KECK SENG INVESTMENTS (HONG KONG) LIMITED

Stock Code : 184

ANNUAL REPORT 2020 ANNUAL REPORT 2020

CONTENTS

FINANCIAL HIGHLIGHTS

For the year ended 31 December 2020

	2020 HK$'000	2019 HK$'000
Total Assets	**5,754,526**	6,832,121
Total equity attributable to Equity Shareholders	**3,101,473**	3,699,208
Issued Share Capital	**498,305**	498,305
Revenue	**665,709**	1,943,399
(Loss)/Profit Before Taxation	**(757,776)**	45,087
(Loss)/Profit Attributable to Equity Shareholders	**(562,586)**	5,516
Basic (Loss)/Earnings Per Share (cents)	**(165.4)**	1.6
Dividends Attributable to the year (cents per share)	**0.0**	8.0

CORPORATE INFORMATION

DIRECTORS

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

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

AUDIT AND COMPLIANCE COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

RISK MANAGEMENT COMMITTEE

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

AUDITORS

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

SHARE REGISTRAR & TRANSFER OFFICE

Tricor Tengis Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

COMPANY SECRETARY

NG Sing Beng

REGISTERED OFFICE

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

COMPANY'S WEBSITE

www.keckseng.com.hk

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, I am pleased to present the results of the Group for the year ended 31 December 2020.

RESULTS

The consolidated loss attributable to equity shareholders of the Company for the year ended 31 December 2020 was HK$562,586,000 (HK$1.654 per share), compared to consolidated profit attributable to equity shareholders of the Company of HK$5,516,000 (HK$0.016 per share) in 2019.

DIVIDENDS

The Board does not recommend the payment of a final dividend for the year ended 31 December 2020 (2019: HK$0.045).

REVIEW OF OPERATIONS

The protracted COVID-19 pandemic (the "pandemic") has far-reaching economic and social consequences worldwide and made 2020 one of the most challenging and disruptive years in recent decades for businesses across the globe. Social and commercial activities had been significantly curtailed which inevitably caused the global economy to contract. In addition, the continuing geopolitical developments have introduced additional uncertainties to the global economic and political environment. Such an unprecedentedly adverse operating environment on a worldwide basis had major negative impact on our business as well.

The Group's revenue for 2020 was HK$665.7 million, a decrease of 65.7% as compared to HK$1,943.4 million in 2019. Operating loss for the Group was HK$376.9 million, as compared to an operating profit of HK$334.3 million in 2019.

The Group's statutory result, which included impairment loss on a hotel property of HK$345.4 million and revaluation of loss of other non-current financial assets of HK$130.7 million, came to a loss after tax of HK$546.0 million in 2020, as compared to a profit after tax of HK$124.3 million in 2019.

A summary and analysis of the operations are as follows.

Property Leasing and Management Operations

Macau

Macau was severely impacted by the pandemic, which led to closure of Macau casinos for 15 days in February 2020, as well as ongoing restrictions on entry from Hong Kong and other major feeder markets, curtailment of transportation channels and strict quarantine requirements. Tourism arrivals fell to 5.9 million visits in 2020, a decrease of 85% compared to last year, and the overall unemployment rate of Macau has increased from 1.7% at the end of 2019 to 2.7% in the fourth quarter of 2020. Macau's GDP shrank by 56.3% in 2020.

Despite the challenging business environment, the Macau property sector was not severely affected by the pandemic. Income from leasing of Macau properties of the Group decreased marginally by 0.7% in 2020 as compared to HK$94.3 million in 2019. The decrease was mainly driven by lower occupancy rate and the concessionary rental rates given to retail tenants due to the pandemic since March 2020. Occupancy of our office buildings and residential units in the property portfolio were broadly stable with an occupancy rate of 92% and 91% respectively in 2020.

A net increase in fair value of our investment properties of HK$23.4 million (2019: HK$39.0 million) was recorded. Our investment properties are held to earn recurring rental income as long-term investments.

There were no sales of properties in 2020.

At the date of this announcement, several travel and entry restrictions in Macau, Hong Kong and mainland China remain in place and we believe that the pandemic will continue to impact Macau in 2021. Although Macau and other cities are proceeding with their COVID-19 vaccination rollout plans, Macau property market is likely to pick up only after travel restrictions are significantly lifted, enabling a critical mass of commercial activities and potential buyers from mainland China or Hong Kong to return to Macau.

After reviewing Macau property market conditions and the state of the economy, the Group has decided to continue deferring sale of the properties currently classified under properties held for sale to a later time in order to fully capture the benefits to be accrued with opening of the Hong Kong-Zhuhai-Macau Bridge, the newly opened Macau light-rail transit system and the Hengqin immigration port, as well as the gradual integration of the Greater Bay Area post-pandemic. In the meantime, the Group will continue to lease out vacant units in order to maximise income.

Hotel Operations

The year 2020 was a devastating year for the global hospitality sector. The performance of our overseas hotels for 2020 has been severely impacted by the outbreak of the pandemic and the related containment measures. All of our hotels have seen continuing and significantly weak demand in 2020 due to strict controls on travel and social distancing implemented in every jurisdiction. Several of our hotels suspended operation during certain months in 2020. Owing to a collapse in hotel room demand, our hotel business recorded an unprecedentedly steep loss in 2020.

Total revenue for the hotel operations dropped to HK$557.3 million in 2020, a decrease of 69.5% as compared to HK$1,827.9 million in 2019. Loss for the hotel operations, which included an impairment loss on a hotel property of HK$345.4 million was HK$490.0 million as compared to HK$17.0 million in 2019.

The People's Republic of China

The spread of the pandemic was better contained in China than all other major economies. Despite the grave and complex challenges posed by the pandemic, China demonstrated strong recovery with economic growth of 2.3% in 2020, the only major economy in the world that had positive economic growth.

Although China's overall economic environment is gradually picking up, the hospitality sector in China is still under pressure.

Holiday Inn Wuhan Riverside

Results of the 2020 were severely impacted by the pandemic. Travel restrictions crushed demand for hotel rooms and catering services in the first half of 2020. Revenue and occupancy rate has then gradually risen throughout the rest of the year after May 2020, when business and domestic travels resumed gradually while room rates still remained depressed.

Room revenue of the hotel decreased to RMB16.3 million in 2020 as compared to RMB33.4 million in 2019, a reduction of 51.1%. The food and beverage revenue of the hotel has also decreased to RMB10.4 million in 2020 from RMB17.4 million in 2019, a reduction of 40.1%.

During 2020, occupancy rate has decreased to 42.2%, as compared to 70.8% in 2019. Average room rate was at RMB346 per room night in 2020, as compared to RMB424 per room night in 2019.

Vietnam

Despite the negative socio-economic consequences of the pandemic, Vietnam GDP still increased by 2.9% in 2020, after having posted GDP growth of above 7% for two consecutive years. However, hotel industry is still depressed and the pandemic has caused significant disruption to the Vietnam tourism industry, with international arrivals to Vietnam in 2020 at only 3.8 million, down 78% compared to 2019. The country is expected to see a significant recovery only after the global economy recovers and travel restrictions are relaxed.

The Group's revenue from Vietnam decreased to HK$347.3 million in 2020, as compared to HK$788.1 million in 2019, a decrease of 55.9%. This is mainly due to the suspension of international flights since 22 March 2020 during the year.

Sheraton Saigon Hotel and Towers

Sheraton Saigon Hotel & Towers' occupancy rate has decreased to 14.8% as compared to 64.4% in 2019. Average room rate was at US$156 per room night in 2020, as compared to US$188 per room night in 2019. The hotel's financial performance in terms of gross operating profit in 2020 was down by 78.5% year-on-year.

Caravelle Hotel

Occupancy rate has decreased to 11.1% as compared to 65.2% in 2019. Average room rate was at US$139 per room night in 2020, as compared to US$142 per room night in 2019. Gross operating revenue of the hotel has been reduced to US$5.7 million as compared to US$11.0 million in 2019.

Japan

Japan faced 3 pandemic waves in 2020 and the pandemic situation in Japan remains unstable with various surges of reported cases. The Japanese economy shrank 4.8% in 2020, marking the first contraction since 2009 and the hotel's performance for 2020 was severely impacted as leisure and business volumes remained low due in large part to global travel restrictions.

Best Western Hotel Fino Osaka Shinsaibashi

The hotel experienced an extensive shortfall on travellers and visitors driven by various border restrictions and social distancing measures. Whilst it has sought to focus on the domestic Japanese market and travelers, occupancy rate has decreased to 16.9%, as compared to 84.9% in 2019. Average room rate was at JPY6,991 per room night in 2020, as compared to JPY8,499 per room night in 2019.

The United States ("US")

The economic impact of the pandemic in the United States has been devastatingly disruptive. The US economy contracted by 3.5% in 2020 amid the pandemic fallout, compared with an increase of 2.2% in 2019, the largest annual decline of US GDP since 1946. Unemployment rate stood at 8.1% in 2020, as compared to 3.7% in 2019.

The leisure and hospitality sector in US has been one of the most heavily affected by the pandemic due to government travel restrictions, state-mandated closures, and consumers' fear of travel. The number of overseas arrivals to the United States in 2020 dropped to approximately 7.2 million, as compared to 40.4 million in 2019, which has resulted in an outsized impact on hotels in urban markets. Unemployment rate in cities reliant on the tourism economy, including San Francisco and New York, also increase significantly.

As affected by the pandemic with the prolongation of lockdown, the Group temporarily suspended our hotel operations in US since end of March 2020, which caused adverse effects on the Group's operations conditions. Although W San Francisco has reopened in Oct 2020, business recovered slowly as restrictions on public gatherings and indoor dining continued to be in place. Sofitel New York remains closed and a majority of staff have been put on furlough.

CHAIRMAN'S STATEMENT (continued)

W San Francisco

W San Francisco's occupancy dropped to 16.4% in 2020, as compared to 69.5% in 2019. Average room rate was US$381 per room night in 2020, as compared to US$362 per room night in 2019.

W San Francisco's service excellence continued to be well recognised. For the third consecutive year, the property received the Verified Luxury awarded by Forbes Travel Guide in 2020.

Sofitel New York

New York City's tourism industry continued to languish as the effects of the pandemic and associated restrictions continue to encumber travel. Number of international passengers remained 86% below last year's level.

Sofitel New York's occupancy rate has dropped to 15.2%, as compared to 89.0% in 2019. Average room rate was at US$246 per room night in 2020, as compared to US$352 per room night in 2019.

Given the uncertainly in the hotel operating environment resulting from the pandemic and the dampened economic outlook of the New York hospitality industry which will take time to fully recover, the Group had assessed the recoverable amount of the hotel and recognised HK$345.4 million as impairment loss during the year.

Canada

The Canada economy was adversely affected by the pandemic throughout the year 2020 as in all other major economies in the world. GDP shrank 5.4% in 2020, the most since record were kept in 1961, which was mainly due to the shutdown of large parts of the economy in March and April during the first wave of the pandemic. In addition, Canada has closed its land ports of entry along the Canada-US border and banned international travel since 21 March 2020 for non-essential travel.

In light of the pandemic situation and imposed lockdown measures, the Group temporarily suspended our hotel operations in Canada since April 2020. Although the Group has reopened Sheraton Ottawa Hotel and Delta Hotels by Marriott Toronto Airport & Conference Centre in November and September 2020 respectively, both hotels have witnessed extremely low occupancies coupled with depressed average room rates after reopening. Furthermore, our hotel's food and beverage businesses were impacted by a reduction in seating capacity, as well as restrictions on public gathering and social distancing measures imposed by government.

The Sheraton Ottawa Hotel

Occupancy rate of Sheraton Ottawa Hotel dropped to 15.0% in 2020 versus 76.9% in 2019. Average room rate was C$178 per room night in 2020 versus C$182 per room night in 2019.

Delta Hotels by Marriott Toronto Airport & Conference Centre

Occupancy rate of Delta Hotels by Marriott Toronto Airport & Conference Centre dropped to 16.8% in 2020 versus 71.6% in 2019. Average room rate was C$139 per room night in 2020 versus C$138 per room night in 2019.

Delta Hotels by Marriott Toronto Airport & Conference Centre's service excellence to be well recognised, it was obtained Travelers' Choice Winner awarded by Tripadvisor in 2020.

Other net losses

Net exchange gain for 2020 amounted to HK$7.8 million, as compared to a net exchange loss of HK$10.9 million in 2019.

Net realised and unrealised losses on derivative financial instruments amounted to HK$4.1 million in 2020, as compared to losses of HK$4.4 million in 2019.

Net unrealised loss on other non-current financial assets amount to HK$130.7 million recognised in 2020, as compared to the net unrealised gains of HK$34.4 million in 2019. These were mainly related to our investment in A2I Holdings S.A.R.L., which owns 7.01% equity shares of AccorInvest Group S.A.. The revaluation loss reflects the deterioration in the macro-economic environment and the tourism sector as a result of the impact of the pandemic, it is non-cash in nature with no material effect on cash flows.

Net unrealised gains on trading securities for 2020 amounted to HK$1.7 million, as compared to gains of HK$3.0 million in 2019.

There was a gain on disposal of property, plant and equipment in 2020 amounting to HK$0.6 million, as compared to a loss of HK$11.3 million in 2019. These were related to disposal of furniture, fixtures and equipment.

Government grants

During the year, the Company and its subsidiaries received subsidies of approximately HK$4.0 million (2019: Nil) from respective local governments, including HK$3.0 million (2019: Nil) from the Temporary Wage Subsidy Scheme implemented by the Canada Government, HK$0.6 million (2019: Nil) from the Business Subsidy Scheme implemented by the Macau SAR Government and HK$0.4 million (2019: Nil) from the Employee Support Scheme implemented by the HKSAR Government.

PROSPECTS

After an extremely difficult year in 2020, the business environment continues to be highly challenging in 2021. Despite the rolling out of vaccination programs in various countries, the course of the pandemic and the pace of vaccinations remain fraught with uncertainties. Extensive social distancing measures and travel restrictions have remained for the most parts, with some even at their severest, in some of our key feeder markets. It is unclear as to when there will be a more sustainable easing in pandemic-related restrictions. The development of China-US relations under the new US administration is also a continuing uncertainty. Hence, the Group will adhere to a prudent approach in managing its business and strategies.

We believe that the pandemic will continue to impact Macau in the immediate future. However, since Mainland China, Hong Kong and Macau have been progressively easing the social distancing measures and travel restrictions, and with the emergence of the COVID-19 vaccinations and low interest rate environment, the real estate market in 2021 will still face downside pressure but should still remain stable due to the restricted supply. In the coming year, we will endeavour to maintain occupancy for our properties portfolio.

Hospitality sector continues to be greatly affected by travel restrictions in place amid the ongoing pandemic. The implementation of COVID-19 vaccination campaigns around the world is expected to bring back global travel activities gradually, but the process is likely to be lengthy, with border controls and quarantine measures in place for the time being. As such, there is clearly still some way to go before we see a gradual return to pre-pandemic levels of travel activities. Given uncertainty of the length of time of the pandemic and our subdued outlook for the global hotel and tourism industry, we expect the performance of our Group's hotel segment to be under enormous pressure in 2021 until travel restrictions and social distancing measures are fully lifted. Therefore, implementing strict cost control measures will be of utmost importance in 2021.

Looking ahead, the Group will closely monitor the exposure to the risk and uncertainties and take necessary measures to safeguard the interests of its employees and business operations and minimise the impact to the financial and operational performances to the Group post-pandemic and its aftermath. The Group has also taken various cost control measures to minimize cash outflow of non-essential items.

Despite the extraordinary operating conditions brought about by the pandemic, the overall financial position of the Group remains healthy. We have a strong balance sheet and sufficient liquidity in place, with cash, bank balances and short-term bank deposits totalling HK$1,262.7 million as at 31 December 2020. We remain optimistic of overcoming the current global difficulties.

The Group will also continue to review investments that creates long-term value on a sustainable basis for shareholders and will also continue to adopt a disciplined approach towards possible acquisitions, focusing on industries and countries or regions where the Group has experience and comparative advantage.

ACKNOWLEDGEMENT

On behalf of the Board, I wish to express my sincere appreciation to the management and staff of our Group for their diligence, dedication and loyalty amid these unprecedentedly challenging times. I wish to particularly express our sincere gratitude and appreciation to management and staff of all our hotels and properties for their contribution and efforts in implementing heightened precautionary measure to protect the health and safety of our customers and staff. I would also like to thank our management team and Board of Directors who voluntarily contributed to the various cost savings programs and for being so supportive of our Company during this period of time.

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

Ho Kian Guan
Executive Chairman

Hong Kong, 25 March 2021

REPORT OF THE DIRECTORS

The Directors have pleasure in submitting their Annual Report together with the audited financial statements for the year ended 31 December 2020.

PRINCIPAL ACTIVITIES

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

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

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

BUSINESS REVIEW AND PERFORMANCE

Further discussion and analysis of the Group's principal activities and business review as required by Schedule 5 to the Hong Kong Companies Ordinance, including a discussion of the principal risks and uncertainties facing by the Group, indication of likely future developments in the Group's business, analysis of the Group's performance during the year and the material factors underlying its results and financial position, can be found in "Corporate Governance Report", "Chairman's Statement" and "Other Corporate Information" sections of the Annual Report. The environmental and social matters of the Group for the year ended 31 December 2020 is set out in the Company's Environmental, Social and Governance ("ESG") Report 2020, which will be published in June 2021. This discussion forms part of this "Report of the Directors".

ENVIRONMENT, SOCIAL AND GOVERNANCE (ESG)

Our ESG Governance

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

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

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

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

In financial year of 2020,

- We have recorded no cases of corruption practices.

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

Our ESG governance structure

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

Board oversee ESG risk, opportunities, objectives and compliance with the Listing Rules. Audit and Compliance Committee reviews the Group's performance periodically against ESG-related goals and targets. ESG working group prepares ESG Report, CG Report for the Board Approval.

The local management of each major reporting entity is accountable for ESG management. The scope as well as roles and responsibilities of ESG management are well defined in each business unit entity.

Our Employees

Our Workforce Diversity

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

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

Our Relations with Employees

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

We provide new employees with the required orientation and on-the-job training. In addition, we encourage our employees to improve their job-related knowledge through sponsorship of relevant external courses.

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

Our Work Place Safety

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

Since outbreak of COVID-19 pandemic, the Group has become highly conscious of the potential health and safety impacts that may bring to its employees and customers. Apart from strengthening sanitation at the Group's properties, the Group has also adopted precautionary measures such as temperature screening before entering the premises and providing employees with sufficient epidemic prevention supplies, including face masks and hand sanitizers.

Our Community

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

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

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

Our Environment

The Group maintains a global perspective on managing our emissions, minimizing use of fresh water and reducing energy use. The local management of each major reporting entity is accountable to ESG management, performance and reporting. The Group (including its subsidiaries and associates) has complied with all environmental regulations and internal policies related to environmental responsibility. We aim to improve our performance continually in line with best practices, and to be prepared to respond to future challenges and opportunities on sustainable development.

No incident of significant non-compliance with relevant environmental policies, laws and regulations was recorded in 2020 for our Group and subsidiaries.

