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 INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2018

The board of directors (the "**Directors**") (the "**Board**") of Landing International Development Limited (the "**Company**") hereby presents the unaudited condensed consolidated results of the Company and its subsidiaries (together, the "**Group**") for the six months ended 30 June 2018 together with the comparative figures for the corresponding period in 2017. The audit committee of the Company (the "**Audit Committee**") has reviewed and discussed with the management of the Company the unaudited condensed consolidated interim financial information of the Group for the six months ended 30 June 2018.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2018

	Notes	For the six months ended 30 June 2018 HK$'000 (Unaudited)	2017 HK$'000 (Unaudited) (Restated)
Continuing operations			
Revenue	*4*	**1,752,488**	381,005
Cost of inventories sold		**(95,417)**	(119,118)
Other income and other gains, net	*6*	**36,020**	28,980
Gaming duties and other related taxes		**(290,352)**	(14,377)
Amortisation and depreciation		**(232,474)**	(39,807)
Employee benefit expenses		**(412,360)**	(241,434)
Other operating expenses		**(394,844)**	(223,596)
Finance income, net	*7*	**33,441**	3,947
Changes in fair value of financial assets at fair value through profit or loss		**—**	3,580
Changes in fair value of investment properties		**1,400**	25,200
(Provision for)/reversal of impairment of trade and other receivables, net		**(648)**	208,292
Profit before income tax	*8*	**397,254**	12,672
Income tax expenses	*9*	**(116,683)**	(679)
Profit for the period from continuing operations		**280,571**	11,993
Discontinued operations			
Profit for the period from discontinued operations	*5*	**–**	32,745
Profit for the period		**280,571**	44,738
Profit/(loss) attributable to:			
Owners of the Company		**280,571**	48,583
Non-controlling interests		**–**	(3,845)
		280,571	44,738
Earnings per share from continuing and discontinued operations attributable to owners of the Company			
Basic and diluted:			(Restated)
From continuing operations	*11*	**HK9.54 cents**	HK1.02 cents
From discontinued operations	*11*	**–**	HK3.09 cents
		HK9.54 cents	HK4.11 cents

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2018

	For the six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited) (Restated)
Profit for the period	**280,571**	44,738
Other comprehensive income/(loss)		
Items that will not be reclassified subsequently to profit or loss:		
Remeasurements of employee benefit obligations	**267**	(687)
Changes in fair value of financial assets at fair value through other comprehensive income	**(222,757)**	–
Items that have been reclassified or may be reclassified subsequently to profit or loss:		
Changes in fair value of available-for-sale financial asset	**–**	(895)
Currency translation differences	**(491,237)**	543,591
Release of exchange reserve upon disposal of subsidiaries	**–**	(6,955)
Other comprehensive (loss)/income for the period, net of tax	**(713,727)**	535,054
Total comprehensive (loss)/income for the period	**(433,156)**	579,792
Total comprehensive (loss)/income for the period attributable to:		
Owners of the Company	**(433,156)**	582,912
Non-controlling interests	**–**	(3,120)
	(433,156)	579,792
Total comprehensive (loss)/income for the period attributable to owners of the Company arises from:		
Continuing operations	**(433,156)**	466,825
Discontinued operations	**–**	116,087
	(433,156)	582,912

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2018

	Notes	**30 June 2018** *HK$'000* **(Unaudited)**	31 December 2017 *HK$'000* (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	*12*	**11,038,646**	10,198,071
Investment properties	*13*	**826,389**	845,911
Goodwill	*14*	**5,574**	5,798
Intangible assets	*14*	**909,189**	872,498
Prepayments, trade and other receivables	*15*	**441,585**	477,984
Financial assets at fair value through other comprehensive income	*17*	**96,258**	–
Deferred income tax assets		**78,596**	–
Total non-current assets		**13,396,237**	12,400,262
CURRENT ASSETS			
Inventories		**89,877**	86,164
Completed properties for sale		**1,145,538**	1,267,895
Properties under development		**250,561**	260,448
Prepayments, trade and other receivables	*15*	**1,108,513**	537,573
Amount due from an associate		**–**	16,708
Financial assets at fair value through profit or loss	*16*	**–**	319,015
Income tax recoverable		**17,233**	2,839
Restricted cash		**21,751**	–
Cash and cash equivalents		**3,265,684**	4,338,022
Total current assets		**5,899,157**	6,828,664
Total assets		**19,295,394**	19,228,926

	Notes	30 June 2018 HK$'000 (Unaudited)	31 December 2017 HK$'000 (Audited)
EQUITY			
Equity attributable to owners of the Company			
Share capital	*20*	**1,467,450**	1,473,953
Reserves		**14,100,161**	14,682,795
Total equity		**15,567,611**	16,156,748
NON-CURRENT LIABILITIES			
Trade and other payables	*18*	**45,441**	46,667
Bank and other borrowings	*19*	**1,431,241**	1,965,155
Deferred income tax liabilities		**34,802**	36,204
Total non-current liabilities		**1,511,484**	2,048,026
CURRENT LIABILITIES			
Trade and other payables	*18*	**1,110,038**	1,001,094
Bank and other borrowings	*19*	**911,839**	19,424
Income tax payable		**194,422**	3,634
Total current liabilities		**2,216,299**	1,024,152
Total liabilities		**3,727,783**	3,072,178
Total equity and liabilities		**19,295,394**	19,228,926

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2018

1 GENERAL INFORMATION

Landing International Development Limited (the "**Company**") is a limited liability company incorporated in the Cayman Islands and continued in Bermuda, and its shares are listed on the main board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

The Company and its subsidiaries (together, the "**Group**") are principally engaged in development and operation of integrated leisure and entertainment resort (the "**Integrated Resort Development**"); gaming club and entertainment facilities (the "**Gaming Business**") and property development (the "**Property Development**").

The condensed consolidated interim financial information is presented in Hong Kong dollar ("**HK$**"), unless otherwise stated.

Key events

On 21 February 2018, the Group obtained conditional approval to relocate its Landing Casino in Hyatt Regency Hotel Jeju, South Korea to Jeju Shinhwa World. Landing Casino was then relocated on 25 February 2018.

2 BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 June 2018 has been prepared in accordance with Hong Kong Accounting Standard ("**HKAS**") 34, "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). The condensed consolidated interim report does not include all the notes of the type normally included in an annual financial statements. Accordingly, the interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2017, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the HKICPA.

3 ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the previous financial year ended 31 December 2017 and the corresponding interim reporting period ended 30 June 2017, except for the estimation of income tax using the tax rate that would be applicable to expected total annual earnings and the adoption of new and amended standards effective for the financial year ending 31 December 2018 as set out below.

