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## **Landing International Development Limited**

**藍鼎國際發展有限公司**

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

**(Stock code: 582)**

### **ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020**

The board of directors (the “**Directors**”) (the “**Board**”) of Landing International Development Limited (the “**Company**”) hereby announces the consolidated results of the Company and its subsidiaries (together, the “**Group**”) for the year ended 31 December 2020.

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

*For the year ended 31 December 2020*

	<i>Notes</i>	<b>2020</b> <b>HK\$'000</b>	2019 HK\$'000
<b>REVENUE</b>	4	<b>788,011</b>	815,533
Cost of properties and inventories sold		<b>(110,812)</b>	(109,597)
Other income and (losses)/gains, net	5	<b>(72,604)</b>	4,816
Gaming duties and other related taxes		<b>(24,296)</b>	(38,161)
Amortisation and depreciation		<b>(620,508)</b>	(655,137)
Employee benefit expenses		<b>(553,574)</b>	(692,316)
Other operating expenses		<b>(685,540)</b>	(852,355)
Finance costs, net	7	<b>(125,020)</b>	(187,390)
Fair value losses on			
investment properties, net		<b>(343,496)</b>	(241,016)
Impairment of goodwill and			
intangible assets		<b>(299,900)</b>	–
Impairment of trade and			
other receivables, net		<b>(52,815)</b>	(181,383)
		<hr/>	<hr/>
<b>LOSS BEFORE TAX</b>	6	<b>(2,100,554)</b>	(2,137,006)
Income tax (expenses)/credit	8	<b>(14,447)</b>	4,151
		<hr/>	<hr/>
<b>LOSS FOR THE YEAR</b>			
<b>ATTRIBUTABLE TO OWNERS</b>			
<b>OF THE PARENT</b>		<b>(2,115,001)</b>	(2,132,855)
		<hr/> <hr/>	<hr/> <hr/>
<b>LOSS PER SHARE ATTRIBUTABLE</b>			
<b>TO OWNERS OF THE PARENT</b>	10		
Basic		<b>HK(63.28) cents</b>	HK(72.67) cents
Diluted		<b>HK(63.28) cents</b>	HK(72.67) cents
		<hr/> <hr/>	<hr/> <hr/>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2020

	2020 HK\$'000	2019 HK\$'000
<b>LOSS FOR THE YEAR</b>	<b>(2,115,001)</b>	<b>(2,132,855)</b>
<b>OTHER COMPREHENSIVE INCOME/(LOSS)</b>		
<i>Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:</i>		
Revaluation of property, plant and equipment upon transfer to investment properties, net	–	3,496
Exchange differences on translation of foreign operations	<b>521,488</b>	(546,139)
Release of exchange reserve upon disposal of subsidiaries	<b>19,296</b>	–
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods	<b>540,784</b>	(542,643)
<i>Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:</i>		
Remeasurements of employee benefit obligations	<b>4,345</b>	2,494
Equity investments designated at fair value through other comprehensive income:		
Changes in fair value	<b>(5,426)</b>	(44,490)
Net other comprehensive loss that will not be reclassified to profit or loss in subsequent periods	<b>(1,081)</b>	(41,996)
<b>OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX</b>	<b>539,703</b>	(584,639)
<b>TOTAL COMPREHENSIVE LOSS FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE PARENT</b>	<b>(1,575,298)</b>	<b>(2,717,494)</b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 31 December 2020*

	<i>Notes</i>	2020 HK\$'000	2019 HK\$'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		10,210,788	10,700,729
Investment properties		537,164	776,838
Right-of-use assets		7,857	94,111
Goodwill		–	5,336
Intangible assets		614,911	870,842
Equity investments designated at fair value through other comprehensive income		30,420	35,846
Prepayments, trade and other receivables	<i>11</i>	110,410	113,773
		<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>
Total non-current assets		11,511,550	12,597,475
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
<b>CURRENT ASSETS</b>			
Properties under development		122,622	236,781
Completed properties for sale		875,637	982,533
Inventories		70,497	76,435
Prepayments, trade and other receivables	<i>11</i>	314,683	825,853
Financial assets at fair value through profit or loss		–	2,511
Tax recoverable		6,135	219
Cash and cash equivalents	<i>12</i>	647,418	398,033
		<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>
Total current assets		2,036,992	2,522,365
		<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>	471,735	510,418
Interest-bearing bank and other borrowings		829,234	859,016
Lease liabilities		7,689	38,777
Tax payable		8,286	7,719
		<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>
Total current liabilities		1,316,944	1,415,930
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
<b>NET CURRENT ASSETS</b>		720,048	1,106,435
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		12,231,598	13,703,910
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## CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

As at 31 December 2020

	<i>Notes</i>	<b>2020</b> <b>HK\$'000</b>	2019 HK\$'000
<b>NON-CURRENT LIABILITIES</b>			
Trade and other payables	<i>13</i>	<b>31,877</b>	37,577
Interest-bearing bank and other borrowings		<b>1,707,264</b>	1,707,895
Lease liabilities		<b>786</b>	41,924
Deferred tax liabilities		<b>45,054</b>	31,747
		<hr/>	<hr/>
Total non-current liabilities		<b>1,784,981</b>	1,819,143
		<hr/>	<hr/>
<b>Net assets</b>		<b>10,446,617</b>	<b>11,884,767</b>
		<hr/>	<hr/>
<b>EQUITY</b>			
<b>Equity attributable to owners of the parent</b>			
Share capital	<i>14</i>	<b>35,219</b>	29,350
Reserves		<b>10,411,398</b>	11,855,417
		<hr/>	<hr/>
<b>Total equity</b>		<b>10,446,617</b>	<b>11,884,767</b>
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# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1 GENERAL INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands and continued in Bermuda and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The address of registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda, and the principal place of business of the Company is located at Suites 5815-16, 58th Floor, Two International Finance Centre, 8 Finance Street, 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**”); gaming and entertainment facilities (the “**Gaming Business**”); and property development (the “**Property Development**”).

