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KECK SENG INVESTMENTS (HONG KONG) LIMITED
激成投資（香港）有限公司

(Incorporated in Hong Kong with limited liability)

Website: www.keckseng.com.hk

(Stock Code: 184)

2023 FINAL RESULTS ANNOUNCEMENT

The board of directors (the “Board”) of Keck Seng Investments (Hong Kong) Limited (the “Company”) hereby announces the consolidated final results of the Company and its subsidiaries (the “Group”), and associated companies for the year ended 31 December 2023. These results have been reviewed by the Audit and Compliance Committee of the Board and the figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of profit of loss and other comprehensive income and the related notes thereto for the year ended 31 December 2023 as set out in the preliminary announcement have been agreed by the Group’s auditor, KPMG, Certified Public Accountants, to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by KPMG in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by KPMG on this preliminary announcement.

The consolidated profit attributable to equity shareholders of the Company for the year ended 31 December 2023 was HK\$219,656,000 (HK\$0.646 earnings per share), compared to HK\$76,302,000 (HK\$0.224 earnings per share) in 2022.

The Board has recommended the payment of a final dividend of HK\$0.08 per share (2022: HK\$0.05) for the year. Subject to equity shareholders’ approval of the payment of the final dividend at the forthcoming Annual General Meeting of the Company (the “2024 AGM”), the proposed final dividend is expected to be paid on or before Thursday, 27 June 2024.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December

		2023	2022
	Note	HK\$'000	HK\$'000
Revenue	3	1,738,354	1,429,488
Cost of sales		<u>(143,465)</u>	<u>(132,740)</u>
		1,594,889	1,296,748
Other revenue	4(a)	141,436	41,331
Other net gains	4(b)	9,755	17,052
Direct costs and operating expenses		(733,452)	(611,252)
Marketing and selling expenses		(60,687)	(30,190)
Depreciation		(141,334)	(149,291)
Administrative and other operating expenses		<u>(448,037)</u>	<u>(402,272)</u>
Operating profit		362,570	162,126
Net (decrease)/increase in fair value of investment properties		(12,500)	3,900
Reversal of impairment loss on a hotel property		<u>58,297</u>	-
		408,367	166,026
Finance costs	5(a)	(98,830)	(50,274)
Share of net profits of associates		<u>32,340</u>	<u>14,071</u>
Profit before taxation	5	341,877	129,823
Income tax	6	<u>(28,021)</u>	<u>(5,624)</u>
Profit for the year		313,856	124,199
Attributable to:			
Equity shareholders of the Company		219,656	76,302
Non-controlling interests		<u>94,200</u>	<u>47,897</u>
Profit for the year		313,856	124,199
Earnings per share, basic and diluted (cents)	7	64.6	22.4

Details of dividends payable to equity shareholders of the Company attributable to the profit for the year are set out in note 11(a).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December

	2023 HK\$'000	2022 HK\$'000
Profit for the year	313,856	124,199
Other comprehensive income for the year		
<i>Item that will not be reclassified to profit or loss:</i>		
Equity investments at fair value through other comprehensive income - net movement in fair value reserve (non-recycling)	(229)	(91)
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of: - financial statements of overseas subsidiaries and associates	(13,469)	(37,445)
Other comprehensive income for the year	(13,698)	(37,536)
Total comprehensive income for the year	300,158	86,663
Attributable to:		
Equity shareholders of the Company	208,797	42,767
Non-controlling interests	91,361	43,896
Total comprehensive income for the year	300,158	86,663

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December

	<i>Note</i>	2023 HK\$'000	2022 HK\$'000
Non-current assets			
Investment properties		892,900	905,400
Property, plant and equipment		1,431,628	1,541,519
Land		777,558	808,509
		3,102,086	3,255,428
Interest in associates		98,196	85,891
Derivative financial assets		8,476	13,372
Other non-current financial assets		137,363	120,611
Deferred tax assets		455,818	423,611
		3,801,939	3,898,913
Current assets			
Trading securities		10,561	12,154
Properties held for sale		278,873	278,873
Inventories		4,531	4,879
Trade and other receivables	8	96,438	75,674
Deposits and cash		1,511,698	1,341,269
Taxation recoverable		2,600	24,134
		1,904,701	1,736,983
Assets classified as held for sale		89,497	-
		1,994,198	1,736,983
Current liabilities			
Bank loans	9	319,391	1,359,323
Trade and other payables	10	453,614	413,947
Loan from an associate		464	464
Loans from non-controlling shareholders		4,155	41,227
Taxation payable		21,111	24,239
		798,735	1,839,200
Net current assets/(liabilities)		1,195,463	(102,217)
Total assets less current liabilities		4,997,402	3,796,696
Non-current liabilities			
Bank loans	9	1,056,083	76,481
Deferred revenue		2,783	3,172
Loans from non-controlling shareholders		108,824	73,283
Deferred tax liabilities		89,914	91,114
		1,257,604	244,050
NET ASSETS		3,739,798	3,552,646

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)*as at 31 December*

	<i>Note</i>	2023 HK\$'000	2022 HK\$'000
Capital and reserves			
Share capital	12	498,305	498,305
Reserves		2,620,075	2,438,494
Total equity attributable to equity shareholders of the Company		3,118,380	2,936,799
Non-controlling interests		621,418	615,847
TOTAL EQUITY		3,739,798	3,552,646

Notes:

1. Basis of preparation

The financial information relating to the years ended 31 December 2023 and 2022 included in this preliminary announcement of annual results does not constitute the Company's statutory annual consolidated financial statements for those years but is derived from those financial statements. Further information relating to those statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap.622) is as follows:

The Company has delivered the financial statements for the year ended 31 December 2022 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance (Cap.622) and will deliver the financial statements for the year ended 31 December 2023 in due course.

