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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 2025**

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 2025.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2025

		2025	2024
	<i>Notes</i>	HK\$'000	HK\$'000
REVENUE	4	966,912	1,074,248
Cost of properties and inventories sold	6	(102,817)	(108,397)
Other income and gains, net	5	21,249	1,288
Gaming duties and other related levies		(25,861)	(37,467)
Amortisation and depreciation		(185,736)	(224,499)
Employee benefit expenses		(515,971)	(533,473)
Other operating expenses		(436,338)	(521,206)
Finance costs, net	7	(91,040)	(94,436)
Fair value gains/(losses) on investment properties, net		24,022	(39,103)
Reversal of impairment/(impairment) of trade and other receivables, net		3,797	(11,041)
		<hr/>	<hr/>
LOSS BEFORE TAX	6	(341,783)	(494,086)
Income tax expenses	8	(725)	(56)
		<hr/>	<hr/>
LOSS FOR THE YEAR			
ATTRIBUTABLE TO OWNERS			
OF THE PARENT		(342,508)	(494,142)
		<hr/> <hr/>	<hr/> <hr/>
LOSS PER SHARE ATTRIBUTABLE			
TO OWNERS OF THE PARENT	10		(Restated)
Basic		HK(16.63) cents	HK(47.80) cents
Diluted		HK(16.63) cents	HK(47.80) cents
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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2025

	2025 HK\$'000	2024 HK\$'000
LOSS FOR THE YEAR	(342,508)	(494,142)
OTHER COMPREHENSIVE INCOME/(LOSS)		
<i>Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:</i>		
Exchange differences on translation of foreign operations*	153,649	(875,003)
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods	153,649	(875,003)
<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	87,712	17,480
Deferred tax debited to asset revaluation reserve	(16,555)	(3,654)
Remeasurements of employee benefit obligations	(451)	663
Equity investments designated at fair value through other comprehensive income:		
Changes in fair value	232	(272)
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	70,938	14,217
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX	224,587	(860,786)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE PARENT	(117,921)	(1,354,928)

* Mainly arising from translation from Korean won to Hong Kong Dollars

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

		2025	2024
	Notes	HK\$'000	HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment		6,117,293	6,162,094
Investment properties		837,038	725,370
Right-of-use assets		4,218	5,221
Goodwill and other intangible assets		121,773	119,245
Equity investments designated at fair value through other comprehensive income		1,360	1,128
Prepayments, trade and other receivables	11	73,513	54,261
Restricted cash	12	–	53,466
Total non-current assets		<u>7,155,195</u>	<u>7,120,785</u>
CURRENT ASSETS			
Properties under development		93,843	91,563
Completed properties for sale		288,969	259,623
Inventories		47,029	46,106
Prepayments, trade and other receivables	11	57,955	56,435
Tax recoverable		580	32
Restricted cash	12	54,797	–
Cash and cash equivalents	12	141,017	310,915
Total current assets		<u>684,190</u>	<u>764,674</u>
CURRENT LIABILITIES			
Trade and other payables	13	231,031	238,038
Interest-bearing bank and other borrowings	14	67,700	1,204,252
Lease liabilities		2,504	1,890
Tax payable		97	36
Total current liabilities		<u>301,332</u>	<u>1,444,216</u>
NET CURRENT ASSETS/(LIABILITIES)		<u>382,858</u>	<u>(679,542)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>7,538,053</u>	<u>6,441,243</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

As at 31 December 2025

		2025	2024
	Notes	HK\$'000	HK\$'000
NON-CURRENT LIABILITIES			
Trade and other payables	13	19,138	28,015
Interest-bearing bank and other borrowings	14	1,015,909	27,000
Lease liabilities		2,042	3,616
Deferred tax liabilities		61,512	42,350
		<u>1,098,601</u>	<u>100,981</u>
Total non-current liabilities		1,098,601	100,981
		<u>6,439,452</u>	<u>6,340,262</u>
Net assets			
EQUITY			
Equity attributable to owners of the parent			
Share capital	15	36,515	15,215
Reserves		6,402,937	6,325,047
		<u>6,439,452</u>	<u>6,340,262</u>
Total equity		<u>6,439,452</u>	<u>6,340,262</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

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

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

2.1 BASIS OF PREPARATION

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

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted amendments to HKAS 21 *Lack of Exchangeability* for the first time for the current year’s financial statements. The Group has not early adopted any other standard or amendment that has been issued but is not yet effective.