Our Use of Resources

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

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

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

Our Environment and Natural Resources

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

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

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

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

Our Operations

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

We aim to do businesses fairly, ethically and in accordance with local laws that promote and safeguard fair competition between businesses.

Our Service Quality

We maintain mutually beneficial relationship with our customers and strive to provide quality service. Our properties mainly provide property management, property sale and leasing, hotel room accommodation and food and beverage services. In 2020, none of our products/services are subject to recall due to safety and health reasons.

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

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

Our Suppliers

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

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

Our Customers' Privacy and Data Protection

At Keck Seng Investments, we protect customer data privacy and we comply with all relevant laws and regulations. Internal procedures are established for protecting customer data and they are disseminated to all relevant staffs.

We inform our customers the purpose and recipients of data during data collection; we only collect personal data that is necessary for conducting our business and we retain personal data for the period necessary in compliance with relevant provisions. Stored customer information is only accessible to authorized personnel.

We had received no complaints regarding leakage or loss of customer data in 2020.

Our Respect for Intellectual Property Rights

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

Compliance with relevant Laws and Regulations

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

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

There is an adequate measurement and monitoring system employed to implement ESG strategy which indicates that the business operations have complied with the requirements of local laws & regulations (if required) and relevant hotel brands' rules & regulations on an ongoing process. During 2020, there was no reported incident of non-compliance with the relevant laws and regulations that have a significant impact on Group's business.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2020:

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

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

FINANCIAL STATEMENTS

The profit or loss of the Group for the year ended 31 December 2020 and the state of the Company's and the Group's affairs as at that date are set out in the financial statements on pages 55 to 124.

TRANSFER TO RESERVES

Loss attributable to equity shareholders, before dividends, of HK$562,586,000 (2019: profit attributable to equity shareholders, before divided of HK$5,516,000) have been transferred to reserves. Other movements in reserves of the Company are set out in Note 24 to the financial statements.

REPORT OF THE DIRECTORS (continued)

DIVIDEND

No interim dividend declared and paid after the interim period (2019: HK$0.035 per share). The Board does not recommend the payment of final dividend (2019: HK$0.045 per share) in respect of the year ended 31 December 2020.

CHARITABLE DONATIONS

Charitable donations made by the Group during the year amounted to HK$4,127,111 (2019: HK$1,210,470).

DIRECTORS

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

Executive Directors

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

Non-executive Directors

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

Independent Non-executive Directors

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

Mr. CHAN Lui Ming Ivan, Mr. HO Chung Tao, Mr. HO Chung Hui and Mr. KWOK Chi Shun Arthur will retire as Directors in accordance with Article 116 of the Articles of Association and being eligible, offer themselves for re-election at the Annual General Meeting.

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

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

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

DIRECTORS OF SUBSIDIARIES

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

(In alphabetical order)

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

CONNECTED TRANSACTIONS

During the year under review, the Group entered into the following connected transactions which are exempted from independent shareholders' approval requirement under Rule 14A.76(2) of the Listing Rules:

Acquisition of Interests in Sheraton Ottawa Hotel

On 10 March 2020, KSB Enterprises Ltd., a direct wholly-owned subsidiary of the Company (the "Purchaser"), entered into an agreement with Trump Pacific Resources Inc. (the "Vendor"), pursuant to which the Vendor agreed to sell, and the Purchaser agreed to purchase the 3,150,000 common shares and 945,000 preferred shares of Chateau Ottawa Hotel Inc. ("COHI") (the "Sale Share") at the consideration of C$11,165,000 (equivalent to approximately HK$63,752,150) (the "Acquisition"). The Sale Shares represent 35% of the entire issued share capital of COHI.

COHI's principal activity is operation of a hotel and its sole asset is Sheraton Ottawa Hotel.

The Vendor held 35% of the equity interests in COHI, an indirect non-wholly owned subsidiary of the Company. Therefore, the Vendor is a connected person of the Company at the subsidiary level.

KS Ocean Inc. held approximately 58.14% of the issued share capital of the Company and is a connected person of the Company. KSC Enterprises Ltd., an indirect wholly-owned subsidiary of KS Ocean Inc., acquired from San Thoe (H.K.) Limited 10% equity interest in COHI concurrently with the Acquisition.

On the above basis, the Acquisition constitutes a connected transaction of the Company pursuant to Chapter 14A of the Listing Rules.

Non-Exercise of the Right of First Refusal

The equity interest of Hubei Qing Chuan Hotel Company Limited ("HQCHCL") was held as to 55% by Shun Seng International Limited ("SSIL") and 25.76% by Goodland Limited ("Goodland") (the "Equity Interest") respectively. HQCHCL is a non-wholly owned subsidiary of the Company. Goodland proposed to transfer the Equity Interest to Kansas Holdings Limited ("Kansas") at HK$17,244,597.17.

Pursuant to Article 71 of the Company Law of the People's Republic of China and the joint venture agreement, SSIL, as a shareholder of HQCHCL, is entitled to the right of first refusal with respect to any proposed transfer of the Equity Interest by Goodland to any other persons excluding the existing shareholders, pursuant to which SSIL has a pre-emptive right to purchase the Equity Interest (the "Right of First Refusal").

On 29 September 2020, SSIL decided not to exercise the Right of First Refusal to acquire the Equity Interest in connection with the proposed transfer of the Equity Interest.

Goodland and Kansas are substantial shareholder of the Company, which holds approximately 28.41% and 29.82% of the issued share capital of the Company, respectively. Both companies are wholly owned subsidiaries of the Company's controlling shareholder, KS Ocean Inc.. Goodland and Kansas are therefore connected persons of the Company pursuant to Chapter 14A of the Listing Rules. The non-exercise of the Right of First Refusal constitutes a connected transaction of the Company.

RELATED PARTY TRANSACTIONS

The related party transactions set out in note 27 to the financial statements constitute continuing connected transactions (as defined in Chapter 14A of the Listing Rules) of the Company. All these transactions were undertaken in the normal course of business and were exempted from any reporting requirements under the Listing Rule. The Audit and Compliance Committee had reviewed all these transactions.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES

The Directors of the Company who held office as at 31 December 2020 had the following interests in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) (the "Associated Corporations") at that date as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Issuer (the "Model Code"):

Number of ordinary shares (unless otherwise specified)

Long Positions:

Name of Company	Name of Directors	Personal Interests[1]	Corporate Interests	Total	% Interest
Keck Seng Investments (Hong Kong) Limited	HO Kian Guan	496,480	198,084,320[2]	198,580,800	58.37
	HO Kian Hock	20,480	198,084,320[2]	198,104,800	58.23
	HO Kian Cheong	55,160,480	–	55,160,480	16.21
	TSE See Fan Paul	288,720	–	288,720	0.08
Lam Ho Investments Pte Ltd	HO Kian Guan	–	32,410,774[3]	32,410,774	99.70
	HO Kian Hock	–	32,410,774[3]	32,410,774	99.70
	HO Kian Cheong	96,525	–	96,525	0.30
Shun Seng International Limited	HO Kian Guan	–	83,052[4]	83,052	83.05
	HO Kian Hock	–	83,052[4]	83,052	83.05
	HO Kian Cheong	1,948	–	1,948	1.95
Hubei Qing Chuan Hotel Company Limited – paid in registered capital in US$	HO Kian Guan	–	13,163,880[5]	13,163,880	80.76
	HO Kian Hock	–	13,163,880[5]	13,163,880	80.76
	HO Kian Cheong	1,017,120	–	1,017,120	6.24
	KWOK Chi Shun Arthur	–	489,000[6]	489,000	3.00
Golden Crown Development Limited – common shares	HO Kian Guan	–	56,675,000[7]	56,675,000	80.96
	HO Kian Hock	–	56,675,000[7]	56,675,000	80.96
	HO Kian Cheong	1,755,000	–	1,755,000	2.51
	TSE See Fan Paul	50,000	–	50,000	0.07
Ocean Gardens Management Company Limited	HO Kian Guan	–	100,000[8]	100,000	100.00
	HO Kian Hock	–	100,000[8]	100,000	100.00
Shun Cheong International Limited	HO Kian Guan	–	4,305[9]	4,305	43.05
	HO Kian Hock	–	4,305[9]	4,305	43.05
	HO Kian Cheong	195	–	195	1.95
	KWOK Chi Shun Arthur	–	5,500[10]	5,500	55.00
KSF Enterprises Sdn Bhd – ordinary shares	HO Kian Guan	–	28,405,000[11]	28,405,000	100.00
	HO Kian Hock	–	28,405,000[11]	28,405,000	100.00
KSF Enterprises Sdn Bhd – Redeemable Convertible Preference	HO Kian Guan	–	24,000,000[12]	24,000,000	100.00
	HO Kian Hock	–	24,000,000[12]	24,000,000	100.00
Chateau Ottawa Hotel Inc. – common shares	HO Kian Guan	–	9,000,000[13]	9,000,000	100.00
	HO Kian Hock	–	9,000,000[13]	9,000,000	100.00
Chateau Ottawa Hotel Inc. – preferred shares	HO Kian Guan	–	2,700,000[14]	2,700,000	100.00
	HO Kian Hock	–	2,700,000[14]	2,700,000	100.00

Notes:

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

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

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

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

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

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

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

(8) This represents 1 quota of Ptc999,000 (99.90%) indirectly held by the Company and 1 quota of Ptc1,000 (0.10%) held by Goodland Limited in which each of HO Kian Guan and HO Kian Hock had 1/3 interest indirectly.

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

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

(11) This represents 7,101,250 ordinary shares (25%) directly held by the Company, 7,101,249 ordinary shares (25%) held by Kansas Holdings Limited in which each of HO Kian Guan and HO Kian Hock had 1/3 interest indirectly and 14,202,501 ordinary shares (50%) held by Keck Seng (Malaysia) Bhd in which each of HO Kian Guan and Ho Kian Hock was a substantial shareholder and a director.

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

(13) This represents 7,650,000 common shares (85.00%) indirectly held by the Company; 900,000 common shares (10%) held by KSC Enterprises Ltd. and 450,000 common shares (5.00%) held by Allied Pacific Investments Inc., both in which each of HO Kian Guan and HO Kian Hock had 1/3 interest indirectly.

(14) This represents 2,295,000 preferred shares (85.00%) indirectly held by the Company; 270,000 preferred shares (10%) held by KSC Enterprises Ltd. and 135,000 preferred shares (5.00%) held by Allied Pacific Investments Inc., both in which each of HO Kian Guan and HO Kian Hock had 1/3 interest indirectly.

Save as mentioned above, as at 31 December 2020, none of the Directors of the Company or any of their associates had interests or short positions in the shares, underlying shares or debentures of the Company or any of its Associated Corporations, as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange of Hong Kong Limited pursuant to the Model Code.

REPORT OF THE DIRECTORS (continued)

SUBSTANTIAL INTERESTS AND SHORT POSITIONS IN SHARES

As at 31 December 2020, the interests and short positions of those persons (other than the directors) in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Long Positions:

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

Notes:

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

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

Save as mentioned above, as at 31 December 2020, the Company had not been notified of any interests and short positions in the shares and underlying shares of the Company which had been recorded in the register required to be kept under section 336 of the SFO.

MANAGEMENT ARRANGEMENTS

During the year, there existed the following arrangements:

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

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

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

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

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

INDEMNITY OF DIRECTORS

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

DIRECTORS' INTEREST IN COMPETING BUSINESS

One of the direct competitors of the Group's hotel in Wuhan, Holiday Inn Wuhan Riverside, is the Shangri-La Hotel, Wuhan whose majority owner and operator is Shangri-La Asia Limited ("SAL").

Mr. HO Kian Guan is a non-executive director of SAL, a company whose shares are listed on the Stock Exchange of Hong Kong Limited and Mr. HO Chung Tao is his alternate on the board of SAL.

CHANGES IN DIRECTORS' BIOGRAPHICAL DETAILS

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

Details of changes

(1) Mr. Stephen TAN has been appointed as the chairman of the Risk Management Committee of the Company and Ms. WANG Poey Foon Angela, Mr. YU Hon To David, Mr. TSE See Fan Paul and Mr. HO Chung Tao have been appointed as the members of the Risk Management Committee of the Company with effect from 8 December 2020.

(2) Mr. YU Hon To David has resigned as an independent non-executive director of Haier Electronics Group CO., Ltd. (Stock Code: 1169) with effect from 24 December 2020 and has appointed been as non-executive director of Haier Smart Home Co., Ltd. which is listed on Shanghai Stock Exchange (Stock Code: 600690) and The Stock Exchange of Hong Kong Limited (Stock code:6690) with effect from 5 March 2021.

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

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

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

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

REPORT OF THE DIRECTORS (continued)

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

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

BANK LOANS AND OTHER BORROWINGS

Particulars of bank loans and other borrowings of the Company and the Group at 31 December 2020 are set out in Note 19, Note 22 and Note 27 to the financial statements.

SUFFICIENCY OF PUBLIC FLOAT

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

FIVE YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 125 of the Annual Report.

PROPERTIES

Particulars of the properties and property interests of the Group are shown on page 126 to 127 of the Annual Report.

PERSONNEL AND RETIREMENT SCHEMES

At 31 December 2020, the Group had approximately 1,435 employees. A policy of localising as many of the positions as possible is in place throughout the Group, subject to suitable and sufficient local executives and staff with relevant qualifications and experiences being available. Salary and remuneration are competitive and are based on varying conditions in the different countries in which the Company and its subsidiaries operate. The Group has defined contribution schemes in Hong Kong, Macau, the People's Republic of China, Vietnam, the United States, Canada and Japan.

CONFIRMATION OF INDEPENDENCE

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

AUDITORS

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

By Order of the Board

HO Kian Guan
Executive Chairman

Hong Kong, 25 March 2021

OTHER CORPORATE INFORMATION

FINANCIAL REVIEW

The Group's revenue was HK$665.7 million for the year ended 31 December 2020, a decrease of 65.7% as compared to the year 2019. The decrease was primarily due to the adverse impact of the unprecedented outbreak and prolonged situation of the COVID-19 pandemic on the Group's hotel operations.

During the year ended 31 December 2020, the Group assessed the recoverable amount of one of the hotel properties of the Group, namely the Sofitel New York, and as a result the overall carrying amount of the hotel property was written down to its recoverable amount of HK$1,093.9 million. Accordingly, impairment loss of HK$345.4 million (2019: HK$274.1 million) was recognised as a separate line item in the Group's consolidated statement of profit or loss.

The Group turned into operating loss of HK$376.9 million for the year ended 31 December 2020, as compared to operating profit of HK$334.3 million for the year 2019.

The Group recorded a substantial loss attributable to equity shareholders for the year 2020 amounted to HK$562.6 million as compared to a profit of HK$5.5 million for the last year. The substantial loss for the year 2020 was mainly attributable to decrease in hotel business, impairment loss on a hotel property and net unrealised losses on other non-current financial assets.

KEY PERFORMANCE INDICATORS ("KPIs")

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

Operational KPIs:

				2020		2019	
				Occupancy		Occupancy	
Operation and investment	**Country**	**Star rated**	**Currency**	**Rate**	**ARR**	Rate	ARR
Sofitel New York	USA	5	USD	**15%**	**246**	89%	352
W San Francisco	USA	5	USD	**16%**	**381**	70%	362
Sheraton Saigon Hotel & Towers	Vietnam	5	USD	**15%**	**156**	64%	188
Caravelle Hotel	Vietnam	5	USD	**11%**	**139**	65%	142
Sheraton Ottawa Hotel	Canada	4	CAD	**15%**	**178**	77%	182
Delta Hotels by Marriott Toronto Airport & Conference Centre	Canada	4	CAD	**17%**	**139**	72%	138
Holiday Inn Wuhan Riverside	PRC	4	RMB	**42%**	**346**	71%	424
Best Western Hotel Fino Osaka Shinsaibashi	Japan	3	YEN	**17%**	**6,991**	85%	8,499

- *Occupancy Rate (Total number of Rooms Nights booked relative to Total number of Available Rooms Nights for Guests over the year)*

- *Average Room Rate (Total Room Revenue divided by Total Room Nights Occupied)*

OTHER CORPORATE INFORMATION (continued)

Financial KPIs:

Strategy	KPIs	Calculation basis
To maintain a healthy liquidity ratio	Bank loan to Total assets ratio = 26% (2019: 26%)	Percentage of Total bank loans relative to the Total assets as at the respective year end
	Leverage ratio = 35% (2019: 36%)	Percentage of Total liabilities relative to the Total assets as at the respective year end
To maintain a healthy cash flow	Times interest covered by Profits = N/A (2019: 2)	Ratio of Profit for the year to Finance costs
	Times interest covered by Deposits and cash = 29 (2019: 33)	Ratio of Deposits and cash (including pledged deposits) to Finance costs

PLEDGE OF ASSETS

As at 31 December 2020, hotel properties including land, and certain properties held for sale with an aggregate value of HK$2,108.6 million (2019: HK$2,774.3 million) were pledged to banks to secure bank loans and banking facilities granted to the Group.

CONTINGENT LIABILITIES

At 31 December 2020, there were outstanding counter indemnities relating to guarantees issued by the bankers of a subsidiary in favour of the Macau SAR Government in respect of properties held for sale amounted to HK$8,300,000 (2019: HK$8,300,000).

At 31 December 2020, the Directors do not consider it probable that a claim will be made against the Group under any of the guarantees. The Group have not recognised any deferred income in respect of any of the above guarantees as their fair value cannot be reliably measured and they were issued many years ago and their transaction price was Nil.

PROFILES OF DIRECTORS

Mr. HO Kian Guan, aged 75, is the Executive Chairman of the Company and director/chairman/president of various companies of the Group. He was appointed as a Director of the Company on 5 December 1979. Mr. Ho is also the executive chairman and director of Keck Seng (Malaysia) Berhad (listed on the Bursa Malaysia Securities Berhad (the "BMSB")) and serves on the board of Shangri-La Asia Limited (listed on The Stock Exchange of Hong Kong Limited). Mr. Ho is also an Independent Director and the Chairman of the Board of Directors of Parkway Trust Management Limited, which is acting as Manager of Parkway Life Real Estate Investment Trust which its units are trading on Singapore Exchange Securities Trading Limited ("SGX-ST"). Mr. Ho holds a Bachelor of Business Administration and Commerce. He is also a director of KS Ocean Inc., Pad Inc., Lapford Limited, Goodland Limited and Kansas Holdings Limited (all being substantial shareholders of the Company). He is the father of Mr. HO Chung Tao, brother of Mr. HO Kian Hock and Mr. HO Kian Cheong, and uncle of Mr. CHAN Lui Ming Ivan, Mr. HO Chung Kain, Mr. HO Chung Hui and Mr. HO Chung Kiat Sydney.

Mr. HO Kian Hock, aged 73, is the Deputy Executive Chairman of the Company and director/vice chairman of various companies of the Group. He was appointed as a Director of the Company on 19 December 1979. Mr. Ho is also the managing director of Keck Seng (Malaysia) Berhad (listed on the BMSB). He is also a director of KS Ocean Inc., Pad Inc., Lapford Limited, Goodland Limited and Kansas Holdings Limited (all being substantial shareholders of the Company). He is the father of Mr. HO Chung Kain and Mr. HO Chung Hui, brother of Mr. HO Kian Guan and Mr. HO Kian Cheong, and uncle of Mr. CHAN Lui Ming Ivan, Mr. HO Chung Tao and Mr. HO Chung Kiat Sydney.

