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LET GROUP HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1383)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2024 AND CONTINUED SUSPENSION OF TRADING

FINANCIAL HIGHLIGHTS

- Total revenue from continuing operations increased by 12% to approximately HK\$414,505,000 (2023: approximately HK\$369,127,000)
- Gross profit from continuing operations increased by 36% to approximately HK\$239,756,000 (2023: approximately HK\$176,103,000)
- Profit for the year attributable to equity holders of the Company of approximately HK\$54,736,000 in 2024 (2023: approximately HK\$278,468,000)
- Basic loss per share attributable to shareholders of the Company of HK3.10 cents in 2024 (2023: basic earnings per share attributable to shareholders of the Company of HK0.12 cents)

The board of directors (the “**Board**”) of LET Group Holdings Limited (the “**Company**”) is pleased to announce the consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 December 2024.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

	<i>Notes</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Continuing operations			
Revenue	5	414,505	369,127
Cost of sales		<u>(173,213)</u>	<u>(193,024)</u>
Gross profit		241,292	176,103
Other income, gains and losses	6	(131,700)	116,466
Selling and distribution expenses		(10,105)	(9,652)
Administrative expenses		(271,386)	(232,298)
Other operating expenses		–	(2,910)
Change in fair value of derivative financial instruments	16	197	(541)
Loss on disposal of a subsidiary	18	–	(2,396)
Reversal of impairment loss on equity loans to a joint venture	13	–	137,842
Reversal of impairment loss on loans to a joint venture	13	–	207,153
Reversal of impairment loss on amounts due from a joint venture	13	–	67,526
Impairment loss on property, operating right and equipment		–	(483,107)
Reversal of share of loss of a joint venture	13(a)	232,899	112,327
Net loss on deregistration of a joint venture	13(d)	(8,947)	–
Finance costs	7	<u>(14,423)</u>	<u>(34,054)</u>
Profit before taxation		37,827	52,459
Income tax expense	9	<u>(40,953)</u>	<u>(26,319)</u>
(Loss) profit for the year from continuing operations	8	<u>(3,126)</u>	<u>26,140</u>
Discontinued operation			
Loss for the year from discontinued operation		<u>–</u>	<u>(2,045)</u>
(Loss) profit for the year		<u>(3,126)</u>	<u>24,095</u>

	<i>Notes</i>	2024 HK\$'000	2023 HK\$'000
Other comprehensive (expense) income:			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translating foreign operations		(141,985)	62,258
Reclassification of exchange reserve upon disposal of subsidiaries		–	643
Reclassification of exchange reserve upon deregistration of a joint venture		77,645	–
Share of other comprehensive income of a joint venture, net of related income tax		<u>10,448</u>	<u>14,201</u>
Other comprehensive (expense) income for the year		<u>(53,892)</u>	<u>77,102</u>
Total comprehensive (expense) income for the year		<u>(57,018)</u>	<u>101,197</u>
(Loss) profit for the year attributable to:			
– Equity holders of the Company:			
– Shareholders of the Company		(215,064)	8,169
– Holder of perpetual securities	<i>18</i>	<u>269,800</u>	<u>270,299</u>
		54,736	278,468
– Non-controlling interests		<u>(57,862)</u>	<u>(254,373)</u>
		<u>(3,126)</u>	<u>24,095</u>
Total comprehensive (expense) income for the year attributable to:			
– Equity holders of the Company:			
– Shareholders of the Company		(260,372)	99,276
– Holder of perpetual securities	<i>18</i>	<u>269,800</u>	<u>270,299</u>
		9,428	369,575
– Non-controlling interests		<u>(66,446)</u>	<u>(268,378)</u>
		<u>(57,018)</u>	<u>101,197</u>

	<i>Notes</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Total comprehensive income (expense) for the year			
attributable to equity holders of the Company arose			
from:			
- Continuing operations		9,428	372,609
- Discontinued operation		<u> -</u>	<u> (3,034)</u>
		<u> 9,428</u>	<u> 369,575</u>
 (Loss) earnings per share attributable to shareholders of			
the Company:			
Basic (<i>HK cents</i>)	<i>11</i>		
- For (loss) profit for the year		(3.10)	0.12
- For (loss) profit from continuing operations		(3.10)	0.15
 Diluted (<i>HK cents</i>)	 <i>11</i>		
- For (loss) profit for the year		(3.39)	0.12
- For (loss) profit from continuing operations		(3.39)	0.15

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

		<u>As at 31 December</u>	
	<i>Notes</i>	2024	2023
		HK\$'000	HK\$'000
Non-current assets			
Property, operating right and equipment		4,626,395	3,613,078
Right-of-use assets		1,402,285	1,604,232
Intangible assets		250	250
Prepayments and deposits for non-current assets	<i>12</i>	304,733	360,114
Interest in a joint venture	<i>13</i>	–	–
Derivative financial instrument	<i>16(b)</i>	3,873	4,787
		<u>6,337,536</u>	<u>5,582,461</u>
Current assets			
Inventories		4,724	4,693
Other receivables and prepayments	<i>14</i>	395,025	286,323
Bank balances and cash		905,047	1,210,861
		<u>1,304,796</u>	<u>1,501,877</u>

		<u>As at 31 December</u>	
		2024	2023
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Current liabilities			
Trade and other payables	<i>15</i>	291,706	144,602
Amounts due to a non-controlling shareholders of a subsidiary		82,389	71,455
Contract liabilities		4,802	4,735
Other borrowing	<i>17</i>	137,500	–
Lease liabilities		12,822	3,850
Convertible bonds	<i>16(a)</i>	21,893	–
Derivative financial instrument	<i>16(a)</i>	1,392	2,227
Current tax liabilities		35,908	30,782
		<u>588,412</u>	<u>257,651</u>
Net current assets		<u>716,384</u>	<u>1,244,226</u>
Total assets less current liabilities		<u>7,053,920</u>	<u>6,826,687</u>

		<u>As at 31 December</u>	
		2024	2023
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current liabilities			
Bank borrowing	<i>17</i>	1,412,787	1,172,713
Other payables	<i>15</i>	199,290	121,572
Lease liabilities		880,934	885,398
Amount due to immediate holding company		4,049	1,516
Loan from immediate holding company		46,257	46,938
Loans from non-controlling shareholders of a subsidiary		7,449	14,669
Convertible bonds	<i>16(a)</i>	–	20,510
		<u>2,550,766</u>	<u>2,263,316</u>
Net assets		<u>4,503,154</u>	<u>4,563,371</u>
Capital and reserves			
Share capital		693,697	693,697
Perpetual securities	<i>18</i>	6,564,762	6,294,962
Reserves		<u>(3,847,203)</u>	<u>(3,587,074)</u>
Equity attributable to equity holders of the Company		3,411,256	3,401,585
Non-controlling interests		<u>1,091,898</u>	<u>1,161,786</u>
Total equity		<u>4,503,154</u>	<u>4,563,371</u>

Notes:

1. GENERAL INFORMATION

LET Group Holdings Limited is a public company incorporated in the Cayman Islands and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). As at the date of this announcement, the registered office of the Company is at Citrus Grove, Ground Floor, 106 Goring Avenue, George Town, Grand Cayman, Cayman Islands. The principal place of business of the Company is at Unit 1705, 17/F., West Tower, Shun Tak Centre, 168–200 Connaught Road Central, Hong Kong. Its immediate holding company is Major Success Group Limited (“**Major Success**”), a company incorporated in the British Virgin Islands (the “**BVI**”) and Mr. Lo Kai Bong (“**Mr. Lo**”) is the ultimate controlling party of the Company.

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

The principal activity of the Company is investment holding. The Group is principally engaged in (i) through Suntrust Resort Holdings, Inc. (“**Suntrust**”) and its subsidiaries (collectively referred to as the “**Suntrust Group**”), the development and operation of a 5-star hotel and casino complex (the “**Main Hotel Casino**”) in the Philippines; (ii) through Summit Ascent Holdings Limited (“**Summit Ascent**”) and its subsidiaries (collectively referred to as the “**Summit Ascent Group**”), the operation of the hotel and gaming business in the Integrated Entertainment Zone of the Primorye Region (“**IEZ Primorye**”) in the Russian Federation; and (iii) property development in Japan.

2. BASIS OF PREPARATION

The Group incurred a net operating cash outflow of approximately HK\$109,671,000 for the year ended 31 December 2024. During the year ended 31 December 2024, the Company defaulted the repayment of other borrowing with principal amount of HK\$137,500,000. Subsequent to the end of the reporting period, the abovementioned other borrowing has not yet been settled.

In addition, as at 31 December 2024, the Group had entered into agreements which will involve capital commitments of approximately HK\$1,892,203,000 mainly in relation to the construction of the Main Hotel Casino. Pursuant to the agreement of bank borrowing, the Group is required to complete the construction of the Main Hotel Casino by 31 December 2025 or such later date as the bank and the Group may mutually agree upon writing, otherwise, it will constitute default of the bank borrowing. Based on the latest estimates, the completion and opening of the Main Hotel Casino are now targeted for Q3 of 2026. As at 31 December 2024, the remaining available facilities of the bank borrowing is approximately HK\$1,870,083,000, which may not be sufficient to complete the construction of the Main Hotel Casino and further funds are required.

As at 31 December 2024, the Group reported net current assets and net assets, primarily attributable to Summit Ascent and Suntrust Group. Excluding Summit Ascent and Suntrust Group, the Group would have net current liabilities. Since Summit Ascent and Suntrust Group are both publicly listed companies, the distribution of their assets to the Company is subject to relevant rules and regulations. As such, those assets may not be readily available for use by the Company to settle the abovementioned other borrowing in default or to support its operations in the foreseeable future.

These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern.

In view of these circumstances, the directors of the Company have given consideration to the future liquidity of the Group and its available sources of finance in assessing whether the Group will have sufficient financial resources to continue as a going concern. The directors considered that the fair value of pledged assets can fully cover the other borrowing in default. In addition, the directors prepared the Group's cash flow projection which covers a period of at least 12 months from 31 December 2024.

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

- (i) negotiate with the lenders so that they would not demand immediate repayment of the other borrowing or take further actions against the Group even though there was an event of default;
- (ii) plan and negotiate for the disposal of certain of the Group's non-core assets;
- (iii) continue to perform value-added procedures on the non-current assets to enhance their salable value for disposal;
- (iv) continue to negotiate with the bank in relation to the release of the covenants and continue to fulfil the conditions of the bank loan agreement and draw down the bank loan by installments to fund in part of the capital commitments of Suntrust in the construction of the Main Hotel Casino;
- (v) continue to take active measures to control operating expenses of the Group; and
- (vi) continue to explore other debt and/or equity financing of the Company and/or subsidiaries of the Group.