3.1 New and Amended Standards Adopted by the Group

A number of new or amended standards became applicable for the current reporting period and the Group had to change its accounting policies and make retrospective adjustments as a result of adopting the following standards:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers

The impact of the adoption of these standards and the new accounting policies are disclosed in Notes 3.3 and 3.4 below respectively. The other standards did not have any impact on the Group's accounting policies and did not require retrospective adjustments.

3.2 Impact of Standards Issued but not yet Applied by the Group

HKFRS 16 Leases

HKFRS 16 was issued in January 2016. It will result in almost all leases being recognised on the statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The accounting for lessors will not significantly change.

The standard will affect primarily the accounting for the Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of HK$13,719,000. However, the Group has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cash flows.

Some of the commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under HKFRS 16.

The standard is mandatory for first interim periods within annual reporting periods beginning on or after 1 January 2019. At this stage, the Group does not intend to adopt the standard before its effective date.

3.3 Impact on the Financial Statements — HKFRS 9 and HKFRS 15 (collectively, the "New HKFRSs")

The adoption of the New HKFRSs from 1 January 2018 resulted in changes in the Group's accounting policies. These new accounting policies are set out in Note 3.4 below.

(i) Investments and other financial assets

(a) Classification and measurement

On 1 January 2018 (the date of initial adoption of the New HKFRSs), the Group's management has assessed which business models apply to the financial assets held by the Group and has classified its financial instruments into the appropriate categories of the New HKFRSs.

Reclassification from fair value through profit or loss ("**FVPL**") to fair value through other comprehensive income ("**FVOCI**")

The Group elected to present in other comprehensive income ("**OCI**") changes in the fair value of its equity investments previously classified as FVPL because the investments are not held for trading. As a result, assets with a fair value of HK$319,015,000 were reclassified from FVPL to FVOCI as at 1 January 2018. In the six months period ended 30 June 2018, net fair value losses of HK$222,757,000 relating to these investments are recognised in condensed consolidated statement of comprehensive income.

No retrospective adjustments were required and no impact on retained earnings at 1 January 2018 in respect of this change in accounting policy. The impact are disclosed in Note 3.3 (iii) below.

(b) Impairment of financial assets

The Group has two types of financial assets that are subject to the new expected credit loss model of the New HKFRSs:

- trade receivables and receivables from gaming customers, and
- other financial assets at amortised costs.

The Group was required to revise its impairment methodologies under the New HKFRSs for each of these classes of assets. The impact of the change in impairment methodology on the Group's retained earnings and equity is insignificant.

While cash and cash equivalents are also subject to the impairment requirements of the New HKFRSs, the identified impairment loss was immaterial.

Trade receivables and receivables from gaming customers

The Group applies the New HKFRSs simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables and receivables from gaming customers.

To measure the expected credit losses, trade receivables and receivables from gaming customers have been grouped based on shared credit risk characteristics and the days past due. The Group applied different expected loss rates to different classes of trade receivables and receivables from gaming customers, according to their respective risk characteristics.

Trade receivables and receivables from gaming customers are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group.

The Group has assessed the expected credit loss model applied to the trade receivables and receivables from gaming customers as at 1 January 2018 and the change in impairment methodologies has no significant impact of the Group's consolidated financial statements and the opening loss allowance is not restated in this respect.

Other financial assets at amortised cost

Other financial assets at amortised cost include other receivables. The Group has assessed the expected credit loss model apply to the other receivables as at 1 January 2018 and the change in impairment methodologies has no impact of the Group's consolidated financial statements and the opening loss allowance is not restated in this respect.

(ii) Revenue

Gaming revenue

Upon the adoption of the New HKFRSs, the commission and allowances to gaming counterparties previously presented separately in the condensed consolidated statement of profit or loss are now presented as a reduction of gaming revenue. Consequently, the Group changed its accounting policy for this presentation accordingly.

The comparative information have been restated correspondingly. The impact are disclosed in Note 3.3(iii) below.

(iii) *Impact of the adoptions of the New HKFRSs on financial statements*

The impact on the Group's financial statements by the adoptions of the New HKFRSs are as follows:

Consolidated statement of financial position (extract)

	As at 31 December 2017 *HK$'000* (As originally presented)	Effect on reclassification *HK$'000*	As at 1 January 2018 *HK$'000* (Restated)
Non-current assets			
Financial assets at fair value through other comprehensive income	–	319,015	319,015
Current assets			
Financial assets at fair value through profit and loss	319,015	(319,015)	–

Consolidated statement of profit or loss (extract)

	For the six months ended 30 June 2017				
	As originally presented *HK$'000*	**Effect on reclassification** *HK$'000*	**Restated after the adoption of the New HKFRSs** *HK$'000*	**Effect on discontinued operation** *HK$'000* *(Note 5)*	**Restated** *HK$'000*
Revenue	846,291	(42,688)	803,603	(422,598)	381,005
Commission and allowances to gaming counterparties	(42,688)	42,688	–	–	–

The adoptions of the New HKFRSs have no impact to the Group's consolidated net assets as at 31 December 2017 and the condensed consolidated results, earnings per share (basic and diluted) and condensed consolidated cash flows for the period ended 30 June 2017.

3.4 Changes in Accounting Policies Upon Adoption of the New HKFRSs

(i) *Investments and other financial assets*

(a) *Classification*

From 1 January 2018, the Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI, or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through OCI.

(b) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. The Group classified its debt instruments as amortised costs.

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other income and other gains, net, together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated statement of profit or loss.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's measurement has elected to present fair value gains or losses of equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income and other gains, net, when the Group's right to receive payments is established.

Changes in fair value of financial assets at FVPL are recognised in other income and other gains, net in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(c) Impairment

From 1 January 2018, the Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, receivables from gaming customers and other financial assets at amortised costs, the Group applies the simplified approach permitted by the New HKFRSs, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

(ii) ***Revenue***

Gaming revenue

The Group operates a casino. Revenue from gaming represents the aggregate of gaming wins and losses. Revenue is reported after reduction of rebates, commission and allowances to customers and gaming counterparties where applicable.

4 SEGMENT INFORMATION

The executive directors are 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 from continuing operations as follows:

(a) Integrated Resort Development;

(b) Gaming Business; and

(c) Property Development.

The Group's 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 income tax. The adjusted profit or loss before tax is measured consistently with the Group's profit or loss before income tax except that finance income, finance costs, changes in fair value of financial assets at fair value through profit or loss, changes in fair value of investment properties, gain on disposal of an associate as well as head office and corporate income and expenses are excluded from such measurement.

