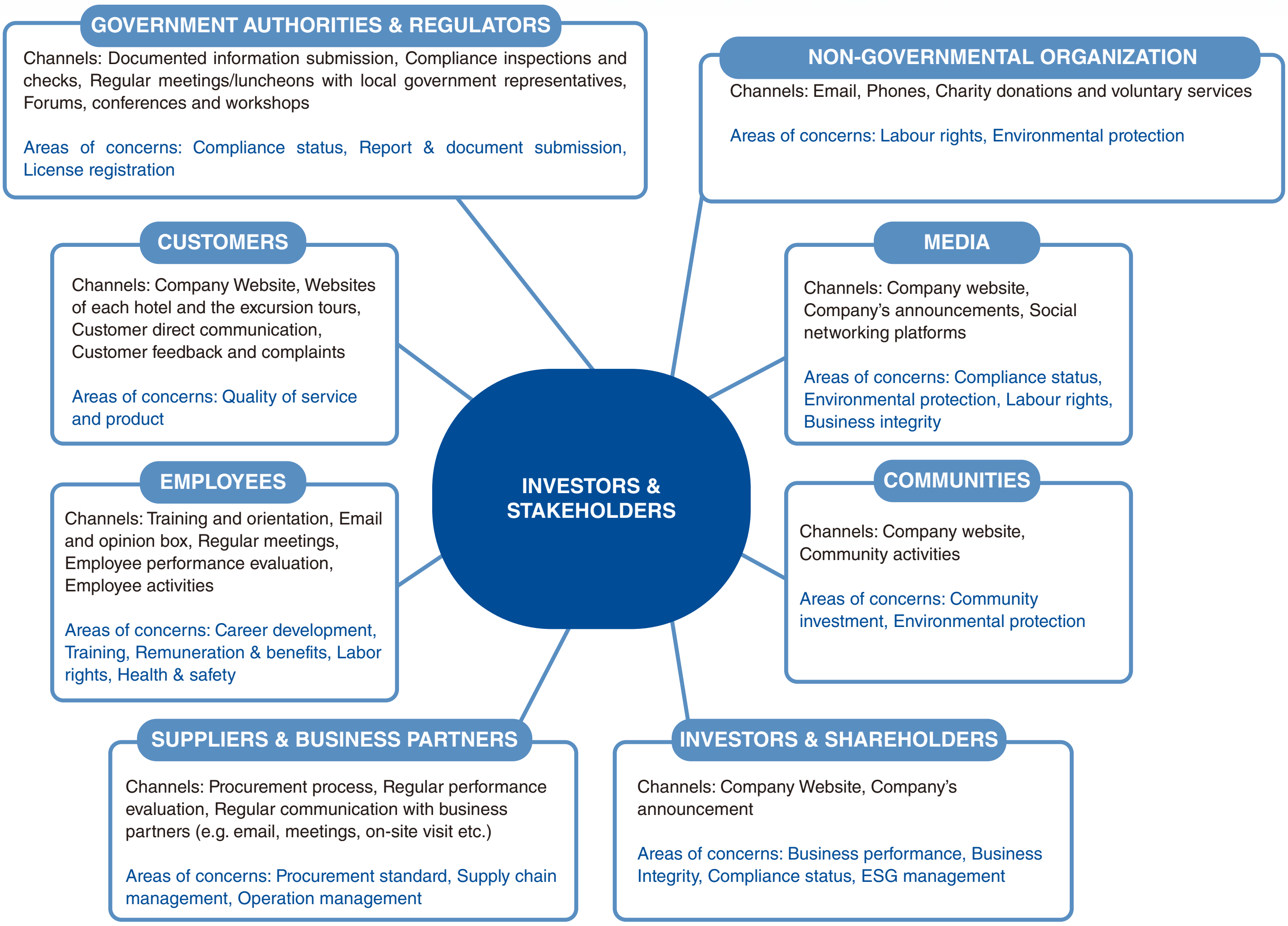
Group Financial Controller	
• Lead the coordination and communication of ESG work streams across the Group to ensure consistency, integration and executable outcomes • Identify or procure required resources to implement sustainability programs or projects	• Develop and execute sustainability project goals, objectives, initiatives or strategies in collaboration with other external sustainability professionals • Assist management to review sustainability targets and metrics as well as recommending improvement measures

Vice President, Human Resources	
• Research or review regulatory, technical or market related sustainability publications in Guam, Saipan and Hawaii • Organize workshops, seminars and trainings to enhance the ESG awareness of employee	• Provide technical or administrative support for ESG issues • Support the development of corporate sustainability strategies that reflect important ESG issues to the Group

Senior Finance Manager	
• Facilitate the implementation of the defined sustainability projects and to ensure the sustainability projects are in line with the ESG strategies and targets • Coordinate with internal departments and contracted partners to manage ESG disclosures and communications such as annual ESG report and questionnaires • Coordinate the implementation of sustainability activities across Hong Kong, Saipan, Guam and Hawaii, handle related enquiries from both internal and external stakeholders	• Perform regular benchmarking of the Group's sustainability performance against peers and leaders as well as monitoring emerging stakeholder trends and global sustainability-related policies and developments • Support preparation of ESG report and sustainability related disclosures, including data collection, measurement and analysis, stakeholder engagement and content development

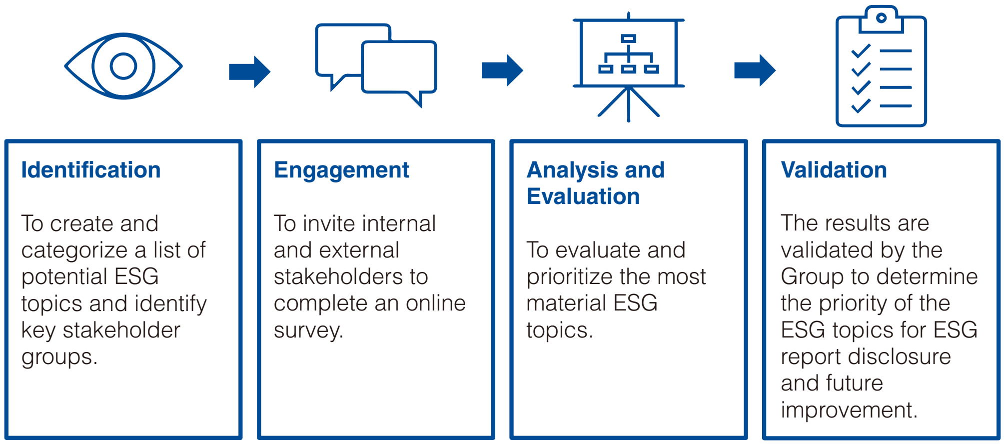
STAKEHOLDER ENGAGEMENT

To ensure we have incorporated sustainability into our daily operating strategies, it is vital to understand our stakeholders' demands, concerns and expectations on the Group's ESG performance. We maintain open dialogues to understand diverse needs, perspectives and goals. We have established a variety of communication platforms to facilitate regular communication process with both internal and external stakeholders. Key communication channels and areas of concerns include:



MATERIALITY ASSESSMENT

To determine material ESG issues of the Group and formulate appropriate ESG strategies, we commissioned an independent consultant to conduct a materiality assessment. An online questionnaire was distributed to both our internal and external stakeholders, inviting them to score 34 ESG topics based on the relevance and importance to the business operation and the stakeholder themselves respectively. The scope of stakeholders includes the Board, the Group management, suppliers, customers, shareholders and employees. These ESG topics encompassed areas such as environmental protection, community investment, operational practices and employment. Stakeholders provide their rating through an online questionnaire. In addition, our Hotel Manager has also been actively pursuing additional opportunities to advance our environmental and social objectives. Contacts were made with various waste and recycling companies locally to explore potential partnerships. The Hotel Manager conducted due diligence to identify promising ESG initiatives, such as initiatives focused on energy conservation, food waste diversion programs, and involvement in community charity events. The goal is to promote wider ESG awareness and positively impact our surroundings.



This collective input helped our Group to identify the most material topics shaping our sustainability approach, which provides us with the foundation to implement our sustainable strategies. As this process helps us to focus on reporting and goal setting on issues that are deemed important to both internal and external perspectives.

Based on the scores of each of the ESG topics identified by the stakeholders, the ESG issues are prioritized and shown in the materiality matrix below. Topics that fell in the upper right corner of the matrix were identified as the topics that matter the most to the Group's business operations and that our stakeholders are most concerned about. We strive for continuous improvement in our ESG performance, governance, and policies in the future.

Materiality Matrix

Significance to the Group's Business & Operation

Environment

1. Air emission
2. Greenhouse gas emission
3. Decarbonization
4. Conservation of ecosystem
5. Nature-related risk and opportunity management
6. Circular economy
7. Environmental data management
8. Climate change mitigation
9. Climate risk management
10. Energy efficiency
11. Water & effluents
12. Use of materials
13. Waste management
14. Environmental compliance

Social

Employment

15. Labour rights
16. Labour/Management relations
17. Employee retention
18. Diversity and equal opportunity
19. Non-discrimination
20. Occupational health and safety
21. Employee training
22. Employee development
23. Prevention of child labour and forced labour

Operation

24. Customer satisfaction
25. Customer service quality and complaints handling
26. Customer health and safety
27. Marketing and product and service labelling compliance
28. Intellectual property
29. Customer privacy and data protection
30. Responsible supply chain management
31. Fair operating practices on supplier
32. Ethical business
33. Socio-economic compliance

Community

34. Community involvement

CORPORATE GOVERNANCE

The Company was incorporated in the Cayman Islands with limited liability and was listed on the Main Board of the HKEx on May 16, 2019. We are governed by the Corporate Governance Code set out in Appendix C1 of the Listing Rules. Further information on our Board and governance structures can be read on the Corporate Governance Report on pages 80 to 97 of this annual report.

CARE FOR OUR EMPLOYEES

We recognize that employees are our most valuable assets as their hard work and contributions are the driving force of our success and business development. We are committed to their well-being, development, and protection. The Group strictly adheres to all applicable laws and regulations in the regions of our operations.

As an international business operating across borders, we ensure full compliance with all applicable employment and immigration laws. During the Year, three employees were impacted by the CW-1 Temporary Departure Requirement upon expiration of their third visa cycles. However, riding on our expertise in processing CW-1 visa, we successfully filed new petitions for the abovementioned employees and they will return to the CNMI soon in 2024. We ensure all our employees have up-to-date and valid work authorization documentation, following our responsible workforce practices.

Laws and Regulations

- Fair Labor Standards Act
- Guam Minimum Wage and Hour Act
- Family and Medical Leave Act
- Guam Child School-Related Leave Act
- Worker's Compensation Law of Guam
- Title VII of the Civil Rights Act of 1964
- Age Discrimination in Employment Act of 1967
- Americans with Disabilities Act
- Equal Pay Act of 1963
- Pregnancy Discrimination Act of 1978

During the Year, there were no known material instance of non-compliance with laws and regulations in Hong Kong, Saipan, Guam or Hawaii regarding compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, or other benefits and welfare.

Equal and Diversified Workplace

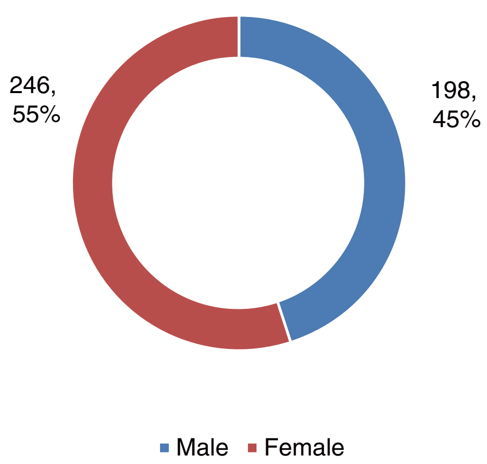
Inclusivity starts with the Group's policies and practices that ensure everyone has a fair shot at success. We embrace diversity and extensive across dimensions through the zero-tolerance stance on any kinds of harassment and discrimination.

Fairness and merit guide all our human resources-related activities. We provide equal opportunities for all employees in remuneration, recruitment, training and promotion solely based on the qualifications, skills and performance of the employees. Any forms of discrimination will not be tolerated on attributes that are irrelevant to job duties such as ethnicity, gender, marital status, disability status. We believe a bias-free, ability focused culture allows all our employees to flourish and grow. To promote fairness, diversity and inclusivity within the workplace, we have established Equal Employment Opportunity ("**EEO**") policies. In addition, the group regularly organizes EEO seminars to ensure employees are aware of their rights and responsibilities under the EEO policies and to provide ongoing training on matters of diversity, inclusion and non-discrimination. This commitment to equal opportunity, accessibility, education and ongoing dialogue helps foster a fair and supportive environment for all our people.

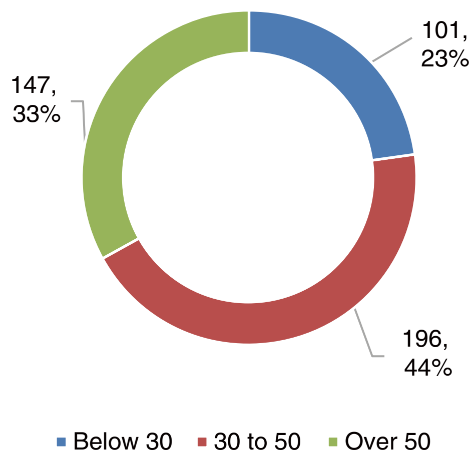
Our Group respects and treasures all the people which lay the foundation of our workplace. As outlined in our Employee Handbook and Code of Conduct, we place high cordial and respectful treatment to all our colleagues. Behaviors that threaten working relationships such as spreading gossip might create work conflict among teams and are thus considered as misconduct which might warrant disciplinary action including but not limited to dismissal.

To address the issue promptly and fairly, we have developed a grievance system. Employees may report any unfair treatment promptly and confidentially. Complaints can be reported to various grievance channels, including executives, supervisors, department managers, Human Resources manager, or Legal Department. After collecting all relevant information, the assigned complaint investigator will conduct a thorough investigation and propose remedial actions tailor-made for such an instance. Our regular EEO Seminars ensures the assigned investigators are well trained and equipped with the knowledge to conduct investigations in an unbiased and thorough way. We will maintain confidentiality throughout the investigation and strictly forbid any form of retaliation against our employees. Disciplinary actions ranging from counselling, written warning, demotion to termination will be enacted against anti-discrimination and anti-harassment policy violators as needed to uphold an empowering culture of equality in our Group.

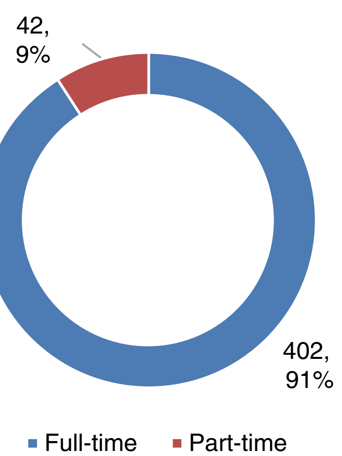
Total workforce by gender



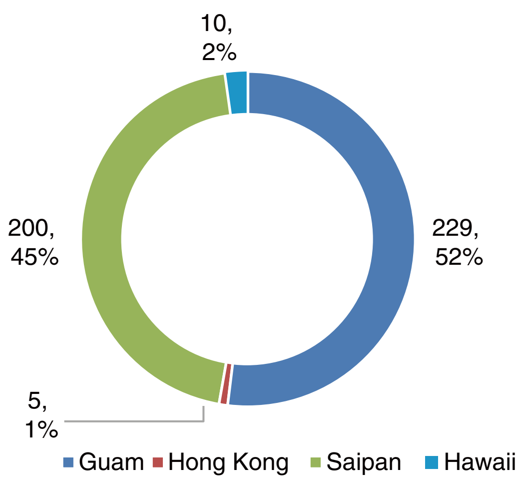
Total workforce by age group

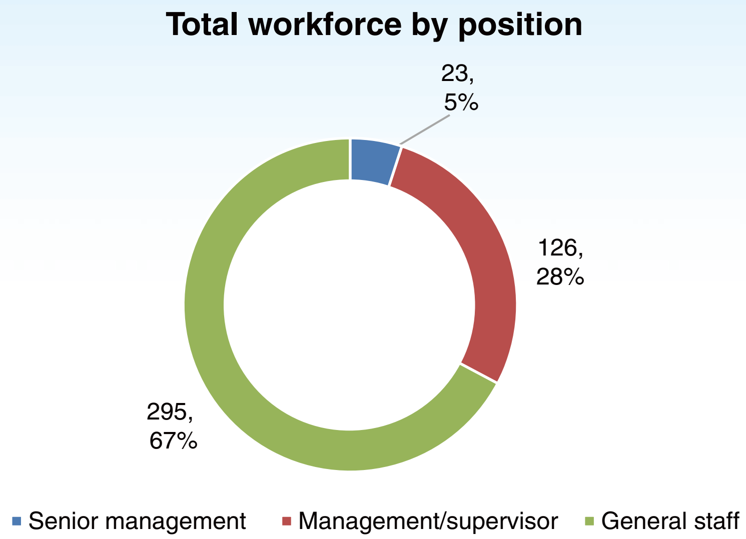


Total workforce by employment type



Total workforce by geographical region





Employee turnover rate[1]		% in 2023	% in 2022
Total		63.51	46.70
By gender	Male	66.67	51.87
	Female	60.98	42.03
By age group	Below 30	84.16	49.37
	30 to 50	63.27	48.42
	Over 50	49.66	42.40
By geographical region	Hong Kong	40.00	0.00
	Saipan	46.00	59.22
	Guam	81.22	36.19
	Hawaii	20.00	0.51

Employment Practices

Cultivating a strong connection with our employees is paramount, therefore we aim to motivate and inspire our employees through dynamic work and competitive remuneration package and benefits. Our human resources policies provide directions and information on critical areas including but not limited to recruitment, remuneration and benefits, employee code of conduct, performance appraisal, promotion and termination.

We acknowledge that competitive rewards influence retention and performance. Thus, the Group offers attractive salary package, medical, business travel and compensation insurance that are aligned with market standard. Regular performance appraisals are prepared and discussed between supervisors and employees to evaluate the employees' performance and to identify areas for development or improvement against expectations. A discretionary bonus will be offered based on an individual's performance annually. To appreciate the long-term commitment of the staff, long-serving employees would receive long-service awards in accordance to their years of dedication. Through these programs, we aim to attract and retain exceptional talents in the long run.

1 The turnover rate is calculated by dividing the employees in the specified category leaving employment by the total number of employees in such specified category.

To support work-life integration, we have established employment contracts specifying standard working hours and approval processes for unavoidable overtime. Should overtime be necessary, approval from an immediate superior or department manager is required, and qualifying employees would be entitled to meal compensation. The Group abides by the applicable laws and regulations on legal working hours and break periods. Beyond statutory holidays, vacation leave and sick leave, our employees are also entitled to jury or witness duty leave, voting leave, family and medical leave, military leave, and major disaster volunteer leave. Additionally, on-site associates at our hotels and resorts can receive duty meals at our associate restaurant during regular breaks, to ensure our staff are fueled with balanced nourishment.

We uphold a zero-tolerance policy against all forms of child and forced labor in our business operations. All employees are required to sign a legally binding contract to make sure they voluntarily consent to work. Orientation for new joiners covered information on labor rights protection. Regular reviews of our hiring practices are performed to ensure the hiring process are free from exploitation, these review helps safeguarding the vulnerable. The Group fully adhere with compliance relating to the prevention of child and forced labor, such as the Fair Labor Standards Act and the Guam Minimum Wage and Hour Act. During the Year, the Group has no substantiated incidence of contravention with laws and regulations relating to child and forced labor in Hong Kong, Saipan, Guam, or Hawaii. Through ethical recruitment and fair treatment, we respect the well-being and human rights of every individual within our workplace.

Safe and Healthy Workplace

Safeguarding employees' health and safety is crucial to our operation. We have established a strict policy prohibiting smoking, substance use, and alcohol within office premises to shield our people's health. As the Group operates in three segments, and each of them involved distinct needs and requirements for occupational safety and health ("**OSH**"), tailor-made safety approaches are adopted. The safety measures adopted for different segments, including Hotels and Resorts, Luxury Travel Retail and Destination Services will be described separately in the section below.

We fully committed to adhering to all applicable laws and regulations, including but not limited to the Occupational Safety and Health Administration ("**OSHA**") Health Act of 1970 and the OSHA Hazard Communication Standard in the U.S.. During the past three years (i.e. from January 1, 2021 to December 31, 2023), the Group received zero work-related fatality. A total of 21 work-related injuries cases were reported and the number of lost days due to work injury was 50 in 2023. Furthermore, there were no instance of any material non-compliance with laws and regulations across Hong Kong, Saipan, Guam and Hawaii relevant related to workplace safety and protection from job hazards.

Hotels and Resorts

For our hotels and resorts, the Group has implemented a robust Safety and Health Program to manage wide-ranging of OSH risks. Elements include safety training, on-site inspection, hazard identification, and communications.

A Safety and Health Committee led by each hotel General Manager has also been established to drive our OSH effort. Responsibilities include formulating and managing OSH policies, reviewing and evaluating statistical information, records, and reports on safety risks. On monthly basis, the Committee evaluates the OSH issues of all hotels and resorts under the Hotels and Resorts Segment. Timely governance and insights from operational leaders empower the safety of our operations.

In addition, we identify potential OSH risks by leveraging on a comprehensive Safety Inspection Checklist tailor-made for hotels and resorts. Every quarter, a designated safety coordinator will undertake an inspection as guided by the checklist. Areas of focus in the Safety Inspection Checklist encompass everything ranging from the allocation and conditions of safety equipment, the adequacy of safety measures of the work site, the hygiene standards of the workplace, the availability and quality of protective gears as well as the storage arrangement of the hazardous material.

The Group strictly complies with all OSHA standards and demonstrated through an OSHA inspection policy, outlining the inspection procedures and corrective actions.

To maintain compliance, we held various training programs and renewed certifications on a regular basis. Employees handling food, liquor, tobacco, or working in safety-critical roles undergo yearly certifications. These include OSHA Form 300A training, food handler seminars, and first aid, Cardio-Pulmonary Resuscitation or lifeguard courses depending on job functions. Employees working in locations selling or serving liquor and tobacco, such as our convenience stores and hotel bars, undergo the ABTC training program every two years to maintain compliance. We also engage an external Safety and Health Consultant, Mr. Ron Biggers, to conduct regular audits and provide compliance guidance and advisories.

Luxury Travel Retail

Ensuring a safe and healthy environment for our employees and customers is our top priority. For our luxury travel retail operations, the Group developed an Employee Safety Handbook outlining guidelines to prevent incidents and injuries. This includes protocols on hazard prevention, hazardous material spills, fire prevention, fall protection, and first aid administration. In addition, tenant Safety and Emergency Policies from our landlords further stipulate emergency preparedness. We require our employees to be familiar with both Handbooks to get themselves ready for unpredictable eventualities like fires or robberies.

With comprehensive manuals elaborating the safety directives, we aim to cultivate a risk proactive culture across the Luxury Travel Retail.

Destination Services

Ensuring protection of employees and guests in all circumstances, even emergencies, is paramount. We thus have developed safety measures and contingency policies outlining preparedness for potential crises across various situations in our destination services. This policy provides instructions on potential emergencies, including natural disasters, vehicles accidents, foodborne illnesses, robberies, and hazardous material spills.

Employees are coached in the orientation training program to keep calm and be responsive when unpredictable situations arise, which the safety measures and contingency plans are covered in. Through extensive staff education, we strengthen our ability to safeguard customers and staff across diverse scenarios.

We uphold a duty of care as a top commitment to all who are involved in our Destination Services Segment.

A Harmonious Workplace

Effective communication could foster an open and harmonious workplace. As such, we embrace an open-door policy where employees feel empowered and confident to speak up about their challenges and concerns with supervisors and department managers.

No discrimination of any kind will be tolerated against those employees who bring complaints or concerns forward, whether related to the grounds of sex, marital status, pregnancy, disability, family status or trade union participation. Employees also have an anonymous means to contribute opinions and submit grievances via suggestion box. Through transparent feedback channels and a culture of inclusion, we aim to identify opportunities, resolve issues equally and enhance employee experience.

In 2023, we undertook various initiatives to foster mutual understanding and a sense of belonging across the Group. Leadership team-building sessions were held to facilitate reflections on successes and challenges from 2022, along with goals for the new year. Through activities like “Our Wins & Challenges 2022” and “Bring on 2023”, employees gained insights on portal metrics, quality standards, and expectations for their roles in 2023. Additional team-building events were organized for different employee groups. On March 8, 2023, an International Women’s Day celebration was held to honor our women workforce through celebrations, wellness activities, and massage sessions. Team building activities for colleagues, who are also parents, were also conducted to recognize their dedication to work and household. Fun singing and delicious food were provided during the event, which give an opportunity for the colleagues to relax, connect as well as share their parental experiences. Through these diverse social programs, we aimed to nurture cohesion and understanding as well as improving morale across the organization. Ongoing investments in our human capital are crucial for driving the long-term success to the Group’s businesses.

Team Building for Colleagues with Parent Role

Leadership Team Building

International Women’s Day Celebration

Training and Development

Our employees' potential through ongoing development is paramount to the organization's success. It is crucial to unleash the potential of our employees and encourage continuous development and skill enhancement. Employees are empowered to further develop their talents and potential through extensive in-house training programs and/or to apply for an education sponsorship offering financial support for job-related educational development in recognized universities and colleges.