Mr. TSE See Fan Paul, aged 66, is an Executive Director of the Company, a Remuneration Committee member, a Nomination Committee member and a Risk Management Committee member of the Board and director/vice president/ chairman/CEO/secretary of various companies of the Group. He was appointed as a Director of the Company on 5 December 1979. Mr. Tse is a director of KS Ocean Inc., Lapford Limited, Goodland Limited and Kansas Holdings Limited (all being substantial shareholders of the Company). He was appointed a director of Macau Urban Renewal Limited on 30 May 2019. He is also a non-executive director of Banco Nacional Ultramarino, one of the two note-issuing banks of the Macau SAR, a member of the Chinese People's Political Consultative Committee of Yunnan Province, China for the 10th & 11th sessions.

Mr. CHAN Lui Ming Ivan, aged 51, is an Executive Director of the Company and director of various companies of the Group. He was appointed as a director of the Company on 1 July 2006. He is also a director of Keck Seng (Malaysia) Berhad (listed on the BMSB). Mr. Chan holds a Bachelor of Business Administration and a Master of Science degree from the National University of Singapore. He is also a director of KS Ocean Inc., Lapford Limited and Kansas Holdings Limited (all being substantial shareholders of the Company). He is a nephew of Mr. HO Kian Guan, Mr. HO Kian Hock and Mr. HO Kian Cheong, and cousin of Mr. HO Chung Tao, Mr. HO Chung Kain, Mr. HO Chung Hui and Mr. HO Chung Kiat Sydney.

Ms. YU Yuet Chu Evelyn, aged 65, is an Executive Director of the Company, a Remuneration Committee member of the Board and director/secretary of various companies of the Group. She joined the Company in 1994 to oversee the Group's investments in China and was appointed as a director of the Company on 1 July 2006. Ms. Yu holds a Bachelor of Arts degree from Carleton University, Canada.

Mr. HO Chung Tao, aged 46, is an Executive Director of the Company, a Nomination Committee member and a Risk Management Committee member of the Board, and director/president/treasurer of various Companies of the Group. He was appointed as a Director of the Company on 15 October 2008. He is also an alternate director of Keck Seng (Malaysia) Berhad (listed on the BMSB) and Shangri-La Asia Limited (listed on the Hong Kong Exchange). Before joining the Group, Mr. Ho worked for a major US investment bank based in Japan, focusing on real estate acquisitions, a venture capital firm in Japan and a securities firm in Singapore. Mr. Ho holds a Bachelor of Science degree in Hotel Administration from Cornell University, USA. He is also a director of KS Ocean Inc., Goodland Limited and Kansas Holdings Limited (all being substantial shareholders of the Company). Mr. Ho is the son of Mr. HO Kian Guan, nephew of Mr. HO Kian Hock and Mr. HO Kian Cheong, and cousin of Mr. CHAN Lui Ming Ivan, Mr. HO Chung Kain, Mr. HO Chung Hui and Mr. HO Chung Kiat Sydney.

PROFILES OF DIRECTORS (continued)

Mr. HO Chung Hui, aged 44, is an Executive Director of the Company and director/chairman of various Companies of the Group. He was appointed as a Director of the Company on 15 October 2008. He is also an alternate director of Keck Seng (Malaysia) Berhad (listed on the BMSB). Mr. Ho joined the Group in August 2003 as a director of a subsidiary for the Group's hotel related investments in China and Vietnam. Before joining the Group, Mr. Ho worked for a major US consulting firm on various practices of strategy, finance and business process reengineering and human capital in Singapore. Mr. Ho holds a Bachelor of Science in Economics from the London School of Economics. He is the son of Mr. HO Kian Hock, brother of Mr. HO Chung Kain, nephew of Mr. HO Kian Guan and Mr. HO Kian Cheong, and cousin of Mr. CHAN Lui Ming Ivan, Mr. HO Chung Tao and Mr. HO Chung Kiat Sydney.

Mr. HO Kian Cheong, aged 71, is a Non-executive Director of the Company. He was appointed as a Director of the Company on 5 December 1979 and was re-designated as Non-executive Director on 17 April 2003. He is also a non-executive director of Keck Seng (Malaysia) Berhad (listed on the BMSB). He is the father of Mr. HO Chung Kiat Sydney, brother of Mr. HO Kian Guan and Mr. HO Kian Hock and uncle of Mr. CHAN Lui Ming Ivan, Mr. HO Chung Tao, Mr. HO Chung Kain and Mr. HO Chung Hui.

Mr. KWOK Chi Shun Arthur, aged 75, is an Independent Non-executive Director of the Company since 3 January 1995. He is also the chairman of the Nomination Committee, an Audit and Compliance Committee member (formerly Audit Committee and renamed on 31 December 2020) and a Remuneration Committee member of the Board. He is a professional architect with extensive architectural, town planning and interior design experience and has wide business interests in property development, merchandise retailing and wholesale.

Ms. WANG Poey Foon Angela, aged 62, is an Independent Non-executive Director of the Company since 28 September 2004. She is also the chairman of the Remuneration Committee, an Audit and Compliance Committee member (formerly Audit Committee and renamed on 31 December 2020), a Nomination Committee member and a Risk Management Committee member of the Board. Ms. Wang holds an LLB (Hons) degree from the National University of Singapore, and is an Advocate and Solicitor (Singapore), Solicitor (Hong Kong and United Kingdom). She has practised with major law firms in Singapore, Australia and Hong Kong and is currently a senior partner of a firm of solicitors in Hong Kong.

Mr. YU Hon To David, aged 73, is an Independent Non-executive Director of the Company. He was appointed as a Director of the Company on 1 April 2013. He is also the chairman of Audit and Compliance Committee (formerly Audit Committee and renamed on 31 December 2020), a Remuneration Committee member, a Nomination Committee member and a Risk Management Committee member of the Board. He is an associate member of The Hong Kong Institute of Certified Public Accountants ("HKICPA") and a fellow member of Institute of Chartered Accountants in England and Wales. Mr. Yu has extensive experience in the fields of auditing, corporate finance (including IPO advisory, mergers and acquisitions and financial restructuring), financial investigation and corporate management and has been appointed as independent non-executive directors of China Renewable Energy Investment Limited, China Resources Gas Group Limited, Media Chinese International Limited, One Media Group Limited, Playmates Holdings Limited, New Century Asset Management Limited and MS Group Holdings Limited, all listed on The Stock Exchange of Hong Kong Limited. Mr. Yu resigned from the position of independent non-executive director of Haier Electronics Group Company Limited with effect from 24 December 2020 and Synergis Holdings Limited with effect from 1 January 2018, both are listed on The Stock Exchange of Hong Kong Limited. Mr. Yu has been appointed as non-executive director of Haier Smart Home Co., Ltd. which is listed on Shanghai Stock Exchange and The Stock Exchange of Hong Kong Limited with effect from 5 March 2021.

Mr. Stephen TAN, aged 67, is an Independent Non-executive Director of the Company. He was appointed as a Director of the Company on 6 June 2019. He is also the chairman of Risk Management Committee, an Audit and Compliance Committee member (formerly Audit Committee and renamed on 31 December 2020), a Remuneration Committee member and a Nomination Committee member of the Board. Mr. Tan is currently an executive director of Asia Financial Holdings Limited, an independent non-executive director of Pioneer Global Group Limited and China Motor Bus Company, Limited (all listed on HKEX). He also sits on the boards of Bank Consortium Trust Company Limited, Hong Kong Life Insurance Limited and AFH Charitable Foundation Limited. Mr. Tan serves as a Standing Committee Member of The Chinese General Chamber of Commerce, the Vice President of Hong Kong Chiu Chow Chamber of Commerce, the Incumbent Honorary President of Chiu Yang Residents Association of Hong Kong Limited, the Supervisor of Chiu Yang Por Yen Primary School and the Manager of Chiu Yang Primary School of Hong Kong. Mr. Tan is a member of the Board of Governor of Hong Kong Sinfonietta Limited, a voting member of Tung Wah Group of Hospitals Advisory Board, a founding member of both Hong Kong-Thailand Business Council and Hong Kong-Korea Business Council, a trustee of Outward Bound Trust of Hong Kong, a charter member of The Rotary Club of The Peak and a founding member of Opera Hong Kong Limited. Mr. Tan is also the honorary adviser of the Hong Kong Baseball Association. Mr. Tan was educated in the U.S.A. and holds a bachelor's degree in Business Administration from Rutgers University, and a master's degree in Business Administration from St. John's University. Mr. Tan is a son of Dr. Chan Yau Hing Robin who resigned as an Independent Non-executive Director of the Company with effect from 6 June 2019.

Mr. HO Chung Kain, aged 46, is an Alternate Director to Mr. HO Chung Hui and director of various Companies of the Group. He was appointed as a director of the Company on 15 October 2008. Mr. Ho joined the Group in 2001 as a director of a subsidiary. He is also an alternate director of Keck Seng (Malaysia) Berhad (listed on the BMSB). He has experience in property marketing and development activities with major Japanese and Singapore real estate companies based in Singapore, and is responsible for property development, property management, construction and hotel related activities in Malaysia and Singapore. Mr. Ho holds a Bachelor of Business Administration degree from Murdoch University in Perth, Australia. He is the son of Mr. HO Kian Hock, brother of Mr. HO Chung Hui, nephew of Mr. HO Kian Guan and Mr. HO Kian Cheong, and cousin of Mr. CHAN Lui Ming Ivan, Mr. HO Chung Tao and Mr. HO Chung Kiat Sydney.

Mr. HO Chung Kiat Sydney, aged 37, was appointed as Alternate Director to Mr. HO Kian Cheong with effect from 1 December 2018. He is presently an executive director of Hub Synergy (S) Pte Ltd, Leefon Corporation Pte Ltd and i.Contemporary Living Pte Ltd. Mr. Ho is responsible for the marketing and operations of a commercial building, supervision of the re-development of a 26-storey commercial building as well as its day-to-day operations, and marketing and leasing of warehouse lots in an industrial building. Previously, Mr. Ho was also involved in the development of a 49-unit, 30-storey residential project. Mr. Ho is also an Alternate Director to Mr. HO Kian Cheong in Keck Seng (Malaysia) Berhad (listed on BMSB). Mr. Ho holds a Master degree in Electrical and Electronic Engineering from the Imperial College of Science, Technology and Medicine, London. He is the son of Mr. HO Kian Cheong, nephew of Mr. HO Kian Guan and Mr. HO Kian Hock, and cousin of Mr. CHAN Lui Ming Ivan, Mr. HO Chung Tao, Mr. HO Chung Hui and Mr. HO Chung Kain.

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

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

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

The Company's corporate governance practices are based on the principles and code provisions as set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules").

The Company has applied with the principles set out in the CG Code for the year 2020, contained in Appendix 14 of the Listing Rules.

The Board is of the view that throughout the year 2020, the Company has complied with most of the code provisions as set out in the CG Code, save and except for deviations as explained below:

1. Code Provision A.2.1, as the role of Chairman and Chief Executive Officer of the Company is not segregated; and

2. Code Provision A.4.1, as the Non-executive Directors are not appointed for a specific term.

DIRECTORS' SECURITIES TRANSACTIONS

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

Specific enquiry has been made of all the Directors and the Directors have confirmed that they have complied with the Model Code throughout the year 2020.

BOARD OF DIRECTORS

The Board of the Company comprises the following Directors:

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

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

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

The Board currently comprises 12 members, consisting of 7 Executive Directors (having 1 Alternate Director), 1 Non-executive Director (having 1 Alternate Director) and 4 Independent Non-executive Directors. The biographical information of the Directors are set out in the section headed "Profiles of Directors" on pages 25 to 27 of this annual report.

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

Executive Chairman and Chief Executive Officer

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

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

Non-executive Directors

Under Code Provision A.4.1, the non-executive directors should be appointed for a specific term. Although the Non-executive Directors of the Company were not appointed for a specific term, all Directors are subject to retirement by rotation not less than once every three years. This means that the specific term of appointment of a Director will not exceed three years.

Independent Non-executive Directors

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

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

Responsibilities, Accountabilities and Contributions of the Board and Management

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

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

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

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

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

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

Continuous Professional Development of Directors

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

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

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

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

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

Under Code Provision A.6.5, all directors should participate in continuous professional development to develop and refresh their knowledge and skills, and have regular updates on the changes of Listing Rules and industry sectors as continuous professional development. In addition, relevant reading materials including directors' manual, legal and regulatory update and seminar handouts have been provided to the Directors for their reference and studying.

BOARD COMMITTEES

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

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

Audit and Compliance Committee *(formerly Audit Committee and renamed on 31 December 2020)*

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

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

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

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

The Audit and Compliance Committee has reviewed with the management and the external auditors the accounting principles and practices adopted by the Group, discussed financial reporting matters including a review of the financial statements for the year ended 31 December 2020 and review the effectiveness of the internal audit function.

During the year, three Audit and Compliance Committee meetings were held. The Audit and Compliance Committee met the Company's external auditors twice during 2020. The Audit and Compliance Committee has also met twice with the representative of the internal audit team of the Company, which conducted independent reviews of the Group's risk management, internal control framework and systems. In December 2020, the Board formed the Risk Management Committee. The duties on risk management shifted to the newly formed committee.

Remuneration Committee

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

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

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

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

Details of the remuneration of each Director and senior management for the year ended 31 December 2020 are set out in note 7 to the Financial Statements contained in this Annual Report.

Nomination Committee

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

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

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

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

During the year, the Nomination Committee held two meetings to review the structure, size and composition of the Board and the independence of the Independent Non-executive Directors, and to consider the qualifications of the retiring Directors standing for election at the Annual General Meeting.

The Company has already adopted a Board diversity policy and the Nomination Committee considered an appropriate balance of diversity perspectives of the Board is maintained.

Nomination Policy

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

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

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

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

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

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

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

Board Diversity

The Company is of the view that a Board comprising of directors with an optimal combination of competencies, experiences and perspectives adds depth and comprehension in the formulation of corporate strategies; review and approval of investment decisions; review and analysis of financial and operating results; nomination of Directors particularly Independent Non-executive Directors; review of internal control, risk management and compliance works; formulation of dividend policies; and other matters and issues which are of relevance to decision-making by the Directors.

The Company evaluates Board diversity in the following domains, in particular diversity with respect to:

- Technical and professional competency of Directors
- Coverage of differing geographical area of operations of the Group
- Gender of Directors
- Age profile
- Years of business experience of Directors
- Educational background of Directors

The Company also intends to over time develop a matrix to measure and review the skill set, professional qualification, experience, educational background, management experience of its senior management in order to prepare them for advancement in the corporate hierarchy.

Risk Management Committee

The Risk Management Committee was set up with specific terms of reference in December of 2020 which are available on the websites of the Company and the Stock Exchange, respectively. The name of chairman and members are set out in below. The Risk Management Committee will meet at least two times each year and report to the Board on their decisions or recommendations following each meeting.

The Risk Management Committee is responsible for assisting the Board to oversee the effectiveness of the Group's risk management system and framework, to review and develop risk management policy, manual and guideline, and to advise the Board on the appropriateness and effectiveness of risk controls/mitigation tools and risk management functions.

Name of members	Date of Appointment
Stephen TAN *(Chairman of the committee)*	8 December 2020
WANG Poey Foon Angela	8 December 2020
YU Hon To David	8 December 2020
TSE See Fan Paul	8 December 2020
HO Chung Tao	8 December 2020

During the year 2020, the Risk Management Committee had performed the following works:

- reviewed the Terms of Reference of the Risk Management Committee for the Board's approval;
- reviewed the appointment of the members of the Risk Management Committee and recommended for the Board's approval;
- reviewed the task plan by the Financial Controller — Internal Control of the Group on the progress of the development of the enterprise risk management system, framework and policy;
- reviewed the new risk analysis of the Company with its risk appetite and tolerance; and
- submitted summary reports to the Board on the resolved issues and recommendations related to risk management.

Corporate Governance Functions

The Board and the Audit and Compliance Committee is responsible for performing the functions set out in the code provision D.3.1 of the CG Code.

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

CORPORATE GOVERNANCE REPORT (continued)

ATTENDANCE RECORD OF DIRECTORS AND COMMITTEE MEMBERS

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

	Attendance/Number of Meetings				
Name of Director	**Board**	**Nomination Committee**	**Remuneration Committee**	**Audit and Compliance Committee**	**Annual General Meeting**
Executive Directors					
HO Kian Guan	6/6	–	–	–	1/1
HO Kian Hock	6/6	–	–	–	1/1
TSE See Fan Paul	6/6	2/2	2/2	3/3*	1/1
CHAN Lui Ming Ivan	6/6	–	–	–	1/1
YU Yuet Chu Evelyn	6/6	2/2*	2/2	3/3*	1/1
HO Chung Tao	6/6	2/2	2/2*	3/3*	1/1
HO Chung Hui	6/6	–	–	–	1/1
HO Chung Kain *(Alternate to HO Chung Hui)*	4/4	–	–	–	1/1
Non-executive Director					
HO Kian Cheong	5/6#	–	–	–	1/1
HO Chung Kiat Sydney *(Alternate to HO Kian Cheong)*	6/6	–	–	–	1/1
Independent Non-executive Directors					
KWOK Chi Shun Arthur	6/6	2/2	2/2	3/3	1/1
WANG Poey Foon Angela	6/6	2/2	2/2	3/3	1/1
YU Hon To David	6/6	2/2	2/2	3/3	1/1
Stephen TAN	6/6	2/2	2/2	3/3	1/1

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

Not include meetings attended by Alternate.

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

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledged the responsibility for maintaining and overseeing an appropriate and effective risk management and internal control systems. These systems will monitor the material aspects of the Group's business and operations and also to safeguard its assets. The risk management and internal control systems of the Group comprises a well-established organisational structure and the internal policies, procedures and guidelines. Such systems are designed to manage the Group's risks within an acceptable risk profile, rather than to eliminate the risk of failure to achieve business objectives, and can only provide reasonable but not absolute assurance against material misstatement or loss, and to manage and minimize risks of failure in operational systems.

The Board delegates operational duties and responsibilities to the management, which comprises senior executives and operating heads of different business units/departments. The management oversees the daily business operations, identifies potential opportunities and inherent risks so that the identified risks can be well-understood, managed and/or mitigated. Appropriate operation policies, standards and procedures are in place in different business units/departments and being exercised accordingly, and their efficiency and effectiveness are monitored by the head of each business unit/department to ensure effective segregation of duties.

The Board has adopted the Risk Management Policy which covers the Group's risk appetite and risk management framework at strategic and operation levels in identifying, measuring, monitoring and controlling risks including global systematic risk — pandemic and social unrest, market risk, economic risk, corporate and management risk, geopolitical risk, IT risk and property risk.