Taking into account of the plans and measures as described above, the directors of the Company are of the opinion that the Group will have sufficient working capital to maintain its operations and to meet its financial obligations and to raise adequate funds to finance the development of the Main Hotel Casino project in the next twelve months from 31 December 2024. Accordingly, the directors of the Company are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Should the Group be unable to operate as a going concern, adjustments would have to be made to reduce the carrying values of the Group's assets to their recoverable amounts, to provide for further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in the consolidated financial statements.

3. SIGNIFICANT EVENTS IN THE CURRENT REPORTING PERIOD

On 15 January 2024, Oriental Regent Limited (“**ORL**”), an indirect non-wholly owned subsidiary of the Company, as seller, entered into a binding agreement with to an independent third party buyer (the “**Buyer**”) incorporated in the Russian Federation for the sale and purchase of the entire equity interest G1 Entertainment Limited Liability Company (“**G1 Entertainment**”) at a consideration of US\$116 million (subject to adjustment). This sale and purchase agreement was terminated on 19 February 2024. Details of which are set out in the announcements of the Company dated 17 January 2024 and 22 February 2024.

On 14 February 2024, the Securities and Futures Commission has directed the Stock Exchange to suspend all dealings in the shares of the Company under Section 8(1) of the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong) with effect from 9:00 a.m. on 14 February 2024.

4. MATERIAL ACCOUNTING POLICIES

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

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

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the Group’s financial annual period beginning on 1 January 2024 for the preparation of the consolidated financial statements:

Amendments to HKFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) and Non-current Liabilities with Covenants</i>
Amendments to HKAS 7 and HKFRS 7	<i>Supplier Finance Arrangements</i>

The application of the amendments to HKFRSs in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

5. REVENUE AND SEGMENT INFORMATION

Segment Information

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

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

(a) *Continuing operations*

- (1) Operation of integrated resort in the Philippines – Development and operation of an integrated resort at the Entertainment City, Manila, the Philippines through a non-wholly owned subsidiary, Suntrust;
- (2) Operation of integrated resort in the Russian Federation – Operation of the hotel and gaming business in the IEZ Primorye in the Russian Federation through a non-wholly owned subsidiary, Summit Ascent; and
- (3) Property development – Development and sales of properties and hotel premises in Japan.

(b) *Discontinued operation*

- (1) Management and operation of malls – Management and operation of malls in the PRC through a wholly-owned subsidiary, Dongyang Xinguang Pacific Enterprises Limited (“**Dongyang Xinguang**”).

The disposal of Dongyang Xinguang was completed on 18 October 2023, the entire management and operation of malls segment was reported as discontinued operation for the year ended 31 December 2023 accordingly.

Disaggregation of revenue

Segment	Continuing operations						Discontinued operation		Total
	Operation of integrated resort in the Philippines		Operation of integrated resort in the Russian Federation		Property development		Management and operation of malls		
	2024	2023	2024	2023	2024	2023	2024	2023	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Types of goods and services									
Revenue from management and operation of malls	-	-	-	-	-	-	-	13,783	-
Revenue from gaming and hotel operations	-	-	377,069	335,688	-	-	-	-	377,069
- Gaming operations	-	-	37,436	33,439	-	-	-	-	37,436
- Hotel operations	-	-	-	-	-	-	-	-	-
Revenue from contracts with customers	-	-	414,505	369,127	-	-	-	13,783	414,505
Leases	-	-	-	-	-	-	-	-	-
Total revenue	-	-	414,505	369,127	-	-	-	13,783	414,505
									382,910

Segment	Continuing operations						Discontinued operation					
	Operation of integrated resort in the Philippines			Operation of integrated resort in the Russian Federation			Property development		Management and operation of malls		Total	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Geographical markets												
The PRC	-	-	-	-	-	-	-	-	-	13,783	-	13,783
The Russian Federation	-	-	414,505	369,127	-	-	414,505	369,127	-	-	414,505	369,127
Revenue from contracts with customers	-	-	414,505	369,127	-	-	414,505	369,127	-	13,783	414,505	382,910
Leases	-	-	-	-	-	-	-	-	-	-	-	-
Total revenue	-	-	414,505	369,127	-	-	414,505	369,127	-	13,783	414,505	382,910
Timing of revenue recognition												
At a point in time	-	-	397,496	354,169	-	-	397,496	354,169	-	-	397,496	354,169
Over time	-	-	17,009	14,958	-	-	17,009	14,958	-	13,783	17,009	28,741
Leases	-	-	-	-	-	-	-	-	-	-	-	-
Total revenue	-	-	414,505	369,127	-	-	414,505	369,127	-	13,783	414,505	382,910

The duration of contracts in relation to revenue from management and operation of malls usually varies from 3 months to 15 years.

Performance obligations for contracts with customers

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December 2024 and 2023 and the expected timing of recognising revenue are as follows:

	Revenue from gaming and hotel operations <i>HK\$'000</i>	Total <i>HK\$'000</i>
As at 31 December 2024		
Within one year	<u><u>4,802</u></u>	<u><u>4,802</u></u>
As at 31 December 2023		
Within one year	<u><u>4,735</u></u>	<u><u>4,735</u></u>

Information about major customers

No customers represented over 10% of total revenue of the Group for both years ended 31 December 2024 and 2023.

Segment revenue and results

Segment	Continuing operations				Discontinued operation							
	Operation of integrated resort in the Philippines		Operation of integrated resort in the Russian Federation		Property development		Management and operation of malls		Sub-total		Total	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue from external customers	-	-	414,505	369,127	-	-	414,505	369,127	-	13,783	414,505	382,910
Segment (loss) profit	(96,249)	(57,307)	126,018	(435,648)	(625)	36,622	29,144	(456,333)	-	(3,535)	29,144	(459,868)
Change in fair value of derivative financial instruments			197	(541)							197	(541)
(Loss) gain on disposal of subsidiaries			-	(2,396)			-	(2,396)		1,386	-	(1,010)
Reversal of Impairment loss on equity loans to a joint venture			-	137,842			-	137,842		-	-	137,842
Reversal of Impairment loss on loans to a joint venture			-	207,153			-	207,153		-	-	207,153
Reversal of Impairment loss on amounts due from a joint venture			-	67,526			-	67,526		-	-	67,526
Reversal of share of loss of a joint venture			232,899	112,327			232,899	112,327		-	232,899	112,327
Net loss on deregistration of a joint venture			(8,947)	-			(8,947)	-		-	(8,947)	-
Unallocated other income, gains and losses			(168,900)	48,552			(168,900)	48,552		-	(168,900)	48,552
Unallocated finance costs			(9,519)	(25,206)			(9,519)	(25,206)		-	(9,519)	(25,206)
Unallocated expenses			(37,047)	(36,465)			(37,047)	(36,465)		-	(37,047)	(36,465)
Profit (loss) before taxation			37,827	52,459			37,827	52,459		(2,149)	37,827	50,310
Income tax (expense) credit			(40,953)	(26,319)			(40,953)	(26,319)		104	(40,953)	(26,215)
(Loss) profit for the year			(3,126)	26,140			(3,126)	26,140		(2,045)	(3,126)	24,095

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

Segment assets and liabilities

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

	<u>As at 31 December</u>	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Segment assets		
Operation of integrated resort in the Philippines	6,162,413	5,622,799
Operation of integrated resort in the Russian Federation	1,098,352	1,018,132
Property development	372,327	418,344
Total segment assets	7,633,092	7,059,275
Unallocated assets:		
Interest in a joint venture	–	–
Property, operating right and equipment	–	126
Right-of-use assets	813	886
Derivative financial instrument	3,873	4,787
Bank balances and cash	3,125	17,414
Others	1,429	1,850
Consolidated total assets	<u>7,642,332</u>	<u>7,084,338</u>

	<u>As at 31 December</u>	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
<i>Segment liabilities</i>		
Operation of integrated resort in the Philippines	2,757,038	2,294,617
Operation of integrated resort in the Russian Federation	136,723	137,080
Property development	80	53
	<hr/>	<hr/>
Total segment liabilities	2,893,841	2,431,750
Unallocated liabilities:		
Current tax liabilities	35,908	30,782
Convertible bonds	21,893	20,510
Derivative financial instrument	1,392	2,227
Lease liabilities	774	841
Other borrowing	137,500	–
Others	47,870	34,857
	<hr/>	<hr/>
Consolidated total liabilities	<u>3,139,178</u>	<u>2,520,967</u>

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

- all assets are allocated to operating segments other than interest in a joint venture, certain right-of-use assets, derivative financial instrument, certain property, operating right and equipment, certain bank balances and cash, and corporate assets of investment holding companies; and
- all liabilities are allocated to operating segments other than certain lease liabilities, convertible bonds, derivative financial instrument, current tax liabilities, other borrowing, and corporate liabilities of investment holding companies.

6. OTHER INCOME, GAINS AND LOSSES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Bank interest income	35,743	19,284
Interest income on loans to a joint venture	–	19,116
Imputed interest income on loans to a joint venture	–	7,996
	<hr/>	<hr/>
Total interest income	35,743	46,396
Gain on early repayment of loans to a joint venture (<i>Note 13(c)</i>)	–	98,439
Loss on disposal of property, operating right and equipment	(426)	(683)
Written-off of other payables	–	9,307
Gain on forfeiture of deposits from the sale of properties	–	37,828
Exchange losses, net	(169,075)	(76,082)
Others	2,058	1,261
	<hr/>	<hr/>
	(131,700)	116,466

7. FINANCE COSTS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Imputed interest expense on convertible bonds (<i>Note 16(a)</i>)	1,510	1,411
Imputed interest expense on loans from non-controlling shareholders of a subsidiary	1,213	5,570
Imputed interest expense on VAT arrangements	1,326	207
Interest on loan from immediate holding company	3,285	1,635
Interest on loans from non-controlling shareholders of a subsidiary	–	972
Interest on bank borrowing	116,773	27,479
Interest on other borrowings	9,494	25,199
Interest on lease liabilities	36,342	35,861
	<hr/>	<hr/>
Total finance costs	169,943	98,334
Less: capitalised in construction in progress included in property, operating right and equipment	(155,520)	(64,280)
	<hr/>	<hr/>
Finance costs expensed	14,423	34,054

