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**Shin Hwa World Limited**

**神話世界有限公司**

*(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 2023**

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 2023.

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2023

		2023	2022
	<i>Notes</i>	HK\$'000	HK\$'000
<b>REVENUE</b>	4	<b>1,036,268</b>	1,386,800
Cost of properties and inventories sold	6	(132,700)	(240,538)
Other income and gains, net	5	20,222	20,985
Gaming duties and other related taxes		(10,703)	(3,903)
Amortisation and depreciation		(295,192)	(490,330)
Employee benefit expenses		(535,150)	(469,015)
Other operating expenses		(543,346)	(470,966)
Finance costs, net	7	(103,078)	(98,651)
Fair value gains on investment properties, net		63,726	76,122
Impairment of other intangible assets		(12,943)	(8,735)
(Impairment)/reversal of impairment of trade and other receivables, net		(9,852)	63,182
<b>LOSS BEFORE TAX</b>	6	<b>(522,748)</b>	(235,049)
Income tax credit	8	309	18,138
<b>LOSS FOR THE YEAR</b>			
<b>ATTRIBUTABLE TO OWNERS</b>			
<b>OF THE PARENT</b>		<b>(522,439)</b>	(216,911)
<b>LOSS PER SHARE ATTRIBUTABLE</b>			
<b>TO OWNERS OF THE PARENT</b>	10		
Basic		<b>HK(12.36) cents</b>	HK(5.13) cents
Diluted		<b>HK(12.36) cents</b>	HK(5.13) cents

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2023

	2023 HK\$'000	2022 HK\$'000
<b>LOSS FOR THE YEAR</b>	<b>(522,439)</b>	<b>(216,911)</b>
<b>OTHER COMPREHENSIVE LOSS</b>		
<i>Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:</i>		
Exchange differences on translation of foreign operations	(194,109)	(476,849)
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	<b>(194,109)</b>	<b>(476,066)</b>
<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	14,303	584
Deferred tax debited to asset revaluation reserve	(1,004)	(79)
Remeasurements of employee benefit obligations	(8,662)	3,611
Equity investments designated at fair value through other comprehensive income:		
Changes in fair value	249	(4,091)
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	<b>4,886</b>	<b>25</b>
<b>OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX</b>	<b>(189,223)</b>	<b>(476,041)</b>
<b>TOTAL COMPREHENSIVE LOSS FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE PARENT</b>	<b>(711,662)</b>	<b>(692,952)</b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 31 December 2023*

	<i>Notes</i>	2023 HK\$'000	2022 HK\$'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		7,276,526	7,747,298
Investment properties		808,085	718,393
Right-of-use assets		4,363	1,541
Goodwill and other intangible assets		136,838	154,387
Equity investments designated at fair value through other comprehensive income		1,400	13,866
Prepayments, trade and other receivables	<i>11</i>	70,596	104,435
Restricted cash	<i>12</i>	61,174	–
		<hr/>	<hr/>
Total non-current assets		8,358,982	8,739,920
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
<b>CURRENT ASSETS</b>			
Properties under development		104,764	107,536
Completed properties for sale		345,807	456,976
Inventories		56,657	56,918
Prepayments, trade and other receivables	<i>11</i>	68,757	127,646
Tax recoverable		58	812
Restricted cash	<i>12</i>	–	62,793
Cash and cash equivalents	<i>12</i>	266,043	503,421
		<hr/>	<hr/>
Total current assets		842,086	1,316,102
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	<i>13</i>	310,923	323,397
Interest-bearing bank borrowing	<i>14</i>	–	31,937
Lease liabilities		1,623	986
Tax payable		7	79
		<hr/>	<hr/>
Total current liabilities		312,553	356,399
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
<b>NET CURRENT ASSETS</b>		529,533	959,703
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>8,888,515</u>	<u>9,699,623</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

As at 31 December 2023

		2023	2022
	Notes	HK\$'000	HK\$'000
<b>NON-CURRENT LIABILITIES</b>			
Trade and other payables	13	18,417	12,783
Interest-bearing bank borrowing	14	1,417,489	1,524,213
Lease liabilities		2,943	762
Deferred tax liabilities		43,945	44,482
		<u>1,482,794</u>	<u>1,582,240</u>
Total non-current liabilities		1,482,794	1,582,240
<b>Net assets</b>		<u><b>7,405,721</b></u>	<u><b>8,117,383</b></u>
<b>EQUITY</b>			
<b>Equity attributable to owners of the parent</b>			
Share capital	15	42,263	42,263
Reserves		7,363,458	8,075,120
		<u>7,405,721</u>	<u>8,117,383</u>
<b>Total equity</b>		<u><b>7,405,721</b></u>	<u><b>8,117,383</b></u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1 GENERAL INFORMATION

Shin Hwa World 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 new and revised HKFRSs for the first time for the current year’s financial statements.