The Board has established the Risk Management Committee to assist the Board to oversee the effectiveness of the Group's risk management system with the assistance of the Financial Controller — Internal Control who assists in developing the risk management functions and developed the Risk Register and the Enterprise Risk Management Manual for implementing risk management and internal control practices. Regular audits or reviews are conducted to provide assurance that the risk controls are in place in business and operational units of the Group. The Financial Controller — Internal Control presents task plan and work done reports to the members of the Risk Management Committee on the progress of the development of the enterprise-wide risk management system and framework. The framework encompasses all areas of concern and potential concern which might arise and which impacts the business model, profitability, operations, cost-efficiency, compliance, integrity and reputation of the company and subsidiaries.

The Company has developed and adopted various risk management procedures and guidelines with defined authority for implementation by key business processes and office functions including hotel operations, sales and leasing of properties, financial reporting, human resources and information technology.

The Group's businesses, results of operations, financial conditions and prospects are subject to risks and uncertainties, which may or may not be controllable by the Group. The following are seven top principal risks and uncertainties identified by the Group and individual major subsidiaries. There may be other risks and uncertainties which are not identified for the time being or turn out to be material in the future.

I. Risks identified by the Group:

1. *Pandemic Risk*

- COVID-19 pandemic has affected the hotel industry across the globe. Travel restrictions were imposed by public administrations in many countries and suspension of flights. The pandemic has caused uncertainty and lack of consumer confidence in person meetings. The extent of vaccination will determine when corporate travel restrictions may be lifted.

- Indoor events are banned or decreased. Many organizations are moving to virtual meetings and gatherings which have set precedence for various market sectors. This situation may remain until the later part of 2021 with meetings moving to a hybrid model affecting both banquets and room sales.

- Travelers will have greater expectations on hygiene, safe and flexibility in cancelation or change fees.

- Great concerns called for employee health and the productivity is lowered to some extent as the company serves as a labour-intensive industry in Macau operation.

2. *Market Risk*

- New supply of hotels is still moving in a slow pace due to COVID-19 pandemic. In the meanwhile, the market lost inventory of rooms from hotel closing or selling and see potentially some hotels will not reopen in 2021.

- The luxury hotel industry that we are in are highly competitive. A lot of our hotels' competitors offer relatively attractive room rates and facilities for guest.

3. *Economic Risk*

- Many countries are now in recession due to COVID-19 pandemic. Sharp decline in GDP growth rates in the countries of our hotels located. Many people have lost their jobs or seen their income cut. Unemployment rates have increased across major economies.

- The world economy is getting very uncertain. Recovery will depend above all on the evolution of the pandemic and the application of new vaccines.

4. *Political Risk*

- Uncertainty on administrative policies as it relates to international travel, visa issuance and visitors. The result of election in the countries may have changes on the relevant administrative policies.

- Possible US sanctions on selected banks and financial institutions in Hong Kong or China.

5. Corporate and Management Risk

- The unemployment rates are increased in the countries our hotels located but will have to depend on the rate of economic recovery.

- Difficulty of local recruitment in the Macau market and non-local recruitment would take longer due to application period of working permit. High turnover and average age of frontline staff is getting older, it may result in difficulties of replacing the retiring frontline staff.

6. IT Risk

- Cybersecurity has been a big concern for the hospitality business which is more focused on preventing data and identify theft. The change of software and hardware may not meet business requirements.

- Implementation of new computer system in Macau office may increase the risk of system error.

7. Property Risk

- The Group invests in hotels worldwide. These hotels require regular renovation and maintenance in order to maintain their quality and retain their guests. Equipment breakdown and occurrence of natural disasters may have adverse impacts on our hotels' operations.

- Macau is a city that is always affected by typhoons. Our residential properties in Macau may be subjected to possible damages caused by typhoons. Irregular interior renovation and deterioration will damage common area and the old building structural damage.

Compared to the top five principal risks identified of 2019, there are significant changes after emergence of COVID-19 in 2020. As the COVID-19 pandemic continues to spread, it has resulted in widespread worldwide lockdowns, travel restrictions and flight cancellations. Our hotels have to take drastic response measures. Four of our subsidiaries and associates (W San Francisco, Sofitel New York, Sheraton Ottawa and Delta Hotels by Marriott Toronto Airport & Conference Centre) in North America have temporarily suspended their operations since the end of March 2020 and three of them (except for Sofitel New York) have respectively reopened in the fourth quarter of 2020. For our hotels in Asia, all of them have been operating as usual except some outlets have closed temporarily. However, travel restrictions and quarantine requirements among different countries have tremendously reduced the number of tourists and significantly reduced the hotel revenues. The managements are focusing on cost saving, such as furloughing employees, energy saving in the hotels, etc. Each of our subsidiaries have established their own house rules to cope with the pandemic and set up the emergency plan for all staffs.

The economy of Macau relies much on the gambling industry. COVID-19 pandemic has seriously affected the tourism industry, and cause economy downturn in Macau despite China and Macau authorities have eased China-Macau border restrictions since the middle of July 2020. The tenants now have more bargaining power, and the risk of losing long-term tenants is also increased. The Group has offered a number of rental reliefs to the affected tenants in order to ease their pressure and cash coupons had been given to the residents of Ocean Gardens to stimulate the sales of shops tenants.

Quarantine restriction between Hong Kong and Macau became effective since March 2020. Some of senior staff of Macau office have to stay in Hong Kong and work remotely by online meetings/telephone. Managements are spending considerable time to assess the business's risk exposures and devising strategies to manage them. Our business units are following strict health and sanitation guidelines including checking guests' and staffs' body temperatures and wearing face masks while working in office.

Our Hong Kong office has imposed work from home arrangement since July 2020. Some of the staff still have to work in office as it is not pragmatic or feasible to work from home due to the nature of work. The situation of COVID-19 pandemic remains severe as a fourth wave of coronavirus pandemic started in 3rd week of November 2020 in Hong Kong.

Over the past few months, excepted for an imported infected case in January 2021, there has been no confirmed infected cases found in Macau. To safeguard public health and to allow the resuming of normal activities in the society, the government of HK and Macau have respectively started the free COVID-19 vaccination plan from Q1 2021.

In response to the Hong Kong National Security Law introduced in Hong Kong at the end of June 2020, the US Congress passed the Hong Kong Autonomy Act in early July 2020. It may possibly impact financial institutions and linked exchange rate system in Hong Kong. The Group has kept eyes on them as they may possibly affect our underlying banking and financial arrangements in the coming future.

The relationship between China and US is increasing the geopolitical risk in 2020, not only doing business in the two countries as the global economic turmoil may become worse due to it. Though they might not have impact on the Group directly, internationally it poses increasing management challenges. Both geopolitical risk and COVID-19 pandemic have noticeable negative impacts on tourism and economic growth in the territories both in the short and long term. However, along with the new US president has taken office and the wide use of vaccines in different countries, it is expected that they will mitigate the COVID-19 pandemic in the forthcoming one year.

II. Risks identified by individual subsidiary in a company level regarding to the top six risks of the Group:

Subsidiary	Pandemic Risk	Market Risk*	Economic Risk	Geopolitical Risk	Corporate and Management Risk	IT Risk
HK	COVID-19 pandemic remains severe and its wide spread to many districts in HK.	Insignificant	Insignificant	1) Risks in entering transactions with the Specially Designated Nationals ("SDNs") or with the FI which does not follow the sanctions. 2) Hong Kong banks' access to the US dollar payment system. 3) HK remains a global financial hub and dollar peg system. 4) A Hong Kong listed company is no longer permitted to act as a guarantor for U.S. company. 5) U.S.-China competition.	Turnover of experienced and competent staff.	1) Possible failure of servers and network. 2) Loss of server data and network security breakdown. 3) IT service support.
Macau	1) Economic downturn due to COVID-19 pandemic. 2) Heavy pressure on manpower as a result of entry restrictions which lead to a significant decline of non-local worker onboarding.	Insignificant	1) Property values are always in co-relation to gaming revenue, the property prices and rental rates might be affected in 2020. 2) Macau's gaming revenue contracted in 2020, experiencing a high degree of negative y-o-y growth in 2020 vs 2019.	Insignificant	1) Low unemployment rate at 2.5% of 2020 in Macau and the flourishing gaming and tourism industries. 2) Difficulty of labour recruitment in both the local and non-local market. 3) High turnover and average age of frontline staff is getting older.	1) Management fees collection system error. 2) Implementation of new COA and maintenance of financial data. 3) Implementation of new PMS.

CORPORATE GOVERNANCE REPORT (continued)

Subsidiary	Pandemic Risk	Market Risk*	Economic Risk	Geopolitical Risk	Corporate and Management Risk	IT Risk
SSHT	COVID-19 pandemic situation continues to worsen and there is no commercial flight to and from Vietnam.	1) The metro construction has resulted in roadblocks and noisy night work near hotel. 2) Renovation at competitor hotels which lower the hotel's competitiveness in the market. 3) Four new hotels will be opened in the next few years.	1) GDP growth rate for 2019: 7.02% 2) GDP growth rate for 2020: 2.91% 3) Inflation for 2020: 3.20% (year on year)	Insignificant	1) Employees may be approached as more hotels will be opened in the next few years. 2) The government issued new policy to reduce unemployment rate to be below 4% which resulted in less suitable candidates be available.	Insignificant
HIRW	1) Global outbreak of the pandemic, also in the north of China is very serious especially in Hebei province.	1) Hotel revenue forecast is lower than the budget due to COVID-19. 2) Newly opened hotels with flexible room rates. 3) CP Wuhan will diversify our IHG Rewards Club members booking.	1) Wuhan GDP growth 2020 was −10.4% as at September 2020 much lower than 2019. 2) China GDP growth 2020 forecast was 2.3%. 3) Many companies announced to cancel all the meeting and events and unnecessary business trip.	Insignificant	Insignificant	1) Part of Servers is running over 10 years. 2) Part of Server License is End of life. 3) Part of workstation is running over 10 years. 4) Back office network is running over 15 years.
BWO	COVID-19 outbreak slows down global and domestic travel significantly.	New hotels have established in the Shinsaibashi area. Additional 11,934 rooms have been supplied in Osaka city in 2020 even under the very weak market due to COVID-19 outbreak.	1) −0.3% annual growth (2020 1–3Q) was reported by Japanese government. 2) Mizuho Bank is forecasting the appreciation of YEN against USD due to the interest continued rate lowering by US Government.	Insignificant	Insignificant	1) Software and hardware may not meet business requirements 2) Key system breakdown 3) Virus attack – cyber-attack through emails

Subsidiary	Pandemic Risk	Market Risk*	Economic Risk	Geopolitical Risk	Corporate and Management Risk	IT Risk
SOH	1) Many organizations are moving to virtual meetings and gatherings. 2) Corporate Transient market may possibly begin booking in Q3 2021 as currently business travellers are not travelling. 3) Vaccine now available will determine when Corporate Company travel bans/restrictions may be lifted.	1) Competition from the nearby hotels. 2) There are no new hotels in the pipeline for 2021. 3) In 2020, the market lost inventory of 483 rooms from hotel closing.	1) Economic recovery will depend above all on the evolution of the pandemic. 2) The widespread distribution of a vaccine will affect the Canadian economy to grow by 4.5% or more. 3) As of October, 80% of the 3 million jobs lost in March and April had been recouped in Canada as a result of the government's relief programs.	Minority Federal Government elected in October 2019 projected to stabilize in the next two years, however on a provincial front with fiscal restraints in Ontario and Alberta that may result in a slowness in the economy.	Insignificant	Insignificant
SNY	Closure of the hotel, very slow ramp up in 2020. Union resistance to adapt to the new normal when the city will reopen.	No information available due to suspension operation of hotel.	No information available due to suspension operation of hotel.	No information available due to suspension operation of hotel.	No information available due to suspension operation of hotel.	No information available due to suspension operation of hotel.
WSF	The COVID-19 outbreak in the US has seen a significant disruption of the travel business. The hotel occupancy rate fell below 10% in mid of March 2020 with below 5% in the end of June of operations. It left the management no choice but to request the approval by ownership to temporarily suspend operation.	1) New hotel supply is still moving in at a slow pace due to COVID-19. 2) The inventory of Airbnb has now stabilized but is still offering transient guests more affordable options. 3) Continued social challenges and Increase in homeless population has become an increasing problem for the city of San Francisco and continues to deter large groups and conventions from hosting their events in the city. 4) F&B market 5) Loss of views of the hotel building.	Insignificant	Uncertainty on administrative policies as it relates to international travel, visa issuance, and visitors. COVID-19 quarantine. Negative press that is playing out on national news fuelled by aggressive statements between the two major parties.	The unemployment rate in San Francisco has totally changed due to the pandemic crisis but will have to depend on the rate of economic recovery.	Insignificant

* There is competition from private lodging (e.g., Airbnb) in the local US market. However, such risk is considered as non-significant in the Group level.

Division or Department heads of our business units assessed the likelihood of risk occurrence and possible consequence, provided treatment plans, monitored the risk management progress, and reported to the Risk Management Committee and the Board on all findings and the effectiveness of the systems. Our management has reported to the Board, the Audit and Compliance Committee and the Risk Management Committee on the effectiveness of the risk management and internal control systems for the year ended 31 December 2020.

All divisions or departments conducted internal control assessment regularly to identify risks that potentially impact the business of the Group and various aspects including key operational and financial processes, regulatory compliance and information security. Self-evaluation has been conducted semi-annual basis to confirm that control policies are properly complied with by each division or department.

The Board also delegates the responsibility of reviewing the effectiveness of the Group's internal control systems to the Audit and Compliance Committee. The Audit and Compliance Committee monitors the Group's risk management processes and internal control systems through the Internal Audit Team ("IAT"). IAT performs ongoing assessments and regular independent reviews of all material controls of the Group, checks for compliance with policies and standards and evaluates the effectiveness of internal control structures across the Group.

IAT presented the internal audit reports to the members of the Audit and Compliance Committee and also the compliance reports on their works done related to the Group's compliance function to the members of the Audit and Compliance Committee. IAT reviewed compliance of operating entities in accordance with related HK Stock Exchange Listing Rules requirement, including but not limited to Continuing Connected Transactions, Corporate Governance Codes and Best Practices, ESG, etc. The reports were then followed up to ensure corrective actions have been taken in respect of any finding previously identified and they have been properly resolved.

Using a risk-and-control based audit approach, IAT plans their respective internal audit schedules and reviews annually with audit resources being focused on higher risk areas. Their internal audit plan for each financial year is discussed with and submitted to the Audit and Compliance Committee for review and approved before the end of the preceding year.

The Audit and Compliance Committee reviewed the effectiveness of the Group's internal control systems covering all material controls, including financial, operational, compliance, and risk management functions during the year and the resources allocated to internal control operations. The Audit and Compliance Committee reported the review result to the Board following each Audit and Compliance Committee meeting. The Board reviewed, considered and satisfied that the Group's internal control systems and risk management functions are effective, adequate and in compliance with the risk management and internal control code provisions of the CG Code.

The Board, as supported by the Audit and Compliance Committee and Risk Management Committee as well as the management report and the internal audit findings, reviewed the risk management and internal control systems, including the financial, operational and compliance controls, for the year ended 31 December 2020, and considered that such systems are adequate and effective. The annual review also covered the financial reporting and internal audit function and staff qualifications, experiences and relevant resources.

The Company has developed its disclosure policy which provides a general guide to the Company's Directors, officers, senior management and relevant employees in handling confidential information, monitoring information disclosure and responding to enquiries.

Control procedures have been implemented to ensure that unauthorized access and use of inside information are strictly prohibited.

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

1. the Company during the year has complied with the Code of Governance on internal control;

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

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

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

5. material transactions are executed with management's authorization.

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended 31 December 2020.

In preparing the financial statements for the year ended 31 December 2020, the Directors have selected suitable accounting policies and applied them consistently, approved adoption of all applicable Hong Kong Financial Reporting Standards, made judgments and estimates which are fair and reasonable, and have prepared the financial statements on the going concern basis.

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

The statement of the independent auditors of the Company about their reporting responsibilities on the financial statements is set out in the Independent Auditors' Report on pages 49 to 54.

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

AUDITORS' REMUNERATION

The remuneration paid to the external auditors of the Company in respect of audit services and non-audit services for the year ended 31 December 2020 are set out below.

	2020 HK$'000	2019 HK$'000
Auditor's remuneration		
– Audit services	4,923	3,882
– Interim review	923	849
– Tax advisory and other services	420	562
	6,266	5,293

DIVIDEND POLICY

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

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

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

It has also taken into consideration the possibility of:

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

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

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

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

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

SHAREHOLDERS' RIGHTS

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

Convening A General Meeting/Right To Call A General Meeting

General meetings may be convened by the Board on requisition of Shareholders of the Company representing at least 5% of the total voting rights of all the Shareholders having a right to vote at general meetings or by such Shareholder(s) who made the requisition (the "Requisitionist(s)") (as the case may be) pursuant to Sections 566 and 568 respectively of the Companies Ordinance (Chapter 622 of the laws of Hong Kong) (the "Companies Ordinance"). The objects of the meeting must be stated in the requisition which must be signed by the Requisitionist(s) and deposited at the registered office of the Company. Shareholders should follow the requirements and procedures as set out in the Companies Ordinance for convening a general meeting.

Putting Forward Proposals At General Meeting/Right To Circulate Resolution At Annual General Meeting

Pursuant to Section 615 of the Companies Ordinance, Shareholders representing at least 2.5% of the total voting rights of all Shareholders; or at least 50 shareholders (as the case may be) who have a right to vote at the relevant annual general meeting, may request to circulate a resolution to be moved at an annual general meeting. Shareholders should follow the requirements and procedures as set out in the Companies Ordinance for circulating a resolution for annual general meeting.

Putting Forward Enquiries To The Board

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

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

Contact Details

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

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

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

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

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

The Shareholders' Communication Policy was adopted at the Board Meeting held on 9 December 2016 in compliance with Code Provision E.1.4 of the CG Code.

During the year under review, the Company has not made any changes to Articles of Association. An up to date version of the Company's Articles of Association is also available on the Company's website and the Stock Exchange's website.

PUBLIC FLOAT

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

INDEPENDENT AUDITOR'S REPORT

KPMG

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

(Incorporated in Hong Kong with limited liability)

OPINION

We have audited the consolidated financial statements of Keck Seng Investments (Hong Kong) Limited and its subsidiaries (together "the Group") set out on pages 55 to 124, which comprise the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2020 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

INDEPENDENT AUDITOR'S REPORT *(continued)*

KEY AUDIT MATTERS *(continued)*

Valuation of investment properties

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

The Key Audit Matter

The Group holds a portfolio of investment properties (primarily office and commercial premises) located in Macau which are stated at their fair values which totalled HK$897 million and accounted for 16% of the Group's total assets as at 31 December 2020.

The fair values of the investment properties as at 31 December 2020 were assessed by the board of directors based on independent valuations prepared by an independent firm of professional surveyors with appropriate qualifications and experience in the location and category of property being valued, using the income capitalisation approach which takes into account the rental income of each property and the appropriate market capitalisation rate. The net changes in fair value of investment properties recorded in the consolidated statement of profit or loss represented 3% of the Group's loss before taxation for the year ended 31 December 2020.