8. (LOSS) PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
(Loss) profit for the year from continuing operations has been arrived at after charging (crediting) the following:		
Depreciation of property, operating right and equipment	54,696	73,243
Depreciation of right-of-use assets	104,161	108,351
Amortisation of intangible assets	–	9
	<hr/>	<hr/>
Total depreciation and amortisation	158,857	181,603
Less: capitalised in construction in progress included in property, operating right and equipment	(97,050)	(102,411)
	<hr/>	<hr/>
Total depreciation and amortisation expensed	<u>61,807</u>	<u>79,192</u>
Total depreciation and amortisation expensed is presented in the consolidated statement of profit or loss as:		
– Cost of sales	39,981	57,279
– Administrative expenses	21,826	21,913
	<hr/>	<hr/>
	<u>61,807</u>	<u>79,192</u>
Auditor's remuneration	<u>3,150</u>	<u>3,150</u>
Directors' remuneration	13,049	13,634
Staff costs, excluding Directors		
– salaries and wages	182,951	148,048
– retirements benefits scheme contributions*	22,948	23,260
	<hr/>	<hr/>
Staff costs, excluding Directors	<u>205,899</u>	<u>171,308</u>
Total staff costs	218,948	184,942
Less: capitalised in construction in progress included in property, operating right and equipment	(13,064)	(7,699)
	<hr/>	<hr/>
Total staff costs expensed	<u>205,884</u>	<u>177,243</u>
(Reversal of) impairment loss recognised in respect of other receivables, prepayments and deposits	<u>(55)</u>	<u>2,013</u>
Short-term and variable lease payments	<u>7,599</u>	<u>1,747</u>
Cost of sales		
– operating expenses of gaming and hotel operations	<u>173,213</u>	<u>193,024</u>

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

9. INCOME TAX EXPENSE

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Current		
– Philippines withholding tax	36,887	26,124
– Russian withholding tax	3,908	–
– Russian corporate tax	<u>158</u>	<u>195</u>
	<u>40,953</u>	<u>26,319</u>

(a) Hong Kong Profits Tax

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

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

(b) Overseas income tax

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

(c) Macau Complementary Income Tax (“CIT”)

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

(d) Philippines Corporate Income Tax (“PCIT”)

PCIT is calculated at 25% of the estimated profits for the years ended 31 December 2024 and 2023. No provision for PCIT has been made for both years as no assessable profits are earned by subsidiaries incorporated in the Philippines.

(e) Philippines withholding tax

Philippines withholding tax of 25% shall be levied on the dividend declared by the companies incorporated in the Philippines to non-resident foreign corporations in the Philippines.

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

(f) Japan corporate income tax

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

(g) Russian corporate tax

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

(h) Russian withholding tax

Russian withholding tax of 5% shall be levied on the dividend declared by the company incorporated in the Russian Federation to non-resident foreign corporations in the Russian Federation.

10. DIVIDENDS

The Board does not recommend the payment of a final dividend for each of the years ended 31 December 2024 and 2023.

11. (LOSS) EARNINGS PER SHARE

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

(Loss) earnings figures are calculated as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
(Loss) Earnings		
(Loss) profit for the year attributable to shareholders of the Company for the purpose for calculating basic (loss) earnings per share		
– Continuing operations	(215,064)	10,214
– Discontinued operation	–	(2,045)
	<u>(215,064)</u>	<u>8,169</u>
Effect of dilutive potential ordinary shares:		
– Adjustment to the share of loss of Suntrust based on dilution of its loss per share	(19,719)	–
	<u>(234,783)</u>	<u>8,169</u>
(Loss) profit for the purpose of calculating diluted (loss) earnings per share	<u>(234,783)</u>	<u>8,169</u>
Attributable to:		
– Continuing operations	(234,783)	10,214
– Discontinued operation	–	(2,045)
	<u>(234,783)</u>	<u>8,169</u>
	Number of shares	
	2024	2023
Weighted average number of ordinary shares for the purpose of basic and diluted (loss) earnings per share	<u>6,936,972,746</u>	<u>6,894,227,541</u>

For the years ended 31 December 2024 and 2023, the calculation of diluted (loss) earnings per share does not assume the exercise of the Company's outstanding share options because exercise price of those share options exceed the average market price of the Company's shares of the both reporting periods.

For the years ended 31 December 2024 and 2023, the calculation of diluted (loss) earnings per share does not assume the exercise of the outstanding share options issued by Summit Ascent and conversion of outstanding convertible bonds issued by Summit Ascent because the exercise price of the share options exceed the average market price of Summit Ascent's shares of the both reporting periods and the assumed conversion of those convertible bonds would have anti-dilutive effect on the basic (loss) earnings per share from continuing operations presented.

For the year ended 31 December 2023, the calculation of diluted earnings per share does not assume the conversion of outstanding convertible bonds issued by Suntrust to the Group because the assumed conversion of those convertible bonds would have anti-dilutive effect on the basic earnings per share from continuing operations presented.

12. PREPAYMENTS AND DEPOSITS FOR NON-CURRENT ASSETS

	<u>As at 31 December</u>	
	<u>2024</u>	<u>2023</u>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Deposits in relation to construction of the Main Hotel		
Casino (<i>Note</i>)	297,905	357,417
Deposits for purchase of property, operating right and equipment	<u>15,675</u>	<u>11,544</u>
	313,580	368,961
Less: Allowance for impairment	<u>(8,847)</u>	<u>(8,847)</u>
	<u>304,733</u>	<u>360,114</u>

Note: The balance mainly represents the advance deposits paid to the main contractor for the construction of the Main Hotel Casino.

13. INTEREST IN A JOINT VENTURE

	<u>As at 31 December</u>	
	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Interest in a joint venture		
Cost of unlisted investment (<i>Note (d)</i>)	–	414,998
Share of post-acquisition losses and other comprehensive expenses	–	(415,136)
Exchange realignment	–	138
	–	–
Equity loans to a joint venture (<i>Note (a)</i>)	–	243,496
Deemed capital contribution (<i>Notes (b) and (c)</i>)	–	208,141
Share of post-acquisition losses and other comprehensive expenses in excess of the cost of investment (<i>Note (e)</i>)	–	(446,872)
Exchange realignment	–	(4,765)
Interest in a joint venture	<u>–</u>	<u>–</u>

Notes:

- (a) The loans in the aggregate amount of approximately HK\$507,086,000 to a joint venture are interest-free, unsecured and with no fixed repayment term. Such loans form the Group's net investment in the joint venture. On 17 March 2023, certain outstanding amount of equity loans to a joint venture of approximately US\$33,765,000 (equivalent to approximately HK\$263,367,000 at the repayment date) was partially repaid. On 18 April 2024, all outstanding amount of equity loans to a joint venture of approximately US\$31,191,000 (equivalent to approximately HK\$243,360,000 at the repayment date) was fully repaid by the joint venture on 18 April 2024.

The carrying amount of equity loan had been fully reduced to zero by recognition of allowance for impairment and share of post-acquisition losses and other comprehensive expenses in previous years. As a result of the repayment, reversal of allowance for impairment of Nil (2023: HK\$137,842,000), reversal of share of loss of a joint venture of HK\$232,899,000 (2023: HK\$112,327,000) and share of other comprehensive income of a joint venture of 10,448,000 (2023: HK\$14,201,000) have been recognised during the year ended 31 December 2024.

- (b) During the year ended 31 December 2020, the Group advanced a loan in principal amount of US\$30,000,000 (equivalent to approximately HK\$232,500,000 at the drawdown date) to a joint venture (“**Loan A**”). Loan A was interest bearing at 14% per annum, unsecured and repayable after 12 months from the first drawdown date of the facility and the maturity date may be extended up to 28 February 2022. Loan A has not yet been repaid by 28 February 2022 and became interest bearing at 25% per annum with effect from 1 March 2022.

The total current amount due from a joint venture represented the interest on Loan A receivable by the Group. As the interest rate charged on Loan A was below prevailing market interest rate, aggregated imputed interest of approximately HK\$25,957,000 of Loan A upon initial recognition was calculated based on the difference between the prevailing market interest rate and the coupon interest rate has been recognised as deemed contribution to a joint venture as at 31 December 2023. The prevailing market interest rate of the loan was 29.54% per annum.

On 17 March 2023, the entire principal amount of Loan A (equivalent to approximately HK\$234,000,000 at the repayment date), together with the total current amount due from a joint venture which represents the interest receivables of Loan A accrued up to 17 March 2023 of US\$15,437,000 (equivalent to approximately HK\$120,494,000 at the repayment date) was repaid by the joint venture.

- (c) During the year ended 31 December 2020, the Group advanced loans in aggregate principal amount of US\$34,045,000 (equivalent to approximately HK\$263,849,000 at the drawdown date) to a joint venture (“**Loans B**”). Loans B are interest bearing at 1.5% per annum, unsecured and repayable after 5 years from the first drawdown date of the facilities.

The total non-current amount due from a joint venture represented interest on Loans B receivable by the Group. As the interest rates charged on Loans B are below prevailing market interest rates, aggregated imputed interest of approximately HK\$182,184,000 of Loans B upon initial recognition were calculated based on the difference between the prevailing market interest rates and the coupon interest rate has been recognised as deemed contribution to a joint venture as at 31 December 2023. The prevailing market interest rates of the loans were ranged from 25.63% to 28.90% per annum.

On 17 March 2023, the entire principal amount of Loans B (equivalent to approximately HK\$265,551,000 at the repayment date), together with the total non-current amounts due from a joint venture which represents the interest receivables of Loans B accrued up to 17 March 2023 of US\$1,553,000 (equivalent to approximately HK\$12,116,000 at the repayment date) was repaid by the joint venture.

The difference of HK\$98,439,000 between the aggregate principal amount and the carrying amount of Loans B up to the date of repayment was recognised as gain on early repayment of loans to a joint venture in other income (Note 6) for the year ended 31 December 2023.

- (d) During the year ended 31 December 2024, the board of directors of GYE resolved to proceed voluntary dissolution of GYE. In December 2024, voluntary dissolution of GYE has been completed and the joint venture was deregistered, and a net loss from deregistration of the joint venture of approximately HK\$8,947,000 was recognised after taking into account of the reclassification adjustments for the cumulative exchange differences of approximately HK\$77,645,000.
- (e) As mentioned in Note (a), the equity loans to a joint venture which formed the Group’s net investment in the joint venture are repaid during the years ended 31 December 2023 and 2024, the carrying amount of outstanding equity loans to a joint venture and deemed capital contribution before share of loss and other comprehensive expenses in excess of cost of investment in the joint venture is approximately HK\$451,637,000 as at 31 December 2023.

As at 31 December 2023, the Group limits the recognition of the share of post-acquisition losses and other comprehensive expenses in excess of the cost of investment in the joint venture to approximately HK\$446,872,000 as the carrying amount of its net investment in the joint venture is then zero. During the year ended 31 December 2024, the Group reversed the share of loss of the joint venture recognised in previous years of approximately HK\$232,899,000 (31 December 2023: approximately HK\$112,327,000).

