凱升控股有限公司 Summit Ascent Holdings Limited

Summit Ascent Holdings Limited

(Incorporated in Bermuda with limited liability)
Stock Code: 102

Annual Report 2024

CONTENTS

HIGHLIGHTS

- The Group's total revenue for 2024 was HK$414.5 million, an increase of 12% compared to HK$369.1 million in 2023.
- The Group recorded a positive Adjusted EBITDA of HK$ 162.5 million in 2024, compared to HK$131.5 million in 2023.
- The profit attributable to owners of the Company was HK$229.2 million in 2024, a significant turnaround from a loss of HK$740.0 million in 2023. The profit in 2024 was mainly due to (i) no impairment loss recognised on property, operating right and equipment for 2024 whereas an impairment loss of approximately HK$483.1 million in 2023; (ii) fair value gains on derivative financial instruments of approximately HK$144.5 million for 2024 whereas fair value losses on derivative financial instruments of approximately HK$169.0 million in 2023; and (iii) expected credit losses for financial guarantee contracts of approximately HK$44.1 million in 2024, compared to approximately HK$304.8 million in 2023.

Business Review

The gaming and hotel operations of Summit Ascent Holdings Limited (the "Company") and its subsidiaries (the "Group") are conducted through its 77.5% equity interest in Oriental Regent Limited ("Oriental Regent"). Additionally, the Group receives a management fee income calculated at 3% of the total net gaming revenue generated by G1 Entertainment Limited Liability Company ("G1 Entertainment"), a wholly-owned subsidiary of Oriental Regent.

G1 Entertainment holds a gaming license granted by the Russian government, governed by the Russian Federal Law No. 244-FZ of 29 December 2006, "On the State Regulation of Activities Associated with the Organisation of and Carrying on Gambling and on Amending Individual Legislative Acts of the Russian Federation" for an indefinite period. The Company also holds the development rights on three adjacent parcels of land, Lot 8, Lot 9 and Lot 10 with site areas of approximately 73,000 square metres, 90,000 square metres and 154,000 square metres, respectively, in the Integrated Entertainment Zone of the Primorye Region (the "IEZ Primorye") of the Russian Far East. This zone is the largest of five designated zones in the Russian Federation where gaming and casino activities are legally permitted. The first gaming and hotel property, known as Tigre de Cristal, was built on Lot 9 and opened for business in the fourth quarter of 2015. Lot 8 is partly developed with dormitories, a gas-powered station, and a storage area, referred to as the utility zone. The remaining portion of Lot 8 and the entire Lot 10 are currently vacant, held for the phased development of Tigre de Cristal in the future.

The features of Tigre de Cristal are as follows:

- Approximately 36,000 square metres of gaming and hotel space, offering a broad range of gaming options 24 hours a day, 7 days a week, 365 days a year;
- The finest luxury 5-Star hotel in the Russian Far East with 121 rooms and suites, which was named "Russia's Best Casino Hotel 2021" by World Casino Awards;
- Fine dining options in 2 restaurants, the international cuisine "CASCADE" and the Pan-Asian cuisine "88", along with 3 casual bars;
- A virtual golf zone and a private club with karaoke rooms.

The Russia-Ukraine Conflict

The ongoing Russia-Ukraine conflict has had a profound impact on Russian tourism, leading to a notable decline in both inbound and outbound travel. Western countries have imposed stringent travel restrictions on Russia, complicating visits for international tourists and deterring potential travellers. Many nations have issued advisories against travelling to Russia, with consular services reinforcing these warnings to ensure the safety of their citizens.

In addition to travel restrictions, financial sanctions have severely disrupted the availability of services such as Visa and Mastercard within Russia. This has created significant challenges for foreign tourists, who now find it difficult to make payments or access funds while visiting the country. The combination of these factors has created an uncertain environment for the tourism sector, further worsening the decline in visitor numbers and the overall economic impact on the integrated resort industry.

In response to the unprecedented challenges in the business environment, Tigre de Cristal is strategically focusing on the domestic market. This includes renovating the fine dining restaurant CASCADE and redesigning the rebate programs for the mass market. These initiatives aim to enhance customer experience and engagement. The domestic market has demonstrated steady growth over the past year, reflecting resilience amidst current circumstances. By prioritising these efforts, Tigre de Cristal is well-positioned to adapt and thrive in this evolving landscape.

Resignation of Directors

The Company announced that with effect from 15 January 2024:

(i) Mr. Chua Ming Huat David has tendered his resignation as an executive Director and chief executive officer;

(ii) Mr. Chiu King Yan has tendered his resignation as (i) an executive Director; (ii) an authorised representative of the Company under Rule 3.05 of the Rules Governing the Listing of Securities (the "Listing Rules") of The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange"); and (iii) an authorised representative for accepting service of process and notices on behalf of the Company in Hong Kong as required under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (collectively, the "Authorised Representatives"); and

(iii) Mr. Lam Kwan Sing, Mr. Lau Yau Cheung and Mr. Li Chak Hung have tendered their resignations as independent non-executive Directors.

(collectively the "Resignations")

The Resignations were due to their disapproval to the proposed disposal of G1 Entertainment which formed the subject matter of the inside information announcement of the Company (which was eventually published on 17 January 2024) referred to in the trading halt announcement of the Company dated 10 January 2024.

Resignation of Company Secretary

The Company announced that Ms. Mok Ming Wai has resigned as a company secretary of the Company with effect from 17 February 2024. For details, please refer to the announcement of the Company dated 18 January 2024.

Termination of Sale of G1 Entertainment

As disclosed in the announcement of the Company dated 22 February 2024, on 15 January 2024, Oriental Regent as seller and Limited Liability Company "Dalnevostochnyj Aktiv", an independent third party, as buyer entered into an agreement for the sale and purchase (the "Disposal") of the entire issued share capital of G1 Entertainment, at the price of US$116 million of which constituted, amongst other things, a very substantial disposal under Chapter 14 of the Listing Rules as at least one of the applicable percentage ratios in respect of the Disposal is more than 75%. On 19 February 2024, Oriental Regent was served with a "notice of unilateral extrajudicial repudiation (withdrawal from execution) of the Agreement" by the buyer seeking to effect a termination of the Disposal. For further details, please refer to the announcements of the Company dated 17 January 2024 and 22 February 2024.

Resumption Guidance and continued suspension of trading

The Company received two letters from the Hong Kong Stock Exchange (the "Letters") on 5 April 2024 and 16 May 2024 respectively, in which the Hong Kong Stock Exchange sets out the following resumption guidance (the "Resumption Guidance") for the Company:

(a) demonstrate that there is no reasonable regulatory concern about the integrity or character of the Group's management and/or the integrity or character of any persons with substantial influence over the Group's management and operations, which may pose a risk to investors and damage market confidence;

(b) publish all outstanding financial results and address any audit modifications;

(c) demonstrate compliance with Rule 13.24 of the Listing Rules;

(d) re-comply with Rules 3.05, 3.10, 3.10A, 3.21, 3.25, 3.27A, 3.28 and 13.92 of the Listing Rules;

(e) inform the market of all material information for the Company's shareholders and other investors to appraise the Company's position; and

(f) demonstrate that the Company is able to ensure compliance with the Listing Rules and that the Company is suitable for continued listing.

It is stated in the Letters that the Company must (i) meet all Resumption Guidance, (ii) remedy the issues causing its trading suspension, and (iii) fully comply with the Listing Rules to the satisfaction of the Hong Kong Stock Exchange before trading in the Company's securities is allowed to resume. For this purpose, the Company has the primary responsibility to devise its action plan for resumption of trading. Whilst the Company may seek the Hong Kong Stock Exchange's guidance on its resumption plan, its resumption plan is not subject to the Hong Kong Stock Exchange's prior approval before implementation. The Hong Kong Stock Exchange further indicated that it may modify or supplement the Resumption Guidance if the Company's situation changes.

The Hong Kong Stock Exchange provided the following further guidance, amongst others, in the Letters:

- Under Rule 6.01A(1) of the Listing Rules, the Hong Kong Stock Exchange may cancel the listing of any securities that have been suspended from trading for a continuous period of 18 months. In the case of the Company, the 18-month period shall expire on 10 July 2025. If the Company fails to remedy the issues causing the trading suspension, fulfill the Resumption Guidance and fully comply with the Listing Rules to the Hong Kong Stock Exchange's satisfaction and resume trading in the shares of the Company (the "Shares") by 10 July 2025, the Listing Division will recommend the Listing Committee to proceed with the cancellation of the Company's listing. In the meantime, the Hong Kong Stock Exchange reserves all its right under the Listing Rules. Such rights shall include, amongst others, (i) the right to impose a shorter specific remedial period or to cancel the listing of the Company immediately under Rules 6.01 and 6.10 of the Listing Rules; and (ii) the right to bring disciplinary action against the Company and/or its directors at the material time and issue any sanctions against them under Chapter 2A of the Listing Rules, at any time the Hong Kong Stock Exchange considers appropriate.

- The Company must also comply with the Listing Rules and all applicable laws and regulations in Hong Kong and its place of incorporation before resumption.

Trading in the Shares on the Hong Kong 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 Hong Kong 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 announcements dated 8 April 2024 and subsequently revised in the Company's announcement dated 17 May 2024), (ii) remedied the issues causing its trading suspension; and (iii) fully complied with the Listing Rules to the satisfaction of the Hong Kong Stock Exchange.

Use of Proceeds

The Company raised net proceeds of approximately (1) HK$297 million from the placing of Shares on 19 August 2019 (the "2019 Placing") and (2) HK$1,618.4 million from the rights issue on 15 October 2020 (the "Rights Issue"). The detailed breakdown and description of the proceeds and the expected timeline of the unutilised amounts up to 31 December 2024 are set out as follows:

	Unutilised amount as at 1 January 2023 HK$'million	Change in use of proceeds approved on 14 July 2023 HK$'million *(Note)*	Actual amount utilised for the year end 31 December 2023 HK$'million	Unutilised amount as at 31 December 2023 and 31 December 2024 HK$'million	Expected timeline of application of the unutilised amount
(1) The 2019 Placing:					
TdC Phase II, including but not limited to,					
Design	58.0	(58.0)	–	–	
Site surveying and preparation	84.9	(84.9)	–	–	
Tendering of consultants and subcontractors	150.0	(150.0)	–	–	
Sub-Total	292.9	(292.9)	–	–	
(2) The Rights Issue:					
TdC Phase II, including but not limited to,					
Procurement of construction materials	186.4	(186.4)	–	–	
For general working capital of the Group, including but not limited to,					
Repairs and maintenance	7.2	–	(7.2)	–	
Sub-Total	193.6	(186.4)	(7.2)	–	

	Unutilised amount as at 1 January 2023 HK$'million	Change in use of proceeds approved on 14 July 2023 HK$'million *(Note)*	Actual amount utilised for the year end 31 December 2023 HK$'million	Unutilised amount as at 31 December 2023 and 31 December 2024 HK$'million	Expected timeline of application of the unutilised amount
The acquisitions of Modest Achieve Limited and Joyful Award Limited	–	280.0	(280.0)	–	
Designing, planning and funding in part the future development of the land parcels in Japan	–	125.0	–	125.0	By 31 December 2026
For general working capital or potential investment opportunities of the Group	–	74.3	(74.3)	–	
Sub-Total	–	479.3	(354.3)	125.0	
Total	486.5	–	(361.5)	125.0	

Note:

On 27 January 2023, the Company entered into a revolving loan agreement with LET, pursuant to which the Company conditional agreed to grant a revolving loan facility up to HK$500 million to LET at an interest rate of 6% per annum for 3 years (the "Revolving Loan"). The Company proposed to deploy part of the net proceeds from the 2019 Placing and the Rights Issue to the extent of approximately HK$292.9 million and HK$186.4 million respectively, totally HK$479.3 million, originally intended for use in TdC Phase II as the Revolving Loan to generate interest income since TdC Phase II has been suspended. On 10 May 2023, the Company and LET mutually agreed to terminate the Revolving Loan and entered into a deed of termination to release and discharge the respective obligations and liabilities with immediate effect. Therefore, the proposed change in use of proceeds with respect to the Revolving Loan will no longer be required by the Company.

On 18 May 2023, upon entering into the sale and purchase agreements, the Company proposed to utilise the net proceeds from the Rights Issue of approximately HK$479.3 million as to (i) HK$280.0 million for the settlement of the acquisitions of Modest Achieve Limited and Joyful Award Limited; (ii) HK$125.0 million for designing, planning and funding in part the future development of the land parcels in Japan; and (iii) the remaining approximately HK$74.3 million for general working capital or potential investment opportunities of the Group. The proposed change in use of proceeds was approved at the special general meeting of the Company held on 14 July 2023, details of which are disclosed in the Company's announcements dated 18 May 2023 and 14 July 2023, and the circular dated 28 June 2023.

Outlook

While the Russia-Ukraine conflict continues, there is a widespread belief that it will ultimately come to an end. As we navigate this landscape, it is essential to remain adaptable and responsive to the changing situation. We will actively seek opportunities to support domestic tourism and prepare for future recovery as conditions improve.

Despite the political complications impacting our expansion plans for Tigre de Cristal, we remain committed to investing in thriving markets within the hospitality and gaming industry. Since 2020, we have diversified by prudently subscribing to the convertible bonds of Suntrust, leveraging investments from our parent company, LET. Our expertise in the gaming sector has guided us to the rapidly growing markets in the Philippines, an emerging hub for international tourism that attracts diverse demographics, including South Koreans and Japanese travellers. The Group's recent restructuring of financial assistance to Suntrust aligns with our goal of increasing ownership for capital appreciation while safeguarding our existing investments.

Financial Review

Adjusted EBITDA of Tigre de Cristal

Adjusted EBITDA generated by Oriental Regent, a 77.5% owned subsidiary of the Company operating our integrated resort Tigre de Cristal in the Russian Far East, is used by management as the primary measure of operating performance of our gaming and hotel operations, which is not a financial measure under International Financial Reporting Standards (IFRSs) and defined by the Company as Earnings Before Interest, Income Tax, Depreciation and Amortisation, and excluding Company corporate expenses and the non-cash items such as unrealised exchange differences and fair value losses on financial instruments.

In 2024, the Group recorded a positive Adjusted EBITDA of HK$162.5 million, compared to HK$131.5 million in 2023. This improvement was mainly attributable to the increase in revenue of HK$45.4 million during 2024, by 12.3% on a year-on-year basis.

The following table sets forth a reconciliation of Adjusted EBITDA to the reported profit for the year attributable to owners of the Company as per the Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2024.

Reconciliation of Adjusted EBITDA to the profit for the year ended 31 December 2024 attributable to owners of the Company:

		2024 HK$'000	2023 HK$'000
Revenue from rolling chip business		–	(73)
Revenue from mass table business		216,647	171,992
Revenue from electronic gaming business		160,422	163,769
Net revenue from gaming operations		**377,069**	335,688
Revenue from hotel operations		37,436	33,439
Total revenue from gaming and hotel operations		**414,505**	369,127
Add:	Other income	1,613	3,209
Less:	Other gains and losses	(63)	(672)
	Gaming tax	(7,049)	(5,913)
	Inventories consumed	(19,923)	(17,079)
	Marketing and promotion expenses	(9,320)	(9,487)
	Employee benefits expenses	(116,616)	(112,510)
	Other expenses	(100,616)	(95,130)
	Total operating expenses	**(253,587)**	(240,791)
Adjusted EBITDA of Tigre de Cristal		**162,531**	131,545
Add:	Management fee payable to the Company	11,408	10,153
Less:	Company corporate expenses	(22,634)	(26,720)
		151,305	114,978
Add:	Interest income from derivative financial instruments	97,725	101,543
	Bank interest income	35,560	18,232
	Interest income from long-term loan to a fellow subsidiary	9,388	2,697
Less:	Interest on lease liabilities	(425)	(634)
	Income tax expense	(4,066)	(195)
		289,487	236,621

	2024 HK$'000	2023 HK$'000
Non-cash items:		
Add: Fair value gains/(losses) on derivative financial instruments	**144,470**	(169,022)
Less: Net exchange losses	**(80,427)**	(39,064)
Depreciation and amortisation	**(56,410)**	(77,833)
Expected credit loss ("ECL") for financial guarantee contracts	**(44,104)**	(304,834)
Imputed interest expenses	**(4,049)**	(7,188)
Impairment loss recognised on property, operating right and equipment	**–**	(483,107)
Profit/(loss) for the year of the Group	**248,969**	(844,427)
Less: (Profit)/loss for the year attributable to non-controlling interests	**(19,737)**	104,463
Profit/(loss) for the year attributable to owners of the Company	**229,232**	(739,964)

Gaming Operations

Our Gross Gaming Revenue ("GGR") increased by 18% in 2024 on a year-on-year basis, represented 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, consisted of the following:

	2024 HK$'000	Share of GGR %	2023 HK$'000	Share of GGR %
Rolling chip business	**–**	**0.0%**	(198)	0.0%
Mass table business	**307,762**	**63.8%**	231,217	56.7%
Electronic gaming business	**174,873**	**36.2%**	176,943	43.3%
Total GGR	**482,635**	**100.0%**	407,962	100.0%

Rolling chip business

Our rolling chip business primarily targets foreign players. There was no revenue generated from the rolling chip business in 2024. The table below outlines the key performance indicators of our rolling chip business in 2023 for reference.

(HK$ million)	**2024**	2023
Rolling chip volume	–	9.8
Gross loss	–	(0.2)
Add: Rebate	–	0.1
Net loss after rebate	–	(0.1)
Gross loss rate %	–	(2.01)%
Daily average number of tables opened	–	1

Rolling chip volume (measured as the sum of all non-negotiable chips wagered and lost by players) at Tigre de Cristal was HK$9.8 million in 2023. Net loss after all commission rebated directly or indirectly to customers from rolling chip business was HK$0.1 million in 2023. Gross loss percentage (represented the ratio of gross loss to rolling chip volume) was 2.01% in 2023.

Mass table business

Our mass table business primarily targets the local Russian market. The table below sets forth the key performance indicators of our mass table business in 2024 on a quarterly basis.

(HK$ million)	Q1 2024	Q2 2024	Q3 2024	Q4 2024	**2024**	2023
Mass table drop	242	294	362	295	**1,193**	908
Net win	48	50	75	44	**217**	172
Net win rate %	19.8%	17.0%	20.7%	14.9%	**18.2%**	18.9%
Daily average number of tables opened	29	30	30	29	**30**	27

Mass table drop (measured as the sum of gaming chips purchased or exchanged at the cages) increased by 26% to HK$1,193 million in 2024, compared to HK$908 million in 2023. Net win from mass table business increased by 26% to HK$217 million in 2024, compared to HK$172 million in 2023. Net win rate percentage (represented net win as a percent of mass table drop) decreased to 18.2% in 2024 from 18.9% in 2023.

Electronic gaming business

Our electronic gaming business primarily targets the local Russian market. The table below sets forth the key performance indicators in 2024 on a quarterly basis.

(HK$ million)	Q1 2024	Q2 2024	Q3 2024	Q4 2024	**2024**	2023
Electronic gaming volume	1,159	1,202	1,301	1,174	**4,836**	4,651
Net win	38	36	50	36	**160**	164
Net win rate %	3.3%	3.0%	3.8%	3.1%	**3.3%**	3.5%
Daily average number of electronic gaming machines deployed	313	322	322	319	**319**	307

Electronic gaming volume (measured as the total value of electronic gaming credits wagered by players) was HK$4,836 million in 2024, an increase of 4% compared to HK$4,651 million in 2023. The electronic gaming business recorded net win of HK$160 million, down 5% compared to HK$164 million in 2023. The net win rate percentage decreased to 2.4% in 2024 from 3.6% in 2023. The average number of electronic gaming machines deployed increased to 319 in 2024, compared to 307 in 2023.

Hotel Operations

Revenue from hotel operations, including food and beverage income, increased to HK$37.4 million in 2024 or by 12% on a year-on-year basis, as a result of an improvement in the domestic demand. Average hotel occupancy rates, representing the total number of room nights sold divided by the total number of room nights available at Tigre de Cristal, increased to 74% (2023: 73%) during weekends and 44% (2023: 42%) during weekdays in 2024.

Operating Expenses

The Group continued to maintain stringent cost controls during the year. Total operating expenses incurred by Tiger de Cristal were HK$253.6 million in 2024, reflecting a modest increase of 5.3% compared to HK$240.8 million in 2023.

Management fee payable to the Company represented management fee calculated at 3% of the total net gaming revenue generated by Tigre de Cristal and payable to the Company, which will be eliminated in the consolidated financial statements of the Group.

Company corporate expenses mainly consisted of staff costs, audit fees, legal and professional fees and general administrative expenses incurred by the Hong Kong headquarters of the Group.

Interest Income

The Group recognised interest income from derivative financial instruments of HK$97.7 million, being two convertible bonds issued by Suntrust, and interest income from the long-term loan to a fellow subsidiary, Suntrust, of HK$9.4 million in 2024 (2023: HK$101.5 million and HK$2.7 million respectively), all of which generating interest at 6% per annum.

Bank interest income increased by 96% to HK$35.6 million in 2024 compared to HK$18.2 million in 2023. In response to the economy sanctions resulting from the Russia-Ukraine conflict, the Bank of Russia raised its key rate to 7.5% per annum at 1 January 2023, increased gradually to 16% per annum at the end of 2023 and subsequently increased to 21% per annum at the end of 2024.

ECL for Financial Guarantee Contracts

The financial guarantee contracts provided to Suntrust under the loan agreement dated 8 June 2023 as amended by an amendment agreement dated 26 July 2023 the "Suntrust Loan Agreement") between by Suntrust and a bank, were initially recognised at fair value and subsequent measured at the provision amount for ECL of the guarantee in the consolidated financial statements as of 31 December 2024 and 2023. As of 31 December 2024, the aggregate carrying amount of the Group's assets, including the long-term loan to a fellow subsidiary and derivative financial instruments, pledged to a bank for banking facilities granted to Suntrust was approximately HK$1,755 million (2023: approximately HK$1,602.9 million), while the corresponding banking facilities utilised by Suntrust were approximately HK$1,514 million (2023: approximately HK$1,211 million).

By a deed of counter-indemnity dated 8 June 2023 executed by LET in favour of the Group, LET agrees to indemnify and keep the Group fully indemnified from and against all direct, indirect and consequential liabilities and losses arising from the Suntrust Loan Agreement.

During the year ended 31 December 2024, ECL for financial guarantee contracts amounting to approximately HK$44.1 million (2023: approximately HK$304.8 million) was recognised.

Impairment Loss Recognised on Property, Operating Right and Equipment

No impairment loss was recognised for the year ended 31 December 2024 (2023: HK$483.1 million). The impairment loss in 2023 was due to the reassessment of the fair values of the Group's property, operating right and equipment in relation to Tigre de Cristal and the changes in cash flow expectations.

Depreciation and Amortisation

Depreciation and amortisation expenses consisted of depreciation charges on property, operating right and equipment, and amortisation of intangible assets. Depreciation and amortisation of the Group dropped to approximately HK$56.4 million in 2024, compared to approximately HK$77.8 million in 2023 mainly due to the impairment losses of property, operating right and equipment in 2023.

Fair Value Losses on Derivative Financial Instruments

According to the applicable accounting standards, the derivative financial instruments are recognised at fair value, which is a market-based measurement using assumptions that market participants would use, reflecting market conditions at the measurement date. Accordingly, a quoted price in an active market provides the most reliable evidence of fair value and it has to be used to measure fair value whenever available. During the year, the securities markets have experienced significant price and volume fluctuations from time to time that may have been unrelated or disproportionate to the operating performance of particular companies. These broad fluctuations may adversely affect the fair values of the Company's derivative financial investments.

The fair values of the Company's derivative financial instruments have been determined by independent and professional qualified valuers by using discounting cash flow method. The discount rate is the key input parameter for determining the fair values of the convertible bonds issued by Suntrust. The Company recorded net fair value gains of approximately HK$144.5 million for 2024 (2023: losses of approximately HK$169.0 million).

Finance Costs

The Group had no outstanding bank borrowing throughout the years ended 31 December 2024 and 2023. Finance costs of the Group primarily comprised non-cash imputed interest on the loans from non-controlling shareholders of Oriental Regent by applying the effective interest method at recognition, although the loans are non-interest bearing. The decrease in finance costs was mainly due to the repayments of loans from non-controlling shareholders.

Gaming Tax

Unlike most other jurisdictions in Asia, gaming tax in the Russian Federation is not levied on a percentage of gaming revenue. The Russian Federation has established a gaming tax regime which is based on a fixed levy on each gaming table and gaming machine deployed in a particular calendar month in the casino. Gaming taxes are payable to the local governments, who can set their own tax rate based on a range stipulated by the Tax Code of the Russian Federation. In 2023 and 2024, the monthly rates per gaming table and per gaming machine applicable to the Group were Russian ruble ("RUB") 125,000 and RUB7,500 respectively.

In response to the COVID-19 outbreak and Russia-Ukraine conflict, the local government of the Primorye Region had introduced various relief measures and granted gaming tax reduction to lower the gaming tax rates provisionally to RUB85,000 per gaming table and RUB5,500 per electronic gaming machine from January 2023 to June 2023; and subsequently increased to RUB105,000 per gaming table and RUB6,500 per electronic gaming machine from July 2023 to December 2023.

Income Tax Expense

No provision for taxation in Hong Kong has been made as the Group has no assessable profit in 2024 and 2023. As at 31 December 2024, the Group had unused tax losses of HK$11.3 million (31 December 2023: HK$18.4 million) available under Hong Kong Profits Tax for offset against future profits.

No provision for taxation in Japan has been made as the Group has no assessable profit in 2024 and 2023. As at 31 December 2024, the Group had unused tax losses of HK$ 19.8million (31 December 2023: HK$15.8 million) available under Japanese corporate tax for offset against future profits.

G1 Entertainment has an exemption from the Russian corporate tax on profit generated from gaming operations. As for non-gaming revenues, the Group's subsidiaries in the Russian Federation are subject to the Russian corporate tax rate which currently stands at 20%. As at 31 December 2024, the Group had unused tax losses of approximately HK$445.2 million (31 December 2023: approximately HK$ 523.7 million) available under the Russian corporate tax and all losses may be carried forward indefinitely. The Group believes that these unrecognised tax losses are adequate to offset any adjustments related to uncertain tax matters that might be proposed by the Russian tax authorities.

Profit/(loss) Attributable to Owners of the Company

Profit attributable to owners of the Company was HK$229.2 million in 2024, compared to a loss of HK$740.0 million in 2023.

Final Dividend

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

Liquidity, Financial Resources and Capital Structure

The Group continued to maintain a strong financial position and the equity attributable to owners of the Company was HK$2,657.7 million as at 31 December 2024 (31 December 2023: HK$2,438.3 million). Our business is capital intensive, and we rely heavily on the ability of our property to generate operating cash flows to maintain operations. When necessary and available, we supplement the cash flows generated by our operations with funds provided by equity financing activities.

The Group had no outstanding bank borrowing throughout the year ended 31 December 2024 (31 December 2023: Nil). Thus, the gearing ratio, expressed as a percentage of total borrowings divided by total assets, was zero percent as at 31 December 2024 (31 December 2023: 0%).

On 16 November 2020, the Company issued the US$3,000,000, 5-year zero-coupon convertible bonds to settle the acquisition of 2.5% equity interest in Oriental Regent together with the US$1,892,275 shareholder's loan due and owing by Oriental Regent from Sharp Way Group Limited, which is convertible to the Shares at the initial conversion price of HK$3.5 per Share (subject to adjustment in the event of consolidation, reclassification or subdivision of the Shares).

The Group remains conservative in its working capital management. As at 31 December 2024, net current assets of the Group were HK$286.9 million (31 December 2023: HK$171.8 million) and the current ratio (represented a comparison of current assets to current liabilities) was 1.6, compared to 1.4 as at 31 December 2023. Cash and cash equivalents were HK$444.9 million at 31 December 2024 (31 December 2023: HK$339.5 million), comprised 0.2% in HK$, 85.0% in RUB, 14.7% in US$ and 0.1% in Japanese yen (JPY). The majority of our cash equivalents at 31 December 2024 was in fixed deposits with a maturity of three months or less generally.

The following table sets forth a summary of the Group's cash flows in 2024 and 2023:

	2024 **HK$'000**	2023 HK$'000
Net cash generated from operating activities	**139,567**	86,068
Net cash generated from/(used in) investing activities	**13,068**	(437,987)
Net cash used in financing activities	**(4,238)**	(89,905)
Net increase/(decrease) in cash and cash equivalents	**148,397**	(441,824)
Cash and cash equivalents at the beginning of the year	**339,466**	831,861
Effect of foreign exchange rate changes	**(42,916)**	(50,571)
Cash and cash equivalents at the end of the year	**444,947**	339,466

Net cash generated from operating activities of approximately HK$139.6 million in 2024 and approximately HK$86.1 million in 2023 represented the positive cash inflows generated from the operations of Tigre de Cristal.

Net cash generated from investing activities of approximately HK$13.1 million in 2024 was mainly attributable to (i) the bank interest income of approximately HK$35.6 million; and net off with the purchase of property and equipment of approximately HK$15.4 million. Net cash used in investing activities of approximately HK$438.0 million in 2023 was mainly attributable to (i) the net cash outflow arising from the acquisition of Modest Achieve Limited and Joyful Award Limited of approximately HK$281.6 million; and (ii) long-term loan to Suntrust of US$20 million (equivalent to approximately HK$156.6 million) advanced to Suntrust.

Net cash used in financing activities of approximately HK4.2 million in 2024 mainly represented the repayment of lease liabilities of approximately HK$4.1 million. Net cash used in financing activities of approximately HK90.0 million in 2023 mainly represented the repayments of loans from non-controlling shareholders of Oriental Regent of approximately HK$83.8 million and the repayment of lease liabilities of approximately HK$5.9 million.

Management believes that the Group has the capital resources and liquidity necessary to meet its commitments, support its operations, finance capital expenditures, and support growth strategies, because the Group has adequate cash and cash equivalents, and the ability to generate cash from operations.

Charge on Assets

The Long-term Loan to a fellow subsidiary and derivative financial instruments were pledged or otherwise encumbered as at 31 December 2024 and 2023.

Exposure to Fluctuations in Exchange Rates

The functional currency of the Company is HK$ and the consolidated financial statements of the Group are presented in HK$.

For financial reporting purposes, the consolidated financial statements of the Group incorporate the financial statements of its subsidiaries. The income and expenses, and the assets and liabilities of subsidiaries stated in currencies other than its functional currency are converted into HK$. The Group's equity position reflects changes in book values caused by exchange rates. Hence, period-to-period changes in average exchange rates may cause translation effects that have a significant impact on results, and assets and liabilities of the Group. As these fluctuations do not necessarily affect future cash flows, the Group does not hedge against exchange rate translation risk.

On the other hand, revenues from mass table business and electronic gaming business are denominated in RUB. The risk of RUB fluctuation impacting the results of the Group is substantially mitigated by a natural hedge in matching our operating costs incurred by subsidiaries operating in the Russian Federation, denominated in the same currency.

Capital Commitment

The Group's capital commitment as at 31 December 2024 amounted to approximately HK$2,296,000 for maintenance, improvement and refurbishment works of Tigre de Cristal (31 December 2023: approximately HK$392,000).

Contingent Liabilities

Pursuant to the announcement issued by the Securities and Futures Commission (the "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 LET as a result of alleged misconduct of Mr. Lo Kai Bong ("Mr. Lo"), Chairman, executive Director and controlling shareholder of both companies. The share repurchase order, if granted by the Court, would require Mr. Lo, the Company and/or LET to make an offer to purchase shares from both companies' minority shareholders independent of Mr. Lo 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 report, 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.

Employees

As at 31 December 2024, total number of employees employed by the Group was 945 (31 December 2023: 971). Currently, more than 97% of our full-time employees are local Russian citizens (31 December 2023: 97%). The Group continues to provide remuneration packages and training programs to employees in line with prevailing market practices. In addition to the contributions to employees' provident fund and medical insurance programs, the Company has a share option program in place and occasionally may grant shares options to directors, employees and consultants of the Group as incentives.

Anti-Money Laundering Policy

The Russian gaming industry is one of the most heavily regulated and controlled business sectors in the country, and governed by the Russian Federal Law No. 115-FZ of 7 August 2001 "On Countering the Legalisation (Laundering) of Proceeds from Crime and Financing of Terrorism" in relation to the anti-money laundering and counter-terrorist financing measures (the "AML/CFT"). According to the AML/CFT Mutual Evaluations Report on the Russian Federation published by the Financial Action Task Force (FATF), the Eurasian Group and the Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism of the Council of Europe (MONEYVAL) in December 2019, Russian authorities have an in-depth understanding of the country's money laundering and terrorist financing risks and a robust legal framework for combating terrorist financing, which is largely in line with international standards. Also, the Russian Federation has improved its legal framework and operational approach to enhance transparency of legal persons, which makes it more difficult to misuse a legal person established in the country.