HKFRS 17 (including the October 2020 and February 2020 Amendments to HKFRS 17)	<i>Insurance Contracts</i>
Amendments to HKAS 1 and HKFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i>
Amendments to HKAS 8	<i>Definition of Accounting Estimates</i>
Amendments to HKAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
Amendments to HKAS 12	<i>International Tax Reform – Pillar Two Model Rules</i>

The adoption of the above new and 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 2023

	Integrated Resort Development HK\$'000	Gaming Business HK\$'000	Property Development HK\$'000	Total HK\$'000
<b>Segment revenue:</b>				
Sales to external customers	777,558	46,765	211,945	1,036,268
<b>Segment results</b>	<b>(203,715)</b>	<b>(258,417)</b>	<b>120,733</b>	<b>(341,399)</b>
<i>Reconciliation:</i>				
Finance costs, net (other than interest on lease liabilities)				(102,886)
Unallocated exchange differences, net				(151)
Corporate and other unallocated expenses, net				(60,512)
Fair value losses on investment properties in Hong Kong				(17,800)
Loss before tax				(522,748)
<b>Segment assets</b>	<b>7,635,605</b>	<b>613,751</b>	<b>456,032</b>	<b>8,705,388</b>
<i>Reconciliation:</i>				
Investment properties in Hong Kong				161,900
Equity investments designated at fair value through other comprehensive income				1,400
Restricted cash				61,174
Cash and cash equivalents				266,043
Tax recoverable				58
Corporate and other unallocated assets				5,105
Total assets				<b>9,201,068</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 3 SEGMENT INFORMATION (continued)

Year ended 31 December 2023 (continued)

	<b>Integrated Resort Development HK\$'000</b>	<b>Gaming Business HK\$'000</b>	<b>Property Development HK\$'000</b>	<b>Total HK\$'000</b>
<b>Segment liabilities</b>	<b>236,334</b>	<b>81,480</b>	<b>10,123</b>	<b>327,937</b>
<i>Reconciliation:</i>				
Interest-bearing bank borrowing				1,417,489
Tax payable				7
Deferred tax liabilities				43,945
Corporate and other unallocated liabilities				5,969
				<hr/>
Total liabilities				<b>1,795,347</b>
				<hr/>
<b>Other segment information included in segment results:</b>				
Amortisation and depreciation	261,697	32,091	–	293,788
Impairment of intangible assets	–	12,943	–	12,943
Impairment of trade and other receivables, net	21	9,831	–	9,852
Fair value gains on investment properties in South Korea	(81,526)	–	–	(81,526)
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## 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
<b>Segment revenue:</b>				
Sales to external customers	946,200	46,127	394,473	1,386,800
<b>Segment results</b>	(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)
<b>Segment assets</b>	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				10,056,022

## 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
<b>Segment liabilities</b>	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				1,938,639
<b>Other segment information included in segment results:</b>				
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)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 3 SEGMENT INFORMATION (continued)

#### Geographical information

(a) Revenue from external customers

	2023	2022
	HK\$'000	HK\$'000
South Korea	<u>1,036,268</u>	<u>1,386,800</u>

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

(b) Non-current assets

	2023	2022
	HK\$'000	HK\$'000
South Korea	7,923,910	8,282,979
Hong Kong	165,064	184,235
Others	—	18
	<u>8,088,974</u>	<u>8,467,232</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, equity investments designated at fair value through other comprehensive income and restricted cash.

