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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: 582)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2021

The board of directors (the “**Directors**”) (the “**Board**”) of Landing International Development Limited (the “**Company**”) hereby announces the consolidated results of the Company and its subsidiaries (together, the “**Group**”) for the year ended 31 December 2021.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2021

		2021	2020
	Notes	HK\$'000	HK\$'000
REVENUE	4	1,349,996	788,011
Cost of properties and inventories sold		(244,875)	(110,812)
Other losses, net	5	(35,365)	(72,604)
Gaming duties and other related taxes		(7,451)	(24,296)
Amortisation and depreciation		(589,632)	(620,508)
Employee benefit expenses		(540,537)	(553,574)
Other operating expenses		(551,784)	(685,540)
Finance costs, net	7	(134,443)	(125,020)
Fair value gains/(losses) on investment properties, net		112,809	(343,496)
Impairment of goodwill and intangible assets		(398,449)	(299,900)
Impairment of trade and other receivables, net		(782)	(52,815)
LOSS BEFORE TAX	6	(1,040,513)	(2,100,554)
Income tax expenses	8	(15,253)	(14,447)
LOSS FOR THE YEAR			
ATTRIBUTABLE TO OWNERS OF THE PARENT		(1,055,766)	(2,115,001)
LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT	10		
Basic		HK(26.84) cents	HK(63.28) cents
Diluted		HK(26.84) cents	HK(63.28) cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2021

	2021 HK\$'000	2020 HK\$'000
LOSS FOR THE YEAR	(1,055,766)	(2,115,001)
OTHER COMPREHENSIVE (LOSS)/INCOME		
<i>Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods:</i>		
Exchange differences on translation of foreign operations	(707,178)	521,488
Release of exchange reserve upon disposal of subsidiaries	–	19,296
Net other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods	(707,178)	540,784
<i>Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:</i>		
Remeasurements of employee benefit obligations	514	4,345
Equity investments designated at fair value through other comprehensive income:		
Changes in fair value	(12,463)	(5,426)
Net other comprehensive loss that will not be reclassified to profit or loss in subsequent periods	(11,949)	(1,081)
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR, NET OF TAX	(719,127)	539,703
TOTAL COMPREHENSIVE LOSS FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE PARENT	(1,774,893)	(1,575,298)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	<i>Notes</i>	2021 HK\$'000	2020 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment		8,787,003	10,210,788
Investment properties		666,410	537,164
Right-of-use assets		2,992	7,857
Goodwill		–	–
Intangible assets		171,643	614,911
Equity investments designated at fair value through other comprehensive income		17,957	30,420
Prepayments, trade and other receivables	<i>11</i>	4,154	110,410
		<hr/>	<hr/>
Total non-current assets		9,650,159	11,511,550
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
CURRENT ASSETS			
Properties under development		113,921	122,622
Completed properties for sale		609,974	875,637
Inventories		63,817	70,497
Prepayments, trade and other receivables	<i>11</i>	184,571	314,683
Tax recoverable		57	6,135
Restricted cash	<i>12</i>	66,556	–
Cash and cash equivalents	<i>12</i>	820,917	647,418
		<hr/>	<hr/>
Total current assets		1,859,813	2,036,992
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
CURRENT LIABILITIES			
Trade and other payables	<i>13</i>	508,629	471,735
Interest-bearing bank borrowing	<i>14</i>	2,114,515	829,234
Lease liabilities		1,663	7,689
Tax payable		16,912	8,286
		<hr/>	<hr/>
Total current liabilities		2,641,719	1,316,944
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
NET CURRENT (LIABILITIES)/ASSETS		(781,906)	720,048
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
TOTAL ASSETS LESS CURRENT LIABILITIES		8,868,253	12,231,598
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CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

As at 31 December 2021

	Notes	2021 HK\$'000	2020 HK\$'000
NON-CURRENT LIABILITIES			
Trade and other payables	13	11,890	31,877
Interest-bearing bank borrowing	14	–	1,707,264
Lease liabilities		1,664	786
Deferred tax liabilities		44,364	45,054
		<u>57,918</u>	<u>1,784,981</u>
Total non-current liabilities		57,918	1,784,981
Net assets		<u>8,810,335</u>	<u>10,446,617</u>
EQUITY			
Equity attributable to owners of the parent			
Share capital	15	42,263	35,219
Reserves		8,768,072	10,411,398
		<u>8,810,335</u>	<u>10,446,617</u>
Total equity		<u>8,810,335</u>	<u>10,446,617</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

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**”).