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

## 2.1 BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties, equity investments designated at fair value through other comprehensive income and financial assets at fair value through profit or loss which have been measured at fair value. The consolidated financial statements are presented in Hong Kong dollars 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 *Conceptual Framework for Financial Reporting 2018* and the following revised HKFRSs for the first time for the current year’s consolidated financial statements.

Amendments to HKFRS 3	<i>Definition of a Business</i>
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	<i>Interest Rate Benchmark Reform</i>
Amendment to HKFRS 16	<i>Covid-19-Related Rent Concessions</i> (early adopted)
Amendments to HKAS 1 and HKAS 8	<i>Definition of Material</i>

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 3 SEGMENT INFORMATION

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

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

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

Segment assets exclude cash and cash equivalents, 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 and other borrowings, 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 2020

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



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 3 SEGMENT INFORMATION (continued)

Year ended 31 December 2020 (continued)

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 3 SEGMENT INFORMATION (continued)

Year ended 31 December 2019

	Integrated Resort Development HK\$'000	Gaming Business HK\$'000	Property Development HK\$'000	Total HK\$'000
<b>Segment revenue:</b>				
Sales to external customers	488,615	213,117	113,801	815,533
<b>Segment results</b>	<u>(1,076,090)</u>	<u>(469,038)</u>	<u>23,226</u>	<u>(1,521,902)</u>
<i>Reconciliation:</i>				
Finance costs, net (other than interest on lease liabilities)				(129,748)
Corporate and other unallocated expenses, net				(483,270)
Fair value losses on investment properties in Hong Kong				(2,200)
Gain on disposal of a subsidiary				<u>114</u>
Loss before tax				<u>(2,137,006)</u>
<b>Segment assets</b>	10,553,262	1,594,950	1,224,087	13,372,299
<i>Reconciliation:</i>				
Investment properties in Hong Kong				188,000
Equity investments designated at fair value through other comprehensive income				35,846
Cash and cash equivalents				398,033
Tax recoverable				219
Corporate and other unallocated assets				<u>1,125,443</u>
Total assets				<u><u>15,119,840</u></u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 3 SEGMENT INFORMATION (continued)

Year ended 31 December 2019 (continued)

	Integrated Resort Development HK\$'000	Gaming Business HK\$'000	Property Development HK\$'000	Total HK\$'000
<b>Segment liabilities</b>	342,520	113,883	20,793	477,196
<i>Reconciliation:</i>				
Interest-bearing bank and other borrowings				2,566,911
Tax payable				7,719
Deferred tax liabilities				31,747
Corporate and other unallocated liabilities				151,500
Total liabilities				<u>3,235,073</u>
<b>Other segment information included in segment results:</b>				
Depreciation and amortisation	540,486	52,606	–	593,092
Impairment of trade and other receivables, net	1,859	155,023	–	156,882
Fair value losses on investment properties in South Korea	<u>238,816</u>	<u>–</u>	<u>–</u>	<u>238,816</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 3 SEGMENT INFORMATION (continued)

#### Geographical information

(a) Revenue from external customers

	2020 HK\$'000	2019 HK\$'000
South Korea	<u>788,011</u>	<u>815,533</u>

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

(b) Non-current assets

	2020 HK\$'000	2019 HK\$'000
South Korea	10,554,823	11,140,523
Hong Kong	198,186	416,840
Others	<u>2,800</u>	<u>14,315</u>
	<u>10,755,809</u>	<u>11,571,678</u>

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

#### Information about major customers

During the year ended 31 December 2020, no single customer (2019: Nil) 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:

	2020 HK\$'000	2019 HK\$'000
<b>Revenue from contracts with customers</b>		
Integrated Resort Development	492,491	476,457
Gaming Business	186,486	213,117
Property Development	97,292	113,801
	<u>776,269</u>	<u>803,375</u>
<b>Revenue from other sources</b>		
Gross rental income from investment property operating leases	11,742	12,158
	<u>788,011</u>	<u>815,533</u>

### 5 OTHER INCOME AND (LOSSES)/GAINS, NET

	2020 HK\$'000	2019 HK\$'000
Management fee income	–	2,237
Dividend income from equity investments at fair value through other comprehensive income	484	699
(Loss)/gain on disposal of subsidiaries	(21,386)	114
Gain/(loss) on disposal of items of property, plant and equipment	5,471	(107,808)
Recover of land lease payment upon cancellation	–	144,936
Loss on disposal of right-of-use assets and lease liabilities on early termination of leases	(18,950)	(30,253)
Derecognition of interest accretion on early redemption of bank borrowings	(815)	(18,926)
Early redemption charges of bank and other borrowings	(2,537)	(9,061)
Foreign exchange differences, net	(39,428)	20,398
Others	4,557	2,480
	<u>(72,604)</u>	<u>4,816</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 6 LOSS BEFORE TAX

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

	2020 HK\$'000	2019 HK\$'000
Cost of properties and inventories sold		
— Cost of properties sold	67,678	67,491
— Cost of inventories sold	41,736	37,201
— Provision for inventories	1,398	4,905
	<u>110,812</u>	<u>109,597</u>
Employee benefit expenses (including directors' remuneration):		
— Wages, salaries and other staff costs*	516,975	645,098
— Retirement benefit costs**	36,599	47,218
	<u>553,574</u>	<u>692,316</u>
Amortisation and depreciation:		
— Depreciation of property, plant and equipment	607,548	604,286
— Depreciation of right-of-use assets	12,629	50,580
— Amortisation of intangible assets	331	271
	<u>620,508</u>	<u>655,137</u>
Impairment of trade and other receivables, net:		
— Impairment of trade receivables, net	74	1,859
— (Reversal of impairment)/impairment of gaming receivables, net	(7,720)	155,023
— Impairment of other receivables, net	60,461	24,501
	<u>52,815</u>	<u>181,383</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 6 LOSS BEFORE TAX (continued)