The Federal Tax Service of Russia is responsible for the AML/CFT supervision of casinos. Tigre de Cristal must undertake certain anti-money laundering procedures, including mandatory review of pay-outs of more than RUB600,000 (equivalent to approximately HK$46,000) in value and the filing of reports with the Federal Financial Monitoring Services of the Russian Federation, also known as Rosfinmonitoring, which is directly under the authority of the President of the Russian Federation and aimed to collect and analyze information about financial transactions in order to combat domestic and international money laundering, terrorist financing, and other financial crimes. Furthermore, Tigre de Cristal has adopted its own anti-money laundering and combating the financing of terrorism policies in accordance with the provisions of the Russian AML/CFT laws and the key components include: internal control systems; a special officer to oversee the daily compliance; client identification and screening; and reporting unusual transactions subject to mandatory requirements.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Directors

Mr. Lo Kai Bong (aged 46)
Chairman and Executive Director

Mr. Lo had been a Non-executive Director of Summit Ascent Holdings Limited (the "Company" and together with its subsidiaries, the "Group") since 12 December 2018 until he was re-designated as an Executive Director of the Company and appointed as the Deputy Chairman of the Company on 26 April 2019. On 31 August 2022, Mr. Lo was re-designated from Deputy Chairman to Chairman of the Company. He is also a director of certain subsidiaries of the Company. Mr. Lo is currently an executive director of LET Group Holdings Limited ("LET", stock code: 1383, formerly known as Suncity Group Holdings Limited) and has been appointed as the chairman of LET since 31 August 2022, a company listed on The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange"). The Company is an indirect non-wholly owned subsidiary of LET. Mr. Lo became a substantial shareholder of LET and the Company on 13 May 2022. Mr. Lo has been involved in the business development of LET's overseas businesses. Mr. Lo is also responsible for the corporate management, mergers and acquisitions of LET and is experienced in the gaming industry. In addition, Mr. Lo has been appointed as a director and the chairman of Suntrust Resort Holdings, Inc. ("Suntrust", stock code: SUN, formerly known as Suntrust Home Developers, Inc.) since May 2021 and October 2021 respectively, a company listed on The Philippine Stock Exchange, Inc. and an indirect non-wholly owned subsidiary of LET.

Mr. Lo has obtained a Bachelor of Arts degree from the University of Winnipeg in Canada.

Mr. Lam Hung Tuan (aged 47)
Executive Director

Mr. Lam has been appointed as Executive Director of the Company with effect from 11 March 2025. Mr. Lam is currently an executive director of LET. Mr. Lam is also the Chief Technology Officer of Suntrust. He is also the Vice President of Information Systems and Technology (IS&T) of Hoi An South Development Ltd., an indirect subsidiary of the then joint venture of LET, during the period from November 2021 to July 2022. Mr. Lam has over 20 years of experience in information technology industry.

Mr. Lam began his Bachelor degree of Science at the Western Sydney University (formerly known as University of Western Sydney) in January 1996. After completing his first year of studies, he proceeded with and focused on advancing his career.

Mr. Chang Heng Kit (aged 38)
Non-executive Director

Mr. Chang has been appointed as a Non-executive Director of the Company since 10 July 2024. He is currently a general manager of a travel agency company in Vietnam. Prior to this, he was a director of guest services and relations development of a leading gaming promoter in Macau from 2011 to 2021. Mr. Chang has over 13 years of experience in the gaming industry, obtained from his previous working experience in various companies in Asia.

Mr. Chang obtained a Bachelor of Economics degree from Jinan University of the People's Republic of China in 2011.

Mr. Lau Yau Cheung (aged 64)
Independent Non-executive Director

Mr. Lau has been appointed as an Independent Non-executive Director of the Company since 11 March 2025. He was an Independent Non-executive Director of the Company during the period from 31 October 2018 to 15 January 2024. He is also the chairman of the nomination committee and a member of the audit committee, corporate governance committee and remuneration committee of the Company.

Mr. Lau has over 28 years of experience in business strategies and corporate finance and 7 years of experience in the securities trading business. He has served in various senior management positions with both private and public companies in Hong Kong and overseas. Mr. Lau is the managing director of BH Capitalink Development Limited. He was also an independent non-executive director of Sandmartin International Holdings Limited ("Sandmartin"), a company listed on the Hong Kong Stock Exchange (stock code: 482), during the period from 7 August 2017 to 18 August 2021, and the chairman of Sandmartin during the period from 18 August 2017 to 18 August 2021. A winding up petition dated 5 July 2017 was filed by a petitioner against Sandmartin (the "Petition"), which was prior to the appointment of Mr. Lau as an independent non-executive director of Sandmartin on 7 August 2017 and chairman of the board of directors of Sandmartin on 18 August 2017. Upon submission of the joint application of the petitioner, Sandmartin and the 2nd and 3rd respondents by way of consent summons dated 21 December 2018, the High Court of Hong Kong had granted an order on 7 January 2019 that the Petition be dismissed.

Mr. Lau holds a bachelor's degree in commerce from the University of Toronto in Canada.

Mr. Li Chak Hung (aged 60)
Independent Non-executive Director

Mr. Li has been appointed as an Independent Non-executive Director of the Company since 11 March 2025. He was an Independent Non-executive Director of the Company during the period from 31 October 2018 to 15 January 2024. He is also the chairman of the audit committee and a member of the remuneration committee, nomination committee, and corporate governance committee of the Company.

Mr. Li has over 30 years' experience in accounting, auditing, taxation and financial management. Mr. Li is currently an independent non-executive director of Asiasec Properties Limited (stock code: 271) and Alpha Professional Holdings Limited (stock code: 948), and he was an independent non-executive director of Sandmartin International Holdings Limited (stock code: 482) from September 2016 to August 2021, all of these companies are listed on the Hong Kong Stock Exchange.

Mr. Li is graduated from The Chinese University of Hong Kong and holds a Bachelor's Degree of Business Administration. He is a practising Certified Public Accountant of the HKICPA and a Fellow of The Taxation Institute of Hong Kong.

Ms. Ng Shin Kwan Christine (aged 56)
Independent Non-executive Director

Ms. Ng has been appointed as an Independent Non-executive Director of the Company since 11 March 2025. She is also the chairlady of the remuneration committee and corporate governance committee and a member of the audit committee and nomination committee of the Company.

Ms. Ng has over 20 years of experience in business development, corporate management and investment funds and held executive positions in various investment and securities companies. She was also an executive director of GT Group Holdings Limited ("GT Group") during the period from 31 August 2007 to 4 March 2022. GT Group was a company incorporated in Hong Kong and was listed on the Hong Kong Stock Exchange until delisted on 31 October 2022.

Ms. Ng obtained a Bachelor of Economics degree from the University of Sydney.

Public sanction against Ms. Ng

The Listing Committee of the Hong Kong Stock Exchange issued a disciplinary decision (the "Decision") against Ms. Ng by way of a letter dated 14 May 2019.

Pursuant to the Decision, Ms. Ng was censured for failing to (a) apply such degree of skill, care and diligence required and expected of her and in taking reasonable steps to procure GT Group to comply with the Listing Rules, in breach of Rule 3.08(f) of the Listing Rules; and (b) use her best endeavours to procure the GT Group's compliance with the Listing Rules and comply with the Listing Rules to the best of her ability in breach of her obligations under her undertaking given to the Hong Kong Stock Exchange. Ms. Ng was also directed to attend and complete 40 hours of training on Listing Rules compliance, director's duties and ethics and corporate governance matters (the "Training") within 6 months from the date of publication of the Decision. For further details, please refer to the regulatory announcement titled "The Listing Committee censures GT Group Holdings Limited (Stock Code: 263) and a number of its current and former directors for breaching the Listing Rules and/or the Director's Undertaking" published on the website of the Hong Kong Stock Exchange.

Senior Management

Mr. Stylianos Tsifetakis (aged 54)
Chief Operating Officer – Russian Operations

Mr. Tsifetakis has joined the Group in a senior management capacity since September 2014. Mr. Tsifetakis has over 23 years of experience in the casino and hospitality industry. Prior to joining the Group, he was the Director of Operations at Regency Casino Mont Parnes and a director at Hyatt Regency Casino, both of which are located in Greece. Mr. Tsifetakis also held senior managerial roles in various world class hotels in multiple jurisdictions including the United Kingdom, Romania and Kazakhstan.

Mr. Tsifetakis holds a casino management certificate in Greece and graduated from London South Bank University in the United Kingdom with a Bachelor of Arts (Honours) degree in hotel management.

Mr. Yip Ho Chi (aged 55)
Finance Director

Mr. Yip has been Finance Director of the Company since October 2013. He is a director of a subsidiary of the Company. Prior to joining the Company, Mr. Yip was the chief financial officer of MelcoLot Limited (stock code: 8198, now known as Crypto Flow Technology Limited), a company listed on the Hong Kong Stock Exchange, from June 2009 to October 2013. Before this, he had been serving as an executive director, finance director and company secretary of Sandmartin International Holdings Limited (stock code: 482), a company listed on the Hong Kong Stock Exchange from March 2000 to June 2009. Mr. Yip was also an audit manager of Deloitte Touche Tohmatsu with whom he worked for over seven years.

Mr. Yip graduated from The University of Hong Kong with a Bachelor of Business Administration degree. He is a fellow member of both the ACCA in the United Kingdom and the HKICPA.

Summit Ascent Holdings Limited (the "Company", together with its subsidiaries, collectively the "Group") is committed to maintaining high standards of corporate governance. Our business culture and practices are founded upon a common set of values that govern our relationships with customers, employees, shareholders, suppliers and the communities in which we operate.

Compliance of Corporate Governance Code

The Company has complied with the code provisions of the Corporate Governance Code (the "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:

Non-Compliance with Requirements under the Listing Rules

(a) Chairman and Chief Executive

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 Mr. Chua Ming Huat David ("Mr. Chua"), as Chief Executive Officer on 15 January 2024, 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).

(b) Independent Non-executive Directors

Immediately following the resignations of Mr. Lam Kwan Sing, Mr. Lau Yau Cheung ("Mr. Lau") and Mr. Li Chak Hung ("Mr. Li") on 15 January 2024, the Company had:

(i) no independent non-executive Director, which resulted in the current number of independent non-executive Directors falling below the minimum number required under Rule 3.10(1) of the Listing Rules and the number of independent non-executive Directors failed to maintain at least one-third of the members of the Board as required under Rule 3.10A of the Listing Rules;

(ii) no member in the Audit Committee, which resulted in the number of Audit Committee members falling below the minimum number and the Company's failure to have an independent non-executive Director as a chairman of the Audit Committee as required under Rule 3.21 of the Listing Rules;

(iii) no member in the Remuneration Committee, which resulted in the Company's failure to have an independent nonexecutive Director as a chairman of the Remuneration Committee and a majority of independent non-executive Directors in the Remuneration Committee as required under Rule 3.25 of the Listing Rules;

(iv) no member in the Nomination Committee, which resulted in the Company's failure to have the chairman of the Board or an independent non-executive Director as a chairman of the Nomination Committee and a majority of independent non-executive Directors in the Nomination Committee as required under Rule 3.27A of the Listing Rules; and

(v) the Company did not receive annual confirmation from each of the independent non-executive Directors concerning their independence to the Company pursuant to Rule 3.13 of the Listing Rules for the year ended 31 December 2024.

The above Listing Rules have been complied with through the appointment of Ms. Ng Shin Kwan Christine ("Ms. Ng"), reappointments of Mr. Lau and Mr. Li as independent non-executive Directors and the re-constitution of the Audit Committee, the Remuneration Committee and the Nomination Committee on 11 March 2025 as detailed in the announcement of the Company dated 11 March 2025.

(c) Authorised Representatives

Following the resignation of Mr. Chiu King Yan ("Mr. Chiu") on 15 January 2024 as (i) the authorised representative of the Company under Rule 3.05 of the Listing Rules; and (ii) an authorised representative for accepting service of process and notices on behalf of the Company in Hong Kong as required under the Hong Kong Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (collectively, the "Authorised Representatives"), the Company did not meet the requirement under Rule 3.05 of the Listing Rules that an issuer should appoint two authorised representatives for the year ended 31 December 2024.

The above Listing Rules have been complied with through the appointment of Ms. Mak Sin Man ("Ms. Mak") as the Authorised Representatives on 11 March 2025.

(d) Company Secretary

Following the resignation of Ms. Mok Ming Wai of Tricor Services Limited, an external service provider, as the Company Secretary of the Company on 17 February 2024, the Company did not meet the requirements under Rule 3.28 of the Listing Rules.

The above Listing Rule has been complied with through the appointment of Ms. Mak as the Company Secretary of the Company on 11 March 2025.

The Board of Directors

Composition of the Board

As at 31 December 2024, the board of directors of the Company (the "Board") had two members, consisting of one Executive Director, Mr. Lo Kai Bong (Chairman) ("Mr. Lo") and one Non-executive Director, Mr. Cheng Heng Kit ("Mr. Cheng"). Biographies of the directors of the Company (the "Directors") as at the date of report are contained in the section headed "Biographical Details of Directors and Senior Management" set out on pages 19 to 22 of this annual report. Save as disclosed above, there are no relationships (including financial, business, family or other material/relevant relationship(s)) between the Board members.

The Company did not have any independent non-executive Directors as at 31 December 2024. The Company considers that the independent non-executive Directors as of the date of this report to be independent.

All Directors have entered into formal service agreements/letters of appointment with the Company, which set out the key terms and conditions of their respective appointments. The Directors resigned on 15 January 2024 were appointed for a term of three years before their resignations. Mr. Chang Heng Kit, the non-executive Director, was appointed for a term of one year and renewable automatically for successive terms of one year upon expiry of the current term of his appointment. All independent non-executive Directors appointed on 11 March 2025 were appointed for a term of one year and renewable automatically for successive terms of one year upon expiry of the current term of his appointment.

Every Director will retire once every three years. In accordance with the Bye-laws of the Company, subject to authorisation by the shareholders of the Company (the "Shareholders") in general meeting, the directors shall (until and unless such authorisation is revoked) have the power from time to time and at any time to appoint any person as a directors either to fill a casual vacancy on the Board or as an addition to the existing Board but so that the number of directors so appointed shall not exceed any maximum number determined from time to time by the Shareholders in general meeting. Any directors so appointed by the Board shall hold office until the first annual general meeting of the Company after his appointment, and shall then be eligible for re-election at that meeting.

Directors' training

Directors shall keep abreast of regulatory developments and changes in order to effectively perform their responsibilities and to ensure that their contribution to the Board remains informed and relevant.

Every newly appointed Director has received a comprehensive orientation package on the first occasion of his appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of Director's responsibilities and obligations under the Listing Rules and relevant statutory requirements. Such induction shall be supplemented by meetings with senior management of the Company.

All Directors have participated in continuous professional development to develop and refresh their skills and knowledge in accordance with code provision C.1.4 of the CG Code. The Company has also sent information on external training courses and articles to Directors from time to time. A summary of training received by Directors during the year ended 31 December 2024 is set out below:

Directors	Type of continuous professional development Reading regulatory updates
Executive Directors	
Mr. Lo	✔
Mr. Chua (resigned on 15 January 2024)	✔
Mr. Chiu (resigned on 15 January 2024)	✔
Non-executive Directors	
Mr. Cheng (appointed on 10 July 2024)	✔
Independent Non-executive Directors	
Mr. Lam Kwan Sing (resigned on 15 January 2024)	✔
Mr. Lau (resigned on 15 January 2024 and re-appointed on 11 March 2025)	✔
Mr. Li (resigned on 15 January 2024 and re-appointed on 11 March 2025)	✔

Board meetings

Pursuant to code provision C.5.1, the board should meet regularly and board meetings should be held at least four times a year at approximately quarterly intervals. In addition, pursuant to code provision C.2.7, the chairman should at least annually hold meetings with the independent non-executive directors without the presence of other directors.

During the year ended 31 December 2024, the Company held 2 board meetings. The board also passed resolutions in writing to approve certain matters. No meetings were held between the Chairman and Independent Non-executive Directors due to the absence of Independent Non-executive Directors after 15 January 2024.

Whenever possible, ample notice of the Board meetings was given, and Board papers were provided in advance to Directors to enable them to prepare for the meetings. The Company Secretary (or her delegate(s)) keeps full records of the Board meetings.

Board and committee attendance

The attendance records of the Directors at Board meetings, Board committee meetings and general meetings during the year ended 31 December 2024 are as follows:

Name of Directors	No. of Board meetings attended/ held
Executive Directors	
Mr. Lo	2/2
Mr. Chua *(Note 1)*	1/1
Mr. Chiu *(Note 2)*	1/1
Non-executive Director	
Mr. Cheng *(Note 3)*	1/1
Independent Non-executive Directors	
Mr. Lam Kwan Sing *(Note 4)*	0/1
Mr. Lau *(Note 5)*	1/1
Mr. Li *(Note 6)*	1/1
Average Attendance Rate	**87.5%**

Notes:

(1) Mr. Chua resigned as Executive Director and Chief Executive Officer on 15 January 2024.

(2) Mr. Chiu resigned as Executive Director on 15 January 2024.

(3) Mr. Cheng was appointed as Non-executive Director on 10 July 2024.

(4) Mr. Lam Kwan Sing resigned as Independent Non-executive Director, chairman of Remuneration Committee and Corporate Governance Committee, member of Audit Committee and member of Nomination Committee on 15 January 2024.

(5) Mr. Lau resigned as Independent Non-executive Director, chairman of Nomination Committee, member of Audit Committee, Remuneration Committee and Corporate Governance Committee on 15 January 2024. Mr. Lau was re-appointed as Independent Non-executive Director, and chairman of Nomination Committee, a member of Audit Committee, Remuneration Committee and Corporate Governance Committee on 11 March 2025.

(6) Mr. Li resigned as Independent Non-executive Director, chairman of Audit Committee, member of Remuneration Committee, Nomination Committee and Corporate Governance Committee on 15 January 2024. Mr. Li was re-appointed as Independent Non-executive Director, chairman of Audit Committee, a member of Remuneration Committee, Nomination Committee and Corporate Governance Committee on 11 March 2025.

(7) No meetings of Audit Committee, Remuneration Committee, Nomination Committee and Corporate Governance Committee were held during the year 31 December 2024.

(8) No annual general meeting was held during the year ended 31 December 2024.

Procedure to enable Directors to seek independent professional advice

To assist the Directors to discharge their duties to the Company, the Board has established written procedures to enable the Directors, upon reasonable request, to seek independent professional advice, at the Company's expense, in appropriate circumstances. No request was made by any Director for such independent professional advice in 2024.

Securities dealings by Directors and employees

The Company has adopted its own code for dealing in the Company's securities by Directors and relevant employees, who are likely to be in possession of inside information in relation to the securities of the Company (the "Code of Securities Dealings") on terms no less exacting than the required standards set out in the Model Code for Securities Transactions by Directors of Listed Issuers of the Listing Rules (the "Model Code"). After having made specific enquiry of all Directors, the Company has received confirmation from all Directors that they have complied with the required standards set out in the Model Code and the Code of Securities Dealings throughout the year ended 31 December 2024.

Directors' and officers' insurance

The Company has arranged appropriate insurance cover in respect of potential legal actions against its Directors and officers. The coverage and the amount insured are reviewed annually by the Company.

Delegation by the Board

Management functions

The Board delegates day-to-day operations of the Group to management. Both the Board and the management have clearly defined authorities and responsibilities under various internal control and check-and-balance mechanisms. The ultimate responsibility for the day-to-day management of the Company is delegated to the Executive Directors and the management.

The Board is responsible for establishing the strategic direction of the Group, setting objectives and business development plans, monitoring the performance of senior management and assuming responsibility for major decisions, significant transactions and corporate governance. The Board also reviews and approves the Company's annual budget and business plans, which serve as important benchmarks in assessing and monitoring the performance of the management.

The management, under the leadership of the Executive Directors, is responsible for implementing the strategies and plans established by the Board. To ensure effective discharge of the Board's responsibilities, the management submits monthly, quarterly and annual operations reports to the Board. The Directors have full and ready access to the management on the Company's business and operations.

Board committees

To assist the Board in execution of its duties and to facilitate effective management, certain functions of the Board have been delegated to committees, which review and make recommendations to the Board in specific areas. Chairmen and members of the committees are set out in the section headed "Corporate Information" on page 172 of this annual report.

Each committee has its defined terms of reference and has power to decide on matters within its terms of reference. The Board committees' terms of reference have been posted on the Company's website at www.saholdings.com.hk under the section headed "Corporate Governance".

Each committee is provided with sufficient resources to perform its duties. It may seek independent professional advice at the Company's expense, where necessary.

(1) Audit Committee

The Audit Committee is made up of three Independent Non-executive Directors. As at 1 January 2024, the members of the Audit Committee were Mr. Li (chairman), Mr. Lam Kwan Sing and Mr. Lau. During the period after the resignations of all members of the Audit Committee on 15 January 2024 and immediately prior to the appointment of Mr. Li (chairman), Mr. Lau and Ms. Ng on 11 March 2025, the Company had no member in the Audit Committee, which resulted in the number of Audit Committee members falling below the minimum number and the Company's failure to have an independent non-executive Director as a chairman of the Audit Committee as required under Rule 3.21 of the Listing Rules. They all possess appropriate professional qualifications and expertise required by Rule 3.21 of the Listing Rules.

The role of the Audit Committee is to (a) monitor external auditor's work, appointment and remuneration, (b) review the Group's financial statements and published reports, (c) provide advice and comments thereon to the Board and (d) review and supervise the financial reporting system, risk management and internal control systems of the Group.

The detailed duties and powers of the Audit Committee are set out in the committee's terms of reference, which align with the requirements of the CG Code and the guidelines issued by the Hong Kong Institute of Certified Public Accountants.

The principal functions include:

(a) review the Group's financial results and reports;
(b) review the internal control and risk management systems of the Company;
(c) review the internal audit function of the Company and approve the Group's internal audit plan;
(d) review the continuing connected transactions of the Company;
(e) consider and recommend to the Board on the resignation and appointment of external auditor; and
(f) approve the remuneration of external auditor.

(2) Nomination Committee

The Nomination Committee is made up of three Independent Non-executive Directors. As at 1 January 2024, the members of Nomination Committee were Mr. Lau (chairman), Mr. Lam Kwan Sing and Mr. Li. During the period after the resignations of all members of the Nomination Committee on 15 January 2024 and immediately prior to the appointment of Mr. Lau (chairman), Mr. Li and Ms. Ng on 11 March 2025, the Company had no member in the Nomination Committee which resulted in the Company's failure to have the chairman of the Board or an independent non-executive Directors in the Nomination Committee as required under Rule 3.27A of the Listing Rules.

The Nomination Committee reviews the Board's size and composition and advises the Board on Director appointment. The principal functions include:

(a) review the structure, size, composition and diversity of the Board;
(b) review the board diversity policy and the director nomination policy of the Company;
(c) assess the independence of Independent Non-executive Directors so as to ensure independent views and input are available to the Board; and
(d) recommend to the Board on re-election of Directors.

(3) Remuneration Committee

The Remuneration Committee is made up of three Independent Non-executive Directors. As at 1 January 2024, the members of Remuneration Committee were Mr. Lam Kwan Sing (chairman), Mr. Lau nd Mr. Li. During the period after the resignations of all members of the Remuneration Committee on 15 January 2024 and immediately prior to the appointment of Ms. Ng (chairlady), Mr. Lau and Mr. Li on 11 March 2025, the Company had no member in the Remuneration Committee which resulted in the Company's failure to have an independent non-executive Director as a chairman/chairlady of the Remuneration Committee and a majority of independent non-executive Directors in the Remuneration Committee as required under Rule 3.25 of the Listing Rules.

The Remuneration Committee reviews the remuneration packages of the Executive Directors and senior management as well as guidelines on salary revision and bonus distribution to the Group's employees and the principal functions include:

(a) review the remuneration of Directors and senior management of the Company;
(b) review the Company's policy and structure for the remuneration of all Directors and senior management;
(c) review the share schemes of the Company;
(d) recommend to the Board on the remuneration packages of the Executive Directors and senior management and evaluation system for the performance of Executive Directors; and
(e) review the performance, constitution and terms of reference of the Remuneration Committee.

When considering remuneration of the Executive Directors and senior management, the committee considers a number of factors, including salaries paid by comparable companies, job responsibilities, and individual and company performance.

Details of remuneration of the Directors, chief executive and senior management by band are set out in notes 13, 14 and 38 to the consolidated financial statements.

(4) Corporate Governance Committee

The Corporate Governance Committee was formed to assist the Board to perform corporate governance functions set out in code provision A.2.1. It is made up of three Independent Non-executive Directors. As at 1 January 2024, the members of the Corporate Governance Committee were Mr. Lam Kwan Sing (chairman), Mr. Lau and Mr. Li. During the period after the resignations of all members of Corporate Governance Committee on 15 January 2024 and immediately prior to the appointment of Ms. Ng (Chairlady), Mr. Lau and Mr. Li on 11 March 2025, the Company had no member in the Corporate Governance Committee. The Board has delegated the following corporate governance duties to the Corporate Governance Committee:

(a) develop and review the Company's policies and practices on corporate governance and make recommendations to the Board;
(b) review and monitor the training and continuous professional development of Directors and senior management;
(c) review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
(d) develop, review and monitor the code of conduct and compliance manual applicable to employees and Directors; and
(e) review the Company's compliance with the CG Code and disclosure in the corporate governance report.

Board Independence Evaluation

The Company has established a Board Independence Evaluation Mechanism which sets out the processes and procedures to ensure a strong independent element on the Board, which allows the Board effectively exercises independent judgment to better safeguard Shareholders' interests.

The objectives of the evaluation are to improve Board effectiveness, maximise strengths, and identify the areas that need improvement or further development. The evaluation process also clarifies what actions of the Company need to be taken to maintain and improve the Board performance, for instance, addressing individual training and development needs of each Director.

The Board reviews the implementation and effectiveness of the Board Independence Evaluation Mechanism at least annually.

Board Diversity Policy

The Board adopted a board diversity policy (the "Board Diversity Policy") in December 2018 which sets out the approach by the Company to achieve diversity on the Board. The Company considers diversity can be achieved from different gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge, industry and regional experience and length of service. All Board appointments are considered according to objective criteria, having regard to benefits of diversity, and decided on merits.

The Nomination Committee is in charge of implementing the Board Diversity Policy and reports annually on Board appointment process in the corporate governance report.

As at 31 December 2024, the Board comprised two Directors and all of them were males. They were between the age group of 30-39 and 40–49 respectively. We have two senior management and both of them were males. All board and senior management appointments are based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

The Company maintain an approximately workforce 1.03: 1 (male:female) gender ratio in 2024. The Company appointed a female director to join the Board on 11 March 2025 and considered that the Board has achieved gender diversity.

Director Nomination Policy

The Board adopted a director nomination policy (the "Director Nomination Policy") in December 2018 which sets out the criteria and process in the nomination and appointment of Directors of the Company. The Director Nomination Policy applied to ensure the Board has a balance of skills, experiences and diversity of perspectives appropriate to the Company as well as the Board continuity and appropriate leadership at Board level.

A summary of the Director Nomination Policy is set out below:

Criteria adopted for selection and recommendation for directorship

In evaluating and selecting any candidate for directorship, the following criteria should be considered:

- character and integrity.
- qualifications including professional qualifications, skills, knowledge and experience and diversity aspects under the Board Diversity Policy that are relevant to the Company's business and corporate strategy.
- any measurable objectives adopted for achieving diversity on the Board.
- requirement for the Board to have independent Directors in accordance with the Listing Rules and whether the candidate would be considered independent with reference to the independence guidelines set out in the Listing Rules.
- any potential contributions the candidate can bring to the Board in terms of qualifications, skills, experience, independence and gender diversity.
- willingness and ability to devote adequate time to discharge duties as a member of the Board and/or Board committee(s) of the Company.
- such other perspectives that are appropriate to the Company's business and succession plan and where applicable, may be adopted and/or amended by the Board and/or the Nomination Committee from time to time for nomination of Directors and succession planning.

Nomination process

(a) Appointment of New Director

(i) The Nomination Committee and/or the Board should, upon receipt of the proposal on appointment of new Director and the biographical information (or relevant details) of the candidate, evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship.

(ii) If the process yields one or more desirable candidates, the Nomination Committee and/or the Board should rank them by order of preference based on the needs of the Company and reference check of each candidate (where applicable).

(iii) The Nomination Committee should then recommend to the Board to appoint the appropriate candidate for directorship, as applicable.

(iv) For any person that is nominated by a shareholder for election as a Director at the general meeting of the Company, the Nomination Committee and/or the Board should evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship.

Where appropriate, the Nomination Committee and/or the Board should make recommendation to Shareholders in respect of the proposed election of Director at the general meeting.

(b) Re-election of Director at General Meeting

(i) The Nomination Committee and/or the Board should review the overall contribution and service to the Company of the retiring Director and the level of participation and performance on the Board.

(ii) The Nomination Committee and/or the Board should also review and determine whether the retiring Director continues to meet the criteria as set out above.

(iii) The Nomination Committee and/or the Board should then make recommendation to Shareholders in respect of the proposed re-election of Director at the general meeting.

Where the Board proposes a resolution to elect or re-elect a candidate as Director at the general meeting, the relevant information of the candidate will be disclosed in the circular to Shareholders and/or explanatory statement accompanying the notice of the relevant general meeting in accordance with the Listing Rules and/or applicable laws and regulations.

As delegated by the board, the Nomination Committee will, in addition to conducting regular review on the structure, size and composition of the Board, it will also conduct regular review on the Director Nomination Policy and where appropriate, make recommendations on changes to the Board to complement the Company's corporate strategy and business needs.

Dividend Policy

The Board adopted a dividend policy in December 2018 which sets out the principle and guidelines by the Company to apply declaration, payment or distribution dividends to the Shareholders.

The Board will review this policy as appropriate from time to time.

Company Secretary

The Company Secretary supports the Board and Board committees and facilitates good information flow between them and the Company's management. All Directors have access to the Company Secretary's advice and services.

Directors' and Auditor's Responsibilities for Accounts

The Directors acknowledged their responsibility for preparing the financial statements of the Company for the year ended 31 December 2024. The Directors are responsible for the preparation and the true and fair presentation of the Group's financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining the necessary internal control system, ensuring that the Group's financial statements are free from material misstatement, applying the appropriate accounting policies and making reasonable accounting estimates. The responsibilities of external auditor are set out in the Independent Auditor's Report on pages 91 to 95 of this annual report.

Auditor's Remuneration

For the year ended 31 December 2024, the Group paid and committed to pay to its external auditor approximately HK$1,600,000 (2023: approximately HK$1,600,000) for audit services and HK$400,000 (2023: approximately HK$2,469,000) for non-audit services. The non-audit services mainly related to the due diligence engagement.

Risk Management and Internal Control

The Board acknowledged its responsibility for the risk management and internal control systems and reviewing their effectiveness.

The main features of the risk management and internal control systems are to provide a clear governance structure, policies and procedures, as well as reporting mechanism to facilitate the Group to manage its risks across business operations. The risk management and internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Group has established a risk management framework, which consists of the Board, the Audit Committee and the Risk Management Taskforce. The Board determines the nature and extent of risks that shall be taken in achieving the Group's strategic objectives, and has the overall responsibility for monitoring the design, implementation and the overall effectiveness of risk management and internal control systems.

The Group has formulated and adopted Risk Management Policy in providing direction in identifying, evaluating and managing significant risks. At least on an annual basis, the Risk Management Taskforce identifies risks that would adversely affect the achievement of the Group's objectives, and assesses and prioritises the identified risks according to a set of standard criteria. Risk mitigation plans and risk owners are then established for those risks considered to be significant.

In addition, the Group has established an internal audit function to assist the Board and the Audit Committee in ongoing monitoring of the risk management and internal control systems of the Group. Deficiencies in the design and implementation of internal controls are identified and recommendations are proposed for improvement. Significant internal control deficiencies are reported to the Audit Committee and the Board on a timely basis to ensure prompt remediation actions are taken.

Risk management report and internal control assessment report are submitted to the Audit Committee at least once a year. The Board, through the Audit Committee, had performed annual review on the effectiveness of the Group's risk management and internal control systems, including but not limited to the Group's ability to cope with its business transformation and changing external environment; the scope and quality of management's review on risk management and internal control systems; result of internal audit work; the extent and frequency of communication with the Board in relation to result of risk and internal control review; significant failures or weaknesses identified and their related implications; and status of compliance with the Listing Rules. The Board considers the Group's risk management and internal control systems are adequate and effective.

The Board had also reviewed the adequacy of resources, staff qualifications and experience, training programmes and budget of the Group's accounting, internal audit and financial reporting functions, and considers that they are adequate.

Procedures and Internal Controls for the Handling and Dissemination of Inside Information

The Group complies with requirements of Securities & Futures Ordinance ("SFO") and the Listing Rules in relation to the handling of inside information. The Group discloses inside information to the public as soon as reasonably practicable unless the information falls within any of the Safe Harbours as provided in the SFO. Before the information is fully disclosed to the public, the Group ensures the information is kept strictly confidential. If the Group believes that the necessary degree of confidentiality cannot be maintained or that confidentiality may have been breached, the Group would immediately disclose the information to the public. The Group is committed to ensure that information contained in announcements are not false or misleading as to a material fact, or false or misleading through the omission of a material fact in view of presenting information in a clear and balanced way, which requires equal disclosure of both positive and negative facts.