In the opinion of the directors, the immediate and ultimate holding company of the Company is Landing International Limited, which is incorporated in the British Virgin Islands.

2.1 BASIS OF PRESENTATION

The consolidated financial statements for the year ended 31 December 2021 has been prepared under the going concern basis, notwithstanding that the Group had net current liabilities of HK\$781,906,000 as at 31 December 2021 and incurred a net loss attributable to owners of the parent of HK\$1,055,766,000 for the year ended 31 December 2021. In the opinion of the directors, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due in the foreseeable future, based on the cash flow projections of the Group and after taking into consideration that the Group obtained a letter of intention from the bank for their willingness of the renewal of the bank borrowing. As at 31 December 2021, the balance of the bank borrowing is HK\$2,114,515,000 which will be expired within one year.

Should the bank borrowing is renewed, the directors are satisfied that the Group will be able to meet its financial obligations as and when they fall due for the next twelve months from the end of the reporting period. Consequently, the consolidated financial statements have been prepared on a going concern basis.

Should the Group be unable to continue as a going concern, adjustments would have to be made to write down the value of assets to their recoverable amounts, to provide for any future liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively. The effect of these adjustments has not been reflected in this consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.2 BASIS OF PREPARATION

The consolidated 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. The consolidated financial statements are presented in Hong Kong dollars (“HK\$”) and all values are rounded to the nearest thousand (HK\$’000) except when otherwise indicated.

2.3 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 9, HKAS 39,
HKFRS 7, HKFRS 4 and HKFRS 16
Amendment to HKFRS 16

Interest Rate Benchmark Reform – Phase 2

*COVID-19-Related Rent Concessions Beyond
30 June 2021 (early adopted)*

The adoption of the above revised standards has had no significant financial impact on the consolidated 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, changes in fair value of investment properties in Hong Kong, loss on disposal of subsidiaries 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 2021

	Integrated Resort Development HK\$'000	Gaming Business HK\$'000	Property Development HK\$'000	Total HK\$'000
Segment revenue:				
Sales to external customers	<u>856,406</u>	<u>88,604</u>	<u>404,986</u>	<u>1,349,996</u>
Segment results	<u>(420,736)</u>	<u>(671,820)</u>	<u>207,391</u>	<u>(885,165)</u>
<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				<u>3,400</u>
Loss before tax				<u>(1,040,513)</u>
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				<u>15,922</u>
Total assets				<u><u>11,509,972</u></u>

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
				<hr/>
Total liabilities				2,699,637
				<hr/>
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	(109,409)	–	–	(109,409)
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3 SEGMENT INFORMATION (continued)

Year ended 31 December 2020

	Integrated Resort Development HK\$'000	Gaming Business HK\$'000	Property Development HK\$'000	Total HK\$'000
Segment revenue:				
Sales to external customers	504,233	186,486	97,292	788,011
Segment results	<u>(1,280,324)</u>	<u>(509,375)</u>	<u>8,725</u>	<u>(1,780,974)</u>
<i>Reconciliation:</i>				
Finance costs, net (other than interest on lease liabilities)				(123,573)
Corporate and other unallocated expenses, net				(175,621)
Fair value gains on investment properties in Hong Kong				1,000
Loss on disposal of a subsidiary				<u>(21,386)</u>
Loss before tax				<u>(2,100,554)</u>
Segment assets	9,924,839	1,339,495	963,054	12,227,388
<i>Reconciliation:</i>				
Investment properties in Hong Kong				189,000
Equity investments designated at fair value through other comprehensive income				30,420
Cash and cash equivalents				647,418
Tax recoverable				6,135
Corporate and other unallocated assets				<u>448,181</u>
Total assets				<u><u>13,548,542</u></u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3 SEGMENT INFORMATION (continued)

Year ended 31 December 2020 (continued)

	Integrated Resort Development HK\$'000	Gaming Business HK\$'000	Property Development HK\$'000	Total HK\$'000
Segment liabilities	244,880	119,628	28,917	393,425
<i>Reconciliation:</i>				
Interest-bearing bank borrowing				2,536,498
Tax payable				8,286
Deferred tax liabilities				45,054
Corporate and other unallocated liabilities				118,662
Total liabilities				3,101,925
Other segment information included in segment results:				
Amortisation and depreciation	542,430	55,166	–	597,596
Impairment of goodwill and intangible assets	–	299,900	–	299,900
Impairment of trade and other receivables, net	68,674	(1,572)	–	67,102
Fair value losses on investment properties in South Korea	344,496	–	–	344,496