Amendments to HKAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. As the currencies that the Group had transacted in and the functional currencies of overseas subsidiaries for translation into the Group’s presentation currency were exchangeable, the amendments did not have any impact on the Group’s financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3 SEGMENT INFORMATION

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

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

The CODM monitors the results of the operating segments separately for the purpose of allocating resources and assessing performance. Segment performance is evaluated based on reportable segment results, which is a measure of adjusted profit or loss before tax. The adjusted profit or loss before tax in 2025 is measured with the Group's loss before tax except that finance costs, net, unallocated exchange differences, net, as well as head office and corporate income and expenses, net are excluded from such measurement. Therefore, segment results in 2024 have been adjusted to include changes in fair value of investment properties in Hong Kong in the Property Development segment.

Segment assets in 2025 exclude cash and cash equivalents, restricted cash, 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. Therefore, segment assets in 2024 have been restated to include investment properties in Hong Kong in the Property Development segment.

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 2025

	Integrated Resort Development HK\$'000	Gaming Business HK\$'000	Property Development HK\$'000	Total HK\$'000
Segment revenue:				
Sales to external customers	769,042	115,212	82,658	966,912
Segment results				
	(68,690)	(156,654)	30,633	(194,711)
<i>Reconciliation:</i>				
Finance costs, net (other than interest on lease liabilities)				(90,682)
Unallocated exchange differences, net				151
Corporate and other unallocated expenses, net				(56,541)
Loss before tax				(341,783)
Segment assets	6,594,858	513,652	529,415	7,637,925
<i>Reconciliation:</i>				
Equity investments designated at fair value through other comprehensive income				1,360
Restricted cash				54,797
Cash and cash equivalents				141,017
Tax recoverable				580
Corporate and other unallocated assets				3,706
Total assets				<u>7,839,385</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3 SEGMENT INFORMATION (continued)

Year ended 31 December 2025 (continued)

	Integrated Resort Development HK\$'000	Gaming Business HK\$'000	Property Development HK\$'000	Total HK\$'000
Segment liabilities	158,041	83,839	4,357	246,237
<i>Reconciliation:</i>				
Interest-bearing bank and other borrowings				1,083,609
Tax payable				97
Deferred tax liabilities				61,512
Corporate and other unallocated liabilities				8,478
Total liabilities				<u>1,399,933</u>
Other segment information included in segment results:				
Amortisation and depreciation	167,665	14,860	–	182,525
Reversal of impairment of trade and other receivables, net	(62)	(3,735)	–	(3,797)
Fair value gains on investment properties in South Korea	(23,217)	–	–	(23,217)
Fair value gains on investment properties in Hong Kong	–	–	(805)	(805)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

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 (restated)	Total HK\$'000
Segment revenue:				
Sales to external customers	754,803	210,282	109,163	1,074,248
Segment results	(215,593)	(139,281)	18,453	(336,421)
<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				(63,503)
Loss before tax				(494,086)
Segment assets	6,500,468	514,971	497,826	7,513,265
<i>Reconciliation:</i>				
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				6,653
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 (restated)	Total HK\$'000
Segment liabilities	170,593	85,917	6,724	263,234
<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				8,325
Total liabilities				<u>1,545,197</u>
Other segment information included in segment results:				
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
Fair value losses on investment properties in Hong Kong	–	–	21,838	21,838
	<u>–</u>	<u>–</u>	<u>21,838</u>	<u>21,838</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3 SEGMENT INFORMATION (continued)

Geographical information

(a) Revenue from external customers

	2025 HK\$'000	2024 HK\$'000
South Korea	965,232	1,074,248
Hong Kong	1,680	–
Total revenue	<u>966,912</u>	<u>1,074,248</u>

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

(b) Non-current assets

	2025 HK\$'000	2024 HK\$'000
South Korea	6,814,378	6,746,730
Hong Kong	144,171	145,955
	<u>6,958,549</u>	<u>6,892,685</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 2025 and 2024, 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:

	2025 HK\$'000	2024 HK\$'000
Revenue from contracts with customers		
Integrated Resort Development	722,256	713,072
Gaming Business	115,212	210,282
Property Development	80,978	109,163
	<u>918,446</u>	<u>1,032,517</u>
Revenue from other sources		
Gross rental income from investment property operating leases	48,466	41,731
	<u>966,912</u>	<u>1,074,248</u>

5 OTHER INCOME AND GAINS, NET

	2025 HK\$'000	2024 HK\$'000
Dividend income from equity investments at fair value through other comprehensive income	72	79
Gain on disposal of items of property, plant and equipment	159	2,130
Foreign exchange differences, net	1,233	(7,235)
Reversal of provision	12,417	–
Compensation received from insurance	3,148	565
Others	4,220	5,749
	<u>21,249</u>	<u>1,288</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

6 LOSS BEFORE TAX

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

	2025 HK\$'000	2024 HK\$'000
Cost of properties and inventories sold:		
— Cost of properties sold	26,310	40,942
— Cost of inventories sold	76,634	67,795
— Reversal of provision for inventories	(127)	(340)
	<u>102,817</u>	<u>108,397</u>
Employee benefit expenses (including directors' remuneration):		
— Wages, salaries and other staff costs	484,751	501,939
— Retirement benefit costs*	31,220	31,534
	<u>515,971</u>	<u>533,473</u>
Amortisation and depreciation:		
— Depreciation of property, plant and equipment	182,909	221,972
— Depreciation of right-of-use assets	2,322	1,940
— Amortisation of other intangible assets	505	587
	<u>185,736</u>	<u>224,499</u>
(Reversal of impairment)/impairment of trade and other receivables, net:		
— (Reversal of impairment)/impairment of trade receivables, net	(72)	9,437
— (Reversal of impairment)/impairment of gaming receivables, net	(3,735)	1,586
— Impairment of other receivables, net	10	18
	<u>(3,797)</u>	<u>11,041</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

6 LOSS BEFORE TAX (continued)

	2025 HK\$'000	2024 HK\$'000
Expenses included in “Other operating expenses” **: <ul style="list-style-type: none"> — Auditor’s remuneration <ul style="list-style-type: none"> — Audit services to the Company — Audit services to the subsidiaries of the Company 	1,900 1,932	2,100 2,011
	3,832	4,111
— Repair and maintenance expenses of building, equipment and facility	121,105	125,674
— Expenses relating to short-term leases or leases of low-value assets	4,127	4,174
— Operating supplies and equipment	28,052	30,461
— Sales and marketing, promotion and advertising expenses	36,653	56,341
— Utilities expenses	105,533	103,863

* 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 (2024: 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

	2025 HK\$'000	2024 HK\$'000
Interest expenses:		
— Lease liabilities	(358)	(305)
— Bank borrowings	(85,176)	(97,403)
— Other borrowings	(6,749)	(209)
Finance costs	(92,283)	(97,917)
Interest income:		
— Bank interest income	1,243	3,465
— Other interest income	—	16
Finance income	1,243	3,481
Finance costs, net	(91,040)	(94,436)

8 INCOME TAX

Hong Kong profits tax has been provided at the rate of 8.25% on the estimated assessable profits arising in Hong Kong for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime for the year ended 31 December 2025. The first HK\$2,000,000 of assessable profits of this subsidiary are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%. During the year ended 31 December 2024, no Hong Kong profits tax has been provided as the Group did not generate any assessable profits arising in Hong Kong. Corporate income tax in South Korea is charged progressively from 10% to 21% (2024: 10% to 21%) 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.

	2025 HK\$'000	2024 HK\$'000
Current — South Korea		
Charge for the year	46	—
Current — Hong Kong		
Charge for the year	75	—
Current — Elsewhere		
Charge for the year	1	56
Deferred tax	603	—
Total tax expenses for the year	725	56

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 2025 (2024: Nil).