Whistleblowing Policy

The Group is committed to carrying out its business with the highest possible standards of professionalism, honesty, integrity and ethics. A whistleblowing policy is in place to create an anonymous channel for the employees, guests and business partners to confidentially raise any concern on potential misconduct relating to the Group to the Audit Committee and the Board and all of the cases will be independently investigated in strictest confidence to protect the whistleblowers' identities.

Anti-Corruption Policy

The Group has adopted a Guideline on Anti-Corruption to ensure that our hospitality and business development practices fully comply with all applicable anti-corruption laws and regulations, including the Prevention of Bribery Ordinance in Hong Kong and the Federal Law No. 273-FZ "On Fighting Corruption" in the Russian Federation. The Guideline on Anti-Corruption is provided to all new Directors and officers.

Constitutional Documents

During the year ended 31 December 2024, there was no change in the Company's constitutional documents.

Shareholders' Rights

Right to convene special general meeting

Pursuant to the Company's Bye-laws, Shareholders holding as at the date of deposit of the requisition not less than one-tenth (1/10) of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall have the right, by written requisition to the Board or the secretary of the Company, to require a special general meeting to be called by the Board for the transaction of any business specified in such requisition. If within 21 days of such deposit the Board fails to proceed to convene such meeting, the requisitionists, or any of them representing more than one half (1/2) of the total voting rights of all of them, may themselves convene a meeting in accordance with the provision of Section 74(3) of the Companies Act 1981 of Bermuda (the "Companies Act").

The written requisition requiring a special general meeting to be called must state the objects of the meeting, and must be signed by the requisitionists and deposited at the Registered Office of the Company in Bermuda for the attention of the Company Secretary.

Right to put forward proposals at general meetings

Under Section 79 of the Companies Act, Shareholders may by written request include a resolution in a general meeting. The request must be made by Shareholders holding in aggregate not less than one-twentieth (1/20) of the total voting rights of those Shareholders having the right to vote at the general meeting or not less than one hundred (100) Shareholders. The written requisition must be signed by the requisitionists and deposited at the Registered Office of the Company in Bermuda for the attention of the Company Secretary.

Right to put enquiries to the Board

For putting forward any enquiries to the Board of the Company, Shareholders may send written enquiries to the Company. The Company will not normally deal with verbal or anonymous enquiries.

Contact details

Shareholders and investors may contact the Company and the Board and send their enquiries or requests to the following:

Address: Unit 1704, 17th Floor, West Tower, Shun Tak Centre, 200 Connaught Road Central, Hong Kong
(For the attention of Mr. Lo Kai Bong, Chairman and Executive Director)

Email: info@saholdings.com.hk

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

Procedures for nomination of Directors for election

Under Clause 88 of the Company's Bye-laws, Shareholders are entitled to elect a person to be a Director at a general meeting or at any special general meeting by following the requirement set out in said bye-law. The procedures for nomination of Directors for election are available on the Company's website at www.saholdings.com.hk.

Communication with Shareholders

The website of the Company at www.saholdings.com.hk also provides a medium to make information of the Group available to Shareholders. Shareholders may refer to the "Shareholders' Communication Policy" posted on the Company's website for further details. The Company has reviewed the implementation and effectiveness of the shareholders' communication policy during the year and considered it to be adequate and effective.

Mission

As an ongoing commitment to generating long-term value for our stakeholders, Summit Ascent Holdings Limited (the "Company") and its subsidiaries (the "Group" or "we") have incorporated the principles of sustainable development into our business operation to help protect the environment and support the development of our community. In 2024, the Group continuously managed to operate related businesses under the consideration of sustainability, reflecting the Group's commitment to fulfilling social responsibilities and to building a green environment. Thus, the Group prepared this Environmental, Social and Governance ("ESG") report ("Report") to provide our stakeholders with the information of our ESG policies, initiatives, and performance.

The Group's major business operation is Tigre de Cristal ("TdC"), an integrated resort destination in the Primorye Integrated Entertainment Zone, Vladivostok, the Russian Federation ("Russia"). The reporting scope of this ESG Report covers the ESG information of the Group for the year ended 31 December 2024 (the "Reporting Period"), in accordance with the framework, reporting principles and the "comply or explain" provisions as set out in Appendix C2 – Environmental, Social and Governance Reporting Code (the "ESG Reporting Guide") of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange").

The two ESG subject areas, namely Environmental and Social, are disclosed separately, highlighting the impacts of the operations of the Group in Hong Kong and the Russian Federation during the Reporting Period. We regard this Report as a communication channel with our stakeholders and believe that we should disclose ESG information that is meaningful and important to their decision-making. To serve this purpose, this Report is prepared with reference to the fundamental reporting principles of "mandatory disclosure" or "Comply or Explain" set out in the ESG Reporting Guide, as well as the principles of materiality, quantitative, balance and consistency. In preparing the Report, unless other specified, we have adopted the international standards and emission factors specified in the guidance materials on ESG issued by the Hong Kong Stock Exchange for computing the relevant Key Performance Indicators ("KPIs").

Source of Data and Reliability Statement

The information disclosed in the Report is retrieved from the Group's internal documents, statistical reports and relevant public information. The Group confirms that the Report does not contain any false information, misleading statement or material omission, and is responsible for the authenticity, accuracy and completeness of the contents.

Confirmation and Approval

The Report was approved by the Board of Directors of the Group (the "Board") on 10 July 2025 upon confirmation by the management of the Group. The electronic version of the Report is available on the website of the Hong Kong Stock Exchange (www.hkexnews.hk).

Contact Us

The Group greatly values the readers' opinions. Should you have any questions or suggestions about the Report, please contact the Group via:

E-mail: info@saholdings.com.hk

Postal address: Unit 1704, 17th Floor, West Tower, Shun Tak Centre, 200 Connaught Road Central, Hong Kong
(For attention of Mr. Lo Kai Bong, Chairman and Executive Director)

ESG Management

Vision

The Group is dedicated to aligning its ESG governance with the strategic development and embedding ESG considerations in its business decision-making and daily operations. To this end, the Group has established a governance framework to manage ESG matters in operation. The Board is responsible for leading the governance and developing the Group's ESG management approach, strategies, priorities, and objectives. The Board delegates the Group's senior management with the authorities and responsibilities of developing, implementing and monitoring sustainable development policies and initiatives across business operations.

To better facilitate ESG management, the senior management has formed an ESG working group the "ESG Working Group", which is represented by the Audit Manager of the Group, in collaboration with the VP Finance of G1 Entertainment Limited Liability Company in the Russian Federation. The structure of ESG management is illustrated in the chart below:

The ESG working group is responsible for coordinating with different departments to collect and analyse ESG-related operational data, promote and monitor the implementation of ESG strategies and initiatives, review stakeholders' feedback in daily operations, and report key ESG issues to the senior management and the Board. The operational departments, such as Human Resources, Construction and Facility Management, Surveillance and Security, Hotel and Catering, Casino Operation departments, are responsible for implementing ESG initiatives in their daily operations.

The Group has established both risk management and internal control systems to identify, evaluate, monitor, and manage ESG risks and opportunities such as customer data protection and ethical business behaviour. The Board oversees the management in the design, implementation, and monitoring of the risk management and internal control systems. The results of risk management and internal control review are reported to the Board regularly.

Stakeholder Engagement and Materiality

In the course of its operation, the Group continues to pay attention to the major concerns of its stakeholders. The concerns and needs of our stakeholders provide us with information and directions to develop and enhance our sustainability strategy. We have engaged with the Group's major stakeholders on an ongoing basis to understand the diverse and often neglected opinions and expectations along the value chain. Various methods have been adopted to engage our stakeholders to identify current and emerging issues that they are most concerned about regarding the operations of the Group. Communication channels have been established for the stakeholder groups to collect the concerns about the impact we have on the ESG issues. Maintaining communication with stakeholders allows us to reflect on our sustainability strategy, and hence we can improve on material ESG issues. The following table summarises the methods of communication between stakeholders and the Group.

Stakeholder Group	Communication Methods
Shareholders	• Annual General Meetings • Annual and Interim Reports • Company's website • Press releases • Investor conference calls • Investor one-on-one meetings • Group meetings organised by sell-side brokers • Non-deal roadshows • Virtual site visits
Employees	• Staff Meetings • Staff Information Boards • HR Supports via telephone and emails • Comment boxes • Staff Care Activities • Regular Newsletter • Social Media App (Telegram channel, Instagram) • Whistleblowing Channels
Customers	• Feedback • Satisfaction Surveys • Customer Service Hotline • Daily Contacts • E-mail campaigns
Suppliers	• Quotation and Tendering Processes • Direct Communication Line for Suppliers • Supplier Evaluation Mechanism
Community	• Community Services • Online Social Media • Local Press Releases

Environmental

Overview

As an integrated resort, the Group consumed energy and water, as well as produced air emissions and waste continuously throughout the Reporting Period to create the ultimate guest experience. As a responsible corporation, the Group is dedicated to minimising all energy and water consumption. Thus, the Group has developed and implemented a series of policies and measures to monitor and reduce our consumption and emissions continuously.

Air Emissions

We take an active role in minimising our air emissions and complying with all relevant legal requirements. The law related to air emissions includes the Russian Federal Law No. 96-FZ on the Protection of Atmospheric Air. According to the above law, air emissions should be controlled under regulatory emission standards. Since 2020, a major overhaul of the gas boiler house was carried out, as well as a complete adjustment of gas equipment and gas burners by a service specialist, thereby reducing gas consumption, as well as emissions of combustion exhaust gas, namely nitrogen oxides, and carbon oxides.

During the Reporting Period, we engaged a specialised organisation in carrying out the technical maintenance of the gas boiler house, followed by adjustment of gas burners in order to minimise harmful impurities emitted into the atmosphere, and cleaning the gas storage from accumulated deposits and harmful impurities in order to improve equipment operation and reduce possible emissions into the atmosphere.

Due to the Group's business nature, there is consumption of liquefied petroleum gas ("LPG") for the heating system in the resort. The Group also has a fleet of vehicles for serving its management team members and daily operations, which involves the consumption of diesel and petrol. The major air pollutants emitted from vehicles and LPG include Nitrogen Oxides (NOx), Sulphur Oxides (SOx) and Particulate Matter (PM).

Details of exhaust gas generated by the Group's fuel consumption:

Types of Emissions	**Unit**	**2024**	2023
Nitrogen oxidex ("NOx")	Emissions tonnes	**1.057**	1.112
Sulphur oxidex ("SOx")	Emissions tonnes	**0.002**	0.002
Particulate matters ("PM")	Emissions tonnes	**0.098**	0.102

The Group has set a target of a 10% reduction in air emissions over the next 10 years and is keeping the current emission on track. To keep up with our current emission and to achieve further enhancement, the Group has adopted a number of measures, please refer to the section "Energy Consumption".

Indoor Air Quality

Since the opening of TdC in October 2015, the Group has paid attention to air quality in all premises for the health of our customers and employees. Therefore, we conduct regular ventilation system laboratory tests and take timely measures to prevent the accumulation of pollutants in our ventilation engineering systems.

Since 2020, ozone-generating equipment was installed in the ventilation systems, which enabled purification, disinfection, and indoor air deodorization using ozone. Ozone is a powerful bactericidal agent, and it maintains an ecological balance by:

- Removing unpleasant odours such as smoke and fumes;
- Increasing oxygen in the premises; and
- Preventing the presence of pathogenic microorganisms, including moths, microbes, dust mites, parasite larvae, etc.

During the Reporting Period, for the stable and high-quality operation of the ventilation systems in the casino, major maintenance of the ventilation systems was carried out with a complete rinsing and cleaning of the ventilation machines and replacement of filters. Our inventories, including the stationary sources have also been upgraded to reduce the amount of the air emission pollutants. The mandatory procedures were performed within the framework of the International Electrotechnical Commission ("IEC") with regard to impacts on the environment, including the "On the Protection of Atmospheric Air" Federal Law, "On Environmental Protection" Federal Law and the "On Approval of the Procedure for Conducting an Inventory of Stationary Sources and Emissions of Harmful (Polluting) Substances into the Atmospheric Air, Correcting Its Data, Documenting and Storing Data Obtained as a Result of Such Inventory and Correction" under the Order of the Ministry of Natural Resources in the Russian Federation. Monitoring of compliance with environmental requirements and standards is carried out in accordance with the terms of the above permits received by the Group. Sampling and analysis of gas emissions, atmospheric air, wastewater are carried out according to the plans-schedules of the Group's laboratory control.

During the Reporting Period, the Group has complied with all applicable environmental portion laws and regulations that have a significant impact on the Group.

Greenhouse Gas Emissions

The Group's indirect greenhouse gas ("GHG") emissions result principally from purchased electricity and business trips taken by our employees. While direct GHG emissions incurred fundamentally from the combustion of fuels by the vehicles and the LPG heating system, as well as diesel consumed for power generation.

During the Reporting Period, the total GHG emissions which mainly attributed to direct (Scope 1) and indirect (Scope 2) emissions, weighted 6,100.24 tonnes (2023: 5,865.75 tonnes). With regard to our 926 employees at 31 December 2024, the GHG emissions intensity was approximately 6.64 tonnes per employee (2023: 6.33). The decrease in both total GHG emissions and the intensity is attributed to the Group's continuous effort in energy saving throughout the year.

GHG emissions	Unit	2024	2023
Direct emissions of GHG	$tC0_2e$	**2,160.44**	2,065.57
Indirect emissions of GHG	$tC0_2e$	**3,939.81**	3,800.18
Other indirect emissions of GHG	$tC0_2e$	**51.81**	48.77
Assimilation of CO_2 through tree planting	$tC0_2e$	**(4.67)**	(2.30)
Total GHG Emission	$tC0_2e$	**6,147.39**	5,912.22
Intensity per employee		**6.64**	6.33

Setting up feasible emission targets on a yearly basis helps the Group to track its GHG emissions and achieve a higher level of sustainability in its business progressively. Thus, considering possible business expansion and fluctuating needs for business travels, the Group targets to reduce GHG emissions by 15% in 5 years due to the gradual replacement of old vehicles and have been keeping on track with the set target. The Group will continue to focus on emission reduction in order to keep on track with the current emission target.

Waste Management

Hazardous Waste

During the Reporting Period, the Group generated a total of 750.21 tonnes (2023: 1.94 tonnes) of hazardous wastes, including but not limited to oil-contaminated cleaning material, used tires and computers, building waste, luminescent lamp and batteries, in which the waste is transferred to licensed third-party organisations for disposal. The intensity per number of employees is 0.8102 (2023: 0.0021). With the Group's continuous commitment in waste reduction initiatives, the Group is committed to reducing the intensity of hazardous waste generation by 10% in the next 5 years and have been keeping on track with the target.

Non-Hazardous Waste

During the Reporting Period, the main solid emission totalled 1,419.78 tonnes (2023: 1,024.94 tonnes), which included food waste, along with various general waste, including domestic garbage, cooking oil, plastic, cartons and cardboard. The intensity per number of employees is 1.53 (2023: 1.10). With the Group's continuous commitment in waste reduction initiatives, the Group is committed to reducing the intensity of non-hazardous waste generation by 10% in the next 5 years and is keeping on track with the target with its reduced intensity for the Reporting Period.

Details of the emission data of the Group:

Waste generated	Unit	2024	2023
Hazardous waste	Tonnes	**750.21**	1.94
Hazardous waste intensity	Tonnes/number of employees	**0.8102**	0.0021
Non-hazardous waste	Tonnes	**1,419.78**	1,024.94
Non-hazardous waste intensity	Tonnes/number of employees	**1.53**	1.10

Sewage Management

During the Reporting Period, the Group discharged 46,305 m^3 of sewage (2023: 50,745 m^3), an increase caused by the constant expansion and upgraded use of resort complex. According to the Water Code of the Russian Federation no. 74-FZ, all natural persons and legal entities are required to protect water bodies and any behaviours that lead to water contamination is forbidden, in which discharge of wastewater is prohibited. To comply with the regulation, the Group has assigned external company for the service of grease removal in water body. To reduce oil pollution, a centralised grease tank is installed in the sewage system, in which monthly pressurized cleanings of grease pits is carried out to minimise harmful waste and accumulation of grease deposits in the system. In the Reporting Period, no grease mixture (2023: Nil) was processed out of grease traps which contribute to general harmful pollutants and cause water body contamination.

Measures to Mitigate Air and Greenhouse Gas Emissions

During the Reporting Period, the Group continued to endeavor to further reduce emissions. The Group has kept using the "Green ECO" grade of gas only. In this year, two Nissan X-Trail (4th eco class) were replaced by new Mazda CX-5 (5th eco class). Along with the regular development of Vladivostok and Artem in the Russian Federation, the Group is considering the possibility of purchasing electric buses, though it is limited by constrains like qualified maintenance, charging stations, weather conditions in the country.

Waste Handling and Reduction Initiatives

As the current Russian laws relating to waste management such as "Federal Law No. 89-FZ on Production and Consumption Waste" mainly focus on regulating hazardous waste management and the Group has not produced any significant types of hazardous waste, there is no other local law considered as material in this respect.

The Group separates waste into two categories, food and non-food. A categorisation system has been developed for each type of waste to report to the Federal Service for Supervision of Use of Natural Resources. During the Reporting Period, the Group transferred all wastes, including bio-waste, to licensed third-party contractors regulated by the Russian Federation – the Regional State Unitary Enterprise Primorsky Ecological Operator. Even though there were no significant and relevant legal requirements, we have integrated the principles of "Reduce", "Reuse" and "Replace" into our operations, especially for food waste due to the size of our food and beverage business. To avoid ordering excessive food, we strive to improve our procurement planning process continuously. For example, we have deployed an interface between the Point of Sale System in our restaurants and the Material Control System for procurement to allow accurate consumption monitoring to control our purchases and minimize food waste. We have explored the opportunity to collaborate with a local farm to recycle some of our food waste for animal feeding.

During the Reporting Period, fluorescent lamps were replaced with light-emitting diodes ("LED") ones, which made it possible to reduce the generation of hazard class 1 waste by 80%. All types of generated waste that can be reused were also transferred for processing to third parties. The Group has also introduced a separate collection of household waste. In the Reporting Period, there is no cardboard is used for packaging material and sent to third-party organisation for further processing. Paper consumption was also reduced through the widespread use of electronic document management systems.

The Group's operations do not include the production of a material number of hazardous wastes, except for battery wastes, including single-use alkaline batteries containing various hazardous materials such as heavy metals and acids. Nonetheless, the Group has collected all used batteries and delivered them to one of the dedicated "drop off sites" in the city. Also, as part of the control in the field of waste production management, the Group organizes control over generated and disposed wastes, in which the procedures include calculating the amount of payment for the negative impact on the environment (NEP), compiling and timely coordinating statistical reporting in accordance with the established forms, monitoring the implementation of plans for environmental protection measures, organizing prompt resolution of current environmental issues arising from the course of the enterprise's production activities. The Group also organizes timely removal and transfer of wastes to licensed organisations, and provides information on the formation, processing, disposal, neutralisation, transportation and disposal of production and consumption waste annually in accordance with Form 2-TP (waste) as required by the Russian authority. The Group maintains a Journal of accounting in the field of waste management, approved by the Order of the Ministry of Natural Resources of Russia dated 1 September 2011 No. 721.

Although the recycling business in Vladivostok has not yet been fully established, we have been continuously and actively seeking recycling partners to utilise our discarded resources instead of disposing directly to landfills. Moreover, we have launched other initiatives such as the deployment of an electronic communication platform to reduce printed materials, installation of recycling facilities in our properties, as well as various staff and guest education programs for better waste management. We have also adopted a waste sorting operation to separate cooking oil, food waste, and construction waste to ensure they are properly collected and handled by relevant licensed contractors.

Use of Resources

The Group is committed to becoming a resource-saving and environmentally-friendly enterprise to promote environmental protection. We have been working actively to reduce our usage of resources, as well as our emissions, to reduce the negative impacts on natural environment.

Energy Consumption

The Group's direct energy consumption stems from non-renewable fuel consumed by vehicles and the LPG heating system, while the indirect energy consumption stems from purchased electricity.

During the Reporting Period, the total amount of fuels consumed by vehicles, diesel power generation and the LPG heating system totalled 5,541.46 MWh, while the units of electricity purchased from electricity providers totalled 11,456.15 MWh. The total energy consumption of the Group during the Reporting Period totalled 16,997.61 MWh), which indicates a increase of approximately 3.7% attributed to the Group's effort in energy saving and resources minimisation for the sake of sustainable development.

	Unit	2024	2023
Fuel consumption	MWh	**5,541.46**	5,326.56
– Diesel & Petrol	MWh	**1,245.42**	1,278.65
– LPG	MWh	**4,296.04**	4,047.91
Electricity consumption	MWh	**11,456.15**	11,059.26
Total energy consumption	MWh	**16,997.61**	16,385.81
Intensity	MWh/number of employees	**18.36**	17.54

The Group has developed and implemented a series of resource-saving measures in different aspects of our business operations to reduce energy consumption:

- An electrical heater has been installed on the hot water line to heat water in spring and autumn. The energy consumption of the new electrical heater is more efficient than that of the previous LPG heater.

- The insulation of the foyer area has been improved by replacing glass doors with framed aluminium doors. The replacement of glass doors has solved the problem of cold air entering the foyer area through door gaps during winter, thereby requiring more heat to maintain a comfortable indoor temperature. We have also strengthened the insulation of the revolving door to reduce heat loss during winter.

- Normal light bulbs have been replaced with LED lighting, a highly energy-efficient lighting technology, on our property to reduce energy consumption.

- A key card power switch has been installed in each guest room to facilitate energy saving when the room is not in use, as well as an automatic daylight switch at the carriage porch which helps save electricity for lighting.

- A Building Management System has been put in place to monitor both power and water usage regularly, to evaluate the resource-saving initiatives, and to identify sources of excessive resource consumption such as facilities not in use and idle areas with full lighting to better monitor and minimise energy consumption costs.

- The window vents in the guest rooms were improved with the replacement of sealing rubber bands in order to minimize heat loss in the hotel rooms and reduce heating costs.

- Regarding casino, work was carried out to verify all the devices for monitoring indications on thermal and ventilation systems, in order to minimise costs and improve core performance.

- Regarding hotel rooms, work was carried out to eliminate the places of cold entry with the use of special thermal imaging equipment, to save heat supply and comfort guests.

The Group will consider the possibility to include/switch to renewable energy (solar/wind) in the future. However, solar energy is still under development for the current climate conditions. The Group has set a target of a 10% reduction in energy consumption over the next 10 years and is keeping track with the target in Reporting Period. To achieve so, on the street territory of the casino, time sensors for outdoor lighting were installed and put into operation in order to save energy on lighting. Conventional lighting of the building is also replaced with LED lamps for energy reduction.

Water Consumption

As water is one of the most precious resources in the world, reducing water consumption is one of the fundamental targets of the Group. The Group always encourages the reduction in unnecessary water consumption. The existing water supply is stable and meets the Group's daily operational needs, thus no issue of sourcing water is identified. Water resources are mainly used in resort operation.

During the Reporting Period, the total water consumption of the Group totalled 30,169 cubic meter, with an intensity of 32.58 cubic meter per employee. The decrease in both total consumption and the respective intensity are attributed to the Group's continuous effort and measures implemented for water consumption reduction and resource minimisation, in which there was a decrease of approximately 19% for the consumption level, keeping on track with the target from previous reporting period.

	Unit	2024	2023
Water consumption	Cubic meter	**30,169**	37,199
Intensity	Cubic meter/number of employees	**32.58**	39.83

The Group has also developed and implemented a series of resource-saving measures in different aspects of our business operations to reduce water consumption:

- Water-friendly housekeeping practices have been promoted to avoid unnecessary towel and bedsheet changes while maintaining a high hygiene standard.
- Water-friendly laundry practices have been promoted to avoid excessive usage of water on washing uniforms and guest laundry.
- Automatic sensor faucets have been installed in washrooms to control water overuse.
- Relevant signage has been placed in guest rooms to communicate the impacts of unnecessary washing of towels on the environment to our guests.
- In-house training sessions have been organised for employees to maintain water usage at an optimum level for the purpose of both water conservation and business operations.

The Group has set a target to water efficiency targets by reducing consumption by 10% over the next 10 years. To achieve so, the Group has adopted the above-mentioned measures and implemented a drip irrigation system for the outdoor adjacent territory and lawns to save cold water consumption. Regarding water sourcing, the Group will consider the possibility to reuse waste water within the resort complex to further reduce water consumption. Aside from the above, the Group consumed municipal water in our operations, and there was no significant issue in sourcing water that is fit for purpose during the Reporting Period.

Packaging Materials

As the Group's business field lies in gaming and resort operation, the Group in the ordinary course of business does not involve any significant usage of packaging materials.

The Environment and Natural Resources

The Group is aware that the gaming and resort development project in Vladivostok required the removal of trees in certain parts of the site. To mitigate the impact, we developed an annual tree plantation plan which has been executed since 2017. We continually develop the landscaping of the premises and adjacent areas around the TdC complex and execute plans for tree plantation in line with our commitment to keeping the areas as green as possible, together with building up grass embankments to avoid any soil erosion. The main goals of the Group in the field of environmental protection and environmental safety are the rational use of natural resources, minimising damage to the environment from the activities of the Group and preservation of a favorable environment for future generations.

To comply with state regulations and control, the Group promptly applies permit for projects with negative environmental impact identified and timely processes relevant payment in accordance with applicable law. The Group ensures that environmental requirements are taken into consideration when purchasing technologies, materials and equipment, performing works and services by contractors. This is secured by amending obligations in contracts with suppliers and contractors in relation to the availability of necessary permits for environmental and sanitary-hygienic documents for activities, products, and materials. This is in addition to their compliance with the requirements of the Group's regulatory documents in the field of environmental protection in the course of work on the territory of the Group.

In terms of ensuring the reduction of the negative impact on the environment and the rational use of natural resources, the Group ensures the implementation of energy-saving and resource-saving technologies at the Group's facilities, and the reduction the volume of household and industrial waste generation. The Group have continued the clean-up of areas around Lot 8 to ensure all construction-related items stored outdoors were handled in accordance with the proper practice of the Russian Federation and to minimise environmental impacts. During the Reporting Period, the Group continued its landscaping program in the surrounding area and planted a total of 203 trees and bushes, along with sanitary treatment of trees and shrubs in the forest area adjacent to the complex, which includes removal of broken, damaged, dry branches and trees.

In accordance with the Federal Law "On Environmental Protection", the Group was assigned the appropriate category in terms of the degree of impact on the environment, in which 3 objects were identified as follows:

- Industrial site No. 1 Multifunctional entertainment complex with a casino;
- Industrial site No. 2 Boiler house for gas fuel; and
- Industrial site No. 3 Communal zone of the gambling zone.

All three sites pose a slight negative impact on the environment and belong to category 3. The sources of emissions generated in each site are identified as follows:32 sources of pollutant emissions were registered on the territory of Industrial Site No. 1 –"Hotel complex with a casino", which includes 19 organised sources of emissions (production room exhaust – 1 unit, laundry and dry cleaning ventilation – 1 unit, diesel generator sets 2 units, garage – 1 unit, general facility ventilation 13 units, smoke removal unit 1 unit) and 14 unorganised sources of emissions (parking for vehicles 7 units, oil and grease trap 1 unit, local treatment plant – 1 unit, sewage treatment plant 1 unit, carpentry workshop – 1 unit, welding post 1 unit, tank car for the transportation of liquefied gas 2 units). Within the framework of our industrial environmental control, laboratory instrumental control of stationary sources is carried out annually for compliance with the maximum permissible values of pollutant emissions into the atmosphere.

"Save the Tiger" Campaign

The Group understands the importance of protecting endangered animals. The extinction of many animal species poses a great threat to the natural equilibrium, causing ecological disasters such as further extinctions and the proliferation of certain species. Hence, we have adopted a female Siberian tiger named Cristal to provide support to conserve this endangered tiger species. She has been housed at a private zoo, and we are dedicated to providing a healthy and pleasant living environment for her since 2015.

Climate Change

Although the Russian Federation is behind other developed countries in terms of recycling and environmentally friendly policies, the Group has been adopting and implementing measures in promoting sustainability in addition to just complying with local legislation. For example, the Group is looking into the possibility of switching to renewable energy sources and participating in government incentive schemes to further enhance our corporate responsibilities regarding climate change.

The Group reviews and identifies the climate-related risk annually while conducting the risk assessment. We have considered the potential climate-related risks in respect of the recommendations of the Task Force on Climate-related Financial Disclosure, which are the physical risks such as extreme weather conditions and transition risks such as regulatory change on environmental matters, and summarised as below:

Risks	Potential Financial Impact	Short (current Reporting Period)	Medium (1–3 years)	Long (4–10 years)	Mitigation Strategy
Physical Risks					
• Extreme weather conditions such as snowstorms and heatwaves • Falling water supplies • Sustained elevated temperature	• Reduced revenue from business and supply chain disruptions • Increased cost related to the rising need for cooling	✔	✔		• Established adverse weather condition policy • Adopted energy conservation measures
Transition Risk					
• Changes in environmental related regulations • Shift to lower carbon economy	• Result in higher operating costs (fuel and energy) to adopt new practices • Entail extensive policy, legal, technological, and market changes to address mitigation and adaptation requirements related to climate change • Increase in fuel and energy cost due to increased taxation and environmental taxes		✔	✔	• Our Group has implemented energy conservation measures and taken sustainability and environmental issues into consideration for decision making related to business operation to meet the expectations of market and customers

SOCIAL

Employment and Labour Practices

The Group values its employees and are devoted to protecting employees' rights, treating them fairly and equally, supporting employees' career development and fostering a safe working environment.

Employment System and Labour Standards

The Group strives to provide a fair, respectful and inclusive work culture across all different aspects of employment, including but not limited to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity and anti-discrimination, and other benefits and welfare, are clearly stated.

Equal Opportunities

The Group is committed to maintaining a fair workplace and observing local regulatory requirements related to equal opportunities of employees, following the Labour Code of the Russian Federation No. 197-FZ. The Labour Code requires employers to ensure equality of opportunities such as promotion, professional training, talent retraining, professional development, implementing labour rights and remuneration of employees. Also, the Labour Code specifies the prohibition of dismissing employees who are temporarily disabled, pregnant, single mothers, or women having children under three years old.

In order to promote equal opportunities in the workplace, the Group has developed a number of Standard Operating Procedures ("SOP") to govern human resources management. These procedures articulate systematic and objective approaches to govern different areas of human resources management, including employment, dismissal, remuneration determination, performance evaluation, working hours, paid leaves, as well as other benefits to prevent employees from discrimination or unfair treatment due to age, gender, pregnancy, family background, race, skin colour, etc. We also encourage internal recruitment and provide our people with equal opportunities to develop their careers according to their interests and strengths.

Compensation And Benefits

The Group offers competitive remuneration packages to attract and retain the best people and regularly reviews the remuneration packages of employees to make necessary adjustments based on prevailing market conditions and our business performance. Our remuneration packages consist of basic salary, bonus, overtime pay, daily travelling allowance for business trips, regional premium payment for employees in the Far East region of the Russian Federation, long-term service award, contributions to employees' provident fund, and a share option scheme for qualified directors and employees of the Group.

Our remuneration packages are determined in accordance with the Labour Code of the Russian Federation No. 197-FZ. The Labour Code requires employers to set the wage rate based on the qualifications of employees as well as the difficulties and conditions of the work, and the wage rate should not be less than the statutory minimum wage. The Labour Code also specifies that any overtime work should be compensated by means of providing additional time-off or the rates prescribed by the law and that the premium for night work should be at least 20% greater than the normal hourly payment for a day's work for every hour worked during night time. According to the Labour Code, the salary must be paid in the Russian Federation's currency and at least bi-weekly. In order to ensure compliance with regulatory requirements, we have established an SOP of remuneration based on the relevant laws and regulations in the Russian Federation to provide detailed and clear guidance.

The Group emphasises the "work-life balance" of employees, so we have granted our local Russian staff 36 calendar days of annual leave, in addition to public holidays and paid leave specified by the Labour Code of the Russian Federation, as well as granted early release on the eve of public holidays. Moreover, it is our policy to prohibit employees from working two consecutive shifts in order to ensure our employees are provided with enough rest time for the sake of their physical and mental health.

To improve the work environment for staff, we started to provide dormitory accommodation within the Group's premises for non-local employees. Apart from the above, we provide health insurance for our permanent employees so that they can receive healthcare services and emergency medical assistance. In addition, we provide financial support for our employees in times of need, such as during severe illness and bereavement, to help them overcome hardships.

During the Reporting Period, we have reviewed and updated the following policies and SOPs:

- Internal Labour Rules and Regulations
- SOP for Voluntary Disclosure
- Policy on Employee transfer
- Policy on employee relocation benefits and compensations

We have set up an electronic document management software that allow employees to send the applications and forms to human resources department electronically. The following human resource form templates have also been implemented electronically:

- Application for annual leave, unpaid leave and educational leave
- Voluntary conflict of interest declaration form
- Internal policy and procedures acknowledgement form

During the Reporting Period, the Group has complied with all employment-related laws and regulations and there were no cases of non-compliance with the Labour Code.