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

How the matter was addressed in our audit

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

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

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

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

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

KEY AUDIT MATTERS *(continued)*

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

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

The Key Audit Matter

The Group holds a number of hotel properties located in major cities in Asia Pacific and North America. These hotel properties were stated at cost less accumulated depreciation and impairment with carrying amounts totalling HK$1,577 million and accounted for 27% of the Group's total assets as at 31 December 2020.

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

As a result of the impairment assessment carried out by management, the Group recognised an impairment loss of HK$345 million during the year ended 31 December 2020 on one of its hotel properties, namely the Sofitel New York.

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

How the matter was addressed in our audit

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

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

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

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

  - challenging the key estimates and assumptions adopted in the impairment assessment, including occupancy rates, revenue per available room and future growth rates, by comparing these with market available data and the current year's operating results;

  - assessing the discount rate applied in the impairment assessment by comparison with those of similar companies in the same industry and external market data.

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

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

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

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

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

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

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

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT *(continued)*

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

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

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

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT (continued)

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Yue Tat Wai.

KPMG
Certified Public Accountants

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the year ended 31 December 2020

	Note	2020 HK$'000	2019 HK$'000
Revenue	3	**665,709**	1,943,399
Cost of sales		**(89,631)**	(201,444)
		576,078	1,741,955
Other revenue	4(a)	**37,484**	81,438
Other net (losses)/gains	4(b)	**(124,116)**	11,367
Direct costs and operating expenses		**(334,523)**	(837,617)
Marketing and selling expenses		**(14,861)**	(61,711)
Depreciation	11(a)	**(164,341)**	(166,809)
Administrative and other operating expenses		**(352,600)**	(434,354)
Operating (loss)/profit		**(376,879)**	334,269
Net increase in fair value of investment properties	11(a)	**23,400**	39,000
Impairment loss on a hotel property	11(b)	**(345,430)**	(274,115)
		(698,909)	99,154
Finance costs	5(a)	**(43,520)**	(59,749)
Share of net (losses)/profits of associates		**(15,347)**	5,682
(Loss)/profit before taxation	5	**(757,776)**	45,087
Income tax	6(a)	**211,815**	79,238
(Loss)/profit for the year		**(545,961)**	124,325
Attributable to:			
Equity shareholders of the Company		**(562,586)**	5,516
Non-controlling interests		**16,625**	118,809
(Loss)/profit for the year		**(545,961)**	124,325
(Loss)/earnings per share, basic and diluted (cents)	9	**(165.4)**	1.6

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

The notes on pages 61 to 124 form part of these financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2020

	2020 HK$'000	2019 HK$'000
(Loss)/profit for the year	**(545,961)**	124,325
Other comprehensive income for the year		
Item that will not be reclassified to profit or loss:		
Equity investments at fair value through other comprehensive income – net movement in fair value reserve (non-recycling)	**(140)**	43
Items that may be reclassified subsequently to profit or loss (net of tax):		
Exchange differences on translation of: – financial statements of overseas subsidiaries and associates	**8,902**	(1,912)
Other comprehensive income for the year	**8,762**	(1,869)
Total comprehensive income for the year	**(537,199)**	122,456
Attributable to:		
Equity shareholders of the Company	**(558,625)**	1,651
Non-controlling interests	**21,426**	120,805
Total comprehensive income for the year	**(537,199)**	122,456

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

The notes on pages 61 to 124 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31 December 2020

	Note	2020 HK$'000	2019 HK$'000
Non-current assets			
Investment properties		897,100	873,700
Property, plant and equipment		1,817,377	2,252,984
Land		822,814	824,274
	11	3,537,291	3,950,958
Interests in associates	13	105,825	121,060
Derivative financial assets		–	865
Other non-current financial assets	14	132,947	250,997
Deferred tax assets	23(b)	303,088	116,081
		4,079,151	4,439,961
Current assets			
Trading securities	15	13,625	11,899
Properties held for sale	16	278,873	280,473
Inventories		4,006	6,074
Trade and other receivables	17	69,411	113,271
Deposits and cash	18(a)	1,262,729	1,978,472
Taxation recoverable	23(a)	46,731	1,971
		1,675,375	2,392,160
Current liabilities			
Bank loans	19(a)	747,072	1,701,024
Trade and other payables	20	315,464	441,317
Loan from an associate	13	464	464
Loans from non-controlling shareholders	22	714	106,991
Taxation payable	23(a)	8,460	16,655
		1,072,174	2,266,451
Net current assets		603,201	125,709
Total assets less current liabilities		4,682,352	4,565,670

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

at 31 December 2020

	Note	2020 HK$'000	2019 HK$'000
Non-current liabilities			
Bank loans	19(a)	748,919	83,700
Deferred revenue	21	4,560	4,690
Loans from non-controlling shareholders	22	100,810	–
Derivative financial liabilities		3,187	–
Deferred tax liabilities	23(b)	89,607	99,608
		947,083	187,998
NET ASSETS		3,735,269	4,377,672
CAPITAL AND RESERVES	24		
Share capital		498,305	498,305
Reserves		2,603,168	3,200,903
Total equity attributable to equity shareholders of the Company		3,101,473	3,699,208
Non-controlling interests		633,796	678,464
TOTAL EQUITY		3,735,269	4,377,672

Approved and authorised for issue by the board of directors on 25 March 2021.

Ho Kian Guan
Executive Chairman

Tse See Fan Paul
Executive Director

The notes on pages 61 to 124 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2020

	Attributable to equity shareholders of the Company							
	Share capital HK$'000	Legal reserve HK$'000	Exchange reserve HK$'000	Fair value reserve (non-recycling) HK$'000	Retained profits HK$'000	Sub-total HK$'000	Non-controlling interests HK$'000	Total HK$'000
Balance at 1 January 2020	**498,305**	**15,696**	**5,687**	**3,648**	**3,175,872**	**3,699,208**	**678,464**	**4,377,672**
Changes in equity for 2020:								
(Loss)/profit for the year	–	–	–	–	(562,586)	(562,586)	16,625	(545,961)
Other comprehensive income	–	–	4,101	(140)	–	3,961	4,801	8,762
Total comprehensive income for the year	–	–	4,101	(140)	(562,586)	(558,625)	21,426	(537,199)
Capital contribution from non-controlling shareholders	–	–	–	–	–	–	22,384	22,384
Transfer from retained profits to legal reserve	–	3,721	–	–	(3,721)	–	–	–
Dividends approved in respect of the previous year (note 24(b))	–	–	–	–	(15,309)	(15,309)	–	(15,309)
Dividends paid by subsidiaries to non-controlling shareholders	–	–	–	–	–	–	(48,527)	(48,527)
Acquisition of non-controlling interests (note 24(d))	–	–	875	–	(24,676)	(23,801)	(39,951)	(63,752)
Balance at 31 December 2020	**498,305**	**19,417**	**10,663**	**3,508**	**2,569,580**	**3,101,473**	**633,796**	**3,735,269**
Balance at 1 January 2019	498,305	12,758	9,595	3,605	3,226,025	3,750,288	669,928	4,420,216
Changes in equity for 2019:								
Profit for the year	–	–	–	–	5,516	5,516	118,809	124,325
Other comprehensive income	–	–	(3,908)	43	–	(3,865)	1,996	(1,869)
Total comprehensive income for the year	–	–	(3,908)	43	5,516	1,651	120,805	122,456
Transfer from retained profits to legal reserve	–	2,938	–	–	(2,938)	–	–	–
Dividends approved in respect of the previous year (note 24(b))	–	–	–	–	(40,824)	(40,824)	–	(40,824)
Dividends declared in respect of the current year (note 24(b))	–	–	–	–	(11,907)	(11,907)	–	(11,907)
Dividends paid by subsidiaries to non-controlling shareholders	–	–	–	–	–	–	(112,269)	(112,269)
Balance at 31 December 2019	498,305	15,696	5,687	3,648	3,175,872	3,699,208	678,464	4,377,672

The notes on pages 61 to 124 form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 December 2020

	Note	2020 HK$'000	2019 HK$'000
Operating activities			
Cash (used in)/generated from operations	18(b)	(169,791)	455,915
Overseas tax paid (net)		(38,248)	(27,065)
Net cash (used in)/generated from operating activities		(208,039)	428,850
Investing activities			
Payment for the purchase of property, plant and equipment		(74,295)	(335,186)
Net payment for purchase of other non-current financial assets		(527)	–
Payment for acquisition of non-controlling interests		(63,752)	–
Proceeds from sale of property, plant and equipment		731	1,461
Proceeds from price adjustment for other non-current financial assets		–	2,053
Interest received		17,669	46,848
Decrease/(increase) in bank deposits with maturity more than three months		268,525	(805,144)
Dividends received from listed and unlisted securities		461	10,653
Net cash generated from/(used in) investing activities		148,812	(1,079,315)
Financing activities			
Proceeds from new bank loans	18(c)	548,351	305,088
Repayment of bank loans	18(c)	(829,673)	(66,419)
Repayment of loans from non-controlling shareholders	18(c)	(2,138)	(7,234)
Interest paid	18(c)	(39,173)	(54,892)
Dividends paid	24(b)	(15,309)	(52,731)
Dividends paid to non-controlling shareholders		(48,527)	(112,269)
Net cash (used in)/generated from financing activities		(386,469)	11,543
Net decrease in cash and cash equivalents		(445,696)	(638,922)
Cash and cash equivalents at 1 January		1,158,559	1,802,056
Effect of foreign exchange rate changes		(2,791)	(4,575)
Cash and cash equivalents at 31 December		710,072	1,158,559
Analysis of the balances of cash and cash equivalents at 31 December			
Deposits and cash	18(a)	1,262,729	1,978,472
Less: Bank deposits with maturity more than three months		(552,657)	(819,913)
		710,072	1,158,559

The notes on pages 61 to 124 form part of these financial statements.

1 SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

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

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

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2020 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in associates.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following assets and liabilities are stated at their fair value:

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

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

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

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

1 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(c) Subsidiaries and non-controlling interests

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

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

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

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

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

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

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

1 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(d) Associates

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

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

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

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

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

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

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

(e) Investments in debt and equity securities

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

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

1 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(e) Investments in debt and equity securities *(continued)*

Investments other than equity investments

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

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

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

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

Equity investments

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

(f) Derivative financial instruments

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

(g) Investment properties

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

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

1 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(h) Property, plant and equipment

(i) Hotel properties

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

(ii) Other property, plant and equipment

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

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

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

(iii) Depreciation

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

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

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

– Motor vehicles 7 years

– Furniture, fixtures and equipment 3 to 5 years

– No depreciation is provided on property under development

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

1 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(i) Leased assets

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

(i) As a lessee

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

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

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

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

(ii) As a lessor

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

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

1 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(j) Credit losses and impairment of assets

(i) Credit losses from financial instruments

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

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

Measurement of ECLs

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

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

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

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

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

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

ECLs are measured on either of the following bases:

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

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

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

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

1 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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

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

Significant increases in credit risk

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

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

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

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

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

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

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

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

1 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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

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

Basis of calculation of interest income

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

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

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

– significant financial difficulties of the debtor;

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

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

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

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

Write-off policy

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

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

1 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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

(ii) Impairment of other assets

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

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

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

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

– Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

– Recognition of impairment losses

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

– Reversals of impairment losses

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

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

1 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(k) Inventories

(i) Hotel and club operations

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

(ii) Property development

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

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

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

(l) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due.

Receivables are stated at amortised cost using the effective interest method less allowance for credit losses (see note 1(j)(i)).

(m) Interest-bearing borrowings

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

(n) Trade and other payables

Trade and other payables (including interest-free loans from non-controlling shareholders) are initially recognised at fair value. Except for financial guarantee liabilities measured in accordance with note 1(r)(i), trade and other payables are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(o) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

1 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(p) Employee benefits

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

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

(ii) Termination benefits

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

(q) Income tax

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

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

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

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

1 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(q) Income tax *(continued)*

(iii) *(continued)*

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

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

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

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

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

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

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

  - the same taxable entity; or

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

1 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(r) Financial guarantees issued, provisions and contingent liabilities

(i) Financial guarantees issued

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

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

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

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

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

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

1 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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

(ii) Provisions and contingent liabilities

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

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

(s) Revenue and other income

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

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

(i) Sale of properties

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

(ii) Rental income from operating leases

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

(iii) Hotel and club operations

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

1 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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

(iv) Management fee income

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

(v) Interest income

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

(vi) Dividends

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

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

(vii) Government grants

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

(t) Translation of foreign currencies

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

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

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

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

1 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(u) Borrowing costs

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

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

(v) Related parties

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

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

(2) has significant influence over the Group; or

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

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

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

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

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

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

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

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

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

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

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

1 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(w) Segment reporting

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

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

2 CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued the following amendments to HKFRSs that are first effective for the current accounting period of the Group:

- Amendments to HKFRS 3, *Definition of a Business*
- Amendment to HKFRS 16, *Covid-19-Related Rent Concessions*

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

3 REVENUE

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

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

	2020 HK$'000	2019 HK$'000
Hotel and club operations		
– Rooms and shops	**204,854**	974,916
– Food and beverage	**98,882**	339,623
– Slot machine income	**237,259**	471,633
– Others	**23,009**	48,877
	564,004	1,835,049
Proceeds from sales of properties	**–**	6,080
Rental income	**95,467**	96,075
Management fee income	**6,238**	6,195
	665,709	1,943,399

4 OTHER REVENUE AND OTHER NET (LOSSES)/GAINS

(a) Other revenue

	2020 HK$'000	2019 HK$'000
Interest income	17,669	46,848
Dividend income from listed and unlisted securities	461	10,653
Government grants	4,046	–
Others	15,308	23,937
	37,484	81,438

(b) Other net (losses)/gains

	2020 HK$'000	2019 HK$'000
Net exchange gains/(losses)	7,782	(10,862)
Net realised and unrealised losses on derivative financial instruments	(4,050)	(4,399)
Net unrealised (losses)/gains on other non-current financial assets	(130,687)	34,376
Net unrealised gains on trading securities	1,726	2,959
Gain/(loss) on disposal of property, plant and equipment	558	(11,290)
Others	555	583
	(124,116)	11,367

5 (LOSS)/PROFIT BEFORE TAXATION

(Loss)/profit before taxation is arrived at after charging/(crediting):

(a) Finance costs

	2020 HK$'000	2019 HK$'000
Bank loan interests	39,040	54,591
Discounting effect on loans from non-controlling shareholders	4,440	4,949
Other interest expenses	40	209
	43,520	59,749

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

(b) Staff costs

	2020 HK$'000	2019 HK$'000
Salaries, wages and other benefits	**313,970**	617,462
Contributions to defined contribution retirement plans	**6,094**	8,839
	320,064	626,301

Employee benefits

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

Location	**Defined contribution retirement schemes**	**Details of the scheme**
Hong Kong	Mandatory Provident Fund scheme	5% of the employees' relevant income with a ceiling of HK$1,500 per month by both employers and employees
Macau	Social Security Fund	MOP60 by employers and MOP30 by employees on a monthly basis
PRC	Central pension scheme	16% of the employees' salaries cost in accordance with the relevant regulations by employers
Vietnam	Social insurance fund scheme	At a prevailing rate of 21.5% of basic salaries by employers
United States	Voluntary Defined Contribution Program	Between 0% and 50% of the compensation to the plan subject to certain maximum limits on a pre-tax basis by employees and provisions for matching contributions, which are based on a portion of the participants' eligible compensation, by employers
Canada	Canadian Pension Plan	Employers and employees contribute at 4.95% each to an employee's earnings subject to certain maximum limits
Japan	Pension plan	Both employers and employees are required to contribute at 9.1% of the employee's monthly salary

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

(c) Other items

	2020 HK$'000	2019 HK$'000
Cost of inventories	89,631	201,444
Auditors' remuneration		
– Audit services	4,923	3,882
– Interim review	923	849
– Tax advisory and other services	420	562
Rentals income from investment properties less direct outgoings of HK$1,075,000 (2019: HK$889,000)	(33,325)	(30,575)
Rentals income from properties held for sale and other rental income less direct outgoings of HK$1,257,000 (2019: HK$1,646,000)	(61,469)	(62,885)

6 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

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

	2020 HK$'000	2019 HK$'000
Current tax – Overseas		
Provision for the year (note 23(a))	(21,841)	19,129
Under-provision in respect of prior years	7,353	5,430
	(14,488)	24,559
Deferred tax (note 23(b))		
Origination and reversal of other temporary differences	(197,327)	(103,797)
	(197,327)	(103,797)
	(211,815)	(79,238)

Notes:

(i) No provision has been made for Hong Kong Profits Tax as the Company and all other entities comprising the Group that are incorporated in Hong Kong sustained a loss for taxation purposes or had unutilised tax loss to set-off against taxable income during the years ended 31 December 2019 and 2020.

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

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

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

Notes: *(continued)*

(iii) The usual income tax rate applicable to Vietnam enterprises before any incentives is 20% (2019: 20%) for the year ended 31 December 2020. Tax adjustment as a result of tax review exercise in Vietnam in 2019 was recognised as "Tax adjustment for over-payment in prior years" in Note 6(b) during the year ended 31 December 2019.

(iv) The applicable PRC Enterprise Income Tax of the subsidiary established in the PRC is calculated at 25% (2019: 25%) of the estimated taxable profits for the year ended 31 December 2020. No provision has been made for PRC Enterprise Income Tax as the subsidiary sustained a loss for taxation purposes during the years ended 31 December 2019 and 2020.

(v) Pursuant to the income tax rules and regulations of the United States, the applicable Federal and State Income Tax in respect of the subsidiaries operating in the United States are calculated at a rate of 21% (2019: 21%) and 9.98% (2019: 12.64%) respectively determined by income ranges for the year ended 31 December 2020.

(vi) Under the Japanese domestic law, the subsidiary established in Japan under the Tokumei-Kumiai arrangement is subject to Japanese withholding tax at the rate of 21.36% (2019: 21.42%) on all gross profit distributions from the subsidiary.

(vii) Provision for Macau Complementary Tax is calculated at 12% (2019: 12%) of the estimated assessable profits for the year ended 31 December 2020. Macau Property Tax is calculated at 8% (2019: 8%) of the assessable rental income in Macau.

(viii) Pursuant to the income tax rules and regulations of Canada, the applicable federal and provincial statutory tax rate is 26.5% (2019: 26.5%).