#### Information about major customers

During the years ended 31 December 2023 and 2022, 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:

	2023 HK\$'000	2022 HK\$'000
<b>Revenue from contracts with customers</b>		
Integrated Resort Development	736,104	910,314
Gaming Business	46,765	46,127
Property Development	211,945	394,473
	<u>994,814</u>	<u>1,350,914</u>
<b>Revenue from other sources</b>		
Gross rental income from investment property operating leases	41,454	35,886
	<u>1,036,268</u>	<u>1,386,800</u>

### 5 OTHER INCOME AND GAINS, NET

	2023 HK\$'000	2022 HK\$'000
Dividend income from equity investments at fair value through other comprehensive income	81	85
(Loss)/gain on disposal of items of property, plant and equipment	(1,406)	88
Loss on disposal of items of other intangible assets	(8)	–
Foreign exchange differences, net	413	(3,754)
Forfeited deposits from sales of properties	17,438	–
Other taxes refunded	–	19,256
Others	3,704	5,310
	<u>20,222</u>	<u>20,985</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 6 LOSS BEFORE TAX

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

	<b>2023</b>	2022
	<b>HK\$'000</b>	HK\$'000
Cost of properties and inventories sold:		
— Cost of properties sold	<b>70,684</b>	171,945
— Cost of inventories sold	<b>62,783</b>	70,285
— Reversal of provision for inventories	<b>(767)</b>	(1,692)
	<b>132,700</b>	240,538
Employee benefit expenses (including directors' remuneration):		
— Wages, salaries and other staff costs*	<b>504,823</b>	440,732
— Retirement benefit costs**	<b>30,327</b>	28,283
	<b>535,150</b>	469,015
Amortisation and depreciation:		
— Depreciation of property, plant and equipment	<b>293,141</b>	488,506
— Depreciation of right-of-use assets	<b>1,403</b>	1,487
— Amortisation of other intangible assets	<b>648</b>	337
	<b>295,192</b>	490,330
Impairment/(reversal of impairment) of trade and other receivables, net:		
— Reversal of impairment of trade receivables, net	–	(33)
— Impairment of gaming receivables, net	<b>10,085</b>	19
— Reversal of impairment of other receivables, net	<b>(233)</b>	(63,168)
	<b>9,852</b>	(63,182)
Impairment of other intangible assets	<b>12,943</b>	8,735

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 6 LOSS BEFORE TAX (continued)

	2023 HK\$'000	2022 HK\$'000
Expenses included in “Other operating expenses” ***:		
— Auditor’s remuneration		
— Audit services to the Company	1,800	1,800
— Audit services to the subsidiaries of the Company	2,111	2,013
	<u>3,911</u>	<u>3,813</u>
— Building, equipment and facility maintenance expenses	126,095	123,551
— Expense relating to short-term leases or leases of low-value assets	6,494	4,183
— Operating supplies and equipment	29,505	31,103
— Sales and marketing, promotion and advertising expenses	66,509	31,298
— Utilities expenses	<u>99,761</u>	<u>90,275</u>

\* During the year ended 31 December 2022, government grants of HK\$2,401,000 were received under the “Employment Retention Subsidy” of the Government of South Korea. These amounts were included in the “wages, salaries and other staff costs” and there were no unfulfilled conditions or contingencies related to these grants.

\*\* 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 (2022: Nil).

\*\*\* The remaining items of “Other operating expenses” including but not limited to other support services and administrative expenses.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 7 FINANCE COSTS, NET

	2023 HK\$'000	2022 HK\$'000
Interest expenses:		
— Lease liabilities	(192)	(81)
— Bank borrowing	(110,449)	(100,689)
	<u>(110,641)</u>	<u>(100,770)</u>
<b>Finance costs</b>	<b>(110,641)</b>	<b>(100,770)</b>
Interest income:		
— Bank interest income	7,166	2,087
— Other interest income	397	32
	<u>7,563</u>	<u>2,119</u>
<b>Finance income</b>	<b>7,563</b>	<b>2,119</b>
<b>Finance costs, net</b>	<b>(103,078)</b>	<b>(98,651)</b>

### 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 2023 (2022: 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.

	2023 HK\$'000	2022 HK\$'000
Current — South Korea		
Charge for the year	35	100
	<u>35</u>	<u>100</u>
Current — Elsewhere		
Charge/(credit) for the year	107	(20,607)
	<u>107</u>	<u>(20,607)</u>
Deferred tax	(451)	2,369
	<u>(451)</u>	<u>2,369</u>
<b>Total tax credit for the year</b>	<b>(309)</b>	<b>(18,138)</b>



## 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 2023 (2022: Nil).

### 10 LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT

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

	<b>2023</b>	2022
	<b>HK\$'000</b>	HK\$'000
<b>Loss</b>		
Loss attributable to owners of the parent, used in the basic and diluted loss per share calculation:	<u>(522,439)</u>	<u>(216,911)</u>
	<b>Number of shares</b>	
	<b>2023</b>	2022
	<b>'000</b>	<b>'000</b>
<b>Shares</b>		
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>4,226,252</u>