The Company's auditor has reported on the financial statements of the Group for both years. The auditor's reports were unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its reports; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance (Cap.622).

The Company's statutory financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the requirements of the Hong Kong Companies Ordinance (Cap.622). The Company's statutory financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

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

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

2. Changes in accounting policies

The Group has applied the following new and amended HKFRSs issued by the HKICPA to these financial statements for the current accounting period:

- HKFRS 17, *Insurance contracts*
- Amendments to HKAS 8, *Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates*
- Amendments to HKAS 1, *Presentation of financial statements* and HKFRS Practice Statement 2, *Making materiality judgements: Disclosure of accounting policies*
- Amendments to HKAS 12, *Income taxes: Deferred tax related to assets and liabilities arising from a single transaction*
- Amendments to HKAS 12, *Income taxes: International tax reform – Pillar Two model rules*
- HKICPA guidance, *Accounting implications of the abolition of the mandatory provident fund ("MPF")-long service payment ("LSP") offsetting mechanism in Hong Kong*

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

3. Revenue and segment reporting

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

- (i) Hotel segment is primarily engaged in the businesses of hotel room accommodation, provision of food and beverage at hotel restaurant outlets and operation of slot machines at one of the Group's hotels.
- (ii) Property segment is primarily engaged in the businesses of leasing of the Group's investment properties, which mainly consist of retail, commercial and office properties in Macau and of development, sales and marketing of the Group's trading properties in Macau.
- (iii) Investment and corporate segment are primarily engaged in the businesses of management of the Group's corporate assets and liabilities, non-trading, and trading securities, financial instruments, and other treasury operations.

(a) Revenue

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

	2023 HK\$'000	2022 HK\$'000
Hotel and club operations	1,645,163	1,337,997
Rental income	86,229	84,699
Management fee income	6,962	6,792
	1,738,354	1,429,488

(b) Segment results, assets and liabilities

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

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

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

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

Analysis of segment results of the Group

	<i>Revenue</i>	<i>Depreciation</i>	<i>Reversal of impairment loss on a hotel property</i>	<i>Finance costs</i>	<i>Share of profit/(loss) of associates</i>	<i>Income tax (expense)/credit</i>	<i>Contribution to profit/(loss)</i>
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
2023							
Hotel	1,639,040	(138,468)	58,297	(96,803)	32,346	(11,372)	239,851
- Vietnam	716,100	(46,595)	-	(1,666)	16,433	(42,469)	182,066
- United States	765,533	(70,181)	58,297	(91,213)	-	31,704	39,227
- The People's Republic of China	45,996	(10,998)	-	(3,517)	-	-	(7,941)
- Canada	84,964	(7,916)	-	(407)	15,913	(602)	18,511
- Japan	26,447	(2,778)	-	-	-	(5)	7,988
Property							
- Macau	96,800	(2,773)	-	(179)	-	(6,131)	72,098
Investment and corporate	2,514	(93)	-	(1,848)	(6)	(10,518)	1,907
Total	1,738,354	(141,334)	58,297	(98,830)	32,340	(28,021)	313,856

	<i>Revenue</i>	<i>Depreciation</i>	<i>Reversal of impairment loss on a hotel property</i>	<i>Finance costs</i>	<i>Share of profit/(loss) of associates</i>	<i>Income tax (expense)/credit</i>	<i>Contribution to profit/(loss)</i>
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
2022							
Hotel	1,331,028	(144,804)	-	(48,423)	14,073	13,106	78,953
- Vietnam	593,506	(47,592)	-	(3,238)	8,050	(29,625)	122,833
- United States	627,513	(75,042)	-	(41,465)	-	45,252	(40,270)
- The People's Republic of China	33,063	(11,516)	-	(3,413)	-	-	(18,374)
- Canada	66,403	(9,550)	-	(307)	6,023	(2,516)	16,059
- Japan	10,543	(1,104)	-	-	-	(5)	(1,295)
Property							
- Macau	96,346	(4,393)	-	(39)	-	(8,227)	61,550
Investment and corporate	2,114	(94)	-	(1,812)	(2)	(10,503)	(16,304)
Total	1,429,488	(149,291)	-	(50,274)	14,071	(5,624)	124,199

Analysis of total assets of the Group

	<i>Segment assets</i> HK\$'000	<i>Interest in associates</i> HK\$'000	<i>Total assets</i> HK\$'000	<i>Capital expenditure</i> HK\$'000
As at 31 December 2023				
Hotel	302,102	51,516	353,618	13,405
- Vietnam	2,492,138	-	2,492,138	15,242
- United States	142,212	-	142,212	4,824
- The People's Republic of China	135,643	42,538	178,181	12,660
- Canada	75,108	-	75,108	13
- Japan				
Property				
- Macau	1,992,185	-	1,992,185	893
Investment and corporate	558,553	4,142	562,695	44
Total	5,697,941	98,196	5,796,137	47,081
	<i>Segment assets</i> HK\$'000	<i>Interest in associates</i> HK\$'000	<i>Total assets</i> HK\$'000	<i>Capital expenditure</i> HK\$'000
As at 31 December 2022				
Hotel				
- Vietnam	314,797	54,575	369,372	8,073
- United States	2,430,823	-	2,430,823	6,149
- The People's Republic of China	148,724	-	148,724	2,910
- Canada	128,052	27,145	155,197	3,167
- Japan	76,948	-	76,948	-
Property				
- Macau	1,941,833	-	1,941,833	1,331
Investment and corporate	508,828	4,171	512,999	23
Total	5,550,005	85,891	5,635,896	21,653