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

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

	2020 HK$'000	2019 HK$'000
(Loss)/profit before taxation	(757,776)	45,087
Notional tax on (loss)/profit before taxation, calculated at the rates applicable to loss in the countries concerned	(225,176)	(30,425)
Tax effect of non-deductible expenses	43,945	12,212
Tax effect of non-taxable revenue	(37,993)	(28,470)
Under-provision in respect of prior years	7,353	5,430
Tax adjustment for over-payment in prior years (see Note 6(a)(iii))	–	(37,720)
Others	56	(265)
Actual tax credit	(211,815)	(79,238)

7 DIRECTORS' EMOLUMENTS

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

	Directors' fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Discretionary bonuses HK$'000	Retirement scheme contributions HK$'000	2020 Total HK$'000
Executive directors					
HO Kian Guan	180	308	303	–	791
HO Kian Hock	125	308	303	–	736
TSE See Fan Paul	222	–	–	–	222
CHAN Lui Ming Ivan	125	257	216	–	598
YU Yuet Chu Evelyn	160	1,164	474	12	1,810
HO Chung Tao	192	633	352	27	1,204
HO Chung Hui	95	194	130	–	419
HO Chung Kain (alternate director to HO Chung Hui)	–	194	130	–	324
Non-executive directors					
HO Kian Cheong	90	–	–	–	90
Ho Chung Kiat Sydney (alternate director to HO Kian Cheong)	5	–	–	–	5
Independent non-executive directors					
KWOK Chi Shun Arthur	265	–	–	–	265
Stephen TAN	248	–	–	–	248
WANG Poey Foon Angela	267	–	–	–	267
YU Hon To David	267	–	–	–	267
	2,241	3,058	1,908	39	7,246

7 DIRECTORS' EMOLUMENTS *(continued)*

	Directors' fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Discretionary bonuses HK$'000	Retirement scheme contributions HK$'000	2019 Total HK$'000
Executive directors					
HO Kian Guan	170	1,212	404	–	1,786
HO Kian Hock	115	1,212	404	–	1,731
TSE See Fan Paul	205	–	–	–	205
CHAN Lui Ming Ivan	115	528	176	–	819
YU Yuet Chu Evelyn	145	1,130	367	18	1,660
HO Chung Tao	175	1,320	360	18	1,873
HO Chung Hui	80	396	132	–	608
HO Chung Kain (alternate director to HO Chung Hui)	5	396	132	–	533
Non-executive directors					
HO Kian Cheong	75	–	–	–	75
Ho Chung Kiat Sydney (alternate director to HO Kian Cheong)	10	–	–	–	10
Independent non-executive directors					
CHAN Yau Hing Robin (retired on 6 June 2019)	104	–	–	–	104
KWOK Chi Shun Arthur	250	–	–	–	250
Stephen TAN (appointed on 6 June 2019)	125	–	–	–	125
WANG Poey Foon Angela	250	–	–	–	250
YU Hon To David	241	–	–	–	241
	2,065	6,194	1,975	36	10,270

The Company does not have any share option scheme for the purchase of ordinary shares in the Company. None of the directors have received any share based payments from the Company or any of its subsidiaries during the year ended 31 December 2020 (2019: Nil).

During the years ended 31 December 2020 and 2019, there were no amounts paid to directors and senior executives for the compensation for loss of office and inducement for joining the Group.

During the year ended 31 December 2020, directors waived part of their basic salary with total amount of HK$3,256,200.

8 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with highest emoluments, one (2019: none) is a director whose emoluments are disclosed in note 7.

The aggregate of the emoluments in respect of the four (2019: five) other individuals is as follows:

	2020 HK$'000	2019 HK$'000
Salaries and other emoluments	7,275	10,298
Discretionary bonuses	1,228	3,885
Retirement scheme contributions	143	256
	8,646	14,439

The emoluments of the four (2019: five) individuals with the highest emoluments are within the following bands:

	2020 Number of individuals	2019 Number of individuals
HK$1,500,001–HK$2,000,000	2	–
HK$2,000,001–HK$2,500,000	1	–
HK$2,500,001–HK$3,000,000	1	3
HK$3,000,001–HK$3,500,000	–	2

9 (LOSS)/EARNINGS PER SHARE

The calculation of basic earnings per share is based on the loss attributable to equity shareholders of the Company of HK$562,586,000 (2019: profit of HK$5,516,000) and on the 340,200,000 ordinary shares in issue during the years ended 31 December 2020 and 2019.

There are no potential dilutive ordinary shares during the years ended 31 December 2020 and 2019.

10 SEGMENT REPORTING

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

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

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

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

Segment results, assets and liabilities

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

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

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

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

10 SEGMENT REPORTING *(continued)*

(a) Analysis of segment results of the Group

	Revenue HK$'000	Depreciation HK$'000	Impairment loss on a hotel property HK$'000	Finance costs HK$'000	Share of losses of associates HK$'000	Income tax HK$'000	Contribution to (loss)/profit HK$'000
2020							
Hotel	557,344	(160,378)	(345,430)	(42,668)	(15,345)	220,122	(489,972)
– Vietnam	347,250	(54,657)	–	(7,987)	(7,485)	(14,303)	(5,036)
– United States	152,491	(81,277)	(345,430)	(30,534)	–	226,413	(441,552)
– The People's Republic of China	33,852	(10,363)	–	(3,648)	–	–	(7,482)
– Canada	17,554	(10,537)	–	(499)	(7,860)	5,500	(23,055)
– Japan	6,197	(3,544)	–	–	–	2,512	(12,847)
Property							
– Macau	106,533	(3,868)	–	(59)	–	906	79,008
Investment and corporate	1,832	(95)	–	(793)	(2)	(9,213)	(134,997)
Total	665,709	(164,341)	(345,430)	(43,520)	(15,347)	(211,815)	(545,961)

	Revenue HK$'000	Depreciation HK$'000	Impairment loss on a hotel property HK$'000	Finance costs HK$'000	Share of profits less losses of associates HK$'000	Income tax HK$'000	Contribution to (loss)/profit HK$'000
2019							
Hotel	1,827,854	(162,185)	(274,115)	(59,519)	5,684	99,508	(17,025)
– Vietnam	788,057	(46,990)	–	(441)	4,411	(4,529)	192,143
– United States	847,868	(91,151)	(274,115)	(53,324)	–	109,502	(222,696)
– The People's Republic of China	65,415	(10,064)	–	(4,949)	–	–	(3,934)
– Canada	91,175	(10,137)	–	(805)	1,273	(2,974)	9,426
– Japan	35,339	(3,843)	–	–	–	(2,491)	8,036
Property							
– Macau	112,574	(4,530)	–	(230)	–	(11,163)	103,599
Investment and corporate	2,971	(94)	–	–	(2)	(9,107)	37,751
Total	1,943,399	(166,809)	(274,115)	(59,749)	5,682	79,238	124,325

10 SEGMENT REPORTING *(continued)*

(b) Analysis of total assets of the Group

	Segment assets HK$'000	Interests in associates HK$'000	Total assets HK$'000	Capital expenditure HK$'000
At 31 December 2020				
Hotel				
– Vietnam	421,264	75,582	496,846	5,074
– United States	2,385,173	–	2,385,173	44,764
– The People's Republic of China	174,492	–	174,492	6,185
– Canada	126,212	26,091	152,303	6,322
– Japan	103,955	–	103,955	11,010
Property				
– Macau	1,837,235	–	1,837,235	940
Investment and corporate	600,370	4,152	604,522	–
Total	5,648,701	105,825	5,754,526	74,295

	Segment assets HK$'000	Interests in associates HK$'000	Total assets HK$'000	Capital expenditure HK$'000
At 31 December 2019				
Hotel				
– Vietnam	485,050	83,066	568,116	124,623
– United States	2,611,481	–	2,611,481	196,302
– The People's Republic of China	171,688	–	171,688	4,444
– Canada	147,651	33,823	181,474	8,100
– Japan	111,550	–	111,550	1,088
Property				
– Macau	1,910,233	–	1,910,233	617
Investment and corporate	1,273,408	4,171	1,277,579	12
Total	6,711,061	121,060	6,832,121	335,186

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

10 SEGMENT REPORTING *(continued)*

(c) Analysis of total liabilities of the Group

	Segment liabilities HK$'000	Bank borrowings HK$'000	Total liabilities HK$'000
At 31 December 2020			
Hotel			
– Vietnam	**126,931**	**125,913**	**252,844**
– United States	**85,591**	**1,349,022**	**1,434,613**
– The People's Republic of China	**87,179**	**–**	**87,179**
– Canada	**3,055**	**21,056**	**24,111**
– Japan	**1,498**	**–**	**1,498**
Property			
– Macau	**165,238**	**–**	**165,238**
Investment and corporate	**53,774**	**–**	**53,774**
Total	**523,266**	**1,495,991**	**2,019,257**

	Segment liabilities HK$'000	Bank borrowings HK$'000	Total liabilities HK$'000
At 31 December 2019			
Hotel			
– Vietnam	170,610	120,818	291,428
– United States	140,980	1,641,485	1,782,465
– The People's Republic of China	99,682	–	99,682
– Canada	9,402	22,421	31,823
– Japan	2,824	–	2,824
Property			
– Macau	175,989	–	175,989
Investment and corporate	70,238	–	70,238
Total	669,725	1,784,724	2,454,449

11 INVESTMENT PROPERTIES, PROPERTY, PLANT AND EQUIPMENT AND LAND

(a) Reconciliation of carrying amount

		Property, plant and equipment				Land			
	Investment properties HK$'000	Hotel properties HK$'000	Other property, plant and equipment HK$'000	Furniture, fixtures and equipment HK$'000	Sub-total HK$'000	Freehold land HK$'000	Interests in leasehold land held for own use HK$'000	Sub-total HK$'000	Total HK$'000
Cost or valuation:									
At 1 January 2020	873,700	3,365,096	110,556	868,449	4,344,101	742,191	168,577	910,768	6,128,569
Additions	–	48,639	508	25,148	74,295	–	–	–	74,295
Disposals	–	–	–	(1,990)	(1,990)	–	–	–	(1,990)
Written off	–	–	–	(3,054)	(3,054)	–	–	–	(3,054)
Surplus on revaluation	23,400	–	–	–	–	–	–	–	23,400
Exchange adjustments	–	12,239	216	4,881	17,336	(538)	4,971	4,433	21,769
At 31 December 2020	897,100	3,425,974	111,280	893,434	4,430,688	741,653	173,548	915,201	6,242,989
Representing:									
Cost	–	3,425,974	111,280	893,434	4,430,688	741,653	173,548	915,201	5,345,889
Valuation – 2020	897,100	–	–	–	–	–	–	–	897,100
	897,100	3,425,974	111,280	893,434	4,430,688	741,653	173,548	915,201	6,242,989
Accumulated depreciation and impairment:									
At 1 January 2020	–	1,403,634	84,765	602,718	2,091,117	–	86,494	86,494	2,177,611
Charge for the year	–	81,363	4,468	75,230	161,061	–	3,280	3,280	164,341
Written back on disposals	–	–	–	(1,817)	(1,817)	–	–	–	(1,817)
Written off	–	–	–	(3,054)	(3,054)	–	–	–	(3,054)
Impairment loss	–	345,430	–	–	345,430	–	–	–	345,430
Exchange adjustments	–	18,213	226	2,135	20,574	–	2,613	2,613	23,187
At 31 December 2020	–	1,848,640	89,459	675,212	2,613,311	–	92,387	92,387	2,705,698
Net book value:									
At 31 December 2020	897,100	1,577,334	21,821	218,222	1,817,377	741,653	81,161	822,814	3,537,291

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

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

		Property, plant and equipment				Land			
	Investment properties HK$'000	Hotel properties HK$'000	Other property, plant and equipment HK$'000	Furniture, fixtures and equipment HK$'000	Sub-total HK$'000	Freehold land HK$'000	Interests in leasehold land held for own use HK$'000	Sub-total HK$'000	Total HK$'000
Cost or valuation:									
At 1 January 2019	834,700	3,165,141	109,096	817,540	4,091,777	744,656	170,699	915,355	5,841,832
Additions	–	230,042	1,562	103,582	335,186	–	–	–	335,186
Disposals	–	(17,559)	(264)	(47,434)	(65,257)	–	–	–	(65,257)
Surplus on revaluation	39,000	–	–	–	–	–	–	–	39,000
Exchange adjustments	–	(12,528)	162	(5,239)	(17,605)	(2,465)	(2,122)	(4,587)	(22,192)
At 31 December 2019	873,700	3,365,096	110,556	868,449	4,344,101	742,191	168,577	910,768	6,128,569
Representing:									
Cost	–	3,365,096	110,556	868,449	4,344,101	742,191	168,577	910,768	5,254,869
Valuation – 2019	873,700	–	–	–	–	–	–	–	873,700
	873,700	3,365,096	110,556	868,449	4,344,101	742,191	168,577	910,768	6,128,569
Accumulated depreciation and impairment:									
At 1 January 2019	–	1,054,148	80,412	581,030	1,715,590	–	84,029	84,029	1,799,619
Charge for the year	–	88,477	4,327	70,694	163,498	–	3,311	3,311	166,809
Written back on disposals	–	(7,027)	(131)	(45,348)	(52,506)	–	–	–	(52,506)
Impairment loss	–	274,115	–	–	274,115	–	–	–	274,115
Exchange adjustments	–	(6,079)	157	(3,658)	(9,580)	–	(846)	(846)	(10,426)
At 31 December 2019	–	1,403,634	84,765	602,718	2,091,117	–	86,494	86,494	2,177,611
Net book value:									
At 31 December 2019	873,700	1,961,462	25,791	265,731	2,252,984	742,191	82,083	824,274	3,950,958

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

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

Notes:

(i) Fair value measurement of investment properties

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

The fair value of the Group's investment properties falls under Level 3 of the three-level fair value hierarchy as defined in HKFRS 13. The significant unobservable inputs were average unit rent per month ranging from HK$14.1 to HK$25.3 (2019: HK$13.7 to HK$25.8) per square foot and capitalisation rate ranging from 3.0% to 4.5% (2019: 3.0% to 4.5%) for the investment properties in Macau. The fair value measurement of the investment properties is positively correlated to the average unit rent per month and negatively correlated to the capitalisation rate.

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

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

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

(b) Impairment loss on a hotel property

The value of hotel properties is assessed at the end of each reporting period for indications of impairment with reference to valuations undertaken by management. These indications include continuing adverse changes in the local market conditions in which the hotel operates, particularly when the hotel continues to operate at a loss and when its operating performance is behind budget. The valuations assess the recoverable amount of each hotel property being higher of its fair value less costs of disposal using the market comparison approach and value in use using the income approach.

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

(b) Impairment loss on a hotel property *(continued)*

During the year ended 31 December 2020, the operating performance of one of the hotel properties of the Group, namely the Sofitel New York, is significantly impacted due to the outbreak of COVID-19 coronavirus. The Group assessed the recoverable amount of this hotel property and as a result the overall carrying amount of the hotel property was written down to its recoverable amount of HK$1,093,900,000 (2019: HK$1,479,910,000). Accordingly, impairment loss of HK$345,430,000 (2019: HK$274,115,000) was recognised as a separate line item in the Group's consolidated statement of profit or loss. The estimated recoverable amount of this hotel was determined based on value in use calculations. These calculations use cash flow projections based on the latest financial budgets approved by management with estimated average revenue growth rates of 26% in 2021, 6% to 15% from 2022 to 2025 and 3% from 2026 to 2030 and terminal capitalization rate of 5.75% (2019: 2% to 8% from 2020 to 2022 and 3% from 2023 to 2029 and terminal capitalisation rate of 5.75%). The cash flows are discounted using a pre-tax discount rate of 8.50% (2019: 8%). These key estimates and assumptions adopted by management are based on past performance and management's expectations for the market development with reference to publicly available market data. Changes in these estimates would result in additional impairment provisions or reversal of impairment in future periods.

(c) Right-of-use assets

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

	Notes	2020 HK$'000	2019 HK$'000
Ownership interests in leasehold land held for own use, carried at cost, with remaining lease term of:	(i)		
– between 10 and 50 years		**81,161**	82,083
Ownership interests in leasehold other property, plant and equipment held for own use, carried at cost, with remaining lease term of:			
– between 10 and 50 years		**2,650**	2,726
– less than 10 years		**8,709**	12,193
		11,359	14,919
Ownership interests in leasehold investment property, carried at fair value, with remaining lease term of:			
– less than 10 years		**897,100**	873,700
		989,620	970,702

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

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

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

	2020 $'000	2019 $'000
Depreciation charge of right-of-use assets by class of underlying asset:		
Ownership interests in leasehold land	3,280	3,311
Ownership interests in leasehold other property, plant and equipment	3,560	3,559
	6,840	6,870
Expense relating to short-term leases and other leases with remaining lease term ending on or before 31 December 2019	–	353

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

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

(d) Properties leased out under operating leases

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

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

	2020 HK$'000	2019 HK$'000
Within 1 year	51,969	44,495
After 1 year but within 2 years	33,376	24,125
After 2 year but within 3 years	23,862	14,180
After 3 year but within 4 years	20,869	11,147
After 4 year but within 5 years	12,848	8,364
After 5 years	776	3,120
	143,700	105,431

12 INTEREST IN SUBSIDIARIES

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

Details of the subsidiaries are as follows:

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

* Companies not audited by KPMG. The financial statements of the subsidiaries not audited by KPMG reflect total net assets and total revenue constituting approximately 5.15% (2019: 3.30%) and 6.19% (2019: 3.68%) respectively of the related consolidated totals.

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

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

@ On 10 March 2020, KSB Enterprises Ltd. ("KSB"), an indirect wholly-owned subsidiary of the Company, entered into a share purchase agreement with one of the existing shareholders of Chateau Ottawa ("the Seller"), pursuant to which the Seller agreed to sell, and KSB agreed to purchase 35% of the entire issued share capital of Chateau Ottawa at the consideration of C$11,165,000 (equivalent to approximately HK$63,752,150)("the Acquisition"). Upon the completion of the Acquisition, Chateau Ottawa remains an indirect non-wholly owned subsidiary of the Company while the Group's interest in Chateau Ottawa was increased from 50% to 85%.

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2020

12 INTEREST IN SUBSIDIARIES *(continued)*

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

	Golden Crown		OPJV	
	2020	2019	**2020**	2019
	HK$'000	HK$'000	**HK$'000**	HK$'000
NCI percentage	**29.39%**	29.39%	**45.04%**	45.04%
Current assets	**838,346**	843,132	**91,587**	102,431
Non-current assets	**748,284**	728,708	**329,676**	382,619
Current liabilities	**(166,140)**	(172,045)	**(216,739)**	(228,405)
Non-current liabilities	**(78,496)**	(84,327)	**(36,148)**	(63,068)
Net assets	**1,341,994**	1,315,468	**168,376**	193,577
Carrying amount of NCI	**394,412**	386,616	**121,845**	131,615
Revenue	**83,475**	89,759	**347,250**	788,057
Profit for the year	**75,526**	97,042	**2,449**	187,731
Total comprehensive income	**75,526**	97,042	**2,022**	185,514
Profit allocated to NCI	**22,197**	28,521	**1,103**	84,555
Dividend paid to NCI	**14,401**	17,281	**10,681**	94,987
Cash flows from operating activities	**12,731**	15,438	**14,472**	120,425
Cash flows from investing activities	**1,768**	3,968	**(11,902)**	(56,428)
Cash flows from financing activities	**(16,015)**	(17,354)	**(9,596)**	(74,816)

13 INTERESTS IN ASSOCIATES

	2020	2019
	HK$'000	HK$'000
Share of net assets	**102,169**	117,387
Loans to associates	**3,656**	3,673
	105,825	121,060
Loan from an associate	**464**	464

Loans to associates are unsecured and recoverable on demand and are not expected to be recovered within one year. The management assessed that the allowance for expected credit losses is insignificant during the year ended 31 March 2020 and 2019.