The Group had no potential dilutive ordinary shares outstanding during the year (2022: Nil).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 11 PREPAYMENTS, TRADE AND OTHER RECEIVABLES

	2023 HK\$'000	2022 HK\$'000
Trade receivables	31,985	24,392
Less: Loss allowance for impairment of trade receivables	(350)	(359)
Trade receivables, net (Note (i))	31,635	24,033
Receivables from gaming customers (Note (ii))	837	3,469
Other receivables (Note (iii))	8,762	77,358
Prepayments	30,369	20,332
Value-added tax recoverable	3	3
Deposits	2,199	10,091
Restricted deposit for the bank borrowing	65,548	96,795
	139,353	232,081
Less: Non-current portion	(70,596)	(104,435)
Current portion	68,757	127,646

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:

	2023 HK\$'000	2022 HK\$'000
Within 30 days	27,657	23,303
31 to 60 days	2,290	288
61 to 90 days	1,610	65
Over 90 days	78	377
	31,635	24,033

## 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:

	<b>2023</b>	2022
	<b>HK\$'000</b>	HK\$'000
Within 30 days	<b>707</b>	3,292
31 to 60 days	<b>130</b>	–
61 to 90 days	–	177
	<u>837</u>	<u>3,469</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. Decrease in balance was mainly due to the settlement of HK\$62,827,000 in relation to the lease-related receivables and management fee receivables from independent third parties.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 12 CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

	2023 HK\$'000	2022 HK\$'000
Cash and bank balances	235,831	332,514
Short-term time deposits	30,212	170,907
Restricted cash for the Cash Incident (Note)	61,174	62,793
	<u>327,217</u>	<u>566,214</u>
Less: Restricted cash for the Cash Incident (Note)	(61,174)	(62,793)
	<u>266,043</u>	<u>503,421</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\$80,762,000 as at 31 December 2023) (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 in 2021, 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, a 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 Seized Money, found in the premises of the Group of KRW10,150,000,000 (equivalent to HK\$72,325,000) and elsewhere of KRW3,250,000,000 (equivalent to HK\$23,158,000), is anticipated to be part of the missing fund. In October 2023, the police investigation was suspended. As at 31 December 2023, the police investigation was pending for further evidence and recommencement. As at 31 December 2023, the balance of this restricted cash amounted to KRW10,150,000,000 (equivalent to HK\$61,174,000) (2022: KRW10,150,000,000) and it has been reclassified from a current asset to a non-current asset as the investigation is not expected to conclude within a year.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 13 TRADE AND OTHER PAYABLES

	2023 HK\$'000	2022 HK\$'000
Trade payables (Note)	6,136	7,584
Deposit received	14,624	8,877
Accrued expenses	75,146	77,864
Accrued employee benefits	57,195	52,969
Other tax payables	30,526	35,105
Other payables (Note)	64,038	84,724
Contract liabilities	81,675	69,057
	<u>329,340</u>	<u>336,180</u>
Less: Non-current portion	<u>(18,417)</u>	<u>(12,783)</u>
Current portion	<u><u>310,923</u></u>	<u><u>323,397</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

	2023			2022		
	Effective interest rate	Maturity	HK\$'000	Effective interest rate	Maturity	HK\$'000
<b>Current</b>						
Bank loan – secured				2.75%		
				+ Korea Commercial Paper rate	2023	31,937
	–	–	–			
<b>Non-current</b>						
Bank loan – secured	2.75%			2.75%		
	+ Korea Commercial Paper rate			+ Korea Commercial Paper rate	2025	1,524,213
		2025	<u>1,417,489</u>			
			<u><u>1,417,489</u></u>			<u><u>1,556,150</u></u>

The bank borrowing is secured by the Group's property, plant and equipment amounting to HK\$1,776,727,000 (2022: HK\$1,645,152,000), investment properties amounting to HK\$96,090,000 (2022: HK\$89,102,000), properties under development amounting to HK\$104,764,000 (2022: HK\$107,536,000) and completed properties for sale amounting to HK\$191,329,000 (2022: HK\$456,976,000).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 15 SHARE CAPITAL

	2023 HK\$'000	2022 HK\$'000
<b>Authorised:</b>		
1,000,000,000,000 ordinary shares of HK\$0.01 each	<u>10,000,000</u>	<u>10,000,000</u>
<b>Issued and fully paid:</b>		
4,226,252,310 ordinary shares of HK\$0.01 each	<u>42,263</u>	<u>42,263</u>

### 16. EVENTS AFTER THE REPORTING PERIOD

On 20 March 2024, the Company completed the allotment and issuance of 845,250,000 ordinary shares (the “**Subscription Shares**”) under the general mandate to Resplendence Investment Development Limited (the “**Subscriber**”), who is an independent third party, at the subscription price of HK\$0.034 per share pursuant to the terms and conditions of the subscription agreement dated 1 March 2024, 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.

