海天地悅旅集團有限公司

S.A.I. LEISURE GROUP COMPANY LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1832

ANNUAL REPORT 2024

CONTENTS

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

Corporate Information

BOARD OF DIRECTORS

Executive Directors

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

Non-Executive Directors

Dr. TAN Siu Lin, *GBS, SBS (Chairman)*
Mr. TAN Willie
Mr. SCHWEIZER Jeffrey William

Independent Non-Executive Directors

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

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

CHAIRMAN AND NON-EXECUTIVE DIRECTOR

Dr. TAN Siu Lin, *GBS, SBS*

COMPANY SECRETARY

Ms. CHEUNG Pik Shan Bonnie

AUTHORIZED REPRESENTATIVES

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

LEGAL ADVISERS TO OUR COMPANY

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

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

AUDITOR

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

REGISTERED OFFICE

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

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

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

Corporate Information

PRINCIPAL BANKERS

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

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

Financial Calendar and Investor Relation Information

Announcement of 2024 Final Results		March 27, 2025
Announcement of 2024 Interim Results		August 29, 2024
Dividends	2024 Final	Nil
	2024 Interim	Nil
Closure of Register of Members for ascertaining shareholders' entitlement to attend and vote at the annual general meeting		Period from May 26 to May 29, 2025
Date of Annual General Meeting in 2025		May 29, 2025
Authorized Shares		500,000,000 shares
Issued Shares		360,000,000 shares (as at December 31, 2024)
Website address		www.saileisuregroup.com
Stock Code		1832
Board Lot		1,000 shares
Financial Year End		December 31

Key Financial Highlights

	2024 **US$'000**	2023 US$'000
Revenue	**42,795**	36,847
Operating loss	**(14,454)**	(18,183)
Loss attributable to owners of the Company	**(18,955)**	(22,961)
As a percentage of revenue	**-44.3%**	-62.3%
Basic loss per share (US cents)	**(5.3)**	(6.4)
Dividend per share		
— Final (US cent)	**—**	—
— Interim (US cent)	**—**	—
Equity		
Attributable to owners of the Company	**34,451**	51,558

CHAIRMAN'S STATEMENT

Dear Shareholders,

It is my pleasure to present the annual report of S.A.I. Leisure Group Company Limited (the "**Company**") and its subsidiaries (collectively, the "**Group**") for the financial year ended December 31, 2024 (the "**Year**").

OVERVIEW

During the Year, despite geopolitical tensions and continuing economic uncertainties and vulnerabilities, the tourism market in Saipan and Guam continued to recover at a moderate pace, but the pace of recovery slowed down when compared to the preceding year.

South Korea remained the top tourist origin market for both Guam and the Commonwealth of the Northern Mariana Islands (the "**CNMI**"). With the resumption of the direct flight service between Hong Kong and Saipan in April 2024, the number of tourist arrivals from China (including Hong Kong) to Saipan recorded a substantial increase. Further, even though the economy of Japan remained sluggish due to inflation, weakened currency and stagnant economy, the number of visitor arrivals from Japan to both Guam and Saipan recorded a notable increase throughout the Year.

BUSINESS DEVELOPMENT

Crowne Plaza Resort Guam and Crowne Plaza Resort Saipan, our two InterContinental Hotels Group ("**IHG**") branded hotels, continued to contribute a notable growth to the Group's revenue for the Year. During the Year, the management of the Group and IHC Hotel Limited (the "**Hotel Manager**") continued to expand the hotels' respective share of the recovering tourism markets in Guam and Saipan, improved the operational efficiency of both Crowne Plaza resorts and implemented effective cost-saving measures to improve the segmental margin.

All the Group's luxury travel retail boutiques in Guam, Saipan and Hawaii operated under normal business hours throughout the Year. Three out of six boutiques in Guam have completed their renovation during the Year and have relocated to stronger retail spaces. The renovation of one other boutique in Guam was still underway and is expected to be completed by the end of the first quarter of 2025. After completion of the renovation and relocation of the last boutique, the management of the Group is cautiously optimistic that the segmental profitability will be improved going forward.

GOING FORWARD

Riding on the continuous efforts and various strategies and plans of the Marianas Visitors Authority ("**MVA**") and the Guam Visitors Bureau ("**GVB**") to promote Saipan and Guam to the travelers of our key tourist origin markets, we are cautiously optimistic that the recovery of the tourism market will continue at pace.

After carefully considering the interests of the Company and its shareholders as a whole, the Group will permanently close Kanoa Resort with effect from June 15, 2025. This decision will enable the Group to focus on deploying our resources to optimize the performance of the two Crowne Plaza Resorts amidst the recovering tourism market in Guam and Saipan.

Looking forward, the management of the Group continues to adjust the Group's business plan and strategies to seize the best market opportunities to achieve long-term and sustainable business growth. With our strong collaboration with the IHG brand and the support from local governments, we continue to endeavor to promote the image, recognition and market reputation of our "S.A.I. Leisure Group" brand so as to strengthen our leading position in the market.

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

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

Hong Kong, March 27, 2025

MANAGEMENT DISCUSSION AND ANALYSIS


BEACH MARKET
Beach Market
Menu
Grandial Sparkling
Red Sangria

Management Discussion and Analysis

BUSINESS OVERVIEW

2024 was a challenging year for the Group as economic uncertainties and vulnerabilities remain. Nevertheless, with the global economic outlook stabilizing, the tourism market in Saipan and Guam continued to recover at a moderate pace, even though the pace of recovery slowed down when compared to last year.

For the year 2024, Guam recorded over 739,000 visitor arrivals, which is an increase of approximately 12.7% when compared to the previous year and represents approximately 44.4% of the number of visitor arrivals during 2019 (pre-pandemic). On the other hand, Saipan recorded approximately 229,000 visitor arrivals, which is an increase of approximately 6.2% when compared to last year and represents approximately 47.0% of the number of visitor arrivals during 2019 (pre-pandemic).

Same as the year 2023, South Korea remained the top tourist origin market of both Guam (50.7% of total visitor arrivals in 2024) and the CNMI (72.8% of total visitor arrivals in 2024). For Japan, another key tourist origin market of Guam, its economy remained sluggish due to inflations, weakened currency and stagnant economy. However, the number of visitor arrivals from Japan to Guam surged in 2024 by approximately 52.8% when compared to last year, making Japan the second largest tourist origin market of Guam (approximately 28.3% of total visitor arrivals) in 2024 and represents approximately 30.5% of the number of visitor arrivals from Japan during 2019 (pre-pandemic). On the other hand, Saipan recorded approximately 14,000 visitors from Japan (6.0% of total visitor arrivals) in 2024, which represents an increase of approximately 68.0% when compared to the preceding year and represents approximately 80.5% of the number of visitor arrivals from Japan during 2019 (pre-pandemic).

On April 28, 2024, Hong Kong Airlines resumed direct flight service from Hong Kong to Saipan, which marked a good start in reconnecting different cities in China and the CNMI. Prior to the resumption of the direct flights, Chinese tourists had to travel to Saipan via Japan or South Korea and thus the number of tourist arrivals from China was limited. With the resumption of the direct flight service, the number of visitors arrival from China (including Hong Kong) to Saipan increased from approximately 6,000 visitors in 2023 to over 18,000 visitors in 2024 and represents approximately 10.0% of the number of visitor arrivals from China (including Hong Kong) during 2019 (pre-pandemic).

Throughout the Year, Crowne Plaza Resort Guam, Crowne Plaza Resort Saipan and Century Hotel continued to be open for business. Kanoa Resort remained closed during the Year while the Group was in the process of negotiating the renewal of the land lease with the CNMI Government. All luxury travel retail boutiques in Guam, Saipan and Hawaii as well as certain of the Group’s excursion tours continued to be open for business throughout the Year.

REVENUE AND OPERATING LOSS

For the Year, the Group recorded a revenue of approximately US$42,795,000, representing an increase of US$5,948,000 or 16.1% from approximately US$36,847,000 in the preceding year. The total revenue from our Guam businesses increased by 4.3% whilst that from our Saipan businesses increased by 38.4% when compared to the preceding year. The increase in revenue was mainly due to the increase in occupancy rates and average room rates of the Group's hotels and resorts, in particular, Crowne Plaza Resort Guam and Crowne Plaza Resort Saipan. Especially for Saipan, the resumption of direct flight service from Hong Kong to Saipan has boosted the number of visitor arrivals from China (including Hong Kong) and hence the occupancy rate of Crowne Plaza Resort Saipan. Furthermore, the continuous efforts of the MVA to reaffirm ties and collaboration with key tourism partners in South Korea, including but not limited to travel agencies, airlines and government departments, as well as participating in different marketing campaigns held in South Korea and the Mainland China in promoting Saipan as a travel destination that is safe, relaxed and with a unique cultural experience, have intensified the continuous recovery of the South Korea and China market.

For the Year, the operating loss of the Group was approximately US$14,454,000, representing a decrease in loss of US$3,729,000 or 20.5% when compared with the operating loss of approximately US$18,183,000 last year. In addition to the increase in revenue, the continuous implementation of effective cost-saving measures and improvement of operation efficiency have also contributed to the reduction in the operating loss for the Year. In particular, there has been a decrease in staff costs of approximately US$1,319,000 for the Year as compared to the preceding year, as well as a reduction in food and beverage costs of approximately US$643,000 as compared to the preceding year. However, it was also noted that the said amount of operating loss has taken into account, amongst others, (1) the provision for impairment of assets of Kanoa Resort of US$3,680,000 and (2) the recognition of depreciation and amortization expenses (non-cash items) relating to the Group's assets of approximately US$11,152,000.

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

Management Discussion and Analysis

SEGMENTAL REVIEW

The Hotels & Resorts Segment, Luxury Travel Retail Segment and Destination Services Segment respectively accounted for approximately 80.5%, 17.3% and 2.2% of the Group's total revenue for the Year.

Hotels & Resorts Segment

During the Year, revenue generated from the Hotels & Resorts Segment was approximately US$34,458,000, representing an increase of US$6,264,000 or 22.2% when compared with the year 2023. The net increase in revenue was mainly due to the increase in occupancy rates and average room rates of both Crowne Plaza Resort Guam and Crowne Plaza Resort Saipan, which contributed an increase in revenue of approximately US$1,666,000 and approximately US$4,489,000, respectively. The two Crowne Plaza resorts continue their efforts in competing for their share of the recovering tourism markets in Guam and Saipan throughout the Year. With the resumption of the direct flight service from Hong Kong to Saipan since April 2024, the increase in the number of visitor arrivals from China (including Hong Kong) to Saipan was intensified and improved the occupancy rates of Crowne Plaza Resort Saipan. Nevertheless, no revenue was generated by Kanoa Resort as it remained closed since July 2022 after completion of the emergency contract with the CNMI Homeland Security and Emergency Management during the COVID-19 pandemic.

For the Year, the Hotels & Resorts Segment has a negative segmental margin of approximately US$11,936,000, representing a decrease in loss of US$4,100,000 or 25.6% when compared to the preceding year. The said amount of negative segmental margin has taken into account, amongst others, (1) the provision for impairment of assets of Kanoa Resort of US$3,680,000 and (2) the recognition of depreciation and amortization expenses (non-cash items) relating to the Group's assets of approximately US$10,592,000. The management of the Group continued to implement effective cost-saving measures and strived to improve the operation efficiency of both Crowne Plaza resorts to improve the segmental margin and, in particular, staff costs of the Year were reduced by 7.8% and the food and beverage costs of the Year were reduced by 20.2% when compared with the preceding year.

Crowne Plaza Resort Guam

For the Year, revenue from Crowne Plaza Resort Guam increased by US$1,666,000, representing an increase of 9.3% as compared to last year.

Back in May 2023, Typhoon Mawar lashed Guam for hours, damaging buildings, cutting electricity and access to water for most areas of Guam. Crowne Plaza Resort Guam managed to remain in operation after the typhoon hit. However, the seawall located at the property line was damaged and the re-construction and repair works of the seawall were approved to proceed only in the second quarter of 2024. In this regard, Crowne Plaza Resort Guam underwent the re-construction and repair works of the seawall, which adversely affected the hotel guests' overall experience, and thus both the occupancy rates and the average room rates dropped substantially in April and May 2024. Having said that, Crowne Plaza Resort Guam managed to increase its year-to-date occupancy rates from 62.9% in 2023 to 71.0% in 2024, whilst the average room rates have increased by 1.8% when compared to last year.

The Group benefits from the use of the IHG's booking engines and enjoys the IHG's marketing and operational support. During the Year, in addition to the support from the U.S. market as well as the continuous recovery of tourist arrivals from South Korea and Japan, the management of Crowne Plaza Resort Guam strived to improve the hotel's operation efficiency as well as optimizing its sales channels and business mix, which helped increase the hotel's average room rates, enhance customers' loyalty and reduce the hotel's reliance on wholesales agents as one of its dominant sales channels in the past. The perpetual improvement in operation efficiency and the implementation of effective cost-saving measures enabled the hotel to achieve a positive gross operating profit for the Year.

Crowne Plaza Resort Saipan

For the Year, revenue from Crowne Plaza Resort Saipan increased by US$4,489,000 or 44.7% as compared to the preceding year.

The resumption of direct flight service between Hong Kong and Saipan since April 2024 fetched an increased number of visitors from China (including Hong Kong) to Saipan. On the other hand, the Group also benefited from the efforts of the MVA to reaffirm ties and collaboration with key tourism partners in South Korea, including but not limited to travel agencies, airlines and government departments, as well as participating in different marketing campaigns held in South Korea in promoting Saipan as a travel destination. Such efforts have intensified the continuous recovery of the South Korea market. For the China market, the management of Crowne Plaza Resort Saipan has also participated in the marketing campaigns held in certain China cities in promoting Saipan as a safe, relaxed and fun travel destination with numerous historical sites to enrich the tourists' cultural exchange experience.

In 2024, Crowne Plaza Resort Saipan was awarded as Micronesia's Leading Resort for the second consecutive year by World Travel Awards as well as the 2025 GO TRAVEL Hotel Traveler's Choice — Best Island Resort of the Year by GO TRAVEL. During the Year, the year-to-date occupancy rates of Crowne Plaza Resort Saipan increased from 28.7% in 2023 to 47.1% in 2024.

Kanoa Resort

In July 2022, Kanoa Resort completed the emergency contract with the CNMI Homeland Security and Emergency Management and remained closed since then. During the Year, the Group was in the process of negotiating the renewal of the land lease with the CNMI Government. However, considering the fact that the recovery of the tourism market in Saipan remains sluggish, the Group has provided for an impairment of assets of Kanoa Resort during the Year amounting to US$3,680,000.

Luxury Travel Retail Segment

For the Year, revenue from the Luxury Travel Retail Segment was US$7,414,000, representing a decrease of US$534,000 or 6.7% as compared to the preceding year. Despite the fact that visitor arrivals from the Group's key tourist origin markets, namely South Korea, Japan and China (including Hong Kong) gradually recovered throughout the Year, 2024 was still a challenging year for the Luxury Travel Retail Segment as the overall purchasing power of the visitors was reduced due to weakened currencies.

The franchise agreement between the Group and a brand expired on January 31, 2024. By mutual agreement, the term of the franchise agreement was further extended for one month and was finally completed on February 29, 2024. As the boutique which carried the brand was one of our most popular boutiques in Saipan, its closure contributed to the decrease in revenue of the Luxury Travel Retail Segment. As of the date of this annual report, the Group carries a total of seven renowned brands and operates a total of twelve boutiques in Guam, Saipan and Hawaii.

For the Year, the Luxury Travel Retail Segment had a negative segmental margin of approximately US$514,000. The said amount of negative segmental margin has taken into account, amongst others, the recognition of depreciation and amortization expenses (non-cash items) relating to the Group's assets of approximately US$518,000. In order to alleviate the negative financial impact on the segmental results, the management of the Group continued to implement effective cost-saving measures and cautiously reviewed and eliminated loss-making brands. Three boutiques in Guam were relocated to stronger retail spaces and were newly renovated and re-opened in the second half of the Year. The management of the Group is cautiously optimistic that segmental profitability will be improved going forward.

Destination Services Segment

For the Year, revenue from the Destination Services Segment was US$923,000, representing an increase of US$218,000 or 30.9% as compared to the preceding year. The increase in revenue was mainly contributed by (1) the substantial increase in revenue from the operation of the two convenience stores located within the hotel premises of Crowne Plaza Resort Guam and Crowne Plaza Resort Saipan in light of the increase in occupancy rates and also non-hotel guests; and (2) the increase in revenue from the excursion activities operated by the Group in view of the recovery of the tourism market in Saipan.

The segmental loss of the Destination Services Segment for the Year was US$294,000, representing a decrease in loss of US$156,000 or 34.7% when compared to the preceding year. The management of the Group is cautiously optimistic that the performance of the Destination Services Segment would be improved upon the increase in the volume of transactions as a result of the progressive recovery of the tourist markets in Guam and Saipan. Depreciation and amortization expenses (non-cash items) recognized during the Year under the Destination Services Segment was approximately US$41,000.

ACQUISITIONS AND INVESTMENTS

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

The Group has no significant investments held during the Year.

EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Subsequent to the Year, the number of visitor arrivals of Saipan and Guam remains sluggish due to the strong US Dollar, which severely impacts competitiveness against domestic and regional competitors.

The management of the Group and the Hotel Manager continue to endeavor to improve the operational efficiency of both Crowne Plaza resorts and implement effective cost-saving measures to improve the segmental margin. Sales efforts have been made to promote Saipan as the travel destination in both South Korea and certain China cities. Century Hotel remains open for business and Kanoa Resort remained closed while the Group continued to negotiate the renewal of the land lease with the CNMI Government. However, as disclosed in the announcement of the Company dated March 27, 2025, the management of the Group will permanently close Kanoa Resort with effect from the date of expiry of the existing land lease on June 15, 2025. Going forward, the Group will be able to focus on deploying its resources to optimize the performance of the two Crowne Plaza resorts amidst the recovering tourism market in Guam and Saipan.

All our luxury travel retail boutiques in Guam, Saipan and Hawaii continue to remain in operation under normal business hours on a daily basis. It is expected that the renovation and relocation of one other boutique in Guam will be completed by the end of the first quarter of 2025, and the management of the Group is cautiously optimistic that the segmental profitability will be improved going forward.

The convenience stores located within the hotel premises of the Crowne Plaza resorts and the Group's excursion activities under the Destination Services Segment continue to operate in 2025.

FUTURE PLANS AND MARKET PROSPECTS

The tourism industry is an undeniable cornerstone for each of the local economies of Saipan and Guam. Stepping into 2025, both Saipan and Guam have their own plans and strategies to strengthen the continuous recovery of the tourism markets.

In December 2024, the GVB issued a *Short-term Tourism Recovery Plan and Situation Report*, which highlighted the key challenges that Guam has been facing since the prolonged pandemic closures and the damage of Typhoon Mawar. The Short-Term Tactical Plan outlined urgent, targeted actions to provide critical triage through focused actions that can be implemented immediately and completed within 2025 in order to halt the decline in arrivals and begin a sustainable recovery. In particular, Guam will support the route restoration of different airlines with incentives and cooperative marketing, as well as tailoring approaches to attract and retain air services from South Korea, Japan and Taiwan. Besides, Guam will also launch premium and value campaigns to attract both high-spending and budget-conscious travelers through highlighting signature events, sports tourism and promoting Guam's unique experiences.

For Saipan, the MVA continues to take the lead in reaffirming ties and collaboration with key tourism partners in South Korea, intensifying the continuous recovery of the South Korea market. On the other hand, in order to recapture the Japanese market, MVA continues to work on different campaigns to refresh and expand the historical ties with Japan, especially with the 80th anniversary of the end of World War II approaching. The MVA has also been working on a renewed and expanded relationship between the islands and Japan by inviting members of Hiroshima Prefecture Assembly and a number of businesspersons to visit Saipan and Tinian on a whirlwind tour in January 2025, hoping to bring forth continued partnership. Subsequent to the year end, MVA is putting effort to line up the partnership of a South Korean airline and certain travel agencies the potential commencement of indirect flights from key tourist origin cities in Mainland China to Saipan via Seoul, South Korea in the second half of year 2025.

Hotels & Resorts Segment

With the recent management decision to permanently close Kanoa Resort with effect from June 15, 2025, the Group will be able to focus on deploying our resources to optimize the performance of the two Crowne Plaza resorts in Guam and Saipan.

The Hotel Manager of the Crowne Plaza resorts will continue its efforts in expanding the hotels' respective share of the recovering tourism markets in Guam and Saipan, as well as improving operational efficiency. In addition, the management of the Crowne Plaza resorts continues to reach out to our tourist origin markets through participation in different marketing campaigns held in South Korea, Japan, Taiwan, Shanghai and Shenzhen.

With the IHG managing Crowne Plaza Resort Guam and Crowne Plaza Resort Saipan, our management expects that this will continue to create positive synergy among the two major hotels of the Group when the leisure travel market fully recovers.

Luxury Travel Retail Segment

The renovation and relocation of another boutique in Guam to a stronger retail space is expected to be completed by the end of the first quarter of 2025. The management of the Luxury Travel Retail Segment is cautiously optimistic that segmental profitability will be improved going forward. All boutiques in Guam, Saipan and Hawaii continue to operate under normal business hours on a daily basis.

Other plans and prospects

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

Management Discussion and Analysis

INVESTOR RELATIONS AND COMMUNICATIONS

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

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

CONTINGENT LIABILITIES

As at December 31, 2024 and 2023, the Group did not have any material contingent liabilities.

VALUATION OF PROPERTIES

For the purpose of complying with bank covenants, a valuation as at September 17, 2024 was conducted on the properties held by our Group in Saipan and Guam (the "**Properties**"). The Properties include premises occupied by our Group for our business operations and premises in our hotels and resorts leased to third parties on concessions in return for a rental income. The Properties were valued at US$122,700,000 in aggregate as at September 17, 2024 by AP Hospitality Advisors. The Properties were classified as property, plant and equipment and investment properties in the consolidated statement of financial position. As detailed in note 3 to the consolidated financial statements, the property, plant and equipment and investment properties are carried at historical cost less depreciation and impairment loss. Accordingly, no additional depreciation would be charged to the consolidated statement of profit or loss and other comprehensive income regardless of the changes in the market value of the Properties.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

During the Year, both Crowne Plaza Resort Guam and Crowne Plaza Resort Saipan kept ramping up their operations and competing for their share of the recovering tourism markets in Guam and Saipan. The management of the Group's Hotels and Resorts Segment and the Luxury Travel Retail Segment continued to implement effective cost-saving measures to improve the segmental margin. During the Year, certain boutiques in Guam under the Luxury Travel Retail Segment have relocated to stronger retail spaces in view of improving the revenue and thus the segmental margin. The financial position of the Group remained healthy throughout the Year.

The Group generally finances its operations with internally generated cash flows, proceeds from the Company's listing on the Main Board of the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**" or "**HKEx**") on May 16, 2019 (the "**Listing**"), shareholder's loans and external financing. As at December 31, 2024, the total amount of cash and bank deposits of the Group was approximately US$3,192,000, which is slightly decreased as compared to that as at December 31, 2023.

During the Year, the Group continues to use internally generated cash flows, proceeds from the Listing and shareholder's loans to finance the asset rejuvenation plan of the Group. As at December 31, 2024, the full amount of the banking facilities were drawn to finance the renovation and upgrade works carried out to Crowne Plaza Resort Guam and Crowne Plaza Resort Saipan. During the Year, the total capital expenditure for the asset rejuvenation plan was approximately US$977,000.

As at December 31, 2024, the Group had an interest-bearing term loan of US$39,500,000 (As at December 31, 2023: US$42,633,000) and a revolving loan of US$5,000,000 (As at December 31, 2023: US$5,000,000). The relevant banking facilities were fully drawn down as at December 31, 2024. Based on the scheduled repayments set out in the relevant banking facility letter, the maturity profile of the term loan is spread over a period of five years, with approximately US$367,000 repaid in 2023, approximately US$3,133,000 repaid during the Year, approximately US$4,300,000 repayable in 2025, approximately US$15,833,000 repayable in 2026, and approximately US$19,367,000 repayable within 2027.

Since 2022, the Group entered into six loan agreements with Tan Holdings Corporation ("**Tan Holdings**"), a controlling shareholder of the Company, for a total of six unsecured, interest-bearing loan facilities for the purpose of financing the general working capital of the Group, as detailed below:

	Date of Loan Agreement	Amount of Loan Facility	Interest Rate	Maturity Date
1.	August 30, 2022	US$5,000,000	2% per annum	August 29, 2030*
2.	December 16, 2022	US$8,000,000	2% per annum	December 15, 2029*
3.	February 28, 2023	US$8,000,000	2% per annum	February 27, 2030*
4.	August 1, 2023	US$7,000,000	5% per annum	July 31, 2030*
5.	February 29, 2024	US$4,000,000	5% per annum	February 28, 2031*
6.	November 26, 2024	US$11,000,000	5% per annum	November 25, 2029

* On December 2, 2024, the Group obtained an extension of 5 years on the loan repayment dates of each of the loan agreements with Tan Holdings.

The Directors are of the view that the Group has adequate liquidity to meet its expected working capital requirements and capital expenditure requirements in the coming twelve months from December 31, 2024.

The gearing ratio of the Group is calculated based on the total interest-bearing bank borrowings divided by total equity as at the end of respective periods and multiplied by 100%. As at December 31, 2024, the gearing ratio of the Group was 131.0% (2023: 93.0%).

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

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

CHARGE ON ASSETS

As at December 31, 2024 and 2023, the Group had aggregate banking facilities of US$48,000,000 and US$48,000,000, respectively, which were fully utilized and were secured by certain buildings and investment properties owned by the Group.

Management Discussion and Analysis

FOREIGN EXCHANGE RISK MANAGEMENT

The subsidiaries of the Group mainly operate in Saipan, Guam and Hawaii with most transactions settled in United States dollars ("**US Dollars**"). Foreign exchange rate risk arises when recognized financial assets and liabilities are denominated in a currency that is not the entity's functional currency. As at December 31, 2024, the financial assets and liabilities of the subsidiaries of the Group in Saipan, Guam and Hawaii are also primarily denominated in US Dollars. Therefore, the Group's foreign exchange risk is insignificant.

EMPLOYEES AND EMOLUMENT POLICY

As at December 31, 2024, the Group had a total of 331 (as at December 31, 2023: 402) full-time employees, including 186 employed in Saipan, 135 employed in Guam, 5 employed in Hawaii and 5 employed in Hong Kong. During the Year, all of our business segments, in particular, Crowne Plaza Resort Guam and the Luxury Travel Retail Segment reviewed their operation efficiency and reduced their respective headcount as of December 31, 2024. As a responsible employer, the Group continues to value its employees and continues to strive to provide an excellent working environment. The Group has complied with all relevant labor laws and regulations and has formulated a set of human resources policies relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal employment opportunity, diversity, anti-discrimination and other benefits and welfare. Remuneration is determined with reference to market terms and performance, qualification and experience of individual directors and employees. During the Year, the total staff costs (including directors' emoluments) amounted to US$14,613,000 (2023: US$15,932,000). The Company has adopted the Post-IPO Share Option Scheme on April 9, 2019 for the purpose of providing incentives and rewards to eligible persons, including the employees of the Group, for their contribution to the Group. Details of the share option scheme are set out under the heading "Share Option Scheme" in the section headed "Report of Directors" on page 27 of this annual report.

CHAIRMAN AND NON-EXECUTIVE DIRECTOR

Dr. TAN Siu Lin, ***GBS, SBS***, ("**Chairman Tan**"), aged 94, has been the Chairman of the Board and a Non-Executive Director of the Company since November 2018. He founded the Group in April 1997. Chairman Tan is a prominent entrepreneur in mainland China, Hong Kong and the Western Pacific Region with over 50 years of experience in developing a diversified portfolio of business ventures. He is the honorary director of Peking University Education Foundation (北京大學教育基金會), chairman of the board of the Peking University Luen Thai Center for Supply Chain System Research & Development (北京大學聯泰供應鏈系統研發中心), and chairman of the board of Tan Siu Lin School of Business in Quanzhou Normal University (泉州師範學院陳守仁商學院). Chairman Tan is the permanent honorary director of the board of Huaqiao University (華僑大學) and the honorary consul of the Federated States of Micronesia in Hong Kong. In 2024, Chairman Tan was awarded a Gold Bauhinia Star by the Government of the Hong Kong Special Administrative Region to recognize his dedication to the charity work rendered in the community. Chairman Tan holds an honorary doctoral of laws degree from the University of Guam and has been awarded honorary university fellowships by both the Hong Kong Baptist University and the Chinese University of Hong Kong. He is also the founder, honorary life chairman and executive director of Luen Thai Holdings Limited (Stock Code: 311), a company listed on the Main Board of the Stock Exchange. Chairman Tan is the father of Dr. Tan Henry (Vice Chairman, an Executive Director, the Chief Executive Officer and a controlling shareholder), Mr. Tan Willie (a Non-Executive Director), Mr. Tan Jerry Cho Yee (a member of our senior management) and the grandfather of Mrs. Su Tan Jennifer Sze Tink (an Executive Director and the Executive Vice President). Chairman Tan is also a controlling shareholder of the Company. Details of his interest in the shares of the Company are set out under the headings "Directors' and Chief Executives' Interest in Shares" in the section headed "Report of Directors" on page 31 of this annual report.

