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Shin Hwa World Limited
神話世界有限公司

(Formerly known as Landing International Development Limited 藍鼎國際發展有限公司)

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

(Stock code: 00582)

ANNOUNCEMENT OF ANNUAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2022

The board of directors (the “**Directors**”) (the “**Board**”) of Shin Hwa World Limited (the “**Company**”) hereby announces the consolidated results of the Company and its subsidiaries (together, the “**Group**”) for the year ended 31 December 2022.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2022

		2022	2021
	<i>Notes</i>	HK\$'000	HK\$'000
REVENUE	4	1,386,800	1,349,996
Cost of properties and inventories sold		(240,538)	(244,875)
Other income and gains/(losses), net	5	20,985	(35,365)
Gaming duties and other related taxes		(3,903)	(7,451)
Amortisation and depreciation		(490,330)	(589,632)
Employee benefit expenses		(469,015)	(540,537)
Other operating expenses		(470,966)	(551,784)
Finance costs, net	7	(98,651)	(134,443)
Fair value gains on investment properties, net		76,122	112,809
Impairment of other intangible assets		(8,735)	(398,449)
Reversal of impairment/(impairment) of trade and other receivables, net		63,182	(782)
LOSS BEFORE TAX	6	(235,049)	(1,040,513)
Income tax credit/(expenses)	8	18,138	(15,253)
LOSS FOR THE YEAR			
ATTRIBUTABLE TO OWNERS OF THE PARENT		(216,911)	(1,055,766)
LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT	10		
Basic		HK(5.13) cents	HK(26.84) cents
Diluted		HK(5.13) cents	HK(26.84) cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2022

	2022 HK\$'000	2021 HK\$'000
LOSS FOR THE YEAR	(216,911)	(1,055,766)
OTHER COMPREHENSIVE INCOME/(LOSS)		
<i>Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:</i>		
Exchange differences on translation of foreign operations	(476,849)	(707,178)
Release of exchange reserve upon deregistration of foreign subsidiaries	783	–
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods	(476,066)	(707,178)
<i>Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:</i>		
Revaluation of property, plant and equipment upon transfer to investment properties, net	584	–
Deferred tax debited to asset revaluation reserve	(79)	–
Remeasurements of employee benefit obligations	3,611	514
Equity investments designated at fair value through other comprehensive income:		
Changes in fair value	(4,091)	(12,463)
Net other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods	25	(11,949)
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX	(476,041)	(719,127)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE PARENT	(692,952)	(1,774,893)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	<i>Notes</i>	2022	2021
		HK\$'000	HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment		7,747,298	8,787,003
Investment properties		718,393	666,410
Right-of-use assets		1,541	2,992
Goodwill and other intangible assets		154,387	171,643
Equity investments designated at fair value through other comprehensive income		13,866	17,957
Prepayments, trade and other receivables	<i>11</i>	104,435	4,154
Total non-current assets		8,739,920	9,650,159
CURRENT ASSETS			
Properties under development		107,536	113,921
Completed properties for sale		456,976	609,974
Inventories		56,918	63,817
Prepayments, trade and other receivables	<i>11</i>	127,646	184,571
Tax recoverable		812	57
Restricted cash	<i>12</i>	62,793	66,556
Cash and cash equivalents	<i>12</i>	503,421	820,917
Total current assets		1,316,102	1,859,813
CURRENT LIABILITIES			
Trade and other payables	<i>13</i>	323,397	508,629
Interest-bearing bank borrowing	<i>14</i>	31,937	2,114,515
Lease liabilities		986	1,663
Tax payable		79	16,912
Total current liabilities		356,399	2,641,719
NET CURRENT ASSETS/(LIABILITIES)		959,703	(781,906)
TOTAL ASSETS LESS CURRENT LIABILITIES		9,699,623	8,868,253

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

As at 31 December 2022

	Notes	2022 HK\$'000	2021 HK\$'000
NON-CURRENT LIABILITIES			
Trade and other payables	13	12,783	11,890
Interest-bearing bank borrowing	14	1,524,213	–
Lease liabilities		762	1,664
Deferred tax liabilities		44,482	44,364
		<u>1,582,240</u>	<u>57,918</u>
Total non-current liabilities		1,582,240	57,918
		<u>1,582,240</u>	<u>57,918</u>
Net assets		8,117,383	8,810,335
		<u>8,117,383</u>	<u>8,810,335</u>
EQUITY			
Equity attributable to owners of the parent			
Share capital	15	42,263	42,263
Reserves		8,075,120	8,768,072
		<u>8,075,120</u>	<u>8,768,072</u>
Total equity		8,117,383	8,810,335
		<u>8,117,383</u>	<u>8,810,335</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

Shin Hwa World Limited (formerly known as Landing International Development Limited) (the “**Company**”) is a limited liability company incorporated in the Cayman Islands and continued in Bermuda and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The address of registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda, and the principal place of business of the Company is located at Units 1412-1413, 14th Floor, China Merchants Tower, Shun Tak Centre, Nos. 168-200 Connaught Road Central, Hong Kong.

During the year, the Group is principally engaged in development and operation of the integrated leisure and entertainment resort (the “**Integrated Resort Development**”), operation of gaming and entertainment facilities (the “**Gaming Business**”), and property development (the “**Property Development**”).

2.1 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**”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties and equity investments designated at fair value through other comprehensive income which have been measured at fair value. These financial statements are presented in Hong Kong dollars (“**HK\$**”) and all values are rounded to the nearest thousand (HK\$’000) except when otherwise indicated.