In 2023, a total of 9,841 hours of training were administered, equating to an average of 22.16 hours per employee. The training profile and detail is illustrated in the table below:

	2023	2022
Total number of training hours received by employees	9,841	8,825
Average training hours per employee and percentage (%) of employees who received training[2]	22.16 (89.41%)	22.40 (83.25%)
By gender		
Female	20.98 (86.18%)	21.28 (82.13%)
Male	23.64 (93.43%)	23.63 (84.49%)
By employment category		
Senior Management	34.09 (82.61%)	18.91 (68.75%)
Management/Supervisor	12.71 (91.27%)	24.00 (86.27%)
General Staff	25.27 (89.15%)	22.20 (83.85%)

In addition to new employee orientation, we provide intensive training programs for colleagues across all levels. A "Train the Trainer Training Program" is conducted regularly for our internal trainers to keep them abreast of the latest training techniques and ensure high quality skills transfer. Management teams also attend "Profit Assurance Plan Workshop — Expense Management Action Training" sessions to enhance their abilities in overseeing expenses and formulate cost control measures. Furthermore, "We Hear You" monthly meetings are convened to discuss pertinent employees' issues, and colleagues at all levels have ongoing opportunities to participate in internal and external training programs to strengthen their competencies and advance their careers.

Train the Trainer Training Program

Profit Assurance Plan Workshop

We Hear You Monthly Meeting

2 Include the trained employees who subsequently left employment by the end of Year.

Hotels and Resorts

For our hotels and resorts, a training and development policy has been formulated to facilitate better career management and skills enhancement. We provide a wide array of training programs to help our employees to acquire or refresh abilities and perform optimally at their jobs. Universal training programs cover equal employment opportunity, customer services, time management and workplace hygiene. Focused training programs that are position-specific are also facilitated, including but not limited to housekeeping, front desk duties, and culinary skills. To ensure the high quality and effectiveness of our training, evaluations of work performance are conducted regularly, continuous improvements will also be assessed correspondingly.

In addition, new hire orientation training is designed by the Human Resources Department, educating the new hires with basic information of the Group's history, core values, business philosophy, in-house policies and procedures, and employee benefits. During our regular appraisal process, not only are the performance and potential communicated, but employees' feedback is also welcome for discussion. Employees are welcome to communicate with their supervisors on challenges and areas of improvement. The department heads and supervisors will provide constructive guidance and support our employees for further education to thrive in the Group accordingly.

Luxury Travel Retail

New hire orientation sessions are also provided for all new employees in the Luxury Travel Retail Segment. We have implemented a 90-day onboarding period which allows our employees to be familiar with our operations. Meanwhile, as the franchisee of various global fashion brands, we provide a tailor-made orientation program in accordance to each brand's standard guiding our employees to get familiar with the brand and to carry out daily job duties according to the brand standard, such as product expertise and sales techniques. Role-playing simulations are also arranged to prepare employees for real-life scenarios.

Supervisors evaluate the performance and potential of employees since they are on board and throughout their day-to-day work. Performance appraisal will be prepared annually or when necessary to track the employees' performance and assess their improvement progress. By identifying the personality and potential of employees, we aim to assist their personal growth and effectively groom them to grow with the Group by taking up more senior positions and responsibilities within the Group.

Destination Services

At our Destination Services Segment, we firmly believe that excellent service standard could enhance customers' experiences and differentiate ourselves from our competitors in the market.

The Group is fully committed to nurturing talent to ensure operational excellence across all customer journeys. We provide employees with external, job-related courses on topics like first aid courses and lifeguard qualification courses to enhance skills and job readiness. Besides, training will be provided to new hire of SeaTouch and enable our staff to be knowledgeable to share with our guests about the body structure, living and eating habits of the sting rays throughout the SeaTouch experience.

On the other hand, stringent performance criteria and trainings on customer greetings are set up to ensure our staff working for the Group's convenience stores are cheerful, respectful, and helpful to all our guests in results of enhancing the shopping experience of our guests.

SERVICE AND PRODUCT RESPONSIBILITY

Beyond unique tour distinctiveness, excellent sales services, and high levels of customer satisfaction, we place a strong emphasis on crafting memorable moments for our guests. We understand that travel and hospitality are not just about providing a service to our customers, but they are also about developing lifelong memories for our guests and building long-lasting relationships with the customers that we serve.

Our mission is to continuously provide exceptional travel and hospitality services to our clients that exceed expectations and contribute positively to the overall well-being of the communities in which we conduct our business operation. We believe that by maintaining our focus on maximizing customer satisfaction, incorporating sustainability best practices, and actively engage with the local community, we can achieve long-term success in our business and establish a strong reputation as an industry leader in the leisure tourist sector.

Guest feedback is valued in helping us continually enhance our service quality. Complaints are acknowledged within 3 business days and initially reviewed, with our commitment to resolve issues within 10 days where possible. Should a delay occur, customers are notified along with a specified date for final resolution. We aim to systematically manage complaints to address necessary service upgrades, which were revealed through customer insights and also showcasing our attentiveness. Regular on-the-job and refresher training help build staff abilities to serve guests while fulfilling duties expertly and proficiently. Feedback reviews and training reinforce our dedicated approach to resolving concerns and strengthening hotel operations through learning from the customer experience.

During the Year, the Group was not made aware of any instances of material non-compliance with laws and regulations relating to workplace safety and health standards, advertising practices, product labelling requirement, privacy matters, and method for addressing customer complaints occurring within our operations in Hong Kong, Saipan, Guam and Hawaii. No sold products were subject to recalls due to safety and health concerns, and we did not receive any complaints related to the quality of our product and service during the Year.

Service Excellence

Hotels and Resorts

The overarching goal of the Group is to craft unique and enjoyable experiences for our valued customers. To achieve this, we foster a customer-centric approach where employees are guided to provide attentive, competent and considerate service to our hotel guests. We provide extensive training to equip employees with necessary skills to meet brand benchmarks and expectations regarding hospitality fundamentals such us greeting, etiquette, phone manner, and customer care. These help us to focus on the finest quality service through warm and sincere interaction for optimizing satisfaction.

F&B service is an integral part of our hotels and resorts. Accordingly, the utmost importance is placed on food safety adherence. The Group complies with all applicable laws and regulations in their F&B operating area, such as the Guam Food Code and the Food Handlers Rules and Regulations in Guam and Saipan. In addition to mere compliance, we have also implemented strict internal protocols to regulate workplace hygiene. Our Work Clothing Policy sets guidelines to regulate the personal cleanliness of F&B personnel. For example, culinary personnels are required to wear head coverings and are prohibited from wearing cosmetics, nail polish, or accessories during work time.

F&B employees are required to complete practical training courses and obtain a valid food handler’s certificate under local statutory requirements. In addition to food safety, the Group is committed to promoting a welcoming and relaxing environment for all hotel guests. All indoor areas within our hotel premises are smoke-free; whilst for outdoor spaces, certain designated areas are partitioned for smokers. Furthermore, our resorts have put up “No Smoking” signs and removed the ashtrays from the hotel lobby to discourage smoking at public areas. Hotel guests who would like to smoke will be directed to the designated smoking area to align with the policy.

Constructive feedback from hotel guests is valued and their suggestions and comments are earnestly considered by our hotels and resorts management. We demonstrate our attentiveness and determination to continually enhance our hotel services to a higher standard through the systematic customer complaint management procedure and feedback reviews. On-the-job training and refresher training sessions are regularly held to build up the ability of staff who can serve customers expeditiously and professionally while fulfilling their job duties.

On March 28, 2023, the grand opening of Crowne Plaza Resort Guam was held. Strategically located at the beachfront, the resort provides comfortably decorated guestrooms catering for both business and leisure travelers with standard rooms to family-oriented suites. Unlike other hotels in Guam, our hotel guests could access the beachfront directly from our hotel property. Complementing its picturesque beach setting, numerous outdoor hanging lounge egg style swing chairs are placed at the lawn near the beachfront for the hotel guests to enjoy the sunshine and sea breeze. Crowne Plaza Resort Guam aims to deliver exceptional service while showcasing Guam's natural attractions to visitors.

Luxury Travel Retail

Our Group is committed to providing premium and enjoyable shopping experiences to our customers in our boutiques. Ongoing training programs are developed for our newly join or existing sales associates to deliver expert, well-timed, and sincere customer service as well as to provide modest shopping advice to our customers. Tailor-made training modules immerse staff in unique branding tactics and specialized product expertise for each multinational brand. These comprehensive insights enhance the proficiency of the sales associates.

Moreover, all retail employees must likewise observe personal appearance guidelines and dress suitably as stated in the franchise and distribution agreements between the Group and the relevant brands. Refunds, returns, or exchanges are rarely permitted after the purchase has been concluded, except in the case of defective products as per the brand-destinated policy. Within the Luxury Travel Retail Segment, however, returns and exchanges rarely occurred due to our customers mostly are leisure travelers visiting Saipan, Guam, and Hawaii for a short vacation and will return to their hometown when the holiday is over.

Should customers' complaints or concerns arise, we will strictly follow the regulations set by corresponding international brands.

Destination Services

In our Destination Service segment, the Group puts the safety of customers and staff as a top priority for all excursion tours. To ensure that the marine activities' guidelines are comprehensively conveyed and followed by our marine activity operators, the Marine Operator Handbook (published jointly by the Division of Coastal Resources Management ("**CRM**"), the Department of Fish and Wildlife, and the US Coast Guard) has been included in the Group's staff marine activities training program.

Before the start of our excursion tour, instructors provide activity specific safety briefings to confirm comprehensive adherence to the safety guidelines of all participants. Besides, acknowledging the undertaking risks, legal responsibilities, and insurance indemnities related to the recreational activities, legally binding waivers require signatures from all participants. Suitable protective equipment will individually be distributed to each participant, if applicable. The guest must wear all protective gear properly and the instructor must verify proper donning before the commencement of the activity. On the other hand, our instructors must observe and follow safety standards and procedures while providing a friendly sincere welcoming to all guests. Our staff must also verify customers' eligibility to participate in the activities on requirements like age and physical attributes (such as height, and weight) before the transaction was concluded.

Quality consistency is crucial for our destination services businesses. Thus, to better understand the feedback and expectations of our customers on the goods and services we supplied, an evaluation form will be provided to all guests after their visit. Employees must strictly follow the Customer Complaint Management Policy upon receipt of any complaints. An immediate inquiry into the issues should be conducted to delineate the complaint and discern the causes prior to taking any remedial action to resolve the complaint. All resolution plan/action must be communicated with the complainant until entire satisfaction.

Customer Privacy Protection

The protection of clients' confidential and personal information is ranked paramount to any organization amid expanded digital interaction. Accordingly, the Group has established robust safeguards to protect information from leakage. These measures include the application of encryption technology, implementing access controls, regular staff training on privacy protection, and partnering with reputable data security firms to monitor and secure their systems.

Hotels and Resorts

From facilities reservation, check-ins, in-house dining or more, our hotels and resorts respectfully collect guest privacy details. This includes their identity documents, home address and their debit or credit card information. The procedures are defined in the Customer Privacy Policies, which are adhered to the local data privacy laws and regulations in the CNMI and Guam. These policies are accessible to all hotel guests and Internet users on our official websites. All employees undergo intensive training regarding the responsibility and secure handling of customer data.

Beyond Compliance, we recognize an ethical duty of care to understand our guests' preferences and expectations to enhance their experience during their stay. We legitimately and fairly collect the defined preference data that are outlined in our Customer Privacy Policy. This data allows us to fairly assess the effectiveness of current strategies, explore new business opportunities and optimize offers for preferred customers segments. Guests may optionally provide their contact details for future correspondence from us.

To protect guest information from leakage and misuse, at the forefront is our robust information technology security system aiming to improve our cyber security measures and to meet the Payment Card Industry Data Security Standards. We further advise the hotel guests on recommended security practices, such as activating firewall and installing security software when using our complimentary on-property Wi-Fi connections, as well as refrain from transmitting sensitive personal details over the network without encryption.

As an InterContinental Hotels Group ("**IHG**") property, we adhere strictly to IHG's comprehensive customer data security policies. These policies ensure sensitive guest information remains confidential whether it is provided during the booking process, stored in reservation systems, or handled by any other part of the hotel operation. Regular staff training reinforces the appropriate protocols for collecting, storing, retaining and disposing of personal data entrusted to us.

Should there be any breaches, loss or unauthorized access occur, customers are encouraged to promptly report it to the hotel General Manager to fully investigate the root causes and minimize future risk through corrective actions.

Luxury Travel Retail & Destination Services

Within the Luxury Travel Retail and Destination Services Segment, employees potentially interact with client personal identifiable and payment information. The Employee Handbook defines relevant internal procedures for the collection, usage, and storage of clients' personal information. Customer information usage is solely for delivering service and marketing communication. Customers may indicate their preferences akin to the policies and processes outlined under the Hotels and Resorts Segment.

All staff must adhere to the confidentiality policy and prescribed roles as laid out in the Employee Handbook. It is strictly prohibited to transfer or utilize customer information in an unlawful manner.

Besides, strong data security measures are employed. A virtual private network ("**VPN**") client securely connects each store to our main server. This VPN uses username and password authentication for additional protection. Third-party vulnerability testing on the Group's network is also conducted annually as commissioned by the Group's certain bankers. This independent assessment evaluates both the external and internal security environments under the Payment Card Industry Data Security Standard ("**PCI DSS**"). The most recent PCI DSS compliance testing resulted in satisfactory clearance of our systems.

Marketing Advertisement and Labelling

Hotels and Resorts & Destination Services

To enrich our hotel guests' options and enhance their experience, we have utilized the in-room television to broadcast the dining and facilities within our hotel premises, the famous sightseeing places around the islands as well as excellent shopping malls nearby the hotel. To evaluate our marketing activities, we conduct customer service surveys, online reviews and ratings. Staff closely monitors all feedback sources to gain valuable insights into the customer experience with our products, services and business. Both positive and negative comments provide perspective on satisfaction levels as well as areas for potential improvement

Additionally, we have also partnered with Marianas Visitors Authority ("**MVA**") of Saipan and numerous travel agents in South Korea to promote the tourism of the CNMI and our hotels. Digital channels including online travel agents and search platforms likewise herald the Group's travel products and services.

As part of our corporate responsibility, we ensure that our marketing materials provide customers with forthright portrayals of our products and services to enable discerning selections. We ensure comprehensive adherence to all applicable federal, state, and municipal laws, regulations, and business ethical practices. Accuracy and impartiality encompass all information, including but not limited to room types, amenities, restaurants, and other featured services, published in our advertisements, brochures, or materials.

Luxury Travel Retail

The Group maintains strategic partnership with international brands via franchise and distribution agreements. These contracts outlined the marketing and advertising practices that govern employees of all partnered collections. The Group strictly follows the regulations jointly established with the brand owners across several key aspects; for example, boutique design and promotion campaign organization are formulated adhered to brand stipulations.

Additionally, local advertising strategies must be developed in accordance with established brand requirements prior to initiating any promotional activities. Written approval from the respective international brands must be obtained in advance of all advertising and promotion. Moreover, presentation standards are also observed, with all advertising and promotion materials designed to meet the multinational brands' fashion style requirements.

Protection of intellectual property rights

Branding constitutes a critical intangible asset for companies, thus thoughtful protection and management of intellectual property permeates our approach. We are committed to complying with the U.S. laws and regulations of intellectual property rights, covering trademarks, copyrights, patents and designs.

Before entering retail partnerships, we strictly adhere to our own intellectual property rights while collaborating with our partners in accordance with applicable laws and regulations. For our hotels and resorts properties, we follow the guidelines in management agreements to properly use the approved branding. In retail, we abide by contracts to represent international brands according to regulations.

When promoting our offerings, the Group strictly complies with local laws and regulations, and partner protocols are strictly enforced. Only authorized promotion materials and details are utilized to ensure that others' intellectual property rights stay undiminished.

Rigorous internal policies and protocols are in place to safeguard our intellectual property. All employees are required to sign the confidentiality and non-disclosure agreement that clearly define prohibitions around unauthorized use or disclosure of proprietary information. Additionally, a conflicts of interest policy provides guidelines for identifying and disclosing situations that could potentially compromise the company's intellectual property. Stringent controls and a strong emphasis on ethics across all business functions help ensure the protection of our intellectual capital.

By prioritizing intellectual property use, protection and management, we safeguard our brand and image while nurturing relationships with our partners and guests. Our trademarks and associates' trademarks are esteemed to support us a strong and fruitful affair in the long term.

Business Ethics

The Group believes a good reputation is vital for success. We have adopted a "zero-tolerance" approach for all forms of fraudulent or dishonest behaviors like bribery, extortion, fraud and money laundering. We strictly follow all applicable laws and regulations across our operating areas. This includes but not limited to the Foreign Corrupt Practices Act of the U.S., the United Kingdom Bribery Act, the Prevention of Bribery Ordinance of Hong Kong.

During the Year, the Group was not aware of any material non-compliance against laws and regulations relating to bribery, extortion, fraud or money laundering in Hong Kong, Saipan, Guam and Hawaii. Moreover, there was no legal case regarding corrupt behaviors against the Group or our employees in 2023.

Anti-corruption

The Group has implemented policies for improper workplace behaviors and practices, with clear guidelines to define employees' and directors' behavior and responsibilities.

- Fraud Policy
- Anti-corruption Policy
- Gifts, Entertainment & Hospitality Policy
- Working with Third Parties Policy

Upon hiring, new staff receive orientation on the policies to ensure full awareness of the policies. Additionally, all employees must participate and sign the declaration of interest confirmation annually.

Strict prohibitions are enforced regarding bribery, illicit payments and facilitation payments according to the policies stipulation. Guidelines are also provided for avoiding corruption risks and identifying red flags. Employees are not permitted to solicit, accept or offer gifts, entertainment, or hospitality from our existing and potential business partners. Employees should act with a Code of Conduct and take care of the Group's interest when carrying out their daily job duties. In addition, we recognize our business partners are integral, thus the Third-Party Code of Conduct is established for governing principles for ethical behaviors by external stakeholders.

In 2023, a total of 170 hours were dedicated to anti-corruption training through initial onboarding sessions for new hires. This training plays a vital role in reinforcing understanding and adherence to our anti-corruption stance.

Whistleblowing System

Upholding the principles of transparency, integrity and accountability is core to the Group's operation. We foster an open and honest communication environment and the highest business standards are prioritized.

To formalize compliance, we formulated the Whistleblowing Policy with clear reporting channels and a systematic review process. Employees and third-party are encouraged to confidentially report any suspected misconduct, malpractice or improprieties via a designated email contact. Whistleblowers may send an email to the Company Secretary, the Board, or the Audit Committee. To prevent retaliation and interference with the investigation, the case details are strictly held confidentially to prevent any leakage of personal information.

All matters will be promptly investigated and examined with the Company Secretary's assistance. Subject to each case's nature and complexity, the investigation outcomes are expected to be provided within three months. Disciplinary actions will be taken against violators once a claim is verified, or malicious complaints are identified.

The detailed investigation workflow is illustrated below:

To foster a culture of open communication, we are implementing awareness campaigns throughout our operations. Our Anti-corruption and Anti-retaliation policies reflect our unwavering commitment to upholding ethics and integrity in the workplace. Employees are provided with an assurance of protection against retaliation and are empowered to report any instances of wrongdoing, unethical behavior, or potential violations they may observe.

Responsible Procurement

The Group recognizes that effective supply chain management is integral to supporting sustainable business operations. We are committed to conducting our activities in a manner that respects human rights, benefits local communities and the environment. To help ensure our suppliers share the same commitment with us, the Supplier Code of Conduct outlines the environmental and social considerations that we expect across our supply chain. Compliance with the Code is mandatory for all suppliers not only in their own business but in managing their own upstream supply chains as well.

1. Comply with all local and international laws and regulations;
2. Forbid the use of child and forced labor, no employees should be below the local legal minimum age of 16 years old in Saipan and Guam;
3. Respect employees' right to voluntary freedom of association;
4. Provide equality of opportunity without discrimination;
5. Provide a safe, secure and healthy working environment to employees;
6. Preserve and protect the environment by implementing business strategies and operation processes which minimize the negative impact to the environment;
7. Consider the development and integration of sustainable technologies in order to reduce the use of energy and water, and reuse/recycle the resources consumed by their business;
8. Implement appropriate mitigations against conflict of interest; and
9. Respect confidential and proprietary information as well as its employee and customer information.

During the Year, we collaborated with 704 suppliers globally, out of which over 84% are local and regional suppliers. Details of the supplier distribution are summarized in the table below:

Geographical region	Number of suppliers
Guam	159
Saipan	433
US	87
Hong Kong	9
Australia	1
Japan	3
China	4
France	2
Singapore	3
Italy	1
South Korea	1
New Zealand	1
Total	704

The Group procures goods from surrounding regions and reduces our overall carbon footprint by minimizing transportation needs and associated emissions. Local sourcing also strengthens supply chain resilience. Rather than relying solely on distant suppliers, we have identified reliable local partners who are able to meet our needs effectively. This distributed model builds flexibilities into our supply network, lowering risks from disruptions. Community relations are strengthened as well, as local procurement promotes economic activity and job opportunities for residents. Through prioritizing regional vendors and producers, we provide valuable income sources that uplift community well-being and prosperity. Financial support is also given to worthwhile social initiatives for enhancing livability.

In 2023, over 84% of our suppliers were located within the local area. Moving forward, our objective is to prioritize local sourcing for our procurements whenever possible, as it aligns with our commitment to supporting the local economy and community. Nevertheless, we acknowledge that due to resource limitations on the islands, there may be instances where we need to explore options beyond our local vendors. In such situations, we will seek suppliers from nearby regions, such as the U.S. Mainland or Mainland China, to fulfill our requirements, while still striving to minimize the environmental impact of international transportation.

Supplier Selection and Evaluation

To guide an organized, compliant procurement process, the Group has implemented a Procurement Manual outlining the direction and limits on the procurement and payment management processes. Steps from initial requisition to finalized purchase agreement are outlined for the procurement personnel to follow.

Considering segments-specific needs, which may vary during the procurement process, each subsidiary may customize aspects of their preferences of the purchase management system. As stipulated in the manual, our procurement team is responsible for the supplier selection, evaluation and database maintenance.

New suppliers must undergo a stringent selection procedure to be qualified for inclusion in our supplier database. All potential partners are required to submit background information, documentation demonstrating financial stability and business licenses, as well as records of past compliance with legal obligations. Suppliers must provide evidence competency in product/service provision, fulfill all statutory requirements, and align with our organizational values in order to be qualified.

Once in the database, we conduct annual performance evaluations of existing suppliers. KPIs assessed include metrics such as: 1) numbers of flawed products returned; 2) incidents of incorrect products received; 3) frequency of late deliveries; and 4) competitive product pricing. Any suppliers failing to satisfy our minimum standards must implement prompt improvements. Repeated statutory or contractual non-compliance may ultimately result in termination of agreements. In addition, our Procurement Manual provides comprehensive guidance on procedures governing the entire sourcing process. The Group has also formulated a Third-party Code of Conduct and implemented a corporation with Third Parties Policy. This ensures rigorous and consistent management of the supply chain.

Luxury Travel Retail

For our Luxury Travel Retail Segment, the Group directly places orders with the international brands and/or authorized suppliers licensed by the franchisors. All procurement procedures and boutique operations are restricted by the relevant franchise and distribution agreements as well as our internal procurement policy. To ensure that we abide by the terms of the existing franchise and distribution agreements, we conduct regular evaluation on the merchandise offering, background and competitive landscape. Before collaborating with a new franchisor, a legal advisor will be commissioned to analyze the franchise and distribution agreement to identify potential legal issues. In case we are required to obtain the authorization from existing franchisor(s) before collaborating with a new another international brand or the relocation to a new retail space, we will ensure that all necessary consent has been obtained prior to any changes.

ENVIRONMENTAL SUSTAINABILITY

In the face of escalating concerns surrounding climate change, pollution, and the depletion of valuable resources, the imperative of safeguarding the environment has risen to unprecedented levels, necessitating the collective attention and involvement of all stakeholders. Recognizing this pressing need, the Group remains firmly dedicated to preserving the natural environment and its resources in the regions where we operate. With the profound belief that the preservation of the thriving and diverse biodiversity in Saipan, Guam, and Hawaii is indispensable for our sustainable development, we actively engage in initiatives that prioritize environmental sustainability. This section outlines our commitment to environmental stewardship, highlighting the strategies, policies, and actions undertaken to mitigate our impact on the environment while fostering a harmonious coexistence with nature. Through these efforts, we aim to safeguard the ecological integrity of our surroundings and contribute to the larger global endeavor of achieving a more sustainable future.

During the Year, the Group was not aware of any material non-compliance with laws and regulations relating to air and greenhouse gas ("**GHG**") emissions, discharges into water and land, generation of waste and use of resources in Hong Kong, Saipan, Guam and Hawaii.

Environmental Target

Electricity Consumption Intensity	Water Consumption Intensity	Commercial Waste Intensity
Reduce 15% by 2030 (2019 baseline)	Reduce 15% by 2030 (2019 baseline)	Reduce 20% by 2030 (2019 baseline)

Based on Sales (USD'000)

Resources Conservation

The Group recognizes the pressing need to minimize the utilization of energy and resources, understanding that their efficient management holds the key to reducing our carbon footprint and preserving these precious assets for the benefit of future generations. Following our targets on energy, water, and commercial waste, we have implemented the Efficient Use of Energy, Water, and Other Raw Materials Policy, a comprehensive framework that delineates a multitude of strategies for our employees and guests to adopt, we collectively strive to optimize our consumption patterns, promote responsible resource utilization, and foster a culture of sustainability within our operations.