EXECUTIVE DIRECTORS

Dr. TAN Henry, ***BBS, JP***, aged 71, has been the Vice Chairman of the Board, an Executive Director and the Chief Executive Officer of the Company since November 2018. He is also a member of our Nomination and Remuneration Committees. He joined the Group in April 1997. Dr. Tan has over 40 years of experience in conducting business in mainland China, Hong Kong and the Western Pacific Region and has gained in-depth local knowledge, business and personal connections and market insight in the region. Dr. Tan is passionate about serving the community. He is a court member of The Hong Kong Polytechnic University, a member of the Council and the chairman of the Advisory Committee of College of Professional and Continuing Education of The Hong Kong Polytechnic University, and an honorary court member of the Hong Kong Baptist University. Dr. Tan is a member of the Election Committee of the Hong Kong Special Administrative Region and a member of the National Committee of the Chinese People's Political Consultative Conference of the People's Republic of China. He is an honorary trustee of Peking University (北京大學) and a director of the board of Huaqiao University (華僑大學). Dr. Tan is an honorable life-chairman of the Hong Kong General Chamber of Textiles since 2009 and an honorary chairman of the Textile Council of Hong Kong since December 2023. Dr. Tan was a Hong Kong Deputy to the 13th National People's Congress of the People's Republic of China and a former chairman of Po Leung Kuk. He was awarded a Bronze Bauhinia Star in November 2005 and was appointed as Justice of the Peace in July 2008 by the Government of Hong Kong Special Administrative Region. Dr. Tan holds a bachelor's degree and a master's degree in business administration from the University of Guam. He also received an honorary doctorate in humane letters from the University of Guam in recognition of his contribution in the Western Pacific Region. Since June 2020, Dr. Tan has been the independent non-executive director of SinoMedia Holding Limited (Stock Code: 623), the shares of which are listed on the Main Board of the Stock Exchange. Dr. Tan is a son of Chairman Tan (Chairman, a non-Executive Director and a controlling shareholder), a brother of Mr. Tan Willie (a Non-Executive Director) and Mr. Tan Jerry Cho Yee (a member of our senior management), the father of Mrs. Su Tan Jennifer Sze Tink (an Executive Director and the Executive Vice President), and a brother-in-law of Mr. Chiu George (an Executive Director). He is also a director of S.A.I. CNMI Holdings Limited, S.A.I. CNMI Tourism Inc., S.A.I. Guam Holdings Limited, Gemkell Corporation and Gemkell U.S.A. LLC, all of which are our subsidiaries. Dr. Tan is also a controlling shareholder of the Company. Details of his interest in the shares of the Company are set out under the headings "Directors' and Chief Executives' Interest in Shares" in the section headed "Report of Directors" on page 31 of this annual report.

Management Executives

Mr. CHIU George, aged 63, has been an Executive Director of the Group since November 2018. Mr. Chiu joined the Group in April 1997 and has held directorship and key management roles. Mr. Chiu is recognized as a successful businessman in the Western Pacific Region with over 30 years of experience in overseeing and managing various business ventures in the region. Mr. Chiu has a strong presence in the business community of the Western Pacific Region. He is also actively involved in other community organizations. Mr. Chiu is the president of both the Chinese Chamber of Commerce of Guam and the Guam Chinese Association. He also serves as the director of the board of the Guam Visitors Bureau and the director/treasurer of the board of the University of Guam Endowment Foundation. On March 23, 2023, Mr. Chiu was elected as the chairman of the board of the Guam Visitors Bureau. Mr. Chiu was a former director of the board of the Guam Economic Development Authority. Mr. Chiu holds a bachelor's degree in business administration with double majors in management and accounting from the University of Guam. Mr. Chiu is the brother-in-law of Dr. Tan Henry (Vice Chairman, an Executive Director, the Chief Executive Officer and a controlling shareholder) and an uncle of Mrs. Su Tan Jennifer Sze Tink (an Executive Director and the Executive Vice President). He is also a director of S.A.I. CNMI Tourism Inc., S.A.I. Guam Tourism Inc., Asia Pacific Hotels, Inc., Asia Pacific Hotels, Inc. (Guam), Gemkell (Saipan) Corporation, Gemkell Corporation and Gemkell U.S.A. LLC, all of which are our subsidiaries.

Mrs. SU TAN Jennifer Sze Tink, aged 42, has been an Executive Director of the Company since November 2018. She is also the Executive Vice President of our Group. Mrs. Su Tan joined our Group in February 2017. She has a solid background and experience in the hotel and hospitality industry and marketing. Mrs. Su Tan is a member of the Industry Advisory Committee of the School of Hotel and Tourism Management of The Hong Kong Polytechnic University. She won the Guangdong-Hong Kong-Macao Greater Bay Area Outstanding Youth Entrepreneurs Award in September 2022 and in 2023, the Economic Observer conferred the 2023 Outstanding Women Business Leaders Award on Mrs. Su Tan and she was also awarded as one of the 2023 Most Powerful Women by Fortune China. Mrs. Su Tan was featured in China Newsweek in 2024 for her role in enhancing the Group's tourism products to increase attractions. She was also highlighted in the report of Caijing.com.cn about her clout over the tourism industry. Mrs. Su Tan holds a bachelor's degree in science majoring in hotel and restaurant administration from Cornell University, the U.S.. She is a granddaughter of Chairman Tan (Chairman, a Non-Executive Director and a controlling shareholder), a daughter of Dr. Tan Henry (Vice Chairman, an Executive Director, the Chief Executive Officer and a controlling shareholder) and a niece of Mr. Chiu George (an Executive Director), Mr. Tan Willie (a Non-Executive Director) and Mr. Tan Jerry Cho Yee (a member of our senior management). Mrs. Su Tan is also a director of Asia Pacific Hotels, Inc., Asia Pacific Hotels, Inc. (Guam) and Century Tours. Inc., all of which are our subsidiaries.

NON-EXECUTIVE DIRECTOR

Mr. TAN Willie, aged 69, has been a Non-Executive Director of the Company since November 2018. Mr. Tan joined the Group in April 1997. He has over 30 years of experience in business management. Mr. Tan is the vice chairman of the board of Tan Holdings (a controlling shareholder), which is the privately held business of the family of Chairman Tan. Mr. Tan has an extensive experience in tourism and retail businesses. He is also the chief executive officer of Skechers China Limited, Skechers Hong Kong Limited, Skechers South Korea Limited and Skechers Southeast Asia Limited. He was appointed honorary ambassador-at-large for Guam, U.S. in 2007. Mr. Tan holds a bachelor's degree in business administration from the University of Guam. He is a son of Chairman Tan (Chairman, a Non-Executive Director and a controlling shareholder), a brother of Dr. Tan Henry (Vice Chairman, an Executive Director, the Chief Executive Officer and a controlling shareholder) and Mr. Tan Jerry Cho Yee (a member of our senior management) and an uncle of Mrs. Su Tan Jennifer Sze Tink (an Executive Director and the Executive Vice President). Mr. Tan is also a director of Asia Pacific Hotels, Inc., Gemkell (Saipan) Corporation, Gemkell Corporation and Gemkell U.S.A. LLC, all of which are our subsidiaries.

Mr. SCHWEIZER Jeffrey William, aged 71, has been an Executive Director of the Company since April 2019 and was redesignated to be a Non-Executive Director of the Company with effect from September 1, 2023. Mr. Schweizer has been the Head of Hotel Operations of our Group since November 2018 and decided to step down from the hotel operations with effect from September 1, 2023. Mr. Schweizer joined the Group in April 2005. He has over 33 years of experience in the hospitality industry. He served as chairman of the board of the Guam Hotel and Restaurant Association (the "**GHRA**") in 2009, 2018 and 2019, and has been a longstanding board member of the GHRA. Mr. Schweizer was a member of Skål Club of Guam, serving many terms as President as well as a member of Skål Club of Guam, Scholarship Committee. Mr. Schweizer had been a longstanding member of the Chinese Chamber of Commerce in Guam, a member of the Guam Chamber of Commerce and one of its subcommittees, the Armed Forces Committee. Mr. Schweizer completed the advanced hotel management program of the Hong Kong Winter School 2004 of The Hong Kong Polytechnic University and completed the food and beverage management seminar held by the School of Hotel Administration, Cornell University, the U.S..

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. CHAN Leung Choi Albert, aged 70, has been an Independent Non-Executive Director of the Company since April 2019 and is the Chairman of our Remuneration Committee and a member of our Audit and Nomination Committees. Mr. Chan has over 40 years of banking experience based in Hong Kong. Prior to his retirement in 2017, he was Head of Commercial Banking Hong Kong of The Hongkong and Shanghai Banking Corporation Limited ("**HSBC**"). Before that, he assumed various management positions in HSBC including retail banking, treasury, corporate banking and risk management. During January 2019 to January 2025, Mr. Chan had been a non-executive director of HSBC Bank (China) Company Limited, a wholly owned subsidiary of the HSBC group. Mr. Chan holds a bachelor's degree in science from the University of Hong Kong.

Mr. MA Andrew Chiu Cheung, aged 83, has been an Independent Non-Executive Director of the Company since April 2019 and is the Chairman of our Audit Committee. Mr. Ma holds a bachelor's degree in economics from the London School of Economics and Political Science (The University of London) in the United Kingdom and has over 40 years of experience in accounting, auditing and finance. He is a Fellow Member of each of the Institute of Chartered Accountants in England & Wales, the Hong Kong Institute of Certified Public Accountants, the Taxation Institute of Hong Kong and the Hong Kong Institute of Directors. Mr. Ma is a founder and former director of AMA CPA Limited (formerly known as Andrew Ma DFK (CPA) Limited) in Hong Kong. He is also a founder and served as a director of Mayee Management Limited until his retirement on January 1, 2024. He is currently an independent non-executive director of Asiaray Media Group Limited (Stock Code: 1993) and C-MER Medical Holdings Limited (formerly known as C-MER EYE CARE HOLDINGS LIMITED) (Stock Code: 3309), the shares of all of which are listed on the Main Board of the Stock Exchange. Mr. Ma previously served as an independent non-executive director of Chong Hing Bank Limited (Stock Code: 1111) until his retirement on May 14, 2021, the shares of which have been withdrawn from listing on the Main Board of the Stock Exchange on September 30, 2021. He also previously served as an independent non-executive director of China Resources Power Holdings Company Limited (Stock Code: 836), the shares of which are listed on the Main Board of the Stock Exchange until his retirement on September 15, 2021.

Management Executives

Mr. WONG Chun Tat, *JP*, aged 44, was appointed as an Independent Non-Executive Director of the Company since December 16, 2022 and is the Chairman of our Nomination Committee and a member of our Audit and Remuneration Committees. Mr. Wong has over 10 years of experience in the tourism industry. He has been the general manager of Sin Ma Tours Limited since February 2019, an executive director of Hong Thai Golf Centre Limited since July 2021 and an executive director of Hong Thai Expo & Business Centre Limited since October 2022. Mr. Wong is actively engaged in public and community services with a focus on developing the Hong Kong tourism industry. He is currently the honorary adviser of the Hong Kong Travel Industry Council, a former board member of the Hong Kong Tourism Board, member of the Community Involvement, Culture and Recreation Committee & Development Planning Committee of Southern District Council. Mr. Wong is also currently a standing committee member of the Chinese Chamber of Commerce, Hong Kong, chairman of the Youth Executives' Committee of the Chinese Chamber of Commerce, Hong Kong, executive vice-chairman of the Y. Elites Association, member of the Chongqing Committee of the Chinese People's Political Consultative Conference (the 6th session), member of the Thirteenth Committee of the All-China Youth Federation and member of the Election Committee of the Hong Kong Special Administrative Region. In addition, Mr. Wong is currently an independent non-executive director of South China Holdings Company Limited (Stock Code: 413), the shares of which are listed on the Main Board of the Stock Exchange. Mr. Wong obtained a bachelor's degree in tourism management in 2003 and a master's degree in professional accounting in 2008, both from the Hong Kong Polytechnic University.

SENIOR MANAGEMENT

Mr. TAN Jerry Cho Yee, aged 63, has been our President, Guam & Northern Mariana Islands since November 2018. He joined the Group in April 1997. Mr. Tan is the chief executive officer of Tan Holdings (a controlling shareholder), which is the privately held business of the family of Chairman Tan, and has over 30 years of management experience in doing business in the Western Pacific Region, particularly in Guam and the CNMI. Mr. Tan received recognition as an entrepreneur and community leader including Executive of the Year from the Guam Business Magazine, Employer of the Year from the CNMI Society for Human Resource Management, Business Person of the Year from the Saipan Chamber of Commerce, and Sports Administrator of the Year from the Northern Marianas Sports Association. Mr. Tan is the vice chairman of Tan Siu Lin Foundation and the chairman of Pacific Century Fellows Marianas Chapter, a non-profit leadership mentoring program for young people working in both public and private sectors in the CNMI. He formerly served on the US Travel & Tourism Advisory Board from 2023 to 2025 by the US Department of Commerce Secretary Gina Raimondo, and was involved in the leveraging sporting events to promote the United States as a Tourism Destination Committee from 2024 to 2025 and the Workforce Development-Attracting Talent to the Tourism Workforce Subcommittee from 2023 to 2025. He served as co-chairman of the Governor's Council of Economic Advisers of the CNMI together with the former CNMI Governor Ralph DLG Torres from 2020 to 2022. He previously served as a board member of the Marianas Visitors Authority from 2012 to 2020 and was its chairman from 2006 to 2010. He is the chairman of Tuloy Football Club since 2023, the president of the Northern Marianas Sports Association since 2020, the president of the Northern Mariana Islands Football Association since 2005 and the president of the Chinese Association of Saipan, U.S.A. since 2005. Mr. Tan graduated magna cum laude from the University of Guam with double majors in management and accounting. He is a son of Chairman Tan (Chairman, a Non-Executive Director and a controlling shareholder), a brother of Dr. Tan Henry (Vice Chairman, an Executive Director, the Chief Executive Officer and a controlling shareholder) and Mr. Tan Willie (a Non-Executive Director) and an uncle of Mrs. Su Tan Jennifer Sze Tink (an Executive Director and the Executive Vice President). Mr. Tan is also a director of S.A.I. CNMI Tourism Inc., S.A.I Guam Tourism Inc., Asia Pacific Hotels, Inc., Asia Pacific Hotels, Inc. (Guam), Gemkell (Saipan) Corporation and Century Tours, Inc. and a manager (equivalent to a director) of CKR, LLC, all of which are our subsidiaries.

Management Executives

Ms. CHEUNG Pik Shan Bonnie, aged 48, has been our Group Financial Controller since November 2018 and was appointed as the Company Secretary of the Company since April 2019. She joined the Group in April 2018. Ms. Cheung has over 25 years of experience in the field of auditing and accounting. Before transferring to the Group, she was a vice president of the corporate finance division of Luen Thai Holdings Limited (Stock Code: 311), a company listed on the Main Board of the Stock Exchange. Ms. Cheung completed the Business Sustainability Management programme designed by the Institute for Sustainability Leadership of the University of Cambridge in 2022. Ms. Cheung is a fellow member of the Association of Chartered Certified Accountants and an associate member of the Hong Kong Institute of Certified Public Accountants. Ms. Cheung holds a bachelor's degree in accountancy from The Hong Kong Polytechnic University.

Mr. Ivan Quichocho, aged 54, is the Vice President of Business Development and Operations of our Destination Services Segment and he also oversees Century Hotel, a boutique hotel of our Group. Mr. Quichocho has over 34 years of experience in a full spectrum of tourism businesses in the Western Pacific Region and the aviation industry. Mr. Quichocho joined the group in March 2006 and with nearly two decades of service, he leads his team with the core corporate values at heart by giving back to the community. Mr. Quichocho has served the community as the chairman of the Airport Operators Committee, the chairman for Air Service, Governors Strategic Economic Development Committee, as well as the president and director of the Northern Marianas College Foundation. He joined the board of the Hotel Association of the Northern Mariana Islands ("**HANMI**") in 2020 and served as the president of the HANMI in 2021 and 2022. Since 2023, Mr. Quichocho is serving as the vice president of the HANMI and concurrently, he also serves as a director of the board of the MVA and as the chairman of the Tourism Resumption Investment Plan which created the first ever Travel Bubble between South Korea and the Northern Marianas Islands during the COVID19 Pandemic. Mr. Quichocho received high recognition as a business and community leader in the Western Pacific Region in various ways. On April 25, 1995, the day was named as "Ivan Quichocho Day" in Guam by Governor Carl T.C. Guiterrez for recognizing Mr. Quichocho's outstanding work in making Guam a special place for tourism. Besides, Mr. Quichocho was also named the 2017 Businessperson of the Year by the Saipan Chamber of Commerce. Mr. Quichocho is a director of Saipan Adventures, Inc., Let's Go Tours Company and J&K Marine Sports, Inc., all of which are our subsidiaries.

Ms. Maria Luisa (Malou) Ernest, aged 54, joined the Group in January 2021 and has been serving as our Group's Vice President of Human Resources since then. Ms. Ernest brings with her over 30 years of experience in supporting various strategic business units with their day-to-day operations, leadership, and strategic human resources development. Before joining the Group, she held the positions of human resources manager and regional training director at Tan Holdings (a controlling shareholder). Ms. Ernest holds professional certifications, including Senior Professional in HR (SPHR), Global Professional in HR (GPHR), and Senior Certified Professional (SHRM-SCP). She previously served as president of the Society for Human Resources Management (SHRM) Northern Mariana Islands Chapter and as vice chairman for the board of CNMI Public School System's Headstart Program.

Report of Directors

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

PRINCIPAL ACTIVITIES

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

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

An analysis of the Group's performance by principal activities during the Year is set out in note 5 to the consolidated financial statements on pages 137 to 139 of this annual report.

GROUP PROFIT/LOSS

The loss of the Group for the Year is set out in the consolidated statement of profit or loss and other comprehensive income on page 109 of this annual report. The state of the Group's affairs as at December 31, 2024 are set out in the consolidated financial statements on pages 109 to 175 of this annual report.

DIVIDENDS

No interim dividend (2023: Nil) was declared during the Year. The Board has resolved not to recommend the payment of a final dividend for the Year (2023: Nil).

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

CASH FLOW

The cash flow position of the Group for the Year is set out and analyzed in the consolidated statement of cash flows on pages 113 to 114 of this annual report.

BUSINESS REVIEW AND PERFORMANCE

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

ENVIRONMENTAL POLICIES AND SOCIAL RESPONSIBILITIES

Detailed information and a discussion on the environmental, social and governance practices adopted by the Group will be set out in the "Environmental, Social and Governance Report" on pages 40 to 85 of this annual report.

COMPLIANCE WITH LAWS AND REGULATIONS

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

PRINCIPAL RISKS AND UNCERTAINTIES

The Directors are aware that business operations and financial results of the Group may be affected by various risks and uncertainties. Description of the principal risks and uncertainties faced by the Group are set out in the section headed "Principal Risks and Uncertainties" on pages 38 to 39 of this annual report.

RELATIONSHIP WITH KEY STAKEHOLDERS

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

Customers and Suppliers

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

Employees

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

Shareholders

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

MAJOR CUSTOMERS

The Group's major customers during the Year are primarily corporate customers of our Hotels & Resorts Segment. During the Year, the aggregate percentage of the Group's revenue from sales attributable to the Group's five largest customers was less than 30%. In addition, the Group's largest customer accounted for approximately 5.2% of the total revenue from sales.

Our Directors have confirmed that, save as disclosed under the paragraph headed "Connected Transactions, Directors' and Shareholders' Interest in Contracts" below and as at December 31, 2024, all of our five largest customers (by revenue contribution) were independent third parties. None of our Directors, their close associates or our existing shareholder(s) who, to the knowledge of the Directors, owned more than 5% of the Company's issued share capital, had an interest in any of the five largest customers.

MAJOR SUPPLIERS

The Group's major suppliers are utilities suppliers in our Hotels & Resorts Segment, as well as brand owners in our Luxury Travel Retail Segment. During the Year, the aggregate percentage of the Group's purchases attributable to the Group's five largest suppliers was less than 30%. In addition, the Group's largest supplier accounted for approximately 4.0% of the total purchases.

As at December 31, 2024, none of our Directors, their close associates or our existing shareholder(s) who, to the knowledge of the Directors, own more than 5% of the Company's issued share capital had an interest in any of the five largest suppliers.

PRINCIPAL SUBSIDIARIES

Details of the principal subsidiaries of the Group as at December 31, 2024 are set out in note 1 to the consolidated financial statements.

USE OF NET PROCEEDS FROM LISTING

The shares of the Company were listed on the Main Board of the Stock Exchange on the Listing Date. The net proceeds from the Listing were US$39,400,000 (equivalent to HK$307,400,000, after deduction of underwriting fees and commissions and estimated expenses payable by the Company in connection with the Listing). The Company has fully applied the net proceeds from the Listing for the purposes as set out in the section headed "Future Plans and Use of Proceeds" in the prospectus of the Company published on April 30, 2019 ("**Prospectus**") and supplemented by the 2019 Annual Report published on April 17, 2020 ("**2019 Annual Report**"), the 2020 Annual Report published on April 16, 2021 ("**2020 Annual Report**"), the 2021 Annual Report published on April 23, 2022 ("**2021 Annual Report**"), the 2022 Annual Report published on April 16, 2023 ("**2022 Annual Report**"), the 2023 Interim Report published on September 8, 2023 ("**2023 Interim Report**"), the 2023 Annual Report published on April 12, 2024 ("**2023 Annual Report**") and the 2024 Interim Report published on September 13, 2024 ("**2024 Interim Report**").

Utilization during the Year

As at December 31, 2024, the Group had utilized the net proceeds from the Listing as set out in the table below:

	Net proceeds from Listing US$'000	**Utilization during the Year** US$'000	**Aggregated amount utilized as at December 31, 2024** US$'000	**Percentage utilized as at December 31, 2024**	**Unutilized amount** US$'000
Asset rejuvenation plan	29,555	—	29,555	100.0%	—
New travel retail boutiques	2,000	—	2,000	100.0%	—
IT upgrade	2,000	188	2,000	100.0%	—
Digital sales and marketing	2,000	—	2,000	100.0%	—
General working capital	3,945	—	3,945	100.0%	—
Total[(a)]	39,400[(b)]	188	39,400	100.0%	—[(b)]

Notes:

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

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

SHARE CAPITAL

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

DISTRIBUTABLE RESERVES OF THE COMPANY

As at December 31, 2024, the Company's reserves available for distribution to the shareholders, calculated in accordance with the Companies Law (Revised), Cap 22 of the Cayman Islands, amounted to US$86,836,000. Details of movements in the reserves of the Company during the Year are set out in note 36(b) to the consolidated financial statements. Under the Companies Law (Revised), Cap. 22 of the Cayman Islands, the funds in the share premium account and the capital reserve account of the Company are distributable to the shareholders provided that, immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as and when they fall due in the ordinary course of business.

FIVE YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the past five financial years is set out on page 176 of this annual report.

PROPERTY, PLANT AND EQUIPMENT

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

INVESTMENT PROPERTY

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

RETIREMENT SCHEMES

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

DONATIONS

Charitable and other donations made by the Group during the Year amounted to approximately US$12,000 (2023: US$29,000).

SHARE OPTION SCHEME

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

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

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

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

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

During the Year, no options were granted, exercised or cancelled, or lapsed under the Share Option Scheme and there were no options outstanding as at December 31, 2024. No share options were granted to any Eligible Person since the adoption of the Share Option Scheme.

MANAGEMENT CONTRACTS

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

The hotel management agreements in respect of Crowne Plaza Resort Guam and Crowne Plaza Resort Saipan commenced in October 2019 and August 2020 respectively, and the Hotel Manager has been managing both hotels throughout the Year. Kanoa Resort has not been in operation since July 2022 and the hotel management agreement has not commenced. In view of the permanent closure of Kanoa Resort upon the expiration of the current land lease on June 15, 2025, the Group is working with the Hotel Manager on the formal termination of the hotel management agreement.

With the upcoming closure of Kanoa Resort, the Hotel Manager will be managing two out of three of the Group's hotels and resorts under our Hotels & Resorts Segment. Under the terms of the hotel management agreements, the Hotel Manager provides hotel management services and manages and operates the two hotels in accordance with the relevant brand standards. The Group retains its rights as hotel owner over certain key managerial, financial and strategic decisions.

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

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

DIRECTORS AND DIRECTORS' SERVICE AGREEMENTS

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

Chairman and Non-Executive Director

Dr. TAN Siu Lin, *GBS, SBS*

Executive Directors

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

Non-Executive Director

Mr. TAN Willie
Mr. SCHWEIZER Jeffrey William

Independent Non-Executive Directors

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

The Company considers all the independent non-executive Directors as independent.

APPOINTMENTS, RETIREMENT, RE-ELECTION AND REMOVAL OF DIRECTORS

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

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

In February 2025, Mr. Schweizer Jeffrey William ("**Mr. Schweizer**") informed the Board that he will retire as a non-executive Director upon the expiry of the term of his letter of appointment with the Company on April 8, 2025. Mr. Schweizer has confirmed that he has no disagreement with the Board and there is no matter that needs to be brought to the attention of the shareholders relating to his retirement. On March 27, 2025, the Board appointed Ms. Cheung Pik Shan Bonnie ("**Ms. Cheung**"), company secretary and group financial controller of the Company, as an executive Director of the Company with effect from April 9, 2025. The biographical details of Ms. Cheung are set out in the section headed "Management Executives" on pages 19 to 23 of this annual report.

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

In accordance with the Articles, Dr. Tan Henry, Mrs. Su Tan Jennifer Sze Tink and Mr. Wong Chun Tat will retire from office at the forthcoming annual general meeting ("**AGM**"). All retiring Directors, being eligible, will offer themselves for re-election at the AGM.

The Articles also provide that any Director appointed by the Board, either to fill a causal vacancy in the Board or as an addition to the existing Board, shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election. Accordingly, Ms. Cheung, who was appointed by the Board to fill a causal vacancy and will take office as an executive Director with effect from April 9, 2025, will hold office until the upcoming annual general meeting of the Company and, being eligible, will offer herself for re-election.

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

Save as disclosed under the paragraph headed "Connected Transactions, Directors' and Shareholders' Interests in Contracts" below, no other transactions, arrangements or contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a Director and the Director's connected entities had a material interest, whether directly or indirectly, subsisted as at December 31, 2024 or at any time during the Year.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

The biographical details of Directors and senior management are set out in the section headed "Management Executives" on pages 19 to 23 of this annual report.

DIRECTORS' AND MANAGEMENT EMOLUMENTS

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

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES

As at December 31, 2024, the interests of the Directors and chief executives of the Company and its associated corporations (within the meaning of Part XV of the Securities and Future Ordinance, Cap. 571 of the laws of Hong Kong (the "**SFO**")), as recorded in the register maintained by the Company under Section 352 of the SFO, or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") contained in the Listing Rules were as follows:

Long position in the shares

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

Notes:

(a) The percentage has been compiled based on the total number of shares issued (i.e. 360,000,000) as at December 31, 2024.

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

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

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

As at December 31, 2024, the register of substantial shareholders maintained pursuant to Section 336 of Part XV of the SFO showed that other than the interests disclosed in the section headed "Directors' and Chief Executives' Interests in Shares" above, the following shareholders had notified the Company of their relevant interests in the issued share capital of the Company.

Long position in the shares

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

Notes:

(a) The percentage has been compiled based on the total number of shares in issue (i.e. 360,000,000) as at December 31, 2024.

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

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

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

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

CONNECTED TRANSACTIONS, DIRECTORS' AND SHAREHOLDERS' INTERESTS IN CONTRACTS

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

Non-exempt Continuing Connected Transactions

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

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

		For the Year ended December 31, 2024	
Connected Parties	**Category**	**Aggregate Value**	**Annual Cap**
		US$'000	US$'000
Expenses			
TakeCare	Medical Insurance [(b)]	**997**	3,080
Cosmos Saipan, Cosmos Guam and D&Q	Consumer Goods Transactions [(c)]	**149**	1,153
Beach Road Tourism, L&T Group and Luen Thai International	Leased premises [(d)]	**337**	—
CTSI Group	Freight and Logistics Transactions [(e)]	**324**	1,024
Income			
QZ Tours	Holiday Package Transactions [(a)]	**2,218**	17,465
Strategic Gaming	Leased premises [(d)]	**—**	—

Notes:

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

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

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

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

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

The aforesaid agreement with QZ Tours expired on December 31, 2021 and 2024, respectively and the Company entered into a new framework agreement (the "**1H2025 QZ Framework Agreement**") with QZ Tours on November 28, 2024 for a term of six months ending June 30, 2025. Pursuant to the 1H2025 QZ Framework Agreement, the annual cap for the Holiday Package Transactions as agreed between the Company and QZ Tours for one year ending December 31, 2025 is US$1,185,000 (the "**2025 QZ Annual Cap**").

Subsequent to the end of the Year, the Company intends to continue to enter into the Holiday Package Transactions contemplated under the 1H2025 QZ Framework Agreement after June 30, 2025. As such, the Company has proposed to renew the 1H2025 QZ Framework Agreement for a further period of six months and revise the 2025 QZ Annual Cap under the 1H2025 QZ Framework Agreement. On March 27, 2025 (after trading hours), the Company entered into the 2H2025 QZ Framework Agreement with QZ Tours for a term of six months from July 1, 2025 to December 31, 2025 on the same terms and conditions as 1H2025 QZ Framework Agreement, save that the revised 2025 QZ Annual Cap shall be US$2,108,000, subject to and conditional upon the Company's compliance with all applicable provisions of the Listing Rules (including the approval of its independent shareholders as necessary).

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

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

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

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

The aforesaid agreement with TakeCare expired on December 31, 2021 and 2024, respectively and the Company entered into a new framework agreement (the "**2025 TakeCare Framework Agreement**") with TakeCare on November 28, 2024. Pursuant to the 2025 TakeCare Framework Agreement, the annual cap agreed between the Company and TakeCare for one year ending on December 31, 2025 is US$1,190,000.