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 3	<i>Reference to the Conceptual Framework</i>
Amendments to HKAS 16	<i>Property, Plant and Equipment: Proceeds before Intended Use</i>
Amendments to HKAS 37	<i>Onerous Contracts - Cost of Fulfilling a Contract</i>
<i>Annual Improvements to HKFRSs 2018-2020</i>	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41

The adoption of the above revised standards has had no significant financial impact on these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3 SEGMENT INFORMATION

The executive directors of the Company are considered to be the Group's Chief Operating Decision-Maker ("CODM"). Management has determined the operating segments based on the reports reviewed by the CODM that are used to make strategic decisions. The CODM considers the Group is operating predominantly in three operating segments as follows:

- (a) Integrated Resort Development;
- (b) Gaming Business; and
- (c) Property Development

The CODM monitors the results of the operating segments separately for the purpose of allocating resources and assessing performance. Segment performance is evaluated based on reportable segment results, which is a measure of adjusted profit or loss before tax. The adjusted profit or loss before tax is measured consistently with the Group's loss before tax except that finance costs, net, unallocated exchange differences, net, changes in fair value of investment properties in Hong Kong as well as head office and corporate income and expenses, net are excluded from such measurement.

Segment assets exclude cash and cash equivalents, restricted cash, investment properties in Hong Kong, equity investments designated at fair value through other comprehensive income, tax recoverable and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude interest-bearing bank borrowing, tax payable, deferred tax liabilities and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3 SEGMENT INFORMATION (continued)

Year ended 31 December 2022

	Integrated Resort Development HK\$'000	Gaming Business HK\$'000	Property Development HK\$'000	Total HK\$'000
Segment revenue:				
Sales to external customers	946,200	46,127	394,473	1,386,800
Segment results				
	(154,120)	(173,965)	202,179	(125,906)
<i>Reconciliation:</i>				
Finance costs, net (other than interest on lease liabilities)				(98,570)
Unallocated exchange differences, net				31,038
Corporate and other unallocated expenses, net				(28,911)
Fair value losses on investment properties in Hong Kong				(12,700)
Loss before tax				(235,049)
Segment assets	8,040,428	672,333	571,613	9,284,374
<i>Reconciliation:</i>				
Investment properties in Hong Kong				179,700
Equity investments designated at fair value through other comprehensive income				13,866
Restricted cash				62,793
Cash and cash equivalents				503,421
Tax recoverable				812
Corporate and other unallocated assets				11,056
Total assets				<u><u>10,056,022</u></u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3 SEGMENT INFORMATION (continued)

Year ended 31 December 2022 (continued)

	Integrated Resort Development HK\$'000	Gaming Business HK\$'000	Property Development HK\$'000	Total HK\$'000
Segment liabilities	258,594	47,281	25,287	331,162
<i>Reconciliation:</i>				
Interest-bearing bank borrowing				1,556,150
Tax payable				79
Deferred tax liabilities				44,482
Corporate and other unallocated liabilities				6,766
Total liabilities				<u>1,938,639</u>
Other segment information				
included in segment results:				
Amortisation and depreciation	453,607	35,202	–	488,809
Impairment of intangible assets	–	8,735	–	8,735
(Reversal of impairment)/ impairment of trade and other receivables, net	(63,249)	67	–	(63,182)
Fair value gains on investment properties in South Korea	(88,822)	–	–	(88,822)
	<u>(88,822)</u>	<u>–</u>	<u>–</u>	<u>(88,822)</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3 SEGMENT INFORMATION (continued)

Year ended 31 December 2021

	Integrated Resort Development HK\$'000	Gaming Business HK\$'000	Property Development HK\$'000	Total HK\$'000
Segment revenue:				
Sales to external customers	856,406	88,604	404,986	1,349,996
Segment results	(420,736)	(671,820)	207,391	(885,165)
<i>Reconciliation:</i>				
Finance costs, net (other than interest on lease liabilities)				(134,113)
Corporate and other unallocated expenses, net				(24,635)
Fair value gains on investment properties in Hong Kong				3,400
Loss before tax				(1,040,513)
Segment assets	8,912,228	753,571	730,364	10,396,163
<i>Reconciliation:</i>				
Investment properties in Hong Kong				192,400
Equity investments designated at fair value through other comprehensive income				17,957
Restricted cash				66,556
Cash and cash equivalents				820,917
Tax recoverable				57
Corporate and other unallocated assets				15,922
Total assets				11,509,972

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3 SEGMENT INFORMATION (continued)

Year ended 31 December 2021 (continued)

	Integrated Resort Development HK\$'000	Gaming Business HK\$'000	Property Development HK\$'000	Total HK\$'000
Segment liabilities	289,104	75,425	60,382	424,911
<i>Reconciliation:</i>				
Interest-bearing bank borrowing				2,114,515
Tax payable				16,913
Deferred tax liabilities				44,364
Corporate and other unallocated liabilities				98,934
Total liabilities				<u>2,699,637</u>
Other segment information included in segment results:				
Amortisation and depreciation	541,574	41,166	–	582,740
Impairment of intangible assets	–	398,449	–	398,449
Impairment of trade and other receivables, net	4,545	6,726	–	11,271
Fair value gains on investment properties in South Korea	<u>(109,409)</u>	<u>–</u>	<u>–</u>	<u>(109,409)</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3 SEGMENT INFORMATION (continued)

Geographical information

(a) Revenue from external customers

	2022 HK\$'000	2021 HK\$'000
South Korea	<u>1,386,800</u>	<u>1,349,996</u>

The revenue information above is based on the locations of the customers.

(b) Non-current assets

	2022 HK\$'000	2021 HK\$'000
South Korea	8,282,979	9,257,943
Hong Kong	184,235	198,447
Others	<u>18</u>	<u>15</u>
	<u>8,467,232</u>	<u>9,456,405</u>

The non-current assets information above is based on the locations of the assets and excludes goodwill and other intangible assets, prepayments, trade and other receivables and equity investments designated at fair value through other comprehensive income.