## MANAGEMENT DISCUSSION AND ANALYSIS

The Company is an investment holding company, and during the year ended 31 December 2023 (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**”).

### FINANCIAL RESULTS

For the Year, the Group’s consolidated revenue was approximately HK\$1,036,268,000 (2022: approximately HK\$1,386,800,000), representing a decrease of approximately 25.3% when compared to the year ended 31 December 2022. During the Year, non-gaming revenue was approximately HK\$989,503,000 (2022: approximately HK\$1,340,673,000) while gaming revenue was approximately HK\$46,765,000 (2022: approximately HK\$46,127,000).

For the Year, the loss attributable to the owners of the Company was approximately HK\$522,439,000 (2022: approximately HK\$216,911,000). The basic and diluted loss per share attributable to owners of the parent was HK12.36 cents (2022: HK5.13 cents). The increase in consolidated net loss for the Year was mainly attributable to (i) the pressure on the room price and occupancy rate due to intense competition and domestic customers travelling abroad after the easing of travel restrictions, leading to a decrease in revenue generated from the integrated resort development segment; (ii) the decrease in residential property sales owing to the downturn in the property market and the interest rate rise; (iii) the increase in marketing expenses, operating expenses resulting from inflation, particularly utility costs and facilities maintenance costs, as well as an increase in employee benefit expenses; and (iv) the absence of a net amount of approximately HK\$63 million from the reversal of trade and other receivables impairment recorded in the previous financial year 2022.

As at 31 December 2023, the consolidated net asset value of the Company was approximately HK\$7,405,721,000 (2022: approximately HK\$8,117,383,000) and the consolidated net asset value per number of ordinary shares in issue attributable to owners of the parent was approximately HK\$1.75 (2022: approximately HK\$1.92).

## **MANAGEMENT DISCUSSION AND ANALYSIS (continued)**

### **OPERATION AND BUSINESS REVIEW**

#### **Integrated Resort Development**

Jeju Shinhwa World, an integrated resort located on Jeju Island, South Korea is the core business of the Group. It is an iconic world-class resort destination in Northeast Asia, comprising a selection of premium hotels, a convention and exhibition centre, a retail mall, food & beverage outlets, a leisure and entertainment complex, a theme park, a 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 the five-star rated Marriott Resort, the new lifestyle Shinhwa Resort, Landing Resort and the full-serviced Somerset family suites in Jeju. The hotels are strategically positioned in Jeju to cater to all segments of guests, providing the perfect accommodation options for every Jeju trip. All hotels in Jeju Shinhwa World consistently receive high rankings and multiple recommendations from guests and 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.

Themed with Larva characters from a popular local animated production and offering more than 15 amazing rides and attractions for children and families, including adventure games and a 4D theater, Shinhwa Theme Park attracts both domestic and foreign tourists. It also serves as an ideal venue for mega events, having been used for New Year's Eve countdown party, FIFA World Cup soccer event, dining functions for USPGA golf tournament, and more.

Shinhwa Waterpark is the largest water park in Jeju with 18,000 square meters of space. It features wave pools, water slides, rapids, spas, kids' pool, and a private cabana area suitable for visitors of all ages. Shinhwa Waterpark has established itself as the top water park attraction in Jeju.



## **MANAGEMENT DISCUSSION AND ANALYSIS (continued)**

### **OPERATION AND BUSINESS REVIEW (continued)**

#### **Integrated Resort Development (continued)**

Jeju Shinhwa World also boasts 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 Korean specialties, Chinese classics, Western favorites and myriad other styles to suit both tourists and local residents. The bar and pub are the perfect place to relax after dinner or an exploratory day, by enjoying a variety of delicious snacks and the starry night.