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

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

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

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

The aforesaid agreements expired on December 31, 2021 and 2024, respectively and the Company entered into new framework agreements (the "**2025 Consumer Goods Framework Agreements**") with Cosmos Guam and D&Q on November 28, 2024. Pursuant to the 2025 Consumer Goods Framework Agreements, the annual cap agreed between the Company, Cosmos Guam and D&Q for one year ending on December 31, 2025 is US$151,000.

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

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

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

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

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

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

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

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

The aforesaid agreement with CTSI Group expired on December 31, 2021 and 2024, respectively and the Company entered into a new framework agreement (the "**2025 CTSI Framework Agreement**") with the CTSI Group on November 28, 2024. Pursuant to the 2025 CTSI Framework Agreement, the annual cap agreed between the Company and the CTSI Group for one year ending on December 31, 2025 is US$672,000.

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

Confirmations from the independent non-executive Directors and auditor

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

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with "Hong Kong Standard on Assurance Engagements 3000 (Revised) Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 (Revised) "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor of the Company confirmed that the above transactions were approved by the Board, were in accordance with the pricing policies of the Company, and were entered into under respective agreements that regulate such transactions and did not exceed any of the relevant caps as mentioned in the relevant agreements and announcements of the Company. The auditor has issued an unqualified letter containing the findings and conclusions in respect of the continuing connected transactions disclosed by the Group on pages 33 to 35 of this annual report in accordance with Rule 14A.56 of the Listing Rules.

The Company confirmed that, save as disclosed above:

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

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

EQUITY-LINKED AGREEMENTS

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

PERMITTED INDEMNITY PROVISION

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

PRE-EMPTIVE RIGHTS

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares during the Year. As at December 31, 2024 and the date of this annual report, the Company does not hold any treasury shares.

PUBLIC FLOAT

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

DIRECTORS' INTEREST IN COMPETING BUSINESS

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

CORPORATE GOVERNANCE

The Corporate Governance Report of the Company is set out in pages 86 to 103 of this annual report.

AUDITOR

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

On behalf of the Board

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

March 27, 2025

Principal Risks and Uncertainties

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

1. **Macro-economic and political environment**

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

2. **Tourist Arrivals**

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

3. **Human Resources**

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

4. Legal and Compliance

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

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

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

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

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

5. Disaster Events

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

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

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

Environmental, Social and Governance Report

ABOUT THIS REPORT

S.A.I. Leisure Group Company Limited (hereafter the "**Company**" or "**S.A.I.**") with its subsidiaries (collectively the "**Group**", "**we**" or "**our**") is pleased to publish its environmental, social and governance ("**ESG**") report (the "**Report**") summarizing our management approach, initiatives and performance of the ESG issues during the period from January 1, 2024 to December 31, 2024 (the "**Reporting Period**" or "**2024**").

Reporting Scope

The scope of this ESG Report covers the Group's corporate headquarters in Hong Kong and leisure tourism operations in Saipan, Guam and Hawaii, territories of the U.S., under the three business segments of Hotels and Resorts, Luxury Travel Retail and Destination Services for the year 2024. Unless otherwise specified, the data includes the following subsidiaries and the scope of the ESG Report remains the same as that in previous years.

S.A.I. Leisure Group Company Limited

- **Hotels & Resorts**
  - Asia Pacific Hotels, Inc.
  - Asia Pacific Hotels, Inc. (Guam)
- **Luxury Travel Retail**
  - Gemkell (Saipan) Corporation
  - Gemkell Corporation
  - Gemkell U.S.A. LLC
- **Destination Services**
  - Saipan Adventures, Inc.
  - Century Tours, Inc.
  - Let's Go Tours Company
  - J&K Marine Sports, Inc.
  - CETI (Guam) Inc.

Reporting Standard

This Report has been created in line with the most recent requirements of the ESG Reporting Guide specified in Appendix C2 of the Listing Rules. In crafting the content of the Report, the Group follows the key reporting principles of materiality, quantitative, balance, and consistency as detailed in the HKEx ESG Reporting Guide.

Reporting Principles	Description
Materiality	The identification of material topics involved internal deliberations and engagement with key stakeholders. The materiality matrix and specifics of stakeholder involvement are depicted in a subsequent section of the ESG Report.
Quantitative	All environmental and social key performance indicators ("**KPIs**") presented in the ESG Report were computed following standardized methodologies, with robust approaches detailed in relevant sections.
Balance	Data comparisons across multiple years are included in the report to provide a fair and unbiased assessment of our ESG performance over time.
Consistency	The ESG Report has been compiled using consistent reporting scopes and methodologies compared to previous years. We maintain a uniform approach to environmental and social data management to ensure a fair evaluation of our performance over time.

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

Contact & Feedback

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

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

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

Environmental, Social and Governance Report

ABOUT THE GROUP

S.A.I. is all about "Sea, Air and Island", because we are experts in leisure tourism across all those areas, offering our guests memorable and unique holiday experiences.

We are one of the leading leisure tourism groups in the tropical islands of Saipan and Guam. Founded in 1997 by Dr. Tan Siu Lin, our Chairman, and Dr. Henry Tan, our Vice Chairman and Chief Executive Officer ("**CEO**"), we grew from a single hotel property to a diversified leisure tourism business.

The S.A.I. of today continues to expand, and as always providing unique, full-range, one-stop tourism products and services to bring fantastic end-to-end holiday experiences to all travelers.

Hotels and Resorts

In our Hotels and Resorts Segment, our beachfront resorts, Crowne Plaza Resort Saipan and Crowne Plaza Resort Guam, are premium destinations that offer a wide array of services, including leisure and entertainment, meetings and events, dining and accommodation.

Kanoa Resort has not been in operation since July 2022 and will be permanently closed upon the expiry of the relevant land lease on June 15, 2025. In the meantime, Century Hotel provides affordable accommodation along with food and beverage services designed to cater both budget-conscious and business travelers.

We have engaged IHC Hotel Limited, an indirectly wholly-owned subsidiary of InterContinental Hotels Group ("**IHG**") as our Hotel Manager to manage the two Crowne Plaza resorts and their daily operation. Being a leading international hospitality chain, IHG allows us to leverage on its established sales channels and booking engine. This collaboration not only enhances the service standards of our hotels but also strengthens our competitive position in the market. Our goal is to keep fighting for our share of the recovering tourism markets of Guam and Saipan, as well as delivering exceptional service and create memorable experiences that bring joy to our guests.

Luxury Travel Retail

As of the date of this ESG Report, we offer a collection of seven prestigious brands within the Group's Luxury Travel Retail Segment, giving our customers a wide range of high-quality clothing, leather products, and fashion accessories. At the end of the Year, we operate a total of twelve boutiques in Saipan, Guam, and Hawaii. Three out of six boutiques in Guam were relocated to stronger retail spaces, which were newly renovated during the Year. Each boutique functions as an independent "Concept Store" dedicated to a single brand.

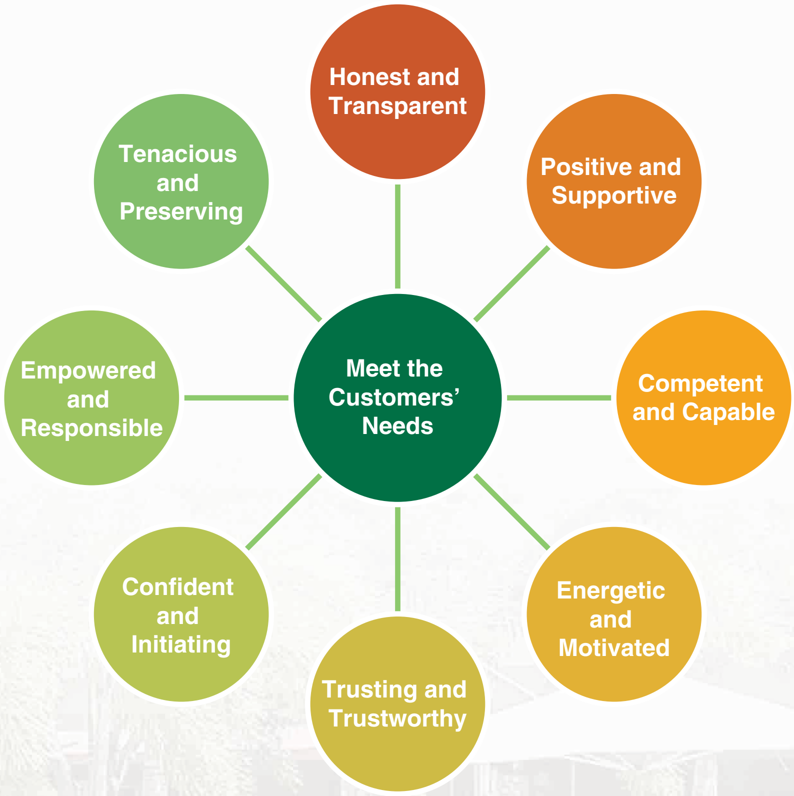
Destination Services

Our popular excursion tour under the Destination Service Segment features SeaTouch along with several new activities, such as Standing Paddleboard rentals, Lagoon Cruises, and visits to the Sand Bar. Aside from that, souvenir and amenities shops remain operation within the hotel premises of Crowne Plaza Resort Saipan and the hotel premises of Crowne Plaza Resort Guam. The newly renovated souvenir and amenities shop located inside Crowne Plaza Resort Saipan occupies a more spacious retail area and offers hotel guests commodities in more variety. The Group strives to optimize our customers' experiences by providing comprehensive one-stop tourist services.

CORPORATE VALUES

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

To differentiate ourselves from competitors and remain agile in addressing the changing market dynamics, we are guided by eight core corporate values that shape our ESG identity and commitments. These values underpin our ESG strategies and enable us to deliver exceptional service while meeting the needs of all stakeholders. By integrating these principles into our daily operations and strategic planning, we position ourselves as a leader in responsible business practices, ready to face the challenges of the future while making a positive impact on society and the environment.



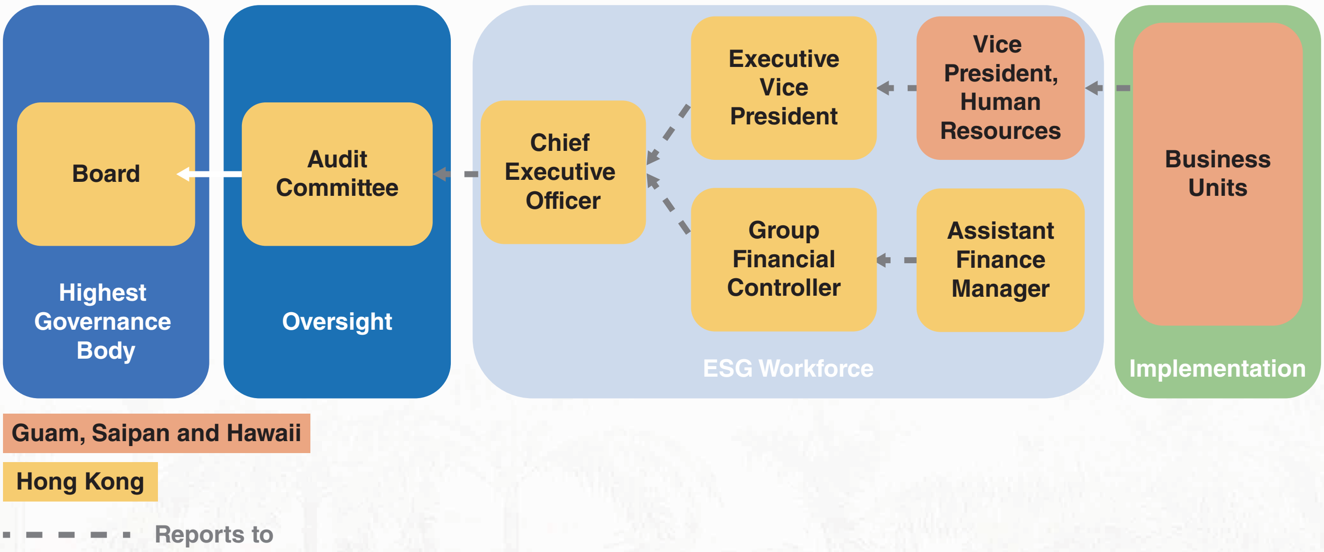
ESG GOVERNANCE

An effective corporate governance framework strengthens our oversight and management of ESG issues. The Group has implemented an ESG governance structure consisting of four management tiers with clearly defined responsibilities to ensure the accountability of the policy implementation and enhance ESG performance.

The objectives of the ESG workforce (the "**Workforce**") within the Group include overseeing relevant policies and practices as well as evaluating and providing recommendations on sustainable development matters. The Workforce ensures alignment with the set targets. Annual Workforce meetings address emerging ESG challenges and trends, identify and mitigate risks, and evaluate the effectiveness of the Group's structures, policies, and initiatives. Additionally, the Workforce advises the Board on corporate social responsibility strategies and environmental aspects.

The Workforce directly presents its findings, decisions, and recommendations to the CEO and the Audit Committee. The Audit Committee oversees the Workforce to ensure robust ESG risk management procedures. Any ESG risks and issues identified are reported to the Board by the Audit Committee.

The organization and responsibilities of our ESG management system are outlined as follows:



The Board	
• Supervises ESG matters within the Group • Establishes ESG management approaches, strategies, priorities, and objectives • Periodically assesses the Group's performance against ESG-related goals and targets	• Reviews and approves Reports • Identifies and addresses ESG-related issues, risks, and opportunities • Ensures the efficiency of ESG risk management and the risk management system

CEO	
• Reviews and endorses the Group's ESG management approaches, strategies, priorities, and objectives • Leads the Workforce in developing sustainability goals and a set of ESG KPIs	• Periodically reviews the Group's performance against ESG-related goals and targets • Provides recommendations to the Board regarding ESG strategies, priorities, and targets

Executive Vice President

- Drives ESG strategies, goals, and initiatives across business units
- Establishes strategic goals, short-term KPIs, and associated targets related to ESG matters
- Monitors and reports on performance against KPIs and targets
- Reviews Group policies and practices related to ESG matters to ensure relevance, effectiveness, best practices, and compliance

Group Financial Controller

- Leads coordination and communication of ESG work streams to ensure consistency and integration
- Identifies and secures necessary resources for sustainability programs
- Develops and executes sustainability project goals, objectives, and strategies in collaboration with external sustainability professionals
- Assists management in reviewing sustainability targets, metrics, and recommending improvement measures

Vice President, Human Resources

- Performs research on regulatory, technical, and market-related sustainability publications in Guam, Saipan, and Hawaii
- Organizes workshops, seminars, and training sessions to enhance ESG awareness among employees
- Provides technical and administrative support for ESG matters
- Supports the development of corporate sustainability strategies reflecting key ESG issues

Assistant Finance Manager

- Implements defined sustainability projects in alignment with ESG strategies and targets
- Coordinates with internal departments and partners for ESG disclosures and communications
- Manages sustainability activities across different locations and handle related inquiries
- Conducts benchmarking of the Group's sustainability performance and monitor stakeholder trends and global sustainability policies
- Assists in preparing ESG reports and sustainability disclosures, including data collection, measurement, stakeholder engagement, and content development

STAKEHOLDER ENGAGEMENT

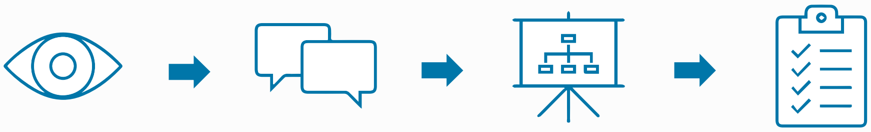
Incorporating sustainability into our daily operational strategies requires a thorough understanding of our stakeholders' expectations, concerns, and demands regarding the Group's ESG performance. We prioritize open dialogues to understand a range of needs, viewpoints, and objectives. Various communication channels have been set up to foster consistent engagement with both internal and external stakeholders. The key communication channels and areas of concern are listed as follows:

Stakeholder groups	Communication channels	Areas of concerns
Government and regulators	— Direct meetings with relevant departments — Official reports — Regulatory filings — Forums, conferences and workshops	— Compliance with regulations — Sustainability initiatives in line with government policies
Investors and shareholders	— Annual reports — Company website — Company's announcements — ESG Report — Shareholder meetings	— Financial performance — ESG integration — Risk management — Long-term strategy — Impact on shareholder value
Customers	— Company website — Social media platforms — Customer survey — Customer service reception — Mailbox	— Product sustainability — Ethical sourcing — Transparency in business practices — Customer data privacy — Responsiveness to feedback
Employees	— Training and orientation — Email and opinion box — Regular meetings — Employee performance evaluation — Employee activities	— Workplace diversity — Health and safety — Fair labour practices — Career development opportunities — Company values alignment
Suppliers and business partners	— Regular communication with business partners (e.g. email, meetings, on-site meetings etc.) — Procurement process — Supplier codes of conduct — Supplier surveys	— Supply chain transparency and procurement standard — Operation management — Ethical sourcing — Fair treatment of workers
Non-governmental organizations ("**NGOs**")	— Email — Phones — Charity donation — Voluntary services	— Environmental impact — Social responsibility, community engagement — Alignment with global sustainability goals — Transparency in operations
Community	— Community events — Social media engagement	— Community engagement — Philanthropic initiatives — Job creation — Responsiveness to community needs

Stakeholder groups	Communication channels	Areas of concerns
Media	— Company website — Company's announcements — Social networking platforms	— Compliance status — Environmental protection — Labour rights — Business integrity

MATERIALITY ASSESSMENT

To identify the material ESG issues within the Group and develop tailored ESG strategies, an independent consultant was commissioned to perform a materiality assessment using an online questionnaire. This questionnaire was extended to both internal and external stakeholders, who were asked to score thirty four ESG topics based on their significance and relevance to both the business operations and the stakeholders themselves. These topics span across labour practices and human rights, product responsibility and operational practices, community support, and the overall ESG performance of the Group. The process of conducting the materiality assessment is as follows:



Identification	Engagement	Analysis and Evaluation	Validation
To create and categorize a list of potential ESG topics and identify key stakeholder groups.	To invite internal and external stakeholders to complete an online survey.	To evaluate and prioritize the most material ESG topics.	The results are validated by the Group to determine the priority of the ESG topics for ESG report disclosure and future improvement.

The engagement of stakeholders has assisted our Group in identifying the most significant materiality topics that influence our sustainability approach, laying the foundation for implementing our sustainable strategies. This process enables us to enhance our operations and decision-making regarding important issues from both internal and external perspectives.

Environmental, Social and Governance Report

Following the evaluation of the ratings for each ESG topic provided by stakeholders, the ESG issues are prioritized and illustrated in the materiality matrix below. Topics positioned in the upper right corner of the matrix were recognized as crucial to the Group's business operations and of utmost concern to our stakeholders. We are dedicated to integrating ESG principles into our business operations and policies moving forward.

Materiality Matrix

Environment	Social	
	Employment	Operation
1. Air emission 2. Greenhouse gas emission 3. Decarbonization 4. Conversion of ecosystem 5. Nature-related risk and opportunity management 6. Circular economy 7. Environmental data management 8. Climate change mitigation 9. Climate risk management 10. Energy efficiency 11. Water & effluents 12. Use of materials 13. Waste management 14. Environmental compliance	15. Labour rights 16. Labour/Management relations 17. Employee retention 18. Diversity and equal opportunity 19. Non-discrimination 20. Occupational health and safety 21. Employee training 22. Employee development 23. Prevention of child labour and forced labour	24. Customer satisfaction 25. Customer service quality and complaints handling 26. Customer health and safety 27. Marketing and product and service labelling compliance 28. Intellectual property 29. Customer privacy and data protection 30. Responsible supply chain management 31. Fair operating practices on supplier 32. Ethical business 33. Socio-economic compliance
		Community
		34. Community involvement

The materiality assessment provides us with important insights into the ESG risks and opportunities associated with our business operations. These insights empower us to develop strategic initiatives that target the key ESG issues and allocate resources efficiently. Additionally, the materiality assessment helps us in meeting stakeholder expectations, thereby enhancing their satisfaction with our operations. Leveraging the materiality assessment to guide our ESG initiatives enables us to create lasting value for stakeholders, mitigate risks, and promote positive societal and environmental impacts. Below are the main concerns identified in the materiality assessment:

Main concerns from stakeholders	Our responses in section
Customer satisfaction	We take pride in delivering exceptional service to every guest, emphasizing a customer-focused approach through comprehensive training programs. We also actively seek and value constructive feedback from our guests, which is carefully considered by management, reflecting our commitment to excellence in customer satisfaction management. Our Employee Handbook serves as a vital resource, offering detailed guidance for employees on effectively addressing customer complaints. This handbook equips staff with the essential strategies to handle complaints with empathy and efficiency.
Occupational health and safety	In the Workplace Health and Safety section, we implement a stringent policy prohibiting smoking, drug use, and alcohol consumption within our premises, while strictly adhering to the Occupational Safety and Health Administration ("**OSHA**") standards to ensure safe and hazard-free work environments and the well-being of our employees.
Customer health and safety	We strictly adhere to all OSHA standards and have established an OSHA Inspection Policy to ensure the health and safety of our customers while they enjoy delicious meals in our hotels and resorts. Comprehensive emergency procedures are in place to ensure tenant safety and minimize risks during various scenarios. We also prioritize customer health and safety by providing easily accessible advice on our official website and Tenant Handbook. Additionally, a thorough safety demonstration is conducted before any activities begin, with staff checking safety gear to ensure adherence to our Water Sports Safe Operating Procedures. Instructors deliver specific safety briefings to ensure all participants understand and follow safety protocols, while also verifying the proper use of protective equipment.
Prevention of child labour and forced labour	In the Employment Practices section, we uphold a strict zero-tolerance policy against child and forced labour in our operations. All employees must sign a legally binding contract affirming their consent to work, and new hires receive orientation on labour rights protection. We regularly review our hiring processes to prevent exploitation and protect vulnerable individuals. The Group complies with regulations such as the Fair Labour Standards Act and the Guam Minimum Wage and Hour Act.
Ethical business	We are committed to upholding the highest standards of business ethics, which shape our decision-making and relationships with all stakeholders. Our focus on integrity, transparency, and accountability cultivates a positive workplace environment, boosts employee satisfaction, and strengthens trust with our customers. By emphasizing ethical practices, we not only meet legal requirements but also support sustainable success and create long-term value. Additionally, we believe in the importance of contributing back to the communities in which we operate, reinforcing our commitment to social responsibility and enhancing our overall impact.

Environmental, Social and Governance Report

CORPORATE GOVERNANCE

Corporate Policies and Procedures are established to demonstrate the Group's principles and approach on environmental and sustainability development. The Corporate Policies and Procedures shall apply to all the entities within the Group. We are committed to integrating environmental and social impacts into our business strategies, acknowledging the influence on long-term financial performance. We systematically monitor environmental and social KPIs and communicate results to responsible business unit leaders to enhance policy effectiveness and efficiency. The Group also actively engage both internal and external stakeholders in our sustainable development efforts, seeking feedback for continuous improvement.

Our operations adhere to the Corporate Governance Code outlined in Appendix C1 of the Listing Rules. For more details regarding our Board and governance frameworks, please refer to the Corporate Governance Report in this annual report, specifically on pages 86 to 103.

CARE FOR OUR EMPLOYEES

We understand that our employees are our most valuable assets, with their dedication and contributions serving as the driving force behind our success and business growth. Ensuring their well-being, growth, safety and security are the top priorities to us. Across all the regions where we operate, the Group meticulously follows all relevant laws and regulations.

As a responsible employer with operations spanning the West Pacific region, we guarantee strict compliance with all pertinent employment and immigration legislation. In 2024, there was a total of twenty one CW-1 applications submitted. Leveraging our expertise in CW-1 visa processing, seventeen incumbents have their CW-1 applications successfully approved, whilst the remaining three CW-1 applications were still in process. These three employees were affected by the CW-1 Temporary Departure Requirement as their third visa cycles expired, our human resources team is closely monitoring the application progress and expects to facilitate their imminent return to the CNMI in 2025. We maintain responsible workforce practices by ensuring that all our employees possess current and valid work authorization documentation.

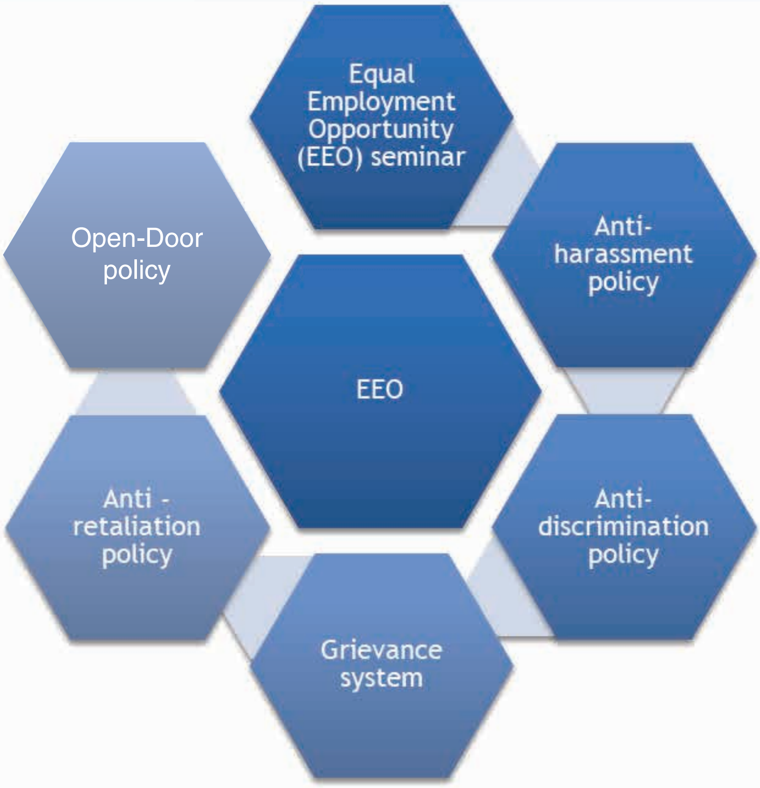
Throughout the Reporting Period, there were no significant instances of non-compliance with laws and regulations concerning compensation and dismissal, recruitment and advancement, work hours, breaks, equal opportunities, diversity, anti-discrimination, or other benefits and welfare in Hong Kong, Saipan, Guam, or Hawaii.

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

Equal Workplace and Social Inclusion

We are committed to cultivating an inclusive and diverse workplace where every individual is empowered to excel in the workplace. Our commitment to equality and diversity is ingrained in our policies and practices, creating a supportive environment for all employees. We embrace diversity by upholding a zero-tolerance stance against any form of harassment and discrimination.

In alignment with the core values of equity, respect, and justice, as well as anti-discrimination and anti-harassment legislation, the Group has formulated a set of policies to establish a broad framework aimed at promoting equal opportunity and preventing discrimination and harassment in all forms. For instance, we have established Equal Employment Opportunity ("**EEO**") policies. These policies set the standards to ensure fairness, diversity, and inclusiveness across the organization, fostering a culture that values difference and encourages mutual respect.



As outlined in our Employee Handbook and Code of Conduct, we prioritize fair and respectful treatment for all colleagues. Fairness and merit serve as guiding principles in all our human resources endeavors. We provide equal opportunities for all employees in terms of compensation, recruitment, training, and advancement, based on their qualifications, skills, and performance. Upholding our anti-discrimination and anti-harassment policy, we do not tolerate any unlawful employee harassment or discrimination based on race, skin colour, religion, age, sex, sexual orientation, disability, national origin, marital status, veteran status, or membership in any other group protected by applicable federal, state, or local law.

Moreover, we have developed a grievance system along with an anti-Retaliation policy to encourage employees to promptly report any instances of unfair treatment. Employees can report complaints to their supervisor, department manager, human resources manager, or the Legal Department. An assigned complaint investigator will conduct a thorough inquiry to gather pertinent information and take necessary follow-up actions. Confidentiality will be maintained throughout the investigation, and we strictly prohibit any form of retaliation against our employees. Upon completion of the investigation, appropriate disciplinary measures will be taken against individuals found to have violated these policies. These measures may include counseling, written warnings, demotion, termination, or any other necessary disciplinary actions.

An open-door policy is in place to encourage employees to discuss work-related issues or concerns with their supervisor or department manager. If an issue persists or an employee believes something is problematic for the oneself or the Group, the employee should contact the human resources representative or manager to report the problem.

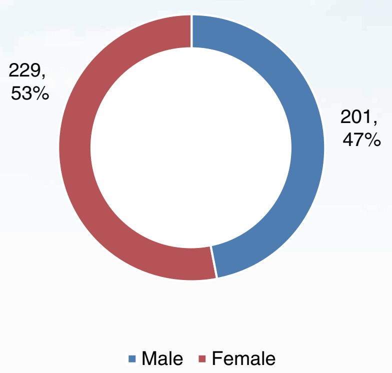
Furthermore, we conduct regular EEO seminars to ensure that employees understand their rights and responsibilities under these policies. These sessions provide ongoing training on topics related to diversity, inclusion, and non-discrimination. The EEO seminars equip the assigned investigators with professional knowledge to conduct investigations in an unbiased manner. Confidentiality is maintained throughout the investigation, and any form of retaliation against our employees is strictly prohibited.