Information about major customers

During the years ended 31 December 2022 and 2021, no single customer contributed over 10% of the Group's total revenue.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

4 REVENUE

An analysis of revenue is as follows:

	2022 HK\$'000	2021 HK\$'000
Revenue from contracts with customers		
Integrated Resort Development	910,314	837,194
Gaming Business	46,127	88,604
Property Development	394,473	404,986
	<u>1,350,914</u>	<u>1,330,784</u>
Revenue from other sources		
Gross rental income from investment property operating leases	35,886	19,212
	<u>1,386,800</u>	<u>1,349,996</u>

5 OTHER INCOME AND GAINS/(LOSSES), NET

	2022 HK\$'000	2021 HK\$'000
Dividend income from equity investments at fair value through other comprehensive income	85	76
Gain/(loss) on disposal of items of property, plant and equipment	88	(2,622)
Investment properties written off	–	(3,585)
Derecognition of interest accretion on early redemption of the bank borrowing	(1,411)	(1,772)
Foreign exchange differences, net	(3,754)	(34,626)
Other taxes refunded	19,256	–
Others	6,721	7,164
	<u>20,985</u>	<u>(35,365)</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

6 LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging/(crediting):

	2022 HK\$'000	2021 HK\$'000
Cost of properties and inventories sold:		
— Cost of properties sold	171,945	178,363
— Cost of inventories sold	70,285	68,715
— Reversal of provision for inventories	(1,692)	(2,203)
	<u>240,538</u>	<u>244,875</u>
Employee benefit expenses (including directors' remuneration):		
— Wages, salaries and other staff costs*	440,732	502,281
— Retirement benefit costs**	28,283	38,256
	<u>469,015</u>	<u>540,537</u>
Amortisation and depreciation:		
— Depreciation of property, plant and equipment	488,506	581,912
— Depreciation of right-of-use assets	1,487	7,374
— Amortisation of intangible assets	337	346
	<u>490,330</u>	<u>589,632</u>
(Reversal of impairment)/impairment of trade and other receivables, net:		
— (Reversal of impairment)/impairment of trade receivables, net	(33)	434
— Impairment of gaming receivables, net	19	6,726
— Reversal of impairment of other receivables, net	(63,168)	(6,378)
	<u>(63,182)</u>	<u>782</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

6 LOSS BEFORE TAX (continued)

	2022 HK\$'000	2021 HK\$'000
Expenses included in “Other operating expenses” ***:		
— Auditor’s remuneration		
— Audit services to the Company	1,800	2,000
— Audit services to the subsidiaries of the Company	2,013	2,834
	<u>3,813</u>	<u>4,834</u>
— Building, equipment and facility maintenance expenses	123,551	125,854
— Impairment of property, plant and equipment	–	50,660
— Lease payments not included in the measurement of lease liabilities	4,183	6,078
— Sales and marketing, events and advertising expenses	31,298	30,919
— Utilities expenses	<u>90,275</u>	<u>81,483</u>

* During the year ended 31 December 2022, government grants of HK\$2,401,000 (2021: HK\$10,331,000) were received under the “Employment Retention Subsidy” of the Government of South Korea. Besides, government grant of HK\$75,000 was received under the “Jobs Support Scheme” of the Government of Singapore for the year ended 31 December 2021. These amounts are included in the “wages, salaries and other staff costs” and there are no unfulfilled conditions or contingencies related to these grants (2021: Nil).

** At the end of the reporting period, the Group had no forfeited contributions available to reduce its contributions to the pension schemes in future years (2021: Nil).

*** The remaining items of “Other operating expenses” including but not limited to consumable supplies and administrative expenses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

7 FINANCE COSTS, NET

	2022 HK\$'000	2021 HK\$'000
Interest expenses:		
— Lease liabilities	(81)	(330)
— Bank borrowing	(100,689)	(141,387)
	<u>(100,770)</u>	<u>(141,717)</u>
Finance costs	<u>(100,770)</u>	<u>(141,717)</u>
Interest income:		
— Bank interest income	2,087	560
— Other interest income	32	6,714
	<u>2,119</u>	<u>7,274</u>
Finance income	<u>2,119</u>	<u>7,274</u>
Finance costs, net	<u>(98,651)</u>	<u>(134,443)</u>

8 INCOME TAX

No Hong Kong profits tax has been provided as the Group did not generate any assessable profits arising in Hong Kong during the year ended 31 December 2022 (2021: Nil). Taxation on overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the jurisdictions in which the Group operates.

	2022 HK\$'000	2021 HK\$'000
Current — South Korea		
Charge for the year	100	120
Underprovision in prior years	—	14,543
	<u>100</u>	<u>14,663</u>
Current — Elsewhere		
Credit for the year	(20,607)	(2,696)
	<u>(20,607)</u>	<u>(2,696)</u>
Deferred tax	2,369	3,286
	<u>2,369</u>	<u>3,286</u>
Total tax (credit)/charge for the year	<u>(18,138)</u>	<u>15,253</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

9 DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2022 (2021: Nil).

10 LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT

The calculations of basic and diluted loss per share are based on:

	2022 HK\$'000	2021 HK\$'000
Loss		
Loss attributable to owners of the parent, used in the basic and diluted loss per share calculation:	<u>(216,911)</u>	<u>(1,055,766)</u>
	Number of shares	
	2022	2021
	'000	'000
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic and diluted loss per share calculation	<u>4,226,252</u>	<u>3,932,924</u>

The Group had no potential dilutive ordinary shares outstanding during the year (2021: Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

11 PREPAYMENTS, TRADE AND OTHER RECEIVABLES

	2022 HK\$'000	2021 HK\$'000
Trade receivables	24,392	23,737
Less: Loss allowance for impairment of trade receivables	(359)	(493)
Trade receivables, net (Note (i))	24,033	23,244
Receivables from gaming customers (Note (ii))	3,469	224
Other receivables (Note (iii))	77,358	9,224
Prepayments	20,332	22,954
Value-added tax recoverable	3	523
Deposits (Note (iv))	10,091	10,119
Restricted deposit for the bank borrowing	96,795	122,437
	232,081	188,725
Less: Non-current portion	(104,435)	(4,154)
Current portion	127,646	184,571

Notes:

(i) Trade receivables, net

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	2022 HK\$'000	2021 HK\$'000
Within 30 days	23,303	22,931
31 to 60 days	288	205
61 to 90 days	65	74
Over 90 days	377	34
	24,033	23,244

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

11 PREPAYMENTS, TRADE AND OTHER RECEIVABLES (continued)

Notes: (continued)

(ii) Receivables from gaming customers

The ageing analysis of the receivables from gaming customers as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	2022 HK\$'000	2021 HK\$'000
Within 30 days	3,292	224
61 to 90 days	177	–
	<u>3,469</u>	<u>224</u>

(iii) Other receivables

Included in the Group's other receivables are receivables from debtors in non-trade nature. The other receivable balances are interest-free and repayable on demand. The Group does not hold any collateral or other credit enhancements over its other receivable balances. Increase in balance was mainly due to the reversal of loss allowance of HK\$63,217,000 in relation to the lease-related receivables and management fee receivables from independent third parties.