Employment

Total Number and Classification of Employees

As at 31 December 2024, the Group had a total of 926 (2023: 934) employees, with 877 of them as full-time employees and 49 as part-time employees. The detailed employment information is as follows:

	2024	2023
Breakdown by gender		
Female	**492**	491
Male	**434**	443
Break down by age group		
18–25	**245**	237
26–35	**322**	343
36–45	**192**	201
46–55	**121**	108
≥ 56	**46**	45
Breakdown by employment type		
Full-time	**877**	907
Part-time	**49**	27
Break down by employment category		
Senior Management	**18**	27
Middle Management	**54**	47
Frontline & Other Staff	**854**	860
Break down by Geographic Region		
Hong Kong	**16**	18
Russian Federation	**910**	916

Connecting the People

During the Reporting Period, the following staff activities were organised to improve employee engagement:

- Private event – we organised a private event for staff employed over 8 years.
- Men's day – the employees participated in "Knight's tournament" with a quiz and brain teasers, and celebratory meal was served in staff canteen.
- International Women's Day – we decorated canteen with photo zone and flowers, prepared festive treats and held a raffle of branded products.
- Survey of employees' satisfaction levels.
- Team building and corporate values development trainings.
- Staff cyber tournament-we organised three games "Dota 2", "CS2" and "FC24".
- BBQ party – we organised a paddle board journey for the employees and their families, and held creative master classes for their children.
- PowerPoint Party – we organised an informal meeting for employees where departments prepared presentations and spoke about the specifics of their work.
- 9th Anniversary party – we organised a staff party to celebrate 9th Anniversary.
- City Championship – we organized the football TDC team, started trainings, and applied for city championship.
- Halloween competition – we held the creativity competition for Halloween pumpkin cutting.
- Table games tournament – we organized a table games tournament among employees, where the employees competed in chess, Alias, backgammon, jenga, etc.
- Movie Day-we held a movie day in the Crystal Hall.
- New Year activity – we held a New Year children's matinee for employees' children, invited animators and presented gifts to the children.

Sports can play an important role in improving employee physical and mental health. In the Reporting Period, the Group has supported the following sports events:

- Hero Race involved in the 8-km obstacle course racing;
- Galaxy Vladivostok Marathon

During the Reporting Period, we continued to recognize outstanding employees every quarter through our outstanding employee recognition program and three outstanding employees were chosen by the executive team. We value our employees and appreciate those who have been with us for a long time. During the Reporting Period, we rewarded employees with appreciation letters for three years of service; and appreciation letters and pins for five years of service.

Employee Turnover

As at 31 December 2024, a total of 354 employees left the Group and the employee turnover rate was at 38%. The detailed turnover information is as follows:

	2024	2023
Breakdown by gender		
Female	**174**	202
Male	**180**	148
Break down by age group		
18–25	**171**	142
26–35	**96**	118
36–45	**33**	40
46–55	**34**	36
≥ 56	**20**	14

Employee Policies

The Group hopes to recruit the most talented and qualified persons from the job market, in order to bring immense value to the business and to build trust in its clients. Competitive remuneration packages and benefits are provided to attract high-calibre talents and motivate existing employees. Employees are entitled to the medical and dental insurance and reimbursement for work injury insurance. Employees are provided with basic statutory festive holidays, general holidays, marriage leave, maternity leave, paternity leave, injury leave and compassionate leave.

Employee Health And Safety

The Group is committed to providing a healthy and safe workplace for all its employees. The Group has a long-standing commitment to maintaining a healthy and safe working environment for our people as well as meeting and exceeding the regulatory requirements as prescribed in the Labour Code of the Russian Federation No. 197-FZ and Federal Law No. 181-FZ on the Fundamentals of Occupational Safety and Health. These laws require employers to ensure the rights of employees to safe working conditions and meet the regulatory requirements of occupational safety and health such as terms of employment contract, the safety of buildings, facilities and equipment, training on safe methods and techniques for work, the safety rating of working conditions, handling of dangerous tasks, etc.

The labour protection policy includes the following key principles and goals, undertaken by the Group:

- ensuring the safety and health of all employees of the organisation by preventing accidents and occupational diseases at work;
- compliance with relevant national laws and regulations, health and safety programs and other requirements to which the organisation is committed;
- obligations to consult the employees and their representatives and to involve them in active participation in all elements of the labour protection management system; and
- continuous improvement of the functioning of the labour protection management system.

The Group has also set up certain goals, which include ensuring the safety and health of employees in the course of work, striving for zero injuries, exclusion of emergency situations and the prevention of occupational diseases. To achieve the goals and to comply with the requirements applicable to the activities of the Public International, Federal and Municipal Supervision, as well as other requirements in the field of industrial safety, labour protection and the environment, the Group undertakes the following:

- provide healthy and safe working conditions for employees by ensuring the trouble-free operation of equipment, introduction of new technologies, use of modern means of collective and individual protection and maintaining a high level of employee training in the field of safety & security;
- hold consultations with employees on issues of ensuring industrial safety, labour protection and the environment and ensure the availability of reliable information to them, also to increase the level of responsibility of each employee, regardless of his/her profession or position, in compliance with obligations in the field of occupational health and safety;

- assess all possible risks in workplace by taking into account the specifics and types of production and nature of risk, adopt measures to prevent industrial injuries, occupational diseases, as well as reduce the risk and scale of possible fire and emergency situations by setting up emergency situation handling measures, and prevent their spread beyond the territory of the Group's production facilities;

- develop and implement action plans, targeted programs to minimise and possibly eliminate risks, threats of accidents, emergencies, injuries and morbidity of personnel, improve the health of employees; and

- analyse the effectiveness of the Group's risk management system and indicators in the field of industrial safety, labour protection and the environment, and ensure the compliance of the labour protection management system with the Interstate standard GOST 12.0.230–2007 "System of labour safety standards. Occupational safety management systems. General requirements".

Regarding the pandemic situation, until July 2022, Russia had been subjected to the public health restrictions due to the COVID-19 pandemic. The Group is taking every measure to prevent the spread of coronavirus infection among employees and guests. In July 2022, due to the ongoing decrease in the intensity of the epidemiological process, Rospotrebnadzor suspends previously introduced restrictions, including the mask regime, a ban on catering at night, and a number of other measures. Currently, the Group maintains anti-epidemic measures for the timely detection of cases and measures to ensure monitoring of the epidemic process as follow:

1. Bactericidal irradiators are used in production and guest rooms.

2. After the departure of guests in hotel rooms, disinfection of premises and ozonation are carried out.

3. Ozonation is provided in the staff canteen on a daily basis due to the high turnover of employees.

4. Employees continue to use hand sanitizer.

5. Employees with signs of a viral or infectious disease are not allowed to work.

6. If an employee feels a deterioration in health at the workplace, he is examined by a TdC medical officer who provides medical advice and refers the employee to medical treatment institution. If the medical officer suspects the employee of having a coronavirus infection, the patient is undergoing an express test for COVID.

7. Daily disinfection of contact surfaces.

8. The Group has a constant, unreduced stock of disposable medical masks in the amount of 50,000 pieces.

9. Employees of the Group are regularly trained in sanitary and epidemiological rules.

Ensuring the health and safety of employees, the creation of a safe working environment, the prevention of injuries, and the control of industrial and emergency risks is an indisputable priority of the Group.

Labour protection policy implementation:

- ensure it corresponds to the specifics of the organisation, its size, nature of activities and the scale of risks, and is also interconnected with the economic goals of the Group;
- provided to all employees of the organisation and located in easily accessible places for their familiarisation;
- subject for review to ensure continued compliance with changing conditions; and
- ensure the labour protection management system is compatible with other management systems of the Group.

During the Reporting Period, there were 8 cases of work-related injuries that resulted lost days of work for 38 days, and no work fatality was recorded during the Reporting Period. The Group will continue to monitor and work on occupational health and safety for the well-being of our employees.

	2024	2023
Work-related fatalities	**0**	0
Injuries	**8**	0
Lost days	**38**	0

Occupational Health and Safety Measures

During the Reporting Period, the Group has developed and implemented the following workplace health and safety principles and measures:

- None of the employees, including the management, can take any actions to put employees safety at risk;
- Employees are required to take responsibility for ensuring workplace safety strictly complies with the workplace health and safety requirements of our internal policy as well as all applicable laws and regulations;
- The Group's management is responsible for ensuring that working conditions follow the relevant sanitation and hygiene standards such as Russian National Standards (GOST), Industry Specific Standards (OST), and Sanitary Norms and Regulations (SanPin);
- Employees are obligated to complete relevant training on workplace safety as required by laws and regulations before taking up their job duties. For the purpose of better-quality training, we have made an instructional video on workplace health and safety for waiters, cooks, stewards, and housekeepers;
- Workplace safety risk assessment and analysis is conducted on a regular basis to identify and address areas of high safety risks;

- Employees are provided with adequate protective equipment and sanitary clothing as necessary for their job duties; and

- All work injuries and accidents, if any, should be investigated and reported in a timely manner.

With the above principles and measures, the Group has not identified any case of significant non-compliance with the aforementioned laws and regulations of the Russian Federation related to workplace health and safety during the Reporting Period.

In addition, employees undergo annual training in first aid provisions, electrical safety, and safe work practices. Employees involved in work with a high risk of danger undergo additional training in specialised centres to comply with the increased safety requirements. For example, this may include working at height using lifting machinery, control of lifting installation (elevating platforms), self-propelled special machinery (tractor, loader), handling disinfectants, and safe ways to work with reduced hydrocarbon gas. The Group has developed an action plan to localise the consequences of accidents at a hazardous facility (the gas-fired boiler house). The plan has been developed in order to plan the actions of the personnel of the organisation and specialised services at various levels of the situation development. In accordance with the plan, training is held monthly with the personnel of the boiler room, 2 times a year involving all concerned services.

Development and Training

The skills and knowledge of our talents are of vital importance to the sustainable growth of the Group. Hence, we have developed structured corporate and departmental training programs covering a wide range of subjects, including leadership skills, mentoring techniques, management approaches, and language skills. We conduct annual staff performance appraisals. Moreover, we have made our promotion system clearer and more transparent for newly hired employees and developed career paths for operational positions. Each grade in the career path has a list of required knowledge, skills, and assessments to pass to move to the next grade. Each department is required to set training targets and develop their professional training programs based on training needs. During the Reporting Period, we identified the need for enhancing our staff's problem-solving skills and interpersonal skills. We will arrange more training courses relating to these topics to ensure continual improvement and operational needs of the Group.

To ensure all our employees have a thorough understanding of the Group, its mission and vision as well as their relevant responsibilities, we conduct induction training for all new employees to help them understand the Group's structure, history, values, the interaction between departments, general internal policies, and the importance of themselves in the growth of the organisation. During the Reporting Period, the Group conducted the induction program 16 times, of which 204 new employees participated in.

Below are our internal training sessions that employees of all departments could participate in during the Reporting Period:

- Conflict management

- Guest Service – Guest Relations

- Casino course (training for non-gaming departments)

- Casino business

- How to understand guests
- Management courses for supervisors and managers
- Feedback
- Important points of Labor legislation
- The rules of interview conduction

Each department also has its own internal training programs to help employees acquire the knowledge and skills needed to reach their full potential and high performance as required in their sector.

Other than internal training, we also encourage our employees to attend external professional training programs and obtain relevant qualifications for career development. During the Reporting Period, the following external training sessions were provided:

- Changes in the labor legislation by Valentina Mitrofanova
- Creative thinking course
- "Quantum leap" training for managers by Arkadiy Litvinov
- Presentation skills training course
- Changes in the procedural law 2024
- 3 trainings by Spanish chef Hans Ovando
- Advanced chef training
- Making videos on mobile phone, editing and social media
- Major changes and priorities in employee relations paperwork 2024 by Valentina Mitrofanova
- Access to video course Upselling service in restaurants
- Professional retraining for Finance Directors
- Construction Control advanced training course
- Lighting Management

Details of training in the Reporting Period are as follows:

	2024	2023
Breakdown by gender	**Average training hours**	Average training hours
Female	**16.59**	14.46
Male	**17.60**	14.48
Breakdown by gender	**Percentage of employees trained**	Percentage of employees trained
Female	**80.49%**	63.14%
Male	**59.91%**	59.14%
Break down by employment category	**Average training hours**	Average training hours
Senior Management	**42.53**	47.00
Middle Management	**51.41**	35.80
Frontline & Other Staff	**13.68**	12.24
Break down by employment category	**Percentage of employees trained**	Percentage of employees trained
Senior Management	**83.33%**	48.15%
Middle Management	**85.19%**	74.47%
Frontline & Other Staff	**69.67%**	60.93%

Labour Standards

The Group prohibits any child and/or forced labour in any of our operations. We do not employ any child below the age of 18. Prior to each employment, the Human Resources Department checks the candidates' personal information and documents to ensure they meet the local labour law requirements. If one is found to have provided false information during his/her working period, his/her contract may be terminated without notice and the Group will take follow-up actions in compliance with respective Article 81 "Termination of an employment contract at the initiative of the employer" from the Labour Code in the Russian Federation. Likewise, the Group forbids any forced labour using physical punishment, abuse, involuntary servitude, peonage, or trafficking. We ensure that each of our employees voluntarily signs the employment contract and accepts the employment conditions under the protection of local labour legislation such as the Labour Code of the Russian Federation. It is our highest priority to abide by the Labour Code in the Russian Federation, which aims to eliminate child labour and forced labour. Once discovered any violated cases, the Group would immediately initiate a thorough investigation into the incident. Either dismissal of related staff members by termination of contract or disciplinary actions might be acted against any related parties who are responsible for the causes of the incident.

During the Reporting Period, there were no cases of non-compliance with the child and forced labour related laws and regulations.

Supply Chain Management

The Group seeks to select environmentally and socially responsible suppliers apart from the quality of goods, services, and suppliers' reputation. Our supplier evaluation criteria also focus on our suppliers' ESG performance, such as waste management practices, volunteer programs, and employee training development. We prefer suppliers that have been certified by the International Organisation for Standardisation (ISO) standards on environmental protection and social responsibility, such as ISO 14001 and ISO 26001.

As at 31 December 2024, the Group has a total of 827 suppliers, in which are located in Russia. The provision of goods and services of the suppliers included but not limited to food and beverage, hotel supplies, technical suppliers, casino supplies, office supplies and cleaning service.

Engaging Suppliers Practices

As the Group does not tolerate any fraud and bribery in our supply chain, we have established a fair and transparent quotation and tendering process that obtains quotations from at least three suppliers (where possible) each time.

The Group has established a direct communication channel allowing suppliers to submit their offers for our consideration, our Purchasing Team or other related departments will analyse and feedback is given where necessary for further cooperation. Also, the Purchasing Department is constantly conducting market research via the internet to source and engage new reliable and beneficial suppliers into the Group's supply chain operation. There are several suppliers who directly seek meetings with the Purchasing Department. Meetings are always welcome and the relevant cooperation data are placed on the table during the meeting to consider further collaborative actions.

All potential suppliers are rigorously filtered with regards to financial stability, price, value for money (as this has to do with their quotations), payment terms, quality & safety, warranties, reliability, performance history, service & attitude, communication system, responsiveness, flexibility, agility, desire for business, delivery terms, risk, geographical location. Suppliers who meet our quality requirements for goods and services, as well as all relevant environmental and social measures with the best price, will be selected. Once a supplier is selected, a response to the offer will be made as soon as possible. Furthermore, the Group regularly evaluates each and every supplier's performance and requires them to take remedial measures once the Group becomes aware of any non-compliance with our requirements.

All collaborating suppliers, new and old, are monitored and reviewed throughout the duration of our cooperation. The results of this deliberation are reflected in the "Supplier's Selection & Evaluation" form. This is an official form that is reviewed and approved quarterly by the top management. Suppliers not able to meet the Group's norms and conditions are excluded from the supplier list. All the purchases are exclusively executed considering the "Supplier's Selection & Evaluation" Form.

Practices Used to Identify Environmental and Social Risks

The Group makes use of the "EGAIS", "Merkuriy" and "Chestny Znak" web platforms which are provided and controlled by the government.

- "EGAIS" platform ensures the products' quality in all retail stores and catering establishments, for the provision of the best service to our guests.
- "Merkuriy" platform ensures proper veterinary certification of all our animal origin food products such as meat, fish, poultry, seafood, eggs, milk, etc. This way we can ensure the products' quality and, by extension, provide the best service to our guests.
- "Chestny Znak" web platform can ensure authenticity and declared quality of purchased products such as tobacco, bottled water, milk products, etc. We constantly ensure license validation and accessibility to this software and the government constantly expands the traced products list.

The Group also run the "MC Material Control" software program which manages all products throughout the supply chain process: (Orders, Receiving process, Storage, Transfers, Production, Consumption)

- This way we can control stock and mitigate the need for extra additional orders to suppliers which could increase trucks' mileage and thereby increase emissions.
- This "Stock Control" ensures an uninterrupted business operation in case of extreme weather conditions and other factors which might not allow suppliers' access to our premises.
- We fully monitor and control the "expiration date" of all our products to ensure their adequacy into our supply chain, in order to provide a superior service to our guests and employees and avoid potential wastage.
- We constantly ensure this license is up to date and accessible to this software.

We run daily "HACCP" Procedures according to Federal regulations.

- This way we ensure the safety of products and their quality throughout the supply chain process.
- Storage conditions are part of our daily control as well, to ensure a products' quality and avoid potential wastage.

Our supply chain process is fully supported by electronic means. Therefore, no paper is used during the supply chain process.

The Group fully complies with Federal legislation throughout the supply chain process, as this concerns the suppliers' license and related financial interactions and obligations.

- Contracts with the suppliers are always in place to ensure proper compliance with our mutual obligations. This ensures and keeps a constructive and creative relationship with them.
- All financial and other related obligations with our suppliers are fulfilled on time so as to ensure proper supply chain sustainability, trust, and loyalty with suppliers.

We maintain a continuously controlled and organised delivery and receiving plan to avoid extensive supplier truck routes. This way we help to minimise carbon emissions from the trucks' operation.

Practices Used to Promote Environmental Preferable Products and Services

We preferably choose to cooperate with local suppliers to reinforce their businesses and support the local community and reduce travelling distance that contribute to the reduction of carbon footprint.

We encourage our suppliers to strengthen and optimise their businesses, products, and services through an open communication channel where we exchange valuable suggestions on our needs with regard to our guests' and employees' optimum services.

We make visits to our suppliers at the beginning of our relationship to observe their premises and to locate potential environmental and social risks. This way we ensure future cooperation, stable relationships, and a proper and sustainable service.

A thorough "Suppliers' Evaluation" process takes place quarterly to review the supplier's conformity rate. An agreement is set in place with our suppliers for them to keep sufficient stock in their stores with regards to our preferred products list. This way we can ensure a seamless delivery of our products, on time, to effectively support our operation on any unforeseen occasion.

In extremely hot and cold temperature conditions during special weather periods, we manage our supply chain process by checking the products' condition during the "receiving process" to prohibit substandard products from entering the Group's premises.

- This way the Group ensures appropriate quality products are served to our guests and employees.
- Furthermore, the receiving area's temperature is constantly measured and controlled in accordance with the relevant legislation and is not adversely affected by external weather conditions.
- Additionally, the Loading Bay has 2 separate entrances; a small one and a second, larger one. They are used accordingly to mitigate bi-directional temperature loss in extreme weather conditions.

We maintain a bi-directional information channel between customers, employees, the procurement team, and suppliers.

- This channel allows the exchange of information regarding products and services provided to our guests and employees, with the ultimate goal of upgrading those products and enhancing services.

The Group purchases products in bulk packaging, where applicable, to mitigate waste of packaging materials which, in turn, burden the environment. We use certified cleaning products from world-leading companies in regard to protecting the environment and providing the ultimate services to our guests and employees.

Since 2021, a new alcohol excise stamp known as the EGAIS system was introduced by Order of the Federal Service Responsible for Alcohol Market Regulation No. 397 dated 17 December 2020. The relevant rules are valid from 1 January 2021 and apply to all retail stores and catering establishments, covering strong alcohol, beer, cider, mead, poire, and other alcoholic beverages. The deadline for sending the delivery data to the EGAIS has been reduced from three working days to one. However, the restriction is still valid only at the level of regulatory requirements, not strictly implemented. This means that the EGAIS does not reject documents because they were sent past the deadline.

During the Reporting Period, the Group made several site visits to inspect food suppliers' premises and operations. Any suppliers that failed to meet the Group's standards were replaced.

Product Responsibility

Responsible Gaming

TdC holds a gaming license to conduct gaming business in the Integrated Entertainment Zone of the Primorye Region, under Federal Law No. 244-FZ of The State Regulation of Activities Associated with the Organisation of and Carrying out of Gambling Amending Individual Legislative Acts of the Russian Federation. Under the law, online gambling is forbidden, and gambling activities must be conducted within the designated areas with necessary security guards and precautions. Companies must possess the minimum net assets, capital, and satisfy other requirements such as the reporting requirements to retain their license.

In order to comply with the legal requirements, the Group has implemented a range of operational measures. For example, we have a Security and Compliance Department to monitor and safeguard our properties and to ensure it operates in accordance with the law. The Group has also assigned a dedicated team to verify our revenue on a daily basis for the accuracy of information used to report to the government authority. In addition, our senior management monitors the financial position of the Group every month to ensure the stability and health of its financial condition. According to the End of Life ("EOL") hardware, upgrade plan and strategy, the EOL/End of Service ("EOS") hardware has been replaced with new solutions with better analytics, making the network simpler, smarter, and more flexible, and accelerating enterprise service transformation and innovation.

Furthermore, although there are no regulatory requirements for gaming operators in the region to control problematic gambling, the Group, as a responsible company, strives to promote responsible gaming through initiatives such as forbidding underage visitors to our casino, monitoring the gaming floor to identify customers who exhibit abnormal behaviour, and creating and promoting the responsible gaming slogan of "Winner Knows When To Stop" to build awareness amongst customers. Therefore, we have no significant non-compliance with the laws and regulations related to gaming operations during the Reporting Period.

Due to the Group's business nature, we are not subject to the provision of products and hence product labelling, health and safety, and advertising issues are not applicable to the Group, and therefore no products have been subject to recall during the Reporting Period. Nevertheless, the Group has engaged with its industrial partners, government agencies, customers, and other stakeholders to continuously promote responsible gaming practices. No non-compliance with relevant laws and regulations that have a significant impact on the Group relating to health and safety, advertising, labelling and privacy matters relating to products and services provided have been identified during the Reporting Period.

Customer Satisfaction and Complaint Handling

To maintain the highest standards of customer services, the Group has established a set of customer service policies to provide guidelines to our employees based on their duties, in areas such as handling customers enquires, complaint management, and standard service procedures. We have also developed extensive training programs for our frontline staff to equip them with the appropriate service skills along with communicating our expectations of their service quality. In addition, we collect customers' feedback and follow up on their opinions in accordance with our internal protocol on a timely basis. The results are subsequently communicated to relevant employees as a part of their development and performance evaluation processes.

For the analysis of guests' satisfaction "Trust You" application has been implemented, operating by Front Office Department. Surveys are receiving from more than 10 leading world hospitality platforms. More than 500 feedbacks and surveys were registered in 2024, which include complaints, wishes or appreciations from guests. Each complaint and recommendation was brought to the attention of the management of the department involved and resolved whenever possible or taken into account for the future. Each written complaint and certain verbal guest comments were given the comprehensive answer by the staff.

During the Reporting Period, out of the 500 feedbacks, a total of 78 complaints were received regarding general service, hotel and food & beverage. The Group have addressed all complaints and provided relevant complimentary service to guests, all cases were closed.

Intellectual Property Rights

The trademark periods for been extended until 23 April 2032 and TIGRE DE CRISTAL, TIGRE DE CRISTAL, TIGRE DE CRISTAL been extended until 26 December, 2034, in the Russian Federation. In addition, the trademark TIGRE DE CRISTAL has been registered until 14 August 2027 in Macau, Japan, South Korea, North Korea, the Philippines, Laos, Singapore and Vietnam. An internet marketing specialist tracks all references to our trademarks. Whenever violations of TdC's intellectual property rights are reported, the information is submitted to the Legal Department and necessary measures are taken accordingly. In cases of any unlawful use of trademarks, the Legal Department will prepare and submit the complaint and prepare legal claims against the infringement.

Quality Assurance

We have implemented a concept of "Quality Circle" and developed "Cristal Standards" to set a high standard of service delivery for our employees. We hold regular meetings to evaluate the progress of our quality objectives and communicate with department heads who are accountable for measuring the performance of their teams and ensuring adherence to the Cristal Standards. We value feedback from our business partners and guests. As at 31 December 2024, more than 500 (2023: 745) feedbacks and surveys were received from more than 10 leading world hospitality platforms, which include complaints, wishes or appreciations from guests. Throughout the Reporting Period, new Online Travel Agencies were implemented, including:

- OneTwoTrip.com;
- Yandex.ru;
- 101Hotel.com;
- Ostorovok.ru;
- TripAdvisor; and
- 2gis.ru

During the Reporting Period, the score received show a positive trend as follows:

- OneTwoTrip.com 9.9/10
- Yandex.ru 5/5
- 101Hotel.com 9.4/10
- Ostorovok.ru. 8.6/10
- TripAdvisor 4.5/5
- 2gis.ru 4.4/5

Tigre de Cristal Hotel & Resort's high-quality guest services are achieved by cultivating staff to adhere to service standards. Each department has its own Standard Operating Procedures corresponding the international hospitality standards and helping to maintain the "branded" quality of service.

The Group values all our guests' feedback to improve our services further and meet our guests' expectations. We continuously strive to improve our service standards for a better guest experience. Every complaint and negative guest comment was duly registered and communicated to the managers of the departments concerned, with guests receiving comprehensive answers to all comments. During the Reporting Period, a "Trust You" survey was installed that automates the process of dealing with guest comments, measuring the level of satisfaction from all online sites, increasing the response rate through an automatic template installed in the software, and uploading and generating reports related to measuring the level of customer satisfaction. The Group also plans to revise the staff training plan and engage external trainers to help increase the amount of feedback and increase the level of guest satisfaction.

Consumer Data Protection and Privacy Policies

The Group understands the concerns on data protection and privacy management for all our stakeholders. It is committed to protecting customers' and internal data privacy under the fast-changing market conditions with security updates while complying with the applicable laws and regulations. The Group has established standard procedures for data collection and handling based on the Federal Law of the Russian Federation. During the Reporting Period, the Group has not identified any case of significant non-compliance with data privacy laws in the Russian Federation, such as Federal Law No. 152-FZ on Data Protection and Federal Law No. 149-FZ on Information and Information Technologies and Information Protection. The purpose of the laws is to protect the citizens' rights while processing their data.

The Group only collects personal data when necessary and when required by law to conduct normal business operations. All personal data holders have the right to decide on the provision of personal data and consent to data processing unless exemptions are specified by the laws and regulations. Our employees are also required to sign an agreement to protect confidential information when employed and are aware of the importance of complying with our internal guidelines on protecting personal data and confidential information. In addition, except for designated personnel, employees do not have access to personal data and confidential information that is irrelevant to their job duties.

With respect to data security, the Group has established information security policies. It has deployed various measures, including closed-circuit television, physical locks, firewalls, and the prohibition of the use of unauthorized computer equipment and software to protect our servers from cyber-attack and unauthorized access. In case of cyber-attacks, the Group has established crisis management procedures to immediately respond to the situation and implement suitable mitigations to protect our data and system. The Group will also actively upgrade our data security technologies and physical measures whenever possible to maintain the highest data security level.

Over the past year, the Group invested heavily in the introduction of Electronic Data System in business processes related to communication with government agencies. These changes also affected the network infrastructure – old equipment is gradually being replaced with modern technical solutions with additional security updates and patches.

The Group strives to continuously improve our data security system and our approach to managing customers, employees, and the Group's confidential data management to achieve maximum data protection. During the Reporting Period, the Group has complied with all data privacy-related laws and regulations and there were no non-compliance cases revealed.

Anti-Corruption

Anti-Money Laundering

The Group's policy is to comply with all local and federal laws and regulations, especially with the Russian Federal Law No. 115-FZ "On Countering the Legalization (Laundering) of Proceeds from Crime and Financing of Terrorism". The Federal Law 115-FZ is aimed at protecting the rights and legitimate interests of citizens, society, and the state by creating a legal mechanism to counter the legalization (laundering) of proceeds from crime, the financing of terrorism and the financing of the proliferation of weapons of mass destruction.

In accordance with the Federal Law 115-FZ, the Group carries out transactions in amounts of money or other property, and in accordance with Part 2 of Article 7 of the Law No. 115-FZ, it has developed strict Internal Control Rules, appointed special officials responsible for compliance with these Rules, and organised and implemented internal controls. It also conducts mandatory control of transactions in amounts of money or other property, provided for in Article 6 of the Law, carries out the identification of clients (representatives of clients and (or) beneficiaries, as well as beneficial owners), including taking reasonable and affordable in the current circumstances measures to determine the sources of funds or other property of clients, provided for by the Internal Control Rules of the Company.

During the Reporting Period, there were no non-compliance case with 115-FZ.

Whistle-Blowing Procedures

The Group also provides an anonymous email as the whistle-blowing channel, which encourage employees and related parties (e.g. business partners, suppliers) to raise concerns and report any suspected corruption-related complaints. The Group will protect the confidentiality and anonymity of the whistleblowers to the fullest extent possible for the sake of privacy protection. Any suspected malpractices will be investigated by the Internal Audit Department and the complaints will be directed to appropriate department if necessary. Disciplinary actions or legal actions may be taken against the staff if the suspected complaint is found substantial.

Anti-Corruption Policy

The Group has adopted a Guideline on Anti-Corruption to ensure that our hospitality and business development practices fully comply with all applicable anti-corruption laws and regulations, including the Prevention of Bribery Ordinance in Hong Kong and the Federal Law No. 273-FZ "On Combating Corruption" in the Russian Federation and the updated Federal Law No. 286-FZ "On Amendments to Certain Legislative Acts of the Russian Federation".

Anti-Corruption Training

The Group provides employees with training and instruction programs in relation to Anti-Money Laundering (AML)/Combating the Financing of Terrorism (CFT)/Proliferation of Weapons of Mass Destruction (WMD).

Training shall be held in the following forms:

- induction briefing on anti-money laundering and combating financing of terrorism and proliferation of weapons of mass destruction;
- additional briefing;
- on-the-job training (receiving basic instructions necessary to enforce Russian legislation in AML/CFT/WDM, as well as shaping and improving internal control institution, programs of its implementation and other regulatory and administrative documents of the Company adopted for these purposes); and
- extension of knowledge in AML/CFT/WDM (hereinafter referred to as knowledge extension).

During the Reporting Period, a total of 16 hours' training in the aspect of legal services were received by our employees. Attendance record was confirmed by a certificate issued by the organisation conducting such training, or a document confirming the conduct of introductory, additional instruction. Head of the Group (general director, executive director), chief accountant and director of legal affairs also receive training regularly with regard to anti-corruption to keep up with the latest regulations and standards.

Community Investment

As a responsible corporation, the Group takes an active role in community investment and consistently makes positive contributions to our society. From an economic perspective, our integrated resort has created almost 1,000 jobs for locals in Vladivostok. To attract potential employees we regularly attended welcome days, career expos and student meetings in Vladivostok and Artyom universities and educational institutions.

To raise employer brand awareness and inform potential Tigre de Cristal employees of our vacancies and career opportunities we organised and participated in the following events:

- Tour around the complex for FEFU Management students.
- Tour around the complex for managers and employees of VSU to discuss priority directions of future specialists.
- Expert session on the implementation of the "Professionalism" program – the project implies direct participation of business in targeted training, where students will be immersed in practical training and find employment by the end of their studies.

- Master class by our pastry chef – we held the class for chocolate and methods of its tempering for students of Artyom College of Service and Design.
- Press conference as part of the Professionality program at the Primorskiy Region government.
- Career Day in FEFU.
- Nationwide Career Expo in VSU.
- Meeting with students of the Department of Chinese Studies.
- Tour around the complex for students of VSU in the program of "Tourism".
- Career Expo from the Primorsky Employment Center.

To enhance our cooperation with universities and colleges, the Group concluded a cooperation agreement with Artyom college of services and organised a few training events for students and teachers. We gave a tour around Tigre de Cristal and kitchen for the College administration and teachers. Our Head Chef hosted a cooking master class. Students learning culinary arts and aspiring to be Cooks/Pastry cooks also had a tour around kitchen and an interview with Head Chef; and were invited to apply for traineeship. Now they continue studying in the college and working with us at the same time, which gives them a great opportunity to get a unique work experience.

In the Reporting Period, the Group continued participating in "Gaming & Entertainment Specialist" program based in Vladivostok State University. The program has obtained accreditation in the Russian Presidential Academy of National Economy and Public Administration and is a part of the "Employment promotion" federal program and "Demography" national project. The training program focused on both hard skills such as digital competencies, English communication and soft skills such as emotional intelligence, effective communication and teamwork, which the set of skills is unique for Primorye's education market. Within 3 months, the participants have acquired new skills and, if mutually reached an agreement, joined the Group.