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3 SEGMENT INFORMATION (continued)

Geographical information

(a) Revenue from external customers

	2021 HK\$'000	2020 HK\$'000
South Korea	<u>1,349,996</u>	<u>788,011</u>

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

(b) Non-current assets

	2021 HK\$'000	2020 HK\$'000
South Korea	9,257,943	10,554,823
Hong Kong	198,447	198,186
Others	<u>15</u>	<u>2,800</u>
	<u>9,456,405</u>	<u>10,755,809</u>

The non-current assets information above is based on the locations of the assets and excludes goodwill, 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 2021 and 2020, 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:

	2021 HK\$'000	2020 HK\$'000
Revenue from contracts with customers		
Integrated Resort Development	837,194	492,491
Gaming Business	88,604	186,486
Property Development	404,986	97,292
	<u>1,330,784</u>	<u>776,269</u>
Revenue from other sources		
Gross rental income from investment property operating leases	19,212	11,742
	<u>1,349,996</u>	<u>788,011</u>

5 OTHER LOSSES, NET

	2021 HK\$'000	2020 HK\$'000
Dividend income from equity investments at fair value through other comprehensive income	76	484
Loss on disposal of subsidiaries	–	(21,386)
(Loss)/gain on disposal of items of property, plant and equipment	(2,622)	5,471
Loss on disposal of investment properties	(3,585)	–
Loss on disposal of right-of-use asset and lease liability on early termination of lease	–	(18,950)
Derecognition of interest accretion on early redemption of the bank borrowing	(1,772)	(815)
Early redemption charges of the bank borrowing	–	(2,537)
Foreign exchange differences, net	(34,626)	(39,428)
Others	7,164	4,557
	<u>(35,365)</u>	<u>(72,604)</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

6 LOSS BEFORE TAX

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

	2021 HK\$'000	2020 HK\$'000
Cost of properties and inventories sold:		
— Cost of properties sold	178,363	67,678
— Cost of inventories sold	68,715	41,736
— (Reversal of provision)/provision for inventories	(2,203)	1,398
	<u>244,875</u>	<u>110,812</u>
Employee benefit expenses (including directors' remuneration):		
— Wages, salaries and other staff costs*	502,281	516,975
— Retirement benefit costs**	38,256	36,599
	<u>540,537</u>	<u>553,574</u>
Amortisation and depreciation:		
— Depreciation of property, plant and equipment	581,912	607,548
— Depreciation of right-of-use assets	7,374	12,629
— Amortisation of intangible assets	346	331
	<u>589,632</u>	<u>620,508</u>
Impairment of trade and other receivables, net:		
— Impairment of trade receivables, net	434	74
— Impairment/(reversal of impairment) of gaming receivables, net	6,726	(7,720)
— (Reversal of impairment)/impairment of other receivables, net	(6,378)	60,461
	<u>782</u>	<u>52,815</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

6 LOSS BEFORE TAX (continued)

	2021 HK\$'000	2020 HK\$'000
Expenses included in “Other operating expenses” ***:		
— Auditor’s remuneration		
— Audit services to the Company	2,000	3,500
— Audit services to the subsidiaries of the Company	2,834	2,778
	<u>4,834</u>	<u>6,278</u>
— Building, equipment and facility maintenance expenses	125,854	111,411
— Bad debt written off	–	44,784
— Cash on hand written off	–	28,961
— Impairment of property, plant and equipment	50,660	184,887
— Lease payments not included in the measurement of lease liabilities	6,078	9,486
— Sales and marketing, promotion and advertising expenses	41,380	45,704
— Utilities expenses	<u>81,483</u>	<u>69,661</u>

* During the year ended 31 December 2021, government grants of HK\$10,331,000 (2020: HK\$8,592,000) and HK\$75,000 (2020: HK\$530,000) were received under the “Employment Retention Subsidy” of the Government of South Korea and the “Jobs Support Scheme” of the Government of Singapore, respectively. Besides, government grant of HK\$1,064,000 was received under the “Anti-epidemic Fund” of the Government of Hong Kong Special Administrative Region for the year ended 31 December 2020. These amounts are included in the “wages, salaries and other staff costs” and there are no unfulfilled conditions or contingencies related to these grants (2020: 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 (2020: 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

	2021 HK\$'000	2020 HK\$'000
Interest expenses:		
— Lease liabilities	(330)	(1,447)
— Bank borrowing	(141,387)	(144,857)
	<u>(141,717)</u>	<u>(146,304)</u>
Finance costs	(141,717)	(146,304)
Interest income:		
— Bank interest income	560	361
— Other interest income	6,714	20,923
	<u>7,274</u>	<u>21,284</u>
Finance income	7,274	21,284
Finance costs, net	(134,443)	(125,020)

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 2021 (2020: Nil). Taxation on overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the Group operates.