Energy Conservation

- Turn off the lights when not in use and use natural light when possible
- Turn off electronic appliances at the end of every workday
- Upgrade of air-conditioning system from conventional chillers to sustainable and energy efficient variable refrigerant flow (VRF) A/C system
- Replace traditional light bulbs with LED light bulbs to enhance energy efficiency
- Set temperature cap for the air conditioners (i.e. 25°C)
- Activate the power down features (e.g. low power mode) on computers and monitors
- Provide regular maintenance to company vehicles and water activities equipment to optimize engine performance and efficient fuel use
- Switch off engine whenever the vehicle or water activities equipment is stationed

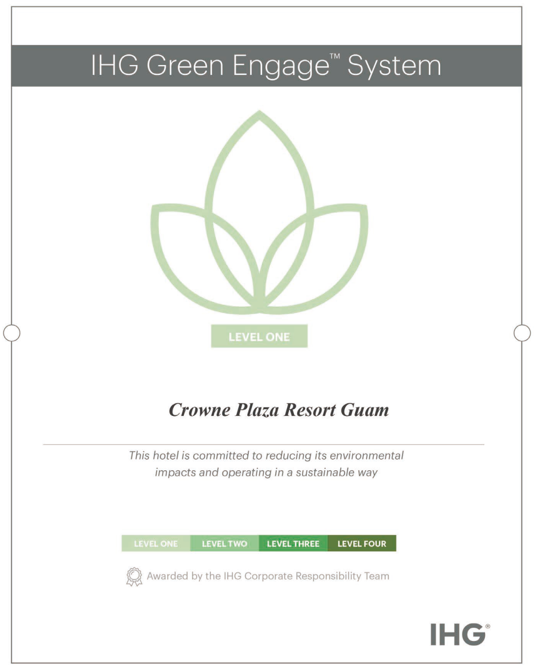
Water-saving

- Install low flow showerheads and faucet aerators in all guestrooms
- Display tent cards in all guestrooms to encourage reuse of towels and linens
- Provide regular check and maintenance on water facilities to prevent leakage
- Make use of pressure washer for daily cleaning of vehicles and water activities equipment at the end of excursion tours

Other materials

- Display signage in guestrooms to encourage reuse of amenities (e.g. toothbrush)
- Replace single use utensils with reusable cutlery and containers when serving F&B to guests
- Provide water bottle for hotel guests and replace the bottled water in the guestroom
- Place paper recycling boxes next to printing facilities to encourage recycling
- Provide recyclable or biodegradable bento boxes with wooden spoon and fork for hotel's takeaways
- Paper bags will not be offered for takeaway food

In 2023, Crowne Plaza Resort Guam continue to join the Green Engage System developed by IHG and was awarded Level One achievement. Several ongoing initiatives across our operations help ensure ongoing progress towards sustainability goals. Key actions taken in 2023 included the installation of LED lighting and enhanced HVAC systems to improve energy efficiency in guest rooms and common areas. Water-saving fixtures were installed within the hotel premises as part of our conservation efforts. Strong energy management practices help driving reductions in administrative area energy usage as well. Additionally, all employees completed the required training and tutorial modules on the IHG Green Engage online platform to bolster awareness of best practices. Through continued investments in technical upgrades and a culture of environmental stewardship, we are committed to advancing our performance under the Green Engage program over the long term.



With regard to our business nature, our packaging materials primarily consists of shopping bags utilized in the Luxury Travel Retail Segment. As per the guidelines outlined in the branding promotion policies of the franchise brands, we should adhere to a specific procedure and employ designated packaging materials in all sales endeavors involving the corresponding international brands. However, we remain committed to the sustainability strategies adopted by the Group. Therefore, we have chosen to utilize customized shopping bags provided by the international brands, which are made from recyclable materials. The Hotels and Resorts Segment of our company has implemented various initiatives to enhance our takeaway packaging practices. As part of our commitment to reducing material consumption, we have discontinued the provision of paper bags to customers. Besides, we have transitioned to the use of bento boxes made from recyclable and biodegradable materials, which significantly reduce waste compared to our previous system of plastic and paper disposables. To further align with sustainable practices, we have replaced plastic utensils with wooden cutlery. These conscious decisions align with our dedication to environmental sustainability.

During the Year, the Group consumed 12,340.08 MWh energy, 189,980 m³ of freshwater and 10,228 pieces of packaging material. There was no issue for sourcing water that was fit for purpose in 2023. Details of the consumptions are illustrated in the table below:

Use of resources	Units	2023	2022	2021
Energy				
Direct Energy Consumption	MWh	1,736.10[3]	466.16	68.52
— Diesel	MWh	693.71	140.53	0.46
— Liquefied petroleum gas ("**LPG**")	MWh	985.78[4]	137.72	—
— Liquefied natural gas ("**LNG**")	MWh	—	94.37	—
— Gasoline	MWh	56.61	93.54	68.06
Indirect energy consumption	MWh	10,603.98	7,642.01	6,574.86
— Purchased electricity	MWh	10,603.98	7,642.01	6,574.86
Total energy consumption	MWh	12,340.08	8,108.17	6,643.38
Total energy consumption intensity	MWh per USD'000 sales	0.33	0.51	0.34
Water				
Freshwater consumption	m^3	189,980.00	207,670.00	247,743.37
Intensity	m^3 per USD'000 sales	5.16	13.18	12.51
Wastewater discharge	m^3	115,118.24	186,324.03	247,743.37
Intensity	m^3 per USD'000 sales	3.12	11.83	12.51
Packaging Materials				
Paper bag	pieces ("**pcs**")	10,115	7,838	53,988
Plastic bag	pcs	—	2,607	1,404
Carton box	pcs	113	—	—
Total consumption	pcs	10,228	10,445	55,392
Intensity	pcs per USD'000 sales	0.28	0.66	12.13

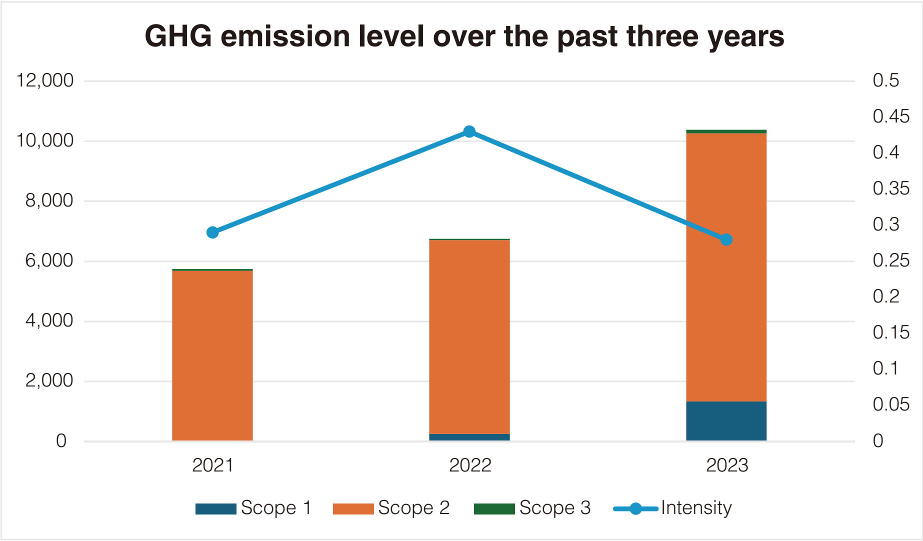
Emissions Control

The Group is aware of its responsibility to address climate change challenges. As a result, we are dedicated to strengthening our capacity of climate governance, implementing climate change strategies and striving to reduce GHG emissions. We closely monitor our GHG emissions and evaluate the reduction measures on a regular basis. During the Year, the Group generated 10,383.78 tonnes of carbon dioxide equivalent ("**tCO_2e**"), with an intensity of 0.28 tCO_2e per USD'000 sales. Looking forward, we aim to reduce the intensity of GHG emissions per revenue by 2030. In 2023, we noticed that the majority of our GHG emissions are contributed by Scope 2 emission, which is the indirect emission from the consumption of purchased electricity. The Group has formulated the Greenhouse Gas Emission Policy to assess and manage its GHG emissions, ensuring the GHG emissions comply with local government emission standards by regular monitoring and control.

3 The increase in diesel was due to the operation resumption of Crowne Plaza Resort Saipan during the Year.

4 The increase of LPG was due to store consumption of Asia Pacific Hotels, Inc. (Guam).

GHG emissions	Units	2023	2022	2021
Scope 1[5]	tCO_2e	1,338.45	250.25	17.79
Scope 2[6]	tCO_2e	8,925.74	6,459.65	5,669.49
Scope 3[7]	tCO_2e	119.59	46.53	53.68
Total GHG emissions	tCO_2e	10,383.78	6,756.43	5,740.96
GHG emissions intensity	tCO_2e per USD'000 sales	0.28	0.43	0.29



The Group provides a clean environment for our employees and local community. The Air Emission and Quality Policy was formulated to provide guidance on the management of air emission, minimizing the potential impact on the environment. The main sources of air emissions across all business sectors are vehicle fuel combustion and gaseous fuel consumption from cooking facilities. For our fuel-driven stationary plants, vehicles and equipment, we prioritize the use of fuel with lower emissions in an effort to reduce our environmental impact. To control cooking fume emissions, equipment such as grease filters and hydrovents is installed in the kitchens of our hotels and resorts to remove oil grains and odor emitted from the kitchen.

Waste Management

Effective waste management is crucial in today's society as we strive for a more sustainable and environmentally conscious future. By implementing proper waste management practices, we can minimize the negative impacts on our planet and maximize resource utilization. In order to guarantee the appropriate management of waste we generate, we have formulated the Generation of Hazardous and Non-hazardous Wastes Policy, encompasses a wide range of responsibilities, addressing not only the individuals responsible for generating the waste, but also the procedures of handling, storing, preparing for transportation, and ultimately disposing of the waste. By adhering to this policy, we ensure that every stage of waste management is carefully considered and executed to minimize potential risks and environmental impact.

We participated in two major coastal cleanup events organized by local environmental agencies to demonstrate our commitment to environmental stewardship.

5 Scope 1 represents direct GHG emissions generated by fuels for stationary and mobile sources, the increase was due to stove consumption of Asia Pacific hotels, Inc. (Guam).
6 Scope 2 represents indirect GHG emissions generated by the use of purchased electricity from local power companies.
7 Scope 3 represents other indirect GHG emissions generated by business air travel of employees.

In April 2023, over 500 volunteers including our staff joined the Island-wide Cleanup Day, which was administered by the CNMI Division of Environmental Quality ("**DEQ**"). Participants of the event helped to remove trash from beaches and communities in order to demonstrate their support to the World Earth Day. Key highlights included enthusiastic participation from organizations of both public and private sector. Later in September 2023, we supported the International Costal Cleanup event organized by the CNMI Division of Coastal Resources Management ("**DCRM**"). This event is the world's largest single-day volunteer effort focused on collecting and documenting marine debris to help address the severity of ocean pollution. Through participating in these large-scale, multi-stakeholder initiatives, we aim to raise the awareness of the local community on important sustainability issues.

CNMI DEQ Island-wide Cleanup Day

DCRM International Coastal Clean-up

In the Hotels and Resorts Segment, there are four primary categories of waste: food waste, waste cooking oil, construction waste, and wastepaper. Within our F&B section, we have implemented a proactive approach to address food waste by prioritizing reuse. Over the years, we have established collaborative partnerships with local piggery companies. Through these partnerships, our leftover food undergoes additional processing to become feed for pigs. This innovative practice optimizes resource utilization and significantly reduces the amount of waste being sent to landfills. Moreover, our F&B team strictly adheres to the "First In, First Out" principle to prevent unnecessary food loss. This means that all food ingredients and products are consumed in the order in which they were purchased, minimizing waste due to expiration or spoilage.

For other types of waste, such as waste cooking oil, construction waste, and wastepaper, we ensure proper disposal by entrusting them to licensed waste collectors with the necessary operation permits. This includes permits like the Used Oil Transporter permit and the Collection Aggregation Permit issued by local authorities. By collaborating with licensed waste collectors, we guarantee that these wastes are appropriately processed and disposed of in accordance with relevant regulations and environmental standards.

During the Year, food waste was added to the consideration to enhance data collection methodology. The hazardous waste generated is mainly composed of e-waste, such as ink cartridges, toner cartridges, fluorescent lamps, computer accessories, and electrical appliances. Hazardous waste is handled by licensed waste collectors whenever possible. During the Year, the Group generated a total of 4.34 tonnes of hazardous waste and 1,229.01 tonnes of non-hazardous waste.

Type of waste	Units	2023	2022	2021
Hazardous waste	tonne	4.34	1.54	351.01[8]
Intensity	tonne per USD'000 sales	0.00012	0.000098	0.018
Non-hazardous waste	tonne	1,229.01[9]	248.32	418.43
Intensity	tonne per USD'000 sales	0.03	0.016	0.027

8 Hazardous waste figures in 2021 cover the demolished fixtures and renovation materials arose from the renovation and upgrade works of our two hotels under Asia Pacific Hotels, Inc. and Asia Pacific Hotels, Inc. (Guam).

9 Non-hazardous waste increase due to the new category calculation of food waste in 2023.

Protecting the Environment and Natural Resources

Protecting the environment and natural resources is essential for ensuring a sustainable future for our planet. As an organization operating globally, we are committed to minimizing our ecological impact through proactive stewardship initiatives within all the communities we serve. Beyond mere compliance with local environmental laws and regulations, we strive to demonstrate leadership in safeguarding the beauty of the natural world through diverse actions as below.

Marine Protection

The Group recognizes the importance of protecting the marine environment. As an operator in the tourism industry, some of our activities have the potential to impact fragile coastal and marine ecosystems. However, we are fully committed to safeguarding valuable ocean resources for future generations to enjoy.

We strictly follow the conditions of our CRM permit, which mandates monitoring of coral reef health. Our marine activities adhere to guidelines developed by experts to minimize effects on reefs and wildlife. Tour operators undergo thorough training on beach and ocean ecology and instruct guests on responsible enjoyment of natural areas. From boat operators to snorkel guides, our team works diligently to educate visitors and reduce the Group's footprint.

Coral reefs face many threats including damage from anchors and close interaction. To help preserve these biodiversity hotspots, specific measures are outlined for marine transport, such as boats and jet skis must stick to approved zones, keeping a safe distance from the fragile coral, as well as anchors are prohibited in areas with substantial reef growth. Ongoing monitoring by qualified professionals assesses the effectiveness of these protections and identifies any need for updated best practices. The Group is fully committed to constantly improving its stewardship of coastal and marine environments.

Water Source Protection

Access to clean water is essential yet increasingly scarce globally. As an operator of hotels and resorts, water management is critical to mitigate our impact. We have implemented a rigorous wastewater discharge process to protect water sources. Grease traps installed in drainage systems filter out excess fats and oils before they pollute municipal supplies. Collected grease waste is sent to licensed handlers for proper treatment. Monthly inspections and maintenance ensure our equipment eliminates pollutants.

Beyond wastewater, we promote water conservation in our hotels and resorts. For instance, water-saving showerheads and aerators were installed to lower our water usage, signage was put in guest rooms to encourage the reuse of towel and linen. All of these tangible steps have lowered our footprint while preserving precious water reserves. Our stringent hazardous materials policy governs chemical storage, usage and disposal. Employees are trained to never pour dangerous substances down the drains and to securely contain the hazardous materials in labelled containers. This minimizes pollution risks to the communities, which are heavily reliant on local water sources. Going forward we will explore additional technologies like rainwater harvesting to further enhance our stewardship of this vital resource.

Climate Resilience

As the pressing global issue of climate change accelerates weather extremes with harmful impacts on operations, sustainable tourism faces mounting vulnerabilities due to reliance on natural assets like beaches, forests and wildlife increasingly threatened by environmental shifts. With the industry's exposure to climate risks, we formulated a climate policy delineating ESG guidelines in the Group's long-term interests. This policy identifies climate change as one of today's most serious challenges, where rising occurrence and severity of extremes adversely affect our business. To promote sustainable growth while safeguarding the environment on which tourism depends, the policy lays the foundation for our climate response by outlining principles and requirements demonstrating commitment to both environmental protection and resilient, responsible operations in a changing global landscape.

Physical risk	
Risk identified	Acute • Stronger tropical storms and typhoons Increased extreme weather events like cyclones, hurricanes, floods or wildfires which could damage property infrastructure and disrupt operations. Hotels and resorts located in coastal areas are particularly vulnerable. The tourism sector relies on continuous operations, yet recovery from a severe storm could take months, leading to lengthy business interruptions and substantial loss of revenues. Chronic • Increase in temperature Rising temperatures bring considerable financial risk as heat waves can negatively impact travel patterns and tourist demand in popular warm weather destinations. This could shorten the conventional high season and dilute concentrations of visitors across fewer months. The effect on revenues would be acutely felt in marine-focused destinations. Higher sea surface temperatures stress coral reefs, often leading to bleaching events and irreversible damage that eliminates the colorful aquatic attractions which draw diving and snorkeling enthusiasts. Alarmingly, over 90% of Great Barrier Reef coral has already perished due to recurrent marine heatwaves. • Rising sea levels and coastal flooding As one of the leading operators of beachfront resorts, our properties located in low-lying coastal regions are highly exposed to the physical risks posed by sea level rise. Numerous research indicates sea levels could swell over 3 feet by 2100, permanently inundating vast stretches of precious beachfront. Elsewhere, worsening erosion will progressively consume valuable shoreline positioning. Modeling sea level rise impacts for at-risk locations indicates certain properties may become financially unviable or even structurally threatened within decades if no action is taken. • Risks to fresh water Alongside climate change, irresponsible human activities threaten the continuing viability of many ecosystems. The increasing global exploitation of water resources across the world has led to the increasing risk in water scarcity. Ultimately, the Group may suffer from absolute water shortages which adversely affect the Group's operations. • Coral reefs bleaching and loss Coral reefs and ocean ecosystems contribute hundreds of millions of dollars to the CNMI and Guam economies each year, as well as providing natural flood and storm protection. Tropical typhoons and flooding could result in damages to the community infrastructures of the islands, reducing the number of tourists visiting Saipan and Guam, and hence negatively impact the Group's revenue.
Mitigation measures	• Improving typhoon, tsunami, rainstorm, flood, and other sudden natural disasters protection facilities. • Developing emergency response plans and continually improving natural disaster response mechanisms. • Increasing insurance coverage, as needed, to cover personal injuries and property damage caused by various disasters and accidents. • Providing staff with training and change-related information on how to deal with extreme weather events, as well as disaster preparedness and emergency drills on a regular basis. • Procuring energy-efficient equipment.

Transition risk		
Risk identified	•	Policy and legal risks The Saipan and Guam governments may implement more stringent climate policies (such as the implementation of carbon-pricing mechanisms, pricing of GHG emissions, the shift of energy use towards renewable energy, acceleration of energy transition requirements) reporting requirements and carbon pricing mechanisms to be in line with the U.S. Mainland for achieving all the sustainability targets. This may increase the cost of operations and thus reduce the business' profitability. Also, more stringent building codes and energy standards may require upgrades.
	•	Technology risks With the emergence of new technologies (such as renewable energy sources, electric vehicles), the Group may have to keep up with the latest technologies to meet higher standards of energy efficiency. This may increase the Group's cost of capital expenditure.
	•	Market changes Changing consumer preferences towards more eco-friendly offerings may decrease demand for carbon-intensive services/products. Young travelers in particular are increasingly factoring climate impact and sustainability into travel choices. Besides, emergence of "green" competitors, those who early to adopt renewable energy or waste diversion practices could attract a premium for their perceived environmental leadership.
Mitigation measures	•	Closely monitoring and responding to changes in environmental laws, regulations, and policies.
	•	Innovating and exploring ways to improve energy efficiency and reduce the emission of GHG from normal business operations, as well as minimizing the production of wastes.
	•	Improving management transparency, paying close attention to and responding to stakeholder concerns.
	•	Researching, formulating and continuously improving plans of carbon emission objectives for the medium to long term.

COMMUNITY PARTICIPATION

At our Group, we recognize that giving back to the communities where we work and live is vital. As we expand our operations, our priority remains to enhance people's well-being in these places. As we continue to grow our business, we remain committed to improving the quality of life for residents in these areas. By fostering strong business networks and markets, we aim to benefit stakeholders of all kinds in a mutually supporting relationship. Through our collaborative efforts, we hope to build a sustainable future where people and businesses thrive together.

Volunteering:
325 Hours

During the Year, the Group donated a total of US$29,000 to several organizations, including CNMI Manamko Center, Catholic Social Service and Marianas Visitors Authority, supporting the local community and vulnerable groups. We also devoted 325 volunteering hours with the focus on environmental protection and community wellness.

Environmental Protection

At our Group, we have a deep respect for the natural world and recognize both the inherent value of biodiversity as well as our interconnected dependence on ecosystem services. With this understanding, we remain committed to giving back through diverse environmental volunteer initiatives aimed at restoring habitats, raising sustainability awareness, and inspiring broader stewardship action.

In February, October, November and December of 2023, we organized and led multiple resort-wide cleanup activities that exemplified our commitment on environmental protection awareness. Bringing together intradepartmental staff from Human Resources, Engineering and Front Office operations, these volunteer targeted to remove marine and terrestrial debris from the scenic beaches bordering our property. United through our shared value of environmental stewardship, employees worked collaboratively to inspect and remove any litter or foreign objects that could endanger ocean life or coastal habitats. By routine maintenance of the natural beauty of local recreation areas through hands-on care, we aim to protect fragile ecosystems while enhancing the hotel guests experience.

October Resort Clean-up

December Resort Clean-up

Community Wellness

At our Group, we recognize the inherent connection between individual well-being, community health, and environmental sustainability. By engaging in various social and environmental initiatives that aim to address both social and ecological needs, we strive to cultivate a foundation of engaged support with the places where we operate. These efforts will help us advance our joint vision of a thriving future for all.

As part of our "Giving for Good" campaign in partnership with IHG, we hosted a special luncheon in September 2023 for over 60 elderly guests at the Office of Aging in Garapan. Demonstrating our commitment to supporting vulnerable groups, Crowne Plaza chefs prepared a hearty buffet of local favorites and international dishes which our staff had the honor of serving. The event aimed to bring some early holiday cheer through a small gesture of nourishment and kindness for the senior citizens during a season of increased isolation. Feedback from the Office of Aging emphasized their appreciation for community partnerships that enrich lives within a spirit of mutual care, respect and celebration.

In addition, as a proud sponsor of the Saipan Marathon — an annual event of the MVA, we contributed volunteer support at aid stations during the race. This iconic community event is sponsored collaboratively by the Hotel Association of the Northern Mariana Islands and helps promote a healthy lifestyle while boosting tourism.

Giving for Good

Run Saipan Marathon

HKEX ESG REPORTING GUIDE INDEX

HKEx ESG Reporting Guide General Disclosures & KPIs		*Explanation/Reference Section*
Aspect A Environmental		
A1 Emission	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous wastes. Note: Air emissions include NO_x, SO_x, and other pollutants regulated under national laws and regulations. Greenhouse gases include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride. Hazardous wastes are those defined by national regulations.	Environmental Sustainability
KPI A1.1	The types of emissions and respective emissions data.	Environmental Sustainability — Emissions Control Air emission figures from gaseous fuel consumption and vehicles were not available. The amount of air emissions is not significant and material to the Group.
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental Sustainability — Emissions Control
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental Sustainability — Waste Management
KPI A1.4	Total non-hazardous waste produced (in tonnes) and where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental Sustainability — Waste Management
KPI A1.5	Description of emission target(s) set and steps taken to achieve them.	Environmental Sustainability — Emissions Control
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Environmental Sustainability — Waste Management

HKEx ESG Reporting Guide General Disclosures & KPIs		Explanation/Reference Section
A2 Use of Resource	Policies on efficient use of resources including energy, water and other raw materials. Note: Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.	Environmental Sustainability — Resources Conservation, Emissions Control
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Environmental Sustainability — Resources Conservation
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Environmental Sustainability — Resources Conservation
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Environmental Sustainability — Resources Conservation, Emissions Control
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Environmental Sustainability — Resources Conservation
KPI A2.5	Total packaging material used for finished products (in tonnes), and, if applicable, with reference to per unit produced.	Environmental Sustainability — Resources Conservation
A3 The Environment and Natural Resources	Policies on minimizing the issuer's significant impact on the environment and natural resources.	Environmental Sustainability — Protecting the Environment and Natural Resources
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Environmental Sustainability — Protecting the Environment and Natural Resources
A4 Climate Change	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Environmental Sustainability — Climate Resilience
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Environmental Sustainability — Climate Resilience

HKEx ESG Reporting Guide General Disclosures & KPIs		Explanation/Reference Section
Aspect B Social		
B1 Employment	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Care for Our Employees — Equal and Diversified Workplace, Employment Practices
KPI B1.1	Total workforce by gender, employment type (for example, full-or part-time), age group and geographical region.	Care for Our Employees — Equal and Diversified Workplace
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Care for Our Employees — Equal and Diversified Workplace
B2 Health and Safety	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impacts on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Care for Our Employees — Safe and Healthy Workplace
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Care for Our Employees — Safe and Healthy Workplace
KPI B2.2	Lost days due to work injury.	Care for Our Employees — Safe and Healthy Workplace
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Care for Our Employees — Safe and Healthy Workplace
B3 Development and Training	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Care for Our Employees — Training and Development
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Care for Our Employees — Training and Development
KPI B3.2	The average training hours completed per employee by gender and employee category	Care for Our Employees — Training and Development

HKEx ESG Reporting Guide General Disclosures & KPIs		Explanation/Reference Section
B4 Labor Standard	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labor.	Care for Our Employees — Employment Practices
KPI B4.1	Description of measures to review employment practices to avoid child and forced labor.	Care for Our Employees — Employment Practices
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Not applicable
B5 Supply Chain Management	Policies on managing environmental and social risks of supply chain.	Service and Product Responsibility — Responsible Procurement
KPI B5.1	Number of suppliers by geographical region.	Service and Product Responsibility — Responsible Procurement
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Service and Product Responsibility — Responsible Procurement
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Service and Product Responsibility — Responsible Procurement
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Service and Product Responsibility — Responsible Procurement
B6 Product Responsibility	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Service and Product Responsibility — Service Excellence, Customer Privacy Protection, Marketing Advertisement and Labelling
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Service and Product Responsibility
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Service and Product Responsibility

HKEx ESG Reporting Guide General Disclosures & KPIs		Explanation/Reference Section
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Service and Product Responsibility-Protection of Intellectual Property Rights
KPI B6.4	Description of quality assurance process and recall procedures.	Service and Product Responsibility — Service Excellence
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Service and Product Responsibility-Customer Privacy Protection
B7 Anti-corruption	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Service and Product Responsibility — Business Ethics
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Service and Product Responsibility — Business Ethics
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Service and Product Responsibility — Business Ethics
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Service and Product Responsibility — Business Ethics
B8 Community Investment	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Community Participation
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).	Community Participation
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Community Participation

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES

The Group acknowledges the need and importance of corporate governance as one of the key elements in enhancing shareholders' value. It is committed to ensuring high standards of corporate governance in the interests of Shareholders, taking care to identify practices designed to achieve effective oversight, transparency and ethical behavior, and protecting the long-term sustainability of the Group as a whole.