Employee Turnover Rate[1]		% in 2024	% in 2023
Total		79.07	63.51
By gender	Male	83.08	66.67
	Female	75.55	60.98
By age group	Below 30	109.24	84.16
	30 to 50	71.35	63.27
	Over 50	61.34	49.66
By geographical region	Hong Kong	25.00	40.00
	Saipan	39.22	46.00
	Guam	117.84	81.22
	Hawaii	88.89	20.00

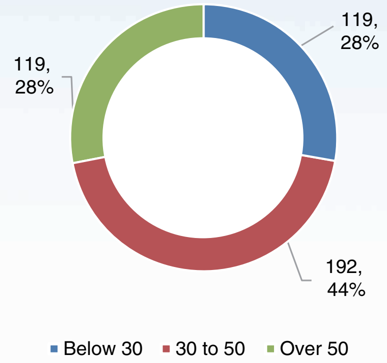
1 The turnover rate is calculated by dividing the employees in the specified category leaving employment by the total number of employees in such specified category.

We strongly believe that a culture of inclusivity and respect is essential for nurturing a workplace where every individual can thrive and contribute to our collective success. By upholding these values and principles, we aim to create a supportive and enriching environment where each employee has equal opportunity to realize their full potential.

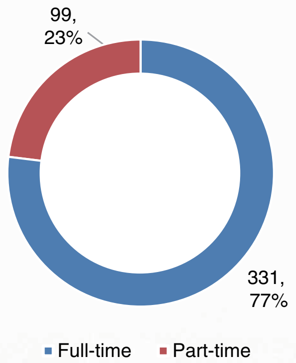
Total workforce by gender



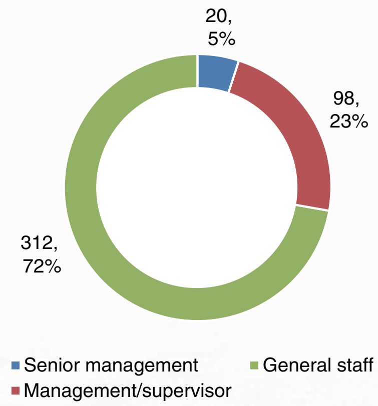
Total workforce by age group



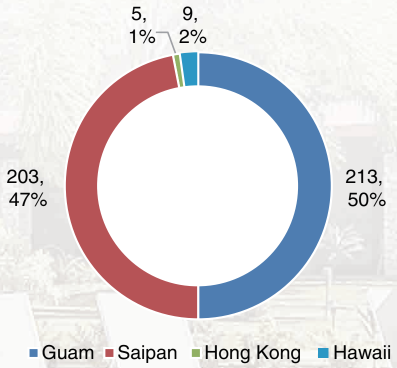
Total workforce by employment type



Total workforce by position



Total workforce by geographical region



Environmental, Social and Governance Report

Employment Practices

Fostering a robust connection with our employees remains a top priority for us. Thus, we strive to inspire and motivate our workforce through engaging tasks and a competitive compensation package with comprehensive benefits. Our Human Resources Policies offer clear guidance on various critical aspects, including recruitment, compensation and benefits, employee conduct standards, performance evaluations, promotions, and terminations.

We understand the impact of competitive rewards on both retention and performance. Consequently, our Group provides an attractive salary package along with medical, retirement plan and compensation insurance that aligns with industry standards. In addition, we provide hotel employees and resort staff with discounts on banquet and catering services, which are also extended to their immediate family members. Depending on job grading, they are eligible for discounts up to 50% on food and beverage purchases.

Regular performance appraisals are conducted and discussed between supervisors and employees to evaluate performance and pinpoint areas for enhancement or growth in line with expectations. An annual discretionary bonus is granted based on individual performance. To recognize the loyalty of long-serving staff, we present long-service awards commensurate with their years of service. These initiatives are designed to attract and retain exceptional talent in the long term.

To support work-life integration, we have established employment contracts specifying standard working hours and approval processes for unavoidable overtime. Should overtime be necessary, qualified employees would be entitled to meal compensation. Adhering to relevant laws and regulations on working hours and breaks, the Group ensures compliance with legal standards. Apart from statutory holidays, vacation, and sick leave, our employees have access to various types of leave, including jury or witness duty leave, voting leave, family and medical leave, military service leave, and volunteer leave for major disasters. Furthermore, on-site staff at our hotels and resorts can enjoy nutritious duty meals at our associate restaurant during regular breaks, promoting their well-being with balanced nourishment.

We maintain a strict zero-tolerance policy against any form of child and forced labour within our operations. All employees are obliged to sign a legally binding contract to affirm their consent to work, while new employees undergo orientation sessions that cover information on labour rights protection. We also conduct regular reviews of our hiring processes to prevent exploitation and thus safeguard vulnerable individuals. The Group diligently complies with regulations concerning the prevention of child and forced labour, including the Fair Labour Standards Act and the Guam Minimum Wage and Hour Act. Throughout the Year, the Group did not encounter any violations of laws and regulations pertaining to child and forced labour in Hong Kong, Saipan, Guam, or Hawaii. Through ethical recruitment practices and equitable treatment, we uphold the well-being and human rights of each individual in our workplace.

Competitive package and benefits | Regular performance appraisals | Meal compensation | Employment leaves | Zero-tolerance policy

Workplace Health and Safety

Ensuring the well-being of our employees is a basic principle of the Group. We implemented a stringent policy prohibiting smoking, drug use, and alcohol consumption on our premises to protect their health. Our Code of Conduct mandates that all employees adhere to OSHA in the workplace, maintain hazard-free work areas, and promptly report any safety hazards to supervisors. As our Group operates in three segments, each with unique occupational safety and health ("**OSH**") requirements, specific safety measures for each segment will be detailed below.

We strictly adhere to all relevant laws and regulations, including OSHA Health Act of 1970 and the OSHA Hazard Communication Standard in the U.S. for all of our business segments. Each year, we prepare a summary report of work-related injuries and illnesses, even in the absence of such incidents, ensuring their accuracy with the general managers' signatures.

Over the past four years (from January 1, 2021, to December 31, 2024), the Group reported zero work-related fatality due to injuries. Additionally, the Group did not identify any breaches of laws and regulations in Hong Kong, Saipan, Guam, and Hawaii related to maintaining a safe working environment and safeguarding employees from occupational hazards.

Employee Health and Safety	2024	2023
Work-related deaths	0	0
Number of work-related injuries	35	21
Number of working days lost due to work injury	123	50

Hotels and Resorts

In the Hotels and Resorts Segment, we have instituted a robust Safety and Health programme to address various OSH concerns through OSHA training (including ansul training, chemical handling training, ladder safety training etc), on-site inspections, hazard identification, and communication. A Safety and Health Committee, led by the hotel general manager, oversees OSH policies and conducts monthly meetings to review the safety issues within the hotel premises.

Moreover, we have implemented a detailed Safety Inspection Checklist for the Hotels and Resorts Segment. Designated safety coordinators conduct quarterly inspections using this checklist to identify potential OSH risks. The checklist covers a wide range of safety issues specific to the hospitality industry, covering safety equipment, workplace conditions, hygiene standards, personal protective equipment, and hazardous material storage.

The Group strictly complies with all OSHA standards and formulated an OSHA Inspection Policy, guiding the inspection procedures and the identification of corrective action. For example, food-handling staff must obtain or renew their health and food handler certificates annually to ensure sufficient knowledge of handling food in a hygienic manner. During the Year, we also conducted monthly fire drill for the Hotels and Resorts Segment, and organized OSHA training that covers a wide range of safety topics, including Cardio-Pulmonary Resuscitation ("**CPR**") and first aid, as well as the handling of hazardous materials. The Resort employs the services of security personnel tasked with developing and administering programmes to ensure the safety and well-being of our guests and employees. The security personnel are responsible for screening individuals and packages entering and exiting the Resort, patrolling public areas, the beachfront, and the building's floors. Additionally, they investigate all accidents, injuries, and incidents related to the loss or damage of properties within the hotel premises.

Luxury Travel Retail

In the Luxury Travel Retail Segment, we prioritize the safety and well-being of both our employees and customers. Our commitment is reflected in the establishment of an Employee Safety Handbook, which provides clear guidelines for creating a workplace that is accident-free. The handbook focuses on preventive measures for hazards, fire safety, fall protection, and protocols for administering first aid.

Furthermore, we have implemented a comprehensive set of emergency procedures aimed at ensuring the safety of our employees and minimizing risks during various emergency scenarios. These procedures include General Emergency Guidelines that emphasize personal safety, protocols for handling robbery situations, evacuation processes requiring our employees to be familiar with emergency routes, guidance for responding to ambulance or medical emergencies, bomb threat protocols, as well as instructions for preparing for extreme weather events such as earthquakes, tsunamis, and typhoons. These measures underscore our dedication to employees' safety, security, and readiness during emergencies, contributing to our track record of zero work-related fatality. We consider strict compliance and awareness of these protocols crucial for upholding a safe and secure environment for all of our employees working inside the building.

Destination Services

To maintain a safe working environment, a comprehensive Safety and Health Programme is essential. As outlined in our employee handbook, we have established safety guidelines cover electrical safety, equipment safety, fire prevention, fall protection, back injury prevention, proper lifting techniques, and ergonomics to prevent musculoskeletal disorders. Employees are required to familiarize themselves with safety rules, policies, and procedures. Furthermore, we provide appropriate personal protective equipment and conduct regular training to ensure proper usage of equipment and boost the safety awareness.

Our business units under the Destination Services Segment have developed contingency plans to ensure employee and guest safety during emergencies like natural disasters, car accidents, food poisoning, robberies, and hazardous material spills. These plans are integrated into orientation training for new employees, emphasizing the importance of remaining calm and responsive in emergencies and having backup plans. Moreover, first aid kits are available on-site for treating minor injuries, and employees certified in first aid and CPR are identified on the "Emergency Contact Information" sheet. Comprehensive step-by-step instructions for first aid procedures are provided for easy reference.

As we care about the health and safety of our customers, health and safety advice can be easily accessed on our official website. This includes travel tips for visitors to different islands in Guam, such as Sun Safety and Water Safety tips. In addition to safety advice, information on emergency contacts, local currency, suitable clothing, medical facilities, personal safety and language, basic legal requirements are also available on our website in Guam[2, 3] and Saipan[4, 5]. Customers can enjoy their trips simply by referring to our summary.

2 Things to do across Micronesia | Visit Guam
3 **https://guam.crowneplaza.com/local_attraction/top-10-tips-for-traveling-in-guam/**
4 **http://www.kanoaresort.com/experience/travel-tips-to-saipan**
5 **https://saipan.crowneplaza.com/local_attraction/top-10-tips-for-traveling-in-saipan/**

Building a Collaborative Work Environment

At our organization, employees' well-being is a fundamental priority. We foster a culture of support and transparency through our Open Door Policy, where employees are encouraged to voice their challenges and concerns with confidence to supervisors and department managers. We believe that every individual's voice matters, and we are committed to creating a workplace where everyone feels empowered to speak up. Discrimination in any form is strictly prohibited and will not be tolerated within our organization. We strive to cultivate an inclusive environment where all employees are respected, valued, and treated fairly, ensuring that each team member can thrive and contribute positively to our collective success.

We recognize the significance of nurturing mutual trust and cultivating a sense of belonging among our members to enhance teamwork. We firmly believe that fostering a cohesive team spirit is vital for our collective success. To achieve this, we actively promote team building activities that provide valuable opportunities to unite employees from diverse backgrounds. These activities not only encourage collaboration and communication but also foster understanding, respect, and camaraderie among team members. By engaging in such initiatives, we aim to strengthen relationships, boost morale, and create a supportive and inclusive environment where every individual feels valued and connected.

To celebrate Service Week, our Crowne Plaza Resort Guam organized a week-long celebration that kicked off with a buffet and cake on the first day. Throughout the week, we also provided a variety of treats, including fruits, drinks, donuts, popcorn, and sweets, ensuring that all our employees could enjoy delicious snacks while they worked.

To foster stronger relationships among our team, we participated in a series of friendly competitions, including a basketball competition, volleyball game and the annual Taste of the Marianas — Marianas Chef Competition. These events not only provided a fun atmosphere but also encouraged collaboration among colleagues, ultimately enhancing teamwork and camaraderie within our organization.

To recognize the hard work of our colleagues, we hosted our annual appreciation party. During this event, we presented service awards to outstanding members. Additionally, long-term service awards from five to twenty-five years of dedicated service to the Group were also awarded at the party.

Training and Development

Fostering the continuous growth of our employees is a crucial element in the long-term success of our organization. We are dedicated to unlocking the full potential of our employees by promoting ongoing development and creating opportunities for them to take up leadership and enhance their talents through comprehensive in-house training programmes. Furthermore, we actively encourage them to pursue our educational sponsorship programmes, which offer financial support for job-related educational development outside work.

With the two Crowne Plaza resorts reopened in October 2022 and March 2023, respectively, more hours of training were incurred during the year of 2023 for new hire orientation training and quality service training. Whilst in 2024, the total hours of training reduced and started to stabilize. During the Reporting Period, a total of 5,784 hours of training were administered, equating to an average of 13.45 hours per employee. The training profile and detail is illustrated in the table below:

Training and Development	2024	2023
Total number of training hours received by employees	5,784	9,841
Average training hours per employee and percentage (%) of employees who received training[6]	13.45 (83.26%)	22.16 (89.41%)
By gender		
Female	11.63 (77.29%)	20.98 (86.18%)
Male	15.53 (90.05%)	23.64 (93.43%)
By employment category		
Senior Management	22.18 (70.00%)	34.09 (82.61%)
Management/Supervisor	18.86 (84.69%)	12.27 (91.27%)
General staff	11.19 (83.65%)	25.27 (89.15%)

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

In addition to new employee orientation, we provide "how to become an effective leader" training, iShop Crowne Plaza Resort Saipan sales training, iShop effective communication training, SeaTouch Sales Training, and insurance discussion training etc.

Insurance Discussion Training

iShop Sales Training

SeaTouch Sales Training

Hotels and Resorts

The content of our new hire orientation training, curated by the Human Resources Department, covers fundamental aspects such as the Group's history, core values, business philosophy, in-house policies, procedures, and employee benefits. In our routine appraisal process, we do not only discuss achievements and potential but also encourage employees to provide feedback for discussion. Employees are encouraged to engage with their supervisors to address challenges and areas for improvement. Department heads and supervisors would offer constructive guidance and support to facilitate further education and success within the Group.

Besides, our APHI Quality Service Academy ("**QSA**") learning and development programmes are designed to enhance employee skills, boosting job performance, efficiency, and productivity while nurturing personal and professional growth and success. Through the QSA programme, we offer a mix of universal and specialized training sessions monthly, covering areas from Customer Service and EEO to food service and housekeeping. Our Human Resources Department would identify training needs, share schedules with Department Heads, and ensure employee engagement, whilst department managers rigorously assess the outcomes and achievements of the training initiatives, with a continual focus on improvement and growth.

Under the Hotels and Resorts Segment, a strong commitment to employee development through structured training programmes reflects the organization's dedication to enhancing service quality and nurturing a skilled workforce. Information on Resort policies, training opportunities, job openings, special announcements, events, and employment rights under Guam and Federal laws can be found on our bulletin boards, with the Human Resources Department responsible for posting the notices.

Fire Extinguisher Training

New Colleague Orientation

Workers Comp Training

Moreover, we prioritize our employees' success and encourage active participation in training programmes to enhance job knowledge and skills through self-directed efforts and resort training sessions. A training programme evaluation form is offered for trainees to assess the training programme based on criteria such as workshop quality, material usefulness, understanding of topics, course objectives, presentation clarity, interest level, applicability to their job, and more. The feedback enables us to continuously improve and curate future workshops, ensuring the effectiveness and relevance of the training programme.

Luxury Travel Retail

New employees are provided with the opportunity to undergo a training phase within the initial ninety days of employment. This period allows newcomers to acquaint themselves with the Group's operation and their roles while also enabling the management of the Group to assess their capabilities and performance.

The Group places great emphasis on each employee's performance. Throughout this training phase, their performance will be evaluated by the company's management, with a final assessment conducted at its conclusion. Annual performance evaluations are conducted to track individual growth. In addition, a written performance assessment is carried out for each employee at the end of the training period, covering their work performance over the last twelve months. Supervisors and the general manager review these results with employees to enhance communication, discuss strengths, weaknesses, areas for improvement, and provide training and guidance opportunities.

By recognizing employees' personalities and potential, our aim is to support their personal development and facilitate their progression to more senior roles and responsibilities.

Destination Services

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

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

On the other hand, stringent performance criteria and training on customer greetings are set up to ensure that our staff working for the Group's convenience stores are cheerful, respectful, and helpful to all our guests that enhanced their shopping experience.

SERVICE AND PRODUCT RESPONSIBILITY

We place strong emphasis on creating unforgettable memories for our guests, in addition to providing unique tour experiences, exceptional sales services, and high levels of customer satisfaction. We understand that travel and hospitality go beyond providing a service; they are about nurturing lasting guest memories and building enduring relationships with our customers.

As a customer-centric business, customer feedback is our top priority. Each complaint triggers a "Close the loop" process based on the overall guest experience review. If guests express dissatisfaction, we commit to resolving the issue within 3 business days of receiving the complaint and aim to address concerns within 10 days whenever feasible. In instances of delays, customers are promptly informed along with a specified resolution date. Our objective is to systematically address complaints, incorporating necessary service improvements identified through customer feedback, showcasing our attentiveness.

Our mission is to consistently deliver exceptional travel and hospitality services that exceed expectations and create positive experience for our customers. By striving for continual success, we aspire to establish ourselves as a prominent figure in the industry.

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

Customer Satisfaction

Hotels and Resorts

Our values are derived from the five letters outlined in our Employee Handbook. It is expected that employees at all levels keep our vision, mission, and values in mind whenever they interact with guests and each other, make decisions on the job, and perform their work.

V = Value	We respect humanity and do the right things.
A = Accountability	We are responsible to each other and to all those we serve.
L = Learning	We continually expand our minds to enhance our performance and growth.
U = Unity	We work together in harmony to achieve our common goals.
E = Empowerment	We have the strength to follow through on our commitments.
S = Satisfaction	We render our guests a feeling of wanting to come back.

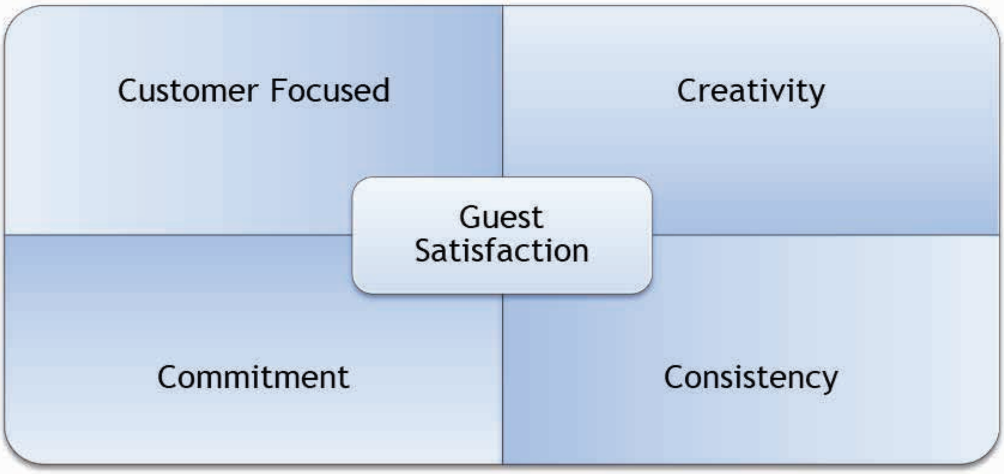
Under our Hotels & Resorts Segment, we take pride in delivering quality service to every guest. To achieve this, we foster a customer-focused approach by providing extensive training that equips employees with the skills necessary to meet our brand's hospitality standards, including greeting, etiquette, phone manners, and customer care. Our Employment Handbook offers guidance on handling guest complaints across various scenarios, ensuring that employees provide attentive, competent, and considerate service. We value constructive feedback from our guests, and their suggestions are earnestly considered by our management, reflecting our commitment to high standards in customer complaint management and feedback reviews.

Food and beverage ("**F&B**") service is an important aspect of our hotels and resorts, where we prioritize food safety. Our Group complies with all relevant laws and regulations, including the Guam Food Code and the Food Handlers Rules and Regulations in Guam and Saipan. In addition to compliance, we have implemented stringent internal protocols to maintain workplace hygiene. Our Work Clothing Policy establishes standards for F&B staff cleanliness; for example, culinary personnel must wear head coverings and are prohibited from wearing cosmetics, nail polish, or accessories while on duty.

F&B employees are also required to complete practical training courses and obtain a valid food handler's certificate as per local regulations. Alongside food safety, we strive to create a welcoming and relaxing atmosphere for all hotel guests. All indoor areas within our premises are smoke-free, with designated outdoor spaces for smokers. To discourage smoking in public areas, we have placed "No Smoking" signs and removed ashtrays from the lobby, directing guests who wish to smoke to the designated areas to ensure compliance with our policy. These measures enable us to focus on providing the highest quality service through warm and genuine interactions and thus enhancing guest satisfaction.

Both of our Crowne Plaza resorts are strategically located at the beachfront to offer comfortably decorated guestrooms catering to both business and leisure travelers, with a range of choices of accommodation from standard rooms to family-oriented suites. Unlike other hotels & resorts, our guests have direct access to the beach, allowing visitors to fully immerse themselves in the coastal experience. Complementing this picturesque setting, we have placed numerous outdoor hanging lounge egg-style swing chairs on the lawn, allowing guests to enjoy the sunshine and sea breeze. We aim to provide exceptional service while showcasing the natural beauty of the islands to visitors.

Delivering outstanding service during our guests' stay is just the beginning. Our vision is to be recognized as the most preferred resort in the Micronesia, achieved through a commitment to being customer-focused, creative, committed and consistent in our services. In 2024, Crowne Plaza Resort Saipan was awarded as Micronesia's Leading Resort for the second consecutive year by World Travel Awards as well as the 2025 GO TRAVEL Hotel Traveler's Choice — Best Island Resort of the Year by GO TRAVEL.



Luxury Travel Retail

Our Group is dedicated to offering premium and enjoyable shopping experiences in our boutiques. We develop ongoing training programmes for both new and existing sales associates to ensure they provide expert, timely, and genuine customer service, along with thoughtful shopping advice. Customized training modules immerse staff in unique branding strategies and specialized product knowledge for each multinational brand, enhancing the proficiency of our sales associates.

Additionally, all retail employees are required to adhere to personal appearance guidelines and dress appropriately, as outlined in the franchise and distribution agreements with the relevant brands. Refunds, returns, or exchanges are generally not permitted after a purchase, except in cases of defective products according to brand-specific policies. In the Luxury Travel Retail Segment, returns and exchanges are rare, as our customers are primarily leisure travelers visiting Saipan, Guam, and Hawaii for short vacations and will return home after their holiday.

If customers have complaints or concerns, we will strictly adhere to the regulations established by the corresponding international brands.

Destination Services

In our Destination Service segment, the Group prioritizes the safety of customers and staff during all excursion tours. To ensure comprehensive adherence to marine activity guidelines, the Marine Operator Handbook jointly published by the Division of Coastal Resources Management ("**CRM**"), the Department of Fish and Wildlife ("**DFW**"), and the US Coast Guard ("**USCG**") has been integrated into our staff training programme.

To guarantee a safe experience, our Water Sports Safe Operating Procedures are in place. Employees are responsible for identifying safety issues and preventing hazards. A clear hierarchy of responsibility ensures that health and safety roles are well defined; for example, instructors are tasked with training customers both on land and in water, assisting the captain, and always adhering to safety policies. Managers make decisions based on risk assessments that consider weather conditions and customer behavior and skill levels, coordinating with administrative staff to communicate operational schedules to customers and tour companies. Before each excursion, instructors conduct activity-specific safety briefings to ensure all participants understand and follow safety protocols. Participants must also sign legally binding waivers acknowledging the risks, responsibilities, and insurance indemnities associated with recreational activities. Suitable protective equipment will be provided to each participant, and the instructor will verify that all gear is worn correctly before the activity begins. Our instructors are required to adhere to safety standards while offering a friendly and welcoming environment for guests. Additionally, staff must verify customers' eligibility based on criteria such as age and physical attributes (height and weight) before finalizing the transaction.

Quality consistency is crucial for our destination services. To better understand customer feedback and expectations regarding our services, we offer evaluation forms to all guests after their visit. Employees must strictly follow the Customer Complaint Management Policy when addressing complaints. An immediate inquiry should be conducted to clarify the issues and identify their causes before implementing a resolution plan. All actions taken must be communicated to the complainant until their concerns are fully addressed.

Data Privacy and Cybersecurity

The Group provides exceptional customer service, which includes a strong commitment to respecting our customers' privacy and protecting their personal information. Each segment of our Group employs a comprehensive system for managing customer data and handling confidential information. To enhance privacy protection, we have implemented stringent safeguards against data breaches and unauthorized access.

Hotels and Resorts

Our hotels and resorts prioritize guest privacy by respectfully collecting essential information, including identity documents, home addresses, and debit or credit card details. These procedures are outlined in our Customer Privacy Policies, which comply with local data privacy laws and regulations in the CNMI and Guam. Our policies are readily accessible to all hotel guests and internet users on our official websites. Additionally, all employees undergo rigorous training on responsible and secure handling of customer data.

Beyond compliance, we recognize our ethical duty to understand our guests' preferences and expectations, enhancing their experience during their stay. We collect preference data as defined in our Customer Privacy Policy, allowing us to assess the effectiveness of our current strategies, explore new business opportunities, and optimize offers for preferred customer segments. Guests may also voluntarily provide their contact details for future correspondence.

To protect guest information from leakage and misuse, we employ a robust information technology security system designed to enhance our cybersecurity measures and meet the Payment Card Industry Data Security Standards. We advise hotel guests on recommended security practices, such as activating firewalls and installing security software when using our complimentary on-property Wi-Fi. We also encourage them to refrain from transmitting sensitive personal information over the network without encryption.

With our two Crowne Plaza resorts being managed by IHG, we strictly adhere to IHG's comprehensive customer data security policies. These policies ensure that sensitive guest information remains confidential, whether provided during the booking process, stored in reservation systems, or handled by any other part of the hotel's operation. Regular staff training reinforces the appropriate protocols for collecting, storing, retaining, and disposing of personal data.

In the event of any breaches, loss, or unauthorized access, customers are encouraged to promptly report it to the hotel general manager. This allows for a thorough investigation into root causes and minimizes future risks through corrective actions.

Luxury Travel Retail & Destination Services

In the Luxury Travel Retail and Destination Services Segments, employees may handle clients' personal identifiable information and payment details. The Employee Handbook outlines the internal procedures for collecting, using, and storing this personal information. Customer data is used exclusively for service delivery and marketing communications. Clients can express their preferences in accordance with the policies and processes established by the Group.

All staff members are required to comply with the Confidentiality Policy and the roles specified in the Employee Handbook. Transferring or using customer information unlawfully is strictly prohibited.

Additionally, robust data security measures are in place. Each store is securely connected to our main server via a virtual private network ("**VPN**"), which utilizes username and password authentication for enhanced protection. We also conduct annual third-party vulnerability testing, commissioned by our bank, to assess both the external and internal security environments in compliance with the Payment Card Industry Data Security Standard ("**PCI DSS**"). The latest PCI DSS compliance testing confirmed that our systems meet satisfactory security standards.

Marketing Advertisement and Labelling

Hotels and Resorts & Destination Services

To enhance our hotel guests' options and overall experience, we utilize in-room televisions to showcase the dining options and facilities available within our hotel premises, as well as highlight popular sightseeing spots around the islands and nearby shopping malls. To assess the effectiveness of our marketing efforts, we conduct customer service surveys and analyze online reviews and ratings. Our staff actively monitors all feedback channels to gather valuable insights from the customer experience with our products and services. Both positive and negative comments help us understand satisfaction levels and identify areas for improvement.

Additionally, we ride on the marketing efforts of the MVA of the CNMI and numerous travel agents in South Korea and Japan to promote the tourism of the CNMI and our hotels. Besides, with the resumption of the direct flight service between Hong Kong and Saipan, we have also participated in different marketing campaigns in certain cities of mainland China to promote the tourism of the CNMI and our hotels & resorts. Digital channels including online travel agents and search platforms likewise herald the Group's travel products and services.

As part of our corporate responsibility, we ensure that our marketing materials accurately represent our products and services, enabling customers to make informed choices. We strictly adhere to all applicable federal, state, and municipal laws, regulations, and ethical business practices. All information presented in our advertisements, brochures, and other materials, including room types, amenities, restaurants, and featured services must be accurate and impartial.

Luxury Travel Retail

The franchise and distribution agreements between the Group and the international brands outline the marketing communication and advertising practices for all brands involved. The Group is required to fully comply with the regulations established with the brand owners in various areas, including boutique design and the organization of promotional campaigns.

Before launching any promotional events, local advertising strategies must be created in accordance with these requirements, and prior written approval from the international brands is necessary. Furthermore, all advertising and promotional materials must align with the fashion style standards set by multinational brands.