10 LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT

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

	2025 HK\$'000	2024 HK\$'000
Loss		
Loss attributable to owners of the parent, used in the basic and diluted loss per share calculation:	<u>(342,508)</u>	<u>(494,142)</u>
	Number of shares	
	2025	2024
	'000	'000
		(Restated)
Shares		
Weighted average number of ordinary shares in outstanding during the year used in the basic and diluted loss per share calculation	<u>2,059,826</u>	<u>1,033,806</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 2,059,826,000 (2024: 1,033,806,000 (restated)) outstanding for the year ended 31 December 2025, as adjusted for (i) the completion of issuing 304,290,000 ordinary shares of the Company to independent placees at HK\$0.118 per share on 15 July 2025, and (ii) the completion of issuing 1,825,740,693 rights shares on the basis of one rights share for every one share of the Company at the subscription price of HK\$0.10 per rights share on 3 November 2025. The weighted average number of shares for the year ended 31 December 2024 was restated, as if (ii) had occurred at the beginning of 1 January 2024.

The Group had no potential dilutive ordinary shares outstanding during the year (2024: Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

11 PREPAYMENTS, TRADE AND OTHER RECEIVABLES

	2025 HK\$'000	2024 HK\$'000
Trade receivables	20,284	34,964
Less: Loss allowance for impairment of trade receivables	–	(8,988)
	<u>20,284</u>	<u>25,976</u>
Trade receivables, net (Note (i))	20,284	25,976
Gaming receivables	183,395	186,838
Less: Loss allowance for impairment of gaming receivables	(180,122)	(179,333)
	<u>3,273</u>	<u>7,505</u>
Receivables from gaming customers, net (Note (ii))	3,273	7,505
Other receivables (Note (iii))	9,612	11,103
Prepayments	22,879	16,727
Value-added tax recoverable	2	73
Deposits	10,353	1,545
Restricted deposits for the bank borrowings	56,967	47,767
Restricted deposits for guarantee insurance	8,098	–
	<u>131,468</u>	<u>110,696</u>
Less: Non-current portion	(73,513)	(54,261)
Current portion	<u>57,955</u>	<u>56,435</u>

Notes:

(i) Trade receivables, net

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

	2025 HK\$'000	2024 HK\$'000
Within 30 days	19,519	25,490
31 to 60 days	762	95
61 to 90 days	–	236
Over 90 days	3	155
	<u>20,284</u>	<u>25,976</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

11 PREPAYMENTS, TRADE AND OTHER RECEIVABLES (continued)

Notes: (continued)

(ii) Receivables from gaming customers, net

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:

	2025 HK\$'000	2024 HK\$'000
Within 30 days	1,446	6,248
31 to 60 days	1,374	1,257
61 to 90 days	450	–
Over 90 days	3	–
	<u>3,273</u>	<u>7,505</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

	2025 HK\$'000	2024 HK\$'000
Cash and bank balances	131,017	229,683
Short-term time deposits	10,000	81,232
Restricted cash for the Cash Incident (Note)	54,797	53,466
	<u>195,814</u>	<u>364,381</u>
Less: Restricted cash for the Cash Incident (Note)	(54,797)	(53,466)
	<u>141,017</u>	<u>310,915</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\$72,343,000 as at 31 December 2025) (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. The criminal trial for the primary suspect was undergone at the Jeju District Court during 2025. As at 31 December 2025, the balance of this restricted cash amounted to KRW10,150,000,000 (equivalent to HK\$54,797,000) (2024: KRW10,150,000,000) and is classified as a current asset since such amount has been returned by the Jeju District Prosecutors’ Office to the Group in February 2026.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

13 TRADE AND OTHER PAYABLES

	2025 HK\$'000	2024 HK\$'000
Trade payables (Note)	7,279	4,758
Deposit received	31,361	24,052
Accrued expenses	49,015	57,576
Accrued employee benefits	55,873	54,028
Other tax payables	49,520	52,806
Other payables (Note)	10,013	28,728
Contract liabilities	47,108	44,105
	<u>250,169</u>	<u>266,053</u>
Less: Non-current portion	(19,138)	(28,015)
Current portion	<u>231,031</u>	<u>238,038</u>

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

	2025			2024		
	Effective interest rate	Maturity	HK\$'000	Effective interest rate	Maturity	HK\$'000
Current						
Bank loans – secured	3.2%/3.29% + Korea Certificate of Deposit rate	2026	67,700	2.75% + Korea Commercial Paper rate	2025	1,204,252
			<u>67,700</u>			<u>1,204,252</u>
Non-current						
Bank loans – secured	3.2%/3.29% + Korea Certificate of Deposit rate	2027-2028	809,020	–	–	–
	8.2%	2027-2028	179,889	–	–	–
Other borrowing – unsecured	6%	2032	27,000	6%	2032	27,000
			<u>1,015,909</u>			<u>27,000</u>
			<u>1,083,609</u>			<u>1,231,252</u>