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

Analysis of total liabilities of the Group

	<i>Segment liabilities</i> HK\$'000	<i>Bank borrowings</i> HK\$'000	<i>Total liabilities</i> HK\$'000
As at 31 December 2023			
Hotel			
- Vietnam	152,203	-	152,203
- United States	172,714	1,375,474	1,548,188
- The People's Republic of China	93,860	-	93,860
- Canada	17,133	-	17,133
- Japan	2,916	-	2,916
Property			
- Macau	187,967	-	187,967
Investment and corporate	54,072	-	54,072
	<hr/>	<hr/>	<hr/>
Total	680,865	1,375,474	2,056,339
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	<i>Segment liabilities</i> HK\$'000	<i>Bank borrowings</i> HK\$'000	<i>Total liabilities</i> HK\$'000
As at 31 December 2022			
Hotel			
- Vietnam	155,770	-	155,770
- United States	151,372	1,435,804	1,587,176
- The People's Republic of China	91,340	-	91,340
- Canada	13,849	-	13,849
- Japan	1,315	-	1,315
Property			
- Macau	175,412	-	175,412
Investment and corporate	58,388	-	58,388
	<hr/>	<hr/>	<hr/>
Total	647,446	1,435,804	2,083,250
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

4. Other revenue and other net gains

	2023 HK\$'000	2022 HK\$'000
<i>(a) Other revenue</i>		
Interest income	66,898	23,649
Dividend income from listed securities	700	457
Government grants	-	7,309
Forgiveness of bank loans from Paycheck Protection Program (note 9(d))	58,469	-
Others	15,369	9,916
	141,436	41,331
<i>(b) Other net gains</i>		
Net exchange gains/(losses)	5,617	(7,475)
Net realised and unrealised (losses)/gains on derivative financial instruments	(4,905)	10,671
Net unrealised gains on other non-current financial assets	12,793	9,281
Net unrealised (losses)/gains on trading securities	(1,593)	214
(Losses)/gains on disposal of property, plant and equipment	(2,157)	4,361
	9,755	17,052

5. Profit before taxation

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

	2023 HK\$'000	2022 HK\$'000
<i>(a) Finance costs</i>		
Bank loan interests	93,286	45,010
Discounting effect on loans from non-controlling shareholders	5,365	5,225
Other interest expenses	179	39
	98,830	50,274
<i>(b) Staff costs (Note)</i>		
Salaries, wages and other benefits	601,827	518,664
Contributions to defined contribution retirement plans	11,082	7,127
	612,909	525,791

Note: During the year ended 31 December 2023, staff costs of HK\$193,692,000 (2022: HK\$178,587,000) are included in "Administrative and other operating expenses".

	2023 HK\$'000	2022 HK\$'000
(c) <i>Other items</i>		
Cost of inventories	143,465	132,740
Auditors' remuneration		
- Audit services	4,386	4,942
- Other services	2,618	1,614
Government rent and rates (Note)	55,198	58,452
Rentals income from investment properties less direct outgoings of HK\$1,030,000 (2022: HK\$844,000)	(32,896)	(33,131)
Rentals income from properties held for sale and other rental income less direct outgoings of HK\$1,479,000 (2022: HK\$1,357,000)	(50,824)	(49,367)

Note: Government rent and rates are included in "Administrative and other operating expenses".

6. Income tax

	2023 HK\$'000	2022 HK\$'000
<i>Current tax - Overseas</i>		
Provision for the year	61,024	51,406
Under-provision in respect of prior years	409	127
	<u>61,433</u>	<u>51,533</u>
<i>Deferred tax</i>		
Origination and reversal of other temporary differences	(33,412)	(45,909)
	<u>28,021</u>	<u>5,624</u>

Notes:

- (i) No provision has been made for Hong Kong Profits Tax as the Company and all other entities comprising the Group that are incorporated in Hong Kong sustained a loss for taxation purposes or had unutilised tax losses to set-off against taxable income during years ended 31 December 2022 and 2023
- (ii) Taxation for overseas subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant countries.

7. Earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of HK\$219,656,000 (2022: HK\$76,302,000) and on the 340,200,000 ordinary shares in issue during the years ended 31 December 2023 and 2022.

There are no potential dilutive ordinary shares during the years ended 31 December 2023 and 2022.

8. Trade and other receivables

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

	2023	2022
	HK\$'000	HK\$'000
Within one month	30,414	37,960
One to three months	6,439	3,692
More than three months	2,522	3,235
	39,375	44,887

77% of trade receivables at 31 December 2023 (2022: 85%) were neither past due nor more than one month past due.

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

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases. The management assessed that the allowance for expected credit losses is insignificant during the years ended 31 December 2023 and 2022.