Protection of Intellectual Property Rights

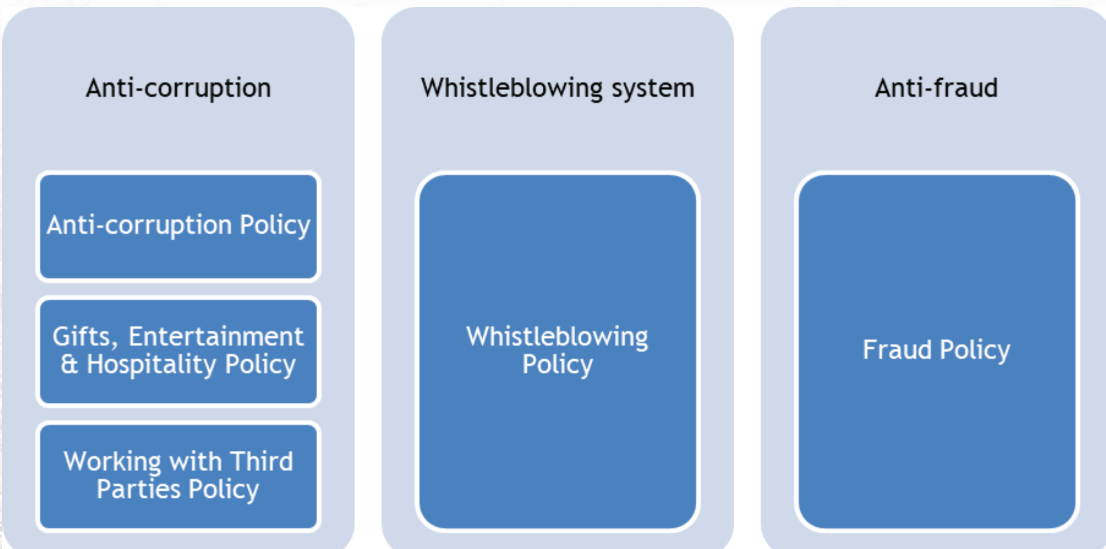
We recognize that branding is a vital intangible asset for companies, and we place significant importance on the protection and management of intellectual property rights. We are committed to adhering to US laws and regulations regarding intellectual property, ensuring that we maintain our own rights while collaborating with partners in compliance with applicable laws.

Additionally, we respect the intellectual property rights of our partners, including the hotel brands in our Hotels and Resorts Segment and the international brands in our Luxury Travel Retail Segment. We utilize only the rights granted to us within the authorized scope outlined in the relevant hotel management and franchise agreements.

In our marketing and promotional activities, the Group strictly complies with local laws and regulations, as well as the intellectual property guidelines established by brand owners. We use only authorized promotional materials and information to ensure that we do not infringe upon the intellectual property rights of others. By prioritizing the protection and management of intellectual property, we safeguard our brand and reputation while fostering strong relationships with our partners and customers.

Business Ethics

To foster a culture of open communication, we are implementing awareness campaigns across our operations. Our business ethics policies reflect our commitment to upholding ethics and integrity in the workplace. Employees are assured of protection against retaliation and are empowered to report any instances of wrongdoing, unethical behavior, or potential violations they may observe. The Group adopts a zero-tolerance policy toward all forms of fraudulent or dishonest behavior, including bribery, extortion, fraud, and money laundering. We strictly adhere to all applicable laws and regulations in our operating regions, including but not limited to the U.S. Foreign Corrupt Practices Act, the UK Bribery Act, and the Prevention of Bribery Ordinance in Hong Kong. We have implemented several robust policies and procedures for our anti-corruption, anti-fraud and whistleblowing system to fulfil the Group's ethical obligations.



In 2024, the Group was not aware of any material non-compliance with laws and regulations related to bribery, extortion, fraud, or money laundering in Hong Kong, Saipan, Guam, and Hawaii. Furthermore, there were no legal cases involving corrupt behavior against the Group or our employees during this year.

Anti-corruption

We have established a comprehensive set of policies addressing misconduct and malpractice to guide the behavior and responsibilities of both employees and directors. To ensure all employees are well-informed about these policies, they have been included in the Employee Handbook and are distributed to new hires during orientation. Additionally, every employee is required to sign a declaration of interest confirmation annually.

As outlined in the policies, bribery, kickbacks, and facilitation payments are strictly prohibited. We also provide guidelines to help prevent anti-corruption issues and identify potential red flags. Employees are not permitted to solicit, give, or receive gifts, entertainment, or hospitality from current or prospective business partners. Instead, they must prioritize the Group's interests in their daily responsibilities. Recognizing the importance of our business partners, we have created a Third Parties Code of Conduct to outline the principles for ethical behavior.

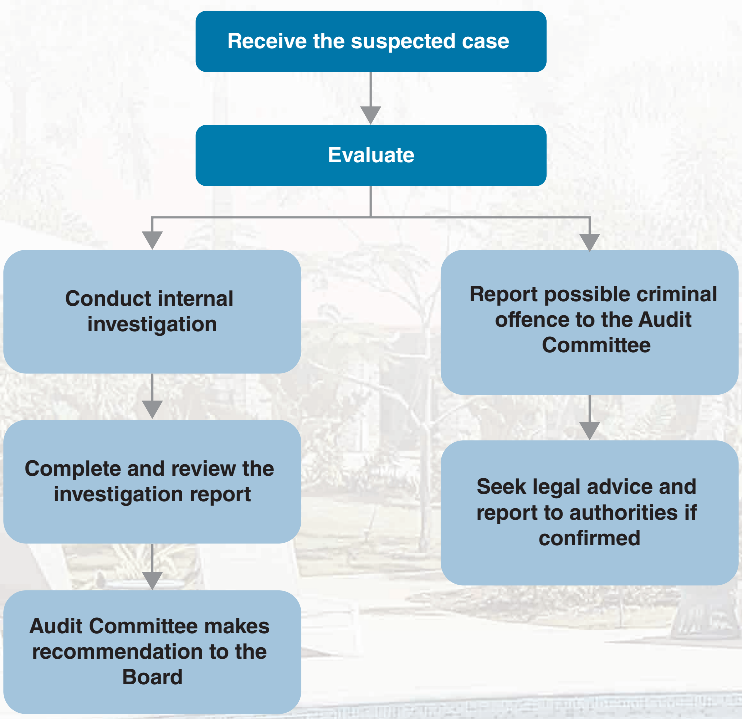
In 2024, our staff completed a total of 108 hours of anti-corruption training.

Whistleblowing System

The Group is committed to upholding the principles of openness, integrity, and accountability, fostering an environment of honest communication while setting the highest standards for business practices. We have developed a Whistleblowing Policy that includes clear reporting channels and a systematic investigation process.

Employees and third parties are encouraged to express their concerns regarding any suspected misconduct, malpractice, or improprieties through a confidential reporting channel. Whistleblowers may report to the Company Secretary, the Board, or the Audit Committee via a designated email address. To protect the integrity of the investigation and safeguard whistleblowers from retaliation, we ensure that their identities and any related case information are kept strictly confidential.

All reported cases will be investigated promptly with the assistance of the Company Secretary. Depending on the nature and complexity of each case, we expect to provide investigation results within three months of the report. Disciplinary action will be taken against confirmed violators or any employees who submit malicious complaints. The detailed investigation procedures are outlined in the chart below:



Fraud Policy

Our Fraud Policy clearly defines fraud and informs all employees, directors, and contractors with a business relationship that fraud in all its forms and at any level is strictly prohibited. The policy outlines employees' responsibilities for identifying potential fraud exposures and establishing controls and procedures to prevent and detect fraud when it occurs.

It provides guidance on the actions employees should take if they suspect any fraudulent activity and outlines the responsibilities for conducting investigations into reported fraud. Additionally, the policy ensures protection for employees who may be at risk of victimization because of reporting or witnessing fraud.

Responsible Procurement

Our commitment to responsible business practices is fundamental to our strategy and the reputation of the Group. We recognize the importance of conducting our operations with honesty, integrity, and the highest ethical standards while growing our business in a manner that respects human rights and positively influences the local communities. To uphold this commitment, we have established requirements for our suppliers, as detailed in our Supplier Code of Conduct ("**SCC**"). We expect our suppliers to adhere to these standards within their own operations and to implement them throughout their supply chains. Moreover, we welcome our suppliers to raise concerns about any potential breach of our SCC or concerns regarding our business conduct.

Standards for:	Description:
1) Compliance with laws and regulations	Suppliers are expected to comply with the laws and regulations in the countries where they source, operate, and supply. Additionally, all other applicable international laws and regulations related to business conduct must also be followed.
2) Labour practice	Suppliers are expected to comply with applicable laws and regulations, including those concerning hours, compensation, opportunities, and working conditions.
3) Forced labour and human trafficking	We maintain a zero-tolerance policy toward forced labour and human trafficking. Suppliers are expected to understand and adhere to the requirement that there are no restrictions on workers' freedom of movement. No worker should have to pay for employment, and no individual should be indebted or coerced into working.
4) Child labour	Suppliers are expected not to employ employees who are younger than the legitimate working age of 16 years in Saipan and Guam.
5) Freedom of association	Suppliers are expected to respect employees' rights to voluntary freedom of association as stipulated by law. Employees should have the right to organize or join associations and engage in collective bargaining if they choose to do so.
6) Diversity and inclusion	Suppliers are expected to provide equal opportunities without discrimination by recruiting and promoting individuals based on their suitability for the job, rather than on race, skin colour, ethnicity, nationality, gender, age, religion, marital status, disability, or any other characteristic protected by national, state, or local laws. Additionally, foster a respectful workplace by not tolerating any form of harassment.
7) Safe working environment	Suppliers are expected to provide a safe, secure and healthy working environment in compliance with all applicable health, safety and security laws.
8) Environment	Suppliers are expected to preserve and protect the environment by implementing business strategies and operational processes that minimize negative impacts; consider developing and integrating sustainable technologies to reduce energy and water consumption, as well as to promote the reuse and recycling of resources; and regularly monitor, record, and benchmark environmental performance to ensure continuous improvement.

Standards for:	Description:
9) Business Integrity and Anti-Bribery	Suppliers are expected to act with integrity. Bribery and any form of financial crime, including improper payments, money laundering and tax evasion or the facilitation of tax evasion, are not permitted under any circumstances.
10) Gifts and Entertainment	Suppliers are expected to ensure no gifts or entertainment are used to improperly influence business transactions or decisions related to awards of future business.
11) Conflicts of Interest	Suppliers are expected to compete based on the merits of their products and services. They are required to implement appropriate measures to mitigate and disclose any real or perceived conflicts of interest to the Group.
12) Confidentiality and Data Protection	Suppliers are expected to respect the Group's confidentiality and proprietary information as well as its employee and customer privacy and personal information.
13) Accurate Financial Records	Suppliers are expected to accurately record and disclose information regarding business activities, structure, financial situation and performance in accordance with applicable laws, regulations and good industry practices.
14) Grievance Mechanisms	Suppliers are expected to establish grievance mechanisms for workers to report concerns, including processes for anonymous complaints to be raised.

During the Year, we collaborated with 806 suppliers across the globe, of which 691 are local and regional suppliers. The distribution details of suppliers are summarized in the table below:

Geographical region	Number of suppliers
Guam	194
India	1
United States	79
Saipan	491
Australia	2
China	2
Hong Kong	15
New Zealand	1
Singapore	3
South Korea	1
Switzerland	1
France	2
Italy	1
Japan	3
Vietnam	10
Total	806

The Group prioritizes sourcing goods from surrounding regions, significantly reducing our overall carbon footprint by minimizing transportation needs and associated emissions. This local sourcing not only enhances supply chain resilience but also fosters stronger relationships with reliable local partners who can effectively meet our needs. By adopting this distributed model, we create redundancies within our supply network, thereby lowering the risks of disruptions.

Furthermore, local procurement bolsters community relations by stimulating economic activities and creating job opportunities for residents. By prioritizing regional vendors and producers, we contribute to sustainable income sources that enhance community well-being and prosperity. We actively support social initiatives that aim to improve liveability, such as educational programmes, environmental conservation projects, and health services.

In 2024, over 85% of our suppliers are based in the local area, reflecting our commitment to supporting the local economy. Moving forward, our goal is to prioritize local sourcing for our procurements whenever feasible, reinforcing our dedication to community development. However, we acknowledge that resource limitations on the islands may necessitate exploring options beyond our local suppliers. In such instances, we will seek suppliers from nearby regions, ensuring that we continue to minimize the environmental impact of international transportation while maintaining the quality and sustainability of our supply chain. To further our commitment, we will provide necessary supports to our local suppliers and to enhance their capabilities and competitiveness.

By fostering innovation and collaboration, we aim to create a more resilient and sustainable supply chain that benefits both our business and the communities we serve.

Supplier Selection and Evaluation

To ensure an organized and compliant procurement process, the Group has established a Finance Policies & Procedures Manual that outlines the guidelines and limits for procurement and payment management. The manual details the steps from initial requisition to the finalization of the purchase agreement, providing a clear framework for procurement personnel to follow.

Recognizing that specific needs may vary among segments during the procurement process, each subsidiary has the flexibility to customize certain aspects of their procurement management system. According to the manual, our procurement team is responsible for supplier selection, evaluation, and database maintenance.

New suppliers must undergo a rigorous selection process to qualify for inclusion in our supplier database, while existing suppliers should also be reassessed at least annually and any unqualified suppliers should be removed immediately from the supplier database. All potential partners are required to submit background information, latest financial statements demonstrating financial stability, valid business licenses, and records of past compliance with legal obligations. Suppliers must also provide evidence of their competency in delivering products or services, their compliance with all statutory requirements, and alignment with our Group’s values.

Once suppliers are added to the database, we conduct annual performance evaluations. KPI assessed include: 1) the number of defective products returned; 2) incidents of incorrect products received; 3) frequency of late deliveries; and 4) competitive pricing. Suppliers that fail to meet our minimum standards must implement improvement actions. Repeated statutory or contractual non-compliance may ultimately lead to the termination of agreements.

Additionally, our procurement manual offers comprehensive guidance on the procedures governing the entire sourcing process. The Group has also developed a Third-party Code of Conduct and implemented a Third Parties Policy to ensure rigorous and consistent management of the supply chain.

Luxury Travel Retail

For our Luxury Travel Retail Segment, the Group places orders directly with international brands and/or authorized suppliers licensed by the franchisors. All procurement processes and boutique operations are governed by the relevant franchise and distribution agreements, as well as our internal procurement policies.

To ensure compliance with these agreements, we regularly evaluate our merchandise offerings, assess the background of suppliers, and analyze the competitive landscape. Before entering a collaboration with a new franchisor, we engage a legal advisor to review the franchise and distribution agreements for potential legal issues.

Consensus and authorization from existing franchisors are required before partnering with a new international brand or relocating to a new retail space, we will ensure that all necessary consents are obtained prior to making any changes.

ENVIRONMENTAL SUSTAINABILITY

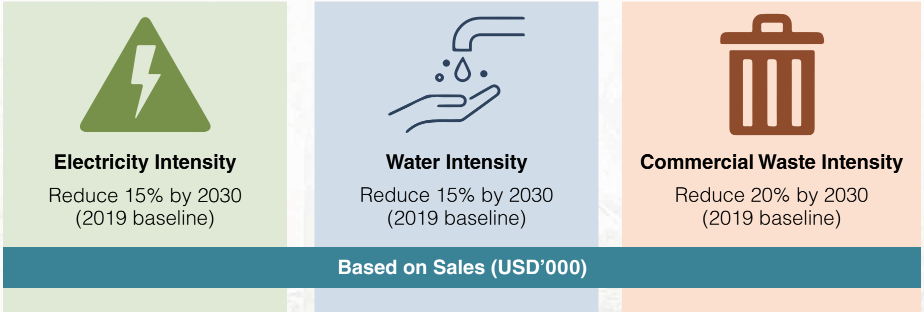
As concerns about climate change, pollution, and resource depletion continue to grow, the urgency of protecting the environment has reached new heights, requiring the collective engagement of all stakeholders. In response to this critical need, the Group is fully committed to conserving the natural environment and its resources in the regions where we operate. We firmly believe that preserving the rich biodiversity of Saipan, Guam, and Hawaii is essential for our sustainable development. Therefore, we actively participate in initiatives that prioritize environmental sustainability.

This section outlines our commitment to environmental stewardship, detailing the strategies, policies, and actions we have implemented to reduce our environmental impact while promoting a harmonious relationship with the nature. Through these efforts, we strive to protect the ecological integrity of our surroundings and contribute to the global pursuit of a more sustainable future.

During the Reporting Period, the Crowne Plaza Resort Saipan participated in the 2024 Environmental Expo held on April 10 and 11. We proudly showcased sustainable products utilized at Market Place, highlighted our coffee sale donations to Mariana Islands Nature Alliance and monthly beach clean-ups activities to show our commitment to environmental sustainability.

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

Environmental Target



Resources Conservation

The Group acknowledges the urgent need to reduce energy and resource consumption, recognizing that efficient management is essential for lowering our carbon footprint and safeguarding these valuable assets for future generations. In line with our goals for energy, water, and commercial waste, we have established the Efficient Use of Energy, Water, and Other Raw Materials Policy. This comprehensive framework outlines various strategies for our employees and guests to follow, enabling us to collectively optimize our consumption, promote responsible resource use, and cultivate a culture of sustainability within our operations.

Energy Conservation

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

Water-saving

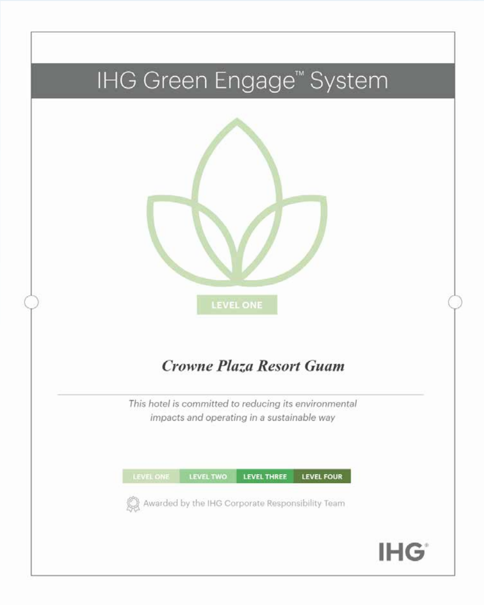
- Install low flow showerheads and faucet aerators in all guestrooms
- Display tent cards in all guestrooms to encourage reuse of towels and linens
- Provide regular check and maintenance on water facilities to prevent leakage
- Make use of pressure washer for daily cleaning of vehicles and water activities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

Other materials

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

Environmental, Social and Governance Report

Our Crowne Plaza Resort Saipan and Crowne Plaza Resort Guam have been honored with a Level One award from the IHG Corporate Responsibility Team for our commitment to minimizing environmental impacts and promoting sustainable operations.



Our packaging materials primarily consist of shopping bags utilized in the Luxury Travel Retail Segment. As per the guidelines outlined in the branding promotion policies of the franchise brands, we should adhere to a specific procedure and employ designated packaging materials in all sales endeavors involving the corresponding international brands. However, we remain committed to the sustainability strategies adopted by the Group. We have opted to use customized shopping bags from international brands that are crafted from recyclable materials. In our Hotels and Resorts Segment, we have launched several initiatives aimed at improving our takeaway packaging practices. As part of our commitment to minimizing material consumption, we have ceased providing paper bags to customers. Instead, we now utilize bento boxes made from recyclable and biodegradable materials, which greatly decrease waste compared to our previous reliance on plastic and paper disposables. Additionally, we have replaced plastic utensils with wooden cutlery. These thoughtful choices reflect our commitment to environmental sustainability.

During the Year, the Group consumed 13,973.05 MWh energy, 199,461.66 m^3 of freshwater and 31,814 pieces of packaging material. There was no issue for sourcing water that was fit for purpose in 2024. Details of the consumptions are illustrated in the table below:

Use of resources	Units	2024	2023	2022
Energy				
Direct Energy Consumption	MWh	2,963.97	1,736.10	466.16
— Diesel	MWh	2,125.59	693.71	140.53
— Liquefied petroleum gas (“**LPG**”)	MWh	711.67	985.78	137.72
— Liquefied natural gas (“**LNG**”)	MWh	—	—	94.37
— Gasoline	MWh	126.71	56.61	93.54
Indirect energy consumption	MWh	11,009.08	10,603.98	7,642.01
— Purchased electricity	MWh	11,009.08	10,603.98	7,642.01
Total energy consumption	MWh	13,973.05	12,340.08	8,108.17
Total energy consumption intensity	MWh per USD’000 sales	0.33	0.33	0.51
Water				
Freshwater consumption	m^3	199,461.66	189,980.00	207,670.00
Intensity	m^3 per USD’000 sales	4.66	5.16	13.18
Wastewater discharge	m^3	121,442.38	115,118.24	186,324.03
Intensity	m^3 per USD’000 sales	2.84	3.12	11.83

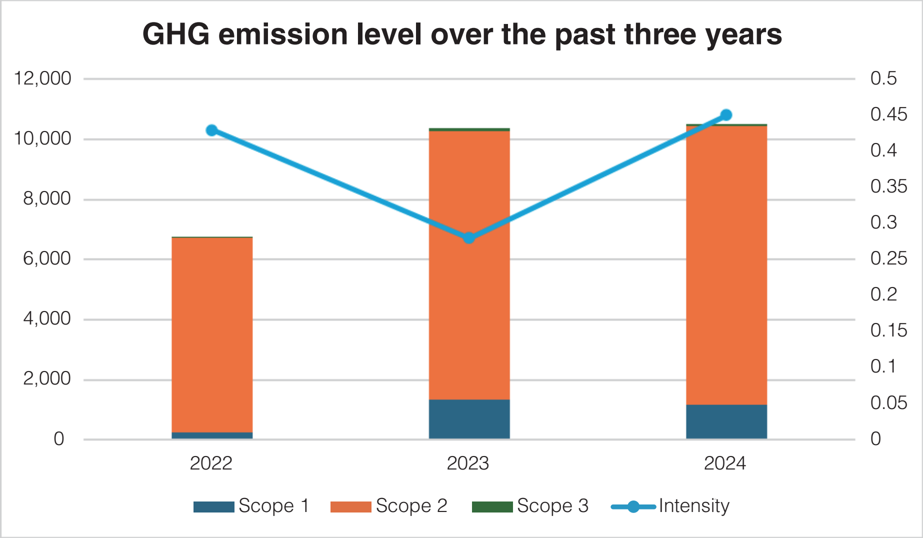
Use of resources	Units	2024	2023	2022
Packaging Materials				
Paper bag	pieces (“**pcs**”)	28,814[7]	10,115	7,838
Carton box	pcs	—	113	—
Wrapping paper	pcs	1,800	—	—
Canvas Bag	pcs	1,200	—	—
Plastic bag	pcs	—	—	2,607
Total consumption	pcs	31,814	10,228	10,445
Intensity	pcs per USD’000 sales	0.74	0.28	0.66

7 The increase in paper bags purchased during the Reporting Period was to prepare for the reopening of our newly renovated boutique in Guam, which occupied a larger retail space and expected to drive more sales.

Emissions Control

The Group is aware of our responsibility to address climate change challenges. As a result, we are dedicated to strengthening our capacity of climate governance, implementing climate change strategies and striving to reduce GHG emissions. We closely monitor our GHG emissions and evaluate the reduction measures on a regular basis. During the Year, the Group generated 10,500.58 tonnes of carbon dioxide equivalent (“**tCO_2e**”), with an intensity of 0.25 tCO_2e per USD’000 sales. Looking forward, we aim to reduce the intensity of GHG emissions per revenue by 2030. In 2024, we noticed that the majority of our GHG emissions are contributed by Scope 2 emission, which is the indirect emission from the consumption of purchased electricity. The Group has formulated the Greenhouse Gas Emission Policy to assess and manage its GHG emissions, ensuring the GHG emissions comply with local government emission standards by regular monitoring and control.

GHG emissions	Units	2024	2023	2022
Scope 1[8]	tCO_2e	1,179.75	1,338.45	250.25
Scope 2[9]	tCO_2e	9,251.88	8,925.74	6,459.65
Scope 3[10]	tCO_2e	68.95	119.59	46.53
Total GHG emissions	tCO_2e	10,500.58	10,383.78	6,756.43
GHG emissions intensity	tCO_2e per USD’000 sales	0.45	0.28	0.43



The Group is committed to maintaining a clean environment for our employees and local community. The Air Emission and Quality Policy was developed as a framework to manage air emission and minimize environment impact. The main sources of air emissions across all business sectors include vehicle fuel combustion and the use of gaseous fuel in cooking facilities.

In our fuel-proven stationary plants, vehicles and equipment, we prioritize the use of low-emission fuels to reduce our environmental footprint. To manage cooking fume emissions, we equipped the kitchens in our hotels and resorts with grease filters and hydrovents. These installations help to remove oil grains and odors emitted from the kitchen.

8 Scope 1 represents direct GHG emissions generated by fuels for stationary and mobile sources.
9 Scope 2 represents indirect GHG emissions generated by the use of purchased electricity from local power companies.
10 Scope 3 represents other indirect emissions generated by business air travel of employees.

Waste Management

Effective waste management is essential in our pursuit of a sustainable and environmentally responsible future. By adopting sound waste management practices, we can significantly reduce the negative impacts on our planet and optimize resource utilization. To ensure proper management of the waste we generate, we have established the Generation of Hazardous and Non-hazardous Wastes Policy. Our policy includes a wide range of responsibilities, addressing not only the individuals responsible for generating the waste, but also includes the procedures of handling, storing, preparing for transportation, and ultimately disposing of the waste. By adhering to this policy, we ensure that every stage of waste management is carefully considered and executed to minimize potential risks and environmental impact.

In the Hotels and Resorts Segment, waste is primarily categorized into four types: food waste, used cooking oil, construction waste, and wastepaper. To effectively manage food waste, our F&B section has implemented a proactive approach by forming partnerships with local piggery companies. Through these partnerships, our leftover food undergoes additional processing to pig feed. This innovative practice optimizes resource utilization and significantly reduces the amount of waste sent to landfills. Furthermore, our F&B team adheres to the "First In, First Out" principle to prevent unnecessary food loss. This means that all food ingredients and products are consumed in the order in which they were purchased, minimizing waste due to expiration or spoilage.

For other waste types, such as waste cooking oil, construction waste, and wastepaper, we ensure proper disposal by partnering with licensed waste collectors with the necessary operation permits, such as the Used Oil Transporter permit, and the Collection Aggregation Permit issued by local authorities. By collaborating with licensed waste collectors, we can guarantee that all waste is appropriately processed and disposed of in accordance with relevant regulations and environmental standards.

Over the past two years, food waste was added to the consideration to enhance data collection methodology. The hazardous waste generated is mainly composed of e-waste, such as ink cartridges, toner cartridges, fluorescent lamps, computer accessories, and electrical appliances. Hazardous waste is handled by licensed waste collectors whenever possible. During the Year, the Group generated a total of 0.53 tonnes of hazardous waste and 5,242.58 tonnes of non-hazardous waste.

Type of waste	Units	2024	2023	2022
Hazardous waste	tonnes	0.53	4.34	1.54
Intensity	tonnes per USD'000 sales	0.000012	0.00012	0.000098
Non-hazardous waste	tonnes	5,242.58[11]	1,229.01	248.32
Intensity	tonnes per USD'000 sales	0.12	0.03	0.016

[11] Non-hazardous waste, which includes domestic waste, green waste, mixed waste, kitchen waste and packaging waste, has increased due to the increased occupancy rates of our two Crowne Plaza resorts.

Protecting the Environment and Natural Resources

Protecting the environment and conserving natural resources is crucial for ensuring a sustainable future for our planet. As a responsible organization, we are dedicated to minimize our ecological impact through proactive stewardship initiatives in all the communities we serve. We aim to go beyond the local environmental laws and regulations to demonstrate leadership in safeguarding the beauty of the natural world through diverse actions as outlined below.

Marine Protection

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

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

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

Water Source Protection

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

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

Climate Resilience

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

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

Physical risk	
Mitigation measures	• Improving typhoon, tsunami, rainstorm, flood, and other sudden natural disasters protection facilities. • Developing emergency response plans and continually improving natural disaster response mechanisms. • Increasing insurance coverage, as needed, to cover personal injuries and property damage caused by various disasters and accidents. • Providing staff with training and change-related information on how to deal with extreme weather events, as well as disaster preparedness and emergency drills on a regular basis. • Procuring energy-efficient equipment.

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

COMMUNITY PARTICIPATION

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

During the Year, the Group donated a total of US$12,000 to several organizations, including Mariana Islands Nature Alliance, CNMI Cancer Foundation and Catholic Social Service, demonstrating our continuous support of environmental protection and community.

We also devoted 868 volunteering hours with the focus on environmental protection and community wellness. Our efforts included a range of impactful activities, such as organizing monthly beach clean-ups in Guam and Saipan, distributing Mother's Day gifts to the elderly at the Tan Siu Lin Neighborhood Elderly Centre in Hong Kong, and replenishing food and beverage, cleaning supplies for vulnerable groups and local non-profit organizations. These endeavors reflect our commitment to preserving our natural environment and enhancing the quality of life for our community members.

Environmental Protection

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

We have participated in various beach cleanup activities organized by the Guam Hotel & Restaurant Association ("**GHRA**") and the Japan Guam Travel Association ("**JGTA**") during the Reporting Period. Additionally, we engaged in environmental awareness initiatives and coastal cleanups organized by the Division of Coastal Resources Management to ensure that the environment surrounding our hotels and resorts and local beaches is well-maintained, thereby supporting our community.

Environmental Awareness Cleanup

Beach Cleanup in Guam

Community Wellness

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

To support our community, we have organized Giving for Good events, distributing various items such as children's toys, paper towels, cleaning supplies, and toiletries. Our commitment is to uplift and assist our local society. We have also donated unused shampoo and body wash to the CNMI Department of Corrections.

Furthermore, we participated in the Field of Heroes Freedom Walk to honor and remember the sacrifices of those who have served our community and nation. This event not only commemorates the bravery of first responders and military personnel but also fosters a sense of unity and resilience among residents. By joining this meaningful initiative, we reaffirm our dedication to promoting wellness and support within our community.

Giving for Good in Saipan

Giving for Good in Guam

Field of Heroes: Freedom Walk

HKEX ESG REPORTING GUIDE INDEX

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

Environmental, Social and Governance Report

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

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

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

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

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES

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

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

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

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the "Model Code for Securities Transactions by Directors of Listed Issuers" (the "**Model Code**") as set out in Appendix 10 of the Listing Rules as the code for dealing in securities of the Company by the Directors. Having made specific enquiries of all directors, each Director has confirmed that he/she has complied with the required standard set out in the Model Code throughout the Year.