The following tables present revenue and results information regarding the Group's operating segments for the six months ended 30 June 2018 and 2017, respectively:

For the six months ended 30 June 2018

	Integrated Resort Development *HK$'000* **(Unaudited)**	**Gaming Business** *HK$'000* **(Unaudited)**	**Property Development** *HK$'000* **(Unaudited)**	**Total Continuing Operations** *HK$'000* **(Unaudited)**
Revenue — external customers	**163,930**	**1,405,087**	**183,471**	**1,752,488**
Segment results	**(312,830)**	**754,786**	**84,348**	**526,304**
Unallocated corporate income				**43,482**
Unallocated corporate expenses				**(205,973)**
Finance income				**33,441**
Profit before tax				**397,254**

For the six months ended 30 June 2017

	Integrated Resort Development *HK$'000* (Unaudited)	Gaming Business *HK$'000* (Unaudited) (Restated)	Property Development *HK$'000* (Unaudited)	Total Continuing Operations *HK$'000* (Unaudited) (Restated)
Revenue — external customers	–	137,179	243,826	381,005
Segment results	(134,240)	8,920	56,476	(68,844)
Unallocated corporate income				305,497
Unallocated corporate expenses				(227,928)
Finance income				3,947
Profit before tax				12,672

	For the six months ended 30 June	
	2018 *HK$'000* **(Unaudited)**	2017 *HK$'000* (Unaudited) (Restated)
Gross revenue from Gaming Business before reduction of rebates, commissions and allowances to customers and gaming counterparties	**2,410,365**	174,544
Less: Rebates, commissions and allowances to customers and gaming counterparties	**(1,005,278)**	(37,365)
	1,405,087	137,179
Revenue from:		
Integrated Resort Development	**163,930**	–
Property Development	**183,471**	243,826
Net revenue	**1,752,488**	381,005

Geographical Information

Revenue from external customers

	For the six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
		(Restated)
South Korea	**1,752,488**	381,005
Discontinued operations *(Note 5)*	**–**	510,798
	1,752,488	891,803

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

Information About Major Customers

During the six months ended 30 June 2018, one of the external customers contributed over 10% of the Group's total revenue. The revenue generated from this customer was amounted to HK$175,491,000.

During the six months ended 30 June 2017, one of the external customers contributed over 10% of the Group's total revenue. The revenue generated from this customer was amounted to HK$171,340,000.

5 DISCONTINUED OPERATIONS

(A) Disposal of Lighting Business

On 5 May 2017, the Group completed the disposal of Ace Winner Holdings Limited ("**Ace Winner**"), a wholly owned subsidiary of the Company, at cash consideration of HK$50,000,000. Its results are presented in this interim financial information as a discontinued operation. Ace Winner and its subsidiaries (collectively, "**Ace Winner Group**") were principally engaged in the operations of the lighting business in relation to the design, manufacturing and sales of light-emitting diodes ("**LED**") and semiconductor lighting related products (the "**Lighting Business**") in the People's Republic of China (the "**PRC**").

Financial information relating to Ace Winner Group for the period to the date of disposal during the six months ended 30 June 2017 is set out below. The statement of profit or loss and statement of cash flows distinguish discontinued operations from continuing operations.

Statement of Profit or Loss Information

	For the six months ended 30 June 2017 *HK$'000* (Unaudited)
Revenue	88,200
Expenses	(100,737)
Loss before income tax from discontinued operations	(12,537)
Income tax	–
Loss from discontinued operations	(12,537)
Gain on disposal of Ace Winner Group *(Note 23)*	16,861
	4,324
Gain/(loss) from discontinued operations attributable to:	
— Owners of the Company	8,169
— Non-controlling interests	(3,845)
	4,324

An analysis of the cash flows of discontinued operations is as follows:

	For the six months ended 30 June 2017 *HK$'000* (Unaudited)
Operating cash flows	17,866
Investing cash flows	(2,600)
Financing cash flows	(15,589)
Total cash flows	(323)

(B) Disposal of Gaming Business in the UK

On 11 October 2017, the Group completed the disposal of the entire issued share capital of Jolly Champion Holding Limited ("**Jolly Champion**"), a wholly owned subsidiary of the Company, at cash consideration of HK$2,500,000,000. Its results are presented in this interim financial information as a discontinued operation. Jolly Champion and its subsidiaries (collectively, "**Jolly Champion Group**") were principally engaged in the Gaming Business in the United Kingdom (the "**UK**").

Financial information relating to Jolly Champion Group for the period ended 30 June 2017 is set out below. The statement of profit or loss and statement of cash flows distinguishing discontinued operations from continuing operations for the period ended 30 June 2017 have been restated.

Statement of Profit or Loss Information

	For the six months ended 30 June 2017 *HK$'000* (Unaudited)
Revenue	422,598
Expenses	(386,236)
Profit before income tax from discontinued operations	36,362
Income tax	(7,941)
Profit from discontinued operations	28,421
Profit from discontinued operations attributable to:	
— Owners of the Company	28,421

An analysis of the cash flows of discontinued operations is as follows:

	For the six months ended 30 June 2017 *HK$'000* (Unaudited)
Operating cash flows	377,356
Investing cash flows	(50,560)
Financing cash flows	–
Total cash flows	326,796

6 OTHER INCOME AND OTHER GAINS, NET

	For the six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited) (Restated)
Exchange gains, net	**12,479**	8,028
Management fee income	**1,440**	1,440
Dividend income	**43**	567
Loss on disposal of property, plant and equipment	**(9,863)**	(385)
Expenses recharged and rental for aircraft usage	**12,667**	13,165
Gain on disposal of an associate	**135**	–
Others	**19,119**	6,165
	36,020	28,980

7 FINANCE INCOME, NET

	For the six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited) (Restated)
Bank and other interest income	**40,517**	3,947
Interest expenses on bank and other borrowings	**(77,521)**	(29,641)
Imputed interest on loan from a shareholder	**–**	(148,935)
Less: interest expenses capitalised	**70,445**	178,576
Finance costs	**(7,076)**	–
Finance income, net	**33,441**	3,947

8 PROFIT BEFORE INCOME TAX

	For the six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited) (Restated)
Profit before income tax is arrived at after charging:		
Minimum lease payments under operating leases of land and buildings	**22,097**	15,835
Aircraft operating expenses	**20,978**	16,801
Promotion expenses	**1,478**	15,237
Auditor's remuneration	**1,600**	1,208
Legal and professional fee	**30,452**	57,893
Sales and marketing expenses	**71,745**	48,400

9 INCOME TAX EXPENSES

No provision for Hong Kong profits tax has been made as the Group did not generate assessable profits in Hong Kong during the six months ended 30 June 2018 and 2017. Taxes on profits assessable elsewhere have been calculated at the tax rates prevailing in the countries in which the Group operates.