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

13 INTERESTS IN ASSOCIATES *(continued)*

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

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

Notes:

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

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

13 INTERESTS IN ASSOCIATES *(continued)*

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

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

	CCH	
	2020	2019
	HK$'000	HK$'000
Gross amounts of the associate		
Current assets	**147,742**	189,626
Non-current assets	**282,408**	288,463
Current liabilities	**(33,173)**	(56,059)
Non-current liabilities	**(43,360)**	(47,245)
Equity	**354,617**	374,785
Revenue	**209,874**	355,713
(Loss)/profit for the year	**(26,736)**	11,683
Total comprehensive income	**(26,736)**	11,683
Reconciled to the Group's interest in the associate		
Gross amounts of net assets of the associate	**354,617**	374,785
Group's effective interest	**24.99%**	24.99%
Carrying amount in the consolidated financial statements	**88,619**	93,659

Aggregate information of associates that are not individually material:

	2020	2019
	HK$'000	HK$'000
Aggregate carrying amount of individually immaterial associates in the consolidated financial statements	**13,550**	23,728
Aggregated amounts of the Group's share of those associates'		
(Loss)/profit for the year	**(8,666)**	2,762
Other comprehensive income	**128**	819
Total comprehensive income	**(8,538)**	3,581

14 OTHER NON-CURRENT FINANCIAL ASSETS

	Note	2020 HK$'000	2019 HK$'000
Equity securities designated at FVOCI (non-recycling)			
– Listed outside Hong Kong		4,099	4,239
Financial assets measured at FVPL			
– Unlisted securities	(i)	128,848	246,758
		132,947	250,997

Notes:

(i) At 31 December 2020, the Group owned 9.86% (2019: 9.86%) interest of A2I Holdings S.A.R.L.. A2I Holdings S.A.R.L. is a private limited liability company incorporated in Luxembourg which owns 7.01% (2019: 7.01%) equity shares of AccorInvest Group S.A..

15 TRADING SECURITIES

	2020 HK$'000	2019 HK$'000
Equity securities listed outside Hong Kong, at market value	13,625	11,899

16 PROPERTIES HELD FOR SALE

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

	2020 HK$'000	2019 HK$'000
Outside Hong Kong		
– freehold	8,599	8,599
– short term lease	270,274	271,874
	278,873	280,473

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

16 PROPERTIES HELD FOR SALE *(continued)*

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

	2020 HK$'000	2019 HK$'000
Within 1 year	26,016	32,340
After 1 year but within 2 years	6,713	9,342
After 2 year but within 3 years	–	519
	32,729	42,201

17 TRADE AND OTHER RECEIVABLES

	2020 HK$'000	2019 HK$'000
Trade receivables	13,808	40,855
Other receivables, deposits and prepayments	55,603	72,416
	69,411	113,271

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

	2020 HK$'000	2019 HK$'000
Amounts expected to be recoverable:		
– within one year	68,314	112,090
– after one year	1,097	1,181
	69,411	113,271

17 TRADE AND OTHER RECEIVABLES *(continued)*

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

	2020 HK$'000	2019 HK$'000
Within one month	13,537	33,329
One to three months	109	6,838
More than three months	162	688
	13,808	40,855

98% of trade receivables at 31 December 2020 (2019: 82%) were neither past due nor more than one month past due.

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

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases. The management assessed that the allowance for expected credit losses is insignificant during the years ended 31 December 2020 and 2019.

18 DEPOSITS AND CASH

(a) Deposits and cash:

	2020 HK$'000	2019 HK$'000
Deposits with banks and other financial institutions	1,144,702	1,733,658
Cash at bank	118,027	244,814
	1,262,729	1,978,472

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 31 December 2020

18 DEPOSITS AND CASH *(continued)*

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

	Note	2020 HK$'000	2019 HK$'000
(Loss)/profit before taxation		**(757,776)**	45,087
Adjustments for:			
Net increase in fair value of investment properties	11(a)	**(23,400)**	(39,000)
Depreciation	11(a)	**164,341**	166,809
Impairment loss on a hotel property	11(b)	**345,430**	274,115
Interest income	4(a)	**(17,669)**	(46,848)
Dividend income from listed and unlisted securities	4(a)	**(461)**	(10,653)
Net unrealised losses on derivative financial instruments	4(b)	**4,050**	4,399
Net unrealised losses/(gains) on other non-current financial assets	4(b)	**130,687**	(34,376)
Net realised and unrealised gains on trading securities	4(b)	**(1,726)**	(2,959)
(Gain)/loss on disposal of property, plant and equipment	4(b)	**(558)**	11,290
Finance costs	5(a)	**43,520**	59,749
Share of net losses/(profits) of associates		**15,347**	(5,682)
Capital contribution from non-controlling shareholders	22	**22,384**	–
Foreign exchange differences		**(23,056)**	5,932
Operating (loss)/profit before changes in working capital		**(98,887)**	427,863
Decrease/(increase) in properties held for sale		**1,600**	(433)
Decrease/(increase) in inventories		**2,068**	(330)
Decrease/(increase) in trade and other receivables		**44,112**	(21,537)
(Decrease)/increase in trade and other payables		**(118,684)**	50,352
Cash (used in)/generated from operations		**(169,791)**	455,915

18 DEPOSITS AND CASH *(continued)*

(c) Reconciliation of liabilities arising from financing activities:

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

	Bank loans and other borrowings HK$'000 (note (i))	Accrued interest HK$'000 (note (ii))	Total HK$'000
At 1 January 2020	1,892,179	2,848	1,895,027
Changes from financing cash flows:			
Proceeds from new bank loans	548,351	–	548,351
Repayment of bank loans	(829,673)	–	(829,673)
Repayment of loans from non-controlling shareholders	(2,138)	–	(2,138)
Interest paid	–	(39,173)	(39,173)
Total changes from financing cash flows	(283,460)	(39,173)	(322,633)
Exchange adjustments	(11,993)	25	(11,968)
Other change:			
Interest expenses (note 5(a))	4,440	39,080	43,520
Total other change	4,440	39,080	43,520
At 31 December 2020	1,601,166	2,780	1,603,946

18 DEPOSITS AND CASH *(continued)*

(c) Reconciliation of liabilities arising from financing activities: *(continued)*

	Bank loans and other borrowings HK$'000 (note (i))	Accrued interest HK$'000 (note (ii))	Total HK$'000
At 1 January 2019	1,665,185	2,924	1,668,109
Changes from financing cash flows:			
Proceeds from new bank loans	305,088	–	305,088
Repayment of bank loans	(66,419)	–	(66,419)
Repayment of loans from non-controlling shareholders	(7,234)	–	(7,234)
Interest paid	–	(54,892)	(54,892)
Total changes from financing cash flows	231,435	(54,892)	176,543
Exchange adjustments	(9,390)	16	(9,374)
Other change:			
Interest expenses (note 5(a))	4,949	54,800	59,749
Total other change	4,949	54,800	59,749
At 31 December 2019	1,892,179	2,848	1,895,027

Note:

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

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

19 BANK LOANS

(a) At 31 December 2020, the bank loans were repayable as follows:

	2020 HK$'000	2019 HK$'000
Within 1 year or on demand	747,072	1,701,024
After 1 year but within 2 years	71,698	64,857
After 2 years but within 5 years	677,221	18,843
	748,919	83,700
	1,495,991	1,784,724

At 31 December 2020, the bank loans were secured and unsecured as follows:

	2020 HK$'000	2019 HK$'000
Bank loans		
– Secured (note 19(b))	1,370,079	1,663,906
– Unsecured	125,912	120,818
	1,495,991	1,784,724

At 31 December 2020 and 2019, all bank loans bear interest at floating interest rates which approximate to market rates of interest.

(b) At 31 December 2020, the banking facilities available to the Company and certain subsidiaries of the Group were secured by:

(i) Properties held for sale with a carrying value of HK$64,336,000 (2019: HK$64,336,000), and

(ii) Hotel properties, including land, of the Group with aggregate carrying value of HK$2,044,238,000 (2019: HK$2,709,974,000).

Such banking facilities amounted to HK$1,455,126,000 (2019: HK$1,748,975,000) and were utilised to the extent of HK$1,370,077,000 as at 31 December 2020 (2019: HK$1,663,906,000).

19 BANK LOANS *(continued)*

(c) All of the Group's banking facilities are subject to the fulfilment of covenants relating to certain of the Group's financial ratios, as are commonly found in lending arrangements with financial institutions. If the Group were to breach the covenants, depositing or prepaying the shortfall balance will be required. The Group regularly monitors its compliance with these covenants. Further details of the Group's management of liquidity risk are set out in note 25(b).

As at 31 December 2020, certain covenant ratios of two bank loans (referred as "Loan 1" and "Loan 2", respectively) entered into by two of the Group's subsidiaries deviated from the requirements as stated in the relevant loan agreements (2019: one). The Group has obtained waivers from the banks for testing the covenants for the current year. As the waivers from the banks for Loan 1 and Loan 2 covered a period of less than twelve months from 31 December 2020, the Group has reclassified a portion of the loan amounted to HK$99,680,000 for Loan 1 and HK$211,958,000 for Loan 2 from non-current liabilities to current liabilities that may be repayable in the coming twelve months upon the banks' demand, if any, in accordance with the loan agreements.

Subsequent to the end of the reporting period, the Group has obtained waivers from the banks for Loan 1 and Loan 2 to exempt those covenants testing for the period from 1 January 2021 to 31 December 2021.

20 TRADE AND OTHER PAYABLES

	2020 HK$'000	2019 HK$'000
Trade payables	76,672	101,601
Payables and accruals	106,034	176,941
Deposits and receipts in advance	132,758	162,775
	315,464	441,317

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

	2020 HK$'000	2019 HK$'000
Within one month	40,923	69,711
One to three months	2,129	30,178
More than three months	33,620	1,712
	76,672	101,601

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

21 DEFERRED REVENUE

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

22 LOANS FROM NON-CONTROLLING SHAREHOLDERS

On 30 April 2020, 1 May 2020 and 18 September 2020, some subsidiaries of the Group have entered into interest-free loan agreements with non-controlling shareholders. Discounting effects on those loans were classified as “capital contribution from non-controlling shareholders.

As at 31 December 2020, loans from non-controlling shareholders are unsecured, interest-free and repayable on demand except for amounts of HK$33,421,000 and HK$67,389,000 and which were repayable on 30 April 2023 and 30 April 2025 respectively and classified as non-current liabilities.

As at 31 December 2019, loans from non-controlling shareholders are unsecured, interest-free and repayable on demand.

23 INCOME TAX IN THE STATEMENT OF FINANCIAL POSITION

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

	2020 **HK$'000**	2019 HK$'000
Provision for overseas tax for the year	**(21,841)**	19,129
Provisional tax paid	**(8,747)**	(11,220)
	(30,588)	7,909
Balance of overseas tax payable relating to prior years	**(7,683)**	6,775
	(38,271)	14,684
Taxation recoverable	**(46,731)**	(1,971)
Taxation payable	**8,460**	16,655
	(38,271)	14,684

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2020

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

(b) Deferred tax assets and liabilities recognised:

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

	Revaluation of investment properties HK$'000	Tax losses recognised HK$'000	Withholding tax HK$'000	Depreciation allowance in excess of the related depreciation and others HK$'000	Total HK$'000
Deferred tax arising from:					
At 1 January 2020	**98,222**	**(46,306)**	**2,307**	**(70,696)**	**(16,473)**
Credited to profit or loss (note 6(a))	**(7,287)**	**(97,579)**	**(2,519)**	**(89,942)**	**(197,327)**
Exchange difference	**–**	**254**	**(72)**	**137**	**319**
At 31 December 2020	**90,935**	**(143,631)**	**(284)**	**(160,501)**	**(213,481)**
At 1 January 2019	93,281	(688)	(171)	(5,444)	86,978
Charged/(credited) to profit or loss (note 6(a))	4,941	(45,883)	2,485	(65,340)	(103,797)
Exchange difference	–	265	(7)	88	346
At 31 December 2019	98,222	(46,306)	2,307	(70,696)	(16,473)

Deferred tax assets and liabilities recognised:

	2020 HK$'000	2019 HK$'000
Net deferred tax assets recognised in the statement of financial position	**(303,088)**	(116,081)
Net deferred tax liabilities recognised in the statement of financial position	**89,607**	99,608
	(213,481)	(16,473)

(c) Deferred tax assets not recognised:

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

	2020 HK$'000	2019 HK$'000
Future benefit of tax losses	**14,843**	8,426

The Group has not recognised the deferred tax assets attributable to the future benefit of tax losses sustained in the operations of certain subsidiaries as the availability of future taxable profits against which the assets can be utilised is not considered to be probable at 31 December 2020 and 2019. The tax losses arising from Hong Kong operations do not expire under current tax legislation. The tax losses arising from Macau and PRC operations expire three years and five years respectively after the relevant accounting year end date.

24 CAPITAL, DIVIDENDS AND RESERVES

(a) Movements in components of equity

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

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

The Company

	Share capital HK$'000	Exchange reserve HK$'000	Fair value reserve (non-recycling) HK$'000	Retained profits HK$'000	Total HK$'000
Balance at 1 January 2019	498,305	736	3,605	1,529,183	2,031,829
Changes in equity for 2019:					
Profit for the year	–	–	–	122,844	122,844
Other comprehensive income	–	–	43	–	43
Total comprehensive income for the year	–	–	43	122,844	122,887
Dividends approved in respect of the previous year (note (b))	–	–	–	(40,824)	(40,824)
Dividends approved in respect of the current year (note (b))	–	–	–	(11,907)	(11,907)
Balance at 31 December 2019 and 1 January 2020	**498,305**	**736**	**3,648**	**1,599,296**	**2,101,985**
Changes in equity for 2020:					
Loss for the year	**–**	**–**	**–**	**(101,879)**	**(101,879)**
Other comprehensive income	**–**	**–**	**(140)**	**–**	**(140)**
Total comprehensive income for the year	**–**	**–**	**(140)**	**(101,879)**	**(102,019)**
Dividends approved in respect of the previous year (note (b))	**–**	**–**	**–**	**(15,309)**	**(15,309)**
Balance at 31 December 2020	**498,305**	**736**	**3,508**	**1,482,108**	**1,984,657**

24 CAPITAL, DIVIDENDS AND RESERVES *(continued)*

(b) Dividends

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

	2020	2019
	HK$'000	HK$'000
No interim dividend declared and paid (2019: HK$0.035 per ordinary share)	**–**	11,907
No final dividend proposed after the end of the reporting period (2019: HK$0.045 per ordinary share)	**–**	15,309
	–	27,216

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

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

	2020	2019
	HK$'000	HK$'000
Final dividend in respect of the previous financial year, approved and paid during the year, of HK$0.045 (2019: HK$0.12) per ordinary share	**15,309**	40,824

(c) Share capital

	2020		2019	
	No. of shares '000	**Amount HK$'000**	No. of shares '000	Amount HK$'000
Ordinary shares, issued and fully paid:				
At 1 January and 31 December	**340,200**	**498,305**	340,200	498,305

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

24 CAPITAL, DIVIDENDS AND RESERVES *(continued)*

(d) Nature and purpose of reserves

(i) Legal reserve

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

(ii) Exchange reserve

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

(iii) Fair value reserve (non-recycling)

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

(iv) Acquisition of non-controlling interests

During the year ended 31 December 2020, the Group acquired non-controlling interests in a subsidiary which holds a hotel property situated in Canada at a consideration of HK$63,752,150.

(e) Distributability of reserves

At 31 December 2020, the aggregate amount of reserves available for distribution to equity shareholders of the Company was HK$1,685,867,000 (2019: HK$1,599,296,000).

(f) Capital management

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

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

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

24 CAPITAL, DIVIDENDS AND RESERVES *(continued)*

(f) Capital management *(continued)*

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

	Note	2020 HK$'000	2019 HK$'000
Bank loans	19	**1,495,991**	1,784,724
Less: Deposits and cash	18	**(1,262,729)**	(1,978,472)
Adjusted net cash		**233,262**	(193,748)
Total equity		**3,735,269**	4,377,672
Less: Proposed dividends		**–**	(15,309)
Adjusted capital		**3,735,269**	4,362,363
Adjusted net debt-to-equity ratio		**N/A**	N/A

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

25 FINANCIAL RISK MANAGEMENT AND FAIR VALUES

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

(a) Credit risk

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

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

The Group does not have significant concentration of credit risk.

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

(b) Liquidity risk

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

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

	Carrying amount HK$'000	Total contractual undiscounted cash flow HK$'000	Repayable within 1 year or on demand HK$'000	Repayable more than 1 year but less than 2 years HK$'000	Repayable more than 2 years but less than 5 years HK$'000
Bank loans	**1,495,991**	**1,551,794**	**761,346**	**81,668**	**708,780**
Trade and other payables	**312,549**	**312,549**	**312,549**	**–**	**–**
Loan from an associate	**464**	**464**	**464**	**–**	**–**
Loans from non-controlling shareholders	**101,524**	**116,892**	**714**	**33,421**	**82,757**
At 31 December 2020	**1,910,528**	**1,981,699**	**1,075,073**	**115,089**	**791,537**

	Carrying amount HK$'000	Total contractual undiscounted cash flow HK$'000	Repayable within 1 year or on demand HK$'000	Repayable more than 1 year but less than 2 years HK$'000	Repayable more than 2 years but less than 5 years HK$'000
Bank loans	1,784,724	1,842,416	1,753,701	68,738	19,977
Trade and other payables	438,134	438,134	438,134	–	–
Loan from an associate	464	464	464	–	–
Loans from non-controlling shareholders	106,991	107,847	107,847	–	–
At 31 December 2019	2,330,313	2,388,861	2,300,146	68,738	19,977

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

(c) Currency risk

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

(i) Exposure to currency risk

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

2020

	Exposure to foreign currency
	SGD
	HK$'000
Deposits and cash	**1,712**
Net exposure arising from recognised assets and liabilities at 31 December 2020	**1,712**

2019

	Exposure to foreign currency
	Euro
	HK$'000
Deposits and cash	18,187
Net exposure arising from recognised assets and liabilities at 31 December 2019	18,187

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

(c) Currency risk *(continued)*

(ii) Sensitivity analysis

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

	2020		2019	
	Increase/ (decrease) in foreign exchange rates	**Effect on profit after tax and retained profits**	Increase/ (decrease) in foreign exchange rates	Effect on profit after tax and retained profits
	%	**HK$'000**	%	HK$'000
Singapore Dollars	**10**	**171**	10	–
	(10)	**(171)**	(10)	–
Euro	**10**	**–**	10	1,819
	(10)	**–**	(10)	(1,819)

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

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to currency risk at the end of the reporting period, including inter-company payables and receivables within the Group which are denominated in a currency other than the functional currencies of the lender or the borrower. The analysis excludes differences that would result from the translation of the financial statements of foreign operations into the Group's presentation currency. The analysis is performed on the same basis for 2019.