The Shares of the Company have been listed on the Stock Exchange on the Listing Date. Since the Listing Date, the Company has adopted the principles in the CG Code as set out in Appendix C1 to the Listing Rules as its code of corporate governance.

During the Year and up to the date of this annual report, the Company has complied with all applicable code provisions of the CG Code.

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 of the Listing Rules as the code for dealing in securities of the Company by the Directors. Having made specific enquiries of all directors, each Director has confirmed that he/she has complied with the required standard set out in the Model Code throughout the Year.

BOARD OF DIRECTORS

Board responsibilities

The Board is primarily responsible for overseeing and supervising the management of the business affairs and the overall performance of the Group. The Board sets the Group's values and standards and ensures that the requisite financial and human resources support is in place for the Group to achieve its objectives. The Board acknowledges its responsibility for the management of the Group and to ensure sound and effective internal control systems are maintained so as to safeguard the Group's assets and the interest of the Shareholders. The Board is also responsible for convening general meetings, implementing the resolutions passed at the general meetings, determining the business and investment plans of the Group, formulating the annual financial budget and financial statements of the Group, and formulating the proposals for dividend distributions as well as exercising other powers, functions and duties as conferred by the Company's Articles. The Board has established Board Committees (as defined below) and has delegated to these Board Committees various responsibilities as set out in their respective terms of reference. The responsibilities of these Board Committees include monitoring the Group's operational and financial performance, and ensuring that appropriate internal control and risk management systems are in place.

The Board may from time to time delegate certain functions to the management of the Group if and when considered appropriate. The management is mainly responsible for the execution of the business plans, strategies and policies adopted by the Board and assigned to it from time to time.

The Directors have full access to information of the Group and the management has an obligation to supply the Directors with adequate information in a timely manner to enable the Directors to perform their responsibilities. The Directors are entitled to seek independent professional advice in appropriate circumstances at the Company's expense.

Composition

The Board currently comprises nine members, consisting of three executive Directors, three non-executive Directors (including the Chairman of the Board) and three independent non-executive Directors, as follows:

Executive Directors

Dr. TAN Henry, *BBS, JP (Vice Chairman and Chief Executive Officer)*
Mr. CHIU George
Mrs. SU TAN Jennifer Sze Tink

Non-Executive Directors

Dr. TAN Siu Lin*, SBS (Chairman)*
Mr. TAN Willie
Mr. SCHWEIZER Jeffrey William *(Redesignated on September 1, 2023)*

Independent Non-Executive Directors

Mr. CHAN Leung Choi Albert
Mr. MA Andrew Chiu Cheung
Mr. WONG Chun Tat, *JP*

The biographical details of the Directors are set out in the section headed "Management Executives" on pages 19 to 22 of this annual report. Save as disclosed in the said section, there is no family, financial or business relationship among the Directors.

During the Year, Mr. Schweizer Jeffrey William has notified the Board of his intention to step down as the Head of Hotel Operations of the Group as he is to move away from Guam to spend more time with his family in the United States. Accordingly, he has ceased to be the Head of Hotel Operations of the Group with effect from September 1, 2023. After reviewing Mr. Schweizer's qualifications, experience and his contributions to the Group over the past 18 years, the Board considered and accepted the recommendation from the nomination committee of the Board to re-designate Mr. Schweizer from executive Director to non-executive Director with effect from September 1, 2023. After his redesignation, Mr. Schweizer will assume an advisory role and continue to provide valuable advice and support to the Group. The biographical details of Mr. Schweizer was set out in the section headed "Management Executives" on pages 19 to 22 of this annual report.

Throughout the Year, independent non-executive Directors constitute one-third of the Board, which is in compliance with the requirement under Rule 3.10(A) of the Listing Rules. Hence, there is a strong independence element in the composition of the Board. Each of the Directors has the relevant experience, competencies and skills appropriate to the requirements of the business of the Group, and at least one of the independent non-executive Directors has appropriate professional qualifications of accounting or related financial management expertise.

The list of Directors has been published on the website of the Company and the website of the Stock Exchange, and is disclosed in all corporate communications issued by the Company pursuant to the Listing Rules from time to time.

During the Year and up to the date of this annual report, an appropriate and adequate directors' and officers' liability insurance is in place to protect all the Directors from legal action arising from the performance of their duties as a Director. Such insurance coverage will be reviewed and renewed on an annual basis. As of the date of this annual report, no claims under the insurance policy has been made.

Independent non-executive Directors

The roles of the independent non-executive Directors include the following:

(i) provision of independent judgement at Board meetings;

(ii) take the lead where potential conflicts of interest arise;

(iii) serve on committees if invited; and

(iv) scrutinize the performance of the Group as necessary.

The independent non-executive Directors have brought in a wide range of business and financial expertise, experience and independent judgement to the Board. Through active participation in the Board meetings and serving on various Board Committees, all independent non-executive Directors will continue to make various contributions to the Company.

The independent non-executive Directors and their immediate family receive no payment from the Company or its subsidiaries (except the director fee). No family member of any independent non-executive Directors is employed as an executive officer of the Company or its subsidiaries or has been so in the past three years. The independent non-executive Directors are subject to retirement and re-election at the AGM of the Company in accordance with the provisions of the Articles. Each independent non-executive Director has provided a written confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive Directors to be independent.

Provision A.2.7 of the CG Code requires that the Chairman should at least annually hold meetings with the independent non-executive Directors without the presence of the other Directors. During the Year and up to the date of this annual report, the Chairman held two meetings with the independent non-executive Directors on March 23, 2023 and March 19, 2024, respectively without the presence of any other Directors. Going forward, the Chairman will continue to ensure compliance with this code provision.

Directors' induction and continuing professional development

During the Year, each Director has received training on the general, statutory and regulatory obligations of being a director to ensure that he/she is sufficiently aware of his/her responsibilities under the Listing Rules and other relevant legal and regulatory requirements.

Directors are committed to comply with the continuous professional development requirement under provision A.6.5 of the CG Code so as to develop and refresh their knowledge and skills and ensure that their contribution to the Board will be informed and relevant.

The Directors, on an ongoing basis, will receive updates on the relevant laws, rules and regulations. During the Year, the Company shared with the Directors certain continuous professional development courses relating to their duties as directors of a listed corporation, the Listing Rules, corporate governance practices and other relevant legal and regulatory requirements so that they can continuously acquire relevant knowledge and skills.

A summary of training received by each Director during the Year is set out below:

Board Members	Type of training
Executive Directors	
Dr. TAN Henry, *BBS, JP* *(Vice Chairman and Chief Executive Officer)*	A, B
Mr. CHIU George	A, B
Mrs. SU TAN Jennifer Sze Tink	A, B
Non-Executive Directors	
Dr. TAN Siu Lin, *SBS* *(Chairman)*	A, B
Mr. TAN Willie	A, B
Mr. SCHWEIZER Jeffrey William *(Redesignated on September 1, 2023)*	A, B
Independent Non-Executive Directors	
Mr. CHAN Leung Choi Albert	A, B
Mr. MA Andrew Chiu Cheung	A, B
Mr. WONG Chun Tat, *JP*	A, B

A: attending external seminars/conferences/workshops/forums/webinars

B: reading newspapers/journals and updates relevant to their profession, business, corporate governance and director's duties and responsibilities

Meeting of the Board and the Directors' attendance record

The Board is scheduled to meet at least four times a year to determine overall strategic direction and objectives and approve interim and annual results and other significant matters. Each of the Directors is required to give sufficient time and attention to the affairs of the Company. During the Year, four Board meetings were held with full attendance, details of which are presented below:

Board Members	Meetings Attended/Held	Average Attendance Rate
Executive Directors		
Dr. TAN Henry, *BBS, JP* *(Vice Chairman and Chief Executive Officer)*	4/4	100%
Mr. CHIU George	4/4	100%
Mrs. SU TAN Jennifer Sze Tink	4/4	100%
Non-Executive Directors		
Dr. TAN Siu Lin, *SBS* *(Chairman)*	4/4	100%
Mr. TAN Willie	4/4	100%
Mr. SCHWEIZER Jeffrey William *(Redesignated on September 1, 2023)*	4/4	100%
Independent Non-Executive Directors		
Mr. CHAN Leung Choi Albert	4/4	100%
Mr. MA Andrew Chiu Cheung	4/4	100%
Mr. WONG Chun Tat, *JP*	4/4	100%

Apart from Board meetings, consent/approval from the Board had also been obtained by written resolutions on a number of matters.

During the Year, an AGM of the Company was held on June 1, 2023 for the year ended December 31, 2022.

Board Members	**AGM Attended/Held**	**Attendance Rate**
Executive Directors		
Dr. TAN Henry, *BBS, JP* *(Vice Chairman and Chief Executive Officer)*	1/1	100%
Mr. CHIU George	1/1	100%
Mrs. SU TAN Jennifer Sze Tink	1/1	100%
Non-Executive Directors		
Dr. TAN Siu Lin, *SBS* *(Chairman)*	1/1	100%
Mr. TAN Willie	1/1	100%
Mr. SCHWEIZER Jeffrey William *(Redesignated on September 1, 2023)*	1/1	100%
Independent Non-Executive Directors		
Mr. CHAN Leung Choi Albert	1/1	100%
Mr. MA Andrew Chiu Cheung	1/1	100%
Mr. WONG Chun Tat, *JP*	1/1	100%

Directors are consulted to include any matter in the draft agenda. As part of our best practices, the agenda of Board meetings are finalized by the Chairman after taking into consideration any matters proposed by other Directors, including the independent non-executive Directors. The management has the obligation to supply the Board and the Board Committees with adequate information in a timely manner to enable the members to make informed decisions. The notice of a Board meeting is generally released at least 14 days in advance, while the finalized agenda and relevant materials are released no less than 3 days in advance.

The Company Secretary is responsible for taking minutes of the Board meetings. Draft and final minutes are sent to all Directors for comments within a reasonable time. All board papers and minutes are also made available for inspection by the Board and the Board Committees. A final draft of each minutes of meetings is made available for inspection by Directors.

The Company's Articles provide that a Board meeting shall be held (instead of passing a resolution in writing) in cases where a substantial shareholder or Director has a material conflict of interest in a matter. In the relevant Board meeting, the substantial shareholder or Director is required to abstain from voting and shall not be counted in quorum. This is also in conformity with the requirement of the CG Code.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

During the Year and as of the date of this annual report, Dr. Tan Siu Lin is the Chairman of the Board and his son Dr. Tan Henry is the Chief Executive Officer (the "**CEO**") of the company. The Chairman's role is to provide leadership to and oversee the functioning of the Board to ensure that the Board acts in the best interests of the Group. The Chairman is primarily responsible for approving the agenda for each Board meeting, taking into account, where appropriate, matters raised by other Directors for inclusion in the agenda. With the support of the Company Secretary, the Chairman seeks to ensure that all Directors are properly briefed on issues arising at Board meetings and receive reliable, adequate and complete information in a timely manner. The Chairman also actively encourages Directors to fully engage in the Board's affairs and make contribution to the Board's functions.

The CEO is in charge of the Company's operations and day-to-day management. The CEO is also responsible for developing strategic plans and formulating the organizational structure, control systems and internal procedures and processes for the Board's approval.

COMPANY SECRETARY

The Company Secretary supports the Board by ensuring that reliable and relevant flow of information is maintained amongst members of the Board and that all procedures have been adhered to in accordance with applicable laws, rules and regulations. All Directors have access to the advice and services of the Company Secretary on corporate governance and board practices and matters.

Ms. Cheung Pik Shan Bonnie was appointed as the Company Secretary of the Company on April 9, 2019. The Company Secretary's biography is set out in the section headed "Management Executives" on pages 19 to 22 of this annual report. During the Year, the Company Secretary undertook no less than 15 hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules.

BOARD COMMITTEES

The Board has established the Audit Committee, Remuneration Committee and Nomination Committee (collectively, "**Board Committees**") in accordance with the CG Code and these Board Committees are mainly composed of independent non-executive Directors. Each of these Board Committees has specific written terms of reference which are available on the websites of the Company and the Stock Exchange. The Board Committees are provided with sufficient resources to discharge their duties, including access to the management and/or independent professional advice if considered necessary.

AUDIT COMMITTEE

The Audit Committee was established on the Listing Date with written terms of reference in compliance with the CG Code.

The Audit Committee comprised three independent non-executive Directors, namely Mr. Ma Andrew Chiu Cheung, Mr. Chan Leung Choi Albert and Mr. Wong Chun Tat. The Audit Committee is chaired by Mr. Ma Andrew Chiu Cheung. None of the members of the Audit Committee is a former partner of the external auditor. The Audit Committee must meet not less than two times a year with the Company's external auditor and meetings shall be held at such other times on an ad hoc/as-needed basis. It meets with the external auditor and the management of the Group to ensure that the audit findings are addressed properly. The Audit Committee has access to independent professional advice at the Company's expense if considered necessary. During the Year, we have engaged BDO Financial Service Limited ("**BDO**") to provide internal auditing service.

The principal responsibilities of the Audit Committee include the following:

(i) to review the relationship with the external auditor by reference to the work performed by the auditor, their fees and terms of engagement, to monitor the external auditor's independence and objectivity, and to make recommendation to the Board on the appointment, re-appointment and removal of the external auditor;

(ii) to review and monitor the integrity of the Company's financial statements and reports and consider any significant or unusual items raised by the external auditor or qualified accountant before submission to the Board;

(iii) to review the effectiveness and adequacy of the Company's financial reporting system, internal control systems and associated procedures, risk management and corporate governance matters; and

(iv) to review the adequacy of resources, qualifications, experience, training programs and budget of the staff of the Group's financial reporting and accounting and internal audit functions.

The Audit Committee held four meetings during the Year to review and adopt the internal audit plan proposed by BDO, to review the Group's financial results and reports, financial reporting and compliance procedures, internal control and risk management systems, other corporate governance matters and the appointment of the external auditor. The Audit Committee recommended to the Board that, subject to the Shareholders' approval at the forthcoming AGM of the Company, Messrs. Ernst & Young ("**EY**") be reappointed as the external auditor of the Group for the financial year ending December 31, 2024.

The attendance record of the four Audit Committee meetings during the Year is presented below:

Audit Committee Members	Meeting Attended/Held
Independent Non-Executive Directors	
Mr. MA Andrew Chiu Cheung *(Chairman)*	4/4
Mr. CHAN Leung Choi Albert	4/4
Mr. WONG Chun Tat, *JP*	4/4

REMUNERATION COMMITTEE

The Remuneration Committee was established on the Listing Date with terms of reference in compliance with the CG Code. The primary duties of the Remuneration Committee include recommending to the Board the remuneration policy and structure of all the Directors and the senior management and evaluating their performance in order to make recommendations on the individual remuneration package of each of the Directors and senior management. In addition, the Remuneration Committee provides effective supervision and administration of the Company's share option scheme.

The Remuneration Committee comprised two independent non-executive Directors, namely Mr. Chan Leung Choi Albert and Mr. Wong Chun Tat, and an executive Director, Dr. Tan Henry. The Remuneration Committee is chaired by Mr. Chan Leung Choi Albert.

A meeting of the Remuneration Committee is required to be held at least once a year to coincide with key dates within the financial reporting and audit cycle. The chairman of the Remuneration Committee is required to report to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.

The Remuneration Committee held one meeting during the Year to review and recommend to the Board the remuneration policy and structure of all Directors and the senior management.

The attendance record of the one Remuneration Committee meeting during the Year is presented below:

Remuneration Committee Members	**Meeting Attended/Held**
Independent Non-Executive Directors	
Mr. CHAN Leung Choi Albert *(Chairman)*	1/1
Mr. WONG Chun Tat, *JP*	1/1
Executive Director	
Dr. TAN Henry, *BBS, JP*	1/1

The Remuneration Committee is authorized to investigate any matter within its terms of reference and seek any information it requires from any employee and obtain legal or other independent professional advice at the cost of the Company if it considered necessary.

Pursuant to code provision B.1.5 of the CG Code, the emolument of the members of the senior management (other than the emoluments of Directors and five highest paid individuals disclosed in notes 10(a) and 11 to the consolidated financial statements pursuant to Appendix D2 to the Listing Rules) paid by the Group by band for the Year is set out below:

Emolument band	**Number of Individuals**
US$192,308 to US$256,410 (equivalent to HK$1,500,001 to HK$2,000,000)	1
US$64,103 to US$128,205 (equivalent to HK$500,001 to HK$1,000,000)	1

During the Year, total Directors' remuneration amounted to approximately US$895,000 (2022: US$881,000). The executive Directors and senior management's compensation, including the long-term incentive, shall be based on the corporate and individual performance. Details of the remunerations of the Directors are set out in note 10(a) to the consolidated financial statements.

NOMINATION COMMITTEE

The Nomination Committee was established on the Listing Date with written terms of reference in compliance with the requirements of the CG Code. The primary duties of the Nomination Committee are to review the structure, size and composition of the Board, identify suitably qualified candidates to become members of the Board, develop the Board Diversity Policy (as defined below), assess the independence of independent non-executive Directors, and make recommendations to the Board on the appointment or re-appointment of Directors.

The Nomination Committee comprised two independent non-executive Directors, namely Mr. Wong Chun Tat and Mr. Chan Leung Choi Albert, and an executive Director, Dr. Tan Henry. The Nomination Committee was chaired by Mr. Wong Chun Tat.

A meeting of the Nomination Committee is required to be held at least once a year. The Nomination Committee held one meeting during the Year to review the structure, size and composition of the Board, assess the independence of independent non-executive Directors and consider each retiring Director. The Nomination Committee also considered and passed resolutions regarding the re-designation of Mr. Schweizer Jeffrey William from an executive Director to a non-executive Director during the Year, and recommended his re-designation to the Board for consideration and approval.

The attendance record of the one Nomination Committee meeting during the Year is presented below:

Nomination Committee Members	Meeting Attended/Held
Independent Non-Executive Directors	
Mr. WONG Chun Tat, *JP (Chairman)*	1/1
Mr. CHAN Leung Choi Albert	1/1
Executive Director	
Dr. TAN Henry, *BBS, JP*	1/1

Board Diversity Policy

The Board has adopted a policy on board diversity ("**Board Diversity Policy**") with effect from the Listing Date which sets out the Company's approach to achieve diversity on the Board. The Company recognizes and embraces the benefits of having a diverse Board as it promotes board effectiveness and enables better decisions to be made. A truly diverse Board will include and make good use of differences in the qualifications, skills, experience, gender, age, cultural and education background and other qualities of the Directors.

Under the Board Diversity Policy, diversity will be considered from all relevant aspects when determining the optimum structure, size and composition of the Board. The Board may consider other factors as appropriate from time to time, taking into account the Company's business model and specific needs. All Board appointments are ultimately made on merit and contribution that the potential candidates will bring to the Board, having due regard for the benefits of diversity and the specific needs of the Company, without focusing on a single diversity aspect.

As at 31 December 2023, we maintained a 216:186 ratio of women to men in our workforce. As regards gender diversity of the Board and senior management, we have one female Director and eight male Directors, and one out of two members of our senior management is female.

The Board is satisfied that the Group has achieved its measurable objectives in terms of Board diversity during the Year with (i) at least one female Director being female; (ii) at least one third of the Board being independent non-executive Directors; (iii) at least one Director has accounting or other professional qualifications; and (iv) at least one Director is under the age of 50.

Our Group is determined to continue to maintain diversity (including gender diversity) and equality in respect of its workforce.

Nomination Policy

Under the director nomination policy ("**Nomination Policy**") adopted by the Board with effect from the Listing Date, when assessing and selecting candidates for directorships, the Nomination Committee will consider the following factors:

(i) whether the individual's educational background and qualification, skills and experience are relevant to the Company's business model and specific needs;

(ii) the individual's character and reputation for integrity;

(iii) whether the individual would be able to devote sufficient time to the Board;

(iv) (in respect of appointment and reappointment of independent non-executive Directors) independence of the individual with reference to the independence criteria set out in Rule 3.13 of the Listing Rules;

(v) how the individual would be able to contribute to the diversity of the Board with reference to the factors set out in the Board Diversity Policy; and

(vi) Board succession planning considerations.

Nevertheless, the ultimate responsibility for the selection and appointment of Directors rests with the entire Board.

Nomination Procedures

On March 23, 2020, the Nomination Committee adopted the following nomination procedures for the appointment and reappointment of Directors.

Appointment of Directors

(i) The Nomination Committee identifies individual(s) suitably qualified to become Board members, having due regard to the Nomination Policy and the Board Diversity Policy, and assesses the independence of the proposed independent non-executive Director(s) as appropriate;

(ii) The Nomination Committee may use any process it deems appropriate to evaluate the candidate(s), which may include personal interviews, background checks, presentations or written submissions by the candidate(s) and third party references;

(iii) The Nomination Committee makes recommendation(s) to the Board;

(iv) The Board considers the individual(s) recommended by the Nomination Committee, having due regard to the Nomination Policy, the Board Diversity Policy and the corporate governance guidelines;

(v) The Board confirms the appointment of the individual(s) as Director(s) or recommends the individual(s) to stand for election at a general meeting. Individual(s) appointed by the Board to fill a casual vacancy or as an addition to the Board will be subject to re-election by Shareholders at the next AGM after initial appointment in accordance with the Company's Articles; and

(vi) The Shareholders approve the election of individual(s), who stand(s) for election at general meeting, as Director(s).

Re-appointment of Directors

(i) The Nomination Committee considers each retiring Director, having due regard to the Nomination Policy, the Board Diversity Policy and the corporate governance guidelines, and assesses the independence of each retiring independent non-executive Director;

(ii) The Nomination Committee makes recommendation(s) to the Board;

(iii) The Board considers each retiring Director recommended by the Nomination Committee, having due regard to the Nomination Policy, the Board Diversity Policy and the corporate governance guidelines;

(iv) The Board recommends the retiring Directors to stand for re-election at the annual general meeting in accordance with the Company's Articles; and

(v) The Shareholders approve the re-election of Directors at the annual general meeting.

CORPORATE GOVERNANCE FUNCTIONS

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

(i) to develop and review the Company's policies, procedures and practices on corporate governance;

(ii) to review and monitor the training and continuous professional development of Directors and senior management;

(iii) to review the effectiveness of the risk management and internal control system on an ongoing basis and to remedy material internal control weaknesses;

(iv) to review and monitor the Company's policies, procedures and practices on compliance with legal and regulatory requirements;

(v) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors;

(vi) to review the adequacy of resources, staff competency, training programs and budget of the Company's accounting, internal audit and financial reporting functions; and

(vii) to review the Company's compliance with the CG Code and disclosure in the corporate governance report in the annual report of the Company.

The Board's annual review of the Company's corporate governance practices for the Year has covered the aforesaid matters. This corporate governance report has been reviewed by the Board in fulfillment of its corporate governance responsibilities.

ACCOUNTABILITY AND AUDIT

Financial reporting

The Directors acknowledge their responsibility in publishing financial statements for each financial period which give a true and fair view of the state of affairs of the Group and a clear and accurate assessment of the results and cash flows for that period. The Auditor's statement regarding its reporting responsibilities in respect of the consolidated financial statements of the Group is set out in the Independent Auditor's Report on pages 98 to 102 of this annual report.