	For the six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited) (Restated)
Current tax		
— PRC	**75**	196
— South Korea	**197,962**	483
Deferred tax	**(81,354)**	–
Income tax expenses	**116,683**	679

10 DIVIDENDS

No dividend on ordinary shares has been paid or declared by the Company for the six months ended 30 June 2018 (six months ended 30 June 2017: Nil).

11 EARNINGS PER SHARE

The calculation of basic and diluted earning per share are based on:

	For the six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
		(Restated)
Profit attributable to owners of the Company, used in the basic and diluted earning per share calculation:		
From continuing operations	**280,571**	11,993
From discontinued operations	**–**	36,590
	280,571	48,583
Number of shares	***'000***	*'000*
		(Restated)
Weighted average number of ordinary shares in issue during the period used in the basic and diluted earnings per share calculation	**2,942,499**	1,182,654

Subsequent to the period end, on 4 July 2018, every 50 issued shares are consolidated into one share in the issued share capital of the Company as approved by the shareholders of the Company in the special general meeting held on 3 July 2018. The weighted average number of ordinary shares for the purposes of calculation basis earnings per share for the six months ended 30 June 2018 has been adjusted to reflect such share consolidation. The corresponding weighted average number of ordinary shares for the six months ended 30 June 2017 has been restated to reflect the share consolidation.

For the six months ended 30 June 2018 and 2017, diluted earning per share equals basic earnings per share as there was no dilutive potential share.

12 PROPERTY, PLANT AND EQUIPMENT

	HK$'000
Six months ended 30 June 2018	
Opening net book amount as at 1 January 2018	**10,198,071**
Additions	**1,519,953**
Disposals	**(10,041)**
Depreciation	**(234,369)**
Transfer to investment properties	**(10,401)**
Transfer to completed properties for sale	**(6,105)**
Currency translation differences	**(418,462)**
Closing net book amount as at 30 June 2018	**11,038,646**
At 30 June 2018	
Cost	**11,490,449**
Accumulated depreciation	**(451,803)**
Net book amount	**11,038,646**

13 INVESTMENT PROPERTIES

	30 June 2018 *HK$'000* **(Unaudited)**	31 December 2017 *HK$'000* (Audited)
Opening balance	**845,911**	239,800
Additions	**–**	6,000
Transfer from property, plant and equipment	**10,401**	730,930
Transfer from properties under development	**–**	36,180
Disposal of a subsidiary	**–**	(210,000)
Changes in fair value of investment properties	**1,400**	40,305
Currency translation difference	**(31,323)**	2,696
Closing balance	**826,389**	845,911

14 GOODWILL AND INTANGIBLE ASSETS

	Goodwill *HK$'000*	Intangible assets *HK$'000*
Six months ended 30 June 2018		
Opening amount	5,798	872,498
Additions	–	73,039
Amortisation	–	(106)
Currency translation differences	(224)	(36,242)
Closing amount	5,574	909,189

There was no indicator for impairment on the goodwill and intangible assets in relation to the Gaming Business in Jeju, South Korea based on the current operation performance and the expected future revenue growth rates.

15 PREPAYMENTS, TRADE AND OTHER RECEIVABLES

	30 June 2018 ***HK$'000*** **(Unaudited)**	31 December 2017 *HK$'000* (Audited)
Trade receivables from third parties	**23,973**	8,461
Less: provision for impairment of trade receivables	**–**	–
Trade receivables, net *(Note (i))*	**23,973**	8,461
Receivables from gaming customers *(Note (ii))*	**482,289**	97,448
Loan and interest receivables *(Note (iii))*	**363,052**	–
Other receivables	**148,699**	205,210
Prepayments	**370,238**	293,433
Value-added tax recoverable	**50,172**	158,310
Deposits	**32,851**	33,651
Restricted deposit for non-current borrowings	**78,824**	219,044
Prepayments, trade and other receivables	**1,550,098**	1,015,557
Less: non-current portion	**(441,585)**	(477,984)
Current portion	**1,108,513**	537,573

Notes:

(i) Trade receivables, net

The Group allows credit periods ranged from 30 days to 90 days to its trade customers. The following is an aging analysis of trade receivables net of impairment presented based on the invoice date at the end of the reporting period:

	30 June 2018	31 December 2017
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
0–30 days	**17,427**	8,356
31–60 days	**1,028**	–
61–90 days	**294**	–
Over 90 days	**5,224**	105
	23,973	8,461

(ii) Receivables from gaming customers

The following is an aging analysis of the receivables from gaming customers net of impairment based on due date at the end of the reporting period:

	30 June 2018	31 December 2017
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Current	**391,834**	16,858
Less than 1 month past due	**5,150**	–
1 to 3 months past due	**12,111**	4,837
3 to 6 months past due	**20,589**	42,682
Over 6 months	**52,605**	33,071
	482,289	97,448

(iii) The amount represented loan principal and interest receivables at an annual rate of 12% from an independent third-party, a Hong Kong listed company. The repayment of the loan was due on 30 June 2018 and HK$280,000,000 was subsequently received as at the date of this announcement.

16 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group reclassified the equity investments previously classified at fair value through profit or loss to fair value through other comprehensive income. The details are set out in Note 3.3(i)(a).

	30 June 2018	31 December 2017
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Listed equity investments at market value *(Note)*	**–**	319,015

Note:

The fair value were determined based on the current bid prices available on the Stock Exchange.

17 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The Group reclassified the equity investments previously classified at fair value through profit or loss to fair value through other comprehensive income. The details are set out in Note 3.3(i)(a).

	30 June 2018	31 December 2017
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Listed equity investments at market value *(Note)*	**96,258**	–

Note:

The fair value were determined based on the current bid prices available on the Stock Exchange.