In collaboration with the administration of Primorsky krai, during the Reporting Period, the Group participated in the following events:

- Youth day in Artyom – the Group's employees gave bartending master classes and explained specifics of the jobs such as bartender, waiter, cashier and dealer.
- Primorsky krai 85th anniversary – the Group participated in the expo featuring the biggest companies of the region.

Tigre de Cristal has become an attractive place to work not only for locals from Primorsky Krai. This year, we have welcomed new hires from different regions of Russia, including Amurskaia oblast, Irkutskaia oblast, Ekaterinburg, Krasnodar, Yalta, Ulan-Ude, Chelyabinsk, Novosibirsk, Voronezh, Saratov, Saint Petersburg, Magnitogorsk. Besides students from local universities (namely Vladivostok State University and Far Eastern Federal University), 9 students from Chelyabinsk International Institute of Design and Service chose Tigre de Cristal for their internship from April to September during the Reporting Period.

The Group practices corporate social and environmental responsibilities and regards public welfare as an important aspect of its corporate culture. Donation to local charity organisation and participation in charity activities are highly recommended to employees. The Group will explore opportunities in the neighborhoods, where it can invest resources and engage employees in the community service.

During the Reporting Period, our employee volunteer team continued to be a key component of our overall community engagement strategy providing emotional and financial support to the local non-profit institutions, such as: Artyom Boarding school for orphans and children without parental care and physically challenged children; and Vladivostok Special Boarding School for aurally challenged children.

The Group organised the following activities:

In May 2024, our team congratulated veterans on the Victory Day and handed over charitable aid; held a clean-up day, helped clean and beautify the territory of the boarding school in Sadgorod; attended the graduation of a sponsored boarding school in Sadgorod, congratulated the graduates and donated sports equipment for physical education classes.

In December 2024, our team participated in the All-Russian "Christmas Tree of Wishes" campaign and handed over New Year gifts to children in difficult life situations.

During the Reporting Period, the Group has contributed in the following activities:

Organisations/events	**Donation nature (RUB'000)**
Adoption of a female Suberian tiger named Crystal	960
Gratuitous transfer	732
Support of local special forces	546
Children's and youth festival "Iron First"	100
Charity Event in Boarding School in Sadgorod "Saturday voluntary work day"	44
Sponsorship of food	27
Total in 2024	2,409
Total in 2023	1,485

REPORT OF THE DIRECTORS

The board (the "Board") of directors (the "Directors") of Summit Ascent Holdings Limited (the "Company") has pleasure in submitting their report together with the audited consolidated financial statements of the Company and its subsidiaries (the "Group") for the year ended 31 December 2024.

Principal Activities

The principal activity of the Company is investment holding. The principal activities and other particulars of the principal subsidiaries are set out in note 42 to the consolidated financial statements.

Business Review

The business review of the Group for the year ended 31 December 2024, including a description of the principal risks and uncertainties facing the Group, an indication of likely future developments in the Group's business and an analysis using financial key performance indicators, are provided in the Management Discussion and Analysis on pages 3 to 18 of this annual report, which forms part of this report.

The financial risk management objectives and policies of the Group are set out in note 36 to the consolidated financial statements.

In addition, discussions on the Group's environmental policies and performance, compliance with the relevant laws and regulations, and relationships with its employees, customers and suppliers and others that have a significant impact on the Group are set out in the Environmental, Social and Governance Report on pages 38 to 73 of this annual report.

Results and Appropriations

The results of the Group for the year ended 31 December 2024 are set out in the consolidated statement of profit or loss and other comprehensive income on pages 96 to 97 of this annual report.

The Directors do not recommend the payment of a dividend for the year ended 31 December 2024.

Five-Year Financial Summary

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 171 of this annual report.

Charitable Donations

Charitable donations made by the Group during the year amounted to approximately HK$90,000 (2023: approximately HK$111,000).

Share Capital

Details of the movements in shares of the Company during the year ended 31 December 2024 are set out in note 32 to the consolidated financial statements.

Reserves

Movements in the reserves of the Group and of the Company during the year are set out in the consolidated statement of changes in equity and note 43 to the consolidated financial statements. As at 31 December 2024, no reserve was available for distribution to the owners of the Company (31 December 2023: Nil).

Pre-Emptive Rights

There is no provision for pre-emptive rights under the Company's Bye-laws and there was no restriction against such rights under the laws of Bermuda, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

Purchase, Sale or Redemption of the Company's Listed Securities

During the year ended 31 December 2024, neither the Company nor any of its subsidiaries have 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.

Directors

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

Executive Directors

Mr. Lo Kai Bong *(Chairman)*	
Mr. Lam Hung Tuan	(Appointed on 11 March 2025)
Mr. Chua Ming Huat David *(Chief Executive Officer)*	(Resigned on 15 January 2024)
Mr. Chiu King Yan	(Resigned on 15 January 2024)

Non-executive Director

Mr. Chang Heng Kit	(Appointed on 10 July 2024)

Independent Non-executive Directors

Mr. Lau Yau Cheung	(Resigned on 15 January 2024 and re-appointed on 11 March 2025)
Mr. Li Chak Hung	(Resigned on 15 January 2024 and re-appointed on 11 March 2025)
Ms. Ng Shin Kwan Christine	(Appointed on 11 March 2025)
Mr. Lam Kwan Sing	(Resigned on 15 January 2024)

In accordance with the Company's Bye-laws, Mr. Lam Hung Tuan ("Mr. Lam"), Mr. Chang Heng Kit ("Mr. Chang"), Mr. Lau Yau Cheung ("Mr. Lau"), Mr. Li Chak Hung ("Mr. Li") and Ms. Ng Shin Kwan Christine ("Ms. Ng") will retire and, being eligible, offer themselves for re-election at the forthcoming annual general meeting of the Company.

Independent Non-executive Directors, Mr. Lam Kwan Sing was appointed for a three-year term expiring on 13 June 2025. Mr. Lau and Mr. Li were appointed for a three-year term expiring on 30 October 2024. With effect from 15 January 2024:

(i) Mr. Chua Ming Huat David has tendered his resignation as an executive Director and chief executive officer;

(ii) Mr. Chiu King Yan has ("Mr. Chiu") tendered his resignation as (i) an executive Director; (ii) an authorised representative of the Company under Rule 3.05 of the Listing Rules; and (iii) an authorised representative for accepting service of process and notices on behalf of the Company in Hong Kong as required under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (collectively, the "Authorised Representatives"); and

(iii) Mr. Lam Kwan Sing, Mr. Lau and Mr. Li has tendered their resignations as independent non-executive Directors.

(collectively the "Resignations")

The Resignations were due to their disapproval to the proposed disposal of G1 Entertainment Limited Liability Company which formed the subject matter of the inside information announcement of the Company referred to in the trading halt announcement (which was eventually published on 17 January 2024) of the Company dated 10 January 2024. The Company used its best endeavors to identify suitable candidates to fill up the vacancies of the independent non-executive Directors and the vacancies of the members of the Audit Committee, Remuneration Committee and Nomination Committee following the Resignations and with effect from 11 March 2025:

(i) Mr. Lau has been appointed as an independent non-executive Director, and as a member and the chairman of the Nomination Committee, as well as a member of the Audit Committee, Remuneration Committee and Corporate Governance Committee;

(ii) Mr. Li has been appointed as an independent non-executive Director, and as a member and the chairman of the Audit Committee, as well as a member of the Remuneration Committee, Nomination Committee, and Corporate Governance Committee; and

(iii) Ms. Ng has been appointed as an independent non-executive Director, and as a member and the chairlady of each of the Remuneration Committee and Corporate Governance Committee, as well as member of each of the Audit Committee and Nomination Committee.

Brief biographical details of the Directors as at the date of this report are set out on pages 19 to 22 of this annual report.

The Company considers the independent non-executive Directors as of the date of this report to be independent.

Appointment of Director during the year ended 31 December 2024

Mr. Chang was appointed as a non-executive Director on 10 July 2024. He has obtained the legal advice referred to in Rule 3.09D of the Listing Rules on 8 July 2024, and has confirmed that he understood his obligations as a Director.

Directors' Service Contracts

None of the Directors proposed for re-election at the forthcoming annual general meeting of the Company has a service contract which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than statutory compensation.

Directors' Material Interests in Transactions, Arrangements and Contracts that are Significant in Relation to the Company's Business

Save as disclosed in notes 20, 21, 24 and 41 to the consolidated financial statements headed "Long-term loan to a fellow subsidiary", "Derivative financial instruments", "Amount due from a fellow subsidiary/amounts due to non-controlling shareholders of a subsidiary", and "Related Party Transactions – Transactions with fellow subsidiaries", respectively, no other transactions, arrangements and contracts of significance in relation to the Group's business to which the Company, the Company's subsidiaries, fellow subsidiaries or its parent company was a party and in which a Director and the Director's connected party had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Directors' Interests in Competing Business

As at 31 December 2024, none of the Directors or their respective associates had any interest in a business, which competes or may compete, either directly or indirectly with the business of the Company pursuant to the Listing Rules.

Directors' Interests in the Shares, Underlying Shares and Debentures of the Company or Any Other Associated Corporations

As at 31 December 2024, the interests and short positions of each Director of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which (a) were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short position which the Director is taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), to be notified to the Company and the Hong Kong Stock Exchange were as follows:

(I) Long positions in the shares and underlying shares of the Company

Ordinary shares of the Company (Note 1)

Name of Director	Capacity/Nature of Interest	Number of ordinary shares of the Company held	Approximate % of total issued shares of the Company
Mr. Lo Kai Bong ("Mr. Lo")	Beneficial owner	968,000	0.02%
	Interest of controlled corporations *(Note 2)*	3,146,533,811	69.77%
		3,147,501,811	69.79%

Notes:

1. As at 31 December 2024, the total number of issued shares of the Company was 4,509,444,590.

2. LET Group Holdings Limited ("LET"), the listed holding company of the Company, is the beneficial owner of 123,255,000 shares of the Company and is also interested in 3,018,306,811 shares of the Company through its wholly-owned subsidiary, Victor Sky Holdings Limited ("Victor Sky"). As at 31 December 2024, LET was majority controlled by Major Success Group Limited ("Major Success"), which is wholly-owned by Mr. Lo. In addition, Better Linkage Limited ("Better Linkage"), a company wholly-owned by Mr. Lo, is the beneficial owner of 520,000 shares of the Company and is also interested in 4,452,000 shares of the Company through its wholly-owned subsidiary Ever Smart Capital Limited ("Ever Smart"). By virtue of the SFO, Mr. Lo is deemed to be interested in 3,146,533,811 shares of the Company held by LET, Victor Sky, Better Linkage and Ever Smart collectively.

(II) Long positions in the shares and underlying shares of associated corporation of the Company

(a) Ordinary shares of LET (Note 1)

Name of Director	Capacity/Nature of Interest	Number of underlying shares of LET held	Approximate % of total issued shares of LET
Mr. Lo	Beneficial owner	10,580,000	0.15%
	Interest of controlled corporations *(Note 2)*	4,999,694,857	72.07%
		5,010,274,857	72.22%
Mr. Chang	Beneficial owner	410,000	0.01%

(b) Share options granted by LET

Name of Director	Capacity/Nature of Interest	Number of underlying shares of LET held pursuant to share options of LET	Approximate % of total issued shares of LET
Mr. Lo	Beneficial owner *(Note 3)*	40,000,000	0.58%

Notes:

1. As at 31 December 2024, the total number of issued shares of LET was 6,936,972,746.

2. As at 31 December 2024, LET was majority controlled by Major Success, which is wholly-owned by Mr. Lo. By virtue of the SFO, Mr. Lo is deemed to be interested in 4,999,694,857 shares of LET owned by Major Success.

3. These share options of LET granted on 4 September 2017 at an exercise price of HK$0.455 per share are divided into 3 tranches: 8,000,000 share options are exercisable from 4 September 2017, 12,000,000 share options are exercisable from 4 September 2018 and the remaining 20,000,000 share options are exercisable from 4 September 2019 respectively until 3 September 2027 to subscribe for shares of LET. The closing price of the shares of LET on the Hong Kong Stock Exchange immediately preceding the date of the grant was HK$0.460.

Save as disclosed above, so far as known to any Directors as at 31 December 2024, none of the Directors of the Company and their respective associates had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were required to be recorded in the register to be kept by the Company pursuant to section 352 of the SFO, or which were required, pursuant to section 347 of the SFO and the Model Code, to be notified to the Company and the Hong Kong Stock Exchange.

Directors' Rights to Acquire Shares and Debentures

Save as disclosed in the section headed "Equity-linked Agreements – Share option scheme" below and in note 33 to the consolidated financial statements headed "Share-based Payment Transactions", at no time during the year was the Company, its holding company or any of its subsidiaries, a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Equity-linked Agreements

Details of the equity-linked agreements entered into during the year or subsisting at the end of the year are set out below:

(1) Convertible bonds

On 16 November 2020, the Company issued convertible bonds denominated in United States dollars ("US$") for the acquisition of additional interests in a subsidiary, Oriental Regent Limited, 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 (the "Conversion Price"), which will mature on 16 November 2025. The convertible bonds carry no interest and are unsecured.

The holder of the convertible bonds may at any time immediately following the issue date and up to the third day prior to maturity serve notice to the Company to convert the whole or part of the outstanding principal amount of the convertible bonds into shares of the Company at the Conversion Price. Unless previously redeemed, converted, purchased or cancelled, all outstanding principal amount of the convertible bonds shall be redeemed by the Company on 16 November 2025 at 100% of the principal amount of such convertible bonds without interest.

(2) Share option scheme

Pursuant to an annual general meeting held on 28 May 2021, the shareholders of the Company approved the adoption of a new share option scheme (the "Scheme") and the termination of the previous share option scheme adopted on 7 July 2011 (collectively the "Share Option Schemes").

Under the Scheme, the Directors may, at their discretion, grant to any directors, executives and employees of any members of the Group and consultants, professional and other advisors to any members of the Group (the "Participant(s)") share options to subscribe for the shares, subject to the terms and conditions stipulated therein. The purpose of the Scheme is to recognise the contribution of the Participants who have made or may make to the Company, to provide them with the opportunity to acquire proprietary interests in the Company and to encourage them to work towards enhancing the value of the Company and its shares for the benefit of the Company and its shareholders as a whole.

The maximum number of shares which may be issued upon exercise of all options to be granted under the Scheme (and under any other scheme of the Company) shall not in aggregate exceed 10% of the shares in issue as at the date of the adoption of the Scheme, provided that the Company seeks approval from shareholders to refresh such limit. Moreover, the maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme (and under any other scheme of the Company) shall not exceed 30% of the shares in issue from time to time. The maximum entitlement of each Participant under the Scheme in any 12-month period is 1% of the shares in issue from time to time.

The total number of shares that may be issued upon the exercise of the options that may be granted under the Scheme was 450,944,459, being 10% of the issued share capital of the Company as at the date of the adoption of the Scheme and approximately 10% of the total number of issued shares of the Company as at the date of this annual report.

The period within which an option may be exercised will be determined by the Directors at its absolute discretion but no option may be exercised later than 10 years from the date on which the option is granted. The minimum period for which an option must be held before it can be exercised is determined by the Directors upon the grant of an option.

According to the terms of the Scheme, an offer letter in respect of an offer of the grant of an option made to the participants shall remain open for the participant concerned for a period of 28 days from the date on which the relevant letter is delivered to the Participant. The amount payable on acceptance of an option is HK$1. The exercise price is determined by the Directors, and will not be less than the higher of (i) the closing price of the Company's shares on the date of grant, (ii) the average closing price of the shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's share. The Scheme will be valid and effective for a period of ten years from the adoption date until 27 May 2031.

As at 31 December 2024, the number of shares in respect of the options granted and remained outstanding under the Scheme was nil (2023: 1,000,000), representing nil% (2023: 0.02%) of the total number of issued shares of the Company.

As at 1 January 2024 and 31 December 2024, the number of shares in respect of options available for grant under the Scheme was 450,944,459.

Movements of share options granted under the Share Option Schemes during the year are set out below:

Category of Participants	As at 1 January 2024	Lapsed during the year	As at 31 December 2024	Date of grant	Exercise price (HK$)	Exercise period (Note)
Consultant	1,000,000	(1,000,000)	–	2 November 2020	0.912	2
Exercisable at the end of the year			–			

Notes:

1. Each option gave the holder the right to subscribe for one share of the Company and the vesting period of the share options was from the date of grant until the commencement of the exercise period.

2. The share options granted on 2 November 2020 were divided into 3 tranches, 30% of which was exercisable from 2 November 2020, 30% of which was exercisable from 2 November 2021 and the remaining 40% was exercisable from 2 November 2022 respectively to 1 November 2025. The closing price of the Company's shares on the Hong Kong Stock Exchange immediately preceding the date of grant was HK$0.89.

3. During the year ended 31 December 2024, no share options were granted, exercised or cancelled under the Share Option Schemes.

Save as disclosed above, no equity-linked agreements that will or may result in the Company issuing shares or that require the Company to enter into any agreements that will or may result in the Company issuing shares were entered into by the Company during the year ended 31 December 2024 or subsisted at the end of the year.

Substantial Shareholders' Interests in the Shares and Underlying Shares of the Company

As at 31 December 2024, within the knowledge of the Directors, the following persons (other than the Directors or chief executive of the Company) or corporations had or deemed or taken to have an interest or short position in the shares or underlying shares of the Company which were required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

Long positions in the shares and underlying shares of the Company *(Note 1)*

Name	Capacity/Nature of interest	No. of shares of the Company held	No. of underlying shares of the Company held	Approximate % of total issued shares of the Company
LET	Beneficial owner	123,255,000	–	2.73%
	Interest of controlled corporations *(Note 2)*	3,018,306,811	–	66.93%
		3,141,561,811	–	69.66%
Victor Sky	Beneficial owner *(Note 2)*	3,018,306,811	–	66.93%
Major Success	Interest of controlled corporations *(Note 2)*	3,141,561,811	–	69.66%

Notes:

1. As at 31 December 2024, the total number of issued shares of the Company was 4,509,444,590.

2. As at 31 December 2024, LET is the beneficial owner of 123,255,000 shares of the Company and is also interested in 3,018,306,811 shares of the Company through its wholly-owned subsidiary, Victor Sky. LET was majority controlled by Major Success, which is wholly-owned by Mr. Lo.

Save as disclosed above, as at 31 December 2024, the Directors are not aware of any other person (other than the Directors or chief executive of the Company) who had an interest or short position in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

Management Contracts

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended 31 December 2024.

Major Customers and Suppliers

In 2024, revenue generated from the Group's five largest customers accounted for less than 30% of the total revenue for the year. During the year, the Group purchased less than 30% of its goods and services from its five largest suppliers.

None of the Directors, their associates or any shareholder of the Company (which to the knowledge of the Directors owns more than 5% of the Company's issued shares) had an interest in these major customers or suppliers.

Connected Transactions

(I) Acquisition of Land Parcels in Japan

On 18 May 2023, the Company entered into the sale and purchase agreements (the "Sale and Purchase Agreements") with (i) LET Group Holdings Limited ("LET") to acquire the entire issued share capital of Modest Achieve Limited ("Modest Achieve"), a company incorporated in the British Virgin Islands (the "BVI") and a wholly-owned subsidiary of LET, together with its shareholder's loans, at a consideration of totally Hong Kong dollars ("HK$")142.8 million; and (ii) Solid Impact Limited ("Solid Impact"), a company incorporated in the BVI and an independent third party, to acquire the entire issued share capital of Joyful Award Limited ("Joyful Award"), a company incorporated in the BVI and a wholly-owned subsidiary of Solid Impact, together with its shareholder's loans, at a consideration of totally HK$137.2 million. Modest Achieve directly and Joyful Award indirectly hold 51% and 49% interests in MSRD Corporation Limited respectively, a company incorporated in Japan and whose principal asset is a property comprising 28 adjoining land parcels with a total site area of approximately 108,799 square meters located in Nishihara, Aza Nikadori, Hirara, Miyakojima City, Okinawa Prefecture of Japan (the "Land Parcels"). The Sale and Purchase Agreements are inter-conditional upon each other, and the considerations were determined after arm's length negotiation among LET, Solid Impact and the Company by reference to the market value of the Land Parcels according to an independent valuation report.

LET is the controlling shareholder of the Company, interested in, directly and indirectly, an aggregate of approximately 69.66% of the Company's shares in issue, and therefore a connected person of the Company. Accordingly, the Sale and Purchase Agreements and the transactions contemplated thereunder constitute as connected transactions for the Company under the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the "Listing Rules"), which were approved at the special general meeting of the Company held on 14 July 2023. Details of these transactions are disclosed in the announcements of the Company dated 18 May 2023 and 14 July 2023 and the circular dated 28 June 2023.

(II) Provision of financial assistance to a fellow subsidiary

Suntrust Resort Holdings, Inc. ("Suntrust"), an indirect 51% non-wholly owned subsidiary of LET and a fellow subsidiary of the Company, has obtained a term loan in principal amount of up to Philippine pesos ("PHP") 25.0 billion (equivalent to approximately HK$3.6 billion) (the "Loan Facility") from China Banking Corporation (the "Lender") to partially finance the construction and development of a 5-Star hotel and casino complex located at Manila Bayshore Integrated City in Paranaque City, the Philippines (the "Main Hotel Casino") by entering into a loan agreement dated 8 June 2023 as amended by an amendment agreement dated 26 July 2023 (collectively the "Loan Agreement") for 8 years from the date of the first drawdown of PHP2.0 billion on 31 July 2023. Suntrust, Mr. Lo (Chairman and Executive Director of the Company) and LET have provided surety and securities to the Lender as securities for the Loan Facility. It is one of the requirements of the Lender that Summit Ascent Investments Limited ("SA Investments"), a wholly-owned subsidiary of the Company, shall provide certain securities to the Lender for the Loan Facility, as follows:

(a) Subscription of New Convertible Bonds

On 1 June 2020, SA Investments, entered into a subscription agreement with Suntrust, pursuant to which Suntrust conditionally agreed to issue and SA Investments conditionally agreed to subscribe for the convertible bonds in the aggregate principal amount of PHP5.6 billion at an initial conversion price of PHP1.80 per share of Suntrust for an initial term of 5 years from the date of their issue extendable for a further term of 5 years (the "2020 CB"). The 2020 CB was issued by Suntrust to SA Investments on 30 December 2020. On 20 September 2021, SA Investments entered into another subscription agreement with Suntrust, pursuant to which Suntrust conditionally agreed to issue and SA Investments conditionally agreed to subscribe for the convertible bonds in the aggregate principal amount of PHP6.4 billion at an initial conversion price of PHP1.65 per share of Suntrust for an initial term of 3 years from the date of their issue extendable for a further term of 3 years (the "2022 CB"). The 2022 CB was issued by Suntrust to SA Investments on 10 June 2022.

The 2020 CB bears an interest rate of 6.0% per annum on the aggregate principal amount of the 2020 CB from time to time outstanding, payable yearly in arrears accruing from the issue date of the 2020 CB (i.e. 30 December 2020) on the basis of a 365-day year. The 2022 CB bears an interest rate of 6.0% per annum on the aggregate principal amount of the 2022 CB from time to time outstanding, payable yearly in arrears accruing from the issue date of the 2022 CB (i.e. 10 June 2022) on the basis of a 365-day year. Taking into account the financial situation, cash flow and capital expenditure needs, Suntrust has not paid to SA Investments (i) the second interest payment of PHP336.0 million due under the 2020 CB on 30 December 2022; and (ii) the first interest payment of PHP382.9 million due under the 2022 CB on 10 June 2023 (collectively the "Payment Obligations"). SA Investments has agreed in principle to restructure the Payment Obligations.

On 26 July 2023, SA Investments entered into a subscription agreement with Suntrust, pursuant to which Suntrust conditionally agreed to issue and SA Investments conditionally agreed to subscribe for the zero coupon convertible bonds in the principal amount of up to PHP13.5 billion (equivalent to approximately HK$1.93 billion) at an initial conversion price of PHP1.10 per share of Suntrust for an initial term of 8 years from the date of their issue extendable for a further term of 2 years (the "New CB"). SA Investments and Suntrust will enter into a set-off deed (the "Set-Off Deed") and the subscription price of the New CB will be applied by Suntrust to redeem the 2020 CB and the 2022 CB by setting off against the outstanding principal amounts of the 2020 CB and the 2022 CB together with accrued interest thereon up to the completion date of the subscription of the New CB (the "Indebted Amount"), either (a) (if the subscription price is equal to or more than the Indebted Amount) in full; or (b) (if the subscription price is less than the Indebted Amount) in part to an amount equal to the subscription price with the amount of shortfall to be paid by Suntrust in cash.

Interest Waiver

Pursuant to the terms of the 2020 CB and the 2022 CB, the 2020 CB and the 2022 CB are subject to an overdue interest rate of 8.0% per annum from their respective interest due dates of 30 December 2022 and 10 June 2023 until settlement of the Payment Obligations. Based on arm's length negotiations between Suntrust and SA Investments, SA Investments agreed to calculate the accrued interest based on the non-overdue interest rate of 6.0% per annum, thereby waiving the extra 2.0% interest per annum under the overdue interest rate of the 2020 CB and the 2022 CB already accrued and to be accrued until the completion of the subscription of the New CB (the "Interest Waiver").

Conversion Condition and Redemption Condition of the New CB

Until repayment of at least 75% of the Loan Facility has been made, SA Investments shall not exercise any New CB conversion rights or agree to any amendment to the terms and conditions of the New CB. All amounts due and payable under the New CB shall be subordinated to and shall rank junior in payment to the Loan Facility until full payment of the Loan Facility (the "Redemption Condition"). Either Suntrust or SA Investments is entitled to request for early redemption at any time after the first anniversary of the issue date of the New CB and expiring on the maturity date, subject to the Redemption Condition, at the outstanding principal amount and an amount that would make up an annual return on the New CB to be redeemed at 6% calculated from the issue date of the New CB up to the date of redemption. Unless previously redeemed, converted, purchased or cancelled, Suntrust shall redeem the New CB on its maturity date, subject to the Redemption Condition, at the outstanding principal amount up to the maturity date and an amount that would make up an annual return on the New CB to be redeemed at 6% calculated from the issue date of the New CB up to the maturity date.

(b) SA Loan Agreement

In pursuance of the Loan Agreement, Suntrust is required to maintain a credit balance of not less than United States dollars ("US$")20 million (equivalent to approximately HK$155 million) in a construction reserve account to be maintained in the name of a security trustee to the Lender to cover any cost overruns of the construction of the Main Hotel Casino on or before 30 September 2023 (the "CRA Reserve Requirement"). On 26 July 2023, SA Investments as lender entered into a loan agreement with Suntrust (the "SA Loan Agreement"), pursuant to which, SA Investments will provide a loan facility of up to US$20 million (equivalent to approximately HK$155 million) to Suntrust at an interest rate of 6.0% per annum, available for 10 years from the date of drawdown, for the sole purpose of Suntrust to fulfill the CRA Reserve Requirement.

(c) Finance Documents

Security Agreement

Under the security agreement executed by SA Investments (the "Security Agreement"), which was incorporated as part of the Loan Agreement, SA Investments (a) created a first charge and an assignment by way of security of (i) all present and future convertible bonds issued by Suntrust (the "CBs", including without limitation, the 2020 CB, the 2022 CB, and the New CB); and (ii) all present and future agreements, contracts, documents or instruments entered into or to be entered into between Suntrust and SA Investments evidencing or relating to loans or advances by SA Investments to Suntrust (including without limitation, the SA Loan Agreement); (b) created a first charge over all shares of Suntrust owned or held or that in the future may be owned or held by SA Investments; and (c) undertook to provide additional funding to Suntrust to ensure timely completion of the Main Hotel Casino and timely fund the cost over-runs of the Main Hotel Casino project (the "SA Project Support Undertaking").

Subordination Agreement

Under a subordination agreement dated 26 July 2023 executed by SA Investments (the "Subordination Agreement"), SA Investments has irrevocably subordinated any and all present and future indebtedness, liabilities or obligations of Suntrust, direct or indirect, contingent or non-contingent, owing to SA Investments under all advances and loans to Suntrust (including without limitation, the CBs and the SA Loan Agreement) to and ranking junior in payment to the Loan Facility. Under and pursuant to the Subordination Agreement, SA Investments shall not demand, collect, accept and/or receive from Suntrust, whether directly or indirectly, any principal, interest, default interest, penalties or other amounts payable by the Suntrust to SA Investments under the SA Loan Agreement.

Supplemental Deed Polls

On 26 July 2023, the supplemental deed polls were executed by Suntrust and SA Investments (the "Supplemental Deed Polls"), pursuant to which the 2020 CB and the 2022 CB shall be revised by adding the following: (a) SA Investments agreed and undertook with the Lender (i) for as long as the Loan Facility remains outstanding, there shall be no conversion or amendment of the 2020 CB and the 2022 CB without the prior written consent of the Lender, provided that no such consent shall be needed if at least 75% of the Loan Facility has been repaid; (ii) the payment of principal, interest, and other amounts payable under any of the 2020 CB and the 2022 CB shall be subordinated to the Loan Facility, and any such payment shall only be made if it will not contravene the terms of the Loan Agreement; and (iii) any conversion, amendment, or payment in violation of any of the foregoing conditions shall be deemed void (collectively the "Required CB Conditions"). (b) In relation to each of the 2020 CB and the 2022 CB, SA Investments agreed to waive the right to declare an event of default under it on or before its maturity date to comply with the subordination under the Required CB Conditions.

Undertaking

On 26 July 2023, SA Investments executed an undertaking (the "Undertaking") in favour of the Lender agreeing, committing and undertaking in favor of the Lender that (a) for so long as more than 25% of the Loan Facility remains outstanding, SA Investments shall seek and obtain the written consent of the Lender prior to exercising any conversion right that it may have under any or all of the 2020 CB and/or the 2022 CB; (b) for so long as any Loan Facility remains outstanding, SA Investments shall seek and obtain the written consent of the Lender prior to: (i) selling, assigning, transferring or otherwise disposing of any or all of the 2020 CB and/or the 2022 CB; (ii) creating or agreeing to create any lien on any or all of the 2020 CB and/or the 2022 CB; (iii) collecting, demanding and/or receiving from Suntrust, whether directly or indirectly, any principal, interest, default interest, penalties or other amounts payable under any or all of the 2020 CB and/or the 2022 CB; and/or (iv) declaring any event of default under any of the 2020 CB and/or the 2022 CB. In any of the instances provided in (a) and (b) above, the Lender may grant, withhold or deny any consent sought by SA Investments at the sole and absolute discretion of the Lender without prejudice to the rights, interests, and liens of the Lender under the Loan Agreement, including those with respect to the 2020 CB and 2022 CB. The Undertaking became effective upon initial drawdown by Suntrust under the Loan Agreement and will remain in force and effect until the Loan Facility is fully and indefeasibly paid or upon full redemption of the 2020 CB and the 2022 CB. Non-compliance by SA Investments with the Undertaking will constitute an event of default under the Loan Agreement.

(d) Indemnity by LET

By a deed of counter-indemnity dated 8 June 2023 executed by LET in favour of SA Investments, LET agrees to indemnify and keep SA Investments fully indemnified from and against all direct, indirect and consequential liabilities and losses, payments, damages, demands, claims, costs (including legal fees on a full indemnity basis), expenses of any kind, proceedings, actions and other consequences which SA Investments may incur, suffer or sustain when (a) the Lender makes any request or demand upon SA Investments for payment of any sum of money under or pursuant to any or all of the Security Agreement, the Subordination Agreement and the Supplemental Deed Polls (collectively the "Finance Documents") and/or the Undertaking and/or the Loan Agreement; or (b) the Lender enforces any or all of its rights and remedies against SA Investments under any or all the Finance Documents and/or the Undertaking and/or the Loan Agreement; or (c) the Lender enforces any or all securities created under any or all the Finance Documents; or (d) SA Investments becomes liable to pay any sum of money under or pursuant to any or all the Finance Documents and/or the Undertaking and/or the Loan Agreement to the Lender; or (e) they are arising from or as a consequence of any or all the Finance Documents and/or the Undertaking and/or the Loan Agreement.

The Main Hotel Casino is still under construction and not yet in operation. Up to 30 June 2023, approximately US$461.1 million has been paid for the Main Hotel Casino project by Suntrust, representing approximately 42% of the estimated total construction and development costs. The structural topping-off on Level 12 of the Main Hotel Casino was achieved and façade works were in progress. Podium is now in a water-tight condition for the commencement of interior fit-out works in the coming months. Suntrust is also starting the employee recruitment process for the Main Hotel Casino's operations team. If SA Investments does not restructure the Payment Obligations with Suntrust, the Loan Facility would be adversely affected and Suntrust may not be able to secure adequate funding for the Main Hotel Casino. The New CB, the Interest Waiver, the Set Off Deed, and the SA Loan Agreement coupled with the Finance Documents will help substantially to secure the Loan Facility and resolve Suntrust's financing needs allowing Suntrust to focus on completing construction of the Main Hotel Casino and preparing for its opening. Given the positive prospect of the gaming industry in the Philippines, facilitating the completion and opening of the Main Hotel Casino is essential to the Group to secure a return on its investment in Suntrust.