9. Bank loans

(a) At 31 December 2023, the bank loans were repayable as follows:

	2023	2022
	HK\$'000	HK\$'000
Within 1 year or on demand	319,391	1,359,323
After 1 year but within 2 years	6,701	-
After 2 years but within 5 years	1,049,382	76,481
	1,056,083	76,481
	1,375,474	1,435,804

At 31 December 2023, the bank loans were secured and unsecured as follows:

	2023	2022
	HK\$'000	HK\$'000
Bank loans		
- Secured	1,358,870	1,359,323
- Unsecured	16,604	76,481
	1,375,474	1,435,804

At 31 December 2023, except for the loans received by two of the Group's subsidiaries amounting to HK\$16,604,000 (2022: HK\$76,481,000) which bear fixed interest rates, all other bank loans bear interest at floating interest rates which approximate to market rates of interest.

- (b) At 31 December 2023, the banking facilities available to the Company and certain subsidiaries of the Group were secured by:
- (i) Properties held for sale with a carrying value of HK\$64,366,000 (2022: HK\$64,366,000), and
 - (ii) Hotel properties, including land, of the Group with aggregate carrying value of HK\$1,835,269,000 (2022: HK\$1,830,666,000).

Such banking facilities amounted to HK\$1,443,870,000 (2022: HK\$1,444,323,000) and were utilised to the extent of HK\$1,358,870,000 as at 31 December 2023 (2022: HK\$1,359,323,000).

- (c) Except for the loans received by two of the Group’s subsidiaries amounting to HK\$16,604,000 (2022: HK\$76,481,000), all of the Group’s banking facilities are subject to the fulfilment of covenants relating to certain of the Group’s financial ratios, as are commonly found in lending arrangements with financial institutions. If the Group were to breach the covenants, depositing or prepaying the shortfall balance will be required. The Group regularly monitors its compliance with these covenants.

As at 31 December 2023, certain covenant ratios of two bank loans (referred as “Loan 1” and “Loan 2”, respectively) entered into by two of the Group’s subsidiaries deviated from the requirements as stated in the relevant loan agreements. For both Loan 1 and Loan 2, the Group has obtained waivers from the banks to waive the testing of the covenant prior to the end of the reporting period and the waivers to exempt those covenants testing covered a period of twelve months from 31 December 2023.

As at 31 December 2022, certain covenant ratios of two bank loans (referred as “Loan 1” and “Loan 2”, respectively) entered into by two of the Group’s subsidiaries deviated from the requirements as stated in the relevant loan agreements. For both Loan 1 and Loan 2, the Group had obtained waivers from the banks to waive the testing of the covenant prior to the end of the reporting period and the waivers to exempt those covenants testing covered a period until the loan maturity in October 2023.

- (d) During the year ended 31 December 2023, the Group obtained bank loans forgiveness of US\$7,466,000 (approximately HK\$58,469,000) under the Paycheck Protection Program administered by the United States Government.

10. Trade and other payables

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

	2023	2022
	HK\$’000	HK\$’000
Within one month	74,880	64,866
One to three months	50,131	36,757
More than three months	3,451	3,998
	128,462	105,621

11. Dividends

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

	2023	2022
	HK\$’000	HK\$’000
Interim dividend declared and paid of HK\$0.03 (2022: HK\$Nil) per ordinary share	10,206	-
Final dividend proposed after the end of the reporting period of HK\$0.08 (2022: HK\$0.05) per ordinary share	27,216	17,010
	37,422	17,010

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

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

	2023	2022
	HK\$'000	HK\$'000
Final dividend in respect of the previous financial year, approved and paid during the year, of HK\$0.05 (2022: HK\$0.04) per ordinary share	17,010	13,608

12. Share capital

	2023		2022	
	No. of shares '000	Amount HK\$'000	No. of shares '000	Amount HK\$'000
Ordinary shares, issued and fully paid:				
At 1 January and 31 December	340,200	498,305	340,200	498,305

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

13. Capital commitments outstanding not provided for in the financial statements

- (a) At 31 December 2023, capital commitments outstanding not provided for in the financial statements were as follows:

	2023	2022
	HK\$'000	HK\$'000
Contracted for	8,944	29,056
Authorised but not contracted for	46,567	28,185
	55,511	57,241

REVIEW OF OPERATIONS

The global economic environment in 2023 continued to be influenced by tight monetary measures adopted by various central banks, resulting in continuing high interest rates. Regional military conflicts and geopolitical turmoil also contributed to the incessant disruption of global supply chains, as well as high energy cost, all of which fed into higher operational costs for businesses, and higher cost of living for the general public. The resilience and strength of the US economy resulted in relative economic stability. On the other hand, recovery in China was not as robust as anticipated and continued to give rise to concerns. Against this background of an uneven global economic recovery, and the protraction of various forms of financial, economic and political risks, operations of the Group during 2023 was satisfactory but characterized by complexity and nuances.

The Group's revenue for 2023 was HK\$1,738.4 million, an increase of 21.6% as compared to HK\$1,429.5 million in 2022. Operating profit for the Group amounted to HK\$362.6 million, as compared with HK\$162.1 million in 2022.

A summary and analysis of the operations are as follows.

Property Leasing and Management Operations

Macau

Macau's economy saw a significant resurgence in 2023, primarily due to the revival of tourism and strong growth in gaming revenue. The second half of the year, in particular, witnessed an impressive upswing driven by the easing of travel restrictions and a surge in tourism arrivals.

For 2023, Macau's visitor arrivals increased by 395% year-on-year, with the full year's visitor arrivals recovering to 72% of pre-pandemic 2019 level. Macau Government also reported that Macau's GDP experienced a significant expansion of 80.5% in 2023, driven by growth in service exports, fixed capital formation, as well as private consumption, resulting in the GDP returning to 80% of 2019 level. The overall unemployment rate of Macau has further decreased from 3.5% in the fourth quarter of 2022 to 2.3% in the fourth quarter of 2023.