In preparing financial statements for the year ended December 31, 2023, the Directors have (i) selected suitable accounting policies and applied them consistently; (ii) made judgements and estimates that are prudent and reasonable; and (iii) prepared financial statements on a going concern basis. The Directors noted that the Auditor has indicated some material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. During the Year, the Group incurred a net loss of approximately US$22,971,000. As at December 31, 2023, the Group's current liabilities exceeded its current assets by approximately US$49,930,000. Included in the Group's current liabilities was an interest-bearing term loan of US$42,633,000 and a revolving loan of US$5,000,000, both of which are repayable on demand, and our cash and cash equivalents amounted to approximately US$4,438,000. The Auditor is of the view that these conditions, along with other matters as set out in note 2.1 to the consolidated financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. The Auditor's opinion is not modified in respect of this matter.

Save as aforesaid and as disclosed under the section headed "Going concern" in note 2.1 to the consolidated financial statements, the Board, having made all reasonable enquiries, is not aware of any material uncertainties relating to any events or conditions that may cause significant doubt upon the Company's ability to continue as a going concern.

The Board, taking into account (i) the banking facilities totaling US$48,000,000 is currently fully secured by the Group's hotel assets with ample security coverage; (ii) the reopening of the Group's hotels in Guam and Saipan and the anticipated cash flows to be generated from the Group's operations; and (iii) the fact that the Group has obtained shareholder loans facilities totalling US$28,000,000 and US$4,000,000 respectively as of and after the year ended December 31, 2023 and a commitment of financial support from Tan Holdings, and Tan Holdings has further undertaken not to demand repayment of the amount due to it by the Group until the Group is in a position to repay without impairing its liquidity and financial position and certain plans and measures, consider that (i) it is unlikely that the bank will withdraw its banking facility or demand immediate repayment in full amount of the outstanding banking facilities; and (ii) the Group will have sufficient working capital to meet its financial obligations and capital commitments as and when they fall due for the foreseeable future and hence decided that it is appropriate to prepare the consolidated financial statements on a going concern basis. For details of the plans and measures taken by the Directors, please refer to note 2.1 to the consolidated financial statements.

In addition, an explanation of the basis on which the Company generates or preserves value over the longer term and the strategy for delivering the Company's objective is included in the "Chairman's Statement" and the "Management Discussion and Analysis" sections on pages 6 to 7 and pages 8 to 18 respectively.

Risk Management and Internal Control

The Board acknowledges its overall responsibility for the systems of risk management and internal controls of the Company and for reviewing their effectiveness through the Audit Committee at least annually. The Board is committed to the management, identification and monitoring of risks associated with its business activities and has implemented effective and adequate risk management and internal controls systems to safeguard the interests of the Shareholders and the Group's assets.

The internal control procedures of the Group feature a comprehensive budgeting and financial/management reporting system to facilitate the management's ongoing review and oversight. Business strategic plans and budgets are prepared on an annual basis by the management of individual business and subject to review and approval by the Board. During the budget setting process, the likelihood and potential financial impact of fundamental business risks have been identified, evaluated and reported by the management. Specific procedures and guidelines have been established for management approval and control of capital expenditures, mergers and acquisitions, unbudgeted items, operating expenses and other matters.

The executive Directors review the monthly management reports of major business units and the financial results and hold periodic meetings with senior finance and operational management teams to review and discuss the business performance against budget, market outlooks and to address deficiencies of any key issues on a timely basis.

The Group has adopted a principle of minimizing financial and capital risks. Details of our financial and capital risk management covering market risk (including foreign exchange risk, cash flow interest rate risk), credit risk and liquidity risk are set out in note 34 to the consolidated financial statements on pages 164 to 167 of this annual report.

All major operations are governed by its standard operating procedures with authorization matrix and supplemented by written policies and procedures tailored to the respective business units and support functions. These policies and procedures are aimed to provide guidelines on key risk management and control standards for our global operations and are updated on a regular and timely basis.

The Group has engaged BDO to provide internal auditing service (the "**Internal Audit**") for the Year. BDO is an independent internal audit services provider approved and adopted by the Audit Committee. BDO acts as a significant independent resource in assisting the Audit Committee in achieving good corporate governance and exercising its oversight responsibility to ensure the effectiveness of the Group's internal control system and performing evaluation of the adequacy of the controls established to safeguard Shareholders' investment and the Group's assets on an ongoing basis. BDO has a direct reporting line to the Audit Committee.

BDO independently reviews compliance with the Group's policies and guidelines, legal and regulatory requirements, risk management and internal controls and evaluates their adequacy and effectiveness.

The Internal Audit plan is risk-based and covers the Group's significant operations over a cycle and recurring basis. The Internal Audit plan is reviewed and endorsed by the Audit Committee. Representatives from BDO attend meetings of the Audit Committee held during the Year to report its progress in achieving the Internal Audit plan. The scope of the Internal Audit covers significant controls including financial, operational and compliance controls and risk management policies and procedures. Major findings and recommendations including the implementation status of agreed recommendations are reported at the Audit Committee meetings. In respect of the Year, no major issues but areas of improvement have been identified. The Directors and the Audit Committee considered that the major areas of the internal control systems of the Group are reasonably effective and adequately implemented.

As part of the annual review of the effectiveness of the Group's risk management and internal control systems for the Year, management teams of business units also conducted an internal control self-assessment of business operations and relevant accounting functions and considered that sound risk management and internal control practices were in place for the Year.

The Auditor performed independent statutory audits of the Group's consolidated financial statements. The Auditor also reported to the Audit Committee that there is no significant weaknesses in our internal control which come to notice during the course of the audit.

The Group has adopted a code of business ethics which requires all Directors and employees to comply with a set of high ethical standards in conducting the business. The Company has also adopted the inside information policy setting out the guidelines for handling and dissemination of inside information to the Directors and employees of the Group in accordance with the applicable laws and regulations.

Up to the date of approval of this annual report, based on the respective assessments made by management and BDO, and also taking into account the results of the audit conducted by the Auditor, the Audit Committee and the Directors considered that:

(i) The risk management, internal control and accounting systems of the Group are designed to provide reasonable but not absolute assurance that material assets are protected, business risks attributable to the Group are identified and monitored, material transactions are executed in accordance with management's authorization and the financial statements are reliable for publication;

(ii) The risk management and internal controls systems of the Group have been implemented with room for improvement and BDO has actively conducted follow-up audit for any improvements which were identified; and

(iii) There is a reasonably effective and adequate on-going process in place for identifying, evaluating and managing significant risks faced by the Group.

External Auditor

The Auditor has been appointed as the external auditor of the Company for the Year. The consolidated financial statements for the Year have been audited by the Auditor. The Audit Committee has been notified of the nature and the service charges of non-audit services performed by the Auditor and considered that such services have no adverse effect on the independence of the Auditor.

In the preceding three financial years, Messrs. PricewaterhouseCoopers has retired as the external auditor of the Company upon expiration of its term of office at the conclusion of the 2022 AGM held on June 2, 2022. At the 2022 and 2023 AGM, the Shareholders of the company approved to appoint Messrs. Ernst & Young as the external auditor of the Company for the financial year ended December 31, 2022 and 2023.

During the Year, remuneration of approximately US$218,000 was paid/payable to the Auditor for the provision of audit services. In addition, approximately US$63,000 was paid/payable to the Auditor for other non-audit services.

SHAREHOLDERS' RIGHTS

A summary of certain rights of the Shareholders is set out below:

Procedures for putting forward proposals at Shareholders' meetings

Shareholders who wish to make proposals or move a resolution may convene an EGM in accordance with the "Procedures for Shareholders to convene an Extraordinary General Meeting" set out below.

Procedures for Shareholders to convene an Extraordinary General Meeting

Pursuant to Article 58 of the Articles, any one or more Shareholders holding (at the date of deposit of the requisition) not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Company Secretary of the Company, to require an EGM to be called by the Board for the transaction of any business or resolution specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within twenty-one days of such deposit the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may convene a physical meeting, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Any written requisition to convene an EGM must state the objects of the EGM and must be signed by the requisitionist(s) concerned and deposited at the registered office of the Company (presently at 5th Floor, Nanyang Plaza, 57 Hung To Road, Kwun Tong, Kowloon, Hong Kong) marked for the attention of the Company Secretary. The requisition may consist of several documents in like form, each signed by one or more of the requisitionist(s) concerned.

Procedures for directing Shareholders' enquiries to the Board

Shareholders may, at any time, direct questions, request for publicly available information and provide comments and suggestions to the Directors or management of the Company in writing through the Company Secretary of the Company whose contact details are as follow:

S.A.I. Leisure Group Company Limited
5th Floor, Nanyang Plaza,
57 Hung To Road, Kwun Tong, Kowloon,
Hong Kong
Email: ir@saileisuregroup.com

The Company Secretary will forward the Shareholders' enquiries, comments and suggestions to the Board and/or the relevant Board Committees of the Company, where appropriate, to answer the Shareholders' questions.

In addition, Shareholders may also make enquiries to the Board at the general meetings of the Company.

Shareholders should direct their questions about their shareholdings by mail to the Company's Hong Kong Branch Share Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, who has been appointed by the Company to deal with Shareholders for share registration and related matters.

Procedures for Shareholders to propose a person for election as a Director

With effect from the Listing Date, the Company adopted a formal, considered and transparent procedure for Shareholders to propose a person for election as a Director. The following procedures are subject to the Company's Articles, the Companies Law of the Cayman Islands and applicable legislation and regulation:

(i) If a Shareholder, who is entitled to attend and vote at the general meeting convened to deal with the appointment or election of Director(s), wishes to propose a person (other than himself/herself) for election as a Director at that meeting, he/she may lodge a written notice with the Company Secretary of the Company at 5/F, Nanyang Plaza, 57 Hung To Road, Kowloon, Hong Kong.

(ii) In order for the Company to inform all Shareholders of that proposal, the written notice must state (i) his/her intention to propose such person for election as a Director, and (ii) the biographical details of such nominated candidate as required under Rule 13.51(2) of the Listing Rules for publication by the Company and be signed by the Shareholder concerned and the person who has been proposed indicating his/her willingness to be elected.

(iii) The period for lodgement of the above notice shall be a seven-day period commencing on a day after the despatch of the notice of the general meeting appointed for such election of Director(s). If the Directors should determine and notify the Shareholders of a different period for lodgement of the above notice, such period shall in any event be a period of not less than seven days, commencing no earlier than the day after the despatch of the notice of the general meeting appointed for such election and ending no later than seven days prior to the date of such general meeting.

(iv) Upon receipt of the above notice from a Shareholder which is received after publication of the notice of general meeting, the Company shall, prior to the general meeting, publish an announcement or issue a supplementary circular disclosing the particulars of the proposed Director pursuant to Rule 13.51(2) of the Listing Rules.

For Shareholders who would like to nominate a person for election as a Director at the forthcoming AGM, please refer to the notice of the AGM to be published for further information on the relevant nomination period.

DIVIDEND POLICY

The Company intends to maintain a balance between rewarding the Shareholders and retaining adequate capital for development and operation of the Company's business. The Company has adopted a dividend policy ("**Dividend Policy**"), pursuant to which the Company may declare and distribute dividends to the Shareholders. The recommendation of the payment of any dividend is subject to the discretion of the Board, and any declaration of final dividend will be subject to the approval of the Shareholders.

According to the Dividend Policy, in deciding whether to declare or recommend a dividend, the Board shall consider the following factors:

(i) the general financial condition of the Group;

(ii) the actual and future operations and liquidity positions of the Group;

(iii) the future cash requirements and availability;

(iv) any restrictions on payment of dividends that may be imposed by the Group's lenders;

(v) the general market conditions;

(vi) the future development of the Group; and

(vii) any other factor that the Board deems appropriate.

The Dividend Policy will be reviewed from time to time and there is no assurance that a dividend will be proposed or declared in any specific period.

SHAREHOLDERS COMMUNICATION POLICY

The Board believes the importance of maintaining transparent, timely and effective communication with the Shareholders and investors of the Company. Effective communication with Shareholders enables Shareholders to have a clear assessment of the Group's performance and establishes investor confidence and enables them to engage actively with the Company and exercise their rights as shareholders in an informed manner.

According to the Shareholders Communication Policy of the Company adopted by the Board on April 16, 2019, a summary of the major means of communication with the Shareholders are as follows:

Financial and other reporting

The Company reports operating results on a half-yearly basis and produces interim and annual reports in accordance with the Listing Rules and other applicable laws and regulations. From time to time, the Company communicates other information to Shareholders by way of Company's announcement and/or circular, in compliance with the relevant regulatory requirements or otherwise.

Disclosure of information on corporate website

All material information in both English and Chinese about the Group is made available on the Company's website (www.saileisuregroup.com). In addition to a dedicated "Investor Relations" section in which the annual reports, interim reports, announcements and circulars of the Company are posted as soon as practicable following their release to the Stock Exchange on the website of HKEX, relevant press releases and speeches are also made available on the Company's website to facilitate communication between the Company, Shareholders and the investment community.

General meetings with Shareholders

The annual general meetings and other general meetings of the Company are the primary forum for communication with Shareholders and for Shareholders' participation. Voting at general meetings is conducted by way of poll in accordance with the Listing Rules. The poll results will be published on the respective websites of the Stock Exchange and the Company after the conclusion of the general meetings. The Company encourages Shareholders to participate in shareholders' meetings physically or to appoint proxies to attend and vote at such meetings for and on their behalf if they are unable to attend.

The 2024 AGM of the Company is expected to be held on May 30, 2024. The notice of the AGM will be sent to the Shareholders at least 20 clear business days before the AGM. The Chairman and members of the Board and chairmen of the various Board committees or their duly appointed delegates will attend the forthcoming AGM to answer questions raised by the Shareholders.

Shareholders Enquiries

Shareholders may, at any time, direct questions, request for publicly available information and provide comments and suggestions to Directors or management of the Company.

The Company's Shareholders Communication Policy is subject to regular review by the Board and will be amended (as appropriate) from time to time. During the Year, in accordance with the Shareholders Communication Policy and the relevant rules and regulations:

- The Company has published annual reports, interim reports, circulars and announcements in a timely manner on websites of the Stock Exchange and the Company;

- The Company has published terms of reference of committees of Board on the Company's website;

- Shareholders are given the opportunity to meet the Directors and to raise questions at the Company's annual general meeting each year. The Chairman of the Board, executive Directors, non-executive Directors and independent non-executive Directors, members of the senior management and the external auditor of the Company will attend the annual general meetings to answer questions from the Shareholders;

- Shareholders may put forward proposals and resolutions for consideration at general meetings. Please refer to the section headed "Shareholders Rights" of this report;

- All Shareholders are welcome at all times to give feedback to and communicate with the Directors or management through the Company Secretary by post to the Company's principal place of business in Hong Kong; and

- All Shareholders may direct their questions about their shareholdings to Tricor Investor Services Limited, the Company's branch share registrar in Hong Kong, for share registration and related matters.

The Board has reviewed the implementation and effectiveness of the Shareholders Communication Policy during the Year. With the above measures in place, the Board is satisfied with the implementation and effectiveness of the Shareholders Communication Policy.

CONSTITUTIONAL DOCUMENTS

At the annual general meeting of the Company held on June 2, 2022, a special resolution was passed to amend the then existing Articles of the Company to, among others, (i) to allow general meetings to be held as hybrid meetings where Shareholders may attend by means of electronic facilities in addition to as physical meetings where Shareholders attend in person, (ii) to set out other related powers of the Board and the chairman of the general meetings, including but not limited to making arrangements for attendance as well as ensuring the security and orderly conduct of such general meetings, (iii) to reflect certain amendments in the Listing Rules and the applicable laws of Hong Kong and the Cayman Islands, and (iv) to make other minor consequential and tidying-up amendments for house-keeping purposes. Please refer to the Company's announcement dated March 29, 2022 and circular dated April 23, 2022 for details of the changes made to the previous version of the Articles. Save as disclosed above, there was no change in the constitutional documents of the Company during the Year. The latest version of the Company's Memorandum and Articles are available on the respective websites of the Stock Exchange and the Company.

Independent Auditor's Report

Ernst & Young
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Quarry Bay, Hong Kong

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To the Shareholders of S.A.I. Leisure Group Company Limited
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of S.A.I. Leisure Group Company Limited (the "**Company**") and its subsidiaries (the "**Group**") set out on pages 103 to 169, which comprise the consolidated statement of financial position as at December 31, 2023, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to note 2.1 to the consolidated financial statements which indicates that the Group had net current liabilities of US$49,930,000 as at December 31, 2023 and incurred a net loss of US$22,971,000 for the year then ended. Included in its current liabilities was an interest-bearing term loan of US$42,633,000 and a revolving loan of US$5,000,000, both of which are repayable on demand, and its cash and cash equivalents amounted to approximately US$4,438,000. These conditions, along with other matters as set forth in note 2.1 to the consolidated financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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. In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report. 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment assessment on property, plant and equipment of the hotel assets	
The carrying amount of the property, plant and equipment of the hotels assets (including right-of-use assets) as at December 31, 2023 was US$127,636,000, which represented 98% of the carrying amount of the Group's property, plant and equipment and 81% of the Group's total assets. In accordance with Hong Kong Accounting Standard ("**HKAS**") 36 *Impairment of Assets* issued by the HKICPA, where an indication of impairment on cash-generating units containing these assets exists, the Group will estimate the recoverable amounts of the relevant cash-generating units, which are the higher of the value in use and the fair value less costs of disposal. An impairment loss is recognized only if the carrying amount of a cash-generating unit exceeds its recoverable amount. Since the Group's hotels and resorts segment has been loss-making for some time, the Group considered that impairment indications existed for cash-generating units containing the hotel assets. In this regard, the Group carried out impairment assessments to assess the recoverable amounts of these cash-generating units.	In respect of the estimation of the recoverable amount of each of the cash-generating units containing hotels assets prepared by the Group, we evaluated the calculation of the recoverable amount estimation and other assumptions (including the occupancy rate, room charge, growth rate, etc.) and involved our valuation specialists to assist us in evaluating the discount rate used. In addition, we discussed with management of the Company about the parameters and assumptions used in the cash flow forecast estimation and obtained corroborative evidence to evaluate their reasonableness. We also assessed the adequacy of the related disclosures in the notes to the consolidated financial statements.

KEY AUDIT MATTERS *(Continued)*

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment assessment on property, plant and equipment of the hotel assets *(Continued)* The recoverable amounts of the cash-generating units containing hotel assets were estimated by the Group using a value-in-use calculation. The estimation of the recoverable amounts was based on, inter alia, future cash flows of the relevant cash-generating units, which can be subjective in nature and involved various management assumptions regarding the occupancy rate, room charge and growth rate estimation. Given the complexity and judgmental nature of the impairment test, we considered this a key audit matter. Related disclosures are included in notes 3, 4 and 15 to the consolidated financial statements.	

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises 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 of the Company 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 disclosure requirements of 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 of the Company 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 of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit 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. Our report is made solely to you, as a body, 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.

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

From the matters communicated with the Audit 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 matter. 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 Lam Wai Ming, Ada.

Ernst & Young
Certified Public Accountants
27/F, One Taikoo Place
979 King's Road
Quarry Bay
Hong Kong
March 26, 2024

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year ended December 31, 2023

	Note	2023 US$'000	2022 US$'000
Revenue	6	**36,847**	15,751
Cost of inventories sold		**(4,594)**	(4,680)
Food and beverage costs		**(3,188)**	(538)
Employee benefit expenses		**(15,932)**	(7,383)
Utilities, repairs and maintenance		**(6,172)**	(3,895)
Other gains, net	7	**62**	2
Other operating costs		**(26,065)**	(11,194)
Other income/(expenses)		**859**	(535)
Operating loss		**(18,183)**	(12,472)
Finance income	8	**5**	1
Finance costs	8	**(4,886)**	(1,287)
Finance costs, net	8	**(4,881)**	(1,286)
Loss before tax	9	**(23,064)**	(13,758)
Income tax credit	12	**93**	2,264
Loss for the year and total comprehensive loss for the year		**(22,971)**	(11,494)
Loss and total comprehensive loss attributable to:			
Shareholders of the Company		**(22,961)**	(11,425)
Non-controlling interests		**(10)**	(69)
		(22,971)	(11,494)
Loss per share attributable to shareholders of the Company			
— Basic and diluted (US cents)	14	**(6.4)**	(3.2)

Consolidated Statement of Financial Position

December 31, 2023

	Note	2023 US$'000	2022 US$'000
ASSETS			
Non-current assets			
Property, plant and equipment	15	**130,042**	130,164
Investment properties	16	**353**	2,037
Intangible assets	17	**46**	61
Deferred tax assets	28	**6,583**	6,490
Prepayments and deposits	20	**1,131**	1,301
Total non-current assets		**138,155**	140,053
Current assets			
Inventories	18	**3,131**	1,435
Trade receivables	19	**5,579**	9,275
Prepayments, deposits and other receivables	20	**3,354**	1,718
Amounts due from related parties	31	**105**	15
Income tax recoverable		**2,561**	2,561
Cash and cash equivalents	21	**4,438**	3,451
Total current assets		**19,168**	18,455
Total assets		**157,323**	158,508
EQUITY			
Equity attributable to shareholders of the Company			
Issued share capital	22	**461**	461
Share premium	22	**38,122**	38,122
Capital reserve	23	**27,006**	27,006
Other reserve	23	**4,836**	4,836
(Accumulated losses)/retained earnings		**(18,867)**	4,094
		51,558	74,519
Non-controlling interests	24	**(352)**	(342)
Total equity		**51,206**	74,177

	Note	2023 US$'000	2022 US$'000
LIABILITIES			
Non-current liabilities			
Other borrowings	27	**20,500**	1,800
Lease liabilities	15	**16,519**	17,523
Total non-current liabilities		**37,019**	19,323
Current liabilities			
Trade and other payables	25	**14,112**	10,077
Bank borrowings	26	**47,633**	48,000
Other borrowings	27	**5,936**	5,015
Lease liabilities	15	**917**	1,268
Amounts due to related parties	31	**458**	611
Income tax payable		**42**	37
Total current liabilities		**69,098**	65,008
Total liabilities		**106,117**	84,331
Total equity and liabilities		**157,323**	158,508

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Dr. Tan Siu Lin
Director

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Dr. Tan Henry
Director

Consolidated Statement of Changes in Equity

Year ended December 31, 2023

	Attributable to shareholders of the Company							
	Issued share capital US$'000 (Note 22)	Share premium US$'000 (Note 22)	Capital reserve US$'000 (Note 23)	Other reserve US$'000 (Note 23)	Retained earnings/ accumulated losses US$'000	Subtotal US$'000	Non-controlling interests US$'000	Total US$'000
At January 1, 2022	461	38,122	27,006	4,836	15,519	85,944	(273)	85,671
Loss for the year and total comprehensive loss for the year	–	–	–	–	(11,425)	(11,425)	(69)	(11,494)
At December 31, 2022 and January 1, 2023	**461**	**38,122**	**27,006**	**4,836**	**4,094**	**74,519**	**(342)**	**74,177**
Loss for the year and total comprehensive loss for the year	**–**	**–**	**–**	**–**	**(22,961)**	**(22,961)**	**(10)**	**(22,971)**
At December 31, 2023	**461**	**38,122**	**27,006**	**4,836**	**(18,867)**	**51,558**	**(352)**	**51,206**

Consolidated Statement of Cash Flows

Year ended December 31, 2023

	Note	2023 US$'000	2022 US$'000
Cash flows from operating activities			
Loss before tax		**(23,064)**	(13,758)
Adjustments for:			
Depreciation of property, plant and equipment	9	**10,829**	4,159
Depreciation of investment properties	9	**18**	98
Amortization of intangible assets	9	**18**	49
Impairment of trade receivables	9	**—**	5
Reversal of provision of obsolete inventories	9	**(859)**	—
Write-off of property, plant and equipment and investment properties	9	**—**	530
Interest income	8	**(5)**	(1)
Interest expenses	8	**4,886**	1,287
Rent concessions from lessors		**(77)**	(405)
Gain on lease modification of lease contracts		**—**	(199)
Operating loss before changes in working capital		**(8,254)**	(8,235)
Changes in working capital:			
(Increase)/decrease in inventories		**(837)**	1,127
Decrease in trade receivables		**3,696**	3,671
Increase in prepayments, deposits and other receivables		**(1,466)**	(760)
Increase/(decrease) in trade and other payables		**4,033**	(3,587)
Increase in amounts due from related parties		**(90)**	(14)
(Decrease)/increase in amounts due to related parties		**(153)**	495
Net cash used in operations		**(3,071)**	(7,303)
Income tax refunded		**5**	115
Net cash flows used in operating activities		**(3,066)**	(7,188)

Consolidated Statement of Cash Flows

Year ended December 31, 2023

	Note	2023 US$'000	2022 US$'000
Cash flows from investing activities			
Purchases of property, plant and equipment		**(9,112)**	(32,125)
Additions to investment properties		**—**	(2)
Additions to intangible assets		**(3)**	(2)
Interest received		**5**	1
Net cash flows used in investing activities		**(9,110)**	(32,128)
Cash flows from financing activities			
New bank loans		**—**	31,000
Repayment of bank loans		**(367)**	—
New other loans		**19,200**	6,800
Principal portion of lease payments		**(1,207)**	(774)
Interest paid		**(4,463)**	(2,336)
Net cash flows from financing activities		**13,163**	34,690
Net increase/(decrease) in cash and cash equivalents		**987**	(4,626)
Cash and cash equivalents at beginning of year		**3,451**	8,077
Cash and cash equivalents at end of year	21	**4,438**	3,451
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	21	**4,438**	3,451

1 CORPORATE AND GROUP INFORMATION

S.A.I. Leisure Group Company Limited (the "**Company**") is a limited liability company incorporated in the Cayman Islands. The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands, and its principal place of business is at 5th Floor, Nanyang Plaza, 57 Hung To Road, Kwun Tong, Kowloon, Hong Kong. The shares of the Company has been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") since May 16, 2019 (the "**Listing**").