The Loan Agreement, the New CB, the Interest Waiver, the Set-Off Deed, the SA Loan Agreement, SA Project Support Undertaking, and the Finance Documents constitute major and connected transactions for the Company and the provision of financial assistance under the Listing Rules, which are, among others, subject to the Company's independent shareholders' approval requirements at a special general meeting and were approved in the special general meeting of the Company held on 13 September 2023. Details of these are disclosed in the Company's announcements dated 9 June 2023, 26 July 2023 and 13 September 2023 and the circular dated 24 August 2023.

The Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules in relation to connected transactions or continuing connected transactions (as the case may be) falling under the definition of connected transaction or continuing connected transactions (as the case may be) in Chapter 14A of the Listing Rules.

Significant related party transactions entered into by the Group during the year ended 31 December 2024, which do not constitute connected transactions under the Listing Rules, are disclosed in note 41 to the consolidated financial statements.

Permitted Indemnity Provision

Pursuant to the Bye-laws of the Company, a permitted indemnity provision for the benefit of the Directors was in force throughout the year ended 31 December 2024 and is currently in force as of the date of this report.

Sufficiency of Public Float

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

Auditor

The consolidated financial statements for the year ended 31 December 2024 have been audited by Crowe (HK) CPA Limited who will retire and being eligible, offer themselves for re-appointment at the forthcoming annual general meeting of the Company. There have been no changes in the Company's auditor in the preceding three years.

On behalf of the Board

Lo Kai Bong
Chairman and Executive Director

Hong Kong, 10 July 2025

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Causeway Bay, Hong Kong

TO THE SHAREHOLDERS OF SUMMIT ASCENT HOLDINGS LIMITED
(incorporated in Bermuda with limited liability)

Opinion

We have audited the consolidated financial statements of Summit Ascent Holdings Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 96 to 170, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 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.

Key audit matters

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

Key audit matters (continued)

Revenue from gaming operations

Refer to note 5 to the consolidated financial statements and the accounting policies note 3(e) on pages 106 to 107.

The Key Audit Matter	How the matter was addressed in our audit
Revenue generated from gaming operations amounted to approximately HK$377,069,000 for the year ended 31 December 2024 representing over 90% of the total revenues of the Group. We identified the revenue from gaming operations as a key audit matter due to its significance to the consolidated financial statements.	Our audit procedures included: – Obtaining an understanding of the processes in relation to revenue recognition. – Evaluating the design and implementation and testing the operating effectiveness of the key controls over the recognition of gaming operations revenues. – Re-performing cash counts, on a selection basis, to check the controls are carried out as planned. – Performing analytical review and trend analysis to identify any irregular or unexplained revenues. – Tracing samples of revenue transactions from gaming operations throughout the year to source documents, recalculating the gaming wins and losses, and agreeing to the amount recorded for revenue. – Evaluating the appropriateness of disclosures made in the consolidated financial statements with respect to revenue recognised during the year as required by applicable accounting standard.

Information other than the consolidated financial statements and auditor's report thereon

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

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

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

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

Responsibilities of the directors and those charged with governance for the consolidated financial statements

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

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

Those charged with governance are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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

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

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

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

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

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

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

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

* Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purpose of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

Crowe (HK) CPA Limited
Certified Public Accountants
Hong Kong, 10 July 2025

Yeung Sik Hung, Alvin
Practising Certificate Number P05206

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

	Notes	2024 HK$'000	2023 HK$'000
Revenue from gaming and hotel operations	5	**414,505**	369,127
Other income	6	**144,286**	125,681
Other gains and losses	8	**(124,557)**	(818,453)
Gaming tax		**(7,049)**	(5,913)
Inventories consumed		**(19,923)**	(17,079)
Marketing and promotion expenses		**(10,105)**	(9,652)
Employee benefits expenses		**(129,525)**	(128,262)
Depreciation and amortisation		**(56,410)**	(77,833)
Other expenses	9	**(98,183)**	(105,004)
Fair value gains/(losses) on derivative financial instruments	21, 27	**144,470**	(169,022)
Finance costs	10	**(4,474)**	(7,822)
Profit/(loss) before taxation		**253,035**	(844,232)
Income tax expense	11	**(4,066)**	(195)
Profit/(loss) for the year	12	**248,969**	(844,427)
Other comprehensive expense			
Item that may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operation		**(9,831)**	(2,078)
Profit/(loss) and total other comprehensive income/(expense) for the year		**239,138**	(846,505)
Profit/(loss) for the year attributable to:			
Owners of the Company		**229,232**	(739,964)
Non-controlling interests		**19,737**	(104,463)
		248,969	(844,427)
Profit/(loss) and total other comprehensive income/(expense) for the year attributable to:			
Owners of the Company		**219,401**	(742,042)
Non-controlling interests		**19,737**	(104,463)
		239,138	(846,505)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

	Note	**2024** **HK$'000**	2023 HK$'000
		HK cents	HK cents
Earnings/(loss) per share	16		
Basic		**5.08**	(16.41)
Diluted		**5.08**	(16.41)

The notes on pages 103 to 170 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2024

	Notes	2024 HK$'000	2023 HK$'000
Non-current assets			
Property, operating right and equipment	17	**815,563**	885,524
Right-of-use assets	18	**6,187**	6,107
Other non-current assets	19	**6,828**	2,697
Long-term loan to a fellow subsidiary	20	**167,285**	158,879
Derivative financial instruments	21	**1,587,667**	1,444,032
Intangible assets		**250**	250
		2,583,780	2,497,489
Current assets			
Inventories	22	**4,724**	4,693
Other receivables	23	**68,052**	55,890
Amount due from a fellow subsidiary	24	**265,730**	189,441
Bank balances and cash	25	**444,947**	339,466
		783,453	589,490
Current liabilities			
Contract liabilities, trade and other payables	26	**38,949**	36,558
Amounts due to non-controlling shareholders of a subsidiary	24	**82,389**	71,455
Derivative financial instrument	27	**1,392**	2,227
Convertible bonds	27	**21,893**	–
Lease liabilities	28	**3,032**	2,646
Financial guarantee contracts	29	**348,938**	304,834
		496,593	417,720
Net current assets		**286,860**	171,770
Total assets less current liabilities		**2,870,640**	2,669,259
Non-current liabilities			
Convertible bonds	27	**–**	20,510
Loans from non-controlling shareholders of a subsidiary	30	**7,449**	14,669
Liabilities for value-added tax ("VAT") arrangements	31	**2,646**	8,931
Lease liabilities	28	**2,321**	2,864
		12,416	46,974
Net assets		**2,858,224**	2,622,285

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2024

	Note	2024 HK$'000	2023 HK$'000
Capital and reserves			
Share capital	32	**112,736**	112,736
Reserves		**2,544,982**	2,325,581
Equity attributable to owners of the Company		**2,657,718**	2,438,317
Non-controlling interests		**200,506**	183,968
Total equity		**2,858,224**	2,622,285

The consolidated financial statements on pages 96 to 170 were approved and authorised for issue by the board of directors on 10 July 2025 and are signed on its behalf by:

Lo Kai Bong
Director

Lam Hung Tuan
Director

The notes on pages 103 to 170 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

	Attributable to owners of the Company							
	Share capital HK$'000	Share premium HK$'000	Share-based compensation reserve HK$'000	Exchange reserve HK$'000	Accumulated losses HK$'000	Sub-total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 January 2023	112,736	3,148,184	5,635	–	(86,196)	3,180,359	313,850	3,494,209
Loss and total comprehensive expense for the year	–	–	–	–	(739,964)	(739,964)	(104,463)	(844,427)
Deemed distribution to non-controlling shareholders (Note 30)	–	–	–	–	–	–	(25,247)	(25,247)
Exchange difference arising on translating foreign operation	–	–	–	(2,078)	–	(2,078)	–	(2,078)
Lapse of share options	–	–	(5,287)	–	5,287	–	–	–
Dividend paid to non-controlling shareholders of a subsidiary	–	–	–	–	–	–	(172)	(172)
At 31 December 2023 and 1 January 2024	112,736	3,148,184	348	(2,078)	(820,873)	2,438,317	183,968	2,622,285
Profit and total comprehensive income for the year	–	–	–	–	229,232	229,232	19,737	248,969
Deemed distribution to non-controlling shareholders (Note 30)	–	–	–	–	–	–	(3,034)	(3,034)
Exchange difference arising on translating foreign operation	–	–	–	(9,831)	–	(9,831)	–	(9,831)
Lapse of share options	–	–	(348)	–	348	–	–	–
Dividend paid to non-controlling shareholders of a subsidiary	–	–	–	–	–	–	(165)	(165)
At 31 December 2024	**112,736**	**3,148,184**	**–**	**(11,909)**	**(591,293)**	**2,657,718**	**200,506**	**2,858,224**

The notes on pages 103 to 170 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

	Note	2024 HK$'000	2023 HK$'000
OPERATING ACTIVITIES			
Profit/(loss) before taxation		**253,035**	(844,232)
Adjustments for:			
Fair value (gains)/losses on derivative financial instruments	21, 27	**(144,470)**	169,022
Interest income from derivative financial instruments	21	**(97,725)**	(101,543)
Bank interest income		**(35,560)**	(18,232)
Interest income from long-term loan to a fellow subsidiary	20	**(9,388)**	(2,697)
Impairment losses reversed on prepayments, other receivables and deposits		**(55)**	(12)
Written-off of other payables		**–**	(9,167)
Gain on lease modification		**–**	(56)
Exchange difference		**80,427**	39,064
Depreciation and amortisation		**56,410**	77,833
Expected credit losses ("ECL") for financial guarantee contracts	29	**44,104**	304,834
Finance costs	10	**4,474**	7,822
Loss on disposal of property, operating right and equipment		**78**	683
Loss on disposal of intangible assets		**3**	–
Impairment loss recognised on property, operating right and equipment	17	**–**	483,107
Operating cash flows before movements in working capital		**151,333**	106,426
Increase in inventories		**(31)**	(279)
Increase in other receivables		**(13,165)**	(22,628)
Decrease in contract liabilities, trade and other payables		**5,496**	2,744
Cash generated from operation		**143,633**	86,263
Income tax paid		**(4,066)**	(195)
NET CASH GENERATED FROM OPERATING ACTIVITIES		**139,567**	86,068
INVESTING ACTIVITIES			
Payment for property, operating right and equipment		**(8,536)**	(7,985)
Return of VAT refunded under VAT arrangements		**(7,417)**	(8,623)
Deposits paid for purchase of property, operating right and equipment		**(6,828)**	(2,697)
Payment of intangible assets		**(3)**	–
Payment for acquisition of subsidiaries	34	**–**	(281,558)
Long-term loan advanced to a fellow subsidiary	20	**–**	(156,608)
Interest received		**35,560**	18,232
Proceeds from disposal of property, operating right and equipment		**292**	874
VAT refunded under VAT arrangements		**–**	378
NET CASH GENERATED FROM/(USED IN) INVESTING ACTIVITIES		**13,068**	(437,987)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

	2024 HK$'000	2023 HK$'000
FINANCING ACTIVITIES		
Repayment of lease liabilities	**(3,648)**	(5,268)
Interest paid for lease liabilities	**(425)**	(634)
Dividend paid to non-controlling shareholders of a subsidiary	**(165)**	(172)
Repayment of loans from non-controlling shareholders of a subsidiary	**–**	(83,831)
NET CASH USED IN FINANCING ACTIVITIES	**(4,238)**	(89,905)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**148,397**	(441,824)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	**339,466**	831,861
Effect of foreign exchange rate changes	**(42,916)**	(50,571)
CASH AND CASH EQUIVALENTS AT 31 DECEMBER		
Represented by bank balances and cash	**444,947**	339,466

The notes on pages 103 to 170 form an integral part of these consolidated financial statements.

1. GENERAL

Summit Ascent Holdings Limited (the "Company") is a limited liability company incorporated in Bermuda and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange"). The addresses of the registered office and principal place of business of the Company are disclosed in the Corporate Information section to the annual report.

The Company acts as an investment holding company. The principal activities of the Company and its subsidiaries (the "Group") are the operation of hotel and gaming business in the Integrated Entertainment Zone of the Primorye Region (the "IEZ Primorye") in the Russian Federation. The principal subsidiaries and their activities are set out in note 42.

The Company's immediate holding company is Victor Sky Holdings Limited, which is incorporated in the British Virgin Islands (the "BVI"), and the Company's intermediate holding company, LET Group Holdings Limited ("LET"), is incorporated in the Cayman Islands with its shares listed on the Main Board of Hong Kong Stock Exchange. The directors of the Company (the "Directors") consider the Company's ultimate holding company is Major Success Group Limited, which is incorporated in 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 dollar ("HK$") which is also the functional currency of the Company. The functional currency of G1 Entertainment Limited Liability Company ("G1 Entertainment"), a principal subsidiary of the Group, engages in the gaming and hotel operations in the Russian Federation, is HK$, the currency of the primary economic environment in which the entity operates.

2. APPLICATION OF AMENDMENTS TO HKFRS ACCOUNTING STANDARDS ("HKFRSs") AND HONG KONG ACCOUNTING STANDARDS ("HKASs")

The Group has applied the following amendments to HKFRSs and HKASs issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") to these consolidated financial statements for the current accounting period for first time, which are mandatorily effective for the Group's financial annual period beginning on or after 1 January 2024, to the consolidated financial statements for the current accounting year:

- Amendments to HKAS 1, Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 and Non-current Liabilities with Covenants

- Amendments to HKAS 7 and HKFRS 7, Supplier Finance Arrangements

- Amendments to HKFRS 16, Lease Liability in a Sale and Leaseback

The Group has not applied any new standards and amendments to HKFRSs that are not yet mandatorily effective for the current accounting period. The application of the amendments to HKFRSs and HKASs in the current year has had no material effect on the amounts reported and/or disclosures set out in these consolidated financial statements.

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION

a) Statement of compliance

The consolidated financial statements have been prepared in accordance with all applicable HKFRSs, which includes all applicable HKASs and Interpretations issued by the HKICPA, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These consolidated financial statements also comply with the applicable disclosure provision of the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the "Listing Rules"). Material accounting information adopted by the Group are disclosed below.

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

b) Basis of preparation of the consolidated financial statements

The consolidated financial statements have been prepared on the historical cost basis except for the financial instruments which are stated at their fair values at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 Share-based Payment, leasing transactions that are accounted for in accordance with HKFRS 16 Leases ("HKFRS 16"), and measurements that have some similarities to fair value, such as net realisable value in HKAS 2 Inventories or value in use in HKAS 36 Impairment of Assets.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

c) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries made up to 31 December each year. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

d) Changes in the Group's interest in existing subsidiaries

Changes in the Group's interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests. Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKFRS 9 Financial Instruments ("HKFRS 9") or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

e) Revenue from contracts with customers

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

e) Revenue from contracts with customers (continued)

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A contract asset and a contract liability relating to the same contract are accounted for an presented on a net basis.

Contracts with multiple performance obligations (including allocation of transaction price)

For contracts that contain more than one performance obligations (typically include settling a customer's wager, providing rooms and food and beverage services to the customers on a discounted or complementary basis and points earned under the Group's customer loyalty program), the Group allocates the transaction price to each performance obligation on a relative stand-alone selling price basis.

The stand-alone selling price of the distinct good or service underlying each performance obligation is determined at contract inception. It represents the price at which the Group would sell a promised good or service separately to a customer. If a stand-alone selling price is not directly observable, the Group estimates it using appropriate techniques such that the transaction price ultimately allocated to any performance obligation reflects the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customer.

Revenue from gaming operations represents the aggregate net difference between gaming wins and losses. The commissions rebated to customers related to their play are recorded as a reduction to revenue from gaming operations.

For revenue contracts that include discounted or complimentary products and services provided by the Group to customers, the Group allocates the relative stand-alone selling price of each product and service to the respective revenue type. The costs of the respective products or services provided by the Group are recorded as an expense.

For revenue transactions that entitles a customer to earn points under the Group's customer loyalty programs, the Group allocates the estimated stand-alone selling price of the points earned to the loyalty program liability. Such amount is deferred as loyalty program liability in other payables until redemption occurs. Upon redemption of the loyalty program points for products and services provided by the Group, the amount deferred of each product or service provided by the Group is allocated to the respective revenue type.

For the rooms and food and beverage services provided for which the control of services is transferred over time or at a point in time, respectively, revenue is recognised when the customer obtains the control of the completed services and the Group has present right to payment and the collection of the consideration is probable.

f) Gaming tax

The Group is required to make certain variable and fixed payments to the tax authority in the Russian Federation based on the number of tables and slot machines in its possession. These expenses are reported as "gaming tax" in the consolidated statement of profit or loss and other comprehensive income and are charged to the consolidated statement of profit or loss and other comprehensive income as incurred.

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

g) Leases

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified or arising from business combinations on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components, including contract for acquisition of ownership interests of a property which includes both leasehold land and non-lease building components, unless such allocation cannot be made reliably.

The Group also applies practical expedient not to separate non-lease components from lease component, and instead account for the lease component and any associated non-lease components as a single lease component.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases of office and that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis or another systematic basis over the lease term.

Right-of-use assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability; and
- any lease payments made at or before the commencement date, less any lease incentives received.

Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

g) Leases (continued)

The Group as a lessee (continued)

Refundable rental deposits

Refundable rental deposits paid are accounted for under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

Variable lease payments that reflect changes in market rental rates are initially measured using the market rental rates as at the commencement date. Variable lease payments that do not depend on an index or a rate are not included in the measurement of lease liabilities and right-of-use assets, and are recognised as expense in the period in which the event or condition that triggers the payment occurs.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in market rental rates following a market rent review in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

g) Leases (continued)

The Group as a lessee (continued)

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

g) Leases (continued)

The Group as a lessor

Classification and measurement of leases

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and such costs are recognised as an expense on a straight-line basis over the lease term.

Allocation of consideration to components of a contract

When a contract includes both leases and non-lease components, the Group applies HKFRS 15 Revenue from Contracts with Customers ("HKFRS 15") to allocate consideration in a contract to lease and non-lease components. Non-lease components are separated from lease component on the basis of their relative stand-alone selling prices.

Refundable rental deposits

Refundable rental deposits received are accounted for under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

Lease modification

The Group accounts for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

h) Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

i) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

Any specific borrowing that remains outstanding after the related asset is ready for its intended use or sale is included in the general borrowing pool for calculation of capitalisation rate on general borrowings. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

j) Retirement benefit costs

Payments to the Hong Kong Mandatory Provident Fund Scheme and the Russian Federation State Pension Fund are recognised as an expense when employees have rendered service entitling them to the contributions.

k) Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries and annual leave) after deducting any amount already paid.

l) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group’s liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

l) Taxation (continued)

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and interest in a joint venture, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

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

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority and the group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. When current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

In assessing any uncertainty over income tax treatments, the Group considers whether it is probable that the relevant tax authority will accept the uncertain tax treatment used, or proposed to be used by individual group entities in their income tax filings. If it is probable, the current and deferred taxes are determined consistently with the tax treatment in the income tax filings. If it is not probable that the relevant taxation authority will accept an uncertain tax treatment, the effect of each uncertainty is reflected by using either the most likely amount or the expected value.

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

m) Property, operating right and equipment

Properties, operating right and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Property in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Ownership interests in leasehold land and building

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition.

To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as "right-of-use assets" (upon application of HKFRS 16) in the consolidated statement of financial position. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, operating right and equipment.

Depreciation is recognised so as to write off the cost of assets other than properties under construction over their estimated useful lives, using the straight-line method. The estimated useful lives and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, operating right and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal or retirement of an item of property, operating right and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in profit or loss.

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

n) Impairment on property, operating right and equipment, right-of-use assets and intangible assets other than goodwill

At the end of the reporting period, the Group reviews the carrying amounts of its property, operating right and equipment, right-of-use assets and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of property, operating right and equipment, right-of-use assets and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In addition, the Group assesses whether there is indication that corporate assets may be impaired. If such indication exists, corporate assets are also allocated to individual cash-generating units, when a reasonable and consistent basis of allocation can be identified, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit or the group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss to the extent that it eliminates the impairment loss which has been recognised for the asset in prior years. Any increase in excess of this amount is treated as revaluation increase.

o) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

p) Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

the financial asset is held within a business model whose objective is achieved by both selling and collecting contractual cash flows; and

the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

p) Financial instruments (continued)

Financial assets (continued)

Classification and subsequent measurement of financial assets (continued)

All other financial assets are subsequently measured at FVTPL, except that at the date of initial application of HKFRS 9 initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 Business Combinations applies.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

Impairment of financial assets

The Group performs impairment assessment under ECL model on financial assets (including trade and other receivables, and bank balances) which are subject to impairment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

p) Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

The Group always recognises lifetime ECL for trade receivables. The ECL on these assets are assessed individually for debtors with significant balances and/or collectively using a provision matrix with appropriate groupings.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

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

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

p) Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

a) significant financial difficulty of the issuer or the borrower;

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

c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or

d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over three months past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

p) Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Debtors with significant outstanding or credit-impaired were assessed individually. Where ECL is measured on a collective basis or cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped based on shared credit risk characteristics and days past due.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade and other receivables where the corresponding adjustment is recognised through a loss allowance account.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

p) Financial instruments (continued)

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Financial liabilities at amortised cost

Financial liabilities, including trade and other payables, and loans from non-controlling shareholders of a subsidiary are subsequently measured at amortised cost, using the effective interest method.

Derecognition/substantial modification of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

The Group accounts for an exchange with a lender of a financial liability with substantially different terms as an extinguishment of the original financial liability and the recognition of a new financial liability. A substantial modification of the terms of an existing financial liability or a part of it (whether or not attributable to the financial difficulty of the Group) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

The Group considers that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. Accordingly, such exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. The exchange or modification is considered as non-substantial modification when such difference is less than 10 per cent.

Non-substantial modifications of financial liabilities

For non-substantial modifications of financial liabilities that do not result in derecognition, the carrying amount of the relevant financial liabilities will be calculated at the present value of the modified contractual cash flows discounted at the financial liabilities' original effective interest rate. Transaction costs or fees incurred are adjusted to the carrying amount of the modified financial liabilities and are amortised over the remaining term. Any adjustment to the carrying amount of the financial liability is recognised in profit or loss at the date of modification.

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

p) Financial instruments (continued)

Financial liabilities and equity (continued)

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument. Financial guarantee contract liabilities are measured initially at their fair values.

It is subsequently measured at the higher of:

- the amount of the loss allowance determined in accordance with HKFRS 9; and
- the amount initially recognised less, where appropriate, cumulative amortisation recognised over the guarantee period in accordance with the principles of HKFRS 15.

The allocation of the remeasurement of financial guarantee contract between revenue and impairment losses depends on whether the financial guarantee contract is measured at the unamortised amount or the ECL amount at the beginning and end of the reporting period as well as whether impairment losses recognised in prior periods are reversed in the current period. The revenue allocated is recognised as other income and impairment losses is recognised as other gains or losses.

q) Derivative financial instruments

Derivative financial instruments are recognised at fair value. At the end of each reporting period the fair value is remeasured. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss, except where the derivatives qualify for cash flow hedge accounting or hedges of net investment in a foreign operation, in which case recognition of any resultant gain or loss depends on the nature of the item being hedged.

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

r) Convertible bonds

Convertible bonds that contain an equity component

At initial recognition the liability component of the convertible bonds is measured at fair value and presented as part of derivative financial instruments (see note 3(q)). Any excess of proceeds over the amount initially recognised as the derivative component is recognised as the host liability component. Transaction costs that relate to the issue of the convertible note are allocated to the host liability and derivative components in proportion to the allocation of proceeds. The portion of the transaction costs relating to the host liability component is recognised initially as part of the liability. The portion relating to the derivative component is recognised immediately in profit or loss.

The derivative component is subsequently remeasured in accordance with note 3(q). The host liability component is subsequently carried at amortised cost. Interest expense recognised in profit or loss on the host liability component is calculated using the effective interest method.

If the notes are converted, the shares issued are measured at fair value and any difference between the fair value of shares issued and the carrying amounts of the derivative and liability components are recognised in profit or loss. If the notes are redeemed. any difference between the amount paid and the carrying amounts of both components is recognised in profit or loss.

s) Share-based payments

Equity-settled share-based payment transactions

Share options granted to employees (including directors)

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting condition is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share-based compensation reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share-based compensation reserve. For share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss.

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

s) Share-based payments (continued)

Equity-settled share-based payment transactions (continued)

Share options granted to employees (including directors) (continued)

When share options are exercised, the amount previously recognised in the share-based compensation reserve will be transferred to share capital and share premium. When the share options are forfeited/cancelled after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share-based compensation reserve will be transferred to accumulated losses/retained earnings.

Share options granted to consultants

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the counterparty renders the service. The fair values of the services received are recognised as expenses (unless the services qualify for recognition as assets).

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

a) Critical judgments in applying accounting policies

The following are the critical judgments, apart from those involving estimations (see below), that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Determination on lease term of contracts with renewal options

The Group applies judgement to determine the lease term for lease contracts in which it is a lessee that include renewal option. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised. The lease on land plots from a third party was originally with a lease term of 14 years. Taking into account the Russian legislation and legal advice, the management expected that the lease terms could be extended upon expiry to match the estimated useful life of the buildings on the land plot of 30 years.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

b) Key sources of estimation uncertainty

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

i) Provision of ECL for other receivables

The Group applies the HKFRS 9 simplified approach to measuring ECL, using a lifetime expected loss allowance for all other receivables. The Group determines the allowance based on specific debtor information, historical experience with the debtor, current industry and economic data and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions. A provision of ECL for other receivables is recorded when the Group believes it is probable the recoverable amount of the receivables will be less than their carrying amounts.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's other receivables are disclosed in notes 36 and 23 respectively.

ii) Useful lives and depreciation and impairment of property, operating right and equipment and right-of-use assets

The Group determines the estimated useful lives and related depreciation charges for its property, operating right and equipment. This estimate is based on the historical experience of the actual useful lives of property, operating right and equipment of similar nature and functions. Management will increase the depreciation charge where useful lives are expected to be shorter than previously estimated, or it will write-off or write-down obsolete or non-strategic assets that have been abandoned or sold. The property of the Group mainly comprises a hotel and entertainment complex, which is situated on land plots in the Russian Federation with a lease term of 14 years. Taking into account the Russian legislation and legal advice, the management expected that the lease terms could be renewed upon expiry of the relevant lease or the land plots could be acquired by the Group at a minimal consideration if the land lease is not extended, to match with the estimated useful lives of the buildings of 30 years.

Property, plant and equipment and right-of-use assets are stated at costs less accumulated depreciation and impairment, if any. In determining whether an asset is impaired, the Group has to exercise judgment and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset (including right-of-use assets), the Group estimates the recoverable amount of the cash-generating unit to which the assets belongs. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the net present value used in the impairment test.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

b) Key sources of estimation uncertainty (continued)

ii) Useful lives and depreciation and impairment of property, operating right and equipment and right-of-use assets (continued)

As at 31 December 2024, the carrying amount of property, operating right and equipment and right-of-use assets was approximately HK$815,563,000 and HK$6,187,000 (2023: approximately HK$885,524,000 and HK$6,107,000), net of accumulated depreciation and amortisation of approximately HK$691,128,000 and HK$18,970,000 (2023: approximately HK$652,689,000 and HK$15,199,000), respectively. No impairment loss on property, operating right and equipment and right-of-use assets have been recognised for the year ended 31 December 2024 (2023: approximately HK$483,107,000 and Nil respectively).

iii) Provision of ECL for financial guarantee contract

The determination of loss allowances using the ECL model is subject to a number of key parameters and assumptions, including the credit analysis of the specified borrowers (taking into account an analysis of each borrower's current financial position and forward looking expectations), the expected payments to reimburse the bank institutions for a credit loss that the bank institutions would suffer in the event of borrowers failing to repay amounts drawn down by the borrowers under the bank facilities provided by the bank institutions (loss given default estimate), estimates of probability of default on the borrowing contracts, exposures at default and discount rate. Management judgment is involved in the selection of those parameters and the application of the assumptions.

The Group determined ECL for financial guarantee contract with assistance from third party qualified valuers. The Management works closely with external valuers to establish the appropriate valuation techniques and inputs to the model to estimate the ECL for financial guarantee contract.

Based on the assessment of the Group and by reference to the higher of loss allowance and amortised balance of financial guarantee contract as at 31 December 2024, the carrying amounts of financial guarantee contracts is approximately HK$348,938,000 (2023: approximately HK$304,834,000). Details of financial guarantee contracts are set out in note 29.

5. REVENUE FROM GAMING AND HOTEL OPERATIONS

	2024 HK$'000	2023 HK$'000
Revenue from gaming and hotel operations		
– Gaming operations	**377,069**	335,688
– Hotel operations	**37,436**	33,439
	414,505	369,127

Revenue from gaming operations represents the aggregate net difference between gaming wins and losses and is recognised at a point in time. The commissions rebated to customers related to their play are recorded as a reduction to revenue from gaming operations.

For the rooms and food and beverage, revenue is recognised when the control of goods and services is transferred, either over time or a point in time, as appropriate.

6. OTHER INCOME

	2024 HK$'000	2023 HK$'000
Interest income from derivative financial instruments *(Note 21)*	**97,725**	101,543
Bank interest income	**35,560**	18,232
Interest income from long-term loan to a fellow subsidiary *(Note 20)*	**9,388**	2,697
Rental income	**795**	706
Others	**818**	2,503
	144,286	125,681

7. SEGMENT INFORMATION

The operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the Company's Chairman and Executive Director, being the chief operating decision maker, for the purpose of allocating resources to segments and assessing their performance.

The Group operates only in one operating and reportable segment, i.e. the gaming and hotel operations. Single management report for the gaming and hotel business is reviewed by the Company's Chairman and Executive Director who allocates resources and assesses performance based on the consolidated financial information for the entire business. Accordingly, the Group does not present separate segment information other than entity-wide disclosures.

During the years ended 31 December 2024 and 2023, all revenues were derived from customers patronising in the Group's property located in the Russian Federation. At 31 December 2024 and 31 December 2023, almost all non-current assets of the Group, other than freehold land located in Japan, long-term loan to a fellow subsidiary and derivative financial instruments, were located in the Russian Federation.

8. OTHER GAINS AND LOSSES

	2024 **HK$'000**	2023 HK$'000
Exchange losses, net	**(80,427)**	(39,064)
ECL for financial guarantee contracts *(Note 29)*	**(44,104)**	(304,834)
Loss on disposal of property, operating right and equipment	**(78)**	(683)
Loss on disposal of intangible assets	**(3)**	–
Impairment losses recognised on prepayments, other receivables and deposits	**55**	12
Impairment loss recognised on property, operating right and equipment	**–**	(483,107)
Written-off of other payables	**–**	9,167
Gain on lease modification	**–**	56
	(124,557)	(818,453)

9. OTHER EXPENSES

	2024 HK$'000	2023 HK$'000
Bank charges	**19,126**	12,250
Security expenses	**10,836**	11,766
Repair and maintenance expenses	**9,468**	11,006
Utilities and fuel	**7,698**	8,006
Costs for employee relations	**6,217**	6,576
Legal and professional fees	**6,065**	7,134
Non-recoverable VAT	**5,635**	7,358
Overseas travel expenses	**4,291**	4,131
Motor vehicle expenses	**4,099**	4,126
Insurance expenses	**2,345**	2,414
Auditor's remuneration		
– Audit services	**1,600**	1,600
– Non-audit services	**400**	2,469
Gaming supplies	**2,183**	1,962
Hotel supplies	**2,130**	2,799
Communication and networking costs	**1,059**	1,554
Travel agency expenses	**–**	8,166
Others	**15,031**	11,687
	98,183	105,004

10. FINANCE COSTS

	2024 HK$'000	2023 HK$'000
Imputed interest on convertible bonds *(Note 27)*	**1,510**	1,411
Imputed interest on VAT arrangements	**1,326**	207
Imputed interest on loans from non-controlling shareholders of a subsidiary *(Note 30)*	**1,213**	5,570
Interest on lease liabilities	**425**	634
	4,474	7,822

11. INCOME TAX EXPENSE

(a) Income tax expense in the consolidated statement of profit or loss and other comprehensive income represents:

	2024 HK$'000	2023 HK$'000
Current provision		
– Russian corporate tax	**158**	195
– Russian withholding tax	**3,908**	–
	4,066	195

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operates.

For the years ended 31 December 2024 and 2023, no provision for Hong Kong Profits Tax had been made in the consolidated financial statements as the Group did not have assessable profits arising in Hong Kong.

Pursuant to the rules and regulations of the BVI and Bermuda, the Group is not subject to any income tax in the respective jurisdictions.

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

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.

Corporate tax in Japan is calculated based on the estimated assessable profit for that year at the prevailing tax rates. For the year ended 31 December 2024 and 2023, no provision for Japan corporate income has been made as the Japanese subsidiary incurred losses for both years.