18 TRADE AND OTHER PAYABLES

	30 June 2018	31 December 2017
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Trade payables to third parties	**3,676**	14,946
Chips issued	**405,022**	32,234
Accruals, deposits received and other payables	**746,781**	1,000,581
Trade and other payables	**1,155,479**	1,047,761
Less: non-current portion	**(45,441)**	(46,667)
Current portion	**1,110,038**	1,001,094

The following is an aging analysis of trade payables presented based on invoice date at the end of the reporting period:

	30 June 2018 *HK$'000* **(Unaudited)**	31 December 2017 *HK$'000* (Audited)
0–30 days	**3,676**	14,946
31–60 days	**–**	–
61–90 days	**–**	–
Over 90 days	**–**	–
	3,676	14,946

19 BANK AND OTHER BORROWINGS

	30 June 2018 *HK$'000* **(Unaudited)**	31 December 2017 *HK$'000* (Audited)
Bank borrowings, secured	**796,368**	715,682
Other borrowings, secured	**1,284,490**	1,268,897
Other borrowings, unsecured	**262,222**	–
Bank and other borrowings	**2,343,080**	1,984,579
Less: Non-current portion of other borrowings	**(1,431,241)**	(1,965,155)
Current portion	**911,839**	19,424

Note:

Bank and other borrowings are secured by the Group's property, plant and equipment amounting to HK$1,622,563,000 (31 December 2017: HK$1,392,395,000), completed properties for sale amounting to HK$1,145,538,000 (31 December 2017: HK$1,267,895,000), properties under development amounting to HK$98,892,000 (31 December 2017: Nil) and investment properties amounting to HK$6,418,000 (31 December 2017: Nil).

The effective interest rates of the Group's borrowings range from 5.0% to 12.0% (2017: 4.7% to 10.0%) per annum.

20 SHARE CAPITAL

	Number of shares in issue *'000*	**Share capital** *HK$'000*
Ordinary shares, issued and fully paid:		
At 1 January 2017, 31 December 2017 and 1 January 2018	147,395,275	1,473,953
Ordinary shares repurchased and cancelled *(note (a))*	(650,340)	(6,503)
At 30 June 2018	146,744,935	1,467,450

(a) During the period ended 30 June 2018, the Company repurchased 650,340,000 (before the effect of share consolidation which was completed on 4 July 2018) of its own shares on the Stock Exchange. The total amount paid to repurchase the shares was HK$155,981,000 and was charged to share premium within shareholders' equity. All the shares were cancelled during the period. Particulars of the shares repurchased are as follows:

Month of repurchase	**Number of ordinary shares repurchased**	**Purchase price paid per share**		**Aggregate consideration paid***
		Highest	**Lowest**	
	'000	*HK$*	*HK$*	*HK$'000*
April 2018	650,340	0.242	0.223	155,981

* Excluding brokerage and cancellation fees

21 CAPITAL COMMITMENTS

	30 June 2018	31 December 2017
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Contracted, but not provided for:		
Property, plant and equipment	**1,386,864**	1,164,317
Properties under development	**153,242**	90,424
	1,540,106	1,254,741

22 TRANSACTIONS WITH NON-CONTROLLING INTERESTS

Acquisition of Additional Interest in a Subsidiary

On 3 January 2017, the Company completed the acquisitions of the entire issued share capital of Callisto Business Limited ("**Callisto**") and its subsidiaries (collectively, "**Callisto Group**") and 50% issued share capital of Autumnglow Pte. Ltd. ("**Autumnglow**") from the wholly-owned subsidiaries of Genting Singapore PLC. Prior to the acquisition, Callisto Group was principally engaged in investment holding of 50% issued share capital of Landing Jeju Development Co, Ltd. ("**Landing Jeju**") whereas Autumnglow was an associate of the Company, which has entered into the hotel operator agreement with Landing Jeju. Upon the completion of the acquisitions, Landing Jeju and Autumnglow became the wholly-owned subsidiaries of the Company.

The effect of changes in ownership interest of Landing Jeju on the equity attributable to owners of the Company during the period is summarised as follows:

	30 June 2017
	HK$'000
Carrying amounts of net assets acquired	2,483,182
Consideration paid	(3,206,434)
Excess of consideration paid recognised within equity	(723,252)

23 DISPOSAL OF SUBSIDIARIES

On 5 May 2017, the Company has completed the disposal of the entire issued share capital of Ace Winner, a wholly owned subsidiary of the Company, to an independent third party, at a total consideration of HK$50,000,000. Ace Winner Group was principally engaged in the Lighting Business in the PRC. A net gain on disposal of subsidiaries of HK$16,861,000 was recognised in the interim condensed consolidated statement of profit or loss for the period ended 30 June 2017. The gain on disposal of subsidiaries is summarized as follows:

	30 June 2017 *HK$'000*
Sale consideration	50,000
Less: net assets disposed of:	
— Property, plant and equipment	71,858
— Deposits	216
— Prepaid land lease payments	13,806
— Inventories	32,156
— Trade and other receivables	108,276
— Cash and cash equivalents	16,518
— Trade and other payables	(113,896)
— Bank and other borrowings	(73,289)
Net assets disposed of	55,645
	(5,645)
Release of exchange reserve	6,955
Non-controlling interests	17,424
Gain on disposal of subsidiaries	18,734
Withholding tax on disposal of subsidiaries	(1,873)
Net gain on disposal of subsidiaries *(Note 5)*	16,861

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of subsidiaries is as follows:

	HK$'000
Cash consideration	50,000
Cash and cash equivalents disposed of	(16,518)
Net proceeds of disposal of subsidiaries	33,482

24 EVENT AFTER REPORTING PERIOD

On 25 July 2018, Landing Resorts Philippines Development Corporation ("**Landing Philippines**"), a wholly-owned subsidiary of the Group, and the Philippine Amusement and Gaming Corporation ("**PAGCOR**"), the regulatory and licensing authority for gaming and gambling in the Philippines, entered into a provisional license agreement pursuant to which PAGCOR granted a provisional license ("**Provisional License**") in favour to Landing Philippines to establish and operate a casino within an integrated resort, named NayonLanding, to be developed and operated by the Group within the Entertainment City in Manila, the Philippines ("**NayonLanding**").

Upon the completion of NayonLanding and PAGCOR's approval that the actual total project cost of NayonLanding is in compliance with the approved project cost based on the project implementation plan, PAGCOR will issue a regular casino gaming license (the "**Regular License**") to Landing Philippines. The Provisional License and the Regular License shall together be valid for fifteen years from the Provisional License was issued or until 11 July 2033 and the Regular License may be renewed. The investment commitment for the development and operation of NayonLanding is at least US$1 billion.

Further details of the grant of Provisional License are set out in the Company's announcement dated 25 July 2018.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL RESULTS

For the six months ended 30 June 2018, the Group's consolidated revenue was approximately HK$1,752,488,000 (2017: approximately HK$381,005,000 from continuing operations), representing an increase of 360% when compared to the corresponding period in 2017. This significant increase in revenue for the period was mainly attributable to the revenue contribution from the Gaming Business after relocation of Landing Casino to Jeju Shinhwa World on 25 February 2018. During the six months ended 30 June 2018, non-gaming revenue was approximately HK$347,401,000 (2017: approximately HK$243,826,000 from continuing operations) while gaming revenue was approximately HK$1,405,087,000 (2017: approximately HK$137,179,000 from continuing operations).