	2021 HK\$'000	2020 HK\$'000
Current — South Korea		
Charge for the year	120	166
Underprovision in prior years	14,543	—
	<u>14,663</u>	<u>166</u>
Current — Elsewhere		
(Credit)/charge for the year	(2,696)	5,795
	<u>3,286</u>	<u>8,486</u>
Deferred tax	3,286	8,486
	<u>15,253</u>	<u>14,447</u>
Total tax charge for the year	15,253	14,447

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

9 DIVIDEND

The directors did not recommend the payment of a final dividend for the year ended 31 December 2021 (2020: Nil).

10 LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT

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

	2021 HK\$'000	2020 HK\$'000
Loss		
Loss attributable to owners of the parent, used in the basic and diluted loss per share calculation:	<u>(1,055,766)</u>	<u>(2,115,001)</u>
	Number of shares	
	2021	2020
	'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>3,932,924</u>	<u>3,342,256</u>

The Group had no potential dilutive ordinary shares outstanding during the year (2020: Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

11 PREPAYMENTS, TRADE AND OTHER RECEIVABLES

	2021 HK\$'000	2020 HK\$'000
Trade receivables	23,737	13,623
Less: Loss allowance for impairment of trade receivables	(493)	(80)
	<hr/>	<hr/>
Trade receivables, net (Note (i))	23,244	13,543
Receivables from gaming customers (Note (ii))	224	7,059
Other receivables (Note (iii))	9,224	255,229
Prepayments	22,954	23,506
Value-added tax recoverable	523	4,865
Deposits (Note (iv))	10,119	13,457
Restricted deposit for the bank borrowing	122,437	107,434
	<hr/>	<hr/>
	188,725	425,093
Less: Non-current portion	(4,154)	(110,410)
	<hr/>	<hr/>
Current portion	<u>184,571</u>	<u>314,683</u>

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:

	2021 HK\$'000	2020 HK\$'000
Within 30 days	22,931	11,585
31 to 60 days	205	670
61 to 90 days	74	341
Over 90 days	34	947
	<hr/>	<hr/>
	<u>23,244</u>	<u>13,543</u>

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:

	2021 HK\$'000	2020 HK\$'000
Within 30 days	224	–
31 to 60 days	–	–
61 to 90 days	–	–
Over 90 days	–	7,059
	<u>224</u>	<u>7,059</u>

(iii) Other receivables

Included in the Group's other receivables are other receivables from debtors in non-trade nature amounting to HK\$9,224,000 (2020: HK\$8,864,000). In prior year, balance also included loans and interest receivables from independent third parties amounted to HK\$246,365,000. Except for the loans and interest receivables which charge interest rate at 6% per annum and repayable on demand, other non-trade receivables from debtors are interest-free and repayable on demand. The Group does not hold any collateral or other credit enhancements over its other receivable balances. Decrease in balance during the current year was mainly due to the full repayment of loans and interest receivables from independent third parties.

(iv) Deposits

As at 31 December 2021, included in deposits is HK\$2,623,000 (2020: HK\$2,850,000), which 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

	2021 HK\$'000	2020 HK\$'000
Cash and bank balances (Note (i))	650,652	477,390
Short-term time deposits	170,265	170,028
Restricted cash for the Cash Incident (Note (ii))	66,556	–
	<u>887,473</u>	<u>647,418</u>
Less: Restricted cash for the Cash Incident (Note (ii))	<u>(66,556)</u>	<u>–</u>
Cash and cash equivalents	<u>820,917</u>	<u>647,418</u>

Notes:

- (i) In prior year, cash and bank balances included restricted bank deposits of HK\$5,208,000 and HK\$1,425,000 which can only be applied in a lawsuit in Korea prior to its conclusion and a lease deposit in Korea prior to its expiry, respectively.
- (ii) 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\$87,867,000 as at 31 December 2021) (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 2021, the balance of this restricted cash is amounted to KRW10,150,000,000 (equivalent to HK\$66,556,000) (2020: Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