11. INCOME TAX EXPENSE (continued)

(b) Reconciliation between tax expenses and accounting profit/(loss) at the applicable tax rates:

	2024 **HK$'000**	2023 HK$'000
Profit/(loss) before taxation	**253,035**	(844,232)
Tax at the domestic income tax rate of 20% *(Note)*	**50,607**	(168,846)
Tax effect of expenses not deductible for tax purpose	**44,226**	275,020
Tax effect of income not taxable for tax purpose	**(86,948)**	(98,786)
Tax effect of temporary difference not recognised	**148**	(17)
Tax effect of tax losses not recognised	**2,461**	384
Tax effect of utilisation of tax losses previously not recognised	**(6,427)**	(7,554)
Others	**(1)**	(6)
Income tax expense for the year	**4,066**	195

Note: The Russian corporate tax rate is used as it is the domestic tax in the jurisdiction where the operation of the Group is substantially based.

Deferred tax

At the end of the reporting period, the Group has unused tax losses of approximately HK$ 11,332,000 (2023: approximately HK$18,426,000), approximately HK$445,184,000 (equivalent to approximately Russian ruble ("RUB") 2,859,587,000) (2023: approximately HK$523,726,000 (equivalent to approximately RUB3,784,084,000)) and approximately HK$19,788,000 (equivalent to approximately Japanese Yen ("JPY") 372,608,000) (2023: approximately HK$15,795,000 (equivalent to approximately JPY295,231,000)) available under Hong Kong profits tax, Russian corporate tax and Japanese corporate tax respectively for offset against future profits. No deferred tax assets have been recognised on such tax losses for both years due to the unpredictability of future profit streams. All losses may be carried forward indefinitely.

12. PROFIT/(LOSS) FOR THE YEAR

Profit/(loss) for the year has been arrived at after charging:

	2024 HK$'000	2023 HK$'000
Salaries, wages, bonus and other benefits	**105,358**	105,345
Contributions to retirement benefits schemes	**24,167**	22,917
Total employee benefits expenses, including Directors' emoluments	**129,525**	128,262
Amortisation of intangible assets	**–**	9
Depreciation of property, operating right and equipment	**52,639**	72,359
Depreciation of right-of-use assets	**3,771**	5,465
Total depreciation and amortisation	**56,410**	77,833

13. DIRECTORS' EMOLUMENTS

Directors' remuneration for the year, disclosed pursuant to the applicable Listing Rules and the Companies Ordinance, is as follows:

	Year ended 31 December 2024							
	Executive Director and Chairman	Non-executive Director	Director and Chief Executive Officer	Executive Director	Independent Non-executive Directors			
	Lo Kai Bong HK$'000	Chang Heng Kit HK$'000 *(Note ii)*	Chua Ming Huat David HK$'000 *(Note iii)*	Chiu King Yan HK$'000 *(Note iv)*	Lam Kwan Sing HK$'000 *(Note v)*	Lau Yau Cheung HK$'000 *(Note v)*	Li Chak Hung HK$'000 *(Note v)*	Total HK$'000
Fees	3,600	114	–	48	7	6	6	3,781
Other emoluments								
Salaries	–	–	145	–	–	–	–	145
Allowances and benefits in kind *(Note i)*	3,000	–	–	–	–	–	–	3,000
Contributions to retirement benefits schemes	–	–	2	–	–	–	–	2
Total emoluments	6,600	114	147	48	7	6	6	6,928

13. DIRECTORS' EMOLUMENTS (continued)

	Year ended 31 December 2023						
	Executive Director and Chairman	Director and Chief Executive Officer	Executive Director	Independent Non-executive Directors			
	Lo Kai Bong	Chua Ming Huat David	Chiu King Yan	Lam Kwan Sing	Lau Yau Cheung	Li Chak Hung	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
		(Note iii)	*(Note iv)*	*(Note v)*	*(Note v)*	*(Note v)*	
Fees	3,000	–	1,200	168	144	144	4,656
Other emoluments							
Salaries	–	3,900	–	–	–	–	3,900
Allowances and benefits in kind *(Note i)*	2,700	–	–	–	–	–	2,700
Contributions to retirement benefits schemes	–	18	–	–	–	–	18
Total emoluments	5,700	3,918	1,200	168	144	144	11,274

Notes:

(i) Allowances and benefits in kind represented the estimated money value of the market rental of the accommodation provided to Mr. Lo until 30 June 2023. Mr Lo entered into a supplemental letter of appointment with the Company on 29 March 2023 and entitled to a monthly director fee of HK$300,000 with effect from 1 April 2023 and a monthly housing allowance of up to HK$250,000 with effect from 1 July 2023.

(ii) Mr. Chang Heng Kit appointed as Non-executive Director of the Company with effect from 10 July 2024.

(iii) Mr. Chua Ming Huat David resigned as Director and Chief Executive Officer of the Company with effect from 15 January 2024.

(iv) Mr. Chiu King Yan resigned as Executive Director of the Company with effect from 15 January 2024.

(v) Mr. Lam Kwan Sing, Mr. Lau Yau Cheung and Mr. Li Chak Hung resigned as Independent Non-executive Director of the Company with effect from 15 January 2024.

There was no arrangement under which a Director waived or agreed to waive any remuneration during the year. In addition, no emolument was paid to Directors as an inducement to join for both years.

The Executive Directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group. The Non-executive Director's emoluments shown above were for his services as a director of the Company. The Independent Non-executive Directors' emoluments shown above were for their services as directors of the Company.

14. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees of the Group included one director (2023: two directors), details of whose remuneration as a director are set out in note 13. Details of the total remuneration for the year of the other four highest paid employees (2023: three employees) are as follows:

	2024	2023
	HK$'000	HK$'000
Salaries and other benefits	**6,818**	4,985
Discretionary and performance related incentive payments	**175**	150
Contributions to retirement benefits schemes	**55**	37
	7,048	5,172

Their emoluments fell within the following bands:

	Number of employees	
	2024	2023
HK$1,000,001 to HK$1,500,000	**–**	1
HK$1,500,001 to HK$2,000,000	**3**	1
HK$2,000,001 to HK$2,500,000	**1**	1

The Group usually determines and pays discretionary bonuses to employees (including Directors) around March each year based on the actual financial results of the Group for the preceding year. The discretionary bonuses shown above therefore represent actual payments to the employees during the current financial year in relation to performance for the preceding year.

In addition, neither emoluments as an inducement to join nor a compensation for the loss of office was paid to the Directors and five highest paid employees for both years.

15. DIVIDENDS

No dividend was paid or proposed during the years ended 31 December 2024 and 2023, nor has any dividend been proposed since the end of the reporting period.

16. EARNINGS/(LOSS) PER SHARE

The calculation of the basic earnings/(loss) per share is based on the profit attributable to owners of the Company of approximately HK$229,232,000 (2023: loss of approximately HK$739,964,000) and the weighted average 4,509,444,590 ordinary shares in issue during the years ended 31 December 2024 and 2023.

The computation of the diluted earnings/(loss) per share for the years ended 31 December 2024 and 2023 did not assume the exercise of the Company's outstanding share options and convertible bonds because the exercise price of those share options exceeded the average market price of the Company's shares of the year and the assumed exercise of those convertible bonds would result in an increase in earnings or a decrease in (loss) per share.

17. PROPERTY, OPERATING RIGHT AND EQUIPMENT

	Freehold land HK$'000	Buildings, operating right and leasehold improvements HK$'000	Furniture, fixtures and equipment HK$'000	Gaming equipment HK$'000	Motor vehicles HK$'000	Construction in progress HK$'000	Total HK$'000
Cost							
At 1 January 2023	–	1,418,508	160,935	109,610	22,282	5,896	1,717,231
Additions	278,895	–	27,266	887	3,629	22,281	332,958
Disposals	–	(1,149)	(15,328)	(1,055)	(5,792)	–	(23,324)
Impairment loss	–	(458,000)	–	–	–	(25,107)	(483,107)
Exchange difference	(5,494)	–	–	–	–	(51)	(5,545)
Transfers	–	62	–	–	–	(62)	–
At 31 December 2023 and 1 January 2024	273,401	959,421	172,873	109,442	20,119	2,957	1,538,213
Additions	–	238	4,426	5,629	–	940	11,233
Disposals	–	–	(3,658)	(9,509)	(1,403)	–	(14,570)
Exchange difference	(27,924)	–	–	–	–	(261)	(28,185)
At 31 December 2024	245,477	959,659	173,641	105,562	18,716	3,636	1,506,691
Depreciation							
At 1 January 2023	–	363,644	147,550	78,610	12,293	–	602,097
Provided for the year	–	49,411	9,105	10,545	3,298	–	72,359
Disposals	–	(355)	(15,013)	(925)	(5,474)	–	(21,767)
At 31 December 2023 and 1 January 2024	–	412,700	141,642	88,230	10,117	–	652,689
Provided for the year	–	28,563	12,057	8,883	3,136	–	52,639
Disposals	–	–	(3,540)	(9,509)	(1,151)	–	(14,200)
At 31 December 2024	–	441,263	150,159	87,604	12,102	–	691,128
Carrying amounts							
At 31 December 2024	**245,477**	**518,396**	**23,482**	**17,958**	**6,614**	**3,636**	**815,563**
At 31 December 2023	273,401	546,721	31,231	21,212	10,002	2,957	885,524

17. PROPERTY, OPERATING RIGHT AND EQUIPMENT (continued)

a) Operating right represents the right to conduct business in the IEZ Primorye, one of the five integrated entertainment zones in the Russian Federation for gaming activities. Although the right was awarded by the Administration of the Primorye Region, the Russian Federation for an indefinite period, the Directors determine its estimated useful life as 30 years and accordingly, the right is amortised over 30 years. The building mainly includes the hotel and entertainment complex situated on land plots from a third party with a lease term of 14 years. Taking into account the Russian legislation and a legal opinion as advised by an external legal counsel, the management expected that the lease terms could be renewed upon expiry or the land plots could be acquired by the Group if the land lease is not extended, to reflect the estimated useful life of the buildings of 30 years.

b) The above items of property, operating right and equipment, except for freehold land and construction in progress, are depreciated on a straight-line basis at the following rates per annum:

Buildings, operating right and leasehold improvements	3-30 years
Furniture, fixtures and equipment	2-20 years
Gaming equipment	2-20 years
Motor vehicles	3-7 years

For the year ended 31 December 2023, the recoverable amount of the cash generating unit ("CGU") representing Tigre de Cristal, the Group's integrated resort in the Russian Federation, was based on its value in use and was determined with the assistance of Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent professional qualified valuer not connected to the Group. The calculation used cash flow projections based on financial budgets approved by management covering a six-year period. A six-year forecast was considered appropriate for the gaming and hotel operation to take into account the ongoing Russia-Ukraine conflict, along with the associated sanctions levied against Russia and suspension of the Phase II of Tigre de Cristal. Cash flows beyond the six-year period were extrapolated using an estimated growth rate stated below which does not exceed the long-term average growth rate for the industry. Future cash flows were discounted using a discount rate stated below, which were pre-tax and reflect specific risks relating to the relevant CGU.

Key assumptions used for the value-in-use calculations are as follows

	2023
Average revenue growth rate	9.53%
Terminal growth rate	4.20%
Discount rate	24.50%

The cash flow projections had taken into account the unfavourable changes for the suspension of the Phase II development of Tigre de Cristal project, the ongoing Russia-Ukraine conflict, particularly the associated sanctions levied against Russia and the economic uncertainties and the decrease in volume of its rolling chip business. Therefore, the carrying amount of the relevant CGU was written down to the recoverable amount of HK$634.8 million and an impairment loss on property, operating right and equipment of approximately HK$483.1 million has been recognised for the year ended 31 December 2023.

18. RIGHT-OF-USE ASSETS

	Leasehold lands HK$'000	Office HK$'000	Accommodation HK$'000	Total HK$'000
As at 31 December 2024				
Carrying amounts	3,330	2,857	–	6,187
As at 31 December 2023				
Carrying amounts	3,672	2,435	–	6,107
For the year ended 31 December 2024				
Depreciation charge	342	3,429	–	3,771
For the year ended 31 December 2023				
Depreciation charge	342	3,983	1,140	5,465

	2024 HK$'000	2023 HK$'000
Expense relating to short-term leases and other leases with lease terms end within 12 months of the date of initial application of HKFRS 16	**666**	732
Total cash outflow for leases	**4,739**	6,634

For the year ended 31 December 2024, the Group leases various leasehold lands and office for its operations (2023: various leasehold lands and office). Lease contracts are entered into for fixed term of 2 years to 14 years (2023: 2 years to 14 years), but may have extension and termination options as described below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

18. RIGHT-OF-USE ASSETS (continued)

Extension and termination options

The Group has extension options in the lease for one of the leasehold lands. This is used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The extension option held is exercisable only by the Group and not by the respective lessors. The lease on land plots under a medium-term lease from a third party was originally with a lease term of 14 years. Taking into account the Russian legislation and legal advice, the management expected that the lease terms could be extended upon expiry to match the estimated useful life of the buildings on the land plot of 30 years.

The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options or not to exercise the termination options. The potential exposures to these future lease payments for extension options in which the Group is not reasonably certain not to exercise and termination options in which the Group is not reasonably certain not to exercise are summarised below:

	Lease liabilities recognised		Potential future lease payments not included in lease liabilities (undiscounted)	
	2024	2023	**2024**	2023
	HK$'000	HK$'000	**HK$'000**	HK$'000
Office – Hong Kong	**2,841**	2,451	**–**	–
	2,841	2,451	**–**	–

In addition, the Group reassesses whether it is reasonably certain to exercise an extension option, or not to exercise a termination option, upon the occurrence of either a significant event or a significant change in circumstances that is within the control of the lessee. During the years ended 31 December 2024 and 2023, there was no such triggering event.

19. OTHER NON-CURRENT ASSETS

	2024 HK$'000	2023 HK$'000
Deposits for purchase of property, operating right and equipment	**15,675**	11,544
Less: Allowance	**(8,847)**	(8,847)
	6,828	2,697

20. LONG-TERM LOAN TO A FELLOW SUBSIDIARY

In pursuance of the loan agreement dated 8 June 2023 as amended by an amendment agreement dated 26 July 2023 (the "Suntrust Loan Agreement") between by Suntrust Resort Holdings, Inc. ("Suntrust", formerly known as Suntrust Home Developers, Inc.), a company incorporated in the Philippines, the shares of which are listed on The Philippine Stock Exchange, Inc. and is a fellow subsidiary of the Company and a bank, Suntrust is required to maintain a credit balance of not less than United States dollars ("US$") 20 million in a construction reserve account with the bank.

On 26 July 2023, Suntrust as borrower entered into a loan agreement (the "Long-term Loan Agreement") with the Group as lender, pursuant to which the Group shall provide a loan in the principal amount of US$20 million (the "Long-term Loan") to Suntrust for the sole purpose of Suntrust to fulfill the relevant requirement. The Long-term Loan is unsecured, interest-bearing at 6% per annum and shall be matured falling ten years from the date of drawing, which is extendable for successive terms of one month but not more than three months. The entering into of the Long-term Loan Agreement was approved at the special general meeting of the Company held on 13 September 2023. On 18 September 2023, the Long-term Loan was advanced to Suntrust by cash of approximately HK$156,608,000. As at 31 December 2024, the outstanding loan principal balance was US$20 million (equivalent to approximately HK$155,264,000) (2023: US$20 million, equivalent to approximately HK$156,182,000) and the interest receivables balance was approximately US$1,549,000 (equivalent to approximately HK$12,021,000) (2023: US$243,000, equivalent to approximately HK$2,697,000).

For the year ended 31 December 2024, interest income from the Long-term Loan amounting to approximately HK$9,388,000 (2023: approximately HK$2,697,000) was recognised and disclosed under "other income" in note 6.

21. DERIVATIVE FINANCIAL INSTRUMENTS

	2024	2023
	HK$'000	HK$'000
Derivative financial instruments-designated at FVTPL		
– 2020 Convertible Bonds ("2020 CB")	**757,231**	689,730
– 2022 Convertible Bonds ("2022 CB")	**830,436**	754,302
	1,587,667	1,444,032

Derivative financial instruments acquired are designated at FVTPL because the relevant financial assets constitute a group that is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management and investment strategy, and information about the Group is provided internally on that basis to the Group's key management personnel.

Derivative financial instruments represented the fair value of an investment in convertible bonds issued by Suntrust.

2020 CB

The principal amount of the 2020 CB is Philippine peso ("PHP") 5.6 billion, which can be converted into 3,111,111,111 ordinary shares of Suntrust at a conversion price of PHP1.8 per share from the inception date until the maturity date. The maturity date falling on the fifth anniversary of the issue date (i.e. year 2025) of the 2020 CB which may, subject to agreement by the holder of the 2020 CB upon request by Suntrust, be extended to the date falling on the tenth (10th) anniversary of the issue date of the 2020 CB.

The 2020 CB carried interest at 6.0% per annum on the aggregate principal amount of the 2020 CB from time to time outstanding, payable yearly in arrears accruing from the issue date of the 2020 CB on the basis of a 365-day year, with the last payment of interest to be made on the maturity date.

The 2020 CB may not be redeemed by Suntrust at any time prior to the maturity date or if extended, prior to the maturity date as extended. The holder of the 2020 CB may request for early redemption of the 2020 CB at any time during the period commencing from the day immediately after the first anniversary of the issue date of the 2020 CB and expiring on the maturity date or if extended, the maturity date as extended at their outstanding principal amount together with interest thereon up to the date of redemption.

21. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

2022 CB

The principal amount of the 2022 CB is PHP6.4 billion, which can be converted into 3,878,787,878 ordinary shares of Suntrust at a conversion price of PHP1.65 per share from the inception date until the maturity date. The maturity date falling on the third anniversary of the issue date (i.e. year 2025) of the 2022 CB which may, subject to agreement by the holder of the 2022 CB upon request by Suntrust, be extended to the date falling on the sixth (6th) anniversary of the issue date of the 2022 CB.

The 2022 CB carried interest at 6.0% per annum on the aggregate principal amount of the 2022 CB from time to time outstanding, payable yearly in arrears accruing from the issue date of the 2022 CB on the basis of a 365-day year, with the last payment of interest to be made on the maturity date.

Suntrust is entitled to cancel and to redeem all the 2022 CB in whole at any time after the first anniversary of the issue date and expiring on the maturity date at 100% of their outstanding principal amount together with accrued interest (including default interest, if any) up to the date of redemption. The holder of the 2022 CB may request for early redemption of the 2022 CB at any time during the period commencing from the day immediately after the first anniversary of the issue date of the 2022 CB and expiring on the maturity date or if extended, the maturity date as extended at their outstanding principal amount together with interest thereon up to the date of redemption.

For the year ended 31 December 2024, the interest income generated from the derivative financial instruments amounting to approximately HK$97,725,000 (2023: approximately HK$101,543,000) was recognised and disclosed under "other income" in note 6.

For the year ended 31 December 2024, the fair value gains of the derivative financial instruments amounting to approximately HK$143,635,000 (2023: fair value losses of approximately HK$166,962,000) were recognised, included and disclosed under "fair value gains/(losses) on derivative financial instruments" in the consolidated statement of profit or loss and other comprehensive income.

The fair values of the derivative financial instruments as at 31 December 2024 and 2023 had been determined by CHFT Advisory and Appraisal Limited, an independent and professionally qualified valuer not connected to the Group, based on the discounted cash flow method.

The inputs used for the calculation of fair value of the derivative financial instruments at each subsequent measurement date were as follows:

	31 December 2024	31 December 2023
Discount rate (%)		
– 2020 CB	**16.03%**	17.80%
– 2022 CB	**15.93%**	17.74%
Expected remaining life *(years)*		
– 2020 CB	**1**	2
– 2022 CB	**0.4**	1.4

22. INVENTORIES

Inventories consist of retail products, food and beverage items and certain general operating supplies, which are stated at the lower of cost or net realisable value. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs necessary to make the sale.

23. OTHER RECEIVABLES

	2024	2023
	HK$'000	HK$'000
Prepayments	**63,672**	52,715
Other receivables and deposits	**4,515**	3,366
Less: Allowance	**(135)**	(191)
	68,052	55,890

For other receivables, the Group assessed the ECL collectively based on the provision matrix as at 31 December 2024 and 2023. No impairment allowance was provided due to the low probability of default of those receivables based on the short credit period.

Allowance of approximately HK$135,000 as at 31 December 2024 (2023: approximately HK$191,000) represented individually impaired prepayments and other receivables that the Directors considered uncollectible.

Further details of impairment assessment of other receivables for both years are set out in note 36.

24. AMOUNT DUE FROM A FELLOW SUBSIDIARY/AMOUNTS DUE TO NON-CONTROLLING SHAREHOLDERS OF A SUBSIDIARY

The amount due from a fellow subsidiary as at 31 December 2024 and 2023 was unsecured, non-interest bearing and mainly comprised of interest receivable arising from derivative financial instruments as set out in note 21.

The amounts due to non-controlling shareholders of a subsidiary as at 31 December 2024 and 2023 were unsecured, non-interest bearing and mainly represented the unpaid repayments declared for the loans from non-controlling shareholders of a subsidiary as set out in note 30.

25. BANK BALANCES AND CASH

Bank balances carry interest at market rates which ranges from 0.001% to 24% (2023: 0.001% to 16%) per annum.

26. CONTRACT LIABILITIES, TRADE AND OTHER PAYABLES

	2024 **HK$'000**	2023 HK$'000
Trade payables	**1,165**	367
Liabilities for VAT arrangements *(Note 31)*	**6,391**	7,255
Outstanding gaming chips	**2,899**	2,495
Gaming tax payables	**522**	497
Accruals and other payables	**27,972**	25,944
	38,949	36,558

All trade payables were aged within 30 days based on the invoice date, at the end of the reporting periods.

The Group mainly has two types of liabilities related to contracts with customers which are included in the above: (1) outstanding gaming chip liabilities for gaming chips in the customers' possession amounting to approximately HK$2,899,000 (2023: approximately HK$2,495,000); and (2) loyalty program liabilities for the revenue deferred in relation to points earned by customers under gaming revenue transactions amounting to approximately HK$1,903,000 (2023: approximately HK$2,240,000). Loyalty program liabilities are included in accruals and other payables above.

Outstanding gaming chip liabilities are expected to be recognised as revenue or redeemed within one year of being purchased. Loyalty program liabilities are generally expected to be recognised as revenue within one year of being earned.

27. DERIVATIVE FINANCIAL INSTRUMENT/CONVERTIBLE BONDS

On 16 November 2020, the Company issued convertible bonds denominated in US$ for the acquisition of additional interests in a 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 convertible bonds carry no interest.

The convertible bonds contained two components, a liability 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 convertible bonds into ordinary shares of the Company. However, since the conversion option would be settled other than by the exchange of a fixed amount of the Company's own equity instruments, the conversion option was accounted for as a derivative financial instrument.

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

27. DERIVATIVE FINANCIAL INSTRUMENT/CONVERTIBLE BONDS (continued)

At the end of the reporting period, the fair value of the derivative financial instrument in the convertible bonds is remeasured and the gain or loss on remeasurement to the fair value is recognised in profit or loss. For the year ended 31 December 2024, the fair value gain amounting to approximately HK$835,000 (2023: fair value loss of approximately HK$2,060,000) was recognised, included and disclosed under "fair value losses on derivative financial instrument" in the consolidated statement of profit or loss and other comprehensive income.

The liability component in convertible bonds 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 liability component in the convertible bonds is 7.37% per annum. For the year ended 31 December 2024, imputed interest on convertible bonds amounting to approximately HK$1,510,000 (2023: approximately HK$1,411,000) was recognised and disclosed under "finance costs" in note 10.

When the convertible bonds are converted, the shares of the Company to be issued are measured at fair value and any difference between the fair value of shares to be issued and the carrying amounts of the derivative financial instrument and liability component in the convertible bonds is recognised in profit or loss.

The fair value of the convertible bonds as at 31 December 2024 and 2023 was determined by Valplus Consulting Limited, an independent and professionally qualified valuer not connected to the Group, based on the binomial option pricing model. The significant inputs used for the calculation of fair value of the convertible bonds and the derivative financial instrument at each subsequent measurement date were as follows:

	31 December 2024	31 December 2023
Share price of the Company *(HK$)*	**0.02**	0.05
Expected volatility *(%) (Note a)*	**43.01%**	58.63%
Expected remaining life *(years)*	**0.88**	1.88
Expected dividend yield *(Note b)*	**Zero**	Zero
Risk-free rate *(%) (Note c)*	**4.27%**	4.30%

Notes:

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

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

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

27. DERIVATIVE FINANCIAL INSTRUMENT/CONVERTIBLE BONDS (continued)

The movements of the liability component of the convertible bonds and the derivative financial instrument are as follows:

	Liability component HK$'000	Derivative financial instrument HK$'000	Total HK$'000
At 1 January 2023	19,073	167	19,240
Imputed interest on convertible bonds	1,411	–	1,411
Exchange difference	26	–	26
Fair value change on derivative financial instrument	–	2,060	2,060
At 31 December 2023 and 1 January 2024	20,510	2,227	22,737
Imputed interest on convertible bonds	1,510	–	1,510
Exchange difference	(127)	–	(127)
Fair value change on derivative financial instrument	–	(835)	(835)
At 31 December 2024	**21,893**	**1,392**	**23,285**

28. LEASE LIABILITIES

	2024 HK$'000	2023 HK$'000
Lease liabilities payable:		
Within one year	**3,032**	2,646
Within a period of more than one year but not more than two years	**29**	217
Within a period of more than two years but not more than five years	**155**	135
Within a period of more than five years	**2,137**	2,512
	5,353	5,510
Less: Amount due for settlement within 12 months shown under current liabilities	**(3,032)**	(2,646)
Amount due for settlement after 12 months shown under non-current liabilities	**2,321**	2,864

29. FINANCIAL GUARANTEE CONTRACTS

The financial guarantee contracts provided to Suntrust under the Suntrust Loan Agreement were initially recognised at fair value and subsequent measured at the provision amount for ECL of the guarantee in the consolidated financial statements as of 31 December 2024 and 31 December 2023. As of 31 December 2024, the aggregate carrying amount of the Group's assets, including the Long-term Loan to a fellow subsidiary (Note 20) and derivative financial instruments (Note 21), pledged to a bank for banking facilities granted to Suntrust was approximately HK$1,754,952,000 (2023: approximately HK$1,602,911,000), while the corresponding banking facilities utilised by Suntrust were approximately HK$1,514,000,000 (2023: approximately HK$1,214,000,000).

By a deed of counter-indemnity dated 8 June 2023 executed by LET in favour of the Group, LET agrees to indemnify and keep the Group fully indemnified from and against all direct, indirect and consequential liabilities and losses arising from the Suntrust Loan Agreement.

During the year ended 31 December 2024, ECL for financial guarantee contracts, amounting to approximately HK$44,104,000 (2023: approximately HK$304,834,000) was recognised, included and disclosed in "other gains and losses", as set out in note 8.

Details of the loss allowance for financial guarantee contracts are set out in note 36(b).

30. LOANS FROM NON-CONTROLLING SHAREHOLDERS OF A SUBSIDIARY

On 15 July 2014, each of the shareholders of Oriental Regent Limited ("Oriental Regent"), the joint venture of the Group which the Group has obtained control during the year ended 31 December 2016, entered into a loan agreement with Oriental Regent whilst they agreed to provide their pro rata proportion of the additional capital amount of US$137,691,000 (equivalent to approximately HK$1,071,236,000) in total as required by Oriental Regent to continue to fund the gaming and resort project in the Russian Federation by way of ordinary shareholder convertible loan (the "Shareholder's Loan") as contemplated under the investment and shareholders agreement dated 23 August 2013. A total of HK$428,494,000 was contributed by the other shareholders of Oriental Regent. The Shareholder's Loan is non-interest bearing, unsecured and due to mature after 3 years from the date of the agreement, which shall automatically renew for another term of three years. No repayment at all time shall be made by Oriental Regent unless there are sufficient free cash flows generated from its operations to make the repayment. The Shareholder's Loan can only be converted into new shares of Oriental Regent at the option of Oriental Regent at such conversion price(s) and ratio(s) as Oriental Regent shall agree with the shareholders of Oriental Regent at the relevant time. The conversion period is from the date on which the payment for the entire principal amount of the Shareholder's Loan was made by the shareholders to the day immediately prior to the repayment date. The Shareholder's loan was discounted at an effective interest rate calculated at 11.28% per annum at inception.

On 15 July 2020, after repayments previously made, the repayment date of the outstanding loan with a total principal amount of US$75,691,000 (equivalent to approximately HK$586,832,000) was extended for three years from 15 July 2020 to 15 July 2023 and shall automatically renew for another term of three years. The Shareholder's Loan has been discounted at an effective interest rate calculated at 5.76% per annum at extension.

On 16 November 2020, the Group repurchased 7.5% of the Shareholder's Loan with a total principal amount of US$5,676,825 (equivalent to approximately HK$43,995,000) from the non-controlling shareholders under the equity transactions.

For the year ended 31 December 2024, the Group declared repayments of US$1,462,500 (2023: US$19,854,099), resulting in an outstanding principal amount of US$1,037,075 (2023: US$2,499,575) contributed by the non-controlling shareholders of Oriental Regent, but made no repayments (2023: US$10,703,849 (equivalent to approximately HK$83,831,000)). The difference between the carrying amount of the portion of the Shareholder's Loan repaid to the non-controlling interests and the repayment sum of approximately HK$3,034,000 (2023: approximately HK$25,247,000) was recognised as deemed distribution to equity participant and attributable to and included in non-controlling interests.

For the year ended 31 December 2024, imputed interest on loans from non-controlling shareholders of a subsidiary amounting to approximately HK$1,213,000 (2023: approximately HK$5,570,000) was recognised and disclosed under "finance costs" in note 10.

31. LIABILITIES FOR VAT ARRANGEMENTS

In the relevant jurisdiction of the Russian Federation, G1 Entertainment is entitled to deduct VAT liabilities ("Output VAT") against VAT which was previously paid to the tax authority in the Russian Federation for the construction and purchase of assets or services for the gaming and hotel operations ("Input VAT"). Input VAT arising from the construction and the purchase of property and equipment is refunded by the relevant tax authority within 4 months after the application.

However, according to Russian regulations, as gaming activities are not subject to Output VAT in the Russian Federation, the Input VAT refunded to the Group cannot be utilised. Instead it is required to be divided into 10 equal parts and each has to be returned to the tax authority in each of the next 10 years from the first year of operations to the extent of the annual proportion of the revenue generated from the gaming activities over the total revenues of the Group's gaming and hotel operations in the Russian Federation. Such assessment is performed on an annual basis over a period of 10 years from the year when the relevant VAT is refunded to the Group. As at 31 December 2024, a provision of approximately RUB118,368,000 (equivalent to approximately HK$9,037,000) (2023: approximately RUB185,902,000 (equivalent to approximately HK$16,186,000) was recognised for the estimated amount of the relevant Input VAT that has been refunded to the Group but has to be returned to the tax authority under this regulation. The estimated repayable amount to the tax authority was calculated by using an effective interest rate of 13.27% (2023: 14.67%) per annum. Accordingly, approximately RUB 83,706,000 (equivalent to approximately HK$6,391,000) (2023: approximately RUB83,326,000 (equivalent to approximately HK$7,255,000)) of such provision is presented as current and included in other payables (Note 26) as such amount is under the aforesaid assessment within the next twelve months and is expected to be returned to the tax authority upon final assessment, with the remainder of approximately RUB34,662,000 (equivalent to approximately HK$2,646,000) (2023: approximately RUB102,576,000 (equivalent to approximately HK$8,931,000)) presented as non-current.

32. SHARE CAPITAL OF THE COMPANY

	Number of shares	**Amount**
		HK$'000
Ordinary shares of HK$0.025 each		
Authorised:		
At 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024	6,000,000,000	150,000
Issued and fully paid:		
At 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024	4,509,444,590	112,736

All shares issued rank pari passu in all respects with the then existing shares.

33. SHARE-BASED PAYMENT TRANSACTIONS

Equity-settled share option scheme of the Company

Pursuant to an annual general meeting held on 28 May 2021, the shareholders of the Company approved the adoption of a new share option scheme (the "Scheme") and the termination of the previous share option scheme adopted on 7 July 2011 (collectively the "Share Option Schemes").