BOARD OF DIRECTORS

Board responsibilities

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

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

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

Composition

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

Executive Directors

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

Non-Executive Directors

Dr. TAN Siu Lin, *GBS*, *SBS (Chairman)*
Mr. TAN Willie
Mr. SCHWEIZER Jeffrey William

Independent Non-Executive Directors

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

The biographical details of the Directors are set out in the section headed "Management Executives" on pages 19 to 23 of this annual report. Save as disclosed in the said section, there is no family, financial or business relationship among the Directors.

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

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

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

Independent non-executive Directors

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

(i) provision of independent judgement at Board meetings;

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

(iii) serve on committees if invited; and

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

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

The independent non-executive Directors and their immediate family receive no payment from the Company or its subsidiaries (except the director fee). No family member of any independent non-executive Directors is employed as an executive officer of the Company or its subsidiaries or has been so in the past three years. The independent non-executive Directors are subject to retirement and re-election at the annual general meeting of the Company in accordance with the provisions of the Articles. The Company considers all of the independent non-executive Directors to be independent based on the factors set out in Rule 3.13 of the Listing Rules.

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

Directors' induction and continuing professional development

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

Directors are committed to comply with the continuous professional development requirement under provision C.1.4 of the CG Code so as to develop and refresh their knowledge and skills and ensure that their contribution to the Board will be informed and relevant.

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

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

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

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

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

Meeting of the Board and the Directors' attendance record

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

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

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

During the Year, an annual general meeting of the Company was held on May 30, 2024 for the year ended December 31, 2023.

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

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

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

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

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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

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

COMPANY SECRETARY

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

Ms. Cheung Pik Shan Bonnie was appointed as the Company Secretary of the Company on April 9, 2019. The Company Secretary's biography is set out in the section headed "Management Executives" on pages 19 to 23 of this annual report. During the Year, the Company Secretary undertook no less than 15 hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules.

BOARD COMMITTEES

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

AUDIT COMMITTEE

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

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

The principal responsibilities of the Audit Committee include the following:

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

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

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

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

The Audit Committee held four meetings during the Year to review and adopt the internal audit plan proposed by BDO, to review the Group's financial results and reports, financial reporting and compliance procedures, internal control and risk management systems, other corporate governance matters and the appointment of the external auditor. The Audit Committee recommended to the Board that, subject to the shareholders' approval at the forthcoming AGM of the Company, Messrs. Ernst & Young ("**EY**" or the "**Auditor**") be reappointed as the external auditor of the Group for the financial year ending December 31, 2025.

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

Audit Committee Members	**Meeting Attended/Held**
Independent Non-Executive Directors	
Mr. MA Andrew Chiu Cheung *(Chairman)*	4/4
Mr. CHAN Leung Choi Albert	4/4
Mr. WONG Chun Tat, *JP*	3/4

REMUNERATION COMMITTEE

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

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

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

The Remuneration Committee held one meeting during the Year to review and recommend to the Board the remuneration policy and structure of all Directors and the senior management. Subsequent to the Year, the Remuneration Committee has held a meeting to consider the remuneration of Ms. Cheung, the new executive Director, before her appointment on April 9, 2025.

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

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

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

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

Emolument band	Number of Individuals
US$128,205 to US$192,308 (equivalent to HK$1,000,001 to HK$1,500,000)	1
US$64,103 to US$128,205 (equivalent to HK$500,001 to HK$1,000,000)	3

During the Year, total Directors' remuneration amounted to approximately US$787,000 (2023: US$895,000). The executive Directors and senior management's compensation, including the long-term incentive, shall be based on the corporate and individual performance. Details of the remunerations of the Directors are set out in note 10(a) to the consolidated financial statements.

NOMINATION COMMITTEE

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

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

A meeting of the Nomination Committee is required to be held at least once a year. The Nomination Committee held one meeting during the Year to review the structure, size and composition of the Board, assess the independence of independent non-executive Directors and consider each retiring Director. Subsequent to the Year, the Nomination Committee has held a meeting to consider the appointment of Ms. Cheung as an executive Director with reference to the Nomination Policy of the Company, and recommended her to the Board for consideration and approval.

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

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

Board Diversity Policy

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

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

As at 31 December 2024, we maintained a 177:154 ratio of women to men in our workforce. As regards gender diversity of the Board and senior management, we have one female Director and eight male Directors, and two out of four members of our senior management are female.

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

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

Nomination Policy

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

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

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

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

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

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

(vi) Board succession planning considerations.

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

Nomination Procedures

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

Appointment of Directors

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

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

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

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

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

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

Re-appointment of Directors

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

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

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

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

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

CORPORATE GOVERNANCE FUNCTIONS

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

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

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

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

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

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

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

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

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

ACCOUNTABILITY AND AUDIT

Financial reporting

The Directors acknowledge their responsibility in publishing financial statements for each financial period which give a true and fair view of the state of affairs of the Group and a clear and accurate assessment of the results and cash flows for that period. The Auditor's statement regarding its reporting responsibilities in respect of the consolidated financial statements of the Group is set out in the Independent Auditor's Report on pages 104 to 108 of this annual report.

In preparing financial statements for the year ended December 31, 2024, the Directors have (i) selected suitable accounting policies and applied them consistently; (ii) made judgements and estimates that are prudent and reasonable; and (iii) prepared financial statements on a going concern basis.

The Board, having made all reasonable enquiries, is not aware of any material uncertainties relating to any events or conditions that may cause significant doubt upon the Company's ability to continue as a going concern.

The Board, taking into account (i) the banking facilities totaling US$48,000,000 is currently fully secured by the Group's hotel assets with ample security coverage; (ii) the Group's hotels in Guam and Saipan remain open and the anticipated cash flows to be generated from the Group's operations; (iii) the fact that the Group has obtained shareholder loans facilities totalling US$43,000,000 as of the year ended December 31, 2024. Subsequent to the year end, the Group has received a written commitment from Tan Holdings for a standby shareholder loan facility of US$9,000,000; and (iv) Tan Holdings has committed to providing financial support to enable the Group to meet its liabilities when they fall due in the foreseeable future. Tan Holdings has further undertaken not to demand repayment of the amount due to it by the Group until the Group is in a position to repay without impairing its liquidity and financial position, Consider that (i) it is unlikely that the bank will withdraw its banking facility or demand immediate repayment in full amount of the outstanding banking facilities; and (ii) the Group will have sufficient working capital to meet its financial obligations and capital commitments as and when they fall due for the foreseeable future and hence decided that it is appropriate to prepare the consolidated financial statements on a going concern basis.

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

Risk Management and Internal Control

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

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

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

The Group has adopted a principle of minimizing financial and capital risks. Details of our financial and capital risk management covering market risk (including foreign exchange risk, cash flow interest rate risk), credit risk and liquidity risk are set out in note 34 to the consolidated financial statements on pages 170 to 173 of this annual report.

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

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

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

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

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

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

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

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

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

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

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

External Auditor

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

In the preceding three financial years, there has not been any change of Auditor of the Company.

During the Year, remuneration of approximately US$222,000 was paid/payable to the Auditor for the provision of audit services. In addition, approximately US$66,000 was paid/payable to the Auditor for other non-audit services.

SHAREHOLDERS' RIGHTS

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

Procedures for putting forward proposals at shareholders' meetings

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

Corporate Governance Report

Procedures for shareholders to convene an Extraordinary General Meeting

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

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

Procedures for directing shareholders' enquiries to the Board

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

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

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

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

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

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

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

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

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

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

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

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

DIVIDEND POLICY

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

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

(i) the general financial condition of the Group;

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

(iii) the future cash requirements and availability;

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

(v) the general market conditions;

(vi) the future development of the Group; and

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

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

SHAREHOLDERS COMMUNICATION POLICY

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

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

Corporate Governance Report

Financial and other reporting

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

Disclosure of information on corporate website

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

General meetings with shareholders

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

The 2025 AGM of the Company is expected to be held on May 29, 2025. The notice of the AGM will be sent to the shareholders at least 20 clear business days before the AGM. The Chairman and members of the Board and chairmen of the various Board committees or their duly appointed delegates will attend the forthcoming AGM to answer questions raised by the shareholders.

Shareholders enquiries

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

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

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

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

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

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

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

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

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

CONSTITUTIONAL DOCUMENTS

At the annual general meeting of the Company held on June 2, 2022, a special resolution was passed to amend the then existing Articles of the Company to, amongst others, (i) to allow general meetings to be held as hybrid meetings where shareholders may attend by means of electronic facilities in addition to as physical meetings where shareholders attend in person; (ii) to set out other related powers of the Board and the chairman of the general meetings, including but not limited to making arrangements for attendance as well as ensuring the security and orderly conduct of such general meetings; (iii) to reflect certain amendments in the Listing Rules and the applicable laws of Hong Kong and the Cayman Islands; and (iv) to make other minor consequential and tidying-up amendments for house-keeping purposes. Please refer to the Company's announcement dated March 29, 2022 and circular dated April 23, 2022 for details of the changes made to the previous version of the Articles.

Furthermore, at the annual general meeting of the Company held on May 30, 2024, a special resolution was passed to amend the then existing Articles of the Company to, amongst others, bringing the Articles in line with the latest regulatory requirements in relation to the expanded paperless listing regime and electronic dissemination of corporate communications by listed issuers and the relevant amendments made to the Listing Rules which took effect on December 31, 2023, as well as other housekeeping changes. Please refer to the Company's announcement dated March 26, 2024 and circular dated April 12, 2024 for details of the changes made to the previous version of the Articles. Save as disclosed above, there was no change in the constitutional documents of the Company during the Year. The latest version of the Company's Memorandum and Articles are available on the respective websites of the Stock Exchange and the Company.

Independent Auditor's Report

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Quarry Bay, Hong Kong

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

OPINION

We have audited the consolidated financial statements of S.A.I. Leisure Group Company Limited (the "**Company**") and its subsidiaries (the "**Group**") set out on pages 109 to 175, which comprise the consolidated statement of financial position as at December 31, 2024, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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

BASIS FOR OPINION

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

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. For each matter below, our description of how our audit addressed the matter is provided in that context.

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

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment assessment on property, plant and equipment of the hotel assets	
The carrying amount of the property, plant and equipment of the hotels assets (including right-of-use assets) as at December 31, 2024 was US$115,395,000, which represented 98.0% of the carrying amount of the Group's property, plant and equipment and 82.4% of the Group's total assets. In accordance with Hong Kong Accounting Standard ("**HKAS**") 36 *Impairment of Assets* issued by the HKICPA, where an indication of impairment on cash-generating units containing these assets exists, the Group will estimate the recoverable amounts of the relevant cash-generating units, which are the higher of the value in use and the fair value less costs of disposal. An impairment loss is recognized only if the carrying amount of a cash-generating unit exceeds its recoverable amount. Since the Group's hotels and resorts segment has been loss-making for some time, the Group considered that impairment indications existed for cash-generating units containing the hotel assets. In this regard, the Group carried out impairment assessments to assess the recoverable amounts of these cash-generating units.	In respect of the estimation of the recoverable amount of each of the cash-generating units containing hotels assets prepared by the Group, we evaluated the calculation of the recoverable amount estimation and other assumptions (including the occupancy rate, room charge, growth rate, etc.) and involved our valuation specialists to assist us in evaluating the discount rate used. In addition, we discussed with management of the Company about the parameters and assumptions used in the cash flow forecast estimation and obtained corroborative evidence to evaluate their reasonableness. We also assessed the adequacy of the related disclosures in the notes to the consolidated financial statements.

KEY AUDIT MATTERS *(Continued)*

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

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(Continued)

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Lam Wai Ming, Ada.

Ernst & Young
Certified Public Accountants
Hong Kong
March 27, 2025

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year ended December 31, 2024

	Note	2024 US$'000	2023 US$'000
Revenue	6	**42,795**	36,847
Cost of inventories sold	9	**(4,469)**	(4,594)
Food and beverage costs	9	**(2,545)**	(3,188)
Employee benefit expenses	9	**(14,613)**	(15,932)
Utilities, repairs and maintenance		**(6,598)**	(6,172)
Other gains, net	7	**1**	62
Other operating costs		**(25,535)**	(26,065)
Other (expenses)/income	9	**(3,490)**	859
Operating loss		**(14,454)**	(18,183)
Finance income	8	**5**	5
Finance costs	8	**(4,632)**	(4,886)
Finance costs, net	8	**(4,627)**	(4,881)
Loss before tax	9	**(19,081)**	(23,064)
Income tax credit	12	**5**	93
Loss for the year and total comprehensive loss for the year		**(19,076)**	(22,971)
Loss and total comprehensive loss attributable to:			
Owners of the Company		**(18,955)**	(22,961)
Non-controlling interests		**(121)**	(10)
		(19,076)	(22,971)
Loss per share attributable to owners of the Company			
— Basic and diluted (US cents)	14	**(5.3)**	(6.4)

Consolidated Statement of Financial Position

As at December 31, 2024

	Note	2024 US$'000	2023 US$'000
ASSETS			
Non-current assets			
Property, plant and equipment	15	**117,786**	130,042
Investment properties	16	**356**	353
Intangible assets	17	**38**	46
Deferred tax assets	28	**6,583**	6,583
Prepayments and deposits	20	**1,422**	1,131
Total non-current assets		**126,185**	138,155
Current assets			
Inventories	18	**3,591**	3,131
Trade receivables	19	**1,903**	5,579
Prepayments, deposits and other receivables	20	**2,501**	3,354
Amounts due from related parties	31	**181**	105
Income tax recoverable		**2,561**	2,561
Cash and cash equivalents	21	**3,192**	4,438
Total current assets		**13,929**	19,168
Total assets		**140,114**	157,323
EQUITY			
Equity attributable to owners of the Company			
Issued share capital	22	**461**	461
Share premium	22	**38,122**	38,122
Capital reserve	23	**28,854**	27,006
Other reserve	23	**4,836**	4,836
Accumulated losses		**(37,822)**	(18,867)
		34,451	51,558
Non-controlling interests	24	**(473)**	(352)
Total equity		**33,978**	51,206

Consolidated Statement of Financial Position

As at December 31, 2024

	Note	2024 US$'000	2023 US$'000
LIABILITIES			
Non-current liabilities			
Other borrowings	27	**32,242**	20,500
Lease liabilities	15	**15,870**	16,519
Total non-current liabilities		**48,112**	37,019
Current liabilities			
Trade and other payables	25	**11,857**	14,112
Bank borrowings	26	**44,500**	47,633
Other borrowings	27	**685**	5,936
Lease liabilities	15	**666**	917
Amounts due to related parties	31	**279**	458
Income tax payable		**37**	42
Total current liabilities		**58,024**	69,098
Total liabilities		**106,136**	106,117
Total equity and liabilities		**140,114**	157,323

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Dr. Tan Siu Lin
Director

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Dr. Tan Henry
Director

Consolidated Statement of Changes in Equity

Year ended December 31, 2024

	Attributable to owners of the Company							
	Issued share capital US$'000 (Note 22)	Share premium US$'000 (Note 22)	Capital reserve US$'000 (Note 23(a))	Other reserve US$'000 (Note 23(b))	Retained earnings/ accumulated losses US$'000	Subtotal US$'000	Non-controlling interests US$'000	Total US$'000
At January 1, 2023	461	38,122	27,006	4,836	4,094	74,519	(342)	74,177
Loss for the year and total comprehensive loss for the year	–	–	–	–	(22,961)	(22,961)	(10)	(22,971)
At December 31, 2023 and January 1, 2024	**461**	**38,122**	**27,006**	**4,836**	**(18,867)**	**51,558**	**(352)**	**51,206**
Loss for the year and total comprehensive loss for the year	**–**	**–**	**–**	**–**	**(18,955)**	**(18,955)**	**(121)**	**(19,076)**
Deemed capital contribution (Note 23(a))	**–**	**–**	**1,848**	**–**	**–**	**1,848**	**–**	**1,848**
At December 31, 2024	**461**	**38,122**	**28,854**	**4,836**	**(37,822)**	**34,451**	**(473)**	**33,978**

Consolidated Statement of Cash Flows

Year ended December 31, 2024

	Note	2024 US$'000	2023 US$'000
Cash flows from operating activities			
Loss before tax		**(19,081)**	(23,064)
Adjustments for:			
Depreciation of property, plant and equipment	9	**11,114**	10,829
Depreciation of investment properties	9	**16**	18
Amortization of intangible assets	9	**22**	18
Reversal of impairment of trade receivables	9	**(115)**	—
Reversal of provision for obsolete inventories	9	**(79)**	(859)
Write-off of property, plant and equipment	9	**4**	—
Impairment of property, plant and equipment	9	**3,680**	—
Interest income	8	**(5)**	(5)
Interest expenses	8	**4,632**	4,886
Rent concessions from lessors	15(c)(ii)	**—**	(77)
Gain on early termination of lease contracts	7	**(3)**	—
Operating profit/(loss) before changes in working capital		**185**	(8,254)
Changes in working capital:			
Increase in inventories		**(381)**	(837)
Decrease in trade receivables		**1,659**	3,696
Decrease/(increase) in prepayments, deposits and other receivables		**2,802**	(1,466)
(Decrease)/increase in trade and other payables		**(2,256)**	4,033
Increase in amounts due from related parties		**(76)**	(90)
Decrease in amounts due to related parties		**(179)**	(153)
Net cash generated from/(used in) operations		**1,754**	(3,071)
Income tax refunded		**—**	5
Net cash flows generated from/(used in) operating activities		**1,754**	(3,066)

Consolidated Statement of Cash Flows

Year ended December 31, 2024

	Note	2024 US$'000	2023 US$'000
Cash flows from investing activities			
Purchases of property, plant and equipment		**(2,726)**	(9,112)
Additions to intangible assets		**(14)**	(3)
Interest received		**5**	5
Net cash flows used in investing activities		**(2,735)**	(9,110)
Cash flows from financing activities			
Repayment of bank loans		**(3,133)**	(367)
New other loans		**8,100**	19,200
Principal portion of lease payments		**(840)**	(1,207)
Interest paid		**(4,392)**	(4,463)
Net cash flows (used in)/generated from financing activities		**(265)**	13,163
Net (decrease)/increase in cash and cash equivalents		**(1,246)**	987
Cash and cash equivalents at beginning of year		**4,438**	3,451
Cash and cash equivalents at end of year	21	**3,192**	4,438
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	21	**3,192**	4,438

1 CORPORATE AND GROUP INFORMATION

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

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

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

Information about subsidiaries

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

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

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

2 ACCOUNTING POLICIES

2.1 Basis of preparation and presentation

Basis of preparation

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

Basis of presentation

As at December 31, 2024, the Group had net current liabilities of US$44,095,000 and incurred a net loss of US$19,076,000 for the year then ended. In assessing the Group's ability to operate as a going concern, a cash flow projection covering a period of not less than twelve months from December 31, 2024 has been prepared by the management, which, inter alia, takes into account the operating performance of the Group and the following:

- Pursuant to the terms and conditions of the facility with the bank, the Group will be subject to certain undertakings including but not limited to financial covenants. The Group closely monitors its compliance with the undertakings and financial covenants of the banking facility. As at December 31, 2024, the Group complies with all financial covenants of the banking facilities with an aggregate amount of US$48,000,000.

  Based on the latest communication between management and the bank regarding the compliance of undertakings and financial covenants, the Directors are not aware of any intention of the bank to withdraw its banking facility or demand immediate repayment of the bank borrowings. The Group has also placed an aggregate amount of US$1,765,000 into its Debt Service Reserve Account with the bank, which is equivalent to three-month loan repayments (including interest payments and principal repayments). Furthermore, as the banking facility is fully secured by certain of the Group's hotel assets with ample security coverage, the Directors believe that the existing banking facility will continue to be available to the Group given the good track records and relationship the Group has with the bank;

- The Group's hotels in Guam and Saipan operated throughout 2024. The hotels' performance is highly dependent on the international travel sentiments and the resumption of flights, the Group is cautiously optimistic that the leisure travel market and the Group's business operations is gradually recovering, and that the hotels continue to generate operating cash inflows to the Group;

- The Group has obtained shareholder loans facilities from Tan Holdings with an aggregate amount of US$43,000,000, of which US$33,300,000 was utilized by the Group as at December 31, 2024. Subsequent to the year end, the Group has received a written commitment from Tan Holdings for a standby shareholder loan facility of US$9,000,000. Furthermore, Tan Holdings has committed to providing financial support to enable the Group to meet its liabilities when they fall due in the foreseeable future (at least twelve months from the date of the consolidated financial statements). Tan Holdings has undertaken not to demand repayment of the amount due to it by the Group until the Group is in a position to repay without impairing its liquidity and financial position;

2 ACCOUNTING POLICIES *(Continued)*

2.1 Basis of preparation and presentation *(Continued)*

Basis of presentation *(Continued)*

- During the Year, Kanoa Resort remained closed while the Group continued to negotiate the renewal of the land lease with the CNMI Government. However, subsequent to the reporting period as disclosed in the announcement of the Company dated March 27, 2025, the management of the Group will permanently close Kanoa Resort with effect from the date of expiry of the existing land lease on June 15, 2025. Going forward, the Group will be able to focus on deploying its resources to optimize the performance of the two Crowne Plaza resorts amidst the recovering tourism market in Guam and Saipan; and

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

The directors believe that, taking into account of the above factors, the Group will have sufficient working capital to meet its financial obligations and commitments as and when they fall due for a period of not less than twelve months from December 31, 2024. Accordingly, the consolidated financial statements have been prepared on the going concern basis which assumes, inter alia, the realization of assets and satisfaction of liabilities in the normal course of business.

Basis of consolidation

The consolidated financial statements include the financial statements of the Group for the year ended December 31, 2024. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e. existing rights that give the Group the current ability to direct the relevant activities of the investee).

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

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

(b) rights arising from other contractual arrangements; and

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

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

2 ACCOUNTING POLICIES *(Continued)*

2.1 Basis of preparation and presentation *(Continued)*

Basis of consolidation *(Continued)*

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

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

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

2.2 Changes in Accounting Policies and Disclosures

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

Amendments to HKFRS 16	*Lease Liability in a Sale and Leaseback*
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current* (the "**2020 Amendments**")
Amendments to HKAS 1	*Non-current Liabilities with Covenants* (the "**2022 Amendments**")
Amendments to HKAS 7 and HKFRS 7	*Supplier Finance Arrangements*

The nature and the impact of the revised HKFRSs are described below:

(a) Amendments to HKFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognize any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of HKFRS 16, the amendments did not have any impact on the financial position or performance of the Group.

(b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

2 ACCOUNTING POLICIES *(Continued)*

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

(b) *(Continued)*

The Group has reassessed the terms and conditions of its liabilities as at January 1, 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

(c) Amendments to HKAS 7 and HKFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the Group's financial statements.

2.3 Issued but Not Yet Effective Hong Kong Financial Reporting Standards

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

HKFRS 18	*Presentation and Disclosure in Financial Statements*[3]
HKFRS 19	*Subsidiaries without Public Accountability: Disclosures*[3]
Amendments to HKFRS 9 and HKFRS 7	*Amendments to the Classification and Measurement of Financial Instruments*[2]
Amendments to HKFRS 9 and HKFRS 7	*Contracts Referencing Nature-dependent Electricity*[2]
Amendments to HKFRS 10 and HKAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
Amendments to HKAS 21	*Lack of Exchangeability*[1]
Annual Improvements to HKFRS Accounting Standards – Volume 11	Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7[2]

1 Effective for annual periods beginning on or after 1 January 2025
2 Effective for annual periods beginning on or after 1 January 2026
3 Effective for annual/reporting periods beginning on or after 1 January 2027
4 No mandatory effective date yet determined but available for adoption

2 ACCOUNTING POLICIES *(Continued)*

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

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

(a) HKFRS 18 replaces HKAS 1 *Presentation of Financial Statements*. While a number of sections have been brought forward from HKAS 1 with limited changes, HKFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in HKAS 1 are moved to HKAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, which is renamed as HKAS 8 *Basis of Preparation of Financial Statements*. As a consequence of the issuance of HKFRS 18, limited, but widely applicable, amendments are made to HKAS 7 *Statement of Cash Flows*, HKAS 33 *Earnings per Share* and HKAS 34 *Interim Financial Reporting*. In addition, there are minor consequential amendments to other HKFRSs. HKFRS 18 and the consequential amendments to other HKFRSs are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. The Group is currently analyzing the new requirements and assessing the impact of HKFRS 18 on the presentation and disclosure of the Group's financial statements.

(b) HKFRS 19 allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other HKFRSs. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in HKFRS 10 *Consolidated Financial Statements*, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements available for public use which comply with HKFRSs. Earlier application is permitted. As the Company is a listed company, it is not eligible to elect to apply HKFRS 19. Some of the Company's subsidiaries are considering the application of HKFRS 19 in their specified financial statements.

(c) Amendments to HKFRS 9 and HKFRS 7 clarify the date on which a financial asset or financial liability is derecognized and introduce an accounting policy option to derecognized a financial liability that is settled through an electronic payment system before the settlement date if specified criteria are met. The amendments clarify how to assess the contractual cash flow characteristics of financial assets with environmental, social and governance and other similar contingent features. Moreover, the amendments clarify the requirements for classifying financial assets with non-recourse features and contractually linked instruments. The amendments also include additional disclosures for investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features. The amendments shall be applied retrospectively with an adjustment to opening retained profits (or other component of equity) at the initial application date. Prior periods are not required to be restated and can only be restated without the use of hindsight. Earlier application of either all the amendments at the same time or only the amendments related to the classification of financial assets is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

2 ACCOUNTING POLICIES *(Continued)*

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

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

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

(f) *Annual Improvements to HKFRS Accounting Standards — Volume 11* set out amendments to HKFRS 1, HKFRS 7 (and the accompanying *Guidance on implementing HKFRS 7*), HKFRS 9, HKFRS 10 and HKAS 7. Details of the amendments that are expected to be applicable to the Group are as follows:

- HKFRS 7 *Financial Instruments: Disclosures*: The amendments have updated certain wording in paragraph B38 of HKFRS 7 and paragraphs IG1, IG14 and IG20B of the *Guidance on implementing HKFRS 7* for the purpose of simplification or achieving consistency with other paragraphs in the standard and/or with the concepts and terminology used in other standards. In addition, the amendments clarify that the *Guidance on implementing HKFRS 7* does not necessarily illustrate all the requirements in the referenced paragraphs of HKFRS 7 nor does it create additional requirements. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

- HKFRS 9 *Financial Instruments*: The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with HKFRS 9, the lessee is required to apply paragraph 3.3.3 of HKFRS 9 and recognize any resulting gain or loss in profit or loss. In addition, the amendments have updated certain wording in paragraph 5.1.3 of HKFRS 9 and Appendix A of HKFRS 9 to remove potential confusion. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

2 ACCOUNTING POLICIES *(Continued)*

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

(f) *(Continued)*

- HKFRS 10 *Consolidated Financial Statements*: The amendments clarify that the relationship described in paragraph B74 of HKFRS 10 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor, which removes the inconsistency with the requirement in paragraph B73 of HKFRS 10. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

- HKAS 7 *Statement of Cash Flows*: The amendments replace the term "cost method" with "at cost" in paragraph 37 of HKAS 7 following the prior deletion of the definition of "cost method". Earlier application is permitted. The amendments are not expected to have any impact on the Group's financial statements.

3 MATERIAL ACCOUNTING POLICIES

Fair value measurement

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

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

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

3 MATERIAL ACCOUNTING POLICIES *(Continued)*

Fair value measurement *(Continued)*

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

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

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

Impairment of non-financial assets

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

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

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

3 MATERIAL ACCOUNTING POLICIES *(Continued)*

Related parities

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

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

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

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

- (i) the entity and the Group are members of the same group;
- (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
- (iii) the entity and the Group are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
- (vi) the entity is controlled or jointly controlled by a person identified in (a);
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

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

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

3 MATERIAL ACCOUNTING POLICIES *(Continued)*

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

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

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

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

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

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

Investment properties

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

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

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

For a transfer from investment properties to owner-occupied properties or inventories, the deemed cost of a property for subsequent accounting is its fair value at the date of change in use. If a property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under "Property, plant and equipment and depreciation" for owned property and/or accounts for such property in accordance with the policy stated under "Right-of-use assets" for property held as a right-of-use asset up to the date of change in use, and any difference at that date between the carrying amount and the fair value of the property is accounted for as a revaluation in accordance with HKAS 16 *Property, Plant and Equipment*.