The MICE business capitalises on the largest column-free ballroom in Jeju and the adjacent conference room facilities, the Convention Centre in Jeju Shinhwa World has hosted many high-profile regional and international events and is an ideal place for various conferences, including wedding and family banquet. In addition, the Shinsegae Simon Jeju Premium Center in Jeju Shinhwa World offers one-stop shopping from foreign luxury brands to domestic fashion, golf, kids' items and cosmetics, attracting both domestic and foreign tourists.

During the Year, most countries eased their border travel restrictions, and China lifted its ban on group tours to Korea after six-year hiatus in August 2023. Faced with intense competition and domestic customers travelling abroad after the lift of travel restrictions, the room prices and occupancy rates of our hotels were under pressure during the Year. Nevertheless, our marketing team continued to offer a series of promotional events bundled with our accommodations, water and theme parks, as well as food and beverage options. We also launched a wide variety of attraction events, such as count down concert, lighting show with fireworks, seasonal flea market, art gallery, and new facilities, such as a premium cinema and a media-based story park, to enrich our customers' experiences.

For the Year, the Integrated Resort Development generated segment revenue of approximately HK\$777,558,000 (2022: approximately HK\$946,200,000), which was mainly derived from its hotels, food and beverage services, MICE events, attraction theme park, water parks, and merchandise sales as well as leases of retail spaces in the resort, representing a decrease of approximately 17.8% as compared with the previous financial year. The segment loss of the Integrated Resort Development was approximately HK\$203,715,000 (2022: approximately HK\$154,120,000).

## **MANAGEMENT DISCUSSION AND ANALYSIS (continued)**

### **OPERATION AND BUSINESS REVIEW (continued)**

#### **Gaming Business**

Landing Casino, 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, occupying an exclusive gaming area of approximately 5,500 square meters.

During the Year, the recovery momentum of the Gaming Business became apparent, with both the rolling volume and non-rolling volume increasing compared to the previous financial year. However, the decline in the winning percentage resulted in a negative effect on the segment revenue during the Year.

For the Year, the Gaming Business recorded net revenue of approximately HK\$46,765,000 (2022: approximately HK\$46,127,000), and the segment loss from the Gaming Business was approximately HK\$258,417,000 (2022: approximately HK\$173,965,000).

Impairment of approximately HK\$12,943,000 (2022: approximately HK\$8,735,000) was made on the relevant intangible assets 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 performance of the cash-generating unit of Gaming Business. Besides, no impairment was recorded on the relevant property, plant and equipment after the assessment.

#### **Property Development**

The sales of resort condominiums and villas in zone R of Jeju Shinhwa World slowed down during the Year due to the downturn of the Korea property market, which was affected by, among other things, the rise in interest rate and market sentiment.

For the Year, revenue generated from sales of residential properties and property management were amounted to approximately HK\$201,969,000 (2022: approximately HK\$386,143,000) and HK\$9,976,000 (2022: approximately HK\$8,330,000), respectively and segment profit of the Property Development was approximately HK\$120,733,000 (2022: approximately HK\$202,179,000).

As of 31 December 2023, approximately HK\$345,807,000 (2022: approximately HK\$456,976,000) was classified as completed properties for sale.

## MANAGEMENT DISCUSSION AND ANALYSIS (continued)

### OUTLOOK

In early 2023, mainland China and some other Asian countries gradually eased their travel restrictions and control measures. Although China has lifted pandemic-era restrictions on group tours for South Korea, potentially benefiting their tourism industries since August 2023, it had yet to return to pre-pandemic levels by the end of 2023. Despite the pressure on room price and occupancy rate during the Year, the Board believes that the reopening of the borders will boost the tourism industries. In conjunction with repositioning in marketing and service enhancements, the Group will seize the opportunities for the rebound of tourism.

As previously disclosed by the Company, the Provisional License to develop an integrated resort in the Philippines has lapsed and therefore the Group will allocate its resources and remains focused on its business in Jeju Shinhwa World, South Korea.

High interest rates, inflation, the war in Ukraine, as well as Gaza-Israel conflict, continue to weigh on global economic activities. The rise in interest rate has dampened the rebound of global economy, and the markets expect interest rate cuts in 2024. However, it is believed that interest rates will remain high for some time, and the forthcoming years will remain challenging for the Group. Taking these macro factors into consideration, the Group will remain cautious in capital commitments and will act prudently in future development and investment plans in order to maintain a healthy liquidity position.