Movements of the Company's share options held by the Directors, employees and consultants of the Group during the year ended 31 December 2024 are set out below:

	Number of share options					
Category of participants	**As at 1 January 2024** HK$	**Lapsed** HK$	**As at 31 December 2024** HK$	**Date of grant**	**Exercise price** HK$	**Notes**
Consultants	**1,000,000**	**(1,000,000)**	–	**2 November 2020**	**0.912**	**iv**
	1,000,000	**(1,000,000)**	–			
Exercisable at the end of the year			–			
Weighed average exercise price *(HK$)*	**0.912**	**0.912**	–			

33. SHARE-BASED PAYMENT TRANSACTIONS (continued)

Equity-settled share option scheme of the Company (continued)

Movements of the Company's share options held by the Directors, employees and consultants of the Group during the year ended 31 December 2023 are set out below:

	Number of share options					
Category of participants	**As at 1 January 2023** HK$	**Lapsed** HK$	**As at 31 December 2023** HK$	**Date of grant**	**Exercise price** HK$	**Notes**
Director	1,875,000	(1,875,000)	–	13 December 2018	1.05	ii,iii
Employees	10,621,875	(10,621,875)	–	13 December 2018	1.05	ii,iii
Consultants	1,000,000	–	1,000,000	2 November 2020	0.912	iv
Total	13,496,875	(12,496,875)	1,000,000			
Exercisable at the end of the year			1,000,000			
Weighed average exercise price *(HK$)*	1.04	1.05	0.912			

Notes:

i) The vesting period of the share options is from the date of grant until the commencement of the exercise period. Once vested, each option gives the holder of the right to subscribe for one ordinary share of the Company.

ii) On 13 December 2018, the Company granted a total of 69,060,000 share options to certain Directors, employees and consultants of the Group to subscribe for shares of the Company with an exercise price of HK$0.98, under the Scheme with no vesting conditions. The options are exercisable from 13 December 2018 to 12 December 2023.

iii) Upon completion of the rights issue on 15 October 2020, the exercise price of the share options and the number of shares to be issued upon exercise of the outstanding share options were adjusted pursuant to the terms of the Scheme, details of which were set out in the announcement of the Company dated 14 October 2020.

iv) On 2 November 2020, the Company granted a total of 1,000,000 share options to a consultant of the Group who is an employee of LET, a substantial shareholder of the Company, to subscribe for shares of the Company with an exercise price of HK$0.912, under the Scheme. The consultant provides the investor relations consultancy services to the Group. The Directors considered that the share options granted to the consultant as rewards for the grantee's contribution to the continual operation and development of the Group and can help retaining and motivating the non-employee participant.

The share options are divided into 3 tranches, 30% of which is exercisable from 2 November 2020, 30% of which is exercisable from 2 November 2021 and the remaining 40% is exercisable from 2 November 2023 respectively to 1 November 2025.

33. SHARE-BASED PAYMENT TRANSACTIONS (continued)

Equity-settled share option scheme of the Company (continued)

Notes: (continued)

v) During the year ended 31 December 2024 and 2023, no share options were granted, exercised or cancelled under the Scheme.

For the year ended 31 December 2024 and 2023, no expense in respect of share options granted by the Company was recognised.

34. ACQUISITIONS OF SUBSIDIARIES

On 14 July 2023 ("Completion Date"), the Company completed the acquisition of lands through the acquisitions of the entire equity interest in Modest Achieve Limited ("Modest Achieve") and Joyful Award Limited ("Joyful"). The acquisitions was determined by the Directors to be acquisition of assets through acquisition of subsidiaries rather than a business combination as the asset acquired did not constitute a business as defined under HKFRS 3 (revised) "Business Combinations. No acquisition of subsidiary during the year ended 31 December 2024.

Assets acquired and liabilities recognised of Modest Achieve and Joyful at the date of acquisition are as follows:

	Modest Achieve	**Joyful**
	HK$'000	HK$'000
Property, plant and equipment	261,519	–
Investment in an associate	–	2,831
Amount due from an associate	–	73,443
Other receivables	244	–
Bank balance	503	–
Other payables	(1)	–
Shareholders' loans	(74,882)	–
Amount due to the immediate holding company	(174,550)	(80,686)
Amounts due to non-controlling shareholders of a subsidiary	(6,942)	–
Total	5,891	(4,412)

34. ACQUISITIONS OF SUBSIDIARIES (continued)

Cash flow on acquisition of Modest Achieve and Joyful

	HK$'000
Cash and cash equivalent balances acquired	503
Less:	
Consideration paid	(280,000)
Legal and professional fee paid	(2,061)
Net Cash outflow	(281,558)

35. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remain unchanged from prior year.

The capital structure of the Group consists of cash and cash equivalents, net of debts (which include loans from non-controlling shareholders of a subsidiary disclosed in note 30) and equity attributable to owners of the Company, comprising issued share capital and reserves.

The Directors review the capital structure on a regular basis. As part of this review, the Directors consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the Directors, the Group will balance its overall capital structure through raising of new capital as well as the issue of new debt or the redemption of existing debt.

36. FINANCIAL INSTRUMENTS

a) Categories of financial instruments

	2024 HK$'000	2023 HK$'000
Financial assets		
At amortised cost	**880,585**	688,766
At FVTPL	**1,587,667**	1,444,032
	2,468,252	2,132,798
Financial liabilities		
At amortised cost	**149,950**	147,670
At FVTPL	**1,392**	2,227
	151,342	149,897
Financial guarantee contracts	**348,938**	304,834
	500,280	454,731

b) Financial risk management objectives and policies

The Group's major financial instruments include bank balances and cash, derivative financial instruments, trade and other receivables, Long-term Loan to a fellow subsidiary, amounts due from fellow subsidiaries, trade and other payables, amounts due to non-controlling shareholders of a subsidiary, lease liabilities, convertible bonds, liabilities for VAT arrangements, loans from non-controlling shareholders of a subsidiary and financial guarantee contracts. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure that appropriate measures are implemented on a timely and effective manner.

i) Currency risk

Certain bank balances, receivables and payables of the Group are denominated in foreign currencies and certain subsidiaries of the Company have foreign currency revenue and purchases, which expose the Group to foreign currency risk. All (2023: approximately 100%) of the Group's gross revenue before rebate are denominated in currencies other than the functional currency of the group entity making the revenue. The Group currently does not have a foreign currency hedging policy. However, the Directors monitor foreign exchange exposure by closely monitoring the movement of foreign currency rates and will consider hedging significant foreign exposure should the need arise.

36. FINANCIAL INSTRUMENTS (continued)

b) Financial risk management objectives and policies (continued)

i) Currency risk (continued)

The carrying amounts of the Group's foreign currency denominated monetary assets and liabilities at the reporting date are as follows:

	2024	2023
	HK$'000	HK$'000
Assets		
US$	**236,337**	189,047
RUB	**377,014**	227,706
PHP	**1,853,404**	1,633,480
Renminbi	**–**	70,161
Liabilities		
US$	**113,151**	109,494
RUB	**33,107**	36,553
JPY	**–**	11

Sensitivity analysis

Considering the HK$ is pegged with the US$, management is of the opinion that the currency exposure arising from these transactions is not significant to the Group. As a result, the profit and equity of the Group are unlikely to be materially sensitive to movement in HK$/US$ exchange rates.

The Group is mainly exposed to RUB against HK$, the functional currency of the relevant group entity.

The following table details the Group's sensitivity to a 20% (2023: 20%) increase and decrease in HK$ against the relevant foreign currency. 20% (2023: 20%) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 20% (2023: 20%) change in foreign currency rates. A positive number below indicates an increase in post-tax profit for the year where RUB strengthen 20% (2023: 20%) against HK$. For a 20% (2023: 20%) weakening of RUB against HK$, there would be an equal and opposite impact on the profit and equity and balances below would be negative.

36. FINANCIAL INSTRUMENTS (continued)

b) Financial risk management objectives and policies (continued)

i) Currency risk (continued)

	2024 HK$'000	2023 HK$'000
(Loss)/profit for the year	**55,025**	30,584

ii) Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to variable rate bank balances. The management considers the cash flow interest rate risk in relation to variable-rate bank balances is insignificant and therefore no sensitivity analysis on such risk has been prepared.

iii) Credit risk and impairment assessment

As at 31 December 2024 and 2023, the financial assets' carrying amounts best represent the maximum exposure to credit risk.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the Directors consider that the Group's credit risk is significantly reduced.

As part of the Group's credit risk management, the Group uses debtors' aging to assess the impairment for other receivable because these consist of a large number of receivables with common risk characteristics that are representative of the counterparties' abilities to pay all amounts due in accordance with the contractual terms. Debtors with significant outstanding balances or credit-impaired as at 31 December 2024 and 2023 were assessed individually.

The Directors have also assessed all available forward looking information, including but not limited to expected growth rate of the industry and changes in regulatory and economic environment, and concluded that there is no significant increase in credit risk.

36. FINANCIAL INSTRUMENTS (continued)

b) Financial risk management objectives and policies (continued)

iii) Credit risk and impairment assessment (continued)

The Group recognised impairment allowance of approximately HK$8,847,000 (note 19) as at year ended 31 December 2024 (2023: approximately HK$8,847,000) for other non-current assets that were assessed individually. Allowance for other receivables of approximately HK$135,000 (2023: approximately HK$191,000) (note 23) represented certain amounts that the Directors considered uncollectible.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies. Based on the average loss rates, the 12m ECL on bank balances is considered to be insignificant.

Other than concentration of credit risk on liquid funds which are deposited with banks with good reputation, the Group does not have any other significant concentration of credit risk, with exposure spread over a number of counterparties.

Credit risk refers to the risk that the Group's counterparties or borrowers on liabilities which the Group has guaranteed default on their contractual obligations resulting in financial losses to the Group. The Group's credit risk is primarily attributable to trade receivables, deposits and other receivables, restricted bank deposits and bank balances. The Group's maximum exposure to credit risk which will cause a financial loss to the Group is arising from the carrying amounts of the respective recognised financial assets as stated in the consolidated statement of financial position.

The management of the Group makes periodic individual assessment on the recoverability of these financial assets under ECL model. Information about the Group's credit risk management, maximum credit risk exposures and the related impairment assessment, if applicable, are summarised as below:

36. FINANCIAL INSTRUMENTS (continued)

b) Financial risk management objectives and policies (continued)

iii) Credit risk and impairment assessment (continued)

Financial guarantee contracts

As at 31 December 2024, the financial guarantee contracts provided to the Suntrust were initially recognised in the consolidated financial statements at fair value. At the end of the reporting period, the management has performed impairment assessment, and concluded that the loss allowance for these financial guarantee contracts issued by the Group is measured at 12m ECL. During the year ended 31 December 2024, ECL of approximately HK$44,104,000 (2023: approximately HK$304,834,000) was recognised in the profit or loss.

Details of the financial guarantee contracts are set out in note 29.

The following table show reconciliation of loss allowances that has been recognised for financial guarantee contracts:

	HK$'000
As at 1 January 2024	304,834
Changes due to financial instruments recognised as at 1 January 2024	
– Impairment losses recognised	44,104
As at 31 December 2024	348,938

iv) Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

36. FINANCIAL INSTRUMENTS (continued)

b) Financial risk management objectives and policies (continued)

iv) Liquidity risk (continued)

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

Liquidity and interest risk table

	Weighted average interest rate	On demand or less than 1 year HK\$'000	1–2 years HK\$'000	2–5 years HK\$'000	Over 5 years HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amount HK\$'000
At 31 December 2024							
Trade and other payables	**–**	**23,829**	**–**	**–**	**–**	**23,829**	**23,829**
Amounts due to non-controlling shareholders of a subsidiary	**–**	**82,389**	**–**	**–**	**–**	**82,389**	**82,389**
Lease liabilities	**8.24%**	**3,369**	**289**	**868**	**4,556**	**9,082**	**5,353**
Liabilities for VAT arrangement	**13.27%**	**6,391**	**2,561**	**415**	**193**	**9,560**	**9,037**
Loans from non-controlling shareholders of a subsidiary	**5.06%**	**–**	**8,051**	**–**	**–**	**8,051**	**7,449**
Liability component in convertible bonds	**7.37%**	**23,290**	**–**	**–**	**–**	**23,290**	**21,893**
		139,268	**10,901**	**1,283**	**4,749**	**156,201**	**149,950**
At 31 December 2023							
Trade and other payables	–	19,339	–	–	–	19,339	19,339
Amounts due to non-controlling shareholders of a subsidiary	–	71,455	–	–	–	71,455	71,455
Lease liabilities	8.46%	3,245	524	990	5,526	10,285	5,510
Liabilities for VAT arrangement	14.67%	7,255	7,255	3,167	252	17,929	16,186
Loans from non-controlling shareholders of a subsidiary	5.06%	–	–	19,519	–	19,519	14,669
Liability component in convertible bonds	7.37%	–	23,427	–	–	23,427	20,510
		101,294	31,206	23,676	5,778	161,954	147,669

Note:

The maximum amounts the Group exposed to the financial guarantee contracts is approximately HK\$1,754,952,000 (including the derivative financial instrument of approximately HK\$1,587,667,000 as disclosed in note 21 and long-term loan to a fellow subsidiary of approximately HK\$167,285,000 as disclosed in note 20) (2023: approximately HK\$1,602,911,000 (including the derivative financial instrument of approximately HK\$1,444,032,000 and Long-term Loan to a fellow subsidiary of approximately HK\$158,879,000)). Based on expectations at the end of the reporting period, the management considers that it is more likely than not that no amount will be payable under the arrangement.

36. FINANCIAL INSTRUMENTS (continued)

c) Fair value measurement of financial instruments

i) Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13 Fair Value Measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

1. Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.

2. Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.

3. Level 3 valuations: Fair value measured using significant unobservable inputs.

Valuation process

The Group's finance department headed by the finance director is responsible for determining the polices and procedures for the fair value measurement of financial instruments.

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the finance department works closely with qualified external valuers to establish the appropriate valuation techniques and inputs to the model. Finance director reports to the Directors semi-annually to explain the cause of fluctuations in the fair value of the assets or liabilities.

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used).

36. FINANCIAL INSTRUMENTS (continued)

c) Fair value measurement of financial instruments (continued)

i) *Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis (continued)*

Valuation process (continued)

	Fair value as at 2024 HK$'000	Fair value as at 2023 HK$'000	Fair value hierarchy	Valuation technique	Significant unobservable inputs	Notes
Financial assets						
Derivative financial instrument – issued by SunTrust	**1,587,667**	1,444,032	Level 3	Discounted cash flow method (2023: discounted cash flow method)	Discount rate: 16.0% for 2020 CB, 15.9% for 2022 CB (2023: Discount rate: 17.8% for 2020 CB, 17.7% for 2022 CB)	(i)
Financial liability						
Derivative financial instrument – issued by the Company	**(1,392)**	(2,227)	Level 3	Binomial model (2023: Binomial model)	Discount rate: 15.59% Volatility: 43.01% (2023: Discount rate:14.30% Volatility: 58.63%)	(ii)
	1,586,275	1,441,805				

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

Notes:

(i) If the volatility of the discount rate had been 3% higher/lower while all other variables were held constant, the Group's post-tax profit for the year ended 31 December 2024 (2023: post-tax loss) would have decreased/increased by approximately HK$20,304,000 (2023: increased/decreased by approximately HK$43,606,000) (as a result of changes in fair values of derivative financial instruments).

(ii) If the volatility of the discount rate had been 5% higher/lower while all other variables were held constant, the Group's post-tax profit for the year ended 31 December 2024 (2023: post-tax loss) would have decreased/increased by approximately HK$61,000 respectively (2023: increased/decreased by approximately HK$125,000) (as a result of changes in fair value of derivative financial instrument).

36. FINANCIAL INSTRUMENTS (continued)

c) Fair value measurement of financial instruments (continued)

i) Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis (continued)

Reconciliation of Level 3 fair value measurement

Investment carried at FVTPL

	2024 **HK$'000**	2023 HK$'000
At the beginning of the year	**1,441,805**	1,610,827
Fair value gains/(losses) recognised in profit or loss during the year	**144,470**	(169,022)
At the end of the year	**1,586,275**	1,441,805
Net profit/(loss) for the year included in profit or loss for investments designated at FVTPL (disclosed under "fair value gains/(losses) on derivative financial instruments" in the consolidated statement of profit or loss and other comprehensive income)	**144,470**	(169,022)

The fair value of financial assets and financial liabilities is determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

ii) Financial instruments carried at other than fair values

The carrying amounts of the financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

37. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

	Other payable of the transfer of connection right	Derivative financial instrument	Lease liabilities	Convertible bonds	Loans from non-controlling shareholders of a subsidiary	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
	(Note 26)	*(Note 27)*	*(Note 28)*	*(Note 27)*	*(Note 30)*	
At 1 January 2023	11,286	167	13,179	19,073	138,748	182,453
Lease modification	–	–	(1,526)	–	–	(1,526)
Financing cash flows	–	–	(5,902)	–	(83,831)	(89,733)
Foreign exchange translation	(2,119)	–	(875)	26	529	(2,439)
Deemed distribution to shareholders	–	–	–	–	25,247	25,247
Interest expenses *(Note 10)*	–	–	634	1,411	5,570	7,615
Written off *(Note 8)*	(9,167)	–	–	–	–	(9,167)
Repayments declared	–	–	–	–	(71,594)	(71,594)
Fair value loss on derivative financial instrument	–	2,060	–	–	–	2,060
At 31 December 2023 and 1 January 2024	–	2,227	5,510	20,510	14,669	42,916
Addition	–	–	3,851	–	–	3,851
Financing cash flows	–	–	(4,073)	–	–	(4,073)
Foreign exchange translation	–	–	(360)	(127)	(180)	(667)
Deemed distribution to shareholders	–	–	–	–	3,034	3,034
Interest expenses *(Note 10)*	–	–	425	1,510	1,213	3,148
Fair value gains on derivative financial instrument	–	(835)	–	–	–	(835)
Repayments declared	–	–	–	–	(11,287)	(11,287)
At 31 December 2024	**–**	**1,392**	**5,353**	**21,893**	**7,449**	**36,087**

38. RETIREMENT BENEFIT PLAN

Defined contribution plan

Hong Kong

The Group participates in the Mandatory Provident Fund Scheme ("MPF Scheme") established under the Mandatory Provident Fund Schemes Ordinance in December 2000. The assets of the schemes are held separately from those of the Group in funds under the control of trustees.

For members of the MPF Scheme, the Group contributes 5% of the relevant payroll costs to the MPF Scheme subject only to the maximum level of payroll costs of HK$30,000 per employee, which contribution is matched by the employees.

Russian Federation

The Group is required to contribute a range of 0% to 30% of payroll costs to the Russian Federation State Pension Fund depending on the annual gross remuneration of the staff, to fund the benefits. The only obligation of the Group with respect to the retirement benefit scheme is to make the specified contributions.

The total expense recognised in profit or loss of approximately HK$24,167,000 (2023: approximately HK$22,917,000) represents contributions paid or payable to the plans by the Group at rates specified in the rules of the plans.

At 31 December 2024 and 2023, there were no forfeited contributions which arose upon employees leaving the retirement plans and which are available to reduce the contributions payable in the future years.

39. CONTINGENT LIABILITIES

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 LET Group Holdings Limited as a result of alleged misconduct of Mr. Lo, 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, the Company and/or LET Group Holdings Limited to make an offer to purchase shares from both companies' minority shareholders independent of Mr. Lo 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 report, 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.

40. CAPITAL COMMITMENTS

	2024 **HK$'000**	2023 HK$'000
Capital expenditure in respect of the acquisition of property and equipment contracted for but not provided in the consolidated financial statements	**2,296**	392

41. RELATED PARTY TRANSACTIONS

In addition to the transactions and balances disclosed elsewhere in these financial statements, the Group had the following transactions with its related parties during the year:

a) Compensation of key management personnel

The remuneration of Directors and other members of key management during the year, which is included in "Total employee benefits expenses (including Directors' emoluments)" on note 12, were as follows:

	2024 **HK$'000**	2023 HK$'000
Short-term benefits	**10,841**	14,966
Post-employment benefits	**20**	37
	10,861	15,003

Certain shares of the Company were issued to key management upon exercise of shares options granted to them under the Scheme as disclosed in note 33.

The remuneration of Directors and key management personnel are determined by the remuneration committee having regard to the performance of individuals and market trends.

b) Transactions with related parties

	2024 **HK$'000**	2023 HK$'000
Transactions with non-controlling shareholders of a subsidiary		
Imputed interest expenses on the Shareholder's Loan	**1,213**	5,570
Transactions with fellow subsidiaries		
Interest income from derivative financial instruments	**97,725**	101,543
Interest income from the Long-term Loan to a fellow subsidiary	**9,388**	2,697

Details of the transactions and balances with the related parties have been disclosed in the consolidated statement of financial position on pages 98 to 99 and notes 6, 10, 20, 21, 24, 29 and 30.

c) Guarantees in support of the bank borrowings

Details of financial guarantee contracts in support of the Suntrust Loan Agreement provided by the Company are set out in note 29.

42. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Details of the subsidiaries which principally affected the results, assets and liabilities of the Group at 31 December 2024 and 2023 are as follows:

Name of subsidiaries	Place of incorporation/ establishment	Place of operation	Particulars of issued share capital		Proportion of ownership/ effective interest held by the Company				Principal activities
					Directly		Indirectly		
			2024	2023	**2024**	2023	**2024**	2023	
Summit Ascent Russia Limited	BVI	Hong Kong	**1 ordinary share of US$1**	1 ordinary share of US$1	**100%**	100%	**–**	–	Investment holding
Summit Ascent Services Limited	Hong Kong	Hong Kong	**1 ordinary share**	1 ordinary share	**100%**	100%	**–**	–	Provision of administrative services
Summit Ascent Investments Limited	BVI	Hong Kong	**1 ordinary share**	1 ordinary share	**100%**	100%	**–**	–	Investment holding
Orient Regent	Hong Kong	Hong Kong	**424,693 ordinary shares**	424,693 ordinary shares	**–**	–	**77.5%**	77.5%	Investment holding
GI Entertainment	Russian Federation	Russian Federation	**Charter capital of RUB1,190,795,312**	Charter capital of RUB1,190,795,312	**–**	–	**77.5%**	77.5%	Operation of hotel and gaming business in Integrated Entertainment Zone in the Russian Federation
EZ Transport Limited Liability Company *(Note i)*	Russian Federation	Russian Federation	**Charter capital of RUB20,000**	Charter capital of RUB20,000	**–**	–	**39.5%**	39.5%	Provision of bus services in the Russian Federation
Oriental Winner Limited	Hong Kong	Hong Kong	**100,000 ordinary shares**	100,000 ordinary shares	**100%**	–	**–**	100%	Investment holding

42. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

Name of subsidiaries	Place of incorporation/ establishment	Place of operation	Particulars of issued share capital		Proportion of ownership/ effective interest held by the Company				Principal activities
					Directly		Indirectly		
			2024	2023	**2024**	2023	**2024**	2023	
Modest Achieve Limited	BVI	Hong Kong	**1 ordinary share of US$1**	1 ordinary share of US$1	**100%**	100%	**–**	–	Investment holding
Joyful Award Limited	BVI	Hong Kong	**1 ordinary share of US$1**	1 ordinary share of US$1	**100%**	100%	**–**	–	Investment holding
Toprich Business Investment Limited	Hong Kong	Hong Kong	**1 ordinary share**	1 ordinary share	**100%**	–	**–**	100%	Investment holding
MSRD Corporation Limited	Japan	Japan	**601,000 ordinary shares**	601,000 ordinary share	**–**	–	**100%**	100%	Investment holding

Note:

i) Despite the Group indirectly holds less than 50% of the effective equity interest of the subsidiary, the Group considers to have control over the subsidiary through Oriental Regent as Oriental Regent holds more than 50% of the equity interest of EZ Transport Limited Liability Company.

42. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

None of the subsidiaries had issued any debt securities at the end of the year.

The table below shows details of non wholly-owned subsidiaries of the Group that have material non-controlling interests:

Name of subsidiary	Place of incorporation or establishment and operations	Proportion of equity interest/ voting rights held by non-controlling interests		Profit//(loss) allocated to non-controlling interests		Accumulated non-controlling interests	
		2024	2023	**2024**	2023	**2024**	2023
				HK$'000	HK$'000	**HK$'000**	HK$'000
Oriental Regent and its subsidiaries	Hong Kong	**22.5%/40%**	22.5%/40%	**19,737**	(104,463)	**200,506**	183,968

Summarised financial information in respect of the Group's subsidiaries that have material non-controlling interests, on a group consolidation basis is set out below. The summarised financial information below represents amounts before intragroup eliminations.

Oriental Regent

	2024	2023
	HK$'000	HK$'000
Current assets	**524,146**	398,167
Non-current assets	**577,422**	613,647
Current liabilities	**182,550**	132,064
Non-current liabilities	**27,887**	62,115
Net assets	**891,131**	817,635
Non-controlling interests	**200,506**	183,968
Revenue	**411,505**	369,127
Expenses	**(316,316)**	(795,043)
Profit/(loss) and total comprehensive income/(expenses) for the year	**86,580**	(465,677)
Attributable to non-controlling interests	**19,737**	(104,463)
Net cash inflow from operating activities	**150,300**	202,623
Net cash inflow from investing activities	**12,777**	12,593
Net cash outflow from financing activities	**(3,615)**	(498,010)
Effect of foreign exchange rate changes	**(52,333)**	(45,059)
	107,129	(327,853)

Note: The amounts are presented on the basis of the Group and reflected the fair value adjustments on property, operating right, and equipment, goodwill and additional post-acquisition depreciation charge resulted from the acquisition of Oriental Regent.

43. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	2024 HK$'000	2023 HK$'000
Non-current assets		
Unlisted investments in subsidiaries *(note a)*	**222,810**	217,263
Advance to subsidiaries *(note b)*	**2,206,951**	2,245,177
	2,429,761	2,462,440
Current assets		
Other receivables, deposits and prepayments	**874**	891
Bank balances and cash	**667**	807
	1,541	1,698
Current liability		
Other payables	**3,420**	3,083
Convertible bonds	**21,893**	–
Derivative financial instrument	**1,392**	2,227
	26,705	5,310
Net current liabilities	**(25,164)**	(3,612)
Total assets less current liability	**2,404,597**	2,458,828
Non-current liabilities		
Convertible bonds	**–**	20,510
	–	20,510
Net assets	**2,404,597**	2,438,318
Capital and reserves		
Share capital *(Note 31)*	**112,736**	112,736
Reserves *(note c)*	**2,291,861**	2,325,582
Total equity	**2,404,597**	2,438,318

Approved and authorised for issue by the board of directors on 10 July 2025 and were signed on its behalf by:

Lo Kai Bong
Director

Lam Hung Tuan
Director

43. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (continued)

a) Unlisted investments in subsidiaries

	2024 **HK$'000**	2023 HK$'000
Unlisted interests, at cost *(Note i)*	**282,060**	282,060
Deemed capital contribution/(distribution) *(Note ii)*	**(59,250)**	(64,797)
	222,810	217,263

Notes:

(i) The balances are presented as zero when rounded to the nearest thousand for both years.

(ii) Deemed capital contribution/(distribution) represented the imputed interest on the interest-free advances provided to a subsidiary.

b) Advance to subsidiaries

ECL for advance to subsidiaries, other receivables and bank balances are assessed on 12m ECL basis as there had been no significant increase in credit risk since initial recognition.

Due to the unfavourable changes for the suspension of the Phase II development of Tigre de Cristal project, the ongoing Russia-Ukraine war, particularly restrictions on international travel and the economic uncertainties and the decrease in volume of its rolling chip business, no impairment allowances for unlisted investments in subsidiaries and advance to subsidiaries (2023: nil and HK$649,375,000 respectively) were recognised at the Company level for the year ended 31 December 2024.

c) Movements in the Company's reserves

	Share premium HK$'000	**Share -based compensation reserve** HK$'000	**Accumulated losses** HK$'000	**Total** HK$'000
At 1 January 2023	3,148,184	5,635	(111,301)	3,042,518
Loss and total comprehensive expense for the year	–	–	(716,936)	(716,936)
Lapse of share options	–	(5,287)	5,287	–
At 31 December 2023 and 1 January 2024	3,148,184	348	(822,950)	2,325,582
Loss and total comprehensive expense for the year	–	–	(33,373)	(33,373)
Lapse of share options	–	(348)	–	(348)
At 31 December 2024	**3,148,184**	**–**	**(856,323)**	**2,291,861**

44. EVENT AFTER REPORTING PERIOD

On 16 April 2025, the Group, as subscriber, entered into a subscription agreement (the "Subscription Agreement") with Suntrust, as issuer, pursuant to which the Group has conditionally agreed to subscribe for zero-coupon convertible bonds in tranches, with a maximum aggregate principal amount of up to PHP 8,632,500,000 (approximately HK$1,170,000,000) (the "Subscription Amount"). This transaction is subject to the fulfillment of certain conditions precedent and had not been completed as of the date of this report.

The Group may, at its sole discretion, subscribe for the convertible bonds in one or more tranches, and the aggregate principal amount of all convertible bonds subscribed under the Subscription Agreement shall not exceed the Subscription Amount. It is not an obligation for the Group to fully subscribe for the Subscription Amount. Details were disclosed in the Company's announcement dated 16 April 2025.

45. POSSIBLE IMPACT OF NEW AND AMENDMENTS TO HKFRS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2024

Up to the date of issue of these financial statements, the HKICPA has issued a number of new and amendments to HKFRS which are not yet effective for the year ended 31 December 2024 and which have not been adopted in these consolidated financial statements, as follows:

	Effective for accounting periods beginning on or after
Amendments to HKAS 21, Lack of Exchangeability	1 January 2025
Amendments to HKFRS 9 and HKFRS 7, Amendments to the classification and measurement of financial instruments	1 January 2026
Amendments to HKFRS 9 and HKFRS 7, Contracts referencing nature-dependent electricity	1 January 2026
Annual improvements to HKFRS Accounting Standards 2024, Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7	1 January 2026
New standards, HKFRS 18 and consequential amendments to other HKFRSs, Presentation and Disclosure in Financial Statements	1 January 2027
Amendments to HKFRS 10 and HKAS 28, Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

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

FIVE-YEAR SUMMARY

	2020 HK$'000	2021 HK$'000	2022 HK$'000	2023 HK$'000	**2024** **HK$'000**
Results					
Revenue	211,238	265,519	372,306	369,127	**414,505**
Profit/(loss) before income tax expense	(47,626)	(255,952)	13,336	(844,232)	**253,035**
Income tax (expense)/credit	(164)	(17,859)	17,545	(195)	**(4,066)**
Profit/(loss) for the year	(47,790)	(273,811)	30,881	(844,427)	**248,969**
Profit/(loss) attributable to					
– Owners of the Company	10,018	(229,988)	11,847	(739,964)	**229,232**
– Non-controlling interests	(57,808)	(43,823)	19,034	(104,463)	**19,737**
	(47,790)	(273,811)	30,881	(844,427)	**248,969**
Assets and liabilities					
Total assets	3,977,883	3,722,720	3,734,495	3,086,979	**3,367,233**
Total liabilities	(240,970)	(259,455)	(240,286)	(464,694)	**(509,009)**
	3,736,913	3,463,265	3,494,209	2,622,285	**2,858,224**
Total equity					
Equity attributable to owners of the Company	3,398,275	3,168,449	3,180,359	2,438,317	**2,657,718**
Non-controlling interests	338,639	294,816	313,850	183,968	**200,506**
	3,736,914	3,463,265	3,494,209	2,622,285	**2,858,224**

CORPORATE INFORMATION (Note i)

BOARD OF DIRECTORS

Executive Directors

Mr. Lo Kai Bong *(Chairman)*
Mr. Lam Hung Tuan
(Appointed on 11 March 2025)
Mr. Chua Ming Huat David
(Chief Executive Officer)
(Resigned on 15 January 2024)
Mr. Chiu King Yan
(Resigned on 15 January 2024)

Non-executive Director

Mr. Chang Heng Kit
(Appointed on 10 July 2024)

Independent Non-executive Directors

Mr. Lau Yau Cheung *(Note ii)*
Mr. Li Chak Hung *(Note ii)*
Ms. Ng Shin Kwan Christine
(Appointed on 11 March 2025)
Mr. Lam Kwan Sing
(Resigned on 15 January 2024)

AUDIT COMMITTEE

Mr. Li Chak Hung *(Chairman)* *(Note ii)*
Mr. Lau Yau Cheung *(Note ii)*
Ms. Ng Shin Kwan Christine
(Appointed on 11 March 2025)
Mr. Lam Kwan Sing
(Resigned on 15 January 2024)

REMUNERATION COMMITTEE

Ms. Ng Shin Kwan Christine *(Chairlady)*
(Appointed on 11 March 2025)
Mr. Lau Yau Cheung *(Note ii)*
Mr. Li Chak Hung *(Note ii)*
Mr. Lam Kwan Sing *(Chairman)*
(Resigned on 15 January 2024)

NOMINATION COMMITTEE

Mr. Lau Yau Cheung *(Chairman)* *(Note ii)*
Mr. Li Chak Hung *(Note ii)*
Ms. Ng Shin Kwan Christine
(Appointed on 11 March 2025)
Mr. Lam Kwan Sing
(Resigned on 15 January 2024)

CORPORATE GOVERNANCE COMMITTEE

Ms. Ng Shin Kwan Christine *(Chairlady)*
(Appointed on 11 March 2025)
Mr. Li Chak Hung *(Note ii)*
Mr. Lau Yau Cheung *(Note ii)*
Mr. Lam Kwan Sing *(Chairman)*
(Resigned on 15 January 2024)

COMPANY SECRETARY

Ms. Mak Sin Man
(Appointed on 11 March 2025)
Ms. Mok Ming Wai
(Resigned on 17 February 2024)

REGISTERED OFFICE

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Bermuda

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PRINCIPAL BANKERS

China Banking Corporation
PJSC Bank Primorye
PJSC Sberbank
Alfa-Bank JSC

AUDITOR

Crowe (HK) CPA Limited
(Registered Public Interest Entity Auditors)

LEGAL ADVISOR

Chiu & Partners

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Hong Kong

STOCK CODE

102 (Listed on the Hong Kong Stock Exchange)

WEBSITE

www.saholdings.com.hk

Notes:

(i) As of the date of this report

(ii) Resigned on 15 January 2024 and re-appointed on 11 March 2025