Macau's property market in 2023 experienced a mixed impact against the backdrop of a rapidly recovering economy. The residential and service apartment sectors saw notable improvements due to the return of expatriates as well as the continuing limited supply of quality apartments. However, the office market experienced a decline in demand, which was attributed to the slow recovery of the local commercial sector, as well as the government's transition from occupying private office buildings to constructing new government office buildings for their operating departments. This is expected to result in continuing downturns in the office market in 2024 and beyond.

Despite the mixed performance, the Group's income from leasing of Macau properties showed a slight increase, reaching HK\$83.1 million in 2023 compared to HK\$82.0 million in 2022. This growth was driven by improved occupancy rates in residential properties and serviced apartments, benefiting from the returning expatriate population and limited supply suitable of high-end residential properties. Despite the decline in office demand, the Group's office buildings still maintained high occupancy levels in both the past two years of 2022 and 2023, reflecting the high standard and popularity of our group's office portfolio, and its resilience in the face of market challenges.

A net decrease in fair value of our investment properties of HK\$12.5 million (2022: net increase of HK\$3.9 million) was recorded. Our investment properties are held as long-term investments to earn recurring rental income.

There were no sales of properties in 2023 due to the post-pandemic impact and the ongoing slowdown in the Macau property market.

The Group has maintained its optimal sales strategy for property transactions and has remained vigilant in monitoring property market conditions. Additionally, the Group recognises the potential growth opportunities that may arise from Macau's continuing post-COVID economic recovery. Also, several growth drivers including the recently launched Macau Light Rapid Transit System Barra extension line which connects Taipa Island to the Macau Peninsula, the increasing utilisation by the public of the Hong Kong-Zhuhai-Macau Bridge, the convenience offered by the new Hengqin immigration facility, the anticipated opening of the Shenzhen-Zhongshan Bridge, and the enhanced integration with the Guangdong-Hong Kong-Macau Greater Bay Area, are all expected to improve cross-border traffic and therefore will likely result in an enlargement of the population catchment area being drawn to Macau.

Most of the Group's assets in Macau are held by Golden Crown Development Ltd, in which the Group had 70.61% equity interest.

Hotel Operations

	Occupancy		Average Room Rate	
	2023	2022	2023	2022
The People's Republic of China				
Holiday Inn Wuhan Riverside	56%	51%	RMB 403	RMB 305
Vietnam				
Sheraton Saigon Hotel and Towers	76%	55%	USD 172	USD 148
Caravelle Hotel	72%	52%	USD 150	USD 122
Japan				
Best Western Hotel Fino Osaka Shinsaibashi	75%	41%	JPY 9,444	JPY 6,326
The United States				
W San Francisco	67%	69%	USD 336	USD 305
Sofitel New York	77%	61%	USD 389	USD 387
Canada				
The Sheraton Ottawa Hotel	69%	57%	CAD 216	CAD 199
Delta Hotels by Marriott Toronto Airport & Conference Centre	70%	62%	CAD 177	CAD 158

In 2023, the global hospitality industry experienced positive growth following the end of the pandemic, as the partial resumption of domestic and international travel by business and leisure travellers resulted in a notable increase in demand for hotel rooms. The hospitality sector demonstrated resilience throughout the year, with a particularly robust performance in the second half of 2023. This resilience was underpinned by the crucial role played by domestic demand, which played a vital part in driving the sector's overall path of recovery. However, different geographical regions have displayed varying degrees of improvement reacting to their respective distinct market dynamics and recovery trajectories, with notable advancements observed in the markets of North America and Japan.

Total revenue for the hotel operations increased to HK\$1,639.0 million in 2023, an increase of 23.1% as compared to HK\$1,331.0 million in 2022. Profit for the hotel operations was HK\$239.9 million as compared to HK\$79.0 million in 2022. This year's results benefitted from the reversal of an impairment loss on a hotel property amounting to HK\$58.3 million, as well as a bank loan forgiveness of HK\$58.5 million received through the Paycheck Protection Program administered by the United States Government.

The People's Republic of China

In 2023, China's economy experienced a modest rebound, amidst a mix of positive and challenging set of circumstances. Despite recovery from the pandemic-induced downturn, the economic rebound had fallen short of expectations, raising concerns about its sustainability. According to the National Bureau of Statistics of China, China's GDP in 2023 grew by 5.2%, surpassing the government's growth target and demonstrating improvement compared to the 3% recorded in 2022, a year that suffered significant disruptions due to strict "COVID-zero" measures. However, this growth against a low basis in 2022 is notably less than the levels consistently enjoyed in the earlier years, which ranged between 6% to 7%.

Additionally, China faced a range of challenges that negatively impacted its economic outlook, including a continuing property sector crisis, deflationary risks, rising unemployment, weak consumer purchases, falling exports, and declining business confidence. External factors, such as intensified geopolitical tensions, global economic uncertainty, and high interest rates in developed economies, added risks to China's economic prospects.

Nevertheless, despite these challenges, the hospitality sector in China demonstrated improvement in 2023, primarily driven by the resurgence of domestic demand.

Holiday Inn Wuhan Riverside (Group's interest: 41.26%)

Room revenue of the hotel increased to RMB24.9 million in 2023 as compared to RMB17.3 million in 2022, an increase of 43.5%. The food and beverage revenue of the hotel has also increased to RMB11.4 million in 2023 from RMB7.4 million in 2022, an increase of 53.9%.