13 TRADE AND OTHER PAYABLES

	2021 HK\$'000	2020 HK\$'000
Trade payables (Note)	8,773	5,398
Deposit received	4,773	20,113
Deferred revenue	2,208	1,830
Accrued expenses	79,307	61,445
Accrued employee benefits	54,426	58,074
Other tax payables	161,176	198,730
Other payables (Note)	96,735	100,189
Contract liabilities	113,121	57,833
	<u>520,519</u>	<u>503,612</u>
Less: Non-current portion	(11,890)	(31,877)
Current portion	<u>508,629</u>	<u>471,735</u>

Note:

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

14 INTEREST-BEARING BANK BORROWING

	2021			2020		
	Effective interest rate	Maturity	HK\$'000	Effective interest rate	Maturity	HK\$'000
Current						
Bank loan – secured	5.98%	2022	2,114,515	5.98%	2021	829,234
Non-current						
Bank loan – secured	–	–	–	5.98%	2022	1,707,264
			<u>2,114,515</u>			<u>2,536,498</u>

Bank borrowing is secured by the Group's property, plant and equipment amounting to HK\$1,375,739,000 (2020: HK\$1,405,418,000), investment properties amounting to HK\$62,364,000 (2020: HK\$54,649,000) and completed properties for sale amounting to HK\$609,974,000 (2020: HK\$875,637,000).

The effective interest rate of the Group's borrowing is 5.98% (2020: 5.98%) per annum.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

15 SHARE CAPITAL

	2021 HK\$'000	2020 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 (2020: 3,521,877,510) ordinary shares of HK\$0.01 each	<u>42,263</u>	<u>35,219</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 2020	2,934,898	29,350	14,020,947	14,050,297
Issue of shares (Note (i))	586,980	5,869	132,070	137,939
Share issue expenses (Note (i))	–	–	(791)	(791)
At 31 December 2020 and 1 January 2021	<u>3,521,878</u>	<u>35,219</u>	<u>14,152,226</u>	<u>14,187,445</u>
Issue of shares (Note (ii))	704,374	7,044	131,718	138,762
Share issue expenses (Note (ii))	–	–	(151)	(151)
At 31 December 2021	<u>4,226,252</u>	<u>42,263</u>	<u>14,283,793</u>	<u>14,326,056</u>

Notes:

- (i) On 22 April 2020, pursuant to a share placing agreement, the Company placed 586,978,800 ordinary shares of the Company to not less than six placees, who are independent third parties, at HK\$0.235 per share. The aggregate cash subscription price received, before share issue expenses, was HK\$137,939,000. This transaction resulted in an increase of the issued share capital and share premium account of HK\$5,869,000 and HK\$132,070,000, respectively. Share issue expenses of HK\$791,000 were charged to the share premium account accordingly.
- (ii) 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 2021 (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 global economy and operating environment have been severely affected by the COVID-19 pandemic since early 2020. Notwithstanding the rollout of vaccination across the countries in 2021, suffering from some new variants such as Delta and Omicron, global travelling restrictions had yet to be uplifted during the Year. With no doubt, tourism is among the most affected sectors following the implementation of a series of travel restrictions and quarantine control measures under the COVID-19 pandemic. Our major business in Jeju Island, South Korea, which largely relies on entertainment and hospitality market conditions, especially the gaming business, has been inevitably affected.

FINANCIAL RESULTS

For the Year, the Group’s consolidated revenue was approximately HK\$1,349,996,000 (2020: approximately HK\$788,011,000), representing an increase of approximately 71.3% when compared to the year ended 31 December 2020. The increase in consolidated revenue was mainly attributable to (i) the boost in domestic consumption in our Jeju Shinhwa World under a series of marketing campaigns leading to the significant increase in revenue generated from integrated resort segment; and (ii) the increase in residential property sales activities. During the Year, non-gaming revenue was approximately HK\$1,261,392,000 (2020: approximately HK\$601,525,000) while gaming revenue was approximately HK\$88,604,000 (2020: approximately HK\$186,486,000).

For the Year, the loss attributable to the owners of the Company was approximately HK\$1,055,766,000 (2020: approximately HK\$2,115,001,000). The basic and diluted loss per share attributable to owners of the parent was HK26.84 cents (2020: HK63.28 cents). The increase in consolidated revenue and the fair value gains of investment properties for the Year together with the stringent cost controls in operating expenses, contributed to the decrease of approximately 50.1% in the consolidated net loss for the Year as compared to last year.