The bank borrowings are secured by the Group's property, plant and equipment amounting to HK\$1,742,437,000 (2024: HK\$1,408,989,000), investment properties amounting to HK\$138,556,000 (2024: HK\$132,075,000), properties under development amounting to HK\$91,843,000 (2024: HK\$91,563,000) and completed properties for sale amounting to HK\$275,461,000 (2024: HK\$160,094,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

15 SHARE CAPITAL

	2025 HK\$'000	2024 HK\$'000
Authorised:		
1,000,000,000,000 (2024: 1,000,000,000,000) ordinary shares of HK\$0.01 (2024: HK\$0.01) each	<u>10,000,000</u>	<u>10,000,000</u>
Issued and fully paid:		
3,651,481,386 (2024: 1,521,450,693) ordinary shares of HK\$0.01 (2024: HK\$0.01) each	<u>36,515</u>	<u>15,215</u>

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

	Number of shares in issue '000	Issued capital HK\$'000	Share premium account HK\$'000	Total HK\$'000
At 1 January 2024	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 issue (Note (iv))	1,014,301	10,143	253,575	263,718
Share issue expenses of rights issue (Note (iv))	–	–	(2,955)	(2,955)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 December 2024 and 1 January 2025	<u>1,521,451</u>	<u>15,215</u>	<u>14,554,666</u>	<u>14,569,881</u>
Issue of shares by way of share placement (Note (v))	304,290	3,043	32,863	35,906
Share issue expenses of share placement (Note (v))	–	–	(472)	(472)
Issue of shares by way of rights issue (Note (vi))	1,825,741	18,257	164,317	182,574
Share issue expenses of rights issue (Note (vi))	–	–	(897)	(897)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 December 2025	<u>3,651,482</u>	<u>36,515</u>	<u>14,750,477</u>	<u>14,786,992</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 shares for every one existing share held by qualifying shareholders, at an issue price of HK\$0.26 per rights share, resulting in the issue of 1,014,301,462 shares for the gross proceeds, 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 expenses of HK\$2,955,000 were charged to the share premium account accordingly.
- (v) On 15 July 2025, pursuant to a placing agreement dated 27 June 2025, the Company allotted and issued 304,290,000 ordinary shares of the Company to independent placees, at HK\$0.118 per share. The aggregate cash proceeds received, before share issue expenses, was HK\$35,906,000. This transaction resulted in an increase of the issued share capital and share premium account of HK\$3,043,000 and HK\$32,863,000, respectively. Share issue expenses of HK\$472,000 were charged to the share premium account accordingly.
- (vi) On 3 November 2025, pursuant to the prospectus dated 2 October 2025, a rights issue of one rights share for every one share held by qualifying shareholders was made, at an issue price of HK\$0.10 per rights share, resulting in the issue of 1,825,740,693 shares for the gross proceeds, before expenses, of HK\$182,574,000. This transaction resulted in an increase of the issued share capital and share premium account of HK\$18,257,000 and HK\$164,317,000, respectively. Share issue expenses of HK\$897,000 were charged to the share premium account accordingly.

MANAGEMENT DISCUSSION AND ANALYSIS

The Company is an investment holding company, and during the year ended 31 December 2025 (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\$966,912,000 (2024: approximately HK\$1,074,248,000), representing a decrease of approximately 10% when compared to the year ended 31 December 2024. During the Year, non-gaming revenue was approximately HK\$851,700,000 (2024: approximately HK\$863,966,000) while gaming revenue was approximately HK\$115,212,000 (2024: approximately HK\$210,282,000).

For the Year, the loss attributable to the owners of the Company was approximately HK\$342,508,000 (2024: approximately HK\$494,142,000). The basic and diluted loss per share attributable to owners of the parent was HK16.63 cents (2024: HK47.80 cents (restated)). The decrease in consolidated net loss for the Year was mainly attributable to (i) a decrease in amortisation and depreciation; (ii) a decrease in operating expenses due to the absence of certain non-recurring expenses; and (iii) an increase in fair value of investment properties.