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

	2024	2023
	HK\$'000	HK\$'000
Unrecognised share of loss of interest in a joint venture for the year	–	541,025
	<u>–</u>	<u>541,025</u>
	As at 31 December	
	2024	2023
	HK\$'000	HK\$'000
Unrecognised share of loss of interest in a joint venture cumulatively	–	611,109
	<u>–</u>	<u>611,109</u>

14. OTHER RECEIVABLES AND PREPAYMENTS

	As at 31 December	
	2024	2023
	HK\$'000	HK\$'000
Other receivables	4,955	9,817
Indirect tax recoverable (<i>Note</i>)	314,397	221,353
Other deposits	2,118	2,173
Prepayments	73,690	55,196
	<u>395,160</u>	288,539
Less: Allowance for impairment	(135)	(2,216)
	<u>395,025</u>	<u>286,323</u>

Note: Amount represents mainly input VAT paid by Suntrust Group for the construction of the Main Hotel Casino.

15. TRADE AND OTHER PAYABLES

	<u>As at 31 December</u>	
	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade payables (<i>Note</i>)	1,165	367
Interest payables	29,207	17,064
Liabilities for VAT arrangements	9,037	16,186
Retention payables	196,644	112,641
Other tax payables	10,862	10,409
Provision for indemnity (<i>Note 19</i>)	21,749	22,462
Construction cost payables	169,119	34,136
Other payables and accruals	53,213	52,909
	<u>490,996</u>	<u>266,174</u>
Amounts presented as:		
– Current	291,706	144,602
– Non-current	199,290	121,572
	<u>490,996</u>	<u>266,174</u>

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

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

	<u>As at 31 December</u>	
	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
0–90 days	<u>1,165</u>	<u>367</u>

16. CONVERTIBLE BONDS/DERIVATIVE FINANCIAL INSTRUMENTS

(a) Convertible bonds payable issued by Summit Ascent (“Summit Ascent CB”)

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

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

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

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

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

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

The fair value of the Summit Ascent CB as at 31 December 2024 and 31 December 2023 is determined by Valplus Consulting Limited, an independent and professionally qualified valuer not connected to the Group, based on the Binomial Option Pricing Model (the “**Binomial Model**”).

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

	31 December 2024	31 December 2023
Summit Ascent CB		
Share price of Summit Ascent	HK\$0.05	HK\$0.05
Conversion price	HK\$3.5	HK\$3.5
Expected volatility (<i>Note (a)</i>)	43.01%	58.63%
Expected remaining life	0.88 Year	1.88 Years
Expected dividend yield (<i>Note (b)</i>)	Zero	Zero
Risk-free rate (<i>Note (c)</i>)	4.27%	4.30%

Notes:

- (a) The expected volatility was determined by using the historical volatility of Summit Ascent's share price over a period commensurate with the remaining term.
- (b) The expected dividend yield was estimated with reference to the historical dividend payment record and the expected dividend payment in the remaining term of Summit Ascent.
- (c) Risk-free rate is estimated with reference to the US Treasury Yield Curve of similar remaining tenure.

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

	Debt component HK\$'000	Derivative financial instrument HK\$'000	Total HK\$'000
At 1 January 2023	19,073	167	19,240
Charge to profit or loss	–	2,060	2,060
Imputed interest expense (<i>Note 7</i>)	1,411	–	1,411
Exchange difference recognised in profit or loss	<u>26</u>	<u>–</u>	<u>26</u>
At 31 December 2023 and 1 January 2024	20,510	2,227	22,737
Credit to profit or loss	–	(835)	(835)
Imputed interest expense (<i>Note 7</i>)	1,510	–	1,510
Exchange difference recognised in profit or loss	<u>(127)</u>	<u>–</u>	<u>(127)</u>
At 31 December 2024	<u>21,893</u>	<u>1,392</u>	<u>23,285</u>

(b) Put option

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

The fair value of the derivative financial instrument of the put option as at 31 December 2024 and 31 December 2023 were approximately HK\$3,873,000 and HK\$4,787,000, respectively, which are determined by Grant Sherman Appraisal Limited, an independent and professionally qualified valuer not connected to the Group, based on the Binomial Model.

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

	31 December 2024	31 December 2023
Put option		
Share price of Suntrust	PHP0.900	PHP0.850
Expected volatility (<i>Note (a)</i>)	43.65%	53.22%
Expected option life (<i>Note (b)</i>)	1.00 Year	1.25 Years
Expected dividend yield (<i>Note (c)</i>)	Zero	Zero
Risk-free rate (<i>Note (d)</i>)	5.31%	5.07%

Notes:

- (a) The expected volatility was determined by using the historical volatility of Suntrust’s share price over a period commensurate with the remaining term.
- (b) The option period is assumed to be expiring in 2025 (2023: 2025), being the date of expected commencement of operation of the Main Hotel Casino. The expected option life used in the model is based on management’s best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.
- (c) The expected dividend yield was estimated with reference to the historical dividend payment record and the expected dividend payment during the expected option life of Suntrust.
- (d) Risk-free rate is estimated based on the yield-to-maturity in continuous compounding of the Philippines peso swap rates with a similar remaining tenure.

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

	<i>HK\$'000</i>
At 1 January 2023	3,232
Credit to profit or loss	1,519
Exchange difference	<u>36</u>
At 31 December 2023 and 1 January 2024	4,787
Charge to profit or loss	(638)
Exchange difference	<u>(276)</u>
At 31 December 2024	<u><u>3,873</u></u>

17. BANK AND OTHER BORROWINGS

	<u>As at 31 December</u>	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Bank borrowing – Secured (<i>Note (a)</i>)	1,412,787	1,172,713
Other borrowing – Secured (<i>Note (b)</i>)	<u>137,500</u>	<u>–</u>
	<u><u>1,550,287</u></u>	<u><u>1,172,713</u></u>

(a) Bank borrowing

(i) The maturity profile of bank borrowing is as follows:

	<u>As at 31 December</u>	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Over five years	1,412,787	1,172,713
Less : Amounts due for settlement within one year (shown under current liabilities)	<u>–</u>	<u>–</u>
Amounts due for settlement after one year	<u><u>1,412,787</u></u>	<u><u>1,172,713</u></u>

- (ii) During the year ended 31 December 2023, the Group obtained a term loan facility in principal amount of up to PHP25.0 billion (equivalent to approximately HK\$3.6 billion), subject to the satisfaction of certain conditions, for a term of 8 years from China Banking Corporation (the “**Loan Facility**”). The Loan Facility is guaranteed by Mr. Lo and bearing interest at a 5-year Bloomberg Valuation Services reference rate provided by Bloomberg LP plus an agreed interest premium factor, subject to repricing after 5 years since the initial drawdown. As at 31 December 2024, the Group has drawn PHP11.00 billion (equivalent to approximately HK\$1,514 million) (31 December 2023: PHP8.74 billion (equivalent to approximately HK\$1,214 million) from the Loan Facility.

The Loan Facility is secured by:

- all assets of Suntrust with a carrying amount of approximately HK\$6,166 million as at 31 December 2024 (31 December 2023: HK\$5,628 million) and material contracts entered into by Suntrust in relation to the construction of the Main Hotel Casino;
- certain shares of the subsidiary of the Company; and
- a first charge and an assignment over all present and future convertible bonds issued by Suntrust that subscribed by the Group.

As at 31 December 2024, none of the covenants relating to drawn down facilities have been breached.

(b) Other borrowing

- (i) The maturity profile of other borrowing is as follows:

	As at 31 December	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within one year	137,500	–
Less: Amounts due for settlement within one year	(137,500)	–
Amounts due for settlement after one year	–	–

- (ii) During the year ended 31 December 2024, there was a new other borrowing of HK\$137,500,000 raised from five independent third party lenders (the “**2024 Other Borrowing**”). The new other borrowing, being a loan facility for a term of 6 months, is interest bearing at 12% per annum compounded monthly.

The facility is secured by certain shares of the unlisted subsidiaries of the Company and debentures incorporating a first fixed charge and a first floating charge over certain undertaking, property and assets of the Group and certain unlisted subsidiaries of the Company with a carrying value of approximately HK\$149 million as at 31 December 2024.

On 18 December 2024, the 2024 Other Borrowing and the interest accrued thereon were overdue for which the Group has not repaid. The accrued and default interests of approximately HK\$9,494,000 were recognised in trade and other payables as at 31 December 2024.

In January 2025, the Group received a demand letter from the lenders of the 2024 Other Borrowing for immediate repayment of the outstanding loan balance, accrued and the applicable default interests. The Group has been actively negotiating with the lenders for renewal and extension for repayments of the 2024 Other Borrowing.

During the year ended 31 December 2023, there was a new other borrowing of HK\$150,000,000 raised from an independent third party lender. The new other borrowing, being a loan facility for a term of 6 months, is secured by certain shares of a subsidiary of the Company and a debenture, with interest bearing at 24% per annum. The other borrowing of HK\$150,000,000 has been repaid in July 2023.

18. PERPETUAL SECURITIES

	<i>HK\$'000</i>
Principal	
At 1 January 2023	5,408,000
Redemption during the year (<i>Note (a)</i>)	<u>(12,000)</u>
At 31 December 2023 and 31 December 2024	<u>5,396,000</u>
Distribution	
At 1 January 2023	628,663
Provision for the year (<i>Note (b)</i>)	<u>270,299</u>
At 31 December 2023 and 1 January 2024	898,962
Provision for the year (<i>Note (b)</i>)	<u>269,800</u>
At 31 December 2024	<u>1,168,762</u>
Total	
At 31 December 2024	<u>6,564,762</u>
At 31 December 2023	<u>6,294,962</u>

On 18 August 2020, the Company and Star Hope Limited (“**Star Hope**”), a related company owned by a former controlling shareholder, entered into the subscription agreement, pursuant to which the Company agreed to issue, and Star Hope agreed to subscribe for, the HK\$6,000 million 5.00% perpetual securities of the Company (the “**Perpetual Securities**”).

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

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

Notes:

- (a) During the year ended 31 December 2023, Major Success agreed and the Company partially redeemed the outstanding principal amount of the Perpetual Securities in the sum of HK\$12,000,000 (the “**Principal Amount**”) at HK\$10,000,000 (the “**Redemption Amount**”), the difference between the Principal Amount and the Redemption Amount has been charged to capital reserve as deemed contribution from a shareholder during the year ended 31 December 2023.
- (b) During the year ended 31 December 2024, the distribution provision in relation to Perpetual Securities issued is approximately HK\$270 million (2023: approximately HK\$270 million).