During 2023, occupancy rate has slightly increased to 55.5%, as compared to 51.1% in 2022. Average room rate was at RMB403 per room night in 2023, as compared to RMB305 per room night in 2022.

Vietnam

In 2023, Vietnam's economy is experienced a significant slowdown, reporting a growth rate of 5.05% for the country's GDP. This marked a notable decline from the robust 8% growth achieved in 2022. The slowdown in economic growth was attributed to the substantial moderation of growth momentum during the first three quarters of 2023, largely influenced by the weakening performance of industrial production, particularly in the manufacturing sector, as well as a decline in global and Chinese demand for its exports.

Vietnamese tourism, on the other hand, experienced a remarkable recovery in 2023, fuelled by strong arrivals from both foreign and domestic sources. The country welcomed 12.6 million international visitors, which was 3.4 times higher compared to the previous year, although still at around 70% of pre-pandemic level in 2019. Domestic tourism flourished with 108 million domestic tourists, surpassing the pre-pandemic figure of 85 million visitors recorded in 2019. This combined recovery from both international and domestic sources demonstrates the strength of Vietnam's tourism sector.

The Group's revenue from Vietnam increased to HK\$716.1 million in 2023, as compared to HK\$593.5 million in 2022, an increase of 23.4%.

For the third year in a row, both Sheraton Saigon Hotel and Towers and Caravelle Hotel were awarded the Travelers' Choice Winner by TripAdvisor in 2023.

Caravelle Hotel was also awarded the Best Luxury City Hotel in Vietnam by the World Luxury Hotel Awards and the Luxury Lifestyle Awards in 2023.

Sheraton Saigon Hotel and Towers (Group's interest: 64.12%)

Sheraton Saigon Hotel & Towers' occupancy rate has increased to 76.3% as compared to 55.4% in 2022. Average room rate was at US\$172 per room night in 2023, as compared to US\$148 per room night in 2022. The hotel's financial performance in terms of gross operating profit in 2023 was increased by 44.7% year-on-year.

Caravelle Hotel (Group's interest: 24.99%)

Caravelle Hotel's occupancy rate has increased to 71.8%, as compared to 51.5% in 2022. Average room rate was at US\$150 per room night in 2023, as compared to US\$122 per room night in 2022.

Japan

Throughout 2023, Japan encountered economic challenges and obstacles, with the economy experiencing contractions in both last two quarters. Adding to the difficulties, the value of the yen has declined considerably against the US dollar over the preceding two years. Consequently, Japan slipped to being the world's fourth-largest economy, trailing behind Germany. Despite this setback, Japan's real GDP demonstrated resilience by achieving a 1.9% growth rate in 2023, surpassing the 1.0% expansion recorded in 2022. The strength of its stock market has also instilled confidence in the economy.

The hotel industry experienced a significant improvement in 2023, particularly in Japan's tier I cities like Tokyo and Osaka, with strong operational performance. The easing of border restrictions and the depreciation of the yen contributed to Japan receiving 25 million visitors, which represented a recovery to nearly 80% of the pre-pandemic level in 2019. To be noted is the fact that domestic tourism played a crucial role in this positive trend.

Best Western Hotel Fino Osaka Shinsaibashi (Group's interest: 100%)

Hotel performance has significantly improved in 2023. Turning into operating profit in 2023 with an increase in occupancy rates to 75.3%, as compared to 40.9% in 2022. Average room rate was at JPY9,444 per room night in 2023, as compared to JPY6,326 per room night in 2022.

The United States ("US")

In 2023, the US economy demonstrated remarkable strength, surpassing expectations and showing resilience, with a 2.5% expansion compared to 1.9% in 2022. This growth dispelled concerns of a recession and was mainly driven by a strong job market, robust consumer spending, increased investment in manufacturing infrastructures, and higher state and local government purchases and investments. The unemployment rate remained consistently low at 3.6% throughout the year, marking an unprecedented 22 consecutive months below 4%, the longest period in over 50 years. Additionally, there were indications of inflation moderating, with a downward trend observed for the past year and a half since its peak in the summer of 2022.

The US hotel industry demonstrated resilience and achieved notable progress in its recovery in 2023. Strong domestic demand played a crucial role in driving the industry's resurgence. As the economy grew and consumer spending remained robust, there was a notable increase in travel and hotel bookings, contributing to the industry's recovery. However, as we turn our gaze to 2024, it is important to acknowledge the presence of significant risks, including potential impacts from changes in monetary policies, fiscal challenges, geopolitical conflicts, and the forthcoming polarizing US presidential election.

The New York hospitality market rebounded in 2023 and became the highest-performing hotel city in the US during the fourth quarter. However, San Francisco lagged behind other major cities, struggling to reach its pre-pandemic tourism levels from 2019. Factors such as reduced convention attendance, declining employment in the tech sector, the migration of tech companies to other locations, remote work, and issues such as rising crime and homelessness have significantly impacted San Francisco's recovery and reputation. Moreover, the full recovery of both domestic and international business travel has not yet been attained, significantly impacting tech-centric cities like San Francisco where the high-spending business travel sector has been particularly affected by the rise of remote work.

Sofitel New York was awarded the AAA Four Diamond Award by American Automobile Association ("AAA") and Forbes Travel Guide Recommended Award by Forbes Travel Guide in 2023 for the third consecutive years.

W San Francisco (Group's interest: 100%)

W San Francisco's occupancy slightly decreased to 66.5% in 2023, as compared to 68.8% in 2022. Average room rate was US\$336 per room night in 2023, as compared to US\$305 per room night in 2022.