The Company is an investment holding company. During the year, the Company and its subsidiaries (together, the "**Group**") were principally engaged in (i) hotels and resorts operations in Saipan and Guam, (ii) travel retail business of luxury and leisure clothing and accessories in Saipan, Guam and Hawaii and (iii) provision of destination services in Saipan and Guam.

The immediate holding company and intermediate holding company of the Company are THC Leisure Holdings Limited ("**THC Leisure**") and Tan Holdings Corporation ("**Tan Holdings**"), respectively. Dr. Tan Siu Lin and Dr. Tan Henry (the son of Dr. Tan Siu Lin) are ultimate controlling parties.

Information about subsidiaries

Particulars of the Company's principal subsidiaries are as follows:

Company name	Place of incorporation/ establishment	Issued and fully paid share capital	Percentage of equity attributable to the Company (Indirect)	Principal activities
Asia Pacific Hotels, Inc.	The Commonwealth of Northern Mariana Islands (the "**CNMI**")	US$15,000,000	100	Hotels and resorts operations
Gemkell (Saipan) Corporation	The CNMI	US$100,000	80	Retail of luxury travel accessories
Asia Pacific Hotels, Inc. (Guam)	Guam	US$9,500,000	100	Hotels and resorts operations
Gemkell Corporation	Guam	US$80,000	80	Retail of luxury travel accessories
Gemkell U.S.A. LLC	Hawaii	US$1,000,000	80	Retail of luxury travel accessories

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

2. ACCOUNTING POLICIES

2.1 Basis of Preparation

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention. These financial statements are presented in United States dollars ("**US$**") and all values are rounded to the nearest thousand except when otherwise indicated.

Going concern

As at December 31, 2023, the Group had net current liabilities of US$49,930,000 and incurred a net loss of US$22,971,000 for the year then ended. Included in its current liabilities was an interest-bearing term loan of US$42,633,000 and a revolving loan of US$5,000,000, both of which are repayable on demand, for the renovation and upgrade works of hotels in Guam and Saipan ("**Renovation**"), and its cash and cash equivalents amounted to approximately US$4,438,000.

In view of such circumstances, the directors of the Company (the "**Directors**") have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient resources to continue as a going concern. The following plans and measures have been undertaken to mitigate the liquidity pressure and to improve the financial position of the Group:

(i) Pursuant to the terms and conditions of the facility with the bank, the Group will be subject to certain undertakings including but not limited to financial covenants. The Group closely monitors its compliance with the undertakings and financial covenants of the banking facility. As at December 31, 2023, the Group did not comply with a financial covenant of the banking facilities with an aggregate amount of US$48,000,000. Consent waiver of non-compliance to the financial covenant has been received by the Group subsequent to the year end date.

    Based on the latest communication between management and the bank regarding the compliance of undertakings and financial covenants, the Directors are not aware of any intention of the bank to withdraw its banking facility or demand immediate repayment of the bank borrowing. The Group has also placed an aggregate amount of US$1,558,000 into its Debt Service Reserve Account with the bank, which is equivalent to six-month loan repayments (including interest payments and principal repayments). Furthermore, as the banking facility is fully secured by certain of the Group's hotel assets with ample security coverage, the Directors believe that the existing banking facility will continue to be available to the Group given the good track records and relationship the Group has with the bank;

(ii) The Group's hotels in Guam and Saipan operated throughout 2023. The hotels' performance is highly dependent on the international travel sentiments and the resumption of flights, the Group is cautiously optimistic that the leisure travel market and the Group's business operations is gradually recovering, and that the hotels are expected to generate operating cash inflows to the Group;

(iii) The Group will continue its efforts to generate sufficient cash flows from operating activities by implementing measures in expediting the collection of outstanding trade receivables, improving sales and containing capital and operating expenditures to retain sufficient working capital for the operations of the Group;

2. ACCOUNTING POLICIES *(Continued)*

2.1 Basis of Preparation *(Continued)*

Going concern *(Continued)*

(iv) The Group has obtained shareholder loans facilities from Tan Holdings with an aggregate amount of US$28,000,000 of which US$26,000,000 was utilized by the Group as at December 31, 2023. Subsequent to the year end, the Group has utilized the remaining US$2,000,000 and obtained further shareholder loan facility of an amount of US$4,000,000 on February 29, 2024. Furthermore, Tan Holdings has committed to providing financial support to enable the Group to meet its liabilities when they fall due in the foreseeable future (at least twelve months from the date of the consolidated financial statements). Tan Holdings has undertaken not to demand repayment of the amount due to it by the Group until the Group is in a position to repay without impairing its liquidity and financial position; and

(v) The Group will consider obtaining additional sources of funding as and when needed to enhance its financial position and support the operations of the Group.

The Directors have reviewed the Group's cash flow projections prepared by management, which cover a period of not less than twelve months from December 31, 2023. In the opinion of the Directors, taking into account the anticipated cash flows to be generated from the Group's operations as well as the above plans and measures, the Group will have sufficient working capital to meet its financial obligations and commitments as and when they fall due for a period of not less than twelve months from December 31, 2023. Accordingly, the Directors consider that it is appropriate to prepare the consolidated financial statements on a going concern basis.

The Group's ability to generate sufficient cash flows to continue as a going concern may be subject to a significant uncertainty and will depend on the successful outcome of the above plans and measures. Should the Group be unable to achieve the above plans and measures so as to continue as a going concern, adjustments would have to be made to reduce the carrying values of the Group's assets to their recoverable amounts, to provide for financial liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in the consolidated financial statements.

Basis of consolidation

The consolidated financial statements include the financial statements of the Group for the year ended December 31, 2023. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e. existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

2. ACCOUNTING POLICIES *(Continued)*

2.1 Basis of Preparation *(Continued)*

Basis of consolidation *(Continued)*

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve and recognizes the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognized in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 Changes in Accounting Policies and Disclosures

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements.

HKFRS 17	*Insurance Contracts*
Amendments to HKAS 1 and HKFRS Practice Statement 2	*Disclosure of Accounting Policies*
Amendments to HKAS 8	*Definition of Accounting Estimates*
Amendments to HKAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
Amendments to HKAS 12	*International Tax Reform — Pillar Two Model Rules*

The nature and the impact of the new and revised HKFRSs that are applicable to the Group are described below:

(a) Amendments to HKAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to HKFRS Practice Statement 2 *Making Materiality Judgements* provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has disclosed the material accounting policy information in note 2 and 3 to the consolidated financial statements. The amendments did not have any impact on the measurement, recognition, or presentation of any items in the Group's financial statements.

(b) Amendments to HKAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. Since the Group's approach and policy align with the amendments, the amendments had no impact on the Group's financial statements.

2. ACCOUNTING POLICIES *(Continued)*

2.2 Changes in Accounting Policies and Disclosures *(Continued)*

(c) Amendments to HKAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* narrow the scope of the initial recognition exception in HKAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognize a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. The adoption of amendments to HKAS 12 did not have any significant impact on the Group's financial statements.

(d) Amendments to HKAS 12 *International Tax Reform — Pillar Two Model Rules* introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organization for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. The Group has applied the amendments retrospectively. Since the Group did not fall within the scope of the Pillar Two model rules, the amendments did not have any impact to the Group.

2.3 Issued but Not Yet Effective Hong Kong Financial Reporting Standards

The Group has not applied the following revised HKFRSs, that have been issued but are not yet effective, in these financial statements. The Group intends to apply these revised HKFRSs, if applicable, when they become effective.

Amendments to HKFRS 10 and HKAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Amendments to HKFRS 16	*Lease Liability in a Sale and Leaseback*[1]
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current* (the "2020 Amendments")[1,4]
Amendments to HKAS 1	*Non-current Liabilities with Covenants* (the "2022 Amendments")[1,4]
Amendments to HKAS 7 and HKFRS 7	*Supplier Finance Arrangements*[1]
Amendments to HKAS 12	*Lack of Exchangeability*[2]

1 Effective for annual periods beginning on or after January 1, 2024
2 Effective for annual periods beginning on or after January 1, 2025
3 No mandatory effective date yet determined but available for adoption
4 As a consequence of the 2020 Amendments and 2022 Amendments, Hong Kong Interpretation 5 Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause was revised to align the corresponding wording with no change in conclusion

2. ACCOUNTING POLICIES *(Continued)*

2.3 Issued but Not Yet Effective Hong Kong Financial Reporting Standards *(Continued)*

Further information about those HKFRSs that are expected to be applicable to the Group is described below.

(a) Amendments to HKFRS 10 and HKAS 28 address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognized in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to HKFRS 10 and HKAS 28 was removed by the HKICPA. However, the amendments are available for adoption now.

(b) Amendments to HKFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. The amendments are effective for annual periods beginning on or after 1 January 2024 and shall be applied retrospectively to sale and leaseback transactions entered into after the date of initial application of HKFRS 16 (i.e., January 1, 2019). Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

(c) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period. The amendments shall be applied retrospectively with early application permitted. An entity that applies the 2020 Amendments early is required to apply simultaneously the 2022 Amendments, and vice versa. The Group is currently assessing the impact of the amendments and whether existing loan agreements may require revision. Based on a preliminary assessment, the amendments are not expected to have any significant impact on the Group's financial statements.

2. ACCOUNTING POLICIES *(Continued)*

2.3 Issued but Not Yet Effective Hong Kong Financial Reporting Standards *(Continued)*

(d) Amendments to HKAS 7 and HKFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. Earlier application of the amendments is permitted. The amendments provide certain transition reliefs regarding comparative information, quantitative information as at the beginning of the annual reporting period and interim disclosures. The amendments are not expected to have any significant impact on the Group's financial statements.

(e) Amendments to HKAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. Earlier application is permitted. When applying the amendments, an entity cannot restate comparative information. Any cumulative effect of initially applying the amendments shall be recognized as an adjustment to the opening balance of retained profits or to the cumulative amount of translation differences accumulated in a separate component of equity, where appropriate, at the date of initial application. The amendments are not expected to have any significant impact on the Group's financial statements.

3 MATERIAL ACCOUNTING POLICIES

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

3 MATERIAL ACCOUNTING POLICIES *(Continued)*

Fair value measurement *(Continued)*

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1	—	based on quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2	—	based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
Level 3	—	based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, contract assets, deferred tax assets and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs. In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognized only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognized impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognized impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortization) had no impairment loss been recognized for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

3 MATERIAL ACCOUNTING POLICIES *(Continued)*

Related parities

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

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

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

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

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) 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); and

(viii) 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 parent of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalized in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciates them accordingly.

3 MATERIAL ACCOUNTING POLICIES *(Continued)*

Property, plant and equipment and depreciation *(Continued)*

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Buildings	20 to 48 years
Renovation and leasehold improvements	Shorter of lease term or 10 to 20 years
Plant and machinery	5 to 15 years
Furniture, fixtures and equipment	3 to 5 years
Motor vehicles	3 to 5 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognized in profit or loss in the year the asset is derecognized is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress is stated at cost less any impairment losses, and is not depreciated. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Investment properties

Investment properties are interests in land and buildings (including right-of-use assets) held to earn rental income and/or for capital appreciation. Such properties are stated at cost, including transaction costs, less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated on the straight-line basis to write off the cost of an investment property over its estimated useful lives of 20 to 48 years. The depreciation period and the depreciation method for an investment property are reviewed at least at each financial year end.

Any gains or losses on the retirement or disposal of an investment property are recognized in profit or loss in the year of the retirement or disposal.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Computer software

Purchased computer software is stated at cost less any impairment losses and are amortized on the straight-line basis over their estimated useful lives of 5 years.

3 MATERIAL ACCOUNTING POLICIES *(Continued)*

Leases

The Group assesses at contract inception whether a 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.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) *Right-of-use assets*

Right-of-use assets are recognized at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Leasehold land	10 to 60 years
Buildings	2 to 8 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The Group's right-of-use assets are included in property, plant and equipment.

(b) *Lease liabilities*

Lease liabilities are recognized at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognized as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

3 MATERIAL ACCOUNTING POLICIES *(Continued)*

Leases *(Continued)*

Group as a lessee *(Continued)*

(c) Short-term leases

The Group applies the short-term lease recognition exemption to its short-term leases of offices (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option).

Lease payments on short-term leases are recognized as an expense on a straight-line basis over the lease term.

Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. 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. Rental income is accounted for on a straight-line basis over the lease terms and is included in revenue in profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee are accounted for as finance leases.

Investments and other financial assets

Initial recognition and measurement

The Group's financial assets are classified, at initial recognition, as subsequently measured at amortized cost and fair value through other comprehensive income.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortized cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("**SPPI**") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

3 MATERIAL ACCOUNTING POLICIES *(Continued)*

Investments and other financial assets *(Continued)*

Initial recognition and measurement *(Continued)*

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortized cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

(a) Financial assets at amortized cost (debt instruments)

Financial assets at amortized cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

(b) Financial assets at fair value through other comprehensive income (debt instruments)

For debt investments at fair value through other comprehensive income, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the statement of profit or loss and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in other comprehensive income. Upon derecognition, the cumulative fair value change recognized in other comprehensive income is recycled to the statement of profit or loss.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or

- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

3 MATERIAL ACCOUNTING POLICIES *(Continued)*

Investments and other financial assets *(Continued)*

Derecognition of financial assets *(Continued)*

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognizes an allowance for expected credit losses ("**ECLs**") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Debt investments at fair value through other comprehensive income and financial assets at amortized cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

Stage 1: Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2: Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3: Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

3 MATERIAL ACCOUNTING POLICIES *(Continued)*

Investments and other financial assets *(Continued)*

Simplified approach

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at amortized costs, which are recognized initially at fair value and net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, lease liabilities, amounts due to related parties, bank borrowings and other borrowings.

Subsequent measurement

After initial recognition, trade and other payables, and interest-bearing borrowings are subsequently measured at amortized cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortization is included in finance costs in profit or loss.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognized in profit or loss.

Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and comprises all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to disposal. Hotel consumables including linens and toiletries are expensed-off as incurred.

3 MATERIAL ACCOUNTING POLICIES *(Continued)*

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

Provisions

A provision is recognized when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognized for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in profit or loss.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognized outside profit or loss is recognized outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

3 MATERIAL ACCOUNTING POLICIES *(Continued)*

Income tax *(Continued)*

Deferred tax assets are recognized for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilized, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognized to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

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

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognized at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

3 MATERIAL ACCOUNTING POLICIES *(Continued)*

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognized when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognized under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

(a) Hotels and resorts operation

Revenue from room charge is recognized over time during the period of stay for the hotel guests because the customer simultaneously receives and consumes the benefits provided by the Group.

The Group sells the rooms directly either to tour operators on a wholesales basis, traditional travel agents ("**TTAs**"), several corporate customers and individuals. The Group also sells the rooms through the online travel agents ("**OTAs**") to the end customers. On this basis, tour operators, TTAs, several corporate customer and individuals are accounted for as the Group's customers. The Group has an agency relationship with OTAs whereby OTAs would book the room when they receive customers' order and in return receive fixed rate commission for their service. As such, the Group regards OTAs as the agents of the Group and their end-guests as the Group's customers. Revenue is recognized based on the amount received from the end-guests and payment made to the OTAs is recorded as commission expenses.

Revenue from food and beverage sales is recognized at the point in time when the food and beverage are delivered to the customers.

(b) Luxury travel retail operation

Revenue from the sale of goods is recognized at the point in time when control of the products is transferred to the customers, generally on delivery of the products.

3 MATERIAL ACCOUNTING POLICIES *(Continued)*

Revenue recognition *(Continued)*

Revenue from contracts with customers (Continued)

(c) Destination services operation

Revenue from provision of tour services is recognized over the scheduled period on a straight-line basis because the customer simultaneously receives and consumes the benefits provided by the Group.

Revenue from sales of souvenirs and others is recognized at a point of time when the control of the products is transferred to the customers, generally on delivery of the products.

Revenue from the land arrangement activities is recognized when the services are rendered to the customers.

Revenue from other sources

Rental income is recognized on a time proportion basis over the lease terms. Variable lease payments that do not depend on an index or a rate are recognized as income in the accounting period in which they are incurred.

Other income

Interest income is recognized on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Employee benefits — Pension schemes

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "**MPF Scheme**") under the Mandatory Provident Fund Schemes Ordinance for its employees in Hong Kong. Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Group's subsidiaries which operate in Saipan, Guam and Hawaii are required to participate in a defined contribution pension scheme as defined in subsection 401(k) of the Internal Revenue Code in the United States. These subsidiaries may make matching or non-elective contributions to the plan on behalf of eligible employees that is limited to a maximum pre-tax annual contribution of US$22,500 (2022: US$20,500) for the year ended December 31, 2023. The contributions to the scheme are charged to profit or loss as and when they incurred. The Group's employer contribution vest fully once made.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalized as part of the cost of those assets. The capitalization of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Foreign currencies

These financial statements are presented in US dollars, which is the Company's and its subsidiaries' functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

4 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognized in the financial statements:

(a) Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of each reporting period. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

(b) Significant judgement in determining the lease term of contract(s) with renewal option(s)

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate the lease.

Estimates

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

(c) Useful lives and residual values of property, plant and equipment

The Group's management determines the useful lives, residual values and related depreciation charges for the Group's property, plant and equipment. This estimate is based on the historical experience of the actual useful lives and residual values of property, plant and equipment of similar nature and functions. It could change significantly as a result of technical innovations and competitor actions in response to severe industry cycles. Management will increase the depreciation charge when useful lives and residual values are less than previously estimated, or it will write off or write down technically obsolete or non-strategic assets that have been abandoned or sold. Actual economic lives may differ from estimated useful lives. Periodic review could result in a change in depreciable lives and therefore depreciation in the future periods.

4 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(Continued)*

Estimates *(Continued)*

(d) Leases — Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("**IBR**") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

(e) Write-down of inventories to net realizable value

Impairment of inventories is made based on the assessment of net realizable value, which is the amount the inventories are expected to realize. Estimates of net realizable value are based on the most reliable evidence available at the time the estimates are made. These estimates take into consideration fluctuations of price or cost directly relating to events occurring after the end of the reporting period to the extent that such events confirm conditions existing at the end of the reporting period. Significant management estimates are required in the estimates. When the actual outcome or expectation in future is different from the original estimates, such differences will impact on the carrying values of inventories and the amount of impairment/reversal in the periods in which such estimates have been changed.

(f) Provision for expected credit losses on trade receivables

For trade receivable from a governmental authority, the credit quality of a governmental authority has been assessed by reference to external credit ratings or to historical information about the counterparty default rates. Other than the trade receivables from a government authority, the Group uses a provision matrix to calculate ECLs for trade receivables, by applying ECL rates to different ageing groups of customers with similar credit risk characteristics. The ECL rate of each ageing group is determined by the Group based on the average of historical incurred credit loss experience on each ageing group in the past years and, where material, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group's historical credit loss experience and forecast of economic conditions may not be representative of a customer's actual default in the future and significant management estimates are required in the estimates. When the actual outcome or expectation in future is different from the original estimates, such differences will impact on the carrying amounts of trade receivables and the amount of ECLs provided or reversed in the periods in which such estimates have been changed. The information about the ECLs on the Group's trade receivables is disclosed in note 19 to the financial statements.

5 SEGMENT INFORMATION

The executive directors of the Company have been identified as the Group's chief operating decision-maker (the "**CODM**"). The CODM has determined the operating segments based on the reports reviewed by them that are used to make strategic decisions and resources allocation. For management purposes, the Group is organized into business units based on their products and services and has three reportable operating segments as follows:

(a) Hotels and resorts: operation of hotels and leasing of commercial premises located within the hotel buildings in Saipan and Guam (the "**Hotels & Resorts Segment**");

(b) Luxury travel retail: sales of luxury and leisure clothing and accessories in retail stores in Saipan, Guam and Hawaii (the "**Luxury Travel Retail Segment**");

(c) Destination services: provision of destination activities in Saipan and Guam including (i) operation of souvenir and convenience stores in Saipan and Guam; (ii) excursion tour operation in Saipan; and (iii) provision of land arrangement and concierge services in Saipan (the "**Destination Services Segment**").

The Group's business activities are conducted predominantly in Saipan, Guam and Hawaii.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's profit/loss before tax except that other gains, net, finance income, finance costs as well as corporate and other unallocated expenses are excluded from such measurement.

Segment assets and liabilities information is not disclosed as they are not regularly reviewed by the CODM.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

5 SEGMENT INFORMATION *(Continued)*

The segment information provided to the Group's CODM for the reportable segments for the years ended December 31, 2023 and 2022 are as follows:

	Hotels and resorts		Luxury travel retail		Destination services		Total	
	2023 US$'000	2022 US$'000	**2023 US$'000**	2022 US$'000	**2023 US$'000**	2022 US$'000	**2023 US$'000**	2022 US$'000
Segment revenue (Note 6)								
Sales to external customers	**28,194**	8,060	**7,948**	7,448	**705**	243	**36,847**	15,751
Intersegment sales	**65**	13	**—**	—	**—**	—	**65**	13
Total segment revenue	**28,259**	8,073	**7,948**	7,448	**705**	243	**36,912**	15,764
Reconciliation:								
Elimination of intersegment sales							**(65)**	(13)
							36,847	15,751
Segment results	**(16,036)**	(10,064)	**64**	(146)	**(450)**	(449)	**(16,422)**	(10,659)
Other gains, net							**62**	2
Corporate and other unallocated expenses							**(1,823)**	(1,815)
Finance income							**5**	1
Finance costs							**(4,886)**	(1,287)
Loss before tax							**(23,064)**	(13,758)
Income tax credit							**93**	2,264
Loss for the year							**(22,971)**	(11,494)
Other segment information:								
Depreciation of property, plant and equipment:								
Segment assets	**10,281**	3,464	**499**	643	**48**	41	**10,828**	4,148
Unallocated assets							**1**	11
							10,829	4,159
Depreciation of investment properties	**18**	98	**—**	—	**—**	—	**18**	98
Amortization of intangible assets	**17**	37	**1**	12	**—**	—	**18**	49
Reversal of provision of obsolete inventories	**—**	—	**(859)**	—	**—**	—	**(859)**	—
Impairment of trade receivables	**—**	—	**—**	—	**—**	5	**—**	5
Write-off of property, plant and equipment and investment properties	**—**	530	**—**	—	**—**	—	**—**	530
Capital expenditure*:								
Segment assets	**8,750**	32,452	**124**	218	**241**	46	**9,115**	32,716

* Capital expenditure consists of addition of property, plant and equipment, investment properties and intangible assets except right-of-use assets.

5 SEGMENT INFORMATION *(Continued)*

Geographical information

(a) Revenue from external customers

	2023	2022
	US$'000	US$'000
Saipan	**12,324**	8,635
Guam	**22,701**	5,502
Hawaii	**1,822**	1,614
	36,847	15,751

The revenue information above is based on the locations at which the services were rendered or the goods delivered.

(b) Non-current assets

	2023	2022
	US$'000	US$'000
Saipan	**52,182**	55,071
Guam	**76,835**	75,425
Hawaii	**1,718**	2,229
Hong Kong	**1**	2
	130,736	132,727

The non-current assets information above is based on the location of assets and excludes financial instruments and deferred tax assets.

Information about major customers

The revenue from external parties is derived from numerous external customers and the revenue reported to the executive directors is measured in a manner consistent with that in the consolidated financial statements.

Revenue individually generated from the following customer in the hotels and resorts segment contributed more than 10% of the total revenue of the Group:

	2023	2022
	US$'000	US$'000
Customer A	**–**	6,224

All other customers individually accounted for less than 10% of the Group's revenue for the year ended December 31, 2023 and 2022.