	2020 HK\$'000	2019 HK\$'000
Expenses included in “other operating expenses” ***:		
Auditor’s remuneration		
— Audit services to the Company	3,500	2,500
— Audit services to the subsidiaries of the Company	2,778	2,958
	<u>6,278</u>	<u>5,458</u>
— Building, equipment and facility maintenance expenses	111,411	127,397
— Bad debt written off	44,784	3,040
— Fair value gains on financial assets at fair value through profit or loss	—	(53)
— Impairment of property, plant and equipment	184,887	259,326
— Cash on hand written off	28,961	—
— Sales and marketing, promotion and advertising expenses	45,704	136,580
— Lease payments not included in the measurement of lease liabilities	<u>9,486</u>	<u>8,340</u>

\* During the year ended 31 December 2020, government grants of HK\$1,064,000, HK\$8,592,000 and HK\$530,000 were received under the “Anti-epidemic Fund” of the Government of Hong Kong Special Administrative Region, the “Employment Retention Subsidy” of the Government of South Korea and the “Jobs Support Scheme” of the Government of Singapore, respectively. These amounts are included in the “wages, salaries and other staff costs” and there are 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 (2019: Nil).

\*\*\* The remaining items of “other operating expenses” including but not limited to aircraft operating expenses, consumable supplies and administrative expenses.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 7 FINANCE COSTS, NET

	2020 HK\$'000	2019 HK\$'000
Interest expenses:		
— Lease liabilities	(1,447)	(57,642)
— Bank borrowings	(144,857)	(142,307)
	<u>(146,304)</u>	<u>(199,949)</u>
<b>Finance costs</b>	<b>(146,304)</b>	<b>(199,949)</b>
Interest income:		
— Bank interest income	361	2,058
— Other interest income	20,923	10,501
	<u>21,284</u>	<u>12,559</u>
<b>Finance income</b>	<b>21,284</b>	<b>12,559</b>
<b>Finance costs, net</b>	<b>(125,020)</b>	<b>(187,390)</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 2020 (2019: Nil). Taxation on overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the Group operates.

	2020 HK\$'000	2019 HK\$'000
Current — South Korea		
Charge for the year	166	5,726
Underprovision in prior years	—	522
	<u>166</u>	<u>6,248</u>
Current — Elsewhere		
Charge for the year	5,795	4,465
Overprovision in prior years	—	(2,713)
	<u>5,795</u>	<u>1,752</u>
Deferred tax	<u>8,486</u>	<u>(12,151)</u>
<b>Total tax charge/(credit) for the year</b>	<b>14,447</b>	<b>(4,151)</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 9 DIVIDENDS

The directors did not recommend the payment of a final dividend for the year ended 31 December 2020 (2019: Nil).

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

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

	<b>2020</b>	2019
	<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><b>(2,115,001)</b></u>	<u>(2,132,855)</u>
	<b>Number of shares</b>	
	<b>2020</b>	2019
	<b>'000</b>	'000
<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><b>3,342,256</b></u>	<u>2,934,898</u>

The Group had no potential dilutive ordinary shares outstanding during the year (2019: Nil).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 11 PREPAYMENTS, TRADE AND OTHER RECEIVABLES

	2020 HK\$'000	2019 HK\$'000
Trade receivables	13,623	28,688
Less: Loss allowance for impairment of trade receivables	(80)	(11,980)
	<hr/>	<hr/>
Trade receivables, net (Note (i))	13,543	16,708
Receivables from gaming customers (Note (ii))	7,059	4,548
Other receivables (Note (iii))	255,229	489,388
Prepayments	23,506	336,004
Value-added tax recoverable	4,865	7,266
Deposits	13,457	19,032
Restricted deposit for non-current borrowings	107,434	66,680
	<hr/>	<hr/>
	425,093	939,626
Less: Non-current portion	(110,410)	(113,773)
	<hr/>	<hr/>
Current portion	<u>314,683</u>	<u>825,853</u>

Notes:

#### (i) Trade receivables

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:

	2020 HK\$'000	2019 HK\$'000
Within 30 days	11,585	16,381
31 to 60 days	670	40
61 to 90 days	341	10
Over 90 days	947	277
	<hr/>	<hr/>
	<u>13,543</u>	<u>16,708</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 11 PREPAYMENTS, TRADE AND OTHER RECEIVABLES (continued)

Notes: (continued)

#### (ii) Receivables from gaming customers

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

	2020 HK\$'000	2019 HK\$'000
Within 30 days	–	607
31 to 60 days	–	–
61 to 90 days	–	–
Over 90 days	7,059	3,941
	<u>7,059</u>	<u>4,548</u>

- (iii) Included in the Group's (i) other receivables are loan and interest receivables from independent third parties and (ii) other receivables from debtors in non-trade nature amounting to HK\$246,365,000 (2019: HK\$422,291,000) and HK\$8,864,000 (2019: HK\$67,097,000), respectively. Except for the loan and interest receivables which charge interest rate at 6% per annum and repayable on demand, other non-trade receivables from debtors are interest-free and repayable on demand. The Group does not hold any collateral or other credit enhancements over its other receivable balances.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 12 CASH AND CASH EQUIVALENTS

	2020 HK\$'000	2019 HK\$'000
Cash and bank balances	477,390	362,881
Short-term time deposits	170,028	35,152
	<u>647,418</u>	<u>398,033</u>

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 HK\$95,483,000) (the “**Seized Money**”) was seized by them in accordance with the due process of Korean law, and are being kept in the deposit account of a bank under the name of the Jeju Police. According to the legal opinions from independent lawyers, the Seized Money is expected to be part of the amount of the Group missed as a result of the Cash Incident and will be retained by the Jeju Police until the investigation process is complete.