(iv) Deposits

As at 31 December 2022, among the deposits, HK\$2,475,000 (2021: HK\$2,623,000) has been pledged as collateral in relation to a lawsuit in Korea.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

12 CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

	2022 HK\$'000	2021 HK\$'000
Cash and bank balances	332,514	650,652
Short-term time deposits	170,907	170,265
Restricted cash for the Cash Incident (Note)	62,793	66,556
	<u>566,214</u>	<u>887,473</u>
Less: Restricted cash for the Cash Incident (Note)	<u>(62,793)</u>	<u>(66,556)</u>
Cash and cash equivalents	<u>503,421</u>	<u>820,917</u>

Note:

On 4 January 2021, management of the Group discovered that certain funds amounting to KRW14,555,000,000 (equivalent to HK\$103,713,000) belonging to the Group kept in Jeju, South Korea was missing (the “**Cash Incident**”). The Group was unable to reach the employee-in-charge of the funds and the Cash Incident was reported to the police in South Korea.

Based upon the Investigation Progress Notification issued by Jeju Special Self-Governing Provincial Police Agency of Korea (the “**Jeju Police**”) to the Group in March 2021, the Jeju Police revealed that KRW13,400,000,000 (equivalent to retranslated amount of HK\$82,899,000 as at 31 December 2022) (the “**Seized Money**”) was seized by them in accordance with the due process of Korean law, and are being kept in the deposit account of a bank under the name of the Jeju Police. According to the legal opinions from independent lawyers, the Seized Money is expected to be part of the amount of the Group missed as a result of the Cash Incident and will be retained by the Jeju Police until the investigation process is complete.

Based on the report of factual findings issued by an independent external auditor in Korea, the cash balance in relation to the Cash Incident located in a premises of the Group in Korea and under the Group’s possession as at 31 December 2020 was KRW10,150,000,000 (equivalent to HK\$72,325,000). Accordingly, cash loss of KRW4,405,000,000 (equivalent to HK\$28,961,000) was recognised in the consolidated statement of profit or loss for the year ended 31 December 2020. The remaining balance of the Seized Money were found elsewhere but is anticipated to be part of the missing fund. The investigation is still being conducted by the Jeju Police, and as at 31 December 2022, the balance of this restricted cash amounted to KRW10,150,000,000 (equivalent to HK\$62,793,000) (2021: KRW10,150,000,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

13 TRADE AND OTHER PAYABLES

	2022 HK\$'000	2021 HK\$'000
Trade payables (Note)	7,584	8,773
Deposit received	8,877	4,773
Deferred revenue	–	2,208
Accrued expenses	77,864	79,307
Accrued employee benefits	52,969	54,426
Other tax payables	35,105	161,176
Other payables (Note)	84,724	96,735
Contract liabilities	69,057	113,121
	<u>336,180</u>	<u>520,519</u>
Less: Non-current portion	<u>(12,783)</u>	<u>(11,890)</u>
Current portion	<u><u>323,397</u></u>	<u><u>508,629</u></u>

Note:

Trade payables and other payables are non-interest bearing and have an average term of 1 month.

14 INTEREST-BEARING BANK BORROWING

	2022			2021		
	Effective interest rate	Maturity	HK\$'000	Effective interest rate	Maturity	HK\$'000
Current						
Bank loan – secured	2.75%					
	+ Korea Commercial Paper rate	2023	31,937	5.98%	2022	2,114,515
Non-current						
Bank loan – secured	2.75%					
	+ Korea Commercial Paper rate	2025	1,524,213	–	–	–
			<u>1,556,150</u>			<u>2,114,515</u>

The bank borrowing is secured by the Group's property, plant and equipment amounting to HK\$1,645,152,000 (2021: HK\$1,375,739,000), investment properties amounting to HK\$89,102,000 (2021: HK\$62,364,000), properties under development amounting to HK\$107,536,000 (2021: Nil) and completed properties for sale amounting to HK\$456,976,000 (2021: HK\$609,974,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

15 SHARE CAPITAL

	2022 HK\$'000	2021 HK\$'000
Authorised:		
1,000,000,000,000 ordinary shares of HK\$0.01 each	<u>10,000,000</u>	<u>10,000,000</u>
Issued and fully paid:		
4,226,252,310 ordinary shares of HK\$0.01 each	<u>42,263</u>	<u>42,263</u>

A summary of movements in the Company's issued share capital is as follows:

	Number of shares in issue '000	Issued capital HK\$'000	Share premium account HK\$'000	Total HK\$'000
At 1 January 2021	3,521,878	35,219	14,152,226	14,187,445
Issue of shares (Note)	704,374	7,044	131,718	138,762
Share issue expenses (Note)	–	–	(151)	(151)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 December 2021, 1 January 2022 and 31 December 2022	<u>4,226,252</u>	<u>42,263</u>	<u>14,283,793</u>	<u>14,326,056</u>

Note:

On 2 June 2021, pursuant to a subscription agreement, the Company allotted and issued 704,374,800 ordinary shares of the Company to a subscriber, who is an independent third party, at HK\$0.197 per share. The aggregate cash subscription price received, before share issue expenses, was HK\$138,762,000. This transaction resulted in an increase of the issued share capital and share premium account of HK\$7,044,000 and HK\$131,718,000, respectively. Share issue expenses of HK\$151,000 were charged to the share premium account accordingly.

MANAGEMENT DISCUSSION AND ANALYSIS

The Company is an investment holding company, and during the year ended 31 December 2022 (the “Year”), the principal activities of the Group are (i) development and operation of the integrated leisure and entertainment resort (the “**Integrated Resort Development**”); (ii) operation of gaming and entertainment facilities (the “**Gaming Business**”); and (iii) property development (the “**Property Development**”).