Sofitel New York (Group's interest: 100%)

Sofitel New York's occupancy rate increased to 76.6% in 2023, as compared to 61.2% in 2022. Average room rate was at US\$389 per room night in 2023, as compared to US\$387 per room night in 2022.

In 2023, there was a notable improvement in the operating conditions and market outlook for Sofitel New York, resulting in an impairment reversal of HK\$58.3 million.

Canada

In 2023, the Canadian economy experienced a slowdown due to persistent inflation and high interest rates, leading to negative impact on consumer spending and business investment. Despite these challenges, Canada successfully avoided a recession, with a GDP growth rate of 1.2% in 2023. The unemployment rate slightly increased from 5.3% in 2022 to 5.4% in 2023.

Despite facing such challenges, the Canadian hospitality sector made substantial progress. The sector witnessed a significant rise in demand driven primarily by domestic travellers.

The Sheraton Ottawa Hotel (Group's interest: 85%)

Occupancy rate of Sheraton Ottawa Hotel increased to 68.7% in 2023 versus 57.0% in 2022. Average room rate was C\$216 per room night in 2023 versus C\$199 per room night in 2022.

The Sheraton Ottawa Hotel, subject to the disposal, has been classified as assets held for sale as of 31 December 2023. The disposal was completed on 29 February 2024 with gain before taxation and transaction costs on disposal of approximately CAD28,014,000 (equivalent to approximately HK\$161,622,000).

Delta Hotels by Marriott Toronto Airport & Conference Centre (Group's interest: 25%)

Occupancy rate of Delta Hotels by Marriott Toronto Airport & Conference Centre increased to 69.7% in 2023 as compared to 61.6% in 2022. Average room rate was C\$177 per room night in 2023 as compared to C\$158 per room night in 2022.

Other net gains/losses

Net exchange gains for 2023 amounted to HK\$5.6 million, as compared net exchange losses of HK\$7.5 million in 2022.

Net realised and unrealised losses on derivative financial instruments amounted to HK\$4.9 million in 2023, as compared to gains of HK\$10.7 million in 2022.

Net unrealised gain on other non-current financial assets amount to HK\$12.8 million recognised in 2023, as compared to HK\$9.3 million in 2022. These were mainly related to our investment in A2I Holdings S.A.R.L., which owns 6.75% (2022: 6.75%) equity shares of AccorInvest Group S.A..

Net unrealised losses on trading securities for 2023 amounted to HK\$1.6 million, as compared to net unrealised gains of HK\$0.2 million in 2022.

Loans forgiveness & government grants

During the year, the Company and its subsidiary obtained loans forgiveness of HK\$58.5 million under the Paycheck Protection Program administered by the United States Government.

In 2022, the Company and its subsidiary received subsidies of approximately HK\$7.3 million from the Temporary Wage Subsidy Scheme implemented by the Canadian Government.

FINANCIAL REVIEW

The Group's revenue was HK\$1,738.4 million for the year ended 31 December 2023, an increase of 21.6% as compared to the year 2022. The increase was primarily due to the rebound of the Group's hotel business.

The Group's operating profit was HK\$362.6 million for the year ended 31 December 2023, which includes a reversal of an impairment loss on a hotel property of HK\$58.3 million and a bank loan forgiveness of HK\$58.5 million received through the Paycheck Protection Program administered by the United States Government, as compared to HK\$162.1 million in 2022.

Profit attributable to equity shareholders amounted to HK\$219.7 million as compared to the HK\$76.3 million in 2022. The increase in profit of the Group in 2023 was mainly attributable to increase in hotel business.

FINANCIAL RATIO

The debt to total assets ratio (defined as the percentage of bank loans over total assets) of the Group was 23.7% (2022: 25.5%), while the total liabilities as a percentage of total assets was 35.5% (2022: 37.0%).

PLEDGE OF ASSETS

As at 31 December 2023, hotel properties including land, and certain properties held for sale with an aggregate value of HK\$1,899.6 million (2022: HK\$1,895.0 million) were pledged to banks to secure bank loans and banking facilities granted to the Group.

CONTINGENT LIABILITIES

As at 31 December 2023, there were outstanding counter indemnities relating to guarantees issued by the bankers of a subsidiary in favour of the Macau SAR Government in respect of properties held for sale amounted to HK\$8.3 million (2022: HK\$8.3 million).

As at 31 December 2023, the directors do not consider it probable that a claim will be made against the Group under any of the guarantees. The Group has not recognised any deferred income in respect of any of the above guarantees as their fair value cannot be reliably measured and they were issued many years ago and their transaction price was Nil.

PROSPECTS

Looking ahead, it is clear that the global economy will continue to face substantial uncertainties. Numerous macro factors, including escalating geopolitical tensions and resulting disruptions to global supply chains, as well as a prevailing high interest-rate environment, will continue to pose challenges to the global economic outlook and the overall business environment. While uncertainties persist regarding the near-term trajectory of US interest rates, the transition from a rate-hike cycle to a downward trend is anticipated to create favorable conditions for the world economy.

The future of Macau's property market offers opportunities for growth, supported by economic stabilization, increased tourism, and infrastructure improvements. Additionally, the limited new supply in the luxury sector, is expected to contribute to price stability. We are confident in the longer-term outlook for Macau. However, factors such as inflation, interest rates, and China's economic recovery could impact market dynamics. Our ongoing focus will be on increasing occupancy and maximizing tenant retention through the implementation of competitive leasing strategies.