As at 31 December 2021, the consolidated net asset value of the Company was approximately HK\$8,810,335,000 (2020: approximately HK\$10,446,617,000) and the consolidated net asset value per number of ordinary shares in issue attributable to owners of the parent was approximately HK\$2.08 (2020: approximately HK\$2.97).

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

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 own brand label Landing Resort, five-star rated Marriott resort, family adventure Shinhwa 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 the best integrated resort 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, parades and shows on 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 six restaurants and a 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 the most authentic Cantonese restaurant well-liked by both tourists and local residents which is helmed by an award-winning master chef. 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 games.

The MICE business capitalising on the largest column-free ballroom in Jeju and the adjacent conference room facilities, Landing Convention Centre in Jeju Shinhwa World has been the host venue for many high profile regional and international events and this is an ideal place for various conferences. In the fourth quarter of 2021, Shinsegae Simon Jeju Premium Center was opened in the central Jeju Shinhwa World, which offer one-stop healing shopping from luxury to overseas/domestic fashion, golf, kids and cosmetics, attracting both domestic and foreign tourists.

In response to the decreasing number of cross-border travellers, during the Year, we continued to target domestic market by offering special staycation packages and promotion events bundled with our accommodation, water and theme parks as well as food and beverage. In order to boost market awareness and competitiveness, a wide variety of attraction events such as lighting show with fireworks, kids' activities programs and local merchant night market with local craft artists were launched to enrich our customer experience. We believed that all those marketing campaigns were the keys to our sustainable growth in sales, in terms of both the occupancy rate and revenue compared to 2020.

For the Year, Jeju Shinhwa World generated segment revenue of approximately HK\$856,406,000 (2020: approximately HK\$504,233,000), which mainly derived from its hotels, MICE events, food and beverage services, attraction theme parks and merchandise sales as well as leases of retail spaces in the resort, representing a remarkable increase of approximately 70% as compared with 2020. Segment loss of the Integrated Resort Development for the Year was approximately HK\$420,736,000 (2020: approximately HK\$1,280,324,000).

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.

Under a series of travel restrictions and quarantine control measures, foreigner visitation from China and elsewhere to Jeju had dropped significantly in 2021 and remained substantially below pre-COVID-19 levels. Therefore, the performance of gaming business remained sluggish during the Year.

For the Year, Landing Casino recorded net revenue of approximately HK\$88,604,000 (2020: approximately HK\$186,486,000) and segment loss from the gaming business was approximately HK\$671,820,000 (2020: approximately HK\$509,375,000).

Impairment of approximately HK\$398,449,000 (2020: approximately HK\$5,438,000 on goodwill and approximately HK\$294,462,000 on intangible assets) was made on the relevant intangible assets of the business of Landing 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. However, no impairment was recorded on the relevant property, plant and equipment after the assessment.

Property Development

With the increasing number of domestic visitors in Jeju Shinhwa World, the growth momentum has been strengthened by the sales and marketing activities for selling the resort condominiums and villas in zone R of Jeju Shinhwa World during the Year.

For the Year, substantial increases in both the revenue and profit derived from sales of residential property were recorded. Revenue generated from sales of residential properties amounted to approximately HK\$404,986,000 (2020: approximately HK\$97,292,000) and segment profit of approximately HK\$207,391,000 (2020: approximately HK\$8,725,000) was recorded in the Property Development segment.

As of 31 December 2021, approximately HK\$609,974,000 (2020: approximately HK\$875,637,000) was classified as completed properties for sale.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

OUTLOOK

Tourism is considered as one of the sectors most affected by the COVID-19 pandemic. The emergence of new strains and highly transmissible variant threaten renewed outbreaks. However, the massive vaccination campaign in many countries has eased the impact to a certain extent. Notwithstanding some countries have lifted their quarantine and travel restriction measures gradually, we believe that the COVID-19 pandemic will continue to cause significant impact on our business in 2022. Given the uncertainties as to when the new variants of COVID-19 will be under control and the business impact thereof will remain challenging, we will continue to work diligently to react and adapt to the circumstances and mitigate the unprecedented impact on our business during this difficult period of time.

Whilst some travel restrictions across different countries remain in force, we have adopted a cautious approach in new business developments as well as in renovation and upgrade of various facilities within Jeju Shinhwa World. The status of the upgrade was underway progressively although not aggressively in the second half of 2021. It is expected that all those facility improvements will enable the Group to capture the recovery of overseas demands and to sustain its market share.