Intangible assets

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

3 MATERIAL ACCOUNTING POLICIES *(Continued)*

Intangible assets *(Continued)*

Computer software

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

Leases

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

Group as a lessee

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

(a) *Right-of-use assets*

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

Leasehold land	10 to 60 years
Buildings	2 to 8 years

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

(b) *Lease liabilities*

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

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

3 MATERIAL ACCOUNTING POLICIES *(Continued)*

Leases *(Continued)*

Group as a lessee *(Continued)*

(c) *Short-term leases*

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

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

Group as a lessor

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

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

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

Investments and other financial assets

Initial recognition and measurement

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

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

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

3 MATERIAL ACCOUNTING POLICIES *(Continued)*

Investments and other financial assets *(Continued)*

Initial recognition and measurement *(Continued)*

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

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

Subsequent measurement

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

Derecognition of financial assets

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

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

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

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

3 MATERIAL ACCOUNTING POLICIES *(Continued)*

Investments and other financial assets *(Continued)*

Derecognition of financial assets *(Continued)*

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

Impairment of financial assets

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

General approach

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

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

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

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

Financial assets at amortized cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

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

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

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

3 MATERIAL ACCOUNTING POLICIES *(Continued)*

Investments and other financial assets *(Continued)*

Simplified approach

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

Financial liabilities

Initial recognition and measurement

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

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

Subsequent measurement

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

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

Derecognition of financial liabilities

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

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

Offsetting financial instruments

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

Inventories

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

3 MATERIAL ACCOUNTING POLICIES *(Continued)*

Cash and cash equivalents

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

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

Provisions

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

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

Income tax

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

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

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

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

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

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

3 MATERIAL ACCOUNTING POLICIES *(Continued)*

Income tax *(Continued)*

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

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

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

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

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

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

Government grants

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

3 MATERIAL ACCOUNTING POLICIES *(Continued)*

Revenue recognition

Revenue from contracts with customers

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

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

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

(a) *Hotels and resorts operation*

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

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

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

(b) *Luxury travel retail operation*

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

3 MATERIAL ACCOUNTING POLICIES *(Continued)*

Revenue recognition *(Continued)*

Revenue from contracts with customers *(Continued)*

(c) Destination services operation

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

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

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

Revenue from other sources

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

Other income

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

Employee benefits — Pension schemes

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

The employees of the Group's subsidiaries which operate in Saipan, Guam and Hawaii are required to participate in a defined contribution pension scheme as defined in subsection 401(k) of the Internal Revenue Code in the United States. These subsidiaries may make matching or non-elective contributions to the plan on behalf of eligible employees that is limited to a maximum pre-tax annual contribution of US$23,000 (2023: US$22,500) for the year ended December 31, 2024. The contributions to the scheme are charged to profit or loss as and when they incurred. The Group's employer contribution vest fully once made.

Borrowing costs

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

3 MATERIAL ACCOUNTING POLICIES *(Continued)*

Events after the reporting period

If the Group receives information after the reporting period, but prior to the date of authorisation for issue, about conditions that existed at the end of the reporting period, it will assess whether the information affects the amounts that it recognizes in its financial statements. The Group will adjust the amounts recognized in its financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in light of the new information. For non-adjusting events after the reporting period, the Group will not change the amounts recognized in its financial statements, but will disclose the nature of the non-adjusting events and an estimate of their financial effects, or a statement that such an estimate cannot be made, if applicable.

Foreign currencies

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

4 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Judgements

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

(a) *Impairment of non-financial assets*

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

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

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

4 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(Continued)*

Estimates

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

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

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

(b) Leases — Estimating the incremental borrowing rate

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

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

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

(d) Provision for expected credit losses on trade receivables

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

4 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(Continued)*

Estimates *(Continued)*

(d) Provision for expected credit losses on trade receivables (Continued)

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

5 SEGMENT INFORMATION

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

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

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

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

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

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

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

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

5 SEGMENT INFORMATION *(Continued)*

The segment information provided to the Group's CODM for the reportable segments for the years ended December 31, 2024 and 2023 are as follows:

	Hotels and resorts		Luxury travel retail		Destination services		Total	
	2024 US$'000	2023 US$'000	**2024 US$'000**	2023 US$'000	**2024 US$'000**	2023 US$'000	**2024 US$'000**	2023 US$'000
Segment revenue (Note 6)								
Sales to external customers	**34,458**	28,194	**7,414**	7,948	**923**	705	**42,795**	36,847
Intersegment sales	**74**	65	**—**	—	**—**	—	**74**	65
Total segment revenue	**34,532**	28,259	**7,414**	7,948	**923**	705	**42,869**	36,912
Reconciliation:								
Elimination of intersegment sales							**(74)**	(65)
							42,795	36,847
Segment results	**(11,936)**	(16,036)	**(514)**	64	**(294)**	(450)	**(12,744)**	(16,422)
Other gains, net							**1**	62
Corporate and other unallocated expenses							**(1,711)**	(1,823)
Finance income							**5**	5
Finance costs							**(4,632)**	(4,886)
Loss before tax							**(19,081)**	(23,064)
Income tax credit							**5**	93
Loss for the year							**(19,076)**	(22,971)
Other segment information:								
Depreciation of property, plant and equipment:								
Segment assets	**10,556**	10,281	**517**	499	**40**	48	**11,113**	10,828
Unallocated assets							**1**	1
							11,114	10,829
Depreciation of investment properties	**16**	18	**—**	—	**—**	—	**16**	18
Amortization of intangible assets	**20**	17	**1**	1	**1**	—	**22**	18
Provision/(reversal of provision) for obsolete inventories	**12**	—	**(91)**	(859)	**—**	—	**(79)**	(859)
Reversal of impairment of trade receivables	**(115)**	—	**—**	—	**—**	—	**(115)**	—
Write-off of property, plant and equipment	**4**	—	**—**	—	**—**	—	**4**	—
Impairment of property, plant and equipment	**3,680**	—	**—**	—	**—**	—	**3,680**	—
Capital expenditure*:								
Segment assets	**2,134**	8,750	**587**	124	**19**	241	**2,740**	9,115

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

5 SEGMENT INFORMATION *(Continued)*

Geographical information

(a) Revenue from external customers

	2024	2023
	US$'000	US$'000
Saipan	**17,063**	12,324
Guam	**23,677**	22,701
Hawaii	**2,055**	1,822
	42,795	36,847

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

(b) Non-current assets

	2024	2023
	US$'000	US$'000
Saipan	**44,232**	52,182
Guam	**73,195**	76,835
Hawaii	**1,335**	1,718
Hong Kong	**—**	1
	118,762	130,736

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

Information about major customers

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

All customers individually accounted for less than 10% of the Group's revenue for the years ended December 31, 2024 and 2023.

6 REVENUE

An analysis of revenue is as follows:

	2024 US$'000	2023 US$'000
Revenue from contracts with customers		
Hotels and resorts operations	**34,292**	28,032
Luxury retail, souvenir and convenience stores operations	**8,213**	8,554
Excursion tour services	**124**	99
	42,629	36,685
Revenue from other sources		
Rental income	**166**	162
	42,795	36,847

(a) Disaggregated revenue information

Year ended December 31, 2024

Segments	**Hotels and resorts US$'000**	**Luxury travel retail US$'000**	**Destination services US$'000**	**Total US$'000**
Types of goods or services				
Revenue from contracts with customers				
— Room charge	**24,864**	**—**	**—**	**24,864**
— Food and beverage	**8,532**	**—**	**—**	**8,532**
— Sale of luxury and leisure clothing and accessories	**—**	**7,414**	**—**	**7,414**
— Sale of souvenirs and others	**—**	**—**	**799**	**799**
— Operating excursion tour and rendering of land arrangement services	**—**	**—**	**124**	**124**
— Other hospitality (Note (i))	**896**	**—**	**—**	**896**
Total revenue from contracts with customers	**34,292**	**7,414**	**923**	**42,629**
Revenue from other sources				
— Rental income (Note (ii))	**166**	**—**	**—**	**166**
Total revenue	**34,458**	**7,414**	**923**	**42,795**

6 REVENUE *(Continued)*

(a) Disaggregated revenue information *(Continued)*

Year ended December 31, 2024 *(Continued)*

Segments	Hotels and resorts US$'000	Luxury travel retail US$'000	Destination services US$'000	Total US$'000
Geographical markets				
Revenue from contracts with customers				
— Saipan	14,841	1,434	734	17,009
— Guam	19,451	3,925	189	23,565
— Hawaii	—	2,055	—	2,055
Total revenue from contracts with customers	34,292	7,414	923	42,629
Revenue from other sources				
— Rental income (Note (ii))	166	—	—	166
Total revenue	34,458	7,414	923	42,795
Timing of revenue recognition				
Revenue from contracts with customers				
— Goods transferred at a point in time	9,428	7,414	799	17,641
— Services transferred over time	24,864	—	124	24,988
Total revenue from contracts with customers	34,292	7,414	923	42,629
Revenue from other sources				
— Rental income (Note (ii))	166	—	—	166
Total revenue	34,458	7,414	923	42,795

6 REVENUE *(Continued)*

(a) Disaggregated revenue information *(Continued)*

Year ended December 31, 2023

Segments	Hotels and resorts US$'000	Luxury travel retail US$'000	Destination services US$'000	Total US$'000
Types of goods or services				
Revenue from contracts with customers				
— Room charge	19,287	—	—	19,287
— Food and beverage	8,175	—	—	8,175
— Sale of luxury and leisure clothing and accessories	—	7,948	—	7,948
— Sale of souvenirs and others	—	—	606	606
— Operating excursion tour and rendering of land arrangement services	—	—	99	99
— Other hospitality (Note (i))	570	—	—	570
Total revenue from contracts with customers	28,032	7,948	705	36,685
Revenue from other sources				
— Rental income (Note (ii))	162	—	—	162
Total revenue	28,194	7,948	705	36,847
Geographical markets				
Revenue from contracts with customers				
— Saipan	10,241	1,369	657	12,267
— Guam	17,791	4,757	48	22,596
— Hawaii	—	1,822	—	1,822
Total revenue from contracts with customers	28,032	7,948	705	36,685
Revenue from other sources				
— Rental income (Note (ii))	162	—	—	162
Total revenue	28,194	7,948	705	36,847

6 REVENUE *(Continued)*

(a) Disaggregated revenue information *(Continued)*

Year ended December 31, 2023 *(Continued)*

Segments	Hotels and resorts US$'000	Luxury travel retail US$'000	Destination services US$'000	Total US$'000
Timing of revenue recognition				
Revenue from contracts with customers				
— Goods transferred at a point in time	8,745	7,948	606	17,299
— Services transferred over time	19,287	—	99	19,386
Total revenue from contracts with customers	28,032	7,948	705	36,685
Revenue from other sources				
— Rental income (Note (ii))	162	—	—	162
Total revenue	28,194	7,948	705	36,847

Notes:

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

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

(iii) No revenue recognized during the year ended December 31, 2024 related to performance obligations satisfied or partially satisfied in previous periods (2023: Nil).

6 REVENUE *(Continued)*

(b) Performance obligations

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

Room charge

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

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

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

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

Operating excursion tour and rendering of land arrangement services

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

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

7 OTHER GAINS, NET

	2024 **US$'000**	2023 US$'000
Net exchange (losses)/gains	**(2)**	2
Gains on disposal of low-value assets	**—**	60
Gain on early termination of lease contract	**3**	—
	1	62

8 FINANCE COSTS, NET

	2024 US$'000	2023 US$'000
Finance income:		
— Interest income from bank deposits	**5**	5
Finance costs:		
— Interest expenses on lease liabilities	**(809)**	(862)
— Interest expenses on Paycheck Protection Program loans, net of amounts forgiven	**(1)**	(2)
— Interest expenses on bank borrowings	**(3,583)**	(3,586)
— Interest expenses on other borrowings	**(4)**	(436)
— Imputed interest expenses on other borrowings (Note 27)	**(235)**	—
	(4,632)	(4,886)
Finance costs, net	**(4,627)**	(4,881)

9 LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging/(crediting):

	Note	2024 US$'000	2023 US$'000
Cost of inventories sold		**4,469**	4,594
Food and beverage costs		**2,545**	3,188
Employee benefit expenses (including directors' remuneration — Note 10):			
Wages, salaries and other benefits		**14,569**	15,883
Pension scheme contributions (defined contribution scheme)*		**44**	49
		14,613	15,932
Other expenses/(income):			
Reversal of impairment of trade receivables	19	**(115)**	—
Reversal of provision for obsolete inventories	18	**(79)**	(859)
Write-off of property, plant and equipment	15	**4**	—
Impairment of property, plant and equipment	15	**3,680**	—
		3,490	(859)
Lease payment not included in the measurement of lease liabilities**	15(c)(iii)	**1,022**	1,029
Depreciation of property, plant and equipment**	15	**11,114**	10,829
Depreciation of investment properties**	16	**16**	18
Amortization of intangible assets**	17	**22**	18
Auditors' remuneration**		**222**	218

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

** These items are included in "Other operating costs" in the consolidated statement of profit or loss and other comprehensive income.

10 DIRECTORS' REMUNERATION

(a) Directors' emoluments

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

	Director's fee US$'000	Salary US$'000	Discretionary bonuses US$'000	Allowances and other benefits in kind US$'000	Employer's contribution to a retirement benefit scheme US$'000	Total US$'000
For the year ended December 31, 2024						
Executive director						
Dr. Tan Henry (Note (i))	**–**	**280**	**–**	**–**	**–**	**280**
Mr. Chiu George	**–**	**150**	**–**	**–**	**–**	**150**
Mrs. Su Tan Jennifer Sze Tink	**–**	**167**	**–**	**–**	**–**	**167**
Non-executive director						
Dr. Tan Siu Lin	**19**	**–**	**–**	**–**	**–**	**19**
Mr. Tan Willie	**19**	**–**	**–**	**–**	**–**	**19**
Mr. Schweizer Jeffrey William	**38**	**–**	**–**	**–**	**–**	**38**
Independent Non-Executive Directors						
Mr. Chan Leung Choi Albert	**38**	**–**	**–**	**–**	**–**	**38**
Mr. Ma Andrew Chiu Cheung	**38**	**–**	**–**	**–**	**–**	**38**
Mr. Wong Chun Tat	**38**	**–**	**–**	**–**	**–**	**38**
	190	**597**	**–**	**–**	**–**	**787**
For the year ended December 31, 2023						
Executive director						
Dr. Tan Henry (Note (i))	–	280	–	–	–	280
Mr. Chiu George	–	150	–	–	–	150
Mrs. Su Tan Jennifer Sze Tink	–	167	–	–	–	167
Mr. Schweizer Jeffrey William (Note (ii))	–	101	–	24	8	133
Non-executive director						
Dr. Tan Siu Lin	19	–	–	–	–	19
Mr. Tan Willie	19	–	–	–	–	19
Mr. Schweizer Jeffrey William (Note (ii))	13	–	–	–	–	13
Independent Non-Executive Directors						
Mr. Chan Leung Choi Albert	38	–	–	–	–	38
Mr. Ma Andrew Chiu Cheung	38	–	–	–	–	38
Mr. Wong Chun Tat	38	–	–	–	–	38
	165	698	–	24	8	895

10 DIRECTORS' REMUNERATION *(Continued)*

(a) Directors' emoluments *(Continued)*

Notes:

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

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

No director fees were paid to these directors in their capacity as directors of the Company or the subsidiaries and no emoluments were paid by the Company or the subsidiaries to the directors as an inducement to join the Company or the subsidiaries, or as compensation for loss of office during the year ended December 31, 2024 (2023: Nil).

(b) Directors' retirement benefits and termination benefits

None of the directors received any other retirement benefits or termination benefits during the year ended December 31, 2024 (2023: Nil).

(c) Consideration provided to third parties for making available directors' services

During the year ended December 31, 2024, no consideration was provided to or receivable by third parties for making available directors' services (2023: Nil).

(d) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

There were no loans, quasi-loan and other dealing arrangements in favor of directors, controlled bodies corporate by and connected entities with such directors as at December 31, 2024 (2023: Nil).

(e) Directors' material interests in transactions, arrangements or contracts

Save as disclosed in Note 31(a), there were no significant transactions, arrangements and contracts in relation to the Group's business to which the Group was a party and in which a director of the Group had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year ended December 31, 2024 (2023: Nil).

11 FIVE HIGHEST PAID INDIVIDUALS

The five highest paid employees during the year include 3 (2023: 1) directors, details of whose remuneration are set out in Note 10 above. Details of the remuneration of the 2 (2023: 4) non-director, highest paid employees for the year are as follows:

	2024 US$'000	2023 US$'000
Salaries and other allowances and benefits in kind	**423**	817
Discretionary bonus	**—**	32
Pension scheme contribution	**2**	2
	425	851

The number of the non-directors highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees	
	2024	2023
US$128,205 to US$192,308 (equivalent HK$1,000,001 to HK$1,500,000)	**1**	1
US$192,308 to US$256,410 (equivalent HK$1,500,001 to HK$2,000,000)	**1**	2
US$256,410 to US$320,513 (equivalent HK$2,000,001 to HK$2,500,000)	**—**	1

No incentive payment for joining the Group or compensation for loss of office was paid or payable to any of the five highest paid individuals during the year ended December 31, 2024 (2023: Nil).

12 INCOME TAX CREDIT

No provision for Hong Kong, the CNMI, Guam and Hawaii profits tax has been made for the year ended December 31, 2024 as the Group did not generate any assessable profits arising in Hong Kong, the CNMI, Guam and Hawaii during the Year (2023: Nil).

	2024 US$'000	2023 US$'000
Current:		
Over-provision in prior years	**5**	—
Deferred (Note 28)	**—**	93
	5	93

12 INCOME TAX CREDIT *(Continued)*

The Group's subsidiaries incorporated in the CNMI, Guam and Hawaii were subject to income tax rate of 21%. A reconciliation of the tax credit applicable to loss before tax at the statutory tax rates to the tax expense at the Group's effective tax rate is as follows:

	2024	2023
	US$'000	US$'000
Loss before tax	**(19,081)**	(23,064)
Tax credit at the statutory tax rates	**(3,934)**	(4,810)
Income not subject to tax	**(3,596)**	(2,611)
Expenses not deductible for tax	**7,530**	7,328
Over-provision in prior years	**(5)**	—
Tax credit at the Group's effective tax rates	**(5)**	(93)

13 DIVIDEND

The board of directors does not recommend the payment of any dividend for the year ended December 31, 2024 (2023: Nil).

14 LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of the basic loss per share amount is based on the loss for the year attributable to owners of the Company of US$18,955,000 (2023: US$22,961,000), and the weighted average number of ordinary shares of 360,000,000 (2023: 360,000,000) in issue during the Year.

No adjustment has been made to the basic loss per share amount presented for each of the years ended December 31, 2024 and 2023 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during each of the years ended December 31, 2024 and 2023.

15 PROPERTY, PLANT AND EQUIPMENT

	Right-of-use assets (Note (c)) US$'000	Buildings US$'000	Renovation and leasehold improvements US$'000	Plant and machinery US$'000	Furniture, fixtures and equipment US$'000	Motor vehicles US$'000	Construction in progress US$'000	Total US$'000
December 31, 2024								
At January 1, 2024:								
Cost	24,743	48,680	77,310	21,145	21,661	961	3,057	197,557
Accumulated depreciation and impairment	(9,030)	(31,120)	(12,055)	(7,406)	(6,981)	(923)	–	(67,515)
Net carrying amount	15,713	17,560	65,255	13,739	14,680	38	3,057	130,042
Net carrying amount:								
At January 1, 2024	15,713	17,560	65,255	13,739	14,680	38	3,057	130,042
Additions	–	-	1,679	670	377	–	–	2,726
Lease modification	(57)	-	–	–	–	–	–	(57)
Transfer from construction in progress	–	-	78	28	–	–	(106)	–
Transfer to investment properties	–	-	(19)	–	–	–	–	(19)
Reclassification	–	(3)	–	–	–	–	(105)	(108)
Write-off	–	–	–	–	–	–	(4)	(4)
Depreciation provided during the year	(1,084)	(962)	(3,653)	(1,551)	(3,847)	(17)	–	(11,114)
Impairment (Note (b))	(121)	–	–	(711)	(6)	–	(2,842)	(3,680)
At December 31, 2024	14,451	16,595	63,340	12,175	11,204	21	–	117,786
At December 31, 2024:								
Cost	24,686	48,672	79,048	21,843	22,038	961	2,842	200,090
Accumulated depreciation and impairment	(10,235)	(32,077)	(15,708)	(9,668)	(10,834)	(940)	(2,842)	(82,304)
Net carrying amount	14,451	16,595	63,340	12,175	11,204	21	–	117,786

15 PROPERTY, PLANT AND EQUIPMENT *(Continued)*

	Right-of-use assets (Note (c)) US$'000	Buildings US$'000	Renovation and leasehold improvements US$'000	Plant and machinery US$'000	Furniture, fixtures and equipment US$'000	Motor vehicles US$'000	Construction in progress US$'000	Total US$'000
December 31, 2023								
At January 1, 2023:								
Cost	24,814	45,548	69,282	20,539	21,146	961	3,094	185,384
Accumulated depreciation and impairment	(7,867)	(28,676)	(8,722)	(5,836)	(3,213)	(906)	–	(55,220)
Net carrying amount	16,947	16,872	60,560	14,703	17,933	55	3,094	130,164
Net carrying amount:								
At January 1, 2023	16,947	16,872	60,560	14,703	17,933	55	3,094	130,164
Additions	53	–	1,743	266	171	–	6,932	9,165
Lease modification	(124)	–	–	–	–	–	–	(124)
Transfer from construction in progress	–	–	6,285	340	344	–	(6,969)	–
Transfer from investment properties	–	1,666	–	–	–	–	–	1,666
Depreciation provided during the year	(1,163)	(978)	(3,333)	(1,570)	(3,768)	(17)	–	(10,829)
At December 31, 2023	15,713	17,560	65,255	13,739	14,680	38	3,057	130,042
At December 31, 2023:								
Cost	24,743	48,680	77,310	21,145	21,661	961	3,057	197,557
Accumulated depreciation and impairment	(9,030)	(31,120)	(12,055)	(7,406)	(6,981)	(923)	–	(67,515)
Net carrying amount	15,713	17,560	65,255	13,739	14,680	38	3,057	130,042

Notes:

(a) As at December 31, 2024, certain hotel assets of the Group of US$99,621,000 (2023: US$109,551,000) have been pledged as security for the banking facilities as disclosed in note 26.

(b) As at December 31, 2024, the Group had property, plant and equipment of hotels and retail store assets of approximately US$115,395,000 (2023: US$127,636,000) and approximately US$2,097,000 (2023: US$2,014,000) respectively that were subject to impairment tests in the event that trading performance is below expectation, store is loss making or existence of other observable indications of declined in value of the property, plant and equipment. The Group considered each individual hotel and retail store as a separately identifiable cash-generating unit ("**CGU**") and performed impairment assessments on each of the CGU with impairment indicators by considering the recoverable amount of such assets at hotel and retail store level.

The carrying amounts of the hotels and retail store assets are written down to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The estimates of the recoverable amounts were based on value-in-use calculations using discounted cash flow projections prepared by management covering the remaining tenure of the lease, with major assumptions such as percentage change in revenue, gross profit margin and operating costs. During the year, the Group was in the process of negotiating the renewal of the land lease with the CNMI Government. However, considering the fact that the recovery of the tourism market in Saipan remains sluggish, the management of the Group has made a provision for the potential impairment in the carrying amount of Kanoa Resort. Therefore, an impairment loss of property, plant and equipment (including right-of-use assets) of approximately US$3,680,000 was recognized in the consolidated statement of profit or loss and other comprehensive income for the year ended December 31, 2024 (2023: Nil). Subsequent to the year ended December 31, 2024, as disclosed in the announcement of the Company dated March 27, 2025, the management of the Group will permanently close Kanoa Resort with effect from the date of expiry of the existing land lease on June 15, 2025.

For the year ended December 31, 2024, property, plant and equipment of US$4,000 (2023: Nil) from hotels and resorts segment were written off as they were deemed to have no economic value.

15 PROPERTY, PLANT AND EQUIPMENT *(Continued)*

Notes: *(Continued)*

(c) Leases

The Group leases various land, retail stores, offices and warehouses. Rental contracts are typically made for periods of 2 to 60 years, but may have extension options as described in (iv) below.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

(i) The following right-of-use assets are included in "Property, plant and equipment" in the consolidated statement of financial position.

	2024 **US$'000**	2023 US$'000
Right-of-use assets		
Leasehold land*	**13,116**	13,937
Buildings	**1,335**	1,776
	14,451	15,713

* The Group has land lease arrangement with the CNMI and Guam government.

(ii) The carrying amount of lease liabilities and the movements during the year are as follows:

	2024 **US$'000**	2023 US$'000
Carrying amount at January 1	**17,436**	18,791
Addition	**—**	53
Accretion of interest recognized during the year	**809**	862
Rent concessions from lessors	**—**	(77)
Lease modification	**(60)**	(124)
Payments	**(1,649)**	(2,069)
Carrying amount at December 31	**16,536**	17,436
Analyzed into:		
Current portion	**666**	917
Non-current portion	**15,870**	16,519
	16,536	17,436

The maturity analysis of lease liabilities is as follows:

	2024 **US$'000**	2023 US$'000
Within 1 year	**666**	917
After 1 year but within 2 years	**605**	639
After 2 years but within 5 years	**1,605**	2,053
After 5 years	**13,660**	13,827
	16,536	17,436

15 PROPERTY, PLANT AND EQUIPMENT *(Continued)*

Notes: *(Continued)*

(c) Leases *(Continued)*

(iii) The amounts recognized in profit or loss in relation to leases are as follows:

	2024 US$'000	2023 US$'000
Depreciation charge of right-of-use assets		
Leasehold land	**701**	701
Buildings	**383**	462
	1,084	1,163
Interest on lease liabilities (Note 8)	**809**	862
Expense relating to short-term leases (Note 9)	**331**	327
Expense relating to variable lease payments not included in lease liabilities (Note 9)	**691**	702
Rent concessions from lessors	**—**	(77)
Gain on early termination of lease contract (Note 7)	**(3)**	—
Impairment of right-of-use assets	**121**	—
Total amount recognized in profit or loss	**3,033**	2,977

(iv) Extension and termination options

The Group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and they are aligned with the Group's business needs. There were no undiscounted potential future rental payments relating to periods following the exercise date of extension and termination options that are not included in the lease terms. All extension options included in the lease contracts are expected to be exercised while all termination options are expected not to be exercised.

(v) Variable lease payments

Some property leases contain variable payment terms that are linked to sales generated from hotels and retail stores. For individual stores, certain lease payments are on the basis of variable payment terms with percentages ranging from 5% to 20% of sales. Variable payment terms are used for a variety of reasons, including minimizing the fixed costs base for hotels and retail stores. Variable lease payments that depend on sales are recognized in profit or loss in the period in which the condition that triggers those payments occurs. A 10% increase in sales across all hotels and retail stores in the Group with such variable lease contracts would increase total lease payments by approximately US$69,000 (2023: US$70,000).

(vi) The total cash outflow for leases is disclosed in note 29(c) to the financial statements.

16 INVESTMENT PROPERTIES

	2024 **US$'000**	2023 US$'000
At January 1:		
Cost	**817**	3,949
Accumulated depreciation	**(464)**	(1,912)
Net carrying amount	**353**	2,037
Net carrying amount:		
At January 1	**353**	2,037
Transfer from/(to) property, plant and equipment	**19**	(1,666)
Depreciation provided during the year	**(16)**	(18)
At December 31	**356**	353
At December 31:		
Cost	**836**	817
Accumulated depreciation	**(480)**	(464)
Net carrying amount	**356**	353

Notes:

(a) The investment properties are situated in Saipan and Guam. As at December 31, 2024, the fair values of the investment properties of the Group, as determined by the directors, were US$2,253,000 (2023: US$2,446,000). The fair values of investment properties are determined by using the income approach, which takes into account significant unobservable inputs (level 3) including average daily rate and capitalization rate.

(b) As at December 31, 2024, all investment properties of the Group of US$356,000 (2023: US$353,000), have been pledged as security for the banking facilities.

(c) During the year ended December 31, 2023, certain retail shop area within the hotel premises of the Group of approximately US$1,666,000, have been used by the Group on its own and did not use for leasing purpose, therefore such area has been transferred to property, plant and equipment.

17 INTANGIBLE ASSETS

	Computer software	
	2024	2023
	US$'000	US$'000
At January 1:		
Cost	**830**	827
Accumulated amortization	**(784)**	(766)
Net carrying amount	**46**	61
Net carrying amount:		
At January 1	**46**	61
Additions	**14**	3
Amortization provided during the year	**(22)**	(18)
At December 31	**38**	46
At December 31:		
Cost	**844**	830
Accumulated amortization	**(806)**	(784)
Net carrying amount	**38**	46

18 INVENTORIES

	2024	2023
	US$'000	US$'000
Merchandises	**3,272**	3,131
Food and beverages	**229**	—
Others	**90**	—
	3,591	3,131

During the year ended December 31, 2024, the Group reversed the provision for obsolete inventory of approximately US$79,000 (2023: US$859,000), which was included in "Other (expenses)/income" in the consolidated statement of profit or loss and other comprehensive income.

19 TRADE RECEIVABLES

	Note	2024 US$'000	2023 US$'000
Trade receivables	(a)	**2,492**	6,290
Impairment	(c)	**(589)**	(711)
		1,903	5,579

Notes:

(a) The Group's sale to tour operators on a wholesale basis, traditional travel agents and several corporate customers are mainly on credit and the credit term is generally 30 days from the invoice date. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by the management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances.

(b) The aging analysis of the trade receivables as at December 31, 2024 and 2023, based on invoice date and net of loss allowance, is as follows:

	2024 US$'000	2023 US$'000
Within 30 days	**575**	375
31 to 60 days	**16**	72
61 to 90 days	**8**	22
Over 90 days	**1,304**	5,110
	1,903	5,579

(c) The movements in the loss allowance for impairment of trade receivables are as follows:

	2024 US$'000	2023 US$'000
At beginning of the year	**711**	711
Reversal of impairment loss	**(115)**	—
Write-off	**(7)**	—
At end of the year	**589**	711

The Group applies the simplified approach to providing for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses for trade receivables (except for the receivable from a government authority). To measure the expected credit losses, trade receivables (except for the receivable from a government authority) have been grouped based on shared credit risk characteristics and the days past due.