The Group's hospitality sector maintains cautious optimism for 2024 as the global tourism industry rebounds. An anticipated recovery in Chinese outbound travel in 2024 is expected to have a positive impact on Asia and U.S. gateway cities. However, challenges such as labour shortages and rising costs persist. Additionally, various factors such as the global economic outlook, currency exchange rate volatility, insufficient airline capacity, and changes in consumer behaviour, influenced by geopolitical challenges, especially among Mainland Chinese tourists, will continue to shape the hospitality industry and market. The Group remains dedicated to adapting and enhancing its hospitality offerings in response to the evolving needs and expectations of our valued guests. To ensure competitiveness, we are continuously undertaking renovations and implementing progressive improvements throughout our hotels.

The Group maintains a robust financial position with HK\$1,511.7 million in cash, bank balances, and short-term bank deposits as of 31 December 2023. We will focus on reviewing potential investments that create long-term value for shareholders on a sustainable basis. Our approach to acquisitions remains disciplined and pragmatic, targeting industries and regions where we have experience and comparative advantages.

PERSONNEL

As at 31 December 2023, the Group had approximately 1,843 employees. A policy of localising as many of the positions as possible is in place throughout the Group, subject to suitable and sufficient local executives and staff with relevant qualifications and experiences being available. Salary and remuneration are competitive and are based on varying conditions in the different countries in which the Company and its subsidiaries operate.

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

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

CORPORATE GOVERNANCE

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

The Company's corporate governance practices are based on the principles, code provisions as set out in the Corporate Governance Code (the "CG Code") as contained in Appendix C1 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). During the year, the Company has complied with the principles set out in the CG Code, save and except for deviations as explained below:

- (1) Code Provision C.2.1, as the roles of chairman and chief executive officer of the Company are not separated.
- (2) Code Provision F.2.2, as the chairman of the Nomination Committee didn't attend the annual general meeting held on 31 May 2023 (the "2023 AGM").

Pursuant to Code Provision C.2.1, the roles of chairman and chief executive should be separated and should not be performed by the same individual. The Company has not appointed a chief executive officer, since day-to-day operations of the Group were undertaken by the management teams in the respective geographical locations under the supervision of the Executive Directors. In respect of the management of the Board, the role was undertaken by Mr. HO Kian Guan, the Executive Chairman of the Company. The Board is of the view that this structure has served the Company well in past years and does not impair the balance of responsibility between the Board and the management of the business.

Pursuant to Code Provision F.2.2, the chairman of the board should invite the chairmen of the board's committees to attend the annual general meeting. Mr. KWOK Chi Shun Arthur, the Independent Non-executive Director and the chairman of the Nomination Committee of the Company, was unable to attend the 2023 AGM due to other work commitment. All other members of the Nomination Committee attended and were available to answer questions at the 2023 AGM.

SECURITIES TRANSACTIONS BY DIRECTORS

The Board adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 of the Listing Rules. The Company has made specific enquiries of all Directors who have confirmed compliance with the required standards set out in the Model Code during the period under review.

ANNUAL GENERAL MEETING

The 2024 AGM will be held on Monday, 3 June 2024 at 12:00 noon. The notice of the 2024 AGM, which constitutes part of a circular to shareholders of the Company, will be sent to the shareholders of the Company in due course.

All shareholders of the Company are encouraged to attend the 2024 AGM and exercise their right to vote. Shareholders are invited to ask questions related to the business of the meeting, and will be able to meet with directors and the senior management of the Company.

CLOSURE OF REGISTER OF MEMBERS

For the purposes of determining shareholders' eligibility to attend and vote at the 2024 AGM, and entitlement to the proposed final dividend, the Company's Register of Members will be closed as set out below:

- (i) For determining eligibility to attend and vote at the 2024 AGM
- Latest time to lodge transfer documents for registration with the Company's registrar and transfer office At 4:30 p.m. on Tuesday, 28 May 2024
 - Closure of Register of Members Wednesday, 29 May 2024 to Monday, 3 June 2024, both days inclusive
 - Record date Monday, 3 June 2024
- (ii) For determining entitlement to the final dividend:
- Ex-dividend date Thursday, 6 June 2024
 - Latest time to lodge transfer documents for registration with the Company's registrar and transfer office At 4:30 p.m. on Friday, 7 June 2024
 - Closure of Register of Members Tuesday, 11 June 2024 to Friday, 14 June 2024, both days inclusive
 - Record date Friday, 14 June 2024

During the above closure periods, no transfer of shares will be registered. To be eligible to attend and vote at the 2024 AGM, and to qualify for the proposed final dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's registrar and transfer office, Tricor Tengis Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, no later than the aforementioned latest time.

By Order of the Board
Keck Seng Investments (Hong Kong) Limited
HO Kian Guan
Executive Chairman

Hong Kong, 25 March 2024

As at the date of this announcement, the Board of the Company comprises Mr. HO Kian Guan, Mr. HO Kian Hock, Mr. TSE See Fan Paul, Mr. CHAN Lui Ming Ivan, and Mr. HO Chung Hui (whose alternate is Mr. HO Chung Kain) as executive directors, Mr. HO Kian Cheong (whose alternate is Mr. HO Chung Kiat Sydney) as non-executive director, and Mr. KWOK Chi Shun Arthur, Ms. WANG Poey Foon Angela, Mr. YU Hon To David and Mr. Stephen TAN as independent non-executive directors.