6 REVENUE

An analysis of revenue is as follows:

	2023 US$'000	2022 US$'000
Revenue from contracts with customers		
Hotels and resorts operations	**28,032**	7,971
Luxury retail, souvenir and convenience stores operations	**8,554**	7,676
Excursion tour services	**99**	15
	36,685	15,662
Revenue from other sources		
Rental income	**162**	89
	36,847	15,751

(a) Disaggregated revenue information

Year ended December 31, 2023

Segments	**Hotels and resorts US$'000**	**Luxury travel retail US$'000**	**Destination services US$'000**	**Total US$'000**
Types of goods or services				
Revenue from contracts with customers				
— Room charge	**19,287**	**—**	**—**	**19,287**
— Food and beverage	**8,175**	**—**	**—**	**8,175**
— Sale of luxury and leisure clothing and accessories	**—**	**7,948**	**—**	**7,948**
— Sale of souvenirs and others	**—**	**—**	**606**	**606**
— Operating excursion tour and rendering of land arrangement services	**—**	**—**	**99**	**99**
— Other hospitality (Note (i))	**570**	**—**	**—**	**570**
Total revenue from contracts with customers	**28,032**	**7,948**	**705**	**36,685**
Revenue from other sources				
— Rental income (Note (ii))	**162**	**—**	**—**	**162**
Total revenue	**28,194**	**7,948**	**705**	**36,847**

6 REVENUE *(Continued)*

(a) Disaggregated revenue information *(Continued)*

Year ended December 31, 2023 *(Continued)*

Segments	Hotels and resorts US$'000	Luxury travel retail US$'000	Destination services US$'000	Total US$'000
Geographical markets				
Revenue from contracts with customers				
— Saipan	10,241	1,369	657	12,267
— Guam	17,791	4,757	48	22,596
— Hawaii	—	1,822	—	1,822
Total revenue from contracts with customers	28,032	7,948	705	36,685
Revenue from other sources				
— Rental income (Note (ii))	162	—	—	162
Total revenue	28,194	7,948	705	36,847
Timing of revenue recognition				
Revenue from contracts with customers				
— Goods transferred at a point in time	8,745	7,948	606	17,299
— Services transferred over time	19,287	—	99	19,386
Total revenue from contracts with customers	28,032	7,948	705	36,685
Revenue from other sources				
— Rental income (Note (ii))	162	—	—	162
Total revenue	28,194	7,948	705	36,847

6 REVENUE *(Continued)*

(a) Disaggregated revenue information *(Continued)*

Year ended December 31, 2022

Segments	Hotels and resorts US$'000	Luxury travel retail US$'000	Destination services US$'000	Total US$'000
Types of goods or services				
Revenue from contracts with customers				
— Room charge	6,555	—	—	6,555
— Food and beverage	1,386	—	—	1,386
— Sale of luxury and leisure clothing and accessories	—	7,448	—	7,448
— Sale of souvenirs and others	—	—	228	228
— Operating excursion tour and rendering of land arrangement services	—	—	15	15
— Other hospitality (Note (i))	30	—	—	30
Total revenue from contracts with customers	7,971	7,448	243	15,662
Revenue from other sources				
— Rental income (Note (ii))	89	—	—	89
Total revenue	8,060	7,448	243	15,751
Geographical markets				
Revenue from contracts with customers				
— Saipan	7,445	891	243	8,579
— Guam	526	4,943	—	5,469
— Hawaii	—	1,614	—	1,614
Total revenue from contracts with customers	7,971	7,448	243	15,662
Revenue from other sources				
— Rental income (Note (ii))	89	—	—	89
Total revenue	8,060	7,448	243	15,751

6 REVENUE *(Continued)*

(a) Disaggregated revenue information *(Continued)*

Year ended December 31, 2022 *(Continued)*

Segments	Hotels and resorts US$'000	Luxury travel retail US$'000	Destination services US$'000	Total US$'000
Timing of revenue recognition				
Revenue from contracts with customers				
— Goods transferred at a point in time	1,416	7,448	228	9,092
— Services transferred over time	6,555	—	15	6,570
Total revenue from contracts with customers	7,971	7,448	243	15,662
Revenue from other sources				
— Rental income (Note (ii))	89	—	—	89
Total revenue	8,060	7,448	243	15,751

Notes:

(i) Other hospitality mainly represents late check-out charges, cancellation charges, laundry income, sales of items from mini bar, smoking fee and extra bed charges.

(ii) Rental income mainly represents income derived from lease of hotel space to third-party operating services and facilities.

(iii) No revenue recognized during the year ended December 31, 2023 related to performance obligations satisfied or partially satisfied in previous periods (2022: Nil).

6 REVENUE *(Continued)*

(b) Performance obligations

Information about the Group's performance obligations in contracts with customers is summarized below:

Room charge

The performance obligation is satisfied over time as services are rendered and short-term advances are normally required before rendering the services, except for the sale to tour operators on a wholesale basis, traditional travel agents, several corporate customers and individuals. For the sales with OTAs, payment are either settled by the end-guests upon checkout or settled by OTAs on a monthly basis. For certain sales with corporate customers, a credit term of 30 days is granted.

Sale of goods (including food and beverage, luxury and leisure clothing and accessories, souvenirs and others)

The performance obligation is satisfied at the point in time when control of the products is transferred to the customers, generally on delivery of the products. Payment of the transaction is due immediately at the point when the customer purchases the goods.

The Group does not provide any sales-related warranties nor right of return by customers under the Group's standard contract terms.

Operating excursion tour and rendering of land arrangement services

The performance obligation is satisfied over time as services are rendered and payment in advance is normally required.

There were no amounts of transaction prices allocated to the remaining performance obligations related to the sales of goods, operating excursion tour and rendering of land arrangement services (unsatisfied or partially unsatisfied) as at the end of the year. As the remaining performance obligations for room charge are part of the revenue contracts that have an original expected duration of one year or less, the Group has elected the practical expedient in HKFRS 15 for not to disclose the amount of the transaction price allocated to these performance obligations.

7 OTHER GAINS, NET

	2023 **US$'000**	2022 US$'000
Net exchange gains	**2**	2
Gains on disposal of low-value assets	**60**	—
	62	2

8 FINANCE COSTS, NET

	2023 US$'000	2022 US$'000
Finance income:		
— Interest income from bank deposits	**5**	1
Finance costs:		
— Interest expenses on lease liabilities	**(862)**	(906)
— Interest expenses on Paycheck Protection Program loans, net of amounts forgiven	**(2)**	32
— Interest expenses on bank borrowings	**(3,586)**	(1,450)
— Interest expenses on other borrowings	**(436)**	(15)
	(4,886)	(2,339)
Less: Amounts capitalized in the property, plant and equipment	**—**	1,052
	(4,886)	(1,287)
Finance costs, net	**(4,881)**	(1,286)

9 LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging:

	Note	2023 US$'000	2022 US$'000
Cost of inventories sold		**4,594**	4,680
Food and beverage costs		**3,188**	538
Employee benefit expenses (including directors' remuneration — Note 10):			
Wages, salaries and other benefits		**15,883**	7,325
Pension scheme contributions (defined contribution scheme)**		**49**	58
		15,932	7,383
Lease payment not included in the measurement of lease liabilities	15(c)(iii)	**1,029**	786
Depreciation of property, plant and equipment	15	**10,829**	4,159
Depreciation of investment properties	16	**18**	98
Amortization of intangible assets***	17	**18**	49
Impairment of trade receivables*	19	**—**	5
Reversal of provision for obsolete inventories*	18	**(859)**	—
Write-off of property, plant and equipment and investment properties*		**—**	530
Auditors' remuneration		**218**	220

* These items are included in "Other income/(expenses)" in the consolidated statement of profit or loss and other comprehensive income.

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

*** This item is included in "Other operating costs" in the consolidated statement of profit or loss and other comprehensive income.

10 DIRECTORS' REMUNERATION

(a) Directors' emoluments

An analysis of the directors' remuneration, on a named basis, is as follow:

	Director's fee US$'000	Salary US$'000	Discretionary bonuses US$'000	Allowances and other benefits in kind US$'000	Employer's contribution to a retirement benefit scheme US$'000	Total US$'000
For the year ended December 31, 2023						
Executive director						
Dr. Tan Henry (Note (i))	–	280	–	–	–	280
Mr. Chiu George	–	150	–	–	–	150
Mrs. Su Tan Jennifer Sze Tink	–	167	–	–	–	167
Mr. Schweizer Jeffrey William (Note (iv))	–	101	–	24	8	133
Non-executive director						
Dr. Tan Siu Lin	19	–	–	–	–	19
Mr. Tan Willie	19	–	–	–	–	19
Mr. Schweizer Jeffrey William (Note (iv))	13	–	–	–	–	13
Independent Non-Executive Directors						
Mr. Chan Leung Choi Albert	38	–	–	–	–	38
Mr. Ma Andrew Chiu Cheung	38	–	–	–	–	38
Mr. Wong Chun Tat (Note (iii))	38	–	–	–	–	38
	165	698	–	24	8	895
For the year ended December 31, 2022						
Executive director						
Dr. Tan Henry (Note (i))	–	280	–	–	–	280
Mr. Chiu George	–	150	–	–	–	150
Mrs. Su Tan Jennifer Sze Tink	–	154	–	–	–	154
Mr. Schweizer Jeffrey William (Note (iv))	–	150	–	2	6	158
Non-executive director						
Dr. Tan Siu Lin	19	–	–	–	–	19
Mr. Tan Willie	19	–	–	–	–	19
Independent Non-Executive Directors						
Prof. Chan Pak Woon David (Note (ii))	23	–	–	–	–	23
Mr. Chan Leung Choi Albert	38	–	–	–	–	38
Mr. Ma Andrew Chiu Cheung	38	–	–	–	–	38
Mr. Wong Chun Tat (Note (iii))	2	–	–	–	–	2
	139	734	–	2	6	881

10 DIRECTORS' REMUNERATION *(Continued)*

(a) Directors' emoluments *(Continued)*

Notes:

(i) Dr. Tan Henry is the Group's chief executive officer.

(ii) Prof. Chan Pak Woon David passed away on November 9, 2022.

(iii) Mr. Wong Chun Tat was appointed as independent non-executive Director on December 16, 2022.

(iv) Mr. Schweizer Jeffrey William was re-designated from an executive Director to a non-executive Director on September 1, 2023.

No director fees were paid to these directors in their capacity as directors of the Company or the subsidiaries and no emoluments were paid by the Company or the subsidiaries to the directors as an inducement to join the Company or the subsidiaries, or as compensation for loss of office during the year ended December 31, 2023 (2022: Nil).

(b) Directors' retirement benefits and termination benefits

None of the directors received any other retirement benefits or termination benefits during the year ended December 31, 2023 (2022: Nil).

(c) Consideration provided to third parties for making available directors' services

During the year ended December 31, 2023, no consideration was provided to or receivable by third parties for making available directors' services (2022: Nil).

(d) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

There were no loans, quasi-loan and other dealing arrangements in favor of directors, controlled bodies corporate by and connected entities with such directors as at December 31, 2023 (2022: Nil).

(e) Directors' material interests in transactions, arrangements or contracts

Save as disclosed in Note 31(a), there were no significant transactions, arrangements and contracts in relation to the Group's business to which the Group was a party and in which a director of the Group had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year ended December 31, 2023 (2022: Nil).

11 FIVE HIGHEST PAID INDIVIDUALS

The five highest paid employees during the year include 1 (2022: 2) directors, details of whose remuneration are set out in Note 10 above. Details of the remuneration of the 4 (2022: 3) non-director, highest paid employees for the year are as follows:

	2023 US$'000	2022 US$'000
Salaries and other allowances and benefits in kind	**817**	689
Discretionary bonus	**32**	26
Pension scheme contribution	**2**	2
	851	717

The number of the non-directors highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees	
	2023	2022
US$128,205 to US$192,308 (equivalent HK$1,000,001 to HK$1,500,000)	**1**	—
US$192,308 to US$256,410 (equivalent HK$1,500,001 to HK$2,000,000)	**2**	2
US$256,410 to US$320,513 (equivalent HK$2,000,001 to HK$2,500,000)	**1**	1

No incentive payment for joining the Group or compensation for loss of office was paid or payable to any of the five highest paid individuals during the year ended December 31, 2023 (2022: Nil).

12 INCOME TAX CREDIT

No provision for Hong Kong, the CNMI, Guam and Hawaii profits tax has been made for the year ended December 31, 2023 as the Group did not generate any assessable profits arising in Hong Kong, the CNMI, Guam and Hawaii during the Year (2022: Nil).

	2023 US$'000	2022 US$'000
Current:		
Over-provision in prior years	**–**	115
Deferred (Note 28)	**93**	2,149
	93	2,264

12 INCOME TAX CREDIT *(Continued)*

The Group's subsidiaries incorporated in the CNMI, Guam and Hawaii were subject to income tax rate of 21%. A reconciliation of the tax credit applicable to loss before tax at the statutory tax rates to the tax expense at the Group's effective tax rate is as follows:

	2023	2022
	US$'000	US$'000
Loss before tax	**(23,064)**	(13,758)
Tax credit at the statutory tax rates	**(4,810)**	(2,798)
Income not subject to tax	**(2,611)**	—
Expenses not deductible for tax	**7,328**	649
Over-provision in prior years	**—**	(115)
Tax credit at the Group's effective tax rates	**(93)**	(2,264)

13 DIVIDEND

The board of directors does not recommend the payment of any dividend for the year ended December 31, 2023 (2022: Nil).

14 LOSS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

The calculation of the basic loss per share amount is based on the loss for the year attributable to shareholders of the Company of US$22,961,000 (2022: US$11,425,000), and the weighted average number of ordinary shares of 360,000,000 (2022: 360,000,000) in issue during the Year.

No adjustment has been made to the basic loss per share amount presented for each of the years ended December 31, 2023 and 2022 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during each of the years ended December 31, 2023 and 2022.

15 PROPERTY, PLANT AND EQUIPMENT

	Right-of-use assets (Note (c)) US$'000	Buildings US$'000	Renovation and leasehold improvements US$'000	Plant and machinery US$'000	Furniture, fixtures and equipment US$'000	Motor vehicles US$'000	Construction in progress US$'000	Total US$'000
December 31, 2023								
At January 1, 2023:								
Cost	24,814	45,548	69,282	20,539	21,146	961	3,094	185,384
Accumulated depreciation and impairment	(7,867)	(28,676)	(8,722)	(5,836)	(3,213)	(906)	–	(55,220)
Net carrying amount	16,947	16,872	60,560	14,703	17,933	55	3,094	130,164
Net carrying amount:								
At January 1, 2023	16,947	16,872	60,560	14,703	17,933	55	3,094	130,164
Additions	53	–	1,743	266	171	–	6,932	9,165
Lease modification	(124)	–	–	–	–	–	–	(124)
Transfer from construction in progress	–	–	6,285	340	344	–	(6,969)	–
Transfer from investment properties	–	1,666	–	–	–	–	–	1,666
Depreciation provided during the year	(1,163)	(978)	(3,333)	(1,570)	(3,768)	(17)	–	(10,829)
At December 31, 2023	15,713	17,560	65,255	13,739	14,680	38	3,057	130,042
At December 31, 2023:								
Cost	24,743	48,680	77,310	21,145	21,661	961	3,057	197,557
Accumulated depreciation and impairment	(9,030)	(31,120)	(12,055)	(7,406)	(6,981)	(923)	–	(67,515)
Net carrying amount	15,713	17,560	65,255	13,739	14,680	38	3,057	130,042

15 PROPERTY, PLANT AND EQUIPMENT *(Continued)*

	Right-of-use assets (Note (c)) US$'000	Buildings US$'000	Renovation and leasehold improvements US$'000	Plant and machinery US$'000	Furniture, fixtures and equipment US$'000	Motor vehicles US$'000	Construction in progress US$'000	Total US$'000
December 31, 2022								
At January 1, 2022:								
Cost	26,112	45,527	10,124	8,425	2,858	961	61,367	155,374
Accumulated depreciation and impairment	(7,704)	(27,756)	(8,966)	(5,146)	(2,621)	(881)	–	(53,074)
Net carrying amount	18,408	17,771	1,158	3,279	237	80	61,367	102,300
Net carrying amount:								
At January 1, 2022	18,408	17,771	1,158	3,279	237	80	61,367	102,300
Additions	–	21	51	12	147	–	32,481	32,712
Lease modifications	(159)	–	–	–	–	–	–	(159)
Write-off	–	–	(530)	–	–	–	–	(530)
Transfer from construction In progress	–	–	60,511	12,102	18,141	–	(90,754)	–
Depreciation provided during the year	(1,302)	(920)	(630)	(690)	(592)	(25)	–	(4,159)
At December 31, 2022	16,947	16,872	60,560	14,703	17,933	55	3,094	130,164
At December 31, 2022:								
Cost	24,814	45,548	69,282	20,539	21,146	961	3,094	185,384
Accumulated depreciation and impairment	(7,867)	(28,676)	(8,722)	(5,836)	(3,213)	(906)	–	(55,220)
Net carrying amount	16,947	16,872	60,560	14,703	17,933	55	3,094	130,164

Notes:

(a) As at December 31, 2023, certain hotel assets of the Group of US$109,551,000 (2022: US$106,200,000) have been pledged as security for the banking facilities as disclosed in note 26.

(b) As at December 31, 2023, the Group had property, plant and equipment of hotels and retail store assets of approximately US$127,636,000 (2022: US$127,500,000) and approximately US$2,014,000 (2022: US$2,439,000) respectively that were subject to impairment tests in the event that trading performance is below expectation, store is loss making or existence of other observable indications of declined in value of the property, plant and equipment. The Group considered each individual hotel and retail store as a separately identifiable cash-generating unit ("**CGU**") and performed impairment assessments on each of the CGU with impairment indicators by considering the recoverable amount of such assets at hotel and retail store level.

The carrying amounts of the hotels and retail store assets are written down to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The estimates of the recoverable amounts were based on value-in-use calculations using discounted cash flow projections prepared by management covering the remaining tenure of the lease, with major assumptions such as percentage change in revenue, gross profit margin and operating costs. No impairment loss of property, plant and equipment (including right-of-use assets) was recognized in the consolidated statement of profit or loss and other comprehensive income for the year ended December 31, 2023 (2022: Nil).

For the year ended December 31, 2023, no written off of property, plant and equipment (2022: US$530,000) from hotels and resorts segment which are deemed to have no economic value.

15 PROPERTY, PLANT AND EQUIPMENT *(Continued)*

Notes: *(Continued)*

(c) Leases

The Group leases various land, retail stores, offices and warehouses. Rental contracts are typically made for periods of 2 to 60 years, but may have extension options as described in (iv) below.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

(i) The following right-of-use assets are included in "Property, plant and equipment" in the consolidated statement of financial position.

	2023 US$'000	2022 US$'000
Right-of-use assets		
Leasehold land*	**13,937**	14,638
Buildings	**1,776**	2,309
	15,713	16,947

* The Group has land lease arrangement with the CNMI and Guam government.

(ii) The carrying amount of lease liabilities and the movements during the year are as follows:

	2023 US$'000	2022 US$'000
Carrying amount at January 1	**18,791**	20,299
Addition	**53**	—
Accretion of interest recognized during the year	**862**	906
Rent concessions from lessors	**(77)**	(405)
Lease modification	**(124)**	(358)
Payments	**(2,069)**	(1,651)
Carrying amount at December 31	**17,436**	18,791
Analyzed into:		
Current portion	**917**	1,268
Non-current portion	**16,519**	17,523
	17,436	18,791

The maturity analysis of lease liabilities is as follows:

	2023 US$'000	2022 US$'000
Within 1 year	**917**	1,268
After 1 year but within 2 years	**639**	999
After 2 years but within 5 years	**2,053**	1,893
After 5 years	**13,827**	14,631
	17,436	18,791

15 PROPERTY, PLANT AND EQUIPMENT *(Continued)*

Notes: *(Continued)*

(c) Leases *(Continued)*

(iii) The amounts recognized in profit or loss in relation to leases are as follows:

	2023 US$'000	2022 US$'000
Depreciation charge of right-of-use assets		
Leasehold land	**701**	701
Buildings	**462**	601
	1,163	1,302
Interest on lease liabilities (Note 8)	**862**	906
Expense relating to short-term leases (Note 9)	**327**	334
Expense relating to variable lease payments not included in lease liabilities (Note 9)	**702**	452
Rent concessions from lessors	**(77)**	(405)
Gain on lease modification of lease contracts	**–**	(199)
Total amount recognized in profit or loss	**2,977**	2,390

(iv) Extension and termination options

The Group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and they are aligned with the Group's business needs. There were no undiscounted potential future rental payments relating to periods following the exercise date of extension and termination options that are not included in the lease terms. All extension options included in the lease contracts are expected to be exercised while all termination options are expected not to be exercised.

(v) Variable lease payments

Some property leases contain variable payment terms that are linked to sales generated from hotels and retail stores. For individual stores, certain lease payments are on the basis of variable payment terms with percentages ranging from 5% to 20% of sales. Variable payment terms are used for a variety of reasons, including minimizing the fixed costs base for hotels and retail stores. Variable lease payments that depend on sales are recognized in profit or loss in the period in which the condition that triggers those payments occurs. A 10% increase in sales across all hotels and retail stores in the Group with such variable lease contracts would increase total lease payments by approximately US$70,000 (2022: US$45,000).

(vi) The total cash outflow for leases is disclosed in note 29(c) to the financial statements.

16 INVESTMENT PROPERTIES

	2023 US$'000	2022 US$'000
At January 1:		
Cost	**3,949**	3,947
Accumulated depreciation	**(1,912)**	(1,814)
Net carrying amount	**2,037**	2,133
Net carrying amount:		
At January 1	**2,037**	2,133
Additions	**—**	2
Transfer to property, plant and equipment (Note (c))	**(1,666)**	—
Depreciation provided during the year	**(18)**	(98)
At December 31	**353**	2,037
At December 31:		
Cost	**817**	3,949
Accumulated depreciation	**(464)**	(1,912)
Net carrying amount	**353**	2,037

Notes:

(a) The investment properties are situated in Saipan and Guam. As at December 31, 2023, the fair values of the investment properties of the Group, as determined by the directors, were US$2,446,000 (2022: US$7,068,000). The fair values of investment properties are determined by using the income approach, which takes into account significant unobservable inputs (level 3) including average daily rate and capitalization rate.

(b) As at December 31, 2023, certain investment properties of the Group of US$353,000 (2022: US$2,011,000), have been pledged as security for the banking facilities.

(c) As at December 31, 2023, certain retail shop area within the hotel premises of the Group of approximately US$1,666,000, have been used by the Group on its own and did not use for leasing purpose. Such area has been transferred to property, plant and equipment during the Year.

17 INTANGIBLE ASSETS

	Computer software	
	2023	2022
	US$'000	US$'000
At January 1:		
Cost	**827**	825
Accumulated amortization	**(766)**	(717)
Net carrying amount	**61**	108
Net carrying amount:		
At January 1	**61**	108
Additions	**3**	2
Amortization provided during the year	**(18)**	(49)
At December 31	**46**	61
At December 31:		
Cost	**830**	827
Accumulated amortization	**(784)**	(766)
Net carrying amount	**46**	61

18 INVENTORIES

	2023	2022
	US$'000	US$'000
Merchandises	**3,131**	1,435

Reversal of provision for obsolete inventories of approximately US$859,000 was recognized for the year ended December 31, 2023 (2022: Nil). The reversal of provision for obsolete inventories for the year ended 31 December 2023 was included in "Other income/(expenses)" in the consolidated statement of profit or loss and other comprehensive income.

19 TRADE RECEIVABLES

	Note	2023 US$'000	2022 US$'000
Trade receivables	(a)	**6,290**	9,986
Impairment	(c)	**(711)**	(711)
		5,579	9,275

Notes:

(a) The Group's sale to tour operators on a wholesale basis, traditional travel agents and several corporate customers are mainly on credit and the credit term is generally 30 days from the invoice date. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by the management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances.

(b) The aging analysis of the trade receivables as at December 31, 2023 and 2022, based on invoice date and net of loss allowance, is as follows:

	2023 US$'000	2022 US$'000
Within 30 days	**342**	62
31 to 60 days	**33**	41
61 to 90 days	**72**	4
Over 90 days	**5,132**	9,168
	5,579	9,275

(c) The movements in the loss allowance for impairment of trade receivables are as follows:

	2023 US$'000	2022 US$'000
At beginning of the year	**711**	706
Impairment loss	**–**	5
At end of the year	**711**	711

The Group applies the simplified approach to providing for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses for trade receivables (except for the receivable from a government authority). To measure the expected credit losses, trade receivables (except for the receivable from a government authority) have been grouped based on shared credit risk characteristics and the days past due.

19 TRADE RECEIVABLES *(Continued)*

Notes: *(Continued)*

(c) The movements in the loss allowance for impairment of trade receivables are as follows: *(Continued)*

Set out below is the information about the credit risk exposure on the Group's trade receivables (other than the receivable from the government authority) using a provision matrix:

	Current	Past due Within 30 days	Past due 31 to 60 days	Past due 61 to 90 days	Past due Over 90 days	Total
At December 31, 2023						
Expected credit loss rate	**6.8%**	**13.2%**	**16.3%**	**37.1%**	**93.6%**	
Gross carrying amount (US$'000)	**367**	**38**	**86**	**35**	**611**	**1,137**
Expected credit losses (US$'000)	**25**	**5**	**14**	**13**	**572**	**629**
At December 31, 2022						
Expected credit loss rate	15.1%	24.1%	55.6%	—	100.0%	
Gross carrying amount (US$'000)	73	54	9	—	533	669
Expected credit losses (US$'000)	11	13	5	—	533	562

As at December 31, 2023, the trade receivable from the governmental authority amounted to approximately US$5,153,000 (2022: US$9,317,000). The credit quality of a governmental authority has been assessed by reference to external credit ratings or to historical information about the counterparty default rates. Impairment of approximately US$82,000 (2022: US$149,000) has been provided as at December 31, 2023.

20 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2023 US$'000	2022 US$'000
Deposits	**840**	840
Prepayments	**3,350**	2,134
Other receivables	**295**	45
	4,485	3,019
Portion classified as current assets	**(3,354)**	(1,718)
Non-current portion	**1,131**	1,301

The maximum exposure to credit risk at the reporting date is the carrying amounts of deposits and other receivables mentioned above. The Group does not hold collateral as security.

The Group accounts for its credit risk by appropriately providing for expected credit losses on a timely basis. In calculating the expected credit loss rates, the Group considers historical loss rates for each category of receivables and adjusts for forward looking macroeconomic data.

20 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES *(Continued)*

As at December 31, 2023, all of these financial assets are considered to have low credit risk, and thus the impairment provision recognized during the year was limited to 12 months expected losses. Management considered these financial assets to be low credit risk when they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term. The Group has assessed that the 12 months expected credit losses for these receivables are not material, and thus, no loss allowance provision was recognized during the year.