During the Year, the Company made continued progress in the maintenance, renovation, and upgrading of facilities in Jeju Shinhwa World. A new premium cinema in our resort equipped with top-of-the-range surround sound system and premium seating facilities, has been in place to enrich our customers' experience since August 2023. Also, the Group has appraised the feasibility of a further residential development in zone R of Jeju Shinhwa World. The Group expects that the new residential development may better utilise the use of land in Jeju Shinhwa World, thereby broadening the income stream of the Group in the long run. Furthermore, the Group will continue to evaluate its funding needs and financial position periodically and will explore fund raising and financing facilities if and when opportunities arise.

## MANAGEMENT DISCUSSION AND ANALYSIS (continued)

### FINANCIAL RESOURCES AND LIQUIDITY

As at 31 December 2023, the Group had non-current assets of approximately HK\$8,358,982,000 (2022: approximately HK\$8,739,920,000) and net current assets of approximately HK\$529,533,000 (2022: approximately HK\$959,703,000). The current ratio, expressed as the ratio of the current assets over the current liabilities, was 2.69 as at 31 December 2023 (2022: 3.69). The decrease in the current ratio is mainly due to the decrease in cash and cash equivalents used in operating activities and the partial repayment of the bank borrowing, as well as the restricted cash reclassification to non-current asset.

For the Year, the impairment of trade and other receivables (net) amounted to approximately HK\$9,852,000 (2022: reversal of impairment of approximately HK\$63,182,000). The provisions mainly consisted of overdue receivables with long aging periods. As at 31 December 2023, the Group had prepayments, trade and other receivables of approximately HK\$139,353,000 (2022: approximately HK\$232,081,000). As at 31 December 2023, the Group had cash and bank balances of approximately HK\$266,043,000, with approximately HK\$50,654,000, HK\$201,744,000, HK\$294,000 and HK\$10,283,000 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**”) (2022: 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 HKD, KRW, SGD and USD, respectively and the remaining balances mainly held in PHP).

As at 31 December 2023, the Group had trade and other payables of approximately HK\$329,340,000 (2022: approximately HK\$336,180,000) and a bank borrowing in KRW with floating interest rate of approximately HK\$1,417,489,000 (2022: approximately HK\$1,556,150,000) while total liabilities of the Group amounted to approximately HK\$1,795,347,000 (2022: approximately HK\$1,938,639,000). For the Year, additional provision of HK\$41,481,000 was made in trade and other payables for the award emanating from an arbitration decision on a dispute with a themed exhibition contractor over, among other things, contractual payment and obligations. The Group is currently in discussions concerning the payment terms of such award whilst exploring other possible solutions for the interest of the Group. The Group’s gearing ratio, which was measured on the basis of the Group’s total liabilities divided by total assets, was 19.5% (2022: 19.3%).

## 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 2023, the Group was holding listed equity investments at a fair value of approximately HK\$1,400,000 (representing approximately 0.02% of the consolidated total assets of the Group), which were classified as equity investments designated at fair value through other comprehensive income (2022: approximately HK\$13,866,000). In February 2023, the cancellation price of the equity investment in Kingston Financial Group Limited was deposited in securities account upon the completion of its privatisation. Net fair value gains in respect of these investments of approximately HK\$249,000, which was mainly resulted from the upward movement of stock price of the equity investment in China Resources Land Limited (the shares of which are listed on Main Board of the Stock Exchange, stock code: 1109), were recognised in the consolidated statement of comprehensive income during the Year. There was no single equity investment representing more than 0.1% of the consolidated total assets of the Group as at 31 December 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 2023 and the date of this announcement, the total number of issued ordinary shares of the Company was 4,226,252,310 shares and 5,071,502,310 respectively with a nominal value of HK\$0.01 each.

Subsequent to the reporting period, the Company completed the share subscription involving the allotment and issuance of 845,250,000 ordinary shares on 20 March 2024. Further details are set out in the sub-section headed “Events After the Reporting Period”.

### CAPITAL COMMITMENTS

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

	<b>2023</b>	2022
	<b>HK\$'000</b>	HK\$'000
Contracted, but not provided for:		
Property, plant and equipment	–	259
Property under development	<u><b>66,961</b></u>	<u>39,016</u>

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

### CONTINGENT LIABILITIES

As at 31 December 2023, the Group did not have any material contingent liabilities (2022: Nil).