Under the lockdown and travel restrictions in the Philippines, 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. As at the date of this announcement, the Group is still in the course of exploring the issue with Philippine Amusement and Gaming Corporation (“PAGCOR”) under the travel restrictions. Due to the unprecedented social and economic impacts caused by the COVID-19 pandemic, the Company will continue to adopt a cautious approach to evaluate the feasibility of relevant lease of land and development should opportunities arise and to negotiate with PAGCOR for a mutually acceptable solution.

Recently, some major Asian economies, including South Korea, Singapore and Hong Kong, have experienced a drastic surge in coronavirus cases as the highly infectious Omicron variant continues to tear through the region. Moreover, owing to the recent devastating attack on Ukraine by Russia, the western countries are targeting Russia’s economy, financial institutions and individuals. Notwithstanding some foreign countries have already eased their travel restrictions, those issues have jeopardized the recovery of global economy. Taking into consideration such macro factors, the Company aims at maintaining a healthy liquidity position as its priority and stays cautious in capital commitments and future development and investment plans.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

OUTLOOK (continued)

In 2022, the Company will continue to progress maintenance, renovation and upgrade of facilities in Jeju Shinhwa World gradually and the Group will also re-evaluate the construction plan of a new hotel in Jeju Shinhwa World. In addition, the Company will continue to evaluate the funding needs and the financial position of the Group from time to time and will also explore fund raising and financing facilities if and when opportunities arise. Although Hong Kong is facing a panic challenge due to the ripple effect of Omicron recently, by the increasing vaccination rate and the easing of travel restrictions around the world, the Company is expecting a return to normalcy and global market recovery in the near future.

FINANCIAL RESOURCES AND LIQUIDITY

As at 31 December 2021, the Group had non-current assets of approximately HK\$9,650,159,000 (2020: approximately HK\$11,511,550,000) and net current liabilities of approximately HK\$781,906,000 (2020: net current assets of approximately HK\$720,048,000). The current ratio, expressed as the ratio of the current assets over the current liabilities, was 0.7 as at 31 December 2021 (2020: 1.5). The decrease in the current ratio is mainly due to the reclassification of the bank borrowing, which will be expired in 2022, from non-current liability to current liability as at 31 December 2021.

For the Year, the impairment of trade and other receivables (net) amounted to approximately HK\$782,000 (2020: approximately HK\$52,815,000). The provisions mainly consisted of overdue receivables with long aging periods. As at 31 December 2021, the Group had prepayments, trade and other receivables of approximately HK\$188,725,000 (2020: approximately HK\$425,093,000). As at 31 December 2021, the Group had cash and bank balances of approximately HK\$820,917,000, with approximately HK\$392,137,000, HK\$418,674,000 and HK\$4,102,000 held in Hong Kong dollars (“**HKD**”), Korean Won (“**KRW**”) and United States dollars (“**USD**”), respectively and the remaining balances mainly held in Philippine Pesos (“**PHP**”) (2020: approximately HK\$647,418,000, with approximately HK\$419,623,000, HK\$206,692,000 and HK\$19,310,000 held in HKD, KRW and USD, respectively and the remaining balances mainly held in UK pound sterling).

As at 31 December 2021, the Group had trade and other payables of approximately HK\$520,519,000 (2020: approximately HK\$503,612,000) and a bank borrowing in KRW with fixed interest rate of approximately HK\$2,114,515,000 (2020: approximately HK\$2,536,498,000) while total liabilities of the Group amounted to approximately HK\$2,699,637,000 (2020: approximately HK\$3,101,925,000). The Group’s gearing ratio, which was measured on the basis of the Group’s total liabilities divided by total assets, was 23.5% (2020: 22.9%).

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

FINANCIAL RESOURCES AND LIQUIDITY (continued)

The Directors have given careful consideration to the going concern status of the Group in light of the fact that the Group's current liabilities exceeded its current assets by approximately HK\$781,906,000 as at 31 December 2021. The current liabilities increased by approximately HK\$1,324,775,000 and the non-current liabilities decreased by approximately HK\$1,727,063,000 which were mainly attributable to the reclassification of an interest-bearing bank borrowing from non-current liability to current liability during the Year. The management will pay close attention to the Group's cash position and keep contacts and negotiations with banks to ensure that the existing bank borrowing will be successfully renewed in longer terms and additional banking facilities are obtained when necessary.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS

Investments

Equity investments designated at fair value through other comprehensive income

As at 31 December 2021, the Group was holding listed equity investments at a fair value of approximately HK\$17,957,000 (representing approximately 0.16% of the consolidated total assets of the Group), which were classified as equity investments designated at fair value through other comprehensive income (2020: approximately HK\$30,420,000). Net fair value losses in respect of these investments of approximately HK\$12,463,000, which was mainly resulted from the downward movement of stock price of the equity investment in Kingston Financial Group Limited (the shares of which are 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 2021.