As at 31 December 2025, the consolidated net asset value of the Company was approximately HK\$6,439,452,000 (2024: approximately HK\$6,340,262,000) and the consolidated net asset value per weighted average number of ordinary shares outstanding during the year attributable to owners of the parent was approximately HK\$3.13 (2024: approximately HK\$6.13 (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 and beverage outlets, a leisure and entertainment complex, a theme park, a water park, and one of the largest foreigners-only casinos in Jeju.

The integrated resort, Jeju Shinhwa World offers more than 2,000 high-quality guest rooms and suites across four hotel brands, including the five-star rated Marriott Resort, the new lifestyle Shinhwa Resort, Landing Resort and the fully serviced Somerset family suites in Jeju. This diversified hotel portfolio is strategically positioned in Jeju to cater to a broad customer base, including luxury travellers, families, leisure tourists as well as corporate and MICE (Meetings, Incentives, Conferences and Events) guests. All hotels at Jeju Shinhwa World consistently receive high rankings and multiple recommendations from guests and the hospitality industry. A wide range of entertainment options is perfect for family and friends, from bowling to arcade games and cinema to karaoke. The spectacular views of Jeju's natural horizon distinguish Jeju Shinhwa World as one of the best integrated resorts in Northeast Asia.

In 2025, Momo Zoo, a brand-new capybara-themed zoo opened at Jeju Shinhwa World. Momo Zoo is integrated with our Shinhwa Theme Park, which features 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 theatre. Jeju Shinhwa World attracts both domestic and foreign tourists and also functions as an ideal venue for large-scale events. It has previously hosted New Year's Eve countdown party, live concert, FIFA World Cup soccer event, dining functions for USPGA golf tournament, and more. In addition, Shinhwa Waterpark is the largest water park in Jeju with 18,000 square metres of space. It features wave pools, water slides, rapids, spas, kids' pool, and a private cabana area suitable for visitors of all ages. Shinhwa Waterpark has established itself as the top water park attraction in Jeju.

Jeju Shinhwa World also boasts the most extensive food and beverage offerings under one roof in Jeju, presenting an impressive array of local and international cuisines. Guests can savor the legendary flavors of Jeju and Korean specialties, Chinese classics, Japanese dishes, Western favourites and many other culinary styles tailored to both tourists and domestic visitors. The poolside bar, contemporary pub and beer garden provide the perfect setting to unwind and relax.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

OPERATION AND BUSINESS REVIEW (continued)

Integrated Resort Development (continued)

The MICE business at Jeju Shinhwa World capitalises on the largest column-free ballroom in Jeju and the adjacent conference room facilities. The Convention Centre has hosted numerous high-profile regional and international events, making it an ideal venue for a wide range of gatherings, from corporate conferences, to weddings and family banquets. Various lifestyle facilities including the healthcare amenities and the Shinsegae Simon Jeju Premium Center within Jeju Shinhwa World, offer one-stop wellness treatment and shopping options ranging from foreign luxury brands to domestic fashion, sportswear, kids' items and cosmetics, attracting both domestic and foreign tourists.

To strengthen competitiveness, the Group continues to roll out bundled packages and event-based programmes. A wide range of membership promotions and attraction events such as Sky Pool Party, summer waterpark festivities, fireworks and lighting shows, live music, flea markets, art exhibitions, kids' activities, and seasonal gourmet tastings, were launched to enrich the customer experience. In addition, the Group continued to leverage social media to expand geographic reach and strengthen engagement with target audiences.

For the Year, the Integrated Resort Development generated segment revenue of approximately HK\$769,042,000 (2024: approximately HK\$754,803,000), which was mainly derived from hotels, food and beverage services, MICE events, theme park attractions, water parks, merchandise sales and leases of retail spaces within the resort, representing a slight increase of approximately 1.9% as compared to the previous financial year in 2024. The Group's continued dedication to sales and marketing efforts to enable it to maintain stable segment revenue for the Year. The segment loss of the Integrated Resort Development was approximately HK\$68,690,000 for the Year (2024: approximately HK\$215,593,000).

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

OPERATION AND BUSINESS REVIEW (continued)

Gaming Business

Les A Casino (formerly known as