The travelling restrictions in most of the Asian countries remained in force during the Year, such as border closures, quarantines, mandatory pre-departure and on-arrival COVID-19 tests. Consequently, our major business in Jeju Island, South Korea, which largely relies on entertainment and hospitality market conditions, especially the gaming business had been severely affected. Nevertheless, the Group recorded a reduction in loss for the Year.

CHANGE OF COMPANY NAME

Since 29 November 2022, the English name of the Company has been changed from “Landing International Development Limited” to “Shin Hwa World Limited” and the Company has adopted “神話世界有限公司” as its secondary name, to replace the previous secondary name of “藍鼎國際發展有限公司”. The change of company name may better reflect the Group’s business development and provides the Company with more accurate corporate image and clearer identity. Moreover, upon the change of company name, the Company has also adopted a new logo to denote the current status of the Group’s corporate identity.

FINANCIAL RESULTS

For the Year, the Group’s consolidated revenue was approximately HK\$1,386,800,000 (2021: approximately HK\$1,349,996,000), representing a slight increase of approximately 2.7% when compared to the year ended 31 December 2021. The increase in consolidated revenue was mainly attributable to the steady growth of domestic consumption in our Jeju Shinhwa World leading to the increase in revenue generated from the Integrated Resort Development segment. During the Year, non-gaming revenue was approximately HK\$1,340,673,000 (2021: approximately HK\$1,261,392,000) while gaming revenue was approximately HK\$46,127,000 (2021: approximately HK\$88,604,000).

For the Year, the loss attributable to the owners of the parent substantially decreased to approximately HK\$216,911,000 (2021: approximately HK\$1,055,766,000). The basic and diluted loss per share attributable to owners of the parent was HK5.13 cents (2021: HK26.84 cents). Attributable to the increase in revenue generated from the Integrated Resort Development segment, the decrease in amortisation and depreciation, the decrease in finance cost owing to partial loan repayment during the Year, the reversal of impairment of trade and other receivables, and the reduction of impairment on intangible assets, together with the stringent cost controls in operating expenses, a substantial decrease of approximately 79.5% in the consolidated net loss for the Year was recorded as compared to last year’s results.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

FINANCIAL RESULTS (continued)

As at 31 December 2022, the consolidated net asset value of the Company was approximately HK\$8,117,383,000 (2021: approximately HK\$8,810,335,000) and the consolidated net asset value per number of ordinary shares in issue attributable to owners of the parent was approximately HK\$1.92 (2021: approximately HK\$2.08).

OPERATION AND BUSINESS REVIEW

Integrated Resort Development

Jeju Shinhwa World, an integrated resort located in Jeju Island, South Korea is the core business of the Group developed by Landing Jeju Development Co., Ltd. (“**Landing Jeju**”), a wholly-owned subsidiary of the Company.

Jeju Shinhwa World is an iconic world-class resort destination in Northeast Asia comprising of a selection of premium hotels, convention & exhibition centre, retail mall, food & beverage outlets, leisure and entertainment complex, theme park and water park, and one of the largest foreigners-only casinos in Jeju.

More than 2,000 high-quality guest rooms and suites are available for bookings including five-star rated Marriott Resort, family adventure Shinhwa Resort, Landing Resort and full-serviced Somerset suites in Jeju. The hotels are strategically positioned to cater to all segments of guests visiting the resort. All hotels in the resort have consistently ranked high in reviews by the guests and won multiple commendations from the hospitality industry. The spectacular view of Jeju’s natural horizon distinguishes Jeju Shinhwa World as one of the best integrated resorts in Northeast Asia.

Shinhwa Theme Park attracts both domestic and foreign tourists. The park is themed with Larva characters from a popular local animated production and offers more than 15 amazing rides and attractions for children and families including virtual reality games and experiences, with a mixture of parades and shows along the way. The theme park is also an ideal venue for large scale events and has been used for New Year’s Eve countdown party, FIFA World Cup soccer event, dinner function for USPGA golf tournament, etc.

Shinhwa Waterpark is the newest and largest water park in Jeju with 18,000 square meters of space. It features wave pools, water slides, rapids, spas, kid pool, and a private cabana area suitable for visitors of all ages. Together with the Korean-style jjimjilbang sauna, Shinhwa Waterpark has anchored itself to be the first-choice water park attraction in Jeju.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

OPERATION AND BUSINESS REVIEW (continued)

Integrated Resort Development (continued)

Jeju Shinhwa World also houses the most extensive food and beverage outlets under one roof in Jeju, offering a wide selection of local and international cuisines including legendary tastes of Jeju or savour Korean specialties, Chinese classics, Japanese fare, Western favorites and myriad other styles to suit both tourists and local residents. Poolside bar by Shinhwa Resort's signature Sky Pool offers a romantic view of Jeju island's iconic Oreum ridge lines and our sports pub Café Vetro furnish both entertainment and sports activities.

The MICE business capitalising on the largest column-free ballroom in Jeju and the adjacent conference room facilities, the Convention Centre in Jeju Shinhwa World has been used as the host venue for many high profile regional and international events and this is an ideal place for various conferences. In addition, Shinsegae Simon Jeju Premium Center in Jeju Shinhwa World offers one-stop healing shopping from foreign luxury brand to domestic fashion, golf, kids and cosmetics, attracting both domestic and foreign tourists.

In order to achieve sustainable growth in revenue, during the Year, our marketing campaigns continued to target the domestic market by offering special staycation packages and promotion events bundled with our accommodation, water and theme parks as well as food and beverage. A wide variety of attraction events such as lighting show with fireworks, kids' activities programs, various gourmet chef recommendations were launched to enrich our customer experience.

For the Year, the Integrated Resort Development generated segment revenue of approximately HK\$946,200,000 (2021: approximately HK\$856,406,000), which was mainly derived from its hotels, MICE events, food and beverage services, attraction theme parks, water park and merchandise sales as well as leases of retail spaces in the resort, representing an increase of approximately 10% as compared with previous financial year. Segment loss of the Integrated Resort Development was approximately HK\$154,120,000 (2021: approximately HK\$420,736,000), representing a substantial decrease.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

OPERATION AND BUSINESS REVIEW (continued)

Gaming Business

Landing Casino, being an integral part of Jeju Shinhwa World, is one of the largest foreigners-only casinos in South Korea with 150 gaming tables, 210 slot machines and electronic table games with exclusive gaming area of approximately 5,500 square meters.