19. CONTINGENT LIABILITIES

- (a) On 30 June 2021, pursuant to the sale and purchase agreement in relation to the disposal of Access Achievement Limited (“**Access Achievement**”) and a deed of indemnity entered into by the Company, the purchaser (the “**Purchaser**”) and Access Achievement, the Company will indemnify the Purchaser against certain tax, litigation and contingent liabilities which, except for litigation liabilities, in aggregate cannot exceed the sum of (i) the consideration of the disposal of Access Achievement amounting to RMB155,290,000 (equivalent to approximately HK\$164,904,000) (2023: RMB155,290,000 (equivalent to approximately HK\$170,311,000)); and (ii) the principal amount of the loan owed by Shenzhen Zirui Real Estate Development Limited to Shenzhen Sky Alliance Property Company Limited amounting to RMB519,249,000 (equivalent to approximately HK\$551,395,000) (2023: RMB519,249,000 (equivalent to approximately HK\$569,477,000)), in the aggregate amount of RMB674,539,000 (equivalent to approximately HK\$716,299,000) (2023: RMB674,539,000 (equivalent to approximately HK\$739,788,000)). In this regard, approximately RMB20,481,000 (equivalent to approximately HK\$21,749,000) (2023: approximately RMB20,481,000 (equivalent to approximately HK\$22,462,000)) was recorded as provision for indemnity included in “other payables” in the consolidated financial statements as at 31 December 2024 and 31 December 2023.
- (b) Pursuant to the announcement issued by the Securities and Futures Commission (“**SFC**”) dated 27 September 2024, the SFC has commenced legal proceedings under section 214 of the Securities and Futures Ordinance (Cap. 571) in the Court of First Instance (the “**Court**”) to seek a share repurchase order to protect the interests of independent minority shareholders of the Company and Summit Ascent Holdings Limited as a result of alleged misconduct of Mr. Lo Kai Bong, chairman, executive director of the Company and controlling shareholder of both companies. The share repurchase order, if granted by the Court, would require Mr. Lo Kai Bong, the Company and/or Summit Ascent Holdings Limited to make an offer to purchase shares from both companies’ minority shareholders independent of Mr. Lo Kai Bong at a price and in a manner to be determined by the Court. As at 31 December 2024 and up to the date of this announcement, the legal proceedings remain ongoing and no order from the Court has been made. Given the early stage and complexity of the legal proceedings, and the inherent uncertainties involved, it is not possible to give a firm evaluation of the likelihood of the outcome or estimate the financial impact on the financial position of the Company, if any. Consequently, no provision in respect of the legal proceedings has been made in the consolidated financial statements as at 31 December 2024.

20. CAPITAL COMMITMENTS

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

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Contracted but not provided for*	<u>1,892,203</u>	<u>2,219,656</u>

* The amount included approximately HK\$1,890,007,000 (2023: approximately HK\$2,219,264,000) in relation to the construction project of the Main Hotel Casino.

21. EVENTS AFTER THE END OF THE REPORTING PERIOD

On 16 April 2025, Suntrust entered into another subscription agreement with Summit Ascent Investments Limited (“**SA Investments**”), a direct wholly owned subsidiary of Summit Ascent, for the issuance of zero-coupon convertible bond at a total subscription price of PHP8,632.5 million. The convertible bond is convertible into 8,632,500,000 shares of Suntrust at the conversion price of PHP1.00 per share, subject to antidilutive adjustments. The convertible bond is payable up to 2033, which maybe subject to agreement by SA Investments, upon request of the Suntrust, be extended up to 2035. The transaction had not been completed as of the date of this announcement, the issuance of the convertible bond remains subject to the fulfillment of the conditions precedent.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

The Group recorded a profit attributable to equity holders of the Company of approximately HK\$54.7 million for the year ended 31 December 2024 (“FY2024”), significantly reduced from the profit attributable to equity holders of the Company of approximately HK\$278.5 million for the year ended 31 December 2023 (“FY2023”). Consolidated Adjusted EBITDA from continuing operations was approximately positive HK\$59.4 million versus approximately positive HK\$33.9 million for FY2023.

The profit for the year attributable to equity holders of the Company for FY2024 was mainly attributable to (i) the reversal of share of loss of a joint venture of approximately HK\$232.9 million; and (ii) partially offset by (a) the net exchange losses of approximately HK\$169.1 million; and (b) the net loss on deregistration of a joint venture of approximately HK\$8.9 million.

In FY2024, Summit Ascent’s 77.5%-owned integrated resort located in the IEZ Primorye in the Russian Federation, Tigre de Cristal, contributed revenue from gaming and hotel operations of approximately HK\$414.5 million to the Group, and a contribution of approximately HK\$483 million total gross gaming revenue (“GGR”) to the Group.

Group Key Financial Data

	FY2024 HK\$'000	FY2023 HK\$'000
Revenue:		
Operation of integrated resort in the Russian Federation		
– Tigre de Cristal:		
– Gaming operations	377,069	335,688
– Hotel operations	37,436	33,439
	414,505	369,127
Other segment:		
– Property development	–	–
Total revenue from continuing operations	414,505	369,127
Consolidated Adjusted EBITDA from continuing operations	59,409	33,890

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

	FY2024	FY2023
	HK\$'000	HK\$'000
(Loss) profit for the year	(3,126)	24,095
Add (deduct):		
Loss for the year from discontinued operation	–	2,045
Income tax expense	40,953	26,319
Change in fair value of derivative financial instruments	(197)	541
Loss on disposal of a subsidiary	–	2,396
Loss on disposal/written-off of property, operating right and equipment	426	683
Reversal of impairment loss on equity loans to a joint venture	–	(137,842)
Reversal of impairment loss on loans to a joint venture	–	(207,153)
Reversal of impairment loss on amounts due from a joint venture	–	(67,526)
Impairment loss on property, operating right and equipment	–	483,107
Reversal of share of loss of a joint venture	(232,899)	(112,327)
Net loss on deregistration of a joint venture	8,947	–
Finance costs	14,423	34,054
Interest income and imputed interest income on loans to a joint venture	–	(27,112)
Gain on early repayment of loans to a joint venture	–	(98,439)
Written-off of other payables	–	(9,307)
Gain on forfeiture of deposits from the sale of properties	–	(37,828)
Other operating expenses	–	2,910
Depreciation and amortisation	61,807	79,192
Exchange losses, net	169,075	76,082
	<hr/>	<hr/>
Consolidated Adjusted EBITDA from continuing operations	59,409	33,890
	<hr/> <hr/>	<hr/> <hr/>

Revenue

Revenue from continuing operations in FY2024 was approximately HK\$414.5 million, increased by approximately HK\$45.4 million or 12.3% when compared to approximately HK\$369.1 million in FY2023. Such increase was mainly attributable to the increase in revenue from Summit Ascent Group in FY2024.

- (i) **Operation of integrated resort in the Philippines** – through an indirect 51% owned subsidiary of the Company, Suntrust, the Group is currently developing a 5-star hotel and casino complex at the Entertainment City, Manila, the Philippines (the “**Main Hotel Casino**” or the “**Westside City Project**”) of which Suntrust would be the sole and exclusive operator and manager to operate and manage the Main Hotel Casino upon commencement of operation of the Main Hotel Casino in Q4 2025 according to the development plan as of 31 December 2024. As at 31 December 2024, the construction of structural works and major facade systems up to roof level have been completed. The mechanical, electrical, and plumbing and fire protection systems in major plantrooms have been substantially completed and part of the system has commenced testing and commissioning. Architectural builders and fit-out works, external civil and landscape works are in progress. Based on the latest PAGCOR approved Project Implementation Plan, the expected completion and opening of the Main Hotel Casino is targeted for the third quarter of 2026. No revenue was recognised during the year.
- (ii) **Operation of integrated resort in the Russian Federation** – Summit Ascent, the 69.66% owned subsidiary of the Company, contributed revenue from gaming and hotel operations in the IEZ Primorye in the Russian Federation through its approximately 77.5% owned subsidiary of approximately HK\$414.5 million to the Group during FY2024 (FY2023: approximately HK\$369.1 million).
- (iii) **Property development** – the Group engaged in the development and sales of properties and hotel premises in Japan, and had two property development projects located in Japan as at 31 December 2024. In FY2024, both projects were in the development planning stage, hence no revenue was generated from this segment.

Other income, gains and losses

The decrease in other income, gains and losses during FY2024 was mainly due to the net exchange losses recognised in FY2024 of approximately HK\$169.1 million (FY2023: approximately HK\$76.1 million) which was primarily due to the translation of assets and liabilities which are denominated in foreign currencies during the year and there was no gain on early repayment of loans to a joint venture during FY2024 (FY2023: approximately HK\$98.4 million).

Selling and distribution expenses

Selling and distribution expenses remained stable in FY2024, which comprised mainly salaries and benefits of sales and marketing staff, advertising and promotion expenses.

Administrative expenses

Administrative expenses, which comprised mainly salaries and benefits of employees, legal and professional fees, and depreciation and amortisation. The increase in administrative expenses during FY2024 was mainly due to the increase in staff costs and operating costs of Suntrust Group.

Other operating expenses

The other operating expenses decreased in FY2024 as there were no significant legal and professional fees or tax incurred during FY2024, whereas certain legal and professional fees or tax whereas certain legal and professional fees or tax arising from intercompany loan incurred in FY2023.

Change in fair value of derivative financial instruments

It mainly represented the change in fair value of Summit Ascent CB and put option. The fair values of the derivative financial instruments as at 31 December 2024 were assessed by independent professional valuers.

Loss on disposal of a subsidiary

During FY2023, the Group disposed of its entire equity interest in Faith Best Asia (HK) Limited, a wholly-owned subsidiary of the Company, at the consideration of HK\$19,950,000.

Reversal of share of loss of a joint venture/Net loss on deregistration of a joint venture

The amount represented the reversal of share of loss of the Group's joint venture, which is owned by Star Admiral Limited ("**Star Admiral**", an indirect wholly-owned subsidiary of the Company). The principal asset of Star Admiral is approximately 34% indirect equity interest in the integrated resort development project located in Hoi An South, Quang Nam Province, Vietnam ("**Hoiana**"). Hoiana was opened for preview on 28 June 2020. As a tourist-dependent property, Hoiana was in loss making position during FY2024. During FY2024, the Group recorded reversal of share of loss of a joint venture of approximately HK\$232.9 million as compared to approximately HK\$112.3 million during FY2023, which represents a reversal of the share of loss of the joint venture recognised in previous years resulting from the repayment of equity loans to a joint venture.

During FY2024, the board of directors of the joint venture resolved to proceed voluntary dissolution of the joint venture. Voluntary dissolution of the joint venture has completed in December 2024, and the joint venture was deregistered accordingly, and a net loss from deregistration of the joint venture of approximately HK\$8.9 million was recognised after taking into account of the reclassification adjustments for the cumulative exchange differences of approximately HK\$77.6 million.

Reversal of impairment losses on equity loans to a joint venture, loans to/amounts due from a joint venture

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

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

Furthermore, Star Admiral has advanced loan in the aggregate principal amount of US\$30,000,000 (equivalent to approximately HK\$232,500,000 at the drawdown date) to GYE (“**Advance C**”) in July 2020. Advance C is interest bearing at 14% per annum, unsecured and repayable after 12 months from the first drawdown date of the facility and the maturity date may be extended up to 28 February 2022. GYE has not repaid Advance C together with interest accrued thereon by the due date (i.e. 28 February 2022) and such amount became immediately payable. Advance C has not yet been repaid by 28 February 2022 and is interest bearing at 25% per annum with effect from 1 March 2022.