19 TRADE RECEIVABLES *(Continued)*

Notes: *(Continued)*

(c) The movements in the loss allowance for impairment of trade receivables are as follows: *(Continued)*

Set out below is the information about the credit risk exposure on the Group's trade receivables (other than the receivable from the government authority) using a provision matrix:

		Past due				
	Current	**Within 30 days**	**31 to 60 days**	**61 to 90 days**	**Over 90 days**	**Total**
At December 31, 2024						
Expected credit loss rate	**1.2%**	**13.9%**	**23.8%**	**42.9%**	**99.6%**	
Gross carrying amount (US$'000)	**513**	**79**	**21**	**14**	**542**	**1,169**
Expected credit losses (US$'000)	**6**	**11**	**5**	**6**	**540**	**568**
At December 31, 2023						
Expected credit loss rate	6.8%	13.2%	16.3%	37.1%	93.6%	
Gross carrying amount (US$'000)	367	38	86	35	611	1,137
Expected credit losses (US$'000)	25	5	14	13	572	629

As at December 31, 2024, the trade receivable from the governmental authority amounted to approximately US$1,323,000 (2023: US$5,153,000). The credit quality of a governmental authority has been assessed by reference to external credit ratings or to historical information about the counterparty default rates. Impairment of approximately US$21,000 (2023: US$82,000) has been provided as at December 31, 2024.

20 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2024 US$'000	2023 US$'000
Deposits	**846**	840
Prepayments	**2,538**	3,350
Other receivables	**539**	295
	3,923	4,485
Portion classified as current assets	**(2,501)**	(3,354)
Non-current portion	**1,422**	1,131

The maximum exposure to credit risk at the reporting date is the carrying amounts of deposits and other receivables mentioned above. The Group does not hold collateral as security.

The Group accounts for its credit risk by appropriately providing for expected credit losses on a timely basis. In calculating the expected credit loss rates, the Group considers historical loss rates for each category of receivables and adjusts for forward looking macroeconomic data.

20 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES *(Continued)*

As at December 31, 2024, all of these financial assets are considered to have low credit risk, and thus the impairment provision recognized during the year was limited to 12 months expected losses. Management considered these financial assets to be low credit risk when they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term. The Group has assessed that the 12 months expected credit losses for these receivables are not material, and thus, no loss allowance provision was recognized during the year.

The carrying amounts of prepayments, deposits and other receivables approximate their fair values and are denominated in the following currencies:

	2024	2023
	US$'000	US$'000
US$	**3,885**	4,451
HK$	**38**	34
	3,923	4,485

21 CASH AND CASH EQUIVALENTS

	2024	2023
	US$'000	US$'000
Cash at banks	**3,125**	4,363
Cash on hand	**67**	75
	3,192	4,438
Maximum exposure to credit risk	**3,125**	4,363

Cash and cash equivalents are denominated in in the following currencies:

	2024	2023
	US$'000	US$'000
US$	**3,189**	4,432
HK$	**3**	6
	3,192	4,438

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

22 ISSUED SHARE CAPITAL AND SHARE PREMIUM

Ordinary shares of HK$0.01 each, issued and fully paid:

	Number of shares	Nominal value of ordinary shares US$'000	Share premium US$'000
At January 1 and December 31, 2023 and 2024	360,000,000	461	38,122

23 CAPITAL RESERVE AND OTHER RESERVE

(a) Capital reserve

Capital reserve of US$27,006,000 represented the contribution from the immediate holding company with respect to the consideration for the acquisition of subsidiaries pursuant to a reorganization for the Listing.

Capital reserve of US$1,848,000 represented the deemed contribution from the intermediate holding company with respect to the difference between the nominal interest rate and the market interest rate of the shareholder's loans, details of which are set out in note 27 below.

(b) Other reserve

Other reserve of US$4,809,000 mainly represented the deemed contribution from Tan Holdings before the reorganization for the Listing.

24 SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

As at December 31, 2024, the Group's accumulated negative balances of non-controlling interests ("**NCI**") amounting to approximately US$473,000 (2023: US$352,000), are arising from Gemkell Corporation and Gemkell (Saipan) Corporation, which are the Group's 80% owned subsidiaries.

Summarized financial information of the subsidiaries with material non-controlling interest

Set out below is the summarized financial information of Gemkell Corporation and Gemkell (Saipan) Corporation, which have non-controlling interests that are material to the Group.

24 SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS *(Continued)*

Summarized financial information of the subsidiaries with material non-controlling interest *(Continued)*

(a) Gemkell Corporation

Summarized statement of financial position of Gemkell Corporation:

	2024 US$'000	2023 US$'000
Current		
Assets	4,874	5,208
Liabilities	(4,670)	(4,600)
Net current assets	204	608
Non-current		
Assets	3,381	3,012
Liabilities	(2,256)	(1,878)
Net non-current assets	1,125	1,134
Net assets	1,329	1,742
Accumulated NCI	265	348

Summarized statement of profit or loss and other comprehensive income of Gemkell Corporation:

	2024 US$'000	2023 US$'000
Revenue	5,980	6,579
Loss for the year and total comprehensive loss for the year	(413)	(5)
Total comprehensive loss for the year attributable to NCI	(82)	(1)

Summarized statement of cash flows of Gemkell Corporation:

	2024 US$'000	2023 US$'000
Net cash flows (used in)/from operating activities	(179)	797
Net cash flows used in investing activities	(587)	(115)
Net cash flows from/(used in) financing activities	217	(491)
Net (decrease)/increase in cash and cash equivalents	(549)	191

24 SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS *(Continued)*

Summarized financial information of the subsidiaries with material non-controlling interest *(Continued)*

(b) Gemkell (Saipan) Corporation

Summarized statement of financial position of Gemkell (Saipan) Corporation:

	2024	2023
	US$'000	US$'000
Current		
Assets	**1,275**	1,714
Liabilities	**(4,966)**	(5,221)
Net current liabilities	**(3,691)**	(3,507)
Non-current		
Assets	**2**	11
Liabilities	**—**	—
Net non-current assets	**2**	11
Net liabilities	**(3,689)**	(3,496)
Accumulated NCI	**(738)**	(700)

Summarized statement of profit or loss and other comprehensive income of Gemkell (Saipan) Corporation:

	2024	2023
	US$'000	US$'000
Revenue	**1,434**	1,369
Loss for the year and total comprehensive loss for the year	**(193)**	(44)
Total comprehensive loss for the year attributable to NCI	**(39)**	(9)

Summarized statement of cash flows of Gemkell (Saipan) Corporation:

	2024	2023
	US$'000	US$'000
Net cash flows (used in)/from operating activities	**(181)**	137
Net cash flows used in financing activities	**—**	(9)
Net (decrease)/increase in cash and cash equivalents	**(181)**	128

25 TRADE AND OTHER PAYABLES

	2024 US$'000	2023 US$'000
Trade payables		
— to third parties (Note (a))	**3,291**	2,811
— to related parties (Note (b))	**917**	572
Total trade payables	**4,208**	3,383
Accruals and other payables		
— Accrued staff salaries	**504**	553
— Other taxes payable	**503**	1,432
— Other accruals and payables	**6,642**	6,612
— Payables for purchase of property, plant and equipment	**—**	2,132
	7,649	10,729
	11,857	14,112

(a) Trade payables to third parties

The aging analysis of the trade payables to third parties based on invoice date is as follows:

	2024 US$'000	2023 US$'000
Within 30 days	**1,607**	1,536
31 to 60 days	**516**	495
61 to 90 days	**150**	305
Over 90 days	**1,018**	475
	3,291	2,811

(b) Trade payables to related parties

As at December 31, 2024 and 2023, the trade payables to related parties are unsecured, interest-free and with credit term of 30 days.

The aging analysis of trade payables due to related parties based on invoice date is as follows:

	2024 US$'000	2023 US$'000
Within 30 days	**123**	114
31 to 60 days	**118**	56
61 to 90 days	**59**	59
Over 90 days	**617**	343
	917	572

25 TRADE AND OTHER PAYABLES *(Continued)*

(c) The carrying amounts of trade and other payables approximate their fair values and are denominated in the following currencies:

	2024 US$'000	2023 US$'000
US$	**11,670**	13,795
HK$	**187**	317
	11,857	14,112

26 BANK BORROWINGS

	2024 US$'000	2023 US$'000
Current		
Short-term bank borrowing, unsecured	**5,000**	5,000
Term loans, secured		
— due for repayment within 1 year which contain a repayment on demand clause	**4,300**	3,133
— due for repayment after 1 year which contain a repayment on demand clause	**35,200**	39,500
Total bank borrowings	**44,500**	47,633

Bank borrowings due for repayment after 1 year which contain a repayment on demand clause is classified as a current liability.

The expected repayment dates of the Group's bank borrowings that are repayable on demand, with reference to schedules of repayments set out in the term loan agreements, are as follows:

	2024 US$'000	2023 US$'000
Within 1 year	**4,300**	3,133
After 1 year but within 2 years	**15,833**	4,300
After 2 years but within 5 years	**19,367**	35,200
	39,500	42,633

The effective interest rate of the bank borrowings was 7.88% per annum for the year ended December 31, 2024 (2023: 7.61%).

The carrying amount of the Group's bank borrowings approximate their fair value and are denominated in US$.

As at December 31, 2024, the Group had aggregate banking facilities of US$48,000,000 (2023: US$48,000,000). There were no unutilized facilities as at December 31, 2024 (2023: Nil). The Group's banking facility is secured and guaranteed by:

(i) certain property, plant and equipment and investment properties owned by the Group with carrying amounts of US$99,621,000 (2023: US$109,551,000) and US$356,000 (2023: US$353,000), respectively as at December 31, 2024 (Notes 15 and 16); and

(ii) corporate guarantee provided by the Company and its subsidiaries.

27 OTHER BORROWINGS

	2024 US$'000	2023 US$'000
Non-current		
Shareholder's loan	**31,442**	20,500
Director's loan	**800**	—
	32,242	20,500
Current		
Shareholder's loan-imputed interests	**245**	5,500
Accrued interests	**440**	436
	685	5,936
	32,927	26,436

The expected repayment dates of the Group's other borrowings are as follows:

	2024 US$'000	2023 US$'000
Within 1 year	**685**	5,936
After 1 year but within 2 years	**268**	20,500
After 2 years but within 5 years	**11,035**	—
Over 5 years	**20,939**	—
	32,927	26,436

Since 2022, the Group entered into six loan agreements with Tan Holdings, a controlling shareholder of the Company, for a total of six unsecured, interest-bearing loan facilities for the purpose of financing the general working capital of the Group, as detailed below:

	Date of Loan Agreement	Amount of Loan Facility	Interest Rate	Maturity Date
1.	August 30, 2022	US$5,000,000	2% per annum	August 29, 2030*
2.	December 16, 2022	US$8,000,000	2% per annum	December 15, 2029*
3.	February 28, 2023	US$8,000,000	2% per annum	February 27, 2030*
4.	August 1, 2023	US$7,000,000	5% per annum	July 31, 2030*
5.	February 29, 2024	US$4,000,000	5% per annum	February 28, 2031*
6.	November 26, 2024	US$11,000,000	5% per annum	November 25, 2029

* On December 2, 2024, the Group obtained an extension of 5 years on the loan repayment dates of each of the loan agreements with Tan Holdings.

On December 31, 2024, the Group obtained a waiver from Tan Holdings for loan interest totaling US$961,000 for the financial year concluded on that date.

The interest rates charged on Loans 1 to 3 are below the prevailing market interest rates. An aggregated imputed interest of approximately US$1,848,000 for these loans was calculated based on the difference between the prevailing market interest rates and the nominal interest rates. This amount has been recognized in the capital reserve as a deemed contribution from a shareholder for the year ended December 31, 2024. Imputed interest has been deducted from the principal and recognized as capital reserve at initial recognition and subsequently amortized as imputed interest expenses in "Finance costs". During the Year, imputed interests of US$235,000 have been amortized and recorded in "Finance costs" in the consolidated statement of profit or loss and other comprehensive income.

27 OTHER BORROWINGS *(Continued)*

As at December 31, 2024, an amount of US$33,300,000 shareholder's loan had been drawn down by the Company. The entire amount was classified as a non-current liability (2023: US$20,500,000), whilst none was classified as current liability (2023: US$5,500,000).

On November 22, 2024, a subsidiary entered into a loan agreement with Mr. Chiu George, a Director of the Company, for a loan facility of US$800,000. The loan is unsecured, interest-bearing at 6.0% per annum, and is repayable in 5 years from the date of the loan agreement.

28 DEFERRED TAX ASSETS

The components of deferred tax assets and their movements during the year are as follows:

	Attributable to			
	Impairment of trade receivables	**Depreciation allowances in excess of related depreciation**	**Tax losses and others**	**Total**
	US$'000	US$'000	US$'000	US$'000
At January 1, 2023	78	975	8,518	9,571
Deferred tax credited/(charged) to profit or loss during the year	3	(322)	(175)	(494)
At December 31, 2023 and January 1, 2024	**81**	**653**	**8,343**	**9,077**
Deferred tax credited/(charged) to profit or loss during the year	–	–	–	–
At December 31, 2024	**81**	**653**	**8,343**	**9,077**

The movements of deferred tax liabilities are as follows:

	Accelerated tax depreciation
	US$'000
At January 1, 2023	(3,081)
Deferred tax charged to profit or loss during the year	587
At December 31, 2023 and January 1, 2024	**(2,494)**
Deferred tax credited to profit or loss during the year	–
At December 31, 2024	**(2,494)**

Deferred tax assets are recognized for tax loss carry-forwards to the extent that the realization of the related tax benefit through future taxable profits is probable. As at December 31, 2024, the Group had unrecognized deferred tax assets of US$3,024,000 (2023: US$3,508,000) in respect of losses that can be carried forward against future taxable income.

Pursuant to income tax laws of the CNMI, Guam and Hawaii, withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in these jurisdictions. The Group is therefore liable to withholding taxes on dividends declared by the subsidiaries established in these jurisdictions.

28 DEFERRED TAX ASSETS *(Continued)*

At 31 December 2024, no deferred tax has been recognized for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in these jurisdictions. In the opinion of the directors, the Group's fund will be retained in these jurisdictions for the reinvestment of the Group's operation and therefore it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. The aggregate amount of temporary differences associated with investments in subsidiaries in these jurisdictions for which deferred tax liabilities have not been recognized totaled approximately US$9,160,000 (2023: US$5,586,000) as at December 31, 2024.

29 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the year ended December 31, 2024, the Group obtained a waiver from Tan Holdings for loan interest totaling US$961,000 for the financial year concluded on that date.

During the year ended December 31, 2024, the Company recognized a deemed contribution of approximately US$1,848,000, which represents the imputed interest arose from the difference between the prevailing market interest rates and the nominal interest rates. This amount has been recognized in the capital reserve as a deemed contribution from a shareholder. Imputed interest has been deducted from the principal and recognized as capital reserve at initial recognition and subsequently amortized over the terms of the shareholder's loans. During the Year, this amount has been amortized and recorded in the "Finance costs" in the consolidated statement of profit or loss and other comprehensive income.

During the year ended December 31, 2023, the Group had non-cash transactions for property, plant and equipment and investment properties of US$1,666,000 in respect of transfer from investment property to property, plant and equipment for the retail shop area used by the Group on its own and did not use for leasing purpose.

(b) The movements of liabilities from financing activities for the year ended December 31, 2024:

	Lease liabilities US$'000	Bank borrowings US$'000	Other borrowings US$'000	Total US$'000
At January 1, 2023	18,791	48,000	6,815	73,606
Addition	53	—	—	53
Accrued interest	862	3,586	436	4,884
Change from financing cash flows	(2,069)	(3,953)	19,185	13,163
Rent concessions from lessors	(77)	—	—	(77)
Lease modification	(124)	—	—	(124)
At December 31, 2023 and January 1, 2024	**17,436**	**47,633**	**26,436**	**91,505**
Accrued interest	**809**	**3,583**	**239**	**4,631**
Change from financing cash flows	**(1,649)**	**(6,716)**	**8,100**	**(265)**
Deemed capital contribution from shareholder	**—**	**—**	**(1,848)**	**(1,848)**
Lease modification	**(60)**	**—**	**—**	**(60)**
At December 31, 2024	**16,536**	**44,500**	**32,927**	**93,963**

29 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS *(Continued)*

(c) The total cash outflow for leases included in the consolidated statement of cash flows is as follows:

	2024	2023
	US$'000	US$'000
Within operating activities	**1,022**	1,029
Within financing activities	**1,649**	2,069
	2,671	3,098

30 COMMITMENTS

(a) Operating leases rental receivables — the Group as lessor

At December 31, 2024, the undiscounted lease payments receivable by the Group in future periods under non-cancellable operating leases with its tenants are as follows:

	2024	2023
	US$'000	US$'000
Within 1 year	**39**	36
After 1 year but within 2 years	**18**	—
After 2 years but within 5 years	**9**	—
	66	36

(b) Capital commitments

Significant capital expenditure contracted for at the end of each year but not recognized as liabilities is as follows:

	2024	2023
	US$'000	US$'000
Property, plant and equipment	**600**	—

31 RELATED PARTY DISCLOSURES

(a) The Group had the following material transactions with related parties during the year:

Company name	**Nature of transactions**	**2024 US$'000**	2023 US$'000
Companies controlled by the Controlling Shareholder:			
CTSI Holdings Limited and its subsidiaries*	Freight forwarding and logistics expenses	**324**	268
Cosmos Distributing Co. Ltd.*	Purchase of merchandises	**78**	59
TakeCare Insurance Company Inc.*	Insurance expenses	**997**	1,086
Luen Thai International Development Limited*	Rental expenses and expenses charged	**64**	62
Tan Holdings Corporation	Interest expenses	**—**	436
Company controlled by close family of the Controlling Shareholder:			
Quanzhou Century Tour Investment Co., Ltd and its subsidiaries*	Hotel service income	**2,218**	326
Fellow subsidiaries:			
L&T Group of Companies Ltd.	Shared-services expenses	**239**	194
	Staff costs charges	**119**	88
	Hotel service income	**108**	349
D&Q Co. Ltd.*	Purchase of merchandises	**71**	50
Beach Road Tourism Development, Inc.*	Rental expenses and expenses charged	**232**	214
L&T Group of Companies Ltd.*	Rental expenses and expenses charged	**41**	43

* These transactions also constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules.

31 RELATED PARTY DISCLOSURES *(Continued)*

(a) *(Continued)*

The pricing of these transactions was determined based on mutual negotiation and agreement between the Group and related parties.

Outstanding balances and other transactions with related parties:

(i) Details of the trade payables balances with related parties at the end of the year are disclosed in note 25(b) to the financial statements.

(ii) Details of the amounts due from/to related parties at the end of the year are as follows:

	2024 US$'000	2023 US$'000
Due from fellow subsidiaries	**12**	9
Due from companies controlled by the Controlling Shareholder	**19**	13
Due from companies controlled by close family of the Controlling Shareholder	**150**	83
Total amounts due from related parties	**181**	105
Due to fellow subsidiaries	**184**	422
Due to companies controlled by the Controlling Shareholder	**95**	36
Total amounts due to related parties	**279**	458

As at December 31, 2024 and 2023, the balances with related parties were unsecured, interest-free and repayable on demand.

(iii) Details of director's loan and shareholder's loans at the end of the year are disclosed in note 27 to the financial statements.

(b) Key management compensation

Key management includes directors and senior management of the Group. The compensation paid or payable to key management for employees' services is shown below:

	2024 US$'000	2023 US$'000
Salaries, bonuses and other allowances and other benefits	**1,289**	1,178
Pension scheme contribution (defined contribution scheme)	**3**	10
	1,292	1,188

32 FINANCIAL INSTRUMENTS BY CATEGORY

All financial assets and liabilities of the Group as at December 31, 2024 and 2023 are classified as financial assets and liabilities at amortized cost, respectively.

33 FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The fair values of financial assets and financial liabilities are determined as follows:

- the fair values of financial assets with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market bid prices; and

- the fair values of other financial assets and financial liabilities included in the Level 2 and Level 3 categories have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

The directors of the Company consider that the fair values of financial assets and financial liabilities which are due to be received or settled within one year approximate to their carrying amounts largely due to the short term maturities of these instruments.

The fair values of the non-current portion of financial assets and financial liabilities have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The fair values of the non-current portion of financial assets and financial liabilities are approximate to their carrying amounts. The changes in fair value as a result of the Group's own non-performance risk as at December 31, 2024 were assessed to be insignificant.

34 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise bank and other borrowings and cash and cash equivalents. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarized below.

Interest rate risk

The Group's exposure to interest rate risks relates primarily to the Group's banks deposits and borrowings with floating interest rates. The interest rates and terms of repayment of the Group's interest-bearing bank borrowings are disclosed in note 26 to the financial statements. Interest rate risk is managed on an ongoing basis with the primary objective of limiting the extent to which net interest expense could be affected by adverse movements in interest rate.

As at December 31, 2024, if interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's pre-tax loss for the year would have been approximately US$207,000 higher/lower (2023: US$216,000 higher/lower).

34 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Foreign currency risk

Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities denominated in a currency that is not the functional currency of the relevant group entity.

The Group mainly operate in Saipan, Guam, Hawaii and Hong Kong with most of the transactions settled in US$ and Hong Kong dollars ("**HK$**"). Foreign exchange rate risk arises when recognized financial assets and liabilities are denominated in a currency that is not the entity's functional currency. As HK$ is pegged to US$, the directors considered the foreign exchange risk on HK$ to the Group is minimal.

As at December 31, 2024 and 2023, the financial assets and liabilities of the subsidiaries of the Group in Saipan, Guam and Hawaii are primarily denominated in US$. Therefore, management considers the foreign exchange risk is insignificant to the Group.

Credit risk

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at December 31. The amounts presented are gross carrying amounts of financial assets.

With respect to credit risk arising from financial assets of the Group, which mainly comprise cash and bank balances, trade receivables, deposits and other receivables, and amounts due from related parties, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

	12-month ECLs	Lifetime ECLs	
	Stage 1	Simplified approach	Total
	US$'000	US$'000	US$'000
At December 31, 2024			
Trade receivables*	**—**	**2,492**	**2,492**
Financial assets included in deposits and other receivables — performing**	**1,385**	**–**	**1,385**
Amount due from related parties — performing **	**181**	**–**	**181**
Cash and cash equivalents — not yet past due	**3,192**	**–**	**3,192**
At December 31, 2023			
Trade receivables*	—	6,290	6,290
Financial assets included in deposits and other receivables — performing**	1,135	—	1,135
Amount due from related parties — performing **	105	—	105
Cash and cash equivalents — not yet past due	4,438	—	4,438

* For trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 19(c) to the financial statements.

** The credit quality of the financial assets included in deposits and other receivables and amounts due from related parties is considered to be "performing" when debtors have a low risk of default and a strong capacity to meet contractual cash flows. The basis of recognition of expected credit loss provision is 12-month ECLs. Where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime.

34 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of available credit facilities. The Group aims to maintain flexibility in funding by keeping credit lines available.

Management monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities so that the Group does not breach borrowing limits or covenants (where applicable) on its banking facilities. Surplus cash held by Group entities over and above balances required for working capital management is invested in interest-bearing bank accounts and bank deposits with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the above-mentioned forecasts.

	Less than 1 year or on demand US$'000	**Between 1 and 2 years** US$'000	**Between 2 and 5 years** US$'000	**Over 5 years** US$'000	**Total** US$'000
At December 31, 2024					
Trade and other payables	**10,850**	**—**	**—**	**—**	**10,850**
Bank borrowing and interest payments	**5,293**	**—**	**—**	**—**	**5,293**
Term loans subject to a repayment on demand clause	**39,500**	**—**	**—**	**—**	**39,500**
Other borrowings and interest payments	**1,598**	**1,158**	**13,552**	**24,527**	**40,835**
Lease liabilities and interest payments	**1,435**	**1,350**	**3,713**	**28,593**	**35,091**
Amounts due to related parties	**279**	**—**	**—**	**—**	**279**
	58,955	**2,508**	**17,265**	**53,120**	**131,848**
At December 31, 2023					
Trade and other payables	12,127	—	—	—	12,127
Bank borrowing and interest payments	5,336	—	—	—	5,336
Term loans subject to a repayment on demand clause	42,633	—	—	—	42,633
Other borrowings and interest payments	6,042	21,445	—	—	27,487
Lease liabilities and interest payments	1,723	1,410	4,237	29,434	36,804
Amounts due to related parties	458	—	—	—	458
	68,319	22,855	4,237	29,434	124,845

Term loans with a repayment on demand clause are included in the "Less than 1 year or on demand" time band in the above maturity analysis. At December 31, 2024, the aggregate carrying amount of the term loans classified as repayable on demand was US$39,500,000 (2023: US$42,633,000). Taking into account the Group's financial position, the directors do not consider that it is probable that the bank will exercise its discretion to demand immediate repayment. The directors believe that such bank loan will be repaid in accordance with the scheduled repayment dates set out in the loan agreement.

34 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Liquidity risk *(Continued)*

For the purpose of managing liquidity risk, management reviews the expected cash flow information of the Group's bank borrowings. The maturity profile of the Group's bank borrowings with a repayment on demand clause as at the end of the year, based on the scheduled repayment dates and the contractual undiscounted payments, is as follows:

	Less than 1 year US$'000	**Between 1 and 2 years** US$'000	**Between 2 and 5 years** US$'000	**Total** US$'000
At December 31, 2024				
Bank borrowings with a repayment on demand clause	**6,886**	**17,949**	**19,954**	**44,789**
At December 31, 2023				
Bank borrowings with a repayment on demand clause	6,399	7,256	38,290	51,945

In addition, Tan Holdings has undertaken not to demand repayment of the amounts due to them of US$33,300,000 (2023: US$26,000,000) until such time when the Group is in a position to repay without impairing its liquidity and financial position.

Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as total debt divided by total capital. Total debt includes "Bank borrowings" as shown in the consolidated statement of financial position. Total capital includes "Equity" as shown in the consolidated statement of financial position.

The gearing ratios as at December 31, 2024 and 2023 are as follows:

	2024 **US$'000**	2023 US$'000
Total debt:		
Bank borrowings (Note 26)	**44,500**	47,633
Total capital	**33,978**	51,206
Gearing ratio	**131.0%**	93.0%

35 EVENT AFTER THE REPORTING PERIOD

Subsequent to the end of the reporting period, as disclosed in the announcement of the Company dated March 27, 2025, the management of the Group will permanently close Kanoa Resort with effect from the date of expiry of the existing land lease on June 15, 2025.

36 STATEMENT OF FINANCIAL POSITION OF THE COMPANY

(a) Information about the statement of financial position of the Company as at the end of the year is as follows:

	2024 US$'000	2023 US$'000
ASSETS		
Non-current assets		
Property, plant and equipment	**—**	1
Investments in subsidiaries	**51,550**	51,550
Deposit	**14**	14
Total non-current assets	**51,564**	51,565
Current assets		
Prepayments	**81**	53
Amounts due from related parties	**11**	—
Amounts due from subsidiaries	**123,031**	116,270
Cash and cash equivalents	**183**	213
Total current assets	**123,306**	116,536
Total assets	**174,870**	168,101
EQUITY		
Equity attributable to owners of the Company		
Issued share capital	**461**	461
Share premium	**38,122**	38,122
Capital reserve	**56,073**	54,225
Accumulated losses	**(7,359)**	(5,737)
Total equity	**87,297**	87,071
LIABILITIES		
Non-current liabilities		
Other borrowings	**31,442**	20,500
Current liabilities		
Accruals and other payables	**1,184**	1,325
Other borrowings	**681**	5,936
Amounts due to subsidiaries	**54,260**	53,267
Amounts due to related parties	**6**	2
Total current liabilities	**56,131**	60,530
Total liabilities	**87,573**	81,030
Total equity and liabilities	**174,870**	168,101

36 STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(Continued)*

(b) A summary of the Company's reserves is as follow:

	Share premium	Capital reserve (Note)	Accumulated losses	Total
	US$'000	US$'000	US$'000	US$'000
At January 1, 2023	38,122	54,225	(3,839)	88,508
Loss for the year and total comprehensive loss for the year	—	—	(1,898)	(1,898)
At December 31, 2023 and January 1, 2024	**38,122**	**54,225**	**(5,737)**	**86,610**
Loss for the year and total comprehensive loss for the year	**—**	**—**	**(1,622)**	**(1,622)**
Deemed capital contribution	**—**	**1,848**	**—**	**1,848**
At December 31, 2024	**38,122**	**56,073**	**(7,359)**	**86,836**

Note: Capital reserve of the Company represented (i) the difference between the net assets value of the subsidiaries acquired and the consideration settled by issuance of the shares of the immediate holding company pursuant to a reorganization for the Listing and (ii) the deemed contribution from the intermediate holding company with respect to the difference between the nominal interest rate and the prevailing market interest rate of the shareholder's loan.

37 APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on March 27, 2025.

Five Year Financial Summary

	2020	2021	2022	2023	**2024**
Financial highlights (US$'000)					
Total assets	123,651	136,828	158,508	157,323	**140,114**
Total liabilities	31,836	51,157	84,331	106,117	**106,136**
Bank borrowings	—	17,000	48,000	47,633	**44,500**
Equity attributable to the owners of the Company	91,900	85,944	74,519	51,558	**34,451**
Working Capital	47,492	(5,290)	(46,553)	(49,930)	**(44,095)**
Revenue	40,784	19,801	15,751	36,847	**42,795**
Loss attributable to the owners of the Company	(9,320)	(5,952)	(11,425)	(22,961)	**(18,955)**
Key Ratios					
Current ratio (times)	4.3	0.84	0.28	0.28	**0.24**
Profit margin attributable to the owners of the Company	-22.9%	-30.1%	-72.5%	-62.3%	**-44.3%**

Note: The financial summary of the Group is for information only and does not form part of the audited consolidated financial statements.