The profit attributable to owners of the Company was approximately HK$280,571,000 (2017: approximately HK$48,583,000). The basic and diluted earnings per share attributable to owners of the Company was HK9.54 cents (2017: HK1.02 cents (restated) from continuing operations).

Adjusted EBITDA from all operating segments for the six months ended 30 June 2018 was approximately HK$764,741,000 (2017: Adjusted LBITDA of approximately HK$45,030,000 from continuing operations) and the Adjusted EBITDA margin from all operating segments was 43.6% (2017: Adjusted LBITDA margin of 11.8% from continuing operations). Adjusted EBITDA/LBITDA is defined as earnings/losses before interest expenses and other finance costs, income tax expense, depreciation and amortisation, and exclude the effects of non-recurring income and expenses from the operating segments, which are donations, pre-opening expenses, loss on disposal of property, plant and equipment, as well as corporate income and expenses. Adjusted EBITDA/LBITDA margin is defined as earnings/losses for the period divided by Adjusted EBITDA/LBITDA.

The profit from discontinued operations for the six months ended 30 June 2017 of approximately HK$32,745,000 was generated from the disposed businesses of the Group. The Group completed the disposals of the entire equity interests of Ace Winner which was engaged in the Lighting Business and Jolly Champion which was engaged in the Gaming Business in the UK in May and October of 2017, respectively. No revenue was generated from discontinued operations for the current period.

As at 30 June 2018, the consolidated net asset value of the Company was approximately HK$15,567,611,000 (31 December 2017: approximately HK$16,156,748,000) and the consolidated net asset value per number of ordinary shares in issue attributable to owners of the Company was approximately HK$0.11 (31 December 2017: HK$0.11).

OPERATION AND BUSINESS REVIEW

The Company is an investment holding company, and during the period, the principal activities of the Group are (i) the Integrated Resort Development; (ii) the Gaming Business; and (iii) the Property Development.

Integrated Resort Development

The Company, through its subsidiary, Landing Jeju, has been investing in Jeju Shinhwa World in Jeju, South Korea since late 2013.

Jeju Shinhwa World is an iconic and premium family-oriented integrated resort in Northeast Asia, offering a selection of premium hotels with more than 2,000 luxurious hotel rooms and villas, a convention centre equipped with full meeting and conference facilities, many attractions including a theme park, a waterpark, a Korean culture entertainment zone and Transformers Autobot Exhibition, a retail and food complex housing one of the largest duty-free shopping areas in Jeju and offering visitors a variety of local and international cuisines and a casino.

Since progressive opening in 2017, the hotels in Jeju Shinhwa World welcomed many guests from Korea and the Asian region including China, Taiwan, Hong Kong, Macau, Japan, Singapore and Malaysia. With the continuous promotion and ramping up of its hotel business, the hotels in the resort recorded increasing occupancy rates since its opening.

Since its opening in September 2017, Shinhwa Theme Park has attracted thousands of visitors from Korea and the Asian region. In an effort to attract and drive more visitors to the theme park, it organised series of events including a New Year Eve Countdown Party and a 2018 FIFA World Cup Football event. It also introduced new rides and attractions like the Ice Rink in winter months, bumper cars in summer months and has featured a daily theme park characters parade.

The MICE business continued to maintain significant growth momentum through experiential offerings. During the period, Landing Convention Centre hosted several high-profile regional and national events. Its corporate and international clients were global market leaders from the pharmaceutical, financial and communications industries.

For the six months ended 30 June 2018, Jeju Shinhwa World regularly attracted many local and foreign visitors to Shinhwa Theme Park, Shinhwa World Hotels and Resorts, YG Republique, Café UNTITLED, 2017 (known as GD Café), MICE facilities in Landing Convention Centre, and generated segment revenue of approximately HK$163,930,000 (2017: Nil), which was mainly generated from its hotels, MICE events, food and beverage services, theme park tickets and merchandise sales as well as leases of retail spaces in the resort.

Gaming Business

Landing Casino, Jeju, South Korea

The Group obtained approval and relocated Landing Casino from Hyatt Regency Jeju Hotel to Jeju Shinhwa World on 25 February 2018. Since its opening on 25 February 2018, Landing Casino has been attracting many customers from the Asian region and ramping up its efforts to enhance the gaming experience for its customers. The gaming floor area increased to approximately 5,500 square metres ("**m²**"), which is about 7 times larger than its previous location at Hyatt Regency Jeju Hotel, and offers customers a total of 155 gaming tables together with 147 cutting-edge slot machines and electronic table games. Since its relocation on 25 February 2018, Landing Casino achieved gross revenue of HK$1,998,702,000, with the total rolling volume of approximately HK$66 billion and a hold rate of 3.2%.

For the six months ended 30 June 2018, Landing Casino achieved gross revenue of HK$2,410,365,000 (2017: approximately HK$174,544,000) or net revenue of HK$1,405,087,000 (2017: approximately HK$137,179,000). The segment profit from the Gaming Business was approximately HK$754,786,000 (2017: approximately HK$8,920,000 from continuing operations).

As at 30 June 2018, no impairment was made against the carrying amounts of the relevant goodwill, intangible assets and property, plant and equipment of the business of Landing Casino after assessment.

Property Development

The construction work for the resort condominiums and villas in zone R of Jeju Shinhwa World, which started in 2015, has been completed and the occupation permit was issued in January 2017.

For the six months ended 30 June 2018, revenue from sales of condominium apartments amounted to approximately HK$183,471,000 (2017: approximately HK$243,826,000) and a profit of approximately HK$84,348,000 (2017: approximately HK$56,476,000) was recorded in the Property Development segment.

As at 30 June 2018, approximately HK$1,145,538,000 (31 December 2017: approximately HK$1,267,895,000) was classified as completed properties for sale.

Discontinued Business

Lighting Business

In view of the downturn of the LED lighting industry, the Group discontinued the Lighting Business by disposing of the entire issued share capital of Ace Winner, which through its subsidiaries, was principally engaged in the Lighting Business in the PRC. The disposal was completed on 5 May 2017.

The Group recorded a gain from the disposal of approximately HK$16,861,000 for the six months ended 30 June 2017. In respect of this discontinued operation, a net loss for the six months ended 30 June 2017 of approximately HK$12,537,000 was recorded to the Group before its disposal.

Les Ambassadeurs Club, London, the UK

On 11 October 2017, the Group completed the major disposal of the entire issued share capital of Jolly Champion which, through its indirect subsidiary, was engaged in the Gaming Business in the UK. After the disposal, the Company is no longer the shareholder of Jolly Champion.