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 13 TRADE AND OTHER PAYABLES

	2020 HK\$'000	2019 HK\$'000
Trade payables (Note)	5,398	5,124
Deposit received	20,113	18,706
Deferred revenue	1,830	1,901
Accrued expenses	61,445	95,261
Accrued employee benefits	58,074	73,783
Other tax payables	198,730	161,580
Other payables (Note)	100,189	140,268
Contract liabilities	57,833	51,372
	<u>503,612</u>	<u>547,995</u>
Less: Non-current portion	(31,877)	(37,577)
Current portion	<u>471,735</u>	<u>510,418</u>

Note:

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

### 14 SHARE CAPITAL

	2020 HK\$'000	2019 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>		
3,521,877,510 (2019: 2,934,898,710) ordinary shares of HK\$0.01 each	<u>35,219</u>	<u>29,350</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 14 SHARE CAPITAL (continued)

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

	Number of shares in issue '000	Issued capital HK\$'000	Share premium account HK\$'000	Total HK\$'000
At 1 January 2019, 31 December 2019 and 1 January 2020	2,934,898	29,350	14,020,947	14,050,297
Issue of shares (Note)	586,980	5,869	132,070	137,939
Share issue expenses (Note)	–	–	(791)	(791)
<b>At 31 December 2020</b>	<b><u>3,521,878</u></b>	<b><u>35,219</u></b>	<b><u>14,152,226</u></b>	<b><u>14,187,445</u></b>

Note:

On 22 April 2020, pursuant to a share placing agreement, the Company placed 586,978,800 ordinary shares of the Company to not less than six placees, who are independent third parties, at HK\$0.235 per share. The aggregate cash subscription price received, before share issue expenses, was HK\$137,939,000. This transaction resulted in an increase of the issued share capital and share premium account of HK\$5,869,000 and HK\$132,070,000, respectively. Share issue expenses of HK\$791,000 were charged to the share premium account accordingly.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 15 DISPOSAL OF SUBSIDIARIES

	2020 HK\$'000	2019 HK\$'000
Net assets disposed of:		
Property, plant and equipment	122,954	102
Right-of-use assets	42	–
Prepayments, trade and other receivables	56	–
Cash and cash equivalents	1,136	494
Trade and other payables	(181)	–
Lease liabilities	(27)	–
Loan from an intermediate holding company		
– Shareholder's loan	(395,716)	(886)
Interest-bearing bank borrowings	(1,890)	–
	<u>(273,626)</u>	<u>(290)</u>
Outstanding shareholder's loan disposed of	395,716	886
Release of exchange reserve upon disposal	19,296	–
	<u>141,386</u>	<u>596</u>
(Loss)/gain on disposal of subsidiaries	<u>(21,386)</u>	<u>114</u>
Satisfied by:		
Cash	<u>120,000</u>	<u>710</u>

### 16 EVENTS AFTER THE REPORTING PERIOD

Save as disclosed elsewhere in this consolidated financial statements, on 4 January 2021, the 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 Group was unable to reach the employee-in-charge of the funds and the Cash Incident was reported to the police in South Korea.

Further, up to the date of this announcement, the Cash Incident is still under investigation by the Jeju Police and KRW13,400,000,000 (equivalent to HK\$95,483,000) was seized by the Jeju Police and the seized money will be retained by the Jeju Police until the investigation process is complete.

Details of the Cash Incident are set out in the announcements of the Company dated 5 January 2021, 4 March 2021 and 15 March 2021.

## MANAGEMENT DISCUSSION AND ANALYSIS

### FINANCIAL RESULTS

For the year ended 31 December 2020 (the “**Year**”), the Group’s consolidated revenue was approximately HK\$788,011,000 (2019: approximately HK\$815,533,000), representing a slight decrease of approximately 3.4% when compared to the year ended 31 December 2019. The decrease in consolidated revenue was mainly due to the outbreak of COVID-19 leading to the (i) drop of visitation to the Group’s foreigner-only casino; and (ii) reduction of property sale activities. However, as a result of the increase in consumption and visitation by domestic customers in South Korea, an increase in revenue generated from integrated resort was recorded in the second half of the Year. During the Year, non-gaming revenue was approximately HK\$601,525,000 (2019: approximately HK\$602,416,000) while gaming revenue was approximately HK\$186,486,000 (2019: approximately HK\$213,117,000).

For the Year, the loss attributable to the owners of the Company was approximately HK\$2,115,001,000 (2019: approximately HK\$2,132,855,000). The basic and diluted loss per share attributable to owners of the parent was HK63.28 cents (2019: HK72.67 cents). Despite the decline in consolidated revenue for the Year, mainly attributable to the (i) decrease in operating expenses and employee benefit expenses; (ii) decrease in fair values of investment properties; and (iii) decrease in impairment of trade and other receivables and property, plant and equipment, the consolidated net loss for the Year was slightly less than the consolidated net loss for the year ended 31 December 2019.

As at 31 December 2020, the consolidated net asset value of the Company was approximately HK\$10,446,617,000 (2019: approximately HK\$11,884,767,000) and the consolidated net asset value per number of ordinary shares in issue attributable to owners of the parent was approximately HK\$2.97 (2019: approximately HK\$4.05).