The carrying amounts of prepayments, deposits and other receivables approximate their fair values and are denominated in the following currencies:

	2023 **US$'000**	2022 US$'000
US$	**4,451**	2,985
HK$	**34**	34
	4,485	3,019

21 CASH AND CASH EQUIVALENTS

	2023 **US$'000**	2022 US$'000
Cash at banks	**4,363**	3,370
Cash on hand	**75**	81
	4,438	3,451
Maximum exposure to credit risk	**4,363**	3,370

Cash and cash equivalents are denominated in in the following currencies:

	2023 **US$'000**	2022 US$'000
US$	**4,432**	3,364
HK$	**6**	87
	4,438	3,451

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

22 ISSUED SHARE CAPITAL AND SHARE PREMIUM

Ordinary shares of HK$0.01 each, issued and fully paid:

	Number of shares	Nominal value of ordinary shares US$'000	Share premium US$'000
At January 1 and December 31, 2022 and 2023	360,000,000	461	38,122

23 CAPITAL RESERVE AND OTHER RESERVE

(a) Capital reserve

Capital reserve of US$27,006,000 represented the contribution from the immediate holding company with respect to the consideration for the acquisition of subsidiaries pursuant to a reorganization for the Listing.

(b) Other reserve

Other reserve of US$4,809,000 mainly represented the deemed contribution from Tan Holdings Limited before the reorganization for the Listing.

24 SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

As at December 31, 2023, the Group's accumulated negative balances of non-controlling interests ("**NCI**") amounting to approximately US$352,000 (2022: US$342,000), are arising from Gemkell Corporation and Gemkell (Saipan) Corporation, which are the Group's 80% owned subsidiaries.

Summarized financial information of the subsidiaries with material non-controlling interest

Set out below is the summarized financial information of Gemkell Corporation and Gemkell (Saipan) Corporation, which have non-controlling interests that are material to the Group.

24 SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS *(Continued)*

Summarized financial information of the subsidiaries with material non-controlling interest *(Continued)*

(a) Gemkell Corporation

Summarized statement of financial position of Gemkell Corporation:

	2023 **US$'000**	2022 US$'000
Current		
Assets	**5,208**	4,415
Liabilities	**(4,600)**	(3,892)
Net current assets	**608**	523
Non-current		
Assets	**3,012**	3,632
Liabilities	**(1,878)**	(2,408)
Net non-current assets	**1,134**	1,224
Net assets	**1,742**	1,747
Accumulated NCI	**348**	349

Summarized statement of profit or loss and other comprehensive income of Gemkell Corporation:

	2023 **US$'000**	2022 US$'000
Revenue	**6,579**	6,557
Loss for the year and total comprehensive loss for the year	**(5)**	(77)
Total comprehensive loss for the year attributable to NCI	**(1)**	(16)

24 SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS *(Continued)*

Summarized financial information of the subsidiaries with material non-controlling interest *(Continued)*

(a) Gemkell Corporation *(Continued)*

Summarized statement of cash flows of Gemkell Corporation:

	2023 US$'000	2022 US$'000
Net cash flows from/(used in) operating activities	**797**	(1,882)
Net cash flows used in investing activities	**(115)**	(671)
Net cash flows used in financing activities	**(491)**	(326)
Net increase/(decrease) in cash and cash equivalents	**191**	(2,879)

(b) Gemkell (Saipan) Corporation

Summarized statement of financial position of Gemkell (Saipan) Corporation:

	2023 US$'000	2022 US$'000
Current		
Assets	**1,714**	590
Liabilities	**(5,221)**	(4,058)
Net current liabilities	**(3,507)**	(3,468)
Non-current		
Assets	**11**	15
Liabilities	**—**	—
Net non-current assets	**11**	15
Net liabilities	**(3,496)**	(3,453)
Accumulated NCI	**(700)**	(691)

24 SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS *(Continued)*

Summarized financial information of the subsidiaries with material non-controlling interest *(Continued)*

***(b) Gemkell (Saipan) Corporation** (Continued)*

Summarized statement of profit or loss and other comprehensive income of Gemkell (Saipan) Corporation:

	2023 US$'000	2022 US$'000
Revenue	**1,369**	891
Loss for the year and total comprehensive loss for the year	**(44)**	(265)
Total comprehensive loss for the year attributable to NCI	**(9)**	(53)

Summarized statement of cash flows of Gemkell (Saipan) Corporation:

	2023 US$'000	2022 US$'000
Net cash flows from/(used in) operating activities	**137**	(1,404)
Net cash flows used in financing activities	**(9)**	(12)
Net increase/(decrease) in cash and cash equivalents	**128**	(1,416)

25 TRADE AND OTHER PAYABLES

	2023 US$'000	2022 US$'000
Trade payables		
— to third parties (Note (a))	**2,811**	995
— to related parties (Note (b))	**572**	165
Total trade payables	**3,383**	1,160
Accruals and other payables		
— Accrued staff salaries	**553**	597
— Other taxes payable	**1,432**	1,230
— Other accruals and payables	**6,612**	4,958
— Payables for purchase of property, plant and equipment	**2,132**	2,132
	10,729	8,917
	14,112	10,077

25 TRADE AND OTHER PAYABLES *(Continued)*

(a) Trade payables to third parties

The aging analysis of the trade payables to third parties based on invoice date is as follows:

	2023 US$'000	2022 US$'000
Within 30 days	1,536	856
31 to 60 days	495	102
61 to 90 days	305	6
Over 90 days	475	31
	2,811	995

(b) Trade payables to related parties

As at December 31, 2023 and 2022, the trade payables to related parties are unsecured, interest-free and with credit term of 30 days.

The aging analysis of trade payables due to related parties based on invoice date is as follows:

	2023 US$'000	2022 US$'000
Within 30 days	114	4
31 to 60 days	56	9
61 to 90 days	59	3
Over 90 days	343	149
	572	165

(c) The carrying amounts of trade and other payables approximate their fair values and are denominated in the following currencies:

	2023 US$'000	2022 US$'000
US$	13,795	9,711
HK$	317	366
	14,112	10,077

26 BANK BORROWINGS

	2023 US$'000	2022 US$'000
Current		
Short-term bank borrowing, unsecured	**5,000**	5,000
Term loans, secured		
— due for repayment within 1 year which contain a repayment on demand clause	**3,133**	367
— due for repayment after 1 year which contain a repayment on demand clause	**39,500**	42,633
Total bank borrowings	**47,633**	48,000

Bank borrowings due for repayment after 1 year which contain a repayment on demand clause is classified as a current liability.

The expected repayment dates of the Group's bank borrowings that are grouped under "Repayment on demand" category, with reference to schedules of repayments set out in the term loan agreements, are as follows:

	2023 US$'000	2022 US$'000
Within 1 year	**3,133**	367
After 1 year but within 2 years	**4,300**	3,133
After 2 years but within 5 years	**35,200**	39,500
	42,633	43,000

The effective interest rate of the bank borrowings was 7.61% per annum for the year ended December 31, 2023 (2022: 4.05%).

The carrying amount of the Group's bank borrowings approximate their fair value and are denominated in US$.

As at December 31, 2023, the Group had aggregate banking facilities of US$48,000,000 (2022: US$48,000,000). There were no unutilized facilities as at December 31, 2023 (2022: Nil). The Group's banking facility is secured and guaranteed by:

(i) certain property, plant and equipment and investment properties owned by the Group with carrying amounts of US$109,551,000 (2022: US$106,200,000) and US$353,000 (2022: US$2,011,000), respectively as at December 31, 2023 (Notes 15 and 16); and

(ii) corporate guarantee provided by the Company and its subsidiaries.

27 OTHER BORROWINGS

	2023 US$'000	2022 US$'000
Non-current		
Shareholder's loan	**20,500**	1,800
Current		
Shareholder's loan	**5,500**	5,000
Accrued interests	**436**	15
	5,936	5,015
	26,436	6,815

The expected repayment dates of the Group's other borrowings are as follows:

	2023 US$'000	2022 US$'000
Within 1 year	**5,936**	5,015
After 1 year but within 2 years	**20,500**	1,800
	26,436	6,815

On August 30, 2022, the Group entered into a loan agreement with Tan Holdings for loan facility of US$5,000,000. The loan is unsecured, interest-bearing at 2.0% per annum and repayable in 1 year from the date of the loan agreement. On June 30, 2023, the Group obtained an extension of loan repayment date to August 30, 2025 from Tan Holdings.

On December 16, 2022 and February 28, 2023, the Group entered into further loan agreements with Tan Holdings for loan facility of US$8,000,000 each. These loans are unsecured, interest-bearing at 2.0% per annum and repayable in 2 years from the respective loan agreement dates.

On August 1, 2023, the Group entered into further loan agreements with Tan Holdings for loan facility of US$7,000,000. The loan is unsecured, interest-bearing at 5.0% per annum and repayable in 2 years from the date of the loan agreement.

As at December 31, 2023, an amount of US$26,000,000 had been drawn down by the Company. Out of this amount, US$20,500,000 (2022: US$1,800,000) was classified as a non-current liability, while US$5,500,000 (2022: US$5,000,000) was classified as current liability.

28 DEFERRED TAX ASSETS

The components of deferred tax assets and their movements during the year are as follows:

	Attributable to			
	Impairment of trade receivables	Depreciation allowances in excess of related depreciation	Tax losses and others	Total
	US$'000	US$'000	US$'000	US$'000
At January 1, 2022	77	2,416	2,124	4,617
Deferred tax credited/(charged) to profit or loss during the year	1	(1,441)	6,394	4,954
At December 31, 2022 and January 1, 2023	**78**	**975**	**8,518**	**9,571**
Deferred tax credited/(charged) to profit or loss during the year	**3**	**(322)**	**(175)**	**(494)**
At December 31, 2023	**81**	**653**	**8,343**	**9,077**

The movements of deferred tax liabilities are as follows:

	Accelerated tax depreciation
	US$'000
At January 1, 2022	(276)
Deferred tax charged to profit or loss during the year	(2,805)
At December 31, 2022 and January 1, 2023	**(3,081)**
Deferred tax credited to profit or loss during the year	**587**
At December 31, 2023	**(2,494)**

Deferred tax assets are recognized for tax loss carry-forwards to the extent that the realization of the related tax benefit through future taxable profits is probable. As at December 31, 2023, the Group had unrecognized deferred tax assets of US$3,508,000 (2022: Nil) in respect of losses that can be carried forward against future taxable income.

Pursuant to income tax laws of the CNMI, Guam and Hawaii, withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in these jurisdictions. The Group is therefore liable to withholding taxes on dividends declared by the subsidiaries established in these jurisdictions.

28 DEFERRED TAX ASSETS *(Continued)*

At 31 December 2023, no deferred tax has been recognized for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in these jurisdictions. In the opinion of the directors, the Group's fund will be retained in these jurisdictions for the reinvestment of the Group's operation and therefore it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. The aggregate amount of temporary differences associated with investments in subsidiaries in these jurisdictions for which deferred tax liabilities have not been recognized totaled approximately US$5,586,000 (2022: US$8,552,000) as at December 31, 2023.

29 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the year, the Group had non-cash transactions for property, plant and equipment and investment properties of US$1,666,000 in respect of transfer from investment property to property, plant and equipment for the retail shop area used by the Group on its own and did not use for leasing purpose.

(b) The movements of liabilities from financing activities for the year ended December 31, 2023:

	Lease liabilities	Bank borrowings	Other borrowings	Total
	US$'000	US$'000	US$'000	US$'000
At January 1, 2022	20,299	17,000	—	37,299
Accrued interest	906	1,450	15	2,371
Change from financing cash flows	(1,651)	29,550	6,800	34,699
Rent concessions from lessors	(405)	—	—	(405)
Lease modification	(358)	—	—	(358)
At December 31, 2022 and January 1, 2023	**18,791**	**48,000**	**6,815**	**73,606**
Addition	**53**	**—**	**—**	**53**
Accrued interest	**862**	**3,586**	**436**	**4,884**
Change from financing cash flows	**(2,069)**	**(3,953)**	**19,185**	**13,163**
Rent concessions from lessors	**(77)**	**—**	**—**	**(77)**
Lease modification	**(124)**	**—**	**—**	**(124)**
At December 31, 2023	**17,436**	**47,633**	**26,436**	**91,505**

29 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS *(Continued)*

(c) The total cash outflow for leases included in the consolidated statement of cash flows is as follows:

	2023	2022
	US$'000	US$'000
Within operating activities	**1,029**	786
Within financing activities	**2,069**	1,651
	3,098	2,437

30 COMMITMENTS

(a) Operating leases rental receivables — the Group as lessor

At December 31, 2023, the undiscounted lease payments receivable by the Group in future periods under non-cancellable operating leases with its tenants are as follows:

	2023	2022
	US$'000	US$'000
Within 1 year	**36**	67
After 1 year but within 2 years	**—**	36
	36	103

(b) Capital commitments

Significant capital expenditure contracted for at the end of each year but not recognized as liabilities is as follows:

	2023	2022
	US$'000	US$'000
Property, plant and equipment	**—**	4,290

31 RELATED PARTY DISCLOSURES

(a) The Group had the following material transactions with related parties during the year:

Company name	**Nature of transactions**	**2023 US$'000**	2022 US$'000
Companies controlled by the Controlling Shareholder:			
CTSI Holdings Limited and its subsidiaries*	Freight forwarding and logistics expenses	**268**	1,109
Cosmos Distributing Co. Ltd.*	Purchase of merchandises	**59**	34
TakeCare Insurance Company Inc.*	Insurance fee	**1,086**	524
Luen Thai International Development Limited*	Rental expenses and expenses charged	**62**	61
Tan Holdings Corporation	Interest expenses	**436**	15
Company controlled by close family of the Controlling Shareholder:			
Quanzhou Century Tour Investment Co., Ltd and its subsidiaries*	Hotel service income	**326**	—
Fellow subsidiaries:			
L&T Group of Companies Ltd.	Shared-services expenses	**194**	189
	Staff costs charges	**88**	86
	Hotel service income	**349**	—
D&Q Co. Ltd.*	Purchase of merchandises	**50**	16
Beach Road Tourism Development, Inc.*	Rental expenses and expenses charged	**214**	221
L&T Group of Companies Ltd.*	Rental expenses and expenses charged	**55**	68

* These transactions also constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules.

31 RELATED PARTY DISCLOSURES *(Continued)*

(a) *(Continued)*

The pricing of these transactions was determined based on mutual negotiation and agreement between the Group and related parties.

Outstanding balances and other transactions with related parties:

(i) Details of the trade payables balances with related parties at the end of the year are disclosed in note 25(b) to the financial statements.

(ii) Details of the amounts due from/to related parties at the end of the year are as follows:

	2023 US$'000	2022 US$'000
Due from fellow subsidiaries	**9**	12
Due from companies controlled by the Controlling Shareholder	**13**	3
Due from companies controlled by close family of the Controlling Shareholder	**83**	—
Total amounts due from related parties	**105**	15
Due to fellow subsidiaries	**422**	115
Due to companies controlled by the Controlling Shareholder	**36**	496
Total amounts due to related parties	**458**	611

As at December 31, 2023 and 2022, the balances with related parties were unsecured, interest-free and repayable on demand.

(iii) Details of shareholder's loans at the end of the year are disclosed in note 27 to the financial statements.

(b) Key management compensation

Key management includes directors and senior management of the Group. The compensation paid or payable to key management for employees' services is shown below:

	2023 US$'000	2022 US$'000
Salaries, bonuses and other allowances and other benefits	**1,178**	1,158
Pension scheme contribution (defined contribution scheme)	**10**	9
	1,188	1,167

32 FINANCIAL INSTRUMENTS BY CATEGORY

All financial assets and liabilities of the Group as at December 31, 2023 and 2022 are classified as financial assets and liabilities at amortized cost, respectively.

33 FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The fair values of financial assets and financial liabilities are determined as follows:

- the fair values of financial assets with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market bid prices; and

- the fair values of other financial assets and financial liabilities included in the Level 2 and Level 3 categories have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

The directors of the Company consider that the fair values of financial assets and financial liabilities which are due to be received or settled within one year approximate to their carrying amounts largely due to the short term maturities of these instruments.

The fair values of the non-current portion of financial assets and financial liabilities have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The fair values of the non-current portion of financial assets and financial liabilities are approximate to their carrying amounts. The changes in fair value as a result of the Group's own nonperformance risk as at December 31, 2023 were assessed to be insignificant.

34 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise bank and other borrowings and cash and cash equivalents. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarized below.

Interest rate risk

The Group's exposure to interest rate risks relates primarily to the Group's banks deposits and borrowings with floating interest rates. The interest rates and terms of repayment of the Group's interest-bearing bank borrowings are disclosed in note 26 to the financial statements. Interest rate risk is managed on an ongoing basis with the primary objective of limiting the extent to which net interest expense could be affected by adverse movements in interest rate.

As at December 31, 2023, if interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's pre-tax loss for the year would have been approximately US$216,000 higher/lower (2022: US$223,000 higher/lower).

34 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Foreign currency risk

Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities denominated in a currency that is not the functional currency of the relevant group entity.

The Group mainly operate in Saipan, Guam, Hawaii and Hong Kong with most of the transactions settled in US$ and Hong Kong dollars ("**HK$**"). Foreign exchange rate risk arises when recognized financial assets and liabilities are denominated in a currency that is not the entity's functional currency. As HK$ is pegged to US$, the directors considered the foreign exchange risk on HK$ to the Group is minimal.

As at December 31, 2023, the financial assets and liabilities of the subsidiaries of the Group in Saipan, Guam and Hawaii are primarily denominated in US$. Therefore, management considers the foreign exchange risk is insignificant to the Group.

Credit risk

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at December 31. The amounts presented are gross carrying amounts of financial assets.

With respect to credit risk arising from financial assets of the Group, which mainly comprise cash and bank balances, trade receivables, deposits and other receivables, and amounts due from related parties, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

	12-month ECLs	Lifetime ECLs	
	Stage 1	Simplified approach	Total
	US$'000	US$'000	US$'000
At December 31, 2023			
Trade receivables*	**—**	**6,290**	**6,290**
Financial assets included in deposits and other receivables — performing**	**1,135**	**—**	**1,135**
Amount due from related parties — performing **	**105**	**—**	**105**
Cash and cash equivalents — not yet past due	**4,438**	**—**	**4,438**
At December 31, 2022			
Trade receivables*	—	9,986	9,986
Financial assets included in deposits and other receivables — performing**	885	—	885
Amount due from related parties — performing **	15	—	15
Cash and cash equivalents — not yet past due	3,451	—	3,451

* For trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 19(c) to the financial statements.

** The credit quality of the financial assets included in deposits and other receivables and amounts due from related parties is considered to be "performing" when debtors have a low risk of default and a strong capacity to meet contractual cash flows. The basis of recognition of expected credit loss provision is 12-month ECLs. Where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime.

34 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of available credit facilities. The Group aims to maintain flexibility in funding by keeping credit lines available.

Management monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities so that the Group does not breach borrowing limits or covenants (where applicable) on its banking facilities. Surplus cash held by Group entities over and above balances required for working capital management is invested in interest-bearing bank accounts and bank deposits with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the above-mentioned forecasts.

	Less than 1 year or on demand US$'000	Between 1 and 2 years US$'000	Between 2 and 5 years US$'000	Over 5 years US$'000	Total US$'000
At December 31, 2023					
Trade and other payables	**12,127**	**—**	**—**	**—**	**12,127**
Bank borrowing and interest payments	**5,336**	**—**	**—**	**—**	**5,336**
Term loans subject to a repayment on demand clause	**42,633**	**—**	**—**	**—**	**42,633**
Other borrowings and interest payments	**6,042**	**21,445**	**—**	**—**	**27,487**
Lease liabilities and interest payments	**1,723**	**1,410**	**4,237**	**29,434**	**36,804**
Amounts due to related parties	**458**	**—**	**—**	**—**	**458**
	68,319	**22,855**	**4,237**	**29,434**	**124,845**
At December 31, 2022					
Trade and other payables	8,250	—	—	—	8,250
Bank borrowing and interest payments	5,230	—	—	—	5,230
Term loans subject to a repayment on demand clause	43,000	—	—	—	43,000
Other borrowings and interest payments	5,136	1,826	—	—	6,962
Lease liabilities and interest payments	2,127	1,809	4,144	30,938	39,018
Amounts due to related parties	611	—	—	—	611
	64,354	3,635	4,144	30,938	103,071

Term loans with a repayment on demand clause are included in the "Less than 1 year or on demand" time band in the above maturity analysis. At December 31, 2023, the aggregate carrying amount of the term loans classified as repayable on demand was US$42,633,000 (2022: US$43,000,000). Taking into account the Group's financial position, the directors do not consider that it is probable that the bank will exercise its discretion to demand immediate repayment. The directors believe that such bank loan will be repaid in accordance with the scheduled repayment dates set out in the loan agreement.

34 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Liquidity risk *(Continued)*

For the purpose of managing liquidity risk, management reviews the expected cash flow information of the Group's bank borrowings. The maturity profile of the Group's bank borrowings with a repayment on demand clause as at the end of the year, based on the scheduled repayment dates and the contractual undiscounted payments, is as follows:

	Less than 1 year US$'000	Between 1 and 2 years US$'000	Between 2 and 5 years US$'000	Total US$'000
At December 31, 2023				
Bank borrowings with a repayment on demand clause	**6,399**	**7,256**	**38,290**	**51,945**
At December 31, 2022				
Bank borrowings with a repayment on demand clause	3,284	5,950	44,713	53,947

In addition, Tan Holdings has undertaken not to demand repayment of the amounts due to them of US$26,000,000 (2022: US$6,800,000) until such time when the Group is in a position to repay without impairing its liquidity and financial position.

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. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as total debt divided by total capital. Total debt includes "Bank borrowings" as shown in the consolidated statement of financial position. Total capital includes "Equity" as shown in the consolidated statement of financial position.

The gearing ratios as at December 31, 2023 and 2022 are as follows:

	2023 US$'000	2022 US$'000
Total debt:		
Bank borrowings (Note 26)	**47,633**	48,000
Total capital	**51,206**	74,177
Gearing ratio	**93.0%**	64.7%

35 EVENT AFTER THE REPORTING PERIOD

On February 29, 2024, the Group entered into a loan agreement with Tan Holdings for a loan facility of an amount of US$4,000,000. The loan is unsecured, interest-bearing at 5.0% per annum and repayable in 2 years from the date of the loan draw down.

36 STATEMENT OF FINANCIAL POSITION OF THE COMPANY

(a) Information about the statement of financial position of the Company as at the end of the year is as follows:

	2023 US$'000	2022 US$'000
ASSETS		
Non-current assets		
Property, plant and equipment	**1**	2
Investments in subsidiaries	**51,550**	51,550
Deposit	**14**	14
Total non-current assets	**51,565**	51,566
Current assets		
Prepayments	**53**	34
Amounts due from subsidiaries	**116,270**	96,273
Cash and cash equivalents	**213**	182
Total current assets	**116,536**	96,489
Total assets	**168,101**	148,055
EQUITY		
Equity attributable to shareholders of the Company		
Issued share capital	**461**	461
Share premium	**38,122**	38,122
Capital reserve	**54,225**	54,225
Accumulated losses	**(5,737)**	(3,839)
Total equity	**87,071**	88,969
LIABILITIES		
Non-current liabilities		
Other borrowings	**20,500**	1,800
Current liabilities		
Accruals and other payables	**1,325**	1,162
Other borrowings	**5,936**	5,015
Amounts due to subsidiaries	**53,267**	51,103
Amounts due to related parties	**2**	6
Total current liabilities	**60,530**	57,286
Total liabilities	**81,030**	59,086
Total equity and liabilities	**168,101**	148,055

36 STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(Continued)*

(b) A summary of the Company's reserves is as follow:

	Share premium	Capital reserve (Note)	Retained earnings/ (accumulated losses)	Total
	US$'000	US$'000	US$'000	US$'000
At January 1, 2022	38,122	54,225	(1,821)	90,526
Loss for the year and total comprehensive loss for the year	–	–	(2,018)	(2,018)
At December 31, 2022 and January 1, 2023	**38,122**	**54,225**	**(3,839)**	**88,508**
Loss for the year and total comprehensive loss for the year	**–**	**–**	**(1,898)**	**(1,898)**
At December 31, 2023	**38,122**	**54,225**	**(5,737)**	**86,610**

Note: Capital reserve of the Company represented the difference between the net assets value of the subsidiaries acquired and the consideration settled by issuance of the shares of the immediate holding company pursuant to a reorganization for the Listing.

37 APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on March 26, 2024.

Five Year Financial Summary

	2019	2020	2021	2022	**2023**
Financial highlights (US$'000)					
Total assets	131,187	123,651	136,828	158,508	**157,323**
Total liabilities	27,601	31,836	51,157	84,331	**106,117**
Bank borrowings	—	—	17,000	48,000	**47,633**
Equity attributable to the owners of the Company	102,229	91,900	85,944	74,519	**51,558**
Working Capital	61,497	47,492	(5,290)	(46,553)	**(49,930)**
Revenue	98,699	40,784	19,801	15,751	**36,847**
Profit/(loss) attributable to the owners of the Company	10,100	(9,320)	(5,952)	(11,425)	**(22,961)**
Key Ratios					
Current ratio (times)	6.1	4.3	0.84	0.28	**0.28**
Profit margin attributable to the owners of the Company	10.2%	-22.9%	-30.1%	-72.5%	**-62.3%**

Note: The financial summary of the Group is for information only and does not form part of the audited consolidated financial statements.