The performance of Gaming Business remained sluggish during the Year because a series of travel restrictions remained in force. The Group not only faced the drop of foreigner visitation under the impact of COVID-19 but also the competition from other casinos.

For the Year, Landing Casino recorded net revenue of approximately HK\$46,127,000 (2021: approximately HK\$88,604,000) and segment loss from the Gaming Business was approximately HK\$173,965,000 (2021: approximately HK\$671,820,000).

Impairment of approximately HK\$8,735,000 (2021: approximately HK\$398,449,000) was made on the intangible assets of the casino for the Year based on the recoverable amount of the cash-generating unit of Gaming Business which has been determined by value-in-use calculations using cash flow projections of financial budgets and referencing to the segment performance. Besides, no impairment was recorded on the relevant property, plant and equipment after the assessment.

Property Development

The sales of the resort condominiums and villas in zone R of Jeju Shinhwa World remained stable during the Year.

For the Year, revenue generated from sales of residential properties and property management amounted to approximately HK\$386,143,000 (2021: approximately HK\$400,634,000) and HK\$8,330,000 (2021: approximately HK\$4,352,000), respectively and segment profit of the Property Development was approximately HK\$202,179,000 (2021: approximately HK\$207,391,000).

As of 31 December 2022, approximately HK\$456,976,000 (2021: approximately HK\$609,974,000) was classified as completed properties for sale.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

OUTLOOK

In early 2023, mainland China and some other Asian countries had started to ease some of their travel restrictions and control measures gradually. To adapt to the new operating environment subsequent to the unprecedented disruptions caused by the outbreak of COVID-19, the Group will re-evaluate its strategic plans timely and it is believed that the forthcoming years will remain challenging for the Group.

The Group has yet to identify another suitable lease of land to develop an integrated resort in the Philippines for satisfying the requirements of the provisional license during the Year. Recently, an extension has been granted by Philippine Amusement and Gaming Corporation (“**PAGCOR**”) for the Group to fulfil the documentary requirements. The Group will continue to explore this issue and to negotiate with PAGCOR for a mutually acceptable solution. Meanwhile, the Group will evaluate the feasibility of relevant lease of land and development should opportunities arise.

Rising interest rates and the war in Ukraine continue to weigh on economic activity. On the other hand, China’s recent reopening has paved the way for market recovery. Taking into consideration those macro factors, the Group will remain cautious in capital commitments and future development and investment plans in order to maintain a healthy liquidity position.

During the Year, the Company continued to progress maintenance, renovation and upgrade of facilities in Jeju Shinhwa World. As disclosed in the Group’s interim report 2022, the construction plan of a new hotel in Jeju Shinhwa World had been suspended during the Year and the Group has attempted to switch its strategic plan to its property development business. The Group has inaugurated a further residential development in zone R of Jeju Shinhwa World and the construction of which is expected to be commenced in 2023 and to be completed in 2024. The Board is of the view that the new residential development may better utilize the use of land in Jeju Shinhwa World and it may broaden the income stream of the Group. In addition, the Group will continue to evaluate the funding needs and its financial position from time to time and will also explore fund raising and financing facilities if and when opportunities arise.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

FINANCIAL RESOURCES AND LIQUIDITY

As at 31 December 2022, the Group had non-current assets of approximately HK\$8,739,920,000 (2021: approximately HK\$9,650,159,000) and net current assets of approximately HK\$959,703,000 (2021: net current liabilities of approximately HK\$781,906,000). The current ratio, expressed as the ratio of the current assets over the current liabilities, was 3.69 as at 31 December 2022 (2021: 0.7). The increase in the current ratio was mainly due to the reclassification of the substantial portion of the bank borrowing, which was renewed in June 2022, from current liability to non-current liability.

For the Year, the reversal of impairment of trade and other receivables (net) amounted to approximately HK\$63,182,000 (2021: impairment of HK\$782,000). The reversal of impairment was mainly due to the reversal of loss allowance of HK\$63,217,000 in relation to the lease-related receivables and management fee receivables from independent third parties. As at 31 December 2022, the Group had prepayments, trade and other receivables of approximately HK\$232,081,000 (2021: approximately HK\$188,725,000). As at 31 December 2022, the Group had cash and bank balances of approximately HK\$503,421,000, with approximately HK\$227,245,000, HK\$260,130,000, HK\$7,940,000 and HK\$5,478,000 held in Hong Kong dollars (“**HKD**”), Korean Won (“**KRW**”), Singapore dollar (“**SGD**”) and United States dollars (“**USD**”), respectively and the remaining balances mainly held in Philippine Pesos (“**PHP**”) (2021: approximately HK\$820,917,000, with approximately HK\$392,137,000, HK\$418,674,000, HK\$2,879,000 and HK\$4,102,000 held in HKD, KRW, SGD and USD, respectively and the remaining balance mainly held in PHP).

As at 31 December 2022, the Group had trade and other payables of approximately HK\$336,180,000 (2021: approximately HK\$520,519,000) and a bank borrowing in KRW with floating interest rate of approximately HK\$1,556,150,000 (2021: approximately HK\$2,114,515,000) while total liabilities of the Group amounted to approximately HK\$1,938,639,000 (2021: approximately HK\$2,699,637,000). The Group’s gearing ratio, which was measured on the basis of the Group’s total liabilities divided by total assets, was 19.3% (2021: 23.5%).

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS

Investments

Equity investments designated at fair value through other comprehensive income

As at 31 December 2022, the Group was holding listed equity investments at a fair value of approximately HK\$13,866,000 (representing approximately 0.1% of the consolidated total assets of the Group), which were classified as equity investments designated at fair value through other comprehensive income (2021: approximately HK\$17,957,000). Net fair value losses in respect of these investments of approximately HK\$4,091,000, which was mainly resulted from the downward movement of stock price of the equity investment in Kingston Financial Group Limited (the shares of which were listed on Main Board of the Stock Exchange, stock code: 1031), were recognised in the consolidated statement of comprehensive income during the Year. There was no single equity investment representing more than 0.2% of the consolidated total assets of the Group as at 31 December 2022.