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

During FY 2023, the management of the Group considered the credit quality of the equity loans to a joint venture improved and therefore the Group reversed the previously assessed significant increase in credit risk since origination, then the provision for doubtful debts reverts from lifetime ECL to 12-month ECL.

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

On 18 April 2024, all the remaining outstanding amount of the Advances A of approximately US\$31.2 million (equivalent to approximately of HK\$243.4 million at the repayment date) has been repaid by GYE. Further details of the repayment were disclosed in the announcement of the Company dated 18 April 2024.

During FY 2023, the Group has recorded reversal of impairment losses on the equity loans to a joint venture, loans to a joint venture and amounts due from a joint venture of approximately HK\$137.8 million, HK\$207.2 million and HK\$67.5 million respectively.

Impairment loss on property, operating right and equipment

As of 31 December 2023, the valuation date of the valuation report of Summit Ascent in relation to property, operating right and equipment for 2023 (the “**2023 SA Valuation Report**”), the management of Summit Ascent adopted revised assumptions in the 2023 SA Valuation Report reflecting the suspension of development plan of Tigre de Cristal Phase II (the “**TdC Phase II**”), which is significantly different from the assumptions used in the previous valuation report of Summit Ascent in relation to property, operating right and equipment for 2021. During FY2023, an impairment loss of approximately HK\$483.1 million was recognised after the reassessment of the fair values of Summit Ascent Group’s property, operating right and equipment in relation to Tigre de Cristal and the changes in cash flow projections.

Finance costs

Finance costs for FY2024 comprise mainly (i) interest on lease liabilities; (ii) interest on bank and other borrowings; and (iii) interest on loan from immediate holding company. The decrease in finance costs during FY2024 was mainly attributable to the decrease in interest on other borrowings.

Income tax expense

Income tax expense comprises current tax and the increase for FY2024 was mainly due to the Philippines withholding tax on gross interest income earned by Summit Ascent Group on intragroup convertible bonds and borrowings advanced to Suntrust in FY2024 and Russian withholding taxes on the dividend declared by the company incorporated in the Russian Federation to non-resident foreign corporations in the Russian Federation in FY2024.

SEGMENT ANALYSIS

In FY2024 and FY2023, revenue from gaming and hotel operations in the Russian Federation accounted for 100% of total revenue from continuing operations of the Group. No revenue was generated from the property development segment in FY2024 and FY2023.

LIQUIDITY, FINANCIAL RESOURCES AND GEARING

Bank balances and cash, as at 31 December 2024 amounted to approximately HK\$905.0 million (31 December 2023: HK\$1,210.9 million).

The Group had total bank borrowing for a term of 8 years of approximately HK\$1,412.8 million as at 31 December 2024 which was denominated in Philippines Peso (“**PHP**”) (31 December 2023: approximately HK\$1,172.7 million). The Group’s bank borrowing carried interest at fixed interest rate, which is interest bearing based on a 5-year Bloomberg Valuation Services reference rate plus an agreed interest premium factor, subject to repricing after 5 years since the initial drawdown.

The Group had other borrowing being a loan facility for a term of 6 months of HK\$137.5 million as at 31 December 2024 (31 December 2023: Nil) which was obtained by the Group during 31 December 2024.

The Group’s other borrowing carried interest at fixed interest rate, which is interest bearing at 12% per annum and compounded monthly. The other borrowing has been matured on 17 December 2024, the outstanding principal and interest thereon has not yet been repaid by the Company as of 31 December 2024.

As at 31 December 2024, the Group had a loan from immediate holding company for a term of 5 years of US\$6.0 million (equivalent to approximately HK\$46.3 million) at fixed interest rate, which is unsecured, interest bearing at 5.5% per annum (31 December 2023: approximately HK\$46.9 million).

The Group had loans from non-controlling shareholders of a subsidiary of approximately HK\$7.4 million as at 31 December 2024 (31 December 2023: approximately HK\$14.7 million), which is unsecured, interest-free and will not be repaid unless there are sufficient free cash flows generated from the operations to make the repayment.

The Group had convertible bonds and derivative financial instruments liabilities of approximately HK\$21.9 million (31 December 2023: approximately HK\$20.5 million) and approximately HK\$1.4 million (31 December 2023: approximately HK\$2.2 million), respectively.

The gearing ratio, expressed as a percentage of total bank and other borrowings, loan from immediate holding company, loans from non-controlling shareholders of a subsidiary, convertible bonds and derivative financial instruments liabilities divided by consolidated total equity of the Group as at 31 December 2024 is approximately 36.1% (31 December 2023: 27.5%).

As at 31 December 2024, the Group had current assets of approximately HK\$1,304.8 million (31 December 2023: approximately HK\$1,501.9 million) and current liabilities of approximately HK\$588.4 million (31 December 2023: approximately HK\$257.7 million).

As at 31 December 2024, the aggregate perpetual securities facilities with principal amount of up to HK\$6,000.0 million have been granted by a related company to the Group, of which approximately HK\$5,408.0 million have been issued. During FY2023, the perpetual securities with an outstanding principal amount of HK\$12.0 million were redeemed. As at 31 December 2024, the outstanding principal amount of perpetual securities was HK\$5,396.0 million (31 December 2023: HK\$5,396.0 million).

CHARGE ON ASSETS

As at 31 December 2024, bank borrowing of approximately HK\$1,412.8 million (31 December 2023: approximately HK\$1,172.7 million) was secured by (1) all assets of Suntrust with a carrying amount of approximately HK\$6,166 million as at 31 December 2024 (31 December 2023: 5,628 million) and material contracts entered into by Suntrust in relation to the construction of the Main Hotel Casino; (2) certain shares of the subsidiary of the Company; and (3) a first charge and an assignment over all present and future convertible bonds issued by Suntrust that subscribed by the Group

As at 31 December 2024, an other borrowing of HK\$137.5 million was secured by certain shares of subsidiaries of the Company and debentures incorporating a first fixed charge and a first floating charge over certain undertaking, property and assets of the Group and certain subsidiaries of the Company with a carrying value of approximately HK\$149 million as at 31 December 2024.

As at 31 December 2023, the indirect equity interest of approximately 34% in Hoi An South Development Limited (“**HASD**”) was pledged to a bank for the banking facilities granted to HASD.

As at 31 December 2023, the indirect equity interest of approximately 68% in Hoi An South investment Pte. Limited, the immediate holding company of HASD, was pledged to certain independent lenders for loans granted to GYE, and the approximately 66% equity interest of HASD were pledged to certain lenders for loans granted to HASD.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

The functional currency of the Company and the presentation currency of the consolidated financial statements of the Company are in Hong Kong Dollars (“**HK\$**”). The income and expenses, assets and liabilities and interest in a joint venture of the Company and its subsidiaries which are denominated in currencies other than the functional currency are converted into HK\$ for financial reporting purpose. Fluctuations in exchange rates may have an impact on the Group’s financial position and results. The Group monitors the exposure to fluctuations in exchange rates and takes appropriate measures to mitigate and manage the risk on a timely and effective manner. The Group did not engage in any derivative activities and did not commit to any financial instruments to hedge its statement of financial position exposure to fluctuations in exchange rates as at 31 December 2024.

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

CONTINGENT LIABILITIES

For the details of contingent liabilities, please refer to Note 19 of this announcement.

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

1. On 15 January 2024, Oriental Regent Limited (“**ORL**”), an indirect non-wholly owned subsidiary of the Company, as seller, entered into a binding agreement with to an independent third party buyer (the “**Buyer**”) incorporated in the Russian Federation for the sale and purchase of the entire equity interest G1 Entertainment Limited Liability Company (“**G1 Entertainment**”) at a consideration of US\$116 million (subject to adjustment). This sale and purchase agreement was terminated on 19 February 2024. Details of which are set out in the announcements of the Company dated 17 January 2024 and 22 February 2024.
2. On 14 May 2024, Suntrust and China Communications Services Philippines Corporation (“**Contractor (CCSPC)**”), a company incorporated in the Philippines and an independent third party entered into (i) the Letter of Award in respect of the Design, Supply, and Delivery of Structured Cabling System dated 14 May 2024 (the “**DSD Agreement**”) pursuant to which Suntrust appointed Contractor (CCSPC) as the contractor to undertake the design, supply and delivery of structured cabling system set out in DSD Agreement of the Main Hotel Casino, at the contract sum of PHP332,264,950.12 (equivalent to approximately HK\$45,516,000) and (ii) the Letter of Award in respect of the installation of Structured Cabling System dated 14 May 2024 (the “**Installation Agreement**”) issued by Suntrust to Contractor (CCSPC) and accepted and confirmed by Contractor (CCSPC) in relation to the installation of structured cabling system set out in the Installation Agreement of the Main Hotel Casino, at the contract sum of PHP135,382,787 (equivalent to approximately HK\$18,546,000). Details of which are set out in the announcements of the Company dated 14 May 2024 and 17 May 2024.
3. On 16 May 2024, Suntrust and Gomeco Metal Corporation (“**Gomeco**”), a company incorporated in the Philippines and an independent third party, entered into (i) the supply agreements pursuant to which Suntrust appointed Gomeco as the contractor to undertake the supply works for the Main Hotel Casino at the aggregate contract sum of PHP10,294,582 (equivalent to approximately HK\$26,068,000) and (ii) the installation agreements pursuant to which Suntrust appointed Gomeco as the contractor to undertake the installation works for the Main Hotel Casino at the aggregate contract sum of PHP6,689,080 (equivalent to approximately HK\$917,000). Details of which are set out in the announcement of the Company dated 16 May 2024.