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

(d) Interest rate risk

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

		2020		2019	
	Fixed/floating	Effective interest rate	Amount HK$'000	Effective interest rate	Amount HK$'000
Interest-bearing borrowings					
Bank loans	Floating	1.55%–4.95%	1,495,991	3.26%–6.80%	1,784,724
Income-earning financial assets					
Cash	Floating	0.03%–4.30%	117,589	0.20%–7.20%	244,814
Deposits and cash	Fixed	0.19%–1.55%	1,145,140	1.00%–3.00%	1,733,658
			1,262,729		1,978,472

(ii) Sensitivity analysis

At 31 December 2020, it is estimated that an increase/decrease of 1% in interest rates, with all other variables held constant, would decrease/increase the Group's profit after tax and retained profits by HK$13,691,000 (2019: HK$10,631,000) and HK$14,278,000 (2019: HK$11,813,000) respectively. Other components of equity would not be affected by changes in the interest rates.

The sensitivity analysis above indicates the instantaneous change in the Group's profit after tax and retained profits that would arise assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to re-measure those financial instruments held by the Group which expose the Group to interest rate risk at the end of the reporting period. The analysis is performed on the same basis for 2019.

(e) Equity price risk

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

Given that the volatility of the stock markets may not have a direct connection with the Group's investment portfolio, it is impractical to determine the impact that the changes in stock market indices would have on the Group's portfolio of other investments.

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

(e) Equity price risk *(continued)*

At 31 December 2020, it is estimated that an increase/decrease of 5% in the market value of the Group's equity investments excluding unlisted securities, with all other variables held constant, would increase/decrease the Group's profit after tax (and retained profits) and other components of consolidated equity as follows:

	2020			2019		
	%	Effect on profit after tax and retained profits HK$'000	Effect on other components of equity HK$'000	%	Effect on profit after tax and retained profits HK$'000	Effect on other components of equity HK$'000
Change in the relevant equity price risk variable:						
Increase	5	681	205	5	595	212
Decrease	(5)	(681)	(205)	(5)	(595)	(212)

The analysis is performed on the same basis for 2019.

(f) Fair value measurement

(i) Financial assets and liabilities carried at fair value

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

During the years ended 31 December 2019 and 2020, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

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

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

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

(f) Fair value measurement *(continued)*

(iii) Information about Level 3 fair value measurements

	Valuation techniques	Significant unobservable inputs	Range	Sensitivity to changes in significant unobservable inputs
Unlisted securities	Adjusted net asset value	Underlying assets' value	N/A	The estimated fair value would increase if the underlying assets' value is higher; or the discount for marketability is lower.
		Discount for marketability	25% to 30% (2019: 15% to 25%)	

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

Significant unobservable inputs	Increase/(decrease) in significant unobservable inputs %	2020 Increase/(decrease) on the Group's profit HK$'000	2019 Increase/(decrease) on the Group's profit HK$'000
Underlying assets' value	5	**6,442**	12,338
	(5)	**(6,442)**	(12,338)
Discount for marketability	1	**(1,829)**	(3,006)
	(1)	**1,829**	3,006

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

	2020 HK$'000	2019 HK$'000
Financial assets measured at FVPL:		
– Unlisted securities:		
At 1 January	**246,758**	219,099
Capital contribution during the year	**527**	–
Price adjustment during the year	**–**	(2,053)
Changes in fair value recognised in profit or loss	**(130,687)**	34,333
Unrealised exchange loss	**12,250**	(4,621)
At 31 December	**128,848**	246,758

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

(f) Fair value measurement *(continued)*

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

The carrying amounts of the Group's financial assets and liabilities carried at cost or amortised cost were not materially different from their fair values as at 31 December 2019 and 31 December 2020.

26 COMMITMENTS

At 31 December 2020, capital commitments outstanding not provided for in the financial statements were as follows:

	2020	2019
	HK$'000	HK$'000
Contracted for	**10,451**	39,156
Authorised but not contracted for	**19,738**	23,244
	30,189	62,400

27 MATERIAL RELATED PARTY TRANSACTIONS

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

KC Ho is a non-executive director and a substantial shareholder of the Company at 31 December 2020 and 2019. Goodland holds 28% of the equity interest in the Company at 31 December 2020 and 2019. Kansas holds 30% of the equity interest in the Company at 31 December 2020. Mr Ho Kian Guan and Mr Ho Kian Hock, executive directors of the Company, each had 1/3 indirect interest in Goodland and are also directors of Goodland. They are deemed to be interested in the following transactions.

27 MATERIAL RELATED PARTY TRANSACTIONS *(continued)*

	Note	For the year ended 31 December 2020 HK$'000	2019 HK$'000
(a) Transactions with Goodland			
Rental income receivable	(i)	509	1,641
Management fee payable	(ii)	1,968	3,300
(b) Balances with Goodland			
Amount due from Goodland		28	384
Loan from Goodland	(iii)	–	41,015
Amount due to Goodland	(iv)	251	15,776
(c) Balances with KC Ho			
Loan from KC Ho	(iii)	10,847	9,935
Amount due from KC Ho	(iii)	602	–
Amount due to KC Ho	(iii)	–	3,707
(d) Balances with Kansas			
Amount due from Kansas	(iii)	2,907	–
Loan from Kansas	(iii)	44,782	–

Notes:

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

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

(iii) Loan from Goodland of HK$nil (2019: HK$41,015,000) and loan from KC Ho of HK$8,243,000 (2019: HK$9,935,000) and HK$2,604,000 (2019: Nil) were unsecured, interest-free and repayable on 30 April 2025 and 30 April 2023 respectively. Amount due from KC Ho of HK$602,000 (2019: Nil) is interest-free, unsecured and repayable on demand. Amount due to KC Ho of HK$nil (2019: HK$3,707,000) is interest-free, unsecured and repayable on demand. Loan from Kansas of HK$34,030,000 (2019: Nil) and HK$10,752,000 (2019: Nil) was unsecured, interest-free and repayable on 30 April 2025 and 30 April 2023 respectively. Amount due from Kansas of HK$2,907,000 (2019: Nil) is interest-free, unsecured and repayable on 30 April 2023.

The above three items are included in loans from non-controlling shareholders (note 22).

(iv) At 31 December 2020, trade and other payables included amount due to Goodland of HK$15,064,000 (2019: HK$15,776,000) comprising:

– interest bearing accounts with certain subsidiaries of the Company amounting to HK$33,000 (2019: HK$1,328,000).

– non-interest bearing accounts with certain subsidiaries of the Company amounted to HK$15,031,000 (2019: HK$14,448,000). The balances are unsecured and repayable on demand.

The balances are unsecured and repayable on demand.

27 MATERIAL RELATED PARTY TRANSACTIONS *(continued)*

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

28 ACCOUNTING ESTIMATES AND JUDGEMENTS

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

(a) Key sources of estimation uncertainty

(i) Valuation of investment properties

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

(ii) Estimated useful lives of property, plant and equipment

The Group estimates the useful lives of property, plant and equipment based on the periods over which the assets are expected to be available for use. The Group reviews annually their estimated useful lives, based on factors that include asset utilisation, internal technical evaluation, technological changes, environmental and anticipated use of the assets tempered by related industry benchmark information. It is possible that future results of operation could be materially affected by changes in these estimates brought about by changes in factors mentioned. A reduction in the estimated useful lives of property, plant and equipment would increase depreciation charges and decrease non-current assets.

(iii) Impairment of assets

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

28 ACCOUNTING ESTIMATES AND JUDGEMENTS *(continued)*

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

(iv) Deferred tax assets

The Group reviews the carrying amounts of deferred taxes at the end of each reporting period and reduces deferred tax assets to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax assets to be utilised. However, there is no assurance that the Group will generate sufficient taxable income to allow all or part of its deferred tax assets to be utilised.

(v) Fair value of derivative financial statements

In determining the fair value of financial instruments, the Group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of the reporting period. For financial instruments that are not traded in active markets, the fair values were based on the discounted cash flows method which discounts the future contractual cash flows at the current market foreign exchange rates for similar financial instruments that were available to the Group at the time.

(vi) Fair value of unlisted securities

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

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

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

29 CONTINGENT LIABILITIES

(i) At 31 December 2020, there were outstanding counter indemnities relating to guarantees issued by the bankers of a subsidiary in favour of the Macau Special Administrative Region Government in respect of properties held for sale amounted to HK$8,252,000 (2019: HK$8,252,000).

At 31 December 2020, the directors do not consider it probable that a claim will be made against the Group under any of the guarantees. The Group have not recognised any deferred income in respect of any of the above guarantees as their fair value cannot be reliably measured and they were issued many years ago and their transaction price was Nil.

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

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

30 COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

	Note	2020 HK$'000	2019 HK$'000
Non-current assets			
Property, plant and equipment		2,696	2,791
Interest in subsidiaries		1,883,017	1,222,045
Interest in associates		30,236	30,236
Other non-current financial assets		132,947	250,997
		2,048,896	1,506,069
Current assets			
Trading securities		13,625	11,899
Properties held for sale		10,727	10,727
Trade and other receivables		5,584	34,665
Deposits and cash		338,245	595,638
		368,181	652,929
Current liabilities			
Trade and other payables		7,657	6,955
Taxation payable		1,706	9,863
		9,363	16,818
Net current assets		358,818	636,111
Total assets less current liabilities		2,407,714	2,142,180
Non-current liabilities			
Amounts due to subsidiaries		423,057	40,195
NET ASSETS		1,984,657	2,101,985
CAPITAL AND RESERVES	24		
Share capital		498,305	498,305
Reserves		1,486,352	1,603,680
TOTAL EQUITY		1,984,657	2,101,985

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

Ho Kian Guan
Executive Chairman

Tse See Fan Paul
Executive Director

31 ULTIMATE CONTROLLING PARTY

As 31 December 2020, Kansas Holdings Limited and Goodland hold 30% and 28% respectively of the equity interest in the Company. The directors consider the ultimate controlling party of the Group to be KS Ocean Inc., which is incorporated in Republic of Liberia. This entity does not produce financial statements available for the public use.

32 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2020

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments, and a new standard, HKFRS 17, *Insurance contracts*, which are not yet effective for the year ended 31 December 2020 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to HKFRS 3, *Reference to the Conceptual Framework*	1 January 2022
Amendments to HKAS 16, *Property, Plant and Equipment: Proceeds before Intended Use*	1 January 2022
Amendments to HKAS 37, *Onerous Contracts – Cost of Fulfilling a Contract*	1 January 2022
Annual Improvements to HKFRSs 2018–2020 Cycle	1 January 2022

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

FIVE YEAR FINANCIAL SUMMARY

	2020 HK$'000	2019 HK$'000	2018 HK$'000	2017 HK$'000	2016 HK$'000
Consolidated statement of profit or loss					
Revenue	665,709	1,943,399	2,022,401	1,949,497	1,955,211
(Loss)/profit before share of profits less losses of associates	(742,429)	39,405	329,098	202,237	393,830
Share of results of associates	(15,347)	5,682	6,833	11,115	18,912
Profit before taxation	(757,776)	45,087	335,931	213,352	412,742
Income tax	211,815	79,238	(19,428)	12,729	(102,665)
(Loss)/profit for the year	(545,961)	124,325	316,503	226,081	310,077
Attributable to:					
Equity shareholders of the Company	(562,586)	5,516	196,579	131,005	225,345
Non-controlling interests	16,625	118,809	119,924	95,076	84,732
	(545,961)	124,325	316,503	226,081	310,077
Consolidated statement of financial position					
Investment properties, property, plant and equipment and land	3,537,291	3,950,958	4,042,213	3,992,876	4,136,771
Interest in associates	105,825	121,060	114,587	128,409	145,817
Other non-current assets	436,035	367,943	236,912	17,954	16,352
Current assets	1,675,375	2,392,160	2,210,090	2,356,059	2,360,404
	5,754,526	6,832,121	6,603,802	6,495,298	6,659,344
Share capital	498,305	498,305	498,305	498,305	498,305
Reserves	2,603,168	3,200,903	3,251,983	3,212,202	3,112,686
Non-controlling interests	633,796	678,464	669,928	678,571	659,163
Non-current liabilities	947,083	187,998	1,592,941	1,621,343	295,024
Current liabilities	1,072,174	2,266,451	590,645	484,877	2,094,166
	5,754,526	6,832,121	6,603,802	6,495,298	6,659,344
Other data					
Basic (loss)/earnings per share (cents)	(165.4)	1.6	57.8	38.5	66.2
Dividends per share (cents)	N/A	8.0	16.0	15.0	15.0
Dividend cover (times)	N/A	0.2	3.6	2.6	4.4

SCHEDULE OF PRINCIPAL PROPERTIES

at 31 December 2020

Properties	Group's interest	Type	No. of units	Gross floor area (sq. ft.)	Lease term
Properties classified as investment properties					
Luso International Bank Building 1, 3 and 3A Rua Do Dr. Pedro Jose Lobo, Macau	100%	Office	40	30,264	Short lease
Ocean Plaza, I & II Ocean Gardens, Macau	70.61%	Commercial	47	94,525	Short lease
Ocean Tower Ocean Gardens, Macau	70.61%	Office	19	49,703	Short lease
Ocean Tower Ocean Gardens, Macau	70.61%	Car parks	206	N/A	Short lease
Properties classified as hotel properties					
Sheraton Ottawa Hotel Ottawa, Canada	50%	Hotel	236	193,408	Freehold
Delta Hotels by Marriott Toronto Airport & Conference Centre Toronto, Canada	25%	Hotel	433	450,000	Freehold
Caravelle Hotel Ho Chi Minh City, Vietnam	24.99%	Hotel	335	247,500	Medium lease
Holiday Inn Wuhan Riverside Wuhan, PRC	41.26%	Hotel	315	295,224	Medium lease
Sheraton Saigon Hotel & Towers Ho Chi Minh City, Vietnam	64.12%	Hotel	497	676,500	Medium lease
W San Francisco San Francisco, United States	100%	Hotel	404	289,418	Freehold
Sofitel New York New York, United States	100%	Hotel	398	294,000	Freehold
Best Western Hotel Fino Osaka Shinsaibashi Osaka, Japan	100%	Hotel	179	41,709	Freehold

SCHEDULE OF PRINCIPAL PROPERTIES (continued)

at 31 December 2020

Properties	Group's interest	Type	No. of units	Gross floor area (sq. ft.)	Lease term
Properties classified as properties held for sale					
Ocean Industrial Centre Phase II Rua dos Pescadores, Macau	100%	Industrial	3	22,921	Short lease
Ocean Park 530 East Coast Road Singapore	100%	Residential	5	10,550	Freehold
Rose Court Ocean Gardens, Macau	70.61%	Residential	3	11,121	Short lease
Begonia Court Ocean Gardens, Macau	70.61%	Residential	4	10,548	Short lease
Orchid Court Ocean Gardens, Macau	70.61%	Residential	2	5,274	Short lease
Sakura Court Ocean Gardens, Macau	70.61%	Residential	23	85,261	Short lease
Lily Court Ocean Gardens, Macau	70.61%	Residential	28	51,008	Short lease
Aster Court Ocean Gardens, Macau	70.61%	Residential	40	113,200	Short lease
Bamboo Court Ocean Gardens, Macau	70.61%	Residential	40	113,200	Short lease
Ocean Gardens, Macau	70.61%	Car parks	743	N/A	Short lease
Keck Seng Industrial Building Avenida de Venceslau de Morais, Macau	100%	Car parks	3	N/A	Short lease

SUSTAINABILITY EFFORTS AND AWARDS IN 2020
二零二零年可持續發展工作及獎項

Our Properties
我們集團的物業

Sheraton Saigon Hotel & Towers, Vietnam
越南胡志明市西貢喜來登酒店

Caravelle Saigon Hotel, Vietnam
越南胡志明市帆船酒店

Holiday Inn Wuhan Riverside, China
中國武漢晴川假日酒店

Best Western Osaka Hotel, Japan
日本大阪心齋橋西佳酒店

SUSTAINABILITY EFFORTS AND AWARDS IN 2020 (continued)
二零二零年可持續發展工作及獎項（續）

Our Properties *(continued)*
我們集團的物業 *（續）*

Sheraton Ottawa Hotel, Canada
加拿大渥太華喜來登酒店

Delta Hotels by Marriott Toronto Airport & Conference Centre, Canada
加拿大多倫多機場會議中心德爾塔萬豪酒店

Sofitel New York, USA
美國紐約索菲特酒店

W Hotel San Francisco, USA
美國三藩市W酒店

SUSTAINABILITY EFFORTS AND AWARDS IN 2020 (continued)
二零二零年可持續發展工作及獎項(續)

Our Properties *(continued)*
我們集團的物業 *(續)*

Ocean Gardens
海洋花園

Ocean Club
海洋會所

Ocean Gardens 海洋花園

Solar Energy Equipment at Ocean Gardens
在海洋花園的太陽能設備

"Best Elderly Employers with Talented Elderly People Award 2020" – Excellence Award
2020年優秀長者僱員暨聘僱「耆才」僱主嘉許狀

SUSTAINABILITY EFFORTS AND AWARDS IN 2020 (continued)
二零二零年可持續發展工作及獎項(續)

Sheraton Saigon Hotel & Towers, Vietnam 越南胡志明市西貢喜來登酒店

Charity trip to Be Tho Center in Dong Nai Province, home to 145 unfortunate children
同奈省Be Tho中心的慈善之旅，其中有145名不幸的孩子

MI Culture Housekeeping Week
萬豪國際管家服務文化週

Caravelle Saigon Hotel, Vietnam 越南胡志明市帆船酒店

Environment & Wellness Week
環境與健康週

Smart Travel Asia's Best of the Decade Awards – No. 7 of Best Hotel Makeovers
《亞洲智慧旅行》十年最佳獎 – 最佳酒店改建第七名

SUSTAINABILITY EFFORTS AND AWARDS IN 2020 (continued)
二零二零年可持續發展工作及獎項（續）

Holiday Inn Wuhan Riverside, China 中國武漢晴川假日酒店

Blood Donation
捐血

Visit Old Folk's Home
參觀舊民俗之家

Charity Bazaar
義賣

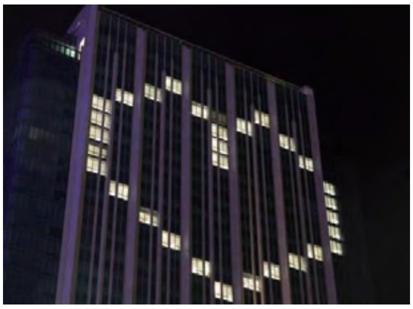
Green Walk
綠色步行

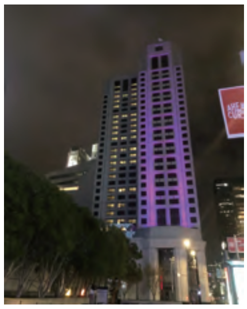
Sofitel New York, USA 美國紐約索菲特酒店

The Bowery Mission
鮑里任務

SUSTAINABILITY EFFORTS AND AWARDS IN 2020 (continued)
二零二零年可持續發展工作及獎項(續)

W Hotel San Francisco, USA 美國三藩市W酒店





Lights with Hope
希望之燈

Sheraton Ottawa Hotel, Canada
加拿大渥太華喜來登酒店

CHEO Foundation
CHEO基金會

Commitment to Cleanliness in our hotels
致力於我們酒店的衛生