For the six months ended 30 June 2017, revenue of approximately HK$422,598,000 was generated from the discontinued operation of Les Ambassadeurs Club.

OUTLOOK

From January to May 2018, over 5.4 million domestic tourists visited Jeju (source: Jeju Special Self-Governing Provincial Tourism Association). Overseas tourists from China, Hong Kong, Taiwan, Singapore and other Asian jurisdictions have also increased. We believe that the growth of visitors from China would continue as long as the relationship between South Korea and China continuously developing positively. New routes or additional flights from Macau, Guangzhou and Taiwan were launched from July 2018 onwards, thereby improving the connectivity between Jeju and these regions.

The Group's flagship resort, Jeju Shinhwa World, will continue to ramp up its businesses and operations in the months ahead. It will continue to actively introduce more exciting activities and events at Jeju Shinhwa World to attract more customers into the resort and strengthen its market presence. Jeju Shinhwa World will open its Shinhwa Waterpark, Transformers Autobots Alliance Exhibition and the new Somerset Clubhouse on 3 August 2018. Shinhwa Waterpark will be the largest waterpark in Jeju, featuring approximately 18,000 m^2 of space. It features a wave pool, water slides, rides, spa, kids pool and a private cabana area, suitable for visitors of all ages. The 2,200 m^2 Transformers Autobots Alliance Exhibition is a walk-through interactive exhibition featuring popular Transformers characters. The exhibition is a completely immersive and educational experience that brings visitors into the world of the Transformers. The new Somerset Clubhouse features both indoor and outdoor swimming pools, a traditional Korean bath house (jimjilbang) and an Italian restaurant.

Jeju Shinhwa World's third hotel resort, Shinhwa Resort is also scheduled to open in the last quarter of 2018. The Shinhwa Resort will feature over 500 rooms furnished with modern amenities. Together with Marriott Resort, Landing Resort and Somerset Service Condominiums, Jeju Shinhwa World will offer over 2,000 rooms in total to visitors by the end of this year.

For Gaming Business, Landing Casino shall regularly organise regional and global poker and baccarat gaming tournaments as part of its ongoing efforts to promote and position Jeju Shinhwa World as a desirable destination resort.

For Property Development, the Group will continue its marketing efforts in selling its remaining apartments of Jeju Shinhwa World.

Beyond Korea, the Company has also recently announced that its wholly owned subsidiary, Landing Philippines, has been granted the Provisional License from PAGCOR to operate a casino at an integrated leisure and entertainment resort within the Entertainment City in Barangay Tambo, City of Parañaque, the Philippines. The US$1.5 billion family-oriented integrated leisure and entertainment resort will be named NayonLanding and will consist of a casino, an indoor cultural theme park and waterpark featuring the Philippines' rich history, culture and heritage, Asia's first and largest indoor movie-based theme park, a world-class state-of-the-art convention centre, luxury hotels and international retail and dining. The groundbreaking ceremony is scheduled to be held on 7 August 2018 and NayonLanding is expected to be completed and open in early 2022. Following the successful opening of Jeju Shinwa World, this investment is an ideal opportunity for the Group to strategically expand its footprint into Southeast Asia, hence taking a major step towards the Company's aspiration to be a leading premium integrated resort operator in the region. According to the Department of Tourism of the Republic of the Philippines, Korea and China are currently the two largest sources of tourism to the country. We expect that NayonLanding, when open, will be able to leverage the growing brand equity in Jeju Shinhwa World to attract more Koreans and tourists in the region.

Moving ahead, as the Group focuses on ramping up its business and operations in Jeju Shinhwa World and the development of NayonLanding, the Group will continue to seek other suitable opportunities in the region.

FINANCIAL RESOURCES AND LIQUIDITY

As at 30 June 2018, the Group had non-current assets of approximately HK$13,396,237,000 (31 December 2017: approximately HK$12,400,262,000) and net current assets of approximately HK$3,682,858,000 (31 December 2017: approximately HK$5,804,512,000). The current ratio, expressed as a ratio of the current assets over the current liabilities, was 2.7 (31 December 2017: 6.7). The decrease in the current ratio is mainly due to the decrease in cash and cash equivalents and the increase in bank and other borrowings for current and future capital expenditures.

For the six months ended 30 June 2018, the provision of impairment of trade and other receivables (net) from gaming customers amounted to approximately HK$648,000 (2017: reversal of impairment of approximately HK$208,292,000 from continuing operations) and these provisions mainly consisted of overdue receivables with long aging periods. The reversal represented a subsequent collection of bad debt from trade and other receivables which was made in prior years. As at 30 June 2018, the Group had prepayments, trade and other receivables of approximately HK$1,550,098,000 (31 December 2017: approximately HK$1,015,557,000). As at 30 June 2018, the Group had a bank balance, cash and restricted cash of approximately HK$3,287,435,000 with approximately HK$1,441,578,000, HK$1,349,681,000, HK$473,605,000 held in Hong Kong dollars ("**HKD**"), Korean Won ("**KRW**"), United States dollars ("**USD**") respectively and the remaining funds mainly held in Philippine Pesos ("**PHP**") and Renminbi ("**RMB**") (31 December 2017: approximately HK$4,338,022,000, with approximately HK$1,022,360,000, HK$2,028,250,000, HK$1,227,195,000 and HK$1,445,000 held in HKD, KRW, USD and UK pound sterling ("**GBP**") respectively and the remaining funds mainly held in RMB and PHP).

As at 30 June 2018, the Group had current trade and other payables of approximately HK$1,110,038,000 (31 December 2017: approximately HK$1,001,094,000) and bank and other borrowings in USD with floating interest rate of approximately HK$185,899,000; in KRW with fixed interest rate of approximately HK$1,894,959,000 and in HKD with fixed interest rate of HK$262,222,000 (31 December 2017: bank and other borrowings in USD with floating interest rate of approximately HK$195,373,000 and in KRW with fixed interest rate of approximately HK$1,789,206,000) while total liabilities of the Group amounted to approximately HK$3,727,783,000 (31 December 2017: approximately HK$3,072,178,000). The Group's gearing ratio, as measured on the basis of the Group's total liabilities divided by total assets, was 19.3% (31 December 2017: 16.0%).