Subsequent to the end of the reporting period, the equity investment in Kingston Financial Group Limited was deposited in securities accounts upon the completion of its privatisation in February 2023.

Save as disclosed above, there was no other significant investment, material acquisition or disposal during the Year that the shareholders of the Company should be notified of.

The Company will make further announcements and comply with the relevant requirement under the Rules Governing the Listing of Securities of the Stock Exchange (the “**Listing Rules**”) as and when appropriate in case there is any material investment(s) being identified and entered into by the Group. The Company does not rule out the possibility that the Group will conduct debt and/or equity fundraising exercises when suitable fundraising opportunities arise in order to support future developments and/or investments of the Group and the Company will comply with the Listing Rules, where applicable, in this regard.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

CAPITAL STRUCTURE

As at 31 December 2022 and the date of this announcement, the total number of issued ordinary shares of the Company was 4,226,252,310 shares with a nominal value of HK\$0.01 each.

Use of proceeds from the share subscription

As disclosed in the announcements dated 21 May 2021 (the “**Announcement**”) and 2 June 2021 in relation to the subscription of new shares of the Company (the “**Subscription**”), the gross proceeds and the estimated net proceeds (after deduction of the relevant expenses and fees) from the Subscription amounted to approximately HK\$138,762,000 and HK\$138,500,000, respectively. As disclosed in the Announcement, the Company intended to use the net proceeds from the Subscription (the “**Net Proceeds**”) in the following manner: (i) approximately HK\$47,500,000 for capital expenditure on the maintenance, renovation and upgrade of the existing facilities within Jeju Shinhwa World, an integrated leisure and entertainment resort located in Jeju Island, South Korea owned and operated by the Group, which was expected to be incurred from the second half of 2021 in preparation for the post-pandemic rebound in the tourism industry; (ii) approximately HK\$91,000,000 for capital expenditure on the preliminary development cost for the construction of a new hotel within Jeju Shinhwa World, which was expected to be incurred from the second half of 2021; and (iii) the remaining balance, if any, for the payment of interest expenses and general working capital. The Net Proceeds had been fully utilised during the Year.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Use of proceeds from the share subscription (continued)

The Company modified and reallocated the intended use of Net Proceeds. The utilisation of the Net Proceeds as at 31 December 2022 is set out as follows:

	Proposed use of Net Proceeds as disclosed in the Announcement <i>HK\$'000</i>	Modification of use of Net Proceeds <i>HK\$'000</i>	Actual amount utilised during the year ended 31 December 2021 <i>HK\$'000</i>	Actual amount utilised during the year ended 31 December 2022 <i>HK\$'000</i>	Unutilised Net Proceeds as at 31 December 2022 <i>HK\$'000</i>
Capital expenditure on the maintenance, renovation and upgrade of the existing facilities within Jeju Shinhwa World	47,500	–	27,500	20,000	–
Capital expenditure on the preliminary development cost for the construction of a new hotel within Jeju Shinhwa World	91,000	(91,000)	–	–	–
Interest expenses	Remaining balance, if any	91,000	68,238	22,762	–
General working capital	Remaining balance, if any	–	–	–	–
Total	<u>138,500</u>	<u>–</u>	<u>95,738</u>	<u>42,762</u>	<u>–</u>

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Reasons for the reallocation of use of proceeds

In the second half of 2021, the Group faced unprecedented challenges due to the prolonged impact of COVID-19 and therefore, the Group re-evaluated its certain business developments and adopted a cautious approach in the construction plan of a new hotel within Jeju Shinhwa World. As such, the actual utilization of the Net Proceeds has been modified from the original plan as compared with the disclosure made in the Announcement. Moreover, during the second half of 2021, the Group had been in discussion with certain financial institutions for the renewal of its bank borrowing (the “**Renewal**”) (amounted to approximately HK\$2,115 million as at 31 December 2021) which would due to be repaid in June 2022. Following the Subscription, the Group also re-evaluated the pay-back period, potential costs and liabilities arising from the development of a new hotel if and when the construction being kicked off. It was anticipated that the potential deterioration of financial ratios as a result of the construction would thereby affect the negotiation with the financial institutions for the Renewal. In order to address to the banks’ concerns over the financial position of the Group, it is considered that a stronger liquidity of the Group may smoothen the negotiation process with the financial institutions during the global economic downturn. Taking into account the importance of concluding the Renewal successfully at more favourable terms, the Group had reallocated the use of Net Proceeds in varied proportions in September 2021 and the Group reallocated the Net Proceeds from using in the preliminary development cost of a new hotel to interest expenses.

It is expected that if and when the Group resolves to resume the construction of a new hotel within Jeju Shinhwa World, the Group will reassess its internal financial resources and funding needs prior to making material future capital commitments. The Board considered that to reassess and modify the use of Net Proceeds under the distressed global economy is in the interests of the Company and its shareholders as a whole.

As at 31 December 2022, the Net Proceeds had been fully utilised.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

CAPITAL COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

	2022	2021
	HK\$'000	HK\$'000
Contracted, but not provided for:		
Property, plant and equipment	259	1,895
Property under development	39,016	–
	<u>39,016</u>	<u>–</u>

Save as disclosed above, the Group did not have any other material capital commitments.

CONTINGENT LIABILITIES

As at 31 December 2022, the Group did not have any material contingent liabilities (2021: Nil).