Save as disclosed above, there was no other significant investment, material acquisition or disposal during the year under review 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

Issue of new shares

On 2 June 2021, the Company completed the allotment and issuance of 704,374,800 ordinary shares (the “**Subscription Shares**”) under the general mandate to a subscriber, who is an independent third party, at the subscription price of HK\$0.197 per share pursuant to the terms and conditions of the subscription agreement dated 21 May 2021, entered between the Company and the subscriber and subscriber’s guarantor. The Subscription Shares representing approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issuance of the Subscription Shares immediately upon completion. The net proceeds from the subscription, after deduction of the subscription commission and other related expenses, amounted to approximately HK\$138,611,000 was intended to be used for capital expenditure and development cost for Jeju Shinhwa World as well as the payment of interest expenses and general working capital. As at 31 December 2021, approximately HK\$27,500,000 has been applied towards the maintenance, renovation and upgrade of the existing facilities within Jeju Shinhwa World and approximately HK\$68,238,000 has been applied towards interest expenses. Taken into consideration the prevailing market conditions and the Group’s liquidity position, the Group has exercised caution in utilizing the fund raised and intends to apply the balance of the proceeds largely for interest expenses so as to maintain a healthy balance sheet.

As at 31 December 2021 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.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

CAPITAL COMMITMENTS

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

	2021	2020
	HK\$'000	HK\$'000
Contracted, but not provided for:		
Property, plant and equipment	<u>1,895</u>	<u>12,600</u>

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

CONTINGENT LIABILITY

As at 31 December 2021, the Group did not have any material contingent liabilities (2020: Nil).

PLEDGE OF ASSETS

As at 31 December 2021, the following assets of the Group were pledged to certain banks to secure general banking facilities payable granted to the Group:

	2021	2020
	HK\$'000	HK\$'000
Property, plant and equipment	1,375,739	1,405,418
Investment properties	62,364	54,649
Completed properties for sale	<u>609,974</u>	<u>875,637</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 pay 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, USD, RMB and PHP. Currently, the Group has not entered into any agreement to hedge against foreign exchange risk. In view of the fluctuation of KRW, USD, RMB and PHP in recent years, the Group will continue monitoring the situation closely and will introduce suitable measures as and when appropriate.

The Group had limited exposure to interest rate fluctuations on the bank borrowing as at 31 December 2021, as the interest rate applicable to the bank borrowing is mostly fixed throughout the respective loan term.

EMPLOYEE AND REMUNERATION POLICIES

As at 31 December 2021, the Group had around 1,364 (2020: around 1,525) full-time employees (including management, administrative staff, production workers, etc.), with total staff costs amounting to approximately HK\$540,537,000 (2020: approximately HK\$553,574,000) for the Year. The employees were mainly stationed in Hong Kong and South Korea. The remuneration, promotion and salary increments of employees are assessed according to the individual's performance, as well as professional and working experience, 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\$87,867,000) 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 2021 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 (2020: 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 24 June 2021 since he had other business engagement out of Hong Kong, which deviated from code provision F.2.2.

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.

OTHER INFORMATION (continued)

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 2021.

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 2021, 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

Material Uncertainty Related To Going Concern

We draw attention to note 2.1 to the consolidated financial statement, which indicated that the Group had net current liabilities of HK\$781,906,000 as at 31 December 2021 and incurred a net loss attributable to owners of the parent of HK\$1,055,766,000 for the year ended 31 December 2021. These conditions, along with other matters as set forth in note 2.1, indicate that material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

The Group's Cash Incident

We also draw attention to note 24 to the consolidated financial statement, which describes the Group's cash incident (the “**Cash Incident**”) and reported a loss of KRW4,405,000,000 (equivalent to HK\$28,961,000) in the previous year. 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 KRW10,150,000,000 (equivalent to HK\$66,556,000) held by the Group as at 31 December 2021 and subsequent cash found by the Jeju Police, totalling of KRW13,400,000,000 (equivalent to HK\$87,867,000) 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
Landing International Development Limited
Wong Hoi Po
Executive Director

Hong Kong, 30 March 2022

As at the date of this announcement, the Board comprises Mr. Yang Zhihui (Chairman), Ms. Chan Mee Sze, Mr. Yeung Lo, 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.