4. On 12 July 2024, (i) Suntrust and Empire Automation Philippines Inc. (“**Contractor (Empire Philippines)**”) entered into a memorandum of agreement (“**Supply Agreement I**”) pursuant to which Suntrust appointed the Contractor (Empire Philippines) as the contractor to undertake the supply and delivery of certain equipment (“**Equipment I**”) at the contract sum of US\$376,782.44 (equivalent to approximately HK\$2,938,900) under the Supply Agreement I; (ii) Suntrust and Empire Automation (Singapore) Pte. Ltd. (“**the Contractor (Empire Singapore)**”) entered into memorandum of agreement (“**Supply Agreement II**”) pursuant to which Suntrust appointed the Contractor (Empire Singapore) to undertake the supply and delivery of certain equipment (“**Equipment II**”) at the contract sum of US\$4,363,032.32 (equivalent to approximately HK\$34,031,700); and (iii) Suntrust and the Contractor (Empire Philippines) entered into installation works agreement (“**Installation Agreement**”) in respect of the installation of Equipment I and Equipment II pursuant to which Suntrust appointed the Contractor (Empire Philippines) as the contractor to undertake the installation works for the relevant project at the contract sum of US\$1,522,079.03 (equivalent to approximately HK\$11,872,200) under the Installation Agreement. Details of which are set out in the announcement of the Company dated 12 July 2024.
5. On 16 July 2024, (i) Suntrust and Systech Lighting & Controls Inc. (the “**Contractor**”) entered into a memorandum of agreement (the “**Supply Agreement**”) pursuant to which Suntrust appointed the Contractor as the contractor to undertake the supply and delivery of certain equipment at the contract sum of PHP144,731,206.80 (equivalent to approximately HK\$19,298,000) under the Supply Agreement; and (ii) Suntrust and the Contractor entered into a memorandum of agreement (the “**Systech Installation Agreement**”) pursuant to which Suntrust appointed the Contractor as the contractor to undertake the installation of certain equipment for the relevant at the contract sum of PHP11,768,793.20 (equivalent to approximately HK\$1,569,000) under the Systech Installation Agreement. Details of which are set out in the announcement of the Company dated 16 July 2024.
6. On 15 August 2024, Suntrust and the E.E. Black Ltd. (“**Contractor EE Black**”), a foreign company incorporated in Hawaii, U.S. and conducts business in the Philippines and an independent third party entered into (i) the Letter of Award in respect of the supply and delivery of commercial construction materials dated 15 August 2024 pursuant to which Suntrust appointed the Contractor (EE Black) as the contractor to undertake the supply and delivery of commercial construction materials for Casino and VIP Gaming (Front of House and 3 Food and Beverage’s GF to L1) of the Main Hotel Casino, at the contract sum of PHP719,405,733.11 (equivalent to approximately HK\$95,921,000) and (ii) the Letter of Award in respect of the installation of commercial construction materials dated 15 August 2024 pursuant to which Suntrust appointed the Contractor (EE Black) as the contractor to undertake the installation of commercial construction materials for Casino and VIP Gaming (Front of House and 3 Food and Beverage’s GF to L1) of the Main Hotel Casino, at the contract sum of PHP180,347,137.56 (equivalent to approximately HK\$24,046,000). Details of which are set out in the announcements of the Company dated 15 August 2024, 23 August 2024 and 20 September 2024 and the circular of the Company dated 25 September 2024.

7. On 15 August 2024, Suntrust and Multi Development and Construction Corporation (“**Contract (MDCC)**”), a company incorporated in the Philippines and an independent third party entered into the Fit Out Agreements Supplemental (MDCC) to revise and supplement the Fit Out Agreement (MDCC), at an aggregate amount of PHP430,993,341.57 (equivalent to approximately HK\$57,466,000) under the Fit Out Agreement Supplemental (SD-MDCC) and at the contract sum of PHP65,659,049.08 (equivalent to approximately HK\$8,755,000) under the Fit Out Agreement Supplemental (Installation-MDCC). Details of which are set out in the announcements of the Company dated 15 August 2024, 23 August 2024 and 20 September 2024 and the circular of the Company dated 25 September 2024.
8. On 9 September 2024, Suntrust and GMI Construction Corp. (“**Contractor (GMI)**”), a company incorporated in the Philippines and an Independent Third Party entered into a memorandum pursuant to which Suntrust engaged the Contractor (GMI) to perform the supply and delivery of fit-out materials for the construction of Hotel Guest Rooms L5 – L10 of Tower 1 and 2 (North Tower and South Tower) and the L3 Lobby Check-in Lounge package of the Main Hotel Casino at a contract sum of US\$9 million (equivalent to HK\$70,200,000). Details of which are set out in the announcement of the Company dated 9 September 2024.
9. On 11 October 2024, Suntrust and IGT Asia Pte Ltd. (“**Contractor IGT**”), a company incorporated in Singapore and an indirect wholly-owned subsidiary of International Game Technology PLC, which is listed on the New York Stock Exchange under the trading symbol “IGT” and an independent third party enter into agreement pursuant which Suntrust will appoint the Contractor (IGT) as the contractor to undertake the supply and maintenance of equipment, software and services at the aggregate contract sum of US\$5,287,285 (equivalent to approximately HK\$41,241,000). Details of which are set out in the announcement of the Company dated 14 October 2024.

Save for the transactions listed above, the Group had no significant investments, material acquisitions and disposals of subsidiaries during FY2024.

TREASURY POLICIES AND CAPITAL STRUCTURE

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

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2024, the Group had a staff force of 1,189 (as at 31 December 2023: 1,098) employees. Of this, most were stationed in the Russian Federation and the Philippines. The remuneration of employees was in line with the market trend and commensurable to the level of pay in the industry. Remuneration of the Group’s employees includes basic salaries, bonuses and long-term incentives (such as share option scheme). Total staff costs, including directors of the Company (the “**Directors**”), incurred for the year ended 31 December 2024 was approximately HK\$218.9 million (2023: approximately HK\$190.9 million).

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

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

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

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

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

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2024 (2023: nil).

EVENTS AFTER THE REPORTING PERIOD

For the details of events after the reporting period, please refer to Note 21 of this announcement.

BUSINESS REVIEW

During the year, the Group engages in the following continuing operations: (i) through Suntrust Group, the development and operation of the Main Hotel Casino in the Philippines; (ii) through Summit Ascent Group, the operation of the hotel and gaming business in the IEZ Primorye in the Russian Federation; and (iii) property development in Japan.

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

(i) *Westside City Project at Entertainment City*

On 28 October 2019, 51% owned subsidiary of the Company, Suntrust entered into a co-development agreement (the “**Co-Development Agreement**”) with Westside City Resorts World Inc. (“**Westside**”). Under the Co-Development Agreement, the Suntrust shall finance the development and construction of a five-star hotel and casino establishment (i.e., the Main Hotel Casino) over certain parcels of land located at the Manila Bayshore Integrated City (also known as the Entertainment City) in Parañaque City (the “**Project Site**”) and shall be appointed as the sole and exclusive operator and manager to operate and manage the Main Hotel Casino.

Under the Co-Development Agreement, the Suntrust has entered into a Lease Agreement over the Project Site (the “**Lease Agreement**”) with Westside and Travellers International Hotel Group, Inc. (“**Travellers**”) on 21 February 2020 and an Operation and Management Agreement (the “**O&M Agreement**”) with Westside on 4 May 2020 for the operation and management of the Main Hotel Casino.

Under the latest development plan, the Main Hotel Casino will have i) over 300 gaming tables and over 1,300 electronic gaming machines for both the mass and VIP markets; ii) over 450 five-star luxury hotel rooms and suites; iii) a mall composed of food and beverages and retail units; and iv) a parking facility with over 1,000 slots.

On 8 June 2023, Suntrust proposed to obtain a term loan in principal amount of up to PHP25.0 billion (equivalent to approximately HK\$3.6 billion) (the “**Suntrust Bank Loan**”) from China Banking Corporation (the “**Lender**”) to fund its Main Hotel Casino in the Philippines by entering into an omnibus loan and security agreement dated 8 June 2023 as amended by an amendment agreement dated 26 July 2023 (collectively the “**Suntrust Bank Loan Agreements**”) with Suntrust as borrower, Mr. Lo Kai Bong (“**Mr. Lo**”) (a controlling shareholder of the Company) as surety, Fortune Noble Limited and Summit Ascent Investments Limited, both being members of the Group, as security providers to provide surety and securities, respectively, to the Lender as securities for all amounts due and owing to and all expenses as may be incurred by the Lender, its facility agent, security trustee and share custodian pursuant to the terms of the Suntrust Bank Loan Agreements and the security documents provided as security therefor. As at 31 December 2024, Suntrust had drawn PHP11.0 billion (equivalent to approximately HK\$1,412,787,000) from the Suntrust Bank Loan facility after completion of certain project milestones required under the Suntrust Bank Loan Agreements.

As at 31 December 2024, the construction of structural works and major facade systems up to roof level have been completed. The mechanical, electrical, and plumbing and fire protection systems in major plantrooms have been substantially completed and part of the system has commenced testing and commissioning. Architectural builders and fitout works, external civil and landscape works are in progress. Up to 31 December 2024, approximately US\$585.7 million (equivalent to approximately HK\$4,568.5 million) has been paid for the development of the Main Hotel Casino project by Suntrust. Suntrust is also starting the employee recruitment process for the Main Hotel Casino's operations team. Based on the development as of 31 December 2024, the Main Hotel Casino is expected to commence operation in Q4 2025. Based on the latest PAGCOR approved Project Implementation Plan, the expected completion and opening of the Main Hotel Casino is targeted for the third quarter of 2026. During FY 2024, Suntrust had recorded a loss because of its pre-operating activities under the development phase.

(ii) *Tigre de Cristal*

Summit Ascent held approximately 77.5% of the controlling interest in an integrated resort named "Tigre de Cristal" in the IEZ Primorye in the Russian Federation. Tigre de Cristal recorded a positive Adjusted EBITDA of approximately HK\$162.5 million in the FY2024, versus a positive Adjusted EBITDA of approximately HK\$131.5 million in the FY2023.

Gaming Operations

Net gaming revenue of Tigre de Cristal, which consists of three main sources namely the rolling chip business, mass table business and electronic gaming business, was approximately HK\$377.1 million during FY2024, increased by approximately HK\$41.4 million or 12.3% year-on-year compared to FY2023.

The rolling chip business of Tigre de Cristal primarily targets foreign players. There was no revenue generated from the rolling chip business in FY2024.

Mass table drop (measured as the sum of gaming chips purchased or exchanged at the cages) increased by 31.4% to approximately HK\$1,193 million in FY2024, compared to approximately HK\$908 million in FY2023. Net win from mass table business increased by 26.2% to approximately HK\$217 million in FY2024, compared to approximately HK\$172 million in FY2023. Net win rate percentage (represented net win as a percent of mass table drop) decreased slightly from 18.9% in FY2023 to 18.2% in FY2024.

Electronic gaming volume (measured as the total value of electronic gaming credits wagered by players) was approximately HK\$4,836 million in FY2024, increased by 4% compared to approximately HK\$4,651 million in FY2023. The electronic gaming business recorded net win of approximately HK\$160 million, down 2.4% compared to approximately HK\$164 million in FY2023. The net win rate percentage decreased to 3.3% in FY2024 from 3.5% in FY2023.

Hotel Operations

Revenue from hotel operations, as a result of an improvement in the domestic demand, increased to approximately HK\$37.4 million in FY2024 or by 12% compared to FY2023, as a result of an improvement in domestic demand. Average hotel occupancy rates increased to 74% (2023: 73%) during weekends and increased to 44% (2023: 42%) during weekdays in FY2024.