PLEDGE OF ASSETS

As at 31 December 2022, the following assets of the Group were pledged to certain banks to secure general banking facilities payable granted to the Group:

	2022	2021
	HK\$'000	HK\$'000
Property, plant and equipment	1,645,152	1,375,739
Investment properties	89,102	62,364
Properties under development	107,536	–
Completed properties for sale	456,976	609,974
	<u>456,976</u>	<u>609,974</u>

Save as disclosed above, the Group did not have any material charges on assets.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

CASH FLOW MANAGEMENT AND LIQUIDITY RISK

The Group's objective regarding cash flow management is to maintain a balance between continuity of funding and flexibility through a combination of internal resources, bank borrowings, and other debt or equity securities, as appropriate. The Group pays close attention to the present financial and liquidity position, and will continue to maintain a reasonable liquidity buffer to ensure sufficient funds are available to meet liquidity requirements at all times.

CURRENCY AND INTEREST RATE STRUCTURE

Business transactions of the Group are mainly denominated in HKD, KRW, SGD and USD. Currently, the Group has not entered into any agreement to hedge against foreign exchange risk. The Group considers there is no material potential currency exposure as the Group's revenue and expenses are mainly derived and incurred in KRW in Korea. However, in view of the fluctuation of KRW in recent years, the Group will continue to monitor the situation closely and will introduce suitable measures as and when appropriate.

The Group's exposure to interest rate risk results from fluctuations in interest rate. As the Group's bank borrowing consists of floating rate debt obligation, an increase in interest rate would raise the interest expenses. Fluctuations in interest rate may also lead to significant fluctuations in the fair value of the debt obligation. On 31 December 2022, the Group had outstanding bank borrowing that bear floating interest linked to Commercial Paper rate of Korea ("CP rate"). Currently, the Group does not hold any derivative financial instrument that linked to interest rates. In view of the trend of CP rate, the Group continues to monitor closely its exposure to interest rate risk and may deploy derivative financial instruments to hedge against risk, if necessary.

EMPLOYEE AND REMUNERATION POLICIES

As at 31 December 2022, the Group had approximately 1,418 (2021: approximately 1,364) employees with total staff costs (including directors' remuneration) amounting to approximately HK\$469,015,000 (2021: approximately HK\$540,537,000) including management and administrative staff. The employees were mainly stationed in South Korea and Hong Kong. The remuneration, promotion and salary increment of employees are assessed according to the individual's performance, as well as professional and working experience, and in accordance with prevailing industry practices. The Group also offers a variety of training schemes to its employees.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

CASH INCIDENT

As previously disclosed, the Group reported to Jeju Special Self-Governing Provincial Police Agency of Korea (the “**Jeju Police**”) in Jeju, South Korea in early January 2021 in relation to the missing fund of approximately KRW14,555,000,000 (equivalent to approximately HK\$103,713,000) cash (the “**Incident**”). As at the date of this announcement, the investigation is still being conducted in Jeju and KRW13,400,000,000 (equivalent to approximately HK\$82,899,000) cash found has been retained by the Jeju Police until the investigation process is complete. To the best knowledge of the Board, none of the suspect is or is related to, any director of the Company. Save as the loss incurred by the Incident in an amount of approximately HK\$28,961,000 being recorded in the consolidated statement of profit or loss of the Group for the year ended 31 December 2020, there was no further adjustment or loss made for the Year.

EVENTS AFTER THE REPORTING PERIOD

There were no other significant events subsequent to 31 December 2022 which would materially affect the Group’s operating and financial performance as of the date of this announcement.

OTHER INFORMATION

DIVIDEND

The Board does not recommend the payment of a final dividend for the Year (2021: Nil).

PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES

There was no purchase, sale or redemption of any of listed securities of the Company by the Company or any of its subsidiaries during the Year.

CORPORATE GOVERNANCE

During the Year, the Company has applied the principles and adopted and complied with all the code provisions set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules, except that Dr. Yang Zhihui, the chairman and executive Director of the Company, was unable to attend the annual general meeting of the Company held on 23 June 2022 since he had other business engagement out of Hong Kong, which deviated from code provision F.2.2.

OTHER INFORMATION (continued)

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as its model code for securities transactions by the Directors. Following a specific enquiry to all Directors by the Company, all Directors have confirmed that they have complied with the required standard set out in the Model Code throughout the Year.

EXTRACT FROM INDEPENDENT AUDITOR'S REPORT

The following is an extract of the independent auditor's report on the Group's consolidated financial statements for the year ended 31 December 2022.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2022, 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.

Emphasis of Matter

The Group's Cash Incident

We also draw attention to note 23 to the consolidated financial statement, which describes the Group's cash incident (the “**Cash Incident**”). As at the reporting date, the Cash Incident is still under investigation by the Jeju Special Self Governing Provincial Police Agency of Korea (the “**Jeju Police**”), together with restricted cash of KRW10,150,000,000 (equivalent to HK\$62,793,000) and subsequent cash found by the Jeju Police, totalling of KRW13,400,000,000 (equivalent to HK\$82,899,000) has been seized and retained by the Jeju Police until the investigation process of the Cash Incident is complete. Our opinion is not modified in respect of this matter.

OTHER INFORMATION (continued)

AUDIT COMMITTEE

As at the date of this announcement, the Audit Committee is comprised of three independent non-executive Directors, namely Mr. Li Chun Kei (Committee Chairman), Mr. Shek Lai Him Abraham and Mr. Du Peng. The Group's accounting principles and practices, financial statements and related materials for the Year have been reviewed by the Audit Committee and agreed by the auditor of the Company. There were no disagreements between the Board and the Audit Committee during the Year.

PUBLICATION OF ANNUAL REPORT

The annual report of the Company for the Year containing all the information as required by the Listing Rules will be published on the websites of the Stock Exchange and the Company respectively and copies will be despatched to the shareholders of the Company in due course.

By order of the Board
Shin Hwa World Limited
Chan Mee Sze
Acting Chairperson and Executive Director

Hong Kong, 30 March 2023

As at the date of this announcement, the Board comprises Mr. Yang Zhihui (Chairman) (Suspension of duties and powers), Ms. Chan Mee Sze (Acting Chairperson), Dr. Wong Hoi Po, Ms. Pu Shen Chen and Mr. Huang Wei as executive Directors; and Mr. Li Chun Kei, Mr. Shek Lai Him Abraham and Mr. Du Peng as independent non-executive Directors.

In the case of any inconsistency, the English text of this announcement shall prevail over the Chinese text.