## MANAGEMENT DISCUSSION AND ANALYSIS (continued)

### PLEDGE OF ASSETS

As at 31 December 2023, the following assets of the Group were pledged to certain banks to secure general banking facilities payable granted to the Group:

	<b>2023</b>	2022
	<b>HK\$'000</b>	HK\$'000
Property, plant and equipment	<b>1,776,727</b>	1,645,152
Investment properties	<b>96,090</b>	89,102
Properties under development	<b>104,764</b>	107,536
Completed properties for sale	<b>191,329</b>	456,976

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

### SEGMENT INFORMATION

Details of segment information of the Group for the Year are set out in note 3 to the consolidated financial statements.

### 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.

## **MANAGEMENT DISCUSSION AND ANALYSIS (continued)**

### **CURRENCY AND INTEREST RATE STRUCTURE**

Business transactions of the Group are mainly denominated in HKD, KRW, USD and PHP. Currently, the Group has not entered into any agreement to hedge against foreign exchange risk. As the Group's revenue and expenses are mainly derived and incurred in KRW in Korea, there is no material potential currency exposure. However, in view of the fluctuation of KRW and USD 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. The Group's bank borrowing consists of floating rate debt obligation, an increase in an 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 2023, 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 appropriate.

### **EMPLOYEE AND REMUNERATION POLICIES**

As at 31 December 2023, the Group had approximately 1,495 (2022: approximately 1,418) full-time employees with total staff costs (including Directors' remuneration) amounting to approximately HK\$535,150,000 (2022: approximately HK\$469,015,000) 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, KRW13,400,000,000 (equivalent to approximately HK\$80,762,000) cash found has been retained by the Jeju Police until the investigation process can be recommenced and completed after further evidence is found. To the best knowledge of the Board, none of the suspect is or is related to, any director of the Company. Loss incurred by the Incident in an amount of approximately HK\$28,961,000 was recorded in the consolidated statement of profit or loss of the Group for the year ended 31 December 2020. As the investigation is not expected to be concluded within a year, the cash found amounting to approximately KRW10,150,000,000 (equivalent to HK\$61,174,000) has been reclassified from a current asset to a non-current asset. Save for the aforesaid, there was no further adjustment or loss made for the Year.

### EVENTS AFTER THE REPORTING PERIOD

On 20 March 2024, the Company completed the allotment and issuance of 845,250,000 ordinary shares (the “**Subscription Shares**”) under the general mandate to Resplendence Investment Development Limited (the “**Subscriber**”), who is an independent third party, at the subscription price of HK\$0.034 per share pursuant to the terms and conditions of the subscription agreement dated 1 March 2024, 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 relevant expenses and fees, amounted to approximately HK\$28,500,000 was intended to be used by end of 2024 in the following manner: (i) approximately HK\$14,000,000 for upgrade, repair and maintenance of the existing building, equipment and facilities within Jeju Shinhwa World, an integrated leisure and entertainment resort located in Jeju Island, South Korea owned and operated by the Group; (ii) approximately HK\$10,000,000 for payment of interest expense; (iii) approximately HK\$4,500,000 for sales and marketing promotion and advertising expense; and (iv) the remaining balance, if any, for general working capital. As at the date hereof, the Company has yet to utilise the proceeds.

Save as the above, there were no other significant events subsequent to 31 December 2023 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 (2022: 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 C1 to the Listing Rules, except that Dr. Yang Zhihui, the former chairman and executive Director of the Company, was unable to attend the annual general meeting of the Company held on 20 June 2023 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 C3 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 2023.

#### **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 2023, 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.

## **OTHER INFORMATION (continued)**

### **Emphasis of Matter**

#### *The Group's Cash Incident*

We also draw attention to note 23 to the consolidated financial statements, which describes the Group's cash incident (the "**Cash Incident**"). As at the reporting date, KRW13,400,000,000 (equivalent to HK\$80,762,000) of cash has been seized and retained by the Jeju Special Self Governing Provincial Police Agency of Korea until the investigation can be recommenced and completed after further evidence is found. Our opinion is not modified in respect of this matter.

### **SCOPE OF WORK OF MOORE CPA LIMITED**

The figures in respect of Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, and the related notes thereto for the year ended 31 December 2023 as set out in this preliminary announcement have been agreed by the Group's auditor, Moore CPA Limited, to the amounts set out in the Group's draft consolidated financial statements for the Year. The work performed by Moore CPA Limited in this respect did not constitute an assurance engagement and consequently no assurance has been expressed by Moore CPA Limited on this preliminary announcement.

### **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, 27 March 2024

*As at the date of this announcement, the Board comprises Ms. Chan Mee Sze (Acting Chairperson), Dr. Wong Hoi Po 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.*