Key Financial Data of Tigre de Cristal

	FY2024 HK\$'000	FY2023 HK\$'000
Revenue:		
Net Gaming	377,069	335,688
Hotel/F&B/Others	37,436	33,439
Total Net Revenue	<u>414,505</u>	<u>369,127</u>
Adjusted EBITDA	<u>162,531</u>	<u>131,545</u>
Adjusted EBITDA margin	39%	36%

Gaming Statistics

<i>(HK\$ million)</i>	Q12024	Q22024	Q32024	Q42024	FY2024	FY2023
Total GGR ⁽ⁱ⁾	<u>108</u>	<u>113</u>	<u>155</u>	<u>107</u>	<u>483</u>	<u>408</u>
Rolling Chip Volume	–	–	–	–	–	10
Gross Loss Rate %	N/A	N/A	N/A	N/A	N/A	(2.0)%
Gross Win	–	–	–	–	–	(0.2)
Mass Table Drop	242	294	362	295	1,193	908
Net Win Rate %	20.3%	17.0%	20.4%	14.9%	18.2%	18.9%
Net Win	49	50	74	44	217	172
Electronic Gaming Volume	1,159	1,202	1,301	1,174	4,836	4,651
Net Win Rate %	3.3%	3.0%	3.8%	3.1%	3.3%	3.5%
Net Win	38	36	50	36	160	164

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

Property development in Japan

As at 31 December 2024, the Group had two property development projects in Japan.

- (a) As at 31 December 2024, the Group through Summit Ascent indirectly owned 100% of the issued share capital of MSRDC, which held a plot of land with a total site area of 108,799 m² located on Miyako Island, Okinawa, Japan. Subject to the final development plan to be approved by the Group, MSRDC intends to build 40 villas and a hotel tower of more than 100 rooms on the land.
- (b) As at 31 December 2024, the Group owned 100% interest in a plot of land parcels with a total site area of 220,194 m² located at Niseko, Hokkaido, Japan. Subject to the final development plan to be approved by the Group, the Group intends to build over 50 villas and 20 townhouses and a hotel with over 40 rooms on the land..

REVIEW AND OUTLOOK

Market Overview

The Philippines

The Philippine economy continued to grow in 2024, with a 5.7%¹ increase in GDP, reaching US\$461.6 billion² according to the International Monetary Fund. The entertainment industry, particularly the integrated resorts in Manila, continued to benefit from local and international demand. According to the Philippine Amusement and Gaming Corporation (PAGCOR), the total industry Gross Gaming Revenue (GGR) in the country grew by 30.5% year-on-year in the 2024 to PHP372.3 billion³ (US\$6.4 billion) at the end of 2024. In particular, Entertainment City casinos accounted for 81%⁴ of the Total licensed Casino GGR in 2024. In 2024, over 5.4 million foreign visitors visited the Philippines, with South Koreans, Americans and Japanese ranked as the top three groups of international tourists arriving the Philippines. The country's tourism inbound tourism receipts climbed to PHP760.0 billion during 2024, an increase of 57.5%⁵ compared to the tourism revenue generated from 2024.

Russia

According to the International Monetary Fund (IMF), Russia's Gross Domestic Product (GDP) grew by 4.1%⁷ in 2024. Long-term impacts of the Western sanctions resulting from the Russia-Ukraine conflict remained a concern for the country's economy. Meanwhile, tourism industry was experiencing a recovery, Primorsky Krai reported an increase in tourists during 2024 but foreign visitors still representing less than 15% of the total visitors to Primorsky Krai in 2024.

¹ International Monetary Fund

² International Monetary Fund

³ PAGCOR

⁴ PAGCOR

⁵ Department for Tourism, the Philippines

⁶ Department for Tourism, the Philippines

⁷ International Monetary Fund

Development Update

Westside City Project, Philippines

As at 31 December 2024, the construction of structural works and major facade systems up to roof level have been completed. The mechanical, electrical, and plumbing and fire protection systems in major plantrooms have been substantially completed and part of the system has commenced testing and commissioning. Architectural builders and fit-out works, external civil and landscape works are in progress. The focus of the construction team is to continue building upward. Based on the development as of 31 December 2024, the soft opening is targeted towards the end of 2025, with the grand opening aimed at 2026. Based on the latest PAGCOR approved Project Implementation Plan, the expected completion and opening of the Main Hotel Casino is targeted for the third quarter of 2026.

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

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

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

Tigre de Cristal, Russia

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

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

Outlook

Asia remains a fast growing market, according to International Monetary Fund's, the GDP growth of emerging and developing countries in Asia reached 4.6% in 2024, despite the challenges posed by global economic uncertainties and geopolitical tensions may have an impact on the future growth of global economy. In 2024, the Asia tourism market continued to recover and demonstrated a pick-up in growth, countries in Asia and especially in South East Asia countries recorded significant growth in tourist visitation figures in 2024. With our expertise in gaming operations, we believe that there is still considerable potential to invest and develop integrated resorts in Asia market.

In terms of our integrated resort portfolio perspective, our investment in Westside City Project in the Philippines offers the greatest potential for significant returns compared to Hoiana and Tigre de Cristal in the future. Westside City Project, set to launch at the end of 2025, will be the crowning jewel in the already impressive collection of integrated resorts in the Entertainment City in Manila, the Philippines. The government's confirmation that there will be no more gaming licenses in Entertainment City further reinforces our position as one the most prominent and latest integrated resort, incorporating state-of-the-art technology in the region. The Philippine government's ongoing regulatory reforms and supportive policies implementations, it is expected that the growth momentum of the economy and tourism industries of Philippine will be sustained.

The Manila gaming market has tremendous growth potential, with an estimated compound annual growth rate (CAGR) of over 10% in coming years, the highest growth rate in the entire Asian region. Entertainment City in Manila stands head and shoulders above other gaming destinations in Asia in terms of growth, boasting an impressive integrated resort cluster-effect that connects the area to the Manila Ninoy International Airport. Westside City Project also has a strategic location advantage, with connectivity to the existing Ayala Mall, and the conjoined access to Megaworld's largest hotel complex in the country, Westside City Project is seamlessly blending into the heart of Manila's growing resort metropolis. Our exclusive agreement with Alliance Global Group Companies, a Philippine leader in the corporate world, adds to the allure of the best minds in the Philippines working together to build the next integrated resort.

During 2024, the Group divested the joint venture investment in the integrated resort in Vietnam and recouped the Group's investment fund and reallocated resources to the Westside City Project in the Philippines. With the planning of disposal of non-core assets, the Group is now fully focused on developing integrated resorts in a location with the highest and best returns.

Together with our flagship Westside City Project in the Philippines and Tigre de Cristal in Russia, the Group is well-positioned to capture the growth of tourism in Asia.

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

During the year, neither the Company nor any of its subsidiaries had purchased, sold, or redeemed any of the Company's listed securities (including sale of treasury shares (the "**Treasury Shares**") within the meaning under the Listing Rules). As at 31 December 2024, the Company did not hold any Treasury Shares.

CLOSURE OF REGISTER OF MEMBERS FOR ANNUAL GENERAL MEETING

The annual general meeting of the Company is scheduled to be held on 8 August 2025. For determining the entitlement to attend and vote at the annual general meeting, the register of members of the Company will be closed from 5 August 2025 to 8 August 2025 (both days inclusive), during which period no share transfers will be registered. In order to be eligible to attend and vote at the above annual general meeting, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the branch share registrar and transfer office of the Company in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration no later than 4:30 p.m. on 4 August 2025.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintain high standard of corporate governance standards and procedures to safeguard the interests of all shareholders and to enhance accountability and transparency. The Company has complied with the code provisions ("**CG Code**") set out in Part 2 of Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") during the year ended 31 December 2024 except the following deviations:

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

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions of Directors and employees (the “**Securities Code**”) no less exacting than the required standard as set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) set out in Appendix C3 to the Listing Rules. On specific enquiries made, all Directors have confirmed that they have complied with the required standard as set out in the Model Code throughout the year ended 31 December 2024.

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

AUDIT COMMITTEE

The Company has an Audit Committee which was established in accordance with Rule 3.21 of the Listing Rules for the purposes of reviewing and providing supervision over the Group’s financial reporting process, risk management and internal control systems. The consolidated results of the Group for the year ended 31 December 2024 have been reviewed by the Audit Committee. The Audit Committee comprises three members namely Mr. Tou Kin Chuen (Chairman), Mr. Lo Wai Tung John and Ms. Chan Suet Ngan. All of them are independent non-executive Directors.

SCOPE OF WORK OF CROWE (HK) CPA LIMITED

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit and loss and other comprehensive income and the related notes thereto for the year ended 31 December 2024 as set out in the preliminary announcement have been agreed by the Group’s auditor, Crowe (HK) CPA Limited, to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by Crowe (HK) CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Crowe (HK) CPA Limited on the preliminary announcement.

PUBLICATION OF THE ANNUAL RESULTS AND 2024 ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This annual results announcement is published on the websites of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the Company (www.letgroupholdings.com). The Company’s 2024 annual report containing all the information required under the Listing Rules will be dispatched to the shareholders of the Company and will be published on the respective websites of the Stock Exchange and the Company in due course.

PUBLICATION OF ANNUAL REPORT

The annual report of the Company for the year ended 31 December 2024 will be published on or before 10 July 2025.

EXTRACTS OF THE INDEPENDENT AUDITOR'S REPORT

The following is an extract of the independent auditor's report on the Company's consolidated financial statements for the year ended 31 December 2024.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for opinion

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

Material uncertainty relating to going concern

We draw attention to Note 2 to the consolidated financial statements, the Group incurred a net operating cash outflow of approximately HK\$109,671,000 for the year ended 31 December 2024. During the ended 31 December 2024, the Company defaulted the repayment of other borrowing with principal amount of HK\$137,500,000. These conditions, along with the matters as set forth in Note 2 to the consolidated financial statements indicate that a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

CONTINUED SUSPENSION OF TRADING

Trading in the shares of the Company on the Stock Exchange has been halted with effect from 9:00 a.m. on 11 January 2024 and the Securities and Futures Commission has directed the Stock Exchange to suspend all dealings in the Shares under Section 8(1) of the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong) with effect from 9:00 a.m. on 14 February 2024 and will remain suspended until the Company has (i) met all Resumption Guidance (as defined in the Company's announcement dated 8 April 2024 and subsequently revised in the Company's announcements dated 17 May 2024 and 10 February 2025), (ii) remedied the issues causing its trading suspension, and (iii) fully complied with the Listing Rules to the satisfaction of the Stock Exchange.

By order of the Board
LET Group Holdings Limited
Lo Kai Bong
Chairman

Hong Kong, 10 July 2025

As at the date of this announcement, the executive Directors are Mr. Lo Kai Bong (Chairman) and Mr. Lam Hung Tuan and the independent non-executive Directors are Mr. Tou Kin Chuen, Mr. Lo Wai Tung John and Ms. Chan Suet Ngan.