### OPERATION AND BUSINESS REVIEW

The Company is an investment holding company, and during 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**”).



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

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

#### **Impact of the COVID-19 Pandemic**

The global economy has been facing severe challenges since the widespread of COVID-19 pandemic in January 2020, resulting in a materially adverse effect on our operating results throughout 2020. The number of foreign visitors decreased by 85.6% for the Year in South Korea compared to that of 2019, according to the statistics released by Korea Tourism Organisation.

A series of travel restrictions and control measures have been implemented within and across different countries to mitigate the risk of COVID-19. After the first wave of infection, South Korea detected only single-digit numbers of new cases in several days in April 2020, it was brought under control from April to July. However the number of confirmed cases increased again thereafter in August and December. The Government of South Korea has introduced some measures concerning cross border travelling, including COVID-19 testing before arrival, mandatory screenings for international arrivals at all ports and a 14-day self-quarantine requirement regardless of testing outcomes. Attributable to the early robust public health response based around extensive testing and tech-powered contact tracing being implemented by the Government of South Korea, the number of infected case had remained very low in Jeju in 2020.

Our major business in Jeju Island, South Korea, which largely relies on entertainment and hospitality market conditions, especially the gaming business, has been inevitably affected by COVID-19. Operating hours and maximum capacity across our attractions, restaurants and facilities are being continuously adjusted according to government guidelines. In order to strengthen the epidemic prevention, measures like body temperature monitoring and enhanced disinfection cleaning are implemented.

With the rollout of COVID vaccines giving hope, it is expected that the vaccines are likely to ease various kind of restrictions in the foreseeable future. However, at the present time, we are still facing difficulties in anticipating the material development of COVID-19 and a wide range of public policies to be introduced globally and regionally, especially the travel restrictions, which could significantly affect our core businesses.

## MANAGEMENT DISCUSSION AND ANALYSIS (continued)

### OPERATION AND BUSINESS REVIEW (continued)

#### Integrated Resort Development

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

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

More than 2,000 high-quality guest rooms and suites are available for bookings including own brand label Landing Resort, the first and only five-star rated Marriott resort, family adventure at Shinhwa Resort and full-serviced Somerset suites in Jeju. The hotels are strategically positioned to cater to all segments of guests visiting the resort. All hotels in the resort have consistently ranked high in reviews by the guests and won multiple commendations from the hospitality industry. The infinity pool in Shinhwa Resort has quickly become a big draw to the visitors with its spectacular view of Jeju’s natural horizon during the day and its DJ pool party events in the evening. The spectacular view of Jeju’s natural horizon distinguishes Jeju Shinhwa World as the best integrated resort in Northeast Asia. A unique garden where scents of the forest filled with fresh woodland air and traces of Jeju culture.

Shinhwa Theme Park attracts both domestic and foreign tourists. The park is themed with Larva characters from a popular local animated production and offers more than 15 amazing rides and attractions for children and families with add-on seasonal attractions such as ice rink in winter months and bumper cars in summer months. The theme park is also an ideal venue for large scale events and has been used for New Year’s Eve countdown party, FIFA World Cup soccer event, dinner function for USPGA golf tournament, etc.

Shinhwa Waterpark is the newest and largest waterpark in Jeju with 18,000 square meters of space. It features a wave pool, water slides, rides, spa, kid pool, and a private cabana area suitable for visitors of all ages. Since its opening in August 2018, Shinhwa Waterpark has anchored itself to be the first-choice water park attraction in Jeju, which can host more than 4,000 visitors during peak days.

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

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

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

Jeju Shinhwa World also houses the most extensive food and beverage outlets under one roof in Jeju, offering a wide selection of local and international cuisines including the most authentic Cantonese restaurant well-liked by both tourists and local residents which is helmed by an award-winning master chef. After dining, the poolside bar by Shinhwa Resort's signature Sky Pool offer a romantic view of Jeju island's iconic Oreum ridge lines.

The MICE business capitalising on the largest column-free ballroom in Jeju and the adjacent conference room facilities, Landing Convention Centre in Jeju Shinhwa World has been the host venue for many high profile regional and international events. Due to Jeju's close proximity to major cities in China and visa-free policy, Landing Convention Centre is an ideal place for various conferences and incentive groups from China.

Since the travel restrictions implemented and the widespread of COVID-19 pandemic at the beginning of 2020, visitations had dropped dramatically during the Year. Large scale expansion projects, such as Four Seasons Resorts and Lionsgate Movie World, were suspended to preserve healthy liquidity of the Group. In response to the decreasing number of cross-border travellers, we concentrated on domestic market by offering discounted family packages and promotion events that combined our water and theme parks, food and beverage as bundles. Our enhanced marketing strategy has been rewarded a satisfactory response with improving hotel occupancy rate since May 2020. During the high season in 2020, the occupancy rate had surged to over 80%.

For the Year, Jeju Shinhwa World generated segment revenue of approximately HK\$504,233,000 (2019: approximately HK\$488,615,000), which mainly derived from its hotels, MICE events, food and beverage services, attraction theme parks and merchandise sales as well as leases of retail spaces in the resort. Segment loss of the Integrated Resort Development for the Year was approximately HK\$1,280,324,000 (2019: approximately HK\$1,076,090,000).

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

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

#### **Gaming Business**

Landing Casino located in Jeju Shinhwa World is currently the largest foreigners-only casino in Jeju with 155 gaming tables, 239 slot machines and electronic table games with exclusive gaming area approximately 5,500 square meters. With its scale and international standard gaming equipment and best practices, Landing Casino used to host some of the biggest gaming tournaments in the industry which were attended by some of the most renowned professional players from every part of the world and attracted customers from all over Asian region including VIPs who have never visited Jeju before.

The outbreak of COVID-19, since January 2020 has adversely affected our Gaming Business due to the dramatic decrease of cross-border visitors traveled to Jeju from China and elsewhere under a series of travel restrictions and control measures within and across the countries.

For the Year, Landing Casino recorded net revenue of approximately HK\$186,486,000 (2019: approximately HK\$213,117,000) and segment loss from the Gaming Business was approximately HK\$509,375,000 (2019: approximately HK\$469,038,000).

As of 31 December 2020, impairment of approximately HK\$5,438,000 and HK\$294,462,000 were made on the relevant goodwill and intangible assets of the business of Landing Casino, respectively. However, no impairment was recorded on the relevant property, plant and equipment after the assessment.

#### **Property Development**

Due to the outbreak of COVID-19, the sales and marketing activities for selling the resort condominiums and villas in zone R of Jeju Shinhwa World were inevitably affected during the Year.

For the Year, revenue from sales of residential properties amounted to approximately HK\$97,292,000 (2019: approximately HK\$113,801,000) and segment profit of approximately HK\$8,725,000 (2019: approximately HK\$23,226,000) was recorded in the Property Development segment.

As of 31 December 2020, approximately HK\$875,637,000 (2019: approximately HK\$982,533,000) was classified as completed properties for sale.

## MANAGEMENT DISCUSSION AND ANALYSIS (continued)

### OUTLOOK

We believe that COVID-19 will continue to influence our business for the immediate future. Given the uncertainties as to when the COVID-19 pandemic will be under control and the business impact thereof will be challenging, we will continue to closely monitor the development of the circumstances and work diligently to sustain our business during this challenging period of time.

Before the lifting of travel restrictions cross different countries, we will continue to focus on domestic market in South Korea by offering attractive packages and promotion events. In the meantime, we will continue to implement stringent cost control measures to enhance our competitiveness and get our Jeju Shinhwa World, including Landing Casino ready for the recovery of overseas demands.

Due to the lockdown and travel restrictions in the Philippines, the Group has faced difficulties in identifying another lease of land as required by Philippine Amusement and Gaming Corporation (“**PAGCOR**”) for the development of an integrated resort in the Philippines. However, the Group has been granted a suspension by PAGCOR of the prescribed period provided under Article VI, paragraph (a) of the provision license, under which the Group is allowed to have further time to submit a remedy for the provisional license. As there has been a significant change in global business environment and market condition during the Year and perhaps more public policies would be introduced under the impact of COVID-19, the Company will adopt a cautious approach to evaluate the feasibility of relevant lease of land and development should opportunities arise.

Facing the unexpected challenges caused by the impact of COVID-19 pandemic, the Company will continue to appraise the funding needs and the financial position of the Group from time to time and will strive to implement appropriate measures promptly, including modifying our business plans and marketing strategies, where appropriate, exploring fundraising and financing facilities if and when opportunities arise. On the other hand, the Group will appraise other potential projects to broaden the scope of business and will also improve its facilities to complement the existing business in Jeju Shinhwa World in order to fuel the growth of the Group.

## MANAGEMENT DISCUSSION AND ANALYSIS (continued)

### FINANCIAL RESOURCES AND LIQUIDITY

As at 31 December 2020, the Group had non-current assets of approximately HK\$11,511,550,000 (2019: approximately HK\$12,597,475,000) and net current assets of approximately HK\$720,048,000 (2019: approximately HK\$1,106,435,000). The current ratio, expressed as the ratio of the current assets over the current liabilities, was 1.5 as at 31 December 2020 (2019: 1.8). The decrease in the current ratio is mainly due to the decrease in prepayment and other receivables as at 31 December 2020. The decrease in prepayment was mainly due to the full refund of prepaid purchase costs of an item of property, plant and equipment. The decrease in other receivables was mainly due to the continuous repayment received for loans and loan interest receivables.

For the Year, the impairment of trade and other receivables (net) amounted to approximately HK\$52,815,000 (2019: approximately HK\$181,383,000). The provisions mainly consisted of overdue receivables with long aging periods. As at 31 December 2020, the Group had prepayments, trade and other receivables of approximately HK\$425,093,000 (2019: approximately HK\$939,626,000). As at 31 December 2020, the Group had cash and bank balances of approximately HK\$647,418,000, with approximately HK\$419,623,000, HK\$206,692,000 and HK\$19,310,000 held in Hong Kong dollars (“**HKD**”), Korean Won (“**KRW**”) and United States dollars (“**USD**”), respectively and the remaining balances mainly held in UK pound sterling (“**GBP**”) (2019: approximately HK\$398,033,000, with approximately HK\$11,707,000, HK\$205,574,000, HK\$4,538,000 and HK\$175,015,000 held in HKD, KRW, USD and Philippine Pesos (“**PHP**”), respectively and the remaining balances mainly held in GBP).

As at 31 December 2020, the Group had current trade and other payables of approximately HK\$471,735,000 (2019: approximately HK\$510,418,000) and bank and other borrowings in KRW with fixed interest rate of approximately HK\$2,536,498,000 (2019: bank and other borrowings in USD with floating interest rate of approximately HK\$140,774,000 and in KRW with fixed interest rate of approximately HK\$2,426,137,000) while total liabilities of the Group amounted to approximately HK\$3,101,925,000 (2019: approximately HK\$3,235,073,000). The Group’s gearing ratio, which was measured on the basis of the Group’s total liabilities divided by total assets, was 22.9% (2019: 21.4%).

## 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 2020, the Group was holding listed equity investments at a fair value of approximately HK\$30,420,000 (representing approximately 0.2% of the consolidated total assets of the Group), which were classified as equity investments designated at fair value through other comprehensive income (2019: approximately HK\$35,846,000). Net fair value losses in respect of these investments of approximately HK\$5,426,000, which was mainly resulted from the downward movement of stock price of the equity investment in Kingston Financial Group Limited (the shares of which are listed on Main Board of the Stock Exchange, stock code: 1031), were recognised in the consolidated statement of comprehensive income during the Year. There was no single equity investment representing more than 0.2% of the consolidated total assets of the Group as at 31 December 2020.

#### Disclosable Transaction - Disposal

On 15 May 2020, the Group completed the disposal of the entire issued share capital of Stepwide Developments Limited (“**Stepwide**”), which through its indirect subsidiary, Landing Korea Co., Ltd., holding lands and buildings in Jeju, South Korea, at a consideration of HK\$120,000,000. After the disposal, the Company is no longer a shareholder of Stepwide. Hence, the financial results, assets and liabilities of Stepwide and its subsidiaries ceased to be consolidated into the consolidated financial statement of the Company. Details of this transaction were disclosed in the announcements of the Company dated 11 May 2020 and 14 May 2020.

On 25 August 2020, the Group completed the sale of one Bombardier Global 6000 aircraft at the consideration of US\$18,875,000 (equivalent to approximately HK\$147,225,000). Details of this transaction were disclosed in the announcement of the Company dated 24 August 2020.

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.

## MANAGEMENT DISCUSSION AND ANALYSIS (continued)

### SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS (continued)

#### Disclosable Transaction - Disposal (continued)

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.

### CAPITAL STRUCTURE

#### Placing

On 22 April 2020, the Company completed the placing (the “**Placing**”) of 586,978,800 shares (the “**Placing Shares**”) under the general mandate to not less than six placees, who are independent third parties, at the placing price of HK\$0.235 per share pursuant to the terms and conditions of the placing agreement dated 30 March 2020, entered between the Company and the placing agent. The Placing Shares representing approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issuance of the Placing Shares immediately upon completion. The net proceeds from the Placing, after deduction of the placing commission and other related expenses, amounted to approximately HK\$137,100,000 is intended to use for general working capital of the Gaming Business and the Integrated Resort Development in Jeju Island, South Korea and payment of interest expenses. As at 31 December 2020, the whole amount of such net proceeds has been applied towards its intended use as stated in the announcement dated 30 March 2020, of which, approximately HK\$107,745,000 was applied towards employee benefit and other operating expenses and approximately HK\$29,355,000 was applied towards interest expenses.

As at 31 December 2020 and the date of this announcement, the total number of issued ordinary shares of the Company was 3,521,877,510 shares with nominal value of HK\$0.01 each.



## MANAGEMENT DISCUSSION AND ANALYSIS (continued)

### CAPITAL COMMITMENT

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

	<b>2020</b>	2019
	<b>HK\$'000</b>	HK\$'000
Contracted, but not provided for:		
Property, plant and equipment	<b>12,600</b>	322,758
Properties under development	–	46,888
	<u><b>12,600</b></u>	<u>369,646</u>

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

### CONTINGENT LIABILITY

As at 31 December 2020, the Group did not have any material contingent liabilities (2019: Nil).

### PLEDGE OF ASSETS

As at 31 December 2020, the following assets of the Group were pledged to certain banks or financial institutions to secure general banking facilities and other facilities payable granted to the Group:

	<b>2020</b>	2019
	<b>HK\$'000</b>	HK\$'000
Property, plant and equipment	<b>1,405,418</b>	1,523,652
Investment properties	<b>54,649</b>	3,936
Completed properties for sale	<b>876,825</b>	951,074

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

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

### **CASH FLOW MANAGEMENT AND LIQUIDITY RISK**

The Group's objective regarding cash flow management is to maintain a balance between continuity of funding and flexibility through a combination of internal resources, bank borrowings, and other debt or equity securities, as appropriate. The Group 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, KRW, USD, RMB and PHP. Currently, the Group has not entered into any agreement to hedge against foreign exchange risk. In view of the fluctuation of KRW, USD, RMB and PHP in recent years, the Group will continue monitoring the situation closely and will introduce suitable measures as and when appropriate.

The Group had limited exposure to interest rate fluctuations on bank and other borrowings as at 31 December 2020, as the interest rates applicable to the bank and other borrowings are mostly fixed throughout their respective loan terms.

### **EMPLOYEE AND REMUNERATION POLICIES**

As at 31 December 2020, the Group had around 1,525 (2019: around 1,785) full-time employees with total staff costs (including Directors' remuneration) amounting to approximately HK\$553,574,000 (2019: approximately HK\$692,316,000) including management and administrative staff. The employees were mainly stationed in South Korea and Hong Kong. The remuneration, promotion and salary increments 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

#### *Updates on the Cash Incident*

In early January 2021, the amount of approximately KRW14.56 billion cash (equivalent to approximately HK\$103.8 million) (the “**Missing Fund**”) of the Group being kept in Jeju Shinhwa World, an integrated resort development owned by the Group was missing and the Group has been unable to reach the employee-in-charge (the “**Cash Incident**”). The Company has immediately reported the Cash Incident to the police in Jeju, South Korea and the investigation is still on-going currently.

As previously announced by the Company, Jeju Special Self-Governing Provincial Police Agency of Korea (the “**Jeju Police**”) issued an Investigation Progress Notification to the Group in March 2021. The Group was given to understand that (i) certain suspected accomplices have been identified; (ii) arrest warrants for those suspected accomplices were issued by the Korean court and the wanted actions were also filed with and commenced by the International Criminal Police Organization; (iii) three suspected accomplices were arrested so far; and (iv) approximately KRW 13.4 billion (equivalent to approximately HK\$95.5 million) (the “**Seized Money**”) were seized by the Jeju Police 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, and the Seized Money is expected to be part of the amount of the Group missed as a result of the Cash Incident.

The investigation by the Jeju Police is still on-going, and it is anticipated that the Seized Money will be returned to the Group after the relevant investigation and/or legal procedures are complete.

#### *Actions taken*

Immediately after the Cash Incident, security measures and control procedures were strengthened, even though they have been similar and consistent with those for safe deposit boxes at a bank, e.g. increase personal identity verification steps when approaching the safe deposit box, setting the time limit for entering into the safe deposit room after identity verification. Moreover, every effort has been being made to assist and further the Jeju Police’s investigation.

## MANAGEMENT DISCUSSION AND ANALYSIS (continued)

To the best knowledge of the Board, the Jeju Police has identified a few suspects who may have involved in the Cash Incident and none is, or is related to, any director of the Company. Whilst the investigation has been conducted by the Jeju Police, the Company has also set up a special team in Jeju to conduct an internal review concerning the existing security measures and control procedures, with a view to identify potential issues and advise on improvement. In addition, the Group has also conducted an internal review of its recent cash position and no indications of any irregularities found. The Group will consider engaging external professional and/or consultant to conduct further investigation or review to assess if there is any other indication of potential risk in this regard, if and when appropriate.

### *Impact of the Cash Incident*

Independent legal opinions were sought in respect of the status and position of the Missing Fund and Seized Money and it is considered that the Group have the ownership of the Seized Money seized by the Jeju Police as at the date of this announcement. The cash loss resulting from the Cash Incident amounting to approximately HK\$28,961,000 had been accounted for and reflected in the consolidated statement of profit or loss of the Group for the Year.

Having made all reasonable enquiries and sought professional opinions, the Board is of the views that:

- (a) the Cash Incident has had limited significance on the Group's overall operations;
- (b) the Cash Incident did not and does not have material impact on the financial position of the Group; and
- (c) the Cash Incident did not and does not have material impact on the daily operations of the Group.

### EVENTS AFTER THE REPORTING PERIOD

As aforementioned herein, on 4 January 2021, the management of the Group discovered that certain funds amounting to approximately KRW14,555,000,000 (equivalent to approximately 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.

Further, up to the date of this announcement, the Cash Incident is still under investigation by the Jeju Police and approximately KRW13,400,000,000 (equivalent to approximately HK\$95,483,000) was seized by the Jeju Police and the seized money will be retained by the Jeju Police until the investigation process is complete.

Details of this Cash Incident are set out in the announcements of the Company dated 5 January 2021, 4 March 2021 and 15 March 2021.

## **OTHER INFORMATION**

### **DIVIDEND**

The Board does not recommend the payment of a final dividend for the Year (2019: 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 and Corporate Governance Report contained in Appendix 14 to the Listing Rules, except for the following deviations:

- (i) Dr. Yang Zhihui, the chairman and an executive Director of the Company, was unable to attend the annual general meeting of the Company held on 26 June 2020 (the “**AGM**”) since he had other business engagement out of Hong Kong, which deviated from code provision E.1.2; and
- (ii) after the retirement of the Directors upon the conclusion of the AGM, the Company failed to comply with Rule 3.10(1), Rule 3.10A and Rule 3.21 of the Listing Rules and the terms of reference of each of the audit committee (the “**Audit Committee**”), nomination committee (the “**Nomination Committee**”) and remuneration committee (the “**Remuneration Committee**”) of the Company (the “**Board Committees**”). Following the appointment of Mr. Shek Lai Him Abraham as the independent non-executive Director and a member of each of the Board Committees on 14 August 2020, the Board comprised five executive Directors and three independent non-executive Directors. As a result, the number of independent non-executive Directors and the number of members of each of the Board Committees comply with the requirements under Rule 3.10(1), Rule 3.10A and Rule 3.21 of the Listing Rules and the terms of reference of each of the Board Committees.

### **DIRECTORS’ SECURITIES TRANSACTIONS**

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

## **OTHER INFORMATION (continued)**

### **EXTRACT FROM INDEPENDENT AUDITOR’S REPORT**

The following is an extract of the independent auditor’s report on the Group’s audited consolidated financial statements for the year ended 31 December 2020. The report includes an emphasis of matter, without qualification.

#### **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 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

#### **Emphasis of Matter**

We draw attention to note 25 to the consolidated financial statements which describes the Group’s cash incident (the “**Cash Incident**”) and reported a loss of KRW4,405,000,000 (equivalent to HK\$28,961,000) during the year ended 31 December 2020. As at the reporting date, the Cash Incident is still under investigation by the Jeju Special Self-Governing Provincial Police Agency of Korea (the “**Jeju Police**”), together with KRW10,150,000,000 (equivalent to HK\$72,325,000) held by the Group as at 31 December 2020 and subsequent cash found by the Jeju Police, totalling of KRW13,400,000,000 (equivalent to HK\$95,483,000) has been seized and retained by the Jeju Police until the investigation process of the Cash Incident is complete. Our opinion is not modified in respect of this matter.

#### **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.

## **OTHER INFORMATION (continued)**

### **PUBLICATION OF ANNUAL REPORT**

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

By order of the Board  
**Landing International Development Limited**  
**Wong Hoi Po**  
*Executive Director*

Hong Kong, 31 March 2021

*As at the date of this announcement, the Board comprises Mr. Yang Zhihui (Chairman), Ms. Chan Mee Sze, Mr. Yeung Lo, Dr. Wong Hoi Po and Ms. Pu Shen Chen 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.*