CAPITAL STRUCTURE

Capital Reorganisation and Change in Board Lot Size

On 29 May 2018, the Company proposed to (a) consolidate every fifty issued ordinary shares of HK$0.01 each in the issued share capital of the Company into one consolidated shares (the "**Consolidated Shares**") of HK$0.50 each in the issued share capital of the Company (the "**Share Consolidation**"); (b) upon completion of Share Consolidation, the issued share capital of the Company would be reduced by (i) rounding down the number of Consolidated Shares in the issued share capital of the Company to the nearest whole number by cancelling any fraction of a Consolidated Share in the issued share capital of the Company; and (ii) cancelling the paid up capital of the Company to the extent of HK$0.49 on each of the then issued Consolidated Shares such that the par value of each issued Consolidated Share will be reduced from HK$0.50 to HK$0.01 (the "**Capital Reduction**") (collectively, the "**Capital Reorganisation**"). The Capital Reorganisation became effective on 4 July 2018. Upon the Capital Reorganisation becoming effective, the board lot size for trading in shares on the Stock Exchange was changed from 60,000 shares to 1,200 shares of the Company.

Placing

On 14 September 2017, the Company completed the placing of 24,000,000,000 shares under a general mandate to not less than six placees at the placing price of HK$0.075 per placing share pursuant to the terms and conditions of the placing agreement dated 31 August 2017 entered into with the placing agent, Kingston Securities Limited. The net proceeds raised by the placing amounted to approximately HK$1,790,749,000. As at 30 June 2018, approximately HK$1,284,600,000 out of such net proceeds has been applied towards its intended use as stated in the announcement dated 31 August 2017, of which, approximately HK$584,323,000 was applied for the development, capital expenditure and operation in relation to Jeju Shinhwa World and approximately HK$700,277,000 was applied on the working capital of the Group, including approximately HK$321,981,000 applied for the partial repayment of the outstanding indebtedness owed by the Company to LIL, HK$217,416,000 applied for the administrative costs and start-up working capital for the potential operation in the Philippines and HK$160,880,000 applied for other working capital expenses of the Group. As at 30 June 2018, remaining balance of approximately HK$506,149,000 was not utilised, and such amount is expected to be applied as its intended use according to the Group's needs for its developments and operations.

As at 30 June 2018, before the Capital Reorganisation becoming effective, the total number of issued ordinary shares of the Company was 146,744,935,542 shares with a nominal value of HK$0.01 each.

CAPITAL COMMITMENTS

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

	30 June 2018 *HK$'000*	31 December 2017 *HK$'000*
Contracted, but not provided for:		
Property, plant and equipment	**1,386,864**	1,164,317
Properties under development	**153,242**	90,424
	1,540,106	1,254,741

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

CONTINGENT LIABILITY

As at 30 June 2018, the Group did not have any material contingent liability (31 December 2017: Nil).

PLEDGE OF ASSETS

At the end of the reporting period, the following assets of the Group were pledged to certain banks to secure general banking and borrowing facilities granted to the Group:

	30 June 2018 *HK$'000* **(Unaudited)**	31 December 2017 *HK$'000* (Audited)
Property, plant and equipment	**1,622,563**	1,392,395
Investment properties	**6,418**	–
Completed properties for sale	**1,145,538**	1,267,895
Properties under development	**98,892**	–

SEGMENT INFORMATION

Details of segment information of the Group for the six months ended 30 June 2018 are set out in note 4 to the condensed consolidated interim financial information.

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 financing, as appropriate. The Group is comfortable with 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, RMB, KRW, PHP and USD. Currently, the Group has not entered into any agreement to hedge against the foreign exchange risk. In view of the fluctuation of RMB, KRW, PHP and USD 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 fluctuation on bank and other borrowings as at 30 June 2018, as the interest rates of the bank and other borrowings are mostly fixed throughout their respective loan term.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITION AND DISPOSAL

Investments

Financial assets at fair value through other comprehensive income

The Group has reclassified the equity investments previously classified at fair value through profit or loss to fair value through other comprehensive income. As at 30 June 2018, the Group was holding listed equity investments at a fair value of approximately HK$96,258,000(representing approximately 0.50% of the total assets of the Company), which were classified as financial assets at fair value through other comprehensive income of the Group (31 December 2017: approximately HK$319,015,000 was classified as financial assets at fair value through profit or loss). Net fair value losses in respect of such investments of approximately HK$222,757,000, 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 condensed consolidated statement of comprehensive income during the six months ended 30 June 2018. There was no single equity investment representing more than 1% of the total assets of the Company as at 30 June 2018.

Save as disclosed above, there was no other significant investment, material acquisition or disposal during the period 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 investment(s) being identified and entered into by the Group. The Company does not rule out the possibility that the Company 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.

EVENTS AFTER THE REPORTING PERIOD

Save as mentioned elsewhere in this announcement, there were no other significant events after the reporting period up to the date of this announcement.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2018, the Group had around 2,000 (31 December 2017: around 1,950) full-time employees (including management, administrative staff and production workers), with total staff costs amounting to approximately HK$412,360,000 (2017: HK$241,434,000 from continuing operations) for the period under review. 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.

DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2018 (six months ended 30 June 2017: Nil).

DIRECTORS' INTERESTS IN A COMPETING BUSINESS

None of the Directors or their respective associates were interested in any business apart from the Group's businesses which competes or is likely to compete, either directly or indirectly, with the Group's business, as at the date of this announcement.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the six months ended 30 June 2018, the Company repurchased a total of 650,340,000 ordinary shares of the Company on the Stock Exchange at an aggregate consideration of approximately HK$155,981,000 and all repurchased shares were cancelled on 24 April 2018.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares.

CORPORATE GOVERNANCE

Throughout the six months ended 30 June 2018, the Company has applied the principles and adopted and complied with all the code provisions as set out in the Corporate Governance Code and Corporate Governance Report in Appendix 14 to the Listing Rules.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "**Model Code**"). Having made specific enquiry by the Company, all Directors confirmed that they have complied with the required standard set out in the Model Code during the six months ended 30 June 2018.

AUDIT COMMITTEE REVIEW

As at the date of this announcement, the Audit Committee comprises of three independent non-executive Directors, namely Mr. Fok Ho Yin, Thomas (chairman of the Audit Committee), Mr. Bao Jinqiao and Mr. Wong Chun Hung. The unaudited condensed consolidated interim financial information for the six months ended 30 June 2018 has been reviewed by the Audit Committee and the Company's independent auditor in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. The Audit Committee has also reviewed with the management in relation to the accounting principles and practices adopted by the Group and has discussed auditing, risk management, internal control and financial reporting matters.

BOARD OF DIRECTORS

As at the date of this announcement, the Board comprises Dr. Yang Zhihui (Chairman) and Ms. Zhou Xueyun as executive Directors and Mr. Fok Ho Yin, Thomas, Mr. Bao Jinqiao and Mr. Wong Chun Hung as independent non-executive Directors.

By order of the Board
Landing International Development Limited
Yang Zhihui
Executive Director and Chairman

Hong Kong, 2 August 2018

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