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**Shin Hwa World Limited**

**神話世界有限公司**

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

**(Stock code: 00582)**

**ANNOUNCEMENT OF ANNUAL RESULTS  
FOR THE YEAR ENDED 31 DECEMBER 2024**

The board of directors (the “**Directors**”) (the “**Board**”) of Shin Hwa World Limited (the “**Company**”) hereby announces the consolidated results of the Company and its subsidiaries (together, the “**Group**”) for the year ended 31 December 2024.

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2024

		2024	2023
	Notes	HK\$'000	HK\$'000
<b>REVENUE</b>	4	<b>1,074,248</b>	1,036,268
Cost of properties and inventories sold	6	(108,397)	(132,700)
Other income and gains, net	5	1,288	20,222
Gaming duties and other related taxes		(37,467)	(10,703)
Amortisation and depreciation		(224,499)	(295,192)
Employee benefit expenses		(533,473)	(535,150)
Other operating expenses		(521,206)	(543,346)
Finance costs, net	7	(94,436)	(103,078)
Fair value (losses)/gains on investment properties, net		(39,103)	63,726
Impairment of other intangible assets		–	(12,943)
Impairment of trade and other receivables, net		(11,041)	(9,852)
<b>LOSS BEFORE TAX</b>	6	<b>(494,086)</b>	(522,748)
Income tax (expenses)/credit	8	(56)	309
<b>LOSS FOR THE YEAR</b>			
<b>ATTRIBUTABLE TO OWNERS OF THE PARENT</b>		<b>(494,142)</b>	<b>(522,439)</b>
<b>LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT</b>	10		(Restated)
Basic		<b>HK(51.54) cents</b>	HK(114.59) cents
Diluted		<b>HK(51.54) cents</b>	HK(114.59) cents

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2024

	2024 HK\$'000	2023 HK\$'000
<b>LOSS FOR THE YEAR</b>	<b>(494,142)</b>	<b>(522,439)</b>
<b>OTHER COMPREHENSIVE LOSS</b>		
<i>Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:</i>		
Exchange differences on translation of foreign operations	(875,003)	(194,109)
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods	(875,003)	(194,109)
<i>Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:</i>		
Revaluation of property, plant and equipment upon transfer to investment properties, net	17,480	14,303
Deferred tax debited to asset revaluation reserve	(3,654)	(1,004)
Remeasurements of employee benefit obligations	663	(8,662)
Equity investments designated at fair value through other comprehensive income:		
Changes in fair value	(272)	249
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	14,217	4,886
<b>OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX</b>	<b>(860,786)</b>	<b>(189,223)</b>
<b>TOTAL COMPREHENSIVE LOSS FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE PARENT</b>	<b>(1,354,928)</b>	<b>(711,662)</b>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	Notes	2024 HK\$'000	2023 HK\$'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		6,162,094	7,276,526
Investment properties		725,370	808,085
Right-of-use assets		5,221	4,363
Goodwill and other intangible assets		119,245	136,838
Equity investments designated at fair value through other comprehensive income		1,128	1,400
Prepayments, trade and other receivables	11	54,261	70,596
Restricted cash	12	53,466	61,174
Total non-current assets		7,120,785	8,358,982
<b>CURRENT ASSETS</b>			
Properties under development		91,563	104,764
Completed properties for sale		259,623	345,807
Inventories		46,106	56,657
Prepayments, trade and other receivables	11	56,435	68,757
Tax recoverable		32	58
Cash and cash equivalents	12	310,915	266,043
Total current assets		764,674	842,086
<b>CURRENT LIABILITIES</b>			
Trade and other payables	13	238,038	310,923
Interest-bearing bank and other borrowings	14	1,204,252	—
Lease liabilities		1,890	1,623
Tax payable		36	7
Total current liabilities		1,444,216	312,553
<b>NET CURRENT (LIABILITIES)/ASSETS</b>		(679,542)	529,533
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		6,441,243	8,888,515

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

As at 31 December 2024

		2024	2023
	Notes	HK\$'000	HK\$'000
<b>NON-CURRENT LIABILITIES</b>			
Trade and other payables	13	28,015	18,417
Interest-bearing bank and other borrowings	14	27,000	1,417,489
Lease liabilities		3,616	2,943
Deferred tax liabilities		42,350	43,945
		<hr/>	<hr/>
Total non-current liabilities		100,981	1,482,794
		<hr/>	<hr/>
<b>Net assets</b>		<b>6,340,262</b>	<b>7,405,721</b>
		<hr/>	<hr/>
<b>EQUITY</b>			
<b>Equity attributable to owners of the parent</b>			
Share capital	15	15,215	42,263
Reserves		6,325,047	7,363,458
		<hr/>	<hr/>
<b>Total equity</b>		<b>6,340,262</b>	<b>7,405,721</b>
		<hr/>	<hr/>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1 GENERAL INFORMATION

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

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

## 2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties and equity investments designated at fair value through other comprehensive income which have been measured at fair value. These financial statements are presented in Hong Kong dollars (“**HK\$**”) and all values are rounded to the nearest thousand (HK\$’000) except when otherwise indicated.

The consolidated financial statements for the year ended 31 December 2024 have been prepared under the going concern basis, notwithstanding that the Group had net current liabilities of HK\$679,542,000 as at 31 December 2024 and incurred a net loss attributable to owners of the parent of HK\$494,142,000 for the year ended 31 December 2024. On 25 March 2025, the Company entered into a bond subscription agreement for an aggregate principal amount of HK\$50,000,000. The bond is subject to a fixed annual interest rate of 8% and has a maturity period of 12 months from the date of issuance (expected to be in April 2025), unless otherwise extended at the sole and absolute discretion of the Company for a further term of 12 months from the initial date of maturity. In addition, on 27 March 2025, the Group received a letter of confirmation from a financial institution for a secured bank loan with an aggregate principal amount of KRW215,000,000,000 (equivalent to HK\$1,132,521,000) to refinance the existing bank loan which is due for repayment in June 2025. Among which KRW180,000,000,000 (equivalent to HK\$948,157,000) will be subject to a prevailing floating interest rate of 6% per annum, and KRW35,000,000,000 (equivalent to HK\$184,364,000) will be subject to a fixed interest rate of 8.2% per annum. The loans have a maturity period of 36 months from the effective date which is expected to be in April 2025.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current</i> <i>(the "2020 Amendments")</i>
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants</i> <i>(the "2022 Amendments")</i>
Amendments to HKAS 7 and HKFRS 7	<i>Supplier Finance Arrangements</i>

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

### 3 SEGMENT INFORMATION

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

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

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

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

Segment liabilities exclude interest-bearing bank 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 2024

	Integrated Resort Development HK\$'000	Gaming Business HK\$'000	Property Development HK\$'000	Total HK\$'000
<b>Segment revenue:</b>				
Sales to external customers	754,803	210,282	109,163	1,074,248
<b>Segment results</b>	<b>(215,593)</b>	<b>(139,281)</b>	<b>40,721</b>	<b>(314,153)</b>
<i>Reconciliation:</i>				
Finance costs, net (other than interest on lease liabilities)				(94,131)
Unallocated exchange differences, net				(31)
Corporate and other unallocated expenses, net				(63,933)
Fair value losses on investment properties in Hong Kong				(21,838)
Loss before tax				(494,086)
<b>Segment assets</b>	<b>6,500,468</b>	<b>514,971</b>	<b>356,588</b>	<b>7,372,027</b>
<i>Reconciliation:</i>				
Investment properties in Hong Kong				141,200
Equity investments designated at fair value through other comprehensive income				1,128
Restricted cash				53,466
Cash and cash equivalents				310,915
Tax recoverable				32
Corporate and other unallocated assets				6,691
Total assets				7,885,459



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 3 SEGMENT INFORMATION (continued)

Year ended 31 December 2024 (continued)

	Integrated Resort Development HK\$'000	Gaming Business HK\$'000	Property Development HK\$'000	Total HK\$'000
<b>Segment liabilities</b>	<b>170,593</b>	<b>85,917</b>	<b>6,715</b>	<b>263,225</b>
<i>Reconciliation:</i>				
Interest-bearing bank and other borrowings				1,231,252
Tax payable				36
Deferred tax liabilities				42,350
Corporate and other unallocated liabilities				8,334
Total liabilities				1,545,197
<b>Other segment information included in segment results:</b>				
Amortisation and depreciation	194,373	28,906	–	223,279
Impairment of trade and other receivables, net	1,586	9,455	–	11,041
Fair value losses on investment properties in South Korea	17,265	–	–	17,265

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 3 SEGMENT INFORMATION (continued)

Year ended 31 December 2023

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 3 SEGMENT INFORMATION (continued)

Year ended 31 December 2023 (continued)

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 3 SEGMENT INFORMATION (continued)

#### Geographical information

##### (a) Revenue from external customers

	2024 HK\$'000	2023 HK\$'000
South Korea	<u>1,074,248</u>	<u>1,036,268</u>

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

##### (b) Non-current assets

	2024 HK\$'000	2023 HK\$'000
South Korea	6,746,730	7,923,910
Hong Kong	<u>145,955</u>	<u>165,064</u>
	<u>6,892,685</u>	<u>8,088,974</u>

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

#### Information about major customers

During the years ended 31 December 2024 and 2023, no single customer contributed over 10% of the Group's total revenue.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 4 REVENUE

An analysis of revenue is as follows:

	2024 HK\$'000	2023 HK\$'000
<b>Revenue from contracts with customers</b>		
Integrated Resort Development	713,072	736,104
Gaming Business	210,282	46,765
Property Development	109,163	211,945
	<u>1,032,517</u>	<u>994,814</u>
<b>Revenue from other sources</b>		
Gross rental income from investment property operating leases	41,731	41,454
	<u>1,074,248</u>	<u>1,036,268</u>

### 5 OTHER INCOME AND GAINS, NET

	2024 HK\$'000	2023 HK\$'000
Dividend income from equity investments at fair value through other comprehensive income	79	81
Gain/(loss) on disposal of items of property, plant and equipment	2,130	(1,406)
Loss on disposal of items of other intangible assets	–	(8)
Foreign exchange differences, net	(7,235)	413
Forfeited deposits from sales of properties	–	17,438
Others	6,314	3,704
	<u>1,288</u>	<u>20,222</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 6 LOSS BEFORE TAX

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

	2024 HK\$'000	2023 HK\$'000
Cost of properties and inventories sold:		
— Cost of properties sold	40,942	70,684
— Cost of inventories sold	67,795	62,783
— Reversal of provision for inventories	(340)	(767)
	<u>108,397</u>	<u>132,700</u>
Employee benefit expenses (including directors' remuneration):		
— Wages, salaries and other staff costs	501,939	504,823
— Retirement benefit costs*	31,534	30,327
	<u>533,473</u>	<u>535,150</u>
Amortisation and depreciation:		
— Depreciation of property, plant and equipment	221,972	293,141
— Depreciation of right-of-use assets	1,940	1,403
— Amortisation of other intangible assets	587	648
	<u>224,499</u>	<u>295,192</u>
Impairment of trade and other receivables, net:		
— Impairment of trade receivables, net	9,437	—
— Impairment of gaming receivables, net	1,586	10,085
— Impairment/(reversal of impairment) of other receivables, net	18	(233)
	<u>11,041</u>	<u>9,852</u>
Impairment of other intangible assets	—	12,943

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 6 LOSS BEFORE TAX (continued)

	2024 HK\$'000	2023 HK\$'000
Expenses included in “Other operating expenses” **: <ul style="list-style-type: none"> <li>— Auditor’s remuneration               <ul style="list-style-type: none"> <li>— Audit services to the Company</li> <li>— Audit services to the subsidiaries of the Company</li> </ul> </li> </ul>	<b>2,100</b> <b>2,011</b> <hr/> <b>4,111</b>	1,800 2,111 <hr/> 3,911
— Repair and maintenance expenses of building, equipment and facility	<b>125,674</b>	126,095
— Expenses relating to short-term leases or leases of low-value assets	<b>4,174</b>	6,494
— Operating supplies and equipment	<b>30,461</b>	29,505
— Sales and marketing, promotion and advertising expenses	<b>56,341</b>	66,509
— Utilities expenses	<b>103,863</b>	99,761

\* 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 (2023: Nil).

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 7 FINANCE COSTS, NET

	2024 HK\$'000	2023 HK\$'000
Interest expenses:		
— Lease liabilities	(305)	(192)
— Bank borrowings	(97,403)	(110,449)
— Other borrowings	(209)	—
	<u>(97,917)</u>	<u>(110,641)</u>
<b>Finance costs</b>	<b>(97,917)</b>	<b>(110,641)</b>
Interest income:		
— Bank interest income	3,465	7,166
— Other interest income	16	397
	<u>3,481</u>	<u>7,563</u>
<b>Finance income</b>	<b>3,481</b>	<b>7,563</b>
<b>Finance costs, net</b>	<b>(94,436)</b>	<b>(103,078)</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 2024 (2023: Nil). Corporate income tax in South Korea is charged progressively from 10% to 21% (2023: 9% to 24%) on the estimated assessable profit for the year. Taxation on overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the jurisdictions in which the Group operates.

	2024 HK\$'000	2023 HK\$'000
Current — South Korea		
Charge for the year	—	35
Current — Elsewhere		
Charge for the year	56	107
Deferred tax	—	(451)
<b>Total tax expenses/(credit) for the year</b>	<b>56</b>	<b>(309)</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 9 DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2024 (2023: Nil).

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

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

	2024 HK\$'000	2023 HK\$'000
<b>Loss</b>		
Loss attributable to owners of the parent, used in the basic and diluted loss per share calculation:	<u>(494,142)</u>	<u>(522,439)</u>
	<b>Number of shares</b>	
	2024 '000	2023 '000 (Restated)
<b>Shares</b>		
Weighted average number of ordinary shares in outstanding during the year used in the basic and diluted loss per share calculation	<u>958,700</u>	<u>455,936</u>

The calculation of the basic and diluted loss per share amount is based on the loss for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 958,700,000 (2023: 455,936,000 (restated)) in issue for the year ended 31 December 2024, as adjusted for (i) the completion of issuing 845,250,000 ordinary shares of the Company to an independent subscriber at HK\$0.034 per share on 20 March 2024, (ii) the consolidation of ordinary shares of the Company on the basis of every ten ordinary shares into one consolidated share with effect from 17 June 2024, and (iii) the completion of issuing 1,014,300,462 rights shares on the basis of two rights shares for every one share of the Company at the subscription price of HK\$0.26 per share on 23 July 2024. The weighted average number of shares for the year ended 31 December 2023 was restated, as if (ii) and (iii) had occurred at the beginning of 1 January 2023.

The Group had no potential dilutive ordinary shares outstanding during the year (2023: Nil).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 11 PREPAYMENTS, TRADE AND OTHER RECEIVABLES

	2024 HK\$'000	2023 HK\$'000
Trade receivables	34,964	31,985
Less: Loss allowance for impairment of trade receivables	(8,988)	(350)
Trade receivables, net (Note (i))	25,976	31,635
Receivables from gaming customers (Note (ii))	7,505	837
Other receivables (Note (iii))	11,103	8,762
Prepayments	16,727	30,369
Value-added tax recoverable	73	3
Deposits	1,545	2,199
Restricted deposit for the bank borrowing	47,767	65,548
	110,696	139,353
Less: Non-current portion	(54,261)	(70,596)
Current portion	56,435	68,757

Notes:

#### (i) Trade receivables, net

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

	2024 HK\$'000	2023 HK\$'000
Within 30 days	25,490	27,657
31 to 60 days	95	2,290
61 to 90 days	236	1,610
Over 90 days	155	78
	25,976	31,635

## 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:

	2024 HK\$'000	2023 HK\$'000
Within 30 days	6,248	707
31 to 60 days	1,257	130
	<u>7,505</u>	<u>837</u>

#### (iii) Other receivables

Included in the Group's other receivables are receivables from debtors in non-trade nature. The other receivable balances are interest-free and repayable on demand. The Group does not hold any collateral or other credit enhancements over its other receivable balances.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 12 CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

	2024 HK\$'000	2023 HK\$'000
Cash and bank balances	229,683	235,831
Short-term time deposits	81,232	30,212
Restricted cash for the Cash Incident (Note)	53,466	61,174
	<u>364,381</u>	<u>327,217</u>
Less: Restricted cash for the Cash Incident (Note)	(53,466)	(61,174)
	<u>310,915</u>	<u>266,043</u>

Note:

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

Based upon the Investigation Progress Notification issued by Jeju Special Self-Governing Provincial Police Agency of Korea (the “**Jeju Police**”) to the Group in March 2021, the Jeju Police revealed that KRW13,400,000,000 (equivalent to retranslated amount of HK\$70,585,000 as at 31 December 2024) (the “**Seized Money**”) was seized by them in accordance with the due process of Korean law, and are being kept in the deposit account of a bank under the name of the Jeju Police. According to the legal opinions from independent lawyers, the Seized Money is expected to be part of the amount of the Group missed as a result of the Cash Incident and will be retained by the Jeju Police until the investigation process is complete.

Based on the report of factual findings issued by an independent external auditor in Korea in 2021, the cash balance in relation to the Cash Incident located in a premises of the Group in Korea and under the Group’s possession as at 31 December 2020 was KRW10,150,000,000 (equivalent to HK\$72,325,000). Accordingly, a loss of KRW4,405,000,000 (equivalent to HK\$28,961,000) was recognised in the consolidated statement of profit or loss for the year ended 31 December 2020. The Seized Money, found in the premises of the Group of KRW10,150,000,000 (equivalent to HK\$72,325,000) and elsewhere of KRW3,250,000,000 (equivalent to HK\$23,158,000), is anticipated to be part of the missing fund. In October 2023, the police investigation was suspended. The police investigation of the Cash Incident has resumed after the primary suspect was apprehended in November 2024. As at the date of these financial statements, the criminal trial for the primary suspect is undergoing at the Jeju District Court. As at 31 December 2024, the balance of this restricted cash amounted to KRW10,150,000,000 (equivalent to HK\$53,466,000) (2023: KRW10,150,000,000) and is classified as a non-current asset since the investigation is continuing and decision of the court is not expected to conclude within a year.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 13 TRADE AND OTHER PAYABLES

	2024 HK\$'000	2023 HK\$'000
Trade payables (Note)	4,758	6,136
Deposit received	24,052	14,624
Accrued expenses	57,576	75,146
Accrued employee benefits	54,028	57,195
Other tax payables	52,806	30,526
Other payables (Note)	28,728	64,038
Contract liabilities	44,105	81,675
	<b>266,053</b>	329,340
Less: Non-current portion	<b>(28,015)</b>	(18,417)
Current portion	<b>238,038</b>	310,923

Note:

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

### 14 INTEREST-BEARING BANK AND OTHER BORROWINGS

	2024			2023		
	Effective interest rate	Maturity	HK\$'000	Effective interest rate	Maturity	HK\$'000
<b>Current</b>						
Bank loan – secured	2.75% + Korea Commercial Paper rate	2025	1,204,252	–	–	–
			<b>1,204,252</b>			–
<b>Non-current</b>						
Bank loan – secured	–	–	–	2.75% + Korea Commercial Paper rate	2025	1,417,489
Other borrowing – unsecured	6%	2032	27,000	–	–	–
			<b>27,000</b>			1,417,489
			<b>1,231,252</b>			<b>1,417,489</b>

The bank borrowing is secured by the Group's property, plant and equipment amounting to HK\$1,408,989,000 (2023: HK\$1,776,727,000), investment properties amounting to HK\$132,075,000 (2023: HK\$96,090,000), properties under development amounting to HK\$91,563,000 (2023: HK\$104,764,000) and completed properties for sale amounting to HK\$160,094,000 (2023: HK\$191,329,000).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

## 15 SHARE CAPITAL

	2024 HK\$'000	2023 HK\$'000
<b>Authorised:</b>		
1,000,000,000,000 (2023: 1,000,000,000,000) ordinary shares of HK\$0.01 (2023: HK\$0.01) each	<u>10,000,000</u>	<u>10,000,000</u>
<b>Issued and fully paid:</b>		
1,521,450,693 (2023: 4,226,252,310) ordinary shares of HK\$0.01 (2023: HK\$0.01) each	<u>15,215</u>	<u>42,263</u>

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

	Number of shares in issue '000	Issued capital HK\$'000	Share premium account HK\$'000	Total HK\$'000
<b>At 1 January 2023, 31 December 2023 and 1 January 2024</b>	4,226,252	42,263	14,283,793	14,326,056
Issue of shares by way of share subscription (Note(i))	845,250	8,453	20,286	28,739
Share issue expenses of share subscription (Note(i))	–	–	(33)	(33)
Consolidation of shares (Note(ii))	(4,564,352)	–	–	–
Capital reduction (Note(iii))	–	(45,644)	–	(45,644)
Issue of shares by way of rights share (Note(iv))	1,014,301	10,143	253,575	263,718
Share issue expenses of rights issue (Note(iv))	–	–	(2,955)	(2,955)
<b>At 31 December 2024</b>	<u>1,521,451</u>	<u>15,215</u>	<u>14,554,666</u>	<u>14,569,881</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 15 SHARE CAPITAL (continued)

Notes:

- (i) On 20 March 2024, pursuant to a subscription agreement dated 1 March 2024, the Company allotted and issued 845,250,000 ordinary shares of the Company to a subscriber, who is an independent third party, at HK\$0.034 per share. The aggregate cash subscription price received, before share issue expenses, was HK\$28,739,000. This transaction resulted in an increase of the issued share capital and share premium account of HK\$8,453,000 and HK\$20,286,000, respectively. Share issue expenses of HK\$33,000 were charged to the share premium account accordingly.
- (ii) Pursuant to a special resolution passed in the special general meeting of the Company on 13 June 2024, every ten ordinary shares of HK\$0.01 each were consolidated into one consolidated share of HK\$0.1 each with effect from 17 June 2024 (the **“Share Consolidation”**).
- (iii) Pursuant to a special resolution passed in the special general meeting of the Company on 13 June 2024, upon completion of Share Consolidation, the issued share capital of the Company was 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\$0.09 on each of the issued consolidated shares such that the par value of each issued consolidated share will be reduced from HK\$0.10 to HK\$0.01 (collectively, the **“Capital Reorganisation”**). The credit arising from the Capital Reorganisation of HK\$45,644,000 was transferred to the contributed surplus of the Company within the meaning of the Bermuda Companies Act. The Capital Reorganisation became effective on 17 June 2024.
- (iv) On 23 July 2024, pursuant to the prospectus dated 27 June 2024, a rights issue of two rights share for every one existing shares held by members on the register of members was made, at an issue price of HK\$0.26 per rights share, resulting in the issue of 1,014,301,000 shares for a total cash consideration, before expenses, of HK\$263,718,000. This transaction resulted in an increase of the issued share capital and share premium account of HK\$10,143,000 and HK\$253,575,000, respectively. Share issue expense of HK\$2,955,000 were charged to the share premium account accordingly.

### 16 EVENTS AFTER THE REPORTING PERIOD

- (a) On 25 March 2025, the Company entered into a bond subscription agreement for an aggregate principal amount of HK\$50,000,000. The bond is subject to a fixed annual interest rate of 8% and has a maturity period of 12 months from the date of issuance (expected to be in April 2025), unless otherwise extended at the sole and absolute discretion of the Company for a further term of 12 months from the initial date of maturity.
- (b) On 27 March 2025, the Group received a letter of confirmation from a financial institution for a secured bank loan with an aggregate principal amount of KRW215,000,000,000 (equivalent to HK\$1,132,521,000) to refinance the existing bank loan. Among which KRW180,000,000,000 (equivalent to HK\$948,157,000) will be subject to a prevailing floating interest rate of 6% per annum, and KRW35,000,000,000 (equivalent to HK\$184,364,000) will be subject to a fixed interest rate of 8.2% per annum. The loans have a maturity period of 36 months from the effective date which is expected to be in April 2025.

## MANAGEMENT DISCUSSION AND ANALYSIS

The Company is an investment holding company, and during the year ended 31 December 2024 (the “**Year**”), the principal activities of the Group are (i) development and operation of the integrated leisure and entertainment resort (the “**Integrated Resort Development**”); (ii) operation of gaming and entertainment facilities (the “**Gaming Business**”); and (iii) property development (the “**Property Development**”).

## FINANCIAL RESULTS

For the Year, the Group’s consolidated revenue was approximately HK\$1,074,248,000 (2023: approximately HK\$1,036,268,000), representing an increase of approximately 3.7% when compared to the year ended 31 December 2023. During the Year, non-gaming revenue was approximately HK\$863,966,000 (2023: approximately HK\$989,503,000) while gaming revenue was approximately HK\$210,282,000 (2023: approximately HK\$46,765,000).

For the Year, the loss attributable to the owners of the Company was approximately HK\$494,142,000 (2023: approximately HK\$522,439,000). The basic and diluted loss per share attributable to owners of the parent was HK51.54 cents (2023: HK114.59 cents (restated)). The decrease in consolidated net loss for the Year was mainly attributable to (i) an increase in consolidated revenue, particularly generated from the gaming business segment; (ii) a decrease in amortisation and depreciation; and (iii) a decrease in operating expenses, despite the adverse impact of a decrease in fair value of investment properties.

As at 31 December 2024, the consolidated net asset value of the Company was approximately HK\$6,340,262,000 (2023: approximately HK\$7,405,721,000) and the consolidated net asset value per weighted average number of ordinary shares in outstanding during the year attributable to owners of the parent was approximately HK\$6.61 (2023: approximately HK\$16.24 (restated)).



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

### **OPERATION AND BUSINESS REVIEW**

#### **Integrated Resort Development**

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

More than 2,000 high-quality guest rooms and suites are available for bookings, including the five-star rated Marriott Resort, the new lifestyle Shinhwa Resort, Landing Resort and the full-serviced Somerset family suites in Jeju. The hotels are strategically positioned in Jeju to cater to all segments of guests, providing the perfect accommodation options for every Jeju trip. All hotels in Jeju Shinhwa World consistently receive high rankings and multiple recommendations from guests and the hospitality industry. Wide range of entertainment options perfect for family and friends, from bowling to arcade games and karaoke. The spectacular view of Jeju's natural horizon distinguishes Jeju Shinhwa World as one of the best integrated resorts in Northeast Asia.

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

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

Jeju Shinhwa World also boasts the most extensive food and beverage outlets under one roof in Jeju, offering a wide selection of local and international cuisines including legendary tastes of Jeju or Korean specialties, Chinese classics, Western favorites and myriad other styles to suit both tourists and local residents. The bar and pub are the perfect place to relax after dinner or an exploratory day, by enjoying a variety of delicious snacks and the starry night.

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

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

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

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

To address the intense competition from various hotels in Jeju, we intensified our efforts to promote our catering options throughout the Year. Additionally, we introduced a Hanbok rental service, allowing visitors to take photos in traditional Korean costumes. Our marketing team continued to offer a series of promotional events bundled package with our accommodations, water and theme parks, as well as food and beverage options. We also launched a wide variety of membership promotion, attraction events such as Sky pool party, lighting show with fireworks, music live show, tangerines picking, artists' serene busking performance, art gallery, kid activity and seasonal gourmet tasting, to enrich our customers' experiences. In addition, our marketing team continued to utilise digital marketing to promote our amusements and services during the Year so as to enhance geographic reach and connection with target customers.

For the Year, the Integrated Resort Development generated segment revenue of approximately HK\$754,803,000 (2023: approximately HK\$777,558,000), which was mainly derived from its hotels, food and beverage services, MICE events, attraction theme park, water parks, and merchandise sales as well as leases of retail spaces in the resort, representing a slight decrease of approximately 2.9% as compared to the previous financial year in 2023. Our constant dedication to sales and marketing enables the Group to maintain stable segment revenue for the Year, notwithstanding that the drop in the Korean Won led to a slight decline in segment revenue when translated in Hong Kong Dollar for the Year. The segment loss of the Integrated Resort Development was approximately HK\$215,593,000 (2023: approximately HK\$203,715,000).

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

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

#### **Gaming Business**

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

Jeju Poker Festival 2024 and Asian Poker Tour (APT Jeju, South Korea 2024) were the major tournaments held in Landing Casino in 2024. The success of these tournaments not only attracted numerous visitors, but also enhanced the publicity of Landing Casino. During the Year, resulting from the growing visitation and the increasing rolling volume and non-rolling volume compared with the previous financial year in 2023, the Group recorded remarkable improvement in the Gaming Business segment.

For the Year, the Gaming Business recorded net revenue of approximately HK\$210,282,000 (2023: approximately HK\$46,765,000), representing a substantial increase of approximately 350% as compared to the previous financial year in 2023; and the segment loss from the Gaming Business was approximately HK\$139,281,000 (2023: approximately HK\$258,417,000).

Based on the recoverable amount of the cash-generating unit of the Gaming Business which has been determined by value-in-use calculations using cash flow projections of financial budgets and referencing to the segment performance, no impairment was made on the relevant intangible assets of the Casino for the year (2023: HK\$12,943,000). Besides, no impairment was recorded on the relevant property, plant and equipment after the assessment.

#### **Property Development**

Despite signs of recovery in the South Korean property market in the third quarter of 2024 following a significant slump since 2022, sales of resort condominiums and villas in zone R of Jeju Shinhwa World slowed down due to macroeconomic conditions, such as increased interest rate and sluggish GDP growth.

For the Year, revenue generated from sales of residential properties and property management were amounted to approximately HK\$97,093,000 (2023: approximately HK\$201,969,000) and approximately HK\$12,070,000 (2023: approximately HK\$9,976,000), respectively and segment profit of the Property Development was approximately HK\$40,721,000 (2023: approximately HK\$120,733,000).

As of 31 December 2024, approximately HK\$259,623,000 (2023: approximately HK\$345,807,000) was classified as completed properties for sale.

## MANAGEMENT DISCUSSION AND ANALYSIS (continued)

### OUTLOOK

Jeju Island boasts a diverse array of ecological and geological features, including islands, volcanoes, waterfalls, beaches, national parks, caves, and forests. Jeju Island was designated as a National Biosphere Conservation Area in 2002, recognized as a World Natural Heritage site in 2007, and received certification from the Global Geopark Network in 2010. It is the only location globally to have attained these three prestigious distinctions concurrently. In recent years, Jeju has emerged as a prominent tourist destination in Korea, attracting a significant number of both domestic and international visitors. Given its rich historical, cultural, and natural attractions, along with our ongoing efforts, we believe Jeju is an ideal location for developing tourism and entertainment businesses.

A wide range of amenities and amusements in Jeju Shinhwa World is the key to the success of the Group. During the Year, the Group made continued progress in the maintenance, renovation, and upgrading of facilities in Jeju Shinhwa World. Attributable to the efforts in marketing and business strategy, the Group successfully recorded a significant increase in revenue for its gaming business segment for the Year. In 2025, we will stay focus on our facilities upgrade. Additionally, we plan to host large gaming tournaments and provide entertainment and complimentary offerings for our casino VIP patrons. We believe that our diverse offerings, including a variety of cuisines, cultural activities, family-oriented amusements, entertainment options and accommodations, will enable the Group to remain attractive for the tourists and competitive in the market.

Currently, the Group closely monitors the property market and remains open for the opportunity in a further residential development in zone R of Jeju Shinhwa World. Furthermore, the Group has attempted to explore other opportunities to better utilise the land in Jeju Shinhwa World, aiming to diversify its income stream in the long run.

Continued interest rate, exchange rate and tariff uncertainties have weighed on global economic activities and GDP growth. These instabilities lead to significant challenges for business seeking growth and financing opportunities, making the forthcoming year particularly challenging for the Group. Moreover, the persistently high interest rates have increased financing costs in the current business environment, making it difficult for the Group to secure financing on favorable terms. As such, the Group will remain cautious in its capital commitments and will act prudently in its future development and investment plans in order to maintain a healthy liquidity position. The Group will regularly assess its funding needs and financial position and will explore fund raising and financing facilities if and when opportunities arise.

## MANAGEMENT DISCUSSION AND ANALYSIS (continued)

### FINANCIAL RESOURCES AND LIQUIDITY

As at 31 December 2024, the Group had non-current assets of approximately HK\$7,120,785,000 (2023: approximately HK\$8,358,982,000) and net current liabilities of approximately HK\$679,542,000 (2023: net current assets of approximately HK\$529,533,000). The current ratio, expressed as the ratio of the current assets over the current liabilities, was 0.53 as at 31 December 2024 (2023: 2.69). The decrease in the current ratio is mainly due to the classification of bank borrowings, which will expire in June 2025, as current liabilities as at 31 December 2024.

For the Year, the impairment of trade and other receivables (net) amounted to approximately HK\$11,041,000 (2023: approximately HK\$9,852,000). The provisions mainly consisted of overdue receivables with long aging periods. As at 31 December 2024, the Group had prepayments, trade and other receivables of approximately HK\$110,696,000 (2023: approximately HK\$139,353,000). As at 31 December 2024, the Group had cash and bank balances of approximately HK\$310,915,000, with approximately HK\$136,992,000, HK\$162,016,000, HK\$327,000 and HK\$11,138,000 held in Hong Kong dollars (“**HKD**”), Korean Won (“**KRW**”), Singapore dollar (“**SGD**”) and United States dollars (“**USD**”), respectively and the remaining balances mainly held in Great British Pound (2023: approximately HK\$266,043,000, with approximately HK\$50,654,000, HK\$201,744,000, HK\$294,000 and HK\$10,283,000 held in HKD, KRW, SGD and USD, respectively and the remaining balances mainly held in Philippine Peso).

As at 31 December 2024, the Group had trade and other payables of approximately HK\$266,053,000 (2023: approximately HK\$329,340,000), a bank borrowing in KRW with floating interest rate of approximately HK\$1,204,252,000 (2023: approximately HK\$1,417,489,000) and an other borrowing in HKD with fixed interest rate of approximately HK\$27,000,000 (2023: Nil) while total liabilities of the Group amounted to approximately HK\$1,545,197,000 (2023: approximately HK\$1,795,347,000). The Group’s gearing ratio, which was measured on the basis of the Group’s total liabilities divided by total assets, was 19.6% (2023: 19.5%).

## MANAGEMENT DISCUSSION AND ANALYSIS (continued)

### SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS

#### Investments

##### *Equity investments designated at fair value through other comprehensive income*

As at 31 December 2024, the Group was holding a listed equity investment at a fair value of approximately HK\$1,128,000 (representing approximately 0.014% of the consolidated total assets of the Group), which was classified as equity investment designated at fair value through other comprehensive income (2023: approximately HK\$1,400,000). Net fair value loss in respect of this investment of approximately HK\$272,000, which was resulted from the downward movement of stock price of the equity investment in China Resources Land Limited (the shares of which is listed on Main Board of the Stock Exchange, stock code: 1109), was recognised in the consolidated statement of comprehensive income during the Year. There was no single equity investment representing more than 0.1% of the consolidated total assets of the Group as at 31 December 2024.

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

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

## MANAGEMENT DISCUSSION AND ANALYSIS (continued)

### CAPITAL STRUCTURE

As at 31 December 2024 and the date of this announcement, the total number of issued ordinary shares of the Company was 1,521,450,693 shares with a nominal value of HK\$0.01 each.

#### Issue of Shares Under the General Mandate

In order to upgrade the facilities in Jeju Shinhwa World and strengthen the Group's financial position, the Company completed the allotment and issuance of 845,250,000 ordinary shares (the “**Subscription Shares**”) on 20 March 2024 under the general mandate to Resplendence Investment Development Limited (the “**Subscriber**”), an independent third party, at a subscription price of HK\$0.034 per share (net price per Subscription Share: approximately HK\$0.0337 and the closing price of the share of the Company on 1 March 2024: HK\$0.042 per share) pursuant to the terms and conditions of the subscription agreement dated 1 March 2024, entered between the Company and the Subscriber and its guarantor. The Subscription Shares representing approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issuance of the Subscription Shares immediately upon completion.

The net proceeds from the subscription, amounted to approximately HK\$28,500,000 was intended to be used by end of 2024 in the following manners: (i) approximately HK\$14,000,000 for upgrade, repair and maintenance of the existing building, equipment and facilities within Jeju Shinhwa World, an integrated leisure and entertainment resort located in Jeju Island, South Korea owned and operated by the Group; (ii) approximately HK\$10,000,000 for payment of interest expense; (iii) approximately HK\$4,500,000 for sales and marketing promotion and advertising expense; and (iv) the remaining balance, if any, for general working capital. For details, please refer to the announcement of the Company dated 4 March 2024.

The net proceeds from the subscription had been fully utilised as intended by 30 June 2024.



## MANAGEMENT DISCUSSION AND ANALYSIS (continued)

### CAPITAL STRUCTURE (continued)

#### Capital Reorganisation

On 18 April 2024, the Company proposed the capital reorganisation (“**Capital Reorganisation**”) to be implemented in the following manners: (i) the share consolidation (“**Share Consolidation**”) whereby every ten (10) ordinary shares of HK\$0.01 each in the issued share capital of the Company to be consolidated into one (1) consolidated share (“**Consolidated Share(s)**”) of HK\$0.10 each; (ii) the capital reduction (“**Capital Reduction**”) whereby the issued share capital of the Company be reduced, by: (a) rounding down the total 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 total number of Consolidated Shares in the issued share capital of the Company following the Share Consolidation; and (b) cancelling the paid-up share capital of the Company to the extent of HK\$0.09 on each of the issued Consolidated Shares such that the par value of each issued Consolidated Share be reduced from HK\$0.10 to HK\$0.01; and (iii) all the credits arising from the Capital Reduction will be transferred to the contributed surplus account of the Company within the meaning of the Companies Act 1981 of Bermuda.

The proposed Capital Reorganisation was approved by a special resolution at the special general meeting (the “**SGM**”) of the Company on 13 June 2024, and became effective on 17 June 2024. As a result, the issued share capital of the Company was HK\$5,071,502.31 divided into 507,150,231 adjusted shares and the authorised share capital of the Company remains at HK\$10,000,000,000, divided into 1,000,000,000,000 adjusted shares immediately upon the Capital Reorganisation become effective. For details, please refer to the Company’s announcement dated 18 April 2024 and the circular dated 24 May 2024.



## MANAGEMENT DISCUSSION AND ANALYSIS (continued)

### CAPITAL STRUCTURE (continued)

#### Rights Issue

On 18 April 2024, the Company announced the proposals to implement (i) the Capital Reorganisation; and (ii) the rights issue on the basis of two (2) rights shares for one (1) adjusted share held on 26 June 2024 at a subscription price of HK\$0.26 per rights share (net price rights share: approximately HK\$0.255 and the closing price of the share of the Company on 18 April 2024: HK\$0.039 per share), to raise up to approximately HK\$263.7 million before expenses, by way of issuing up to 1,014,300,462 rights shares. The underwriter agreed to procure, on a best-effort and non-fully underwritten basis, the subscription for any unsubscribed rights shares subject to the underwriting agreement entered into with the Company on 18 April 2024. Such proposals were put forward at the SGM and the relevant resolutions were duly passed by the shareholders of the Company.

On 23 July 2024, the Company allotted and issued 1,014,300,462 rights shares and the issued Shares of the Company increased to 1,521,450,693 Shares. As disclosed in the Prospectus, the net proceeds of approximately HK\$258.6 million (the “**Net Proceeds**”) raised from the Rights Issue will be applied as to (a) approximately HK\$80.1 million for maintenance, renovation and upgrade of facilities in Jeju Shinhwa World; (b) approximately HK\$19.9 million for water supply construction in Jeju Shinhwa World; (c) approximately HK\$73.0 million for development of resort business and gaming business of the Group; (d) approximately HK\$50.0 million for interest expenses; and (e) the remaining balance of approximately HK\$35.6 million for general working capital. Details of the Rights Issue were set out in the Company’s announcement dated 18 April 2024, the circular dated 24 May 2024, the prospectus dated 27 June 2024 (the “**Prospectus**”) and the announcement dated 22 July 2024.

## MANAGEMENT DISCUSSION AND ANALYSIS (continued)

### CAPITAL STRUCTURE (continued)

#### Rights Issue (continued)

As at 31 December 2024, the Net Proceeds had been applied as follows:

Use of Net Proceeds	Proposed use of Net Proceeds as disclosed in the Prospectus HK\$'000	Actual amount utilised during the Year HK\$'000	Unutilised Net Proceeds as at 31 December 2024 HK\$'000	Proposed use of the unutilised Net Proceeds in 2025 HK\$'000
Maintenance, renovation and upgrade of facilities in Jeju Shinhwa World	80,100	35,694	44,406	17,119
Water supply construction for the development of Jeju Shinhwa World	19,900	—	19,900	—
Development of the Resort Business and the Gaming Business of the Group such as service enhancement, supply chain management, human resources development as well as sales and marketing activities	73,000	44,161	28,839	—
Interest expense	50,000	46,026	3,974	—
General working capital of the Company	35,600	35,600	—	—
Bank loan repayment	—	—	—	80,000
Total	<u>258,600</u>	<u>161,481</u>	<u>97,119</u>	<u>97,119</u>

## MANAGEMENT DISCUSSION AND ANALYSIS (continued)

### CAPITAL STRUCTURE (continued)

#### Proposed change in use of proceeds

As at 31 December 2024, the Group had interest-bearing bank borrowing of approximately HK\$1,204,252,000 (the “**Borrowing**”), which will fall due in June 2025. Details of the Borrowing are disclosed in note 14 to the consolidated financial statements herein. The Group has explored various financing opportunities to refinance the Borrowing and has appraised the terms and conditions of the proposals received since the second half of 2024. On 27 March 2025, the Group has obtained a letter of confirmation from a financial institution for a new financing facility, the entirety of which will only partially satisfy the repayment of the Borrowing. As such, the management of the Group has proposed to reallocate the unutilized portion of the Net Proceeds raised to address such shortfall. Subject to the execution of the aforesaid new financing facility and/or any possible shortfall to be covered for repaying the Borrowing, the management of the Group has planned to reallocate approximately HK\$80 million raised for repayment of the Borrowing.

As at the date of this announcement, the Net Proceeds have been utilized as shown above. Save as disclose herein, there are no other proposed changes in the use of Net Proceeds. It is expected that the Net Proceeds will be fully utilised by end of 2025.

#### Issue of Bonds

On 11 November 2024, the Board approved the issue of the unlisted and unsecured bonds (the “**Bonds**”) in the aggregate principal amount of not more than HK\$200,000,000 in one or more series. The maturity date of the Bonds is up to 96 months from the date(s) of issue of the relevant bonds with an interest rate expected to be 5% to 8% per annum. Please refer to the announcement of the Company dated 11 November 2024 for further details of the Bonds. As of 31 December 2024, the Bonds with an aggregate principal amount of HK\$27,000,000 which bears interest at 6% per annum and has a maturity period of 96 months from the date of issue (unless otherwise extended for a further term of 24 months at the sole discretion of the Company) had been subscribed.

## MANAGEMENT DISCUSSION AND ANALYSIS (continued)

### CAPITAL COMMITMENTS

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

	<b>2024</b>	<b>2023</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Contracted, but not provided for:		
Property under development	<b><u>53,447</u></b>	<b><u>66,961</u></b>

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

### CONTINGENT LIABILITIES

As at 31 December 2024, the Group did not have any material contingent liabilities (2023: Nil).

### PLEDGE OF ASSETS

As at 31 December 2024, the following assets of the Group were pledged to certain banks to secure general banking facilities payable granted to the Group:

	<b>2024</b>	<b>2023</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Property, plant and equipment	<b>1,408,989</b>	1,776,727
Investment properties	<b>132,075</b>	96,090
Properties under development	<b>91,563</b>	104,764
Completed properties for sale	<b><u>160,094</u></b>	<b><u>191,329</u></b>

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

### SEGMENT INFORMATION

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

## **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 and other borrowings, and other debt or equity securities, as appropriate. The Group pays close attention to the present financial and liquidity position, and will continue to maintain a reasonable liquidity buffer to ensure sufficient funds are available to meet liquidity requirements at all times.

During the Year, the Group engaged in advanced discussions with certain financial institutions to refinance the existing bank loan prior to its expiry in June 2025. Moreover, the management of the Group appraised the terms and conditions of the proposals received and also negotiated for more favorable options. As of the date of this announcement, the management of the Group has obtained a letter of confirmation from a financial institution for a new financing facility, and it is expected that the new banking facility will be finalized and executed prior to the expiry of the existing bank loan. In view of these circumstances, the management of the Group believes that the Group will have sufficient financial resources to continue as a going concern.

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

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

The Group's exposure to interest rate risk results from fluctuations in interest rate. As the Group's bank borrowing consists of floating rate debt obligation, an increase in interest rate would raise the interest expenses. Fluctuations in interest rate may also lead to significant fluctuations in the fair value of the debt obligation. On 31 December 2024, the Group had outstanding bank borrowing that bear floating interest linked to Commercial Paper rate of Korea ("CP rate"). Currently, the Group does not hold any derivative financial instrument that linked to interest rates. In view of the trend of CP rate, the Group continues to monitor closely its exposure to interest rate risk and may deploy derivative financial instruments to hedge against risk, if appropriate.

## MANAGEMENT DISCUSSION AND ANALYSIS (continued)

### EMPLOYEE AND REMUNERATION POLICIES

As at 31 December 2024, the Group had approximately 1,558 (2023: approximately 1,495) employees with total staff costs (including directors' remuneration) amounting to approximately HK\$533,473,000 (2023: approximately HK\$535,150,000) including management and administrative staff. The employees were mainly stationed in South Korea and Hong Kong. The remuneration, promotion and salary increment of employees are assessed according to the individual's performance, as well as professional and working experience, and in accordance with prevailing industry practices. The Group also offers a variety of training schemes to its employees.

### CASH INCIDENT

As previously disclosed, the Group reported to Jeju Special Self-Governing Provincial Police Agency of Korea (the “**Jeju Police**”) in Jeju, South Korea in early January 2021 in relation to the missing fund of approximately KRW14,555,000,000 (equivalent to approximately HK\$103,713,000) cash (the “**Incident**”). In November 2024, the employee-in-charge of the missing fund (the “**Primary Suspect**”) was apprehended and extradited to South Korea, and thereby the investigation has been resumed. The criminal trial for the Primary Suspect commenced in February 2025 and is still on-going at the Jeju District Court. Furthermore, the investigation of the co-conspirator is continuing in Jeju. As at 31 December 2024, KRW13,400,000,000 (equivalent to approximately HK\$70,585,000) cash found has been retained by the Jeju Police until the investigation process is completed and a court decision is made. To the best knowledge of the Board, none of the suspect is or is related to, any director of the Company. Loss incurred by the Incident in an amount of approximately HK\$28,961,000 was recorded in the consolidated statement of profit or loss of the Group for the year ended 31 December 2020. As the investigation is not expected to be concluded within a year, the cash found amounting to approximately KRW10,150,000,000 (equivalent to HK\$53,466,000) has been classified as a non-current asset as at 31 December 2024. Save for the aforesaid, there was no further adjustment or loss made for the Year.

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

### **EVENTS AFTER THE REPORTING PERIOD**

On 25 March 2025, the Company entered into a bond subscription agreement for an aggregate principal amount of HK\$50,000,000. The bond is subject to a fixed annual interest rate of 8% and has a maturity period of 12 months from the date of issuance (expected to be in April 2025), unless otherwise extended at the sole and absolute discretion of the Company for a further term of 12 months from the initial date of maturity.

On 27 March 2025, the Group was received a letter of confirmation from a financial institution for a secured bank loan with an aggregate principal amount of KRW215,000,000,000 (equivalent to HK\$1,132,521,000) to refinance the existing bank loan. Among which KRW180,000,000,000 (equivalent to HK\$948,157,000) will be subject to a prevailing floating interest rate of 6% per annum, and KRW35,000,000,000 (equivalent to HK\$184,364,000) will be subject to a fixed interest rate of 8.2% per annum. The loans have a maturity period of 36 months from the effective date which is expected to be in April 2025.

Save as disclosed above, there were no other significant events subsequent to 31 December 2024 which would materially affect the Group's operating and financial performance as of the date of this announcement.

### **OTHER INFORMATION**

#### **DIVIDEND**

The Board does not recommend the payment of a final dividend for the Year (2023: 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 (the “CG Code”) contained in Appendix C1 to the Listing Rules, except that Mr. Du Peng, an independent non-executive Director, was unable to attend the annual general meeting of the Company held on 13 June 2024 and the SGM since he had other business engagement, which deviated from code provision F.2.2.

## **OTHER INFORMATION (continued)**

### **DIRECTORS' SECURITIES TRANSACTIONS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules as its model code for securities transactions by the Directors. Following a specific enquiry to all Directors by the Company, all Directors have confirmed that they have complied with the required standard set out in the Model Code throughout the Year.

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

The following is an extract of the independent auditor's report on the Group's consolidated financial statements for the year ended 31 December 2024.

#### **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 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

#### **Emphasis of Matter**

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

We draw attention to note 23 to the consolidated financial statements, which describes the Group's cash incident (the “**Cash Incident**”). As at the reporting date, KRW13,400,000,000 (equivalent to HK\$70,585,000) of cash has been seized and retained by the Jeju Special Self Governing Provincial Police Agency of Korea. Our opinion is not modified in respect of this matter.



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

The figures in respect of Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, and the related notes thereto for the year ended 31 December 2024 as set out in this preliminary announcement have been agreed by the Group's auditor, Moore CPA Limited, to the amounts set out in the Group's draft consolidated financial statements for the Year. The work performed by Moore CPA Limited in this respect did not constitute an assurance engagement and consequently no assurance has been expressed by Moore CPA Limited on this preliminary announcement.

## **AUDIT COMMITTEE**

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

## **PUBLICATION OF ANNUAL REPORT**

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

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

Hong Kong, 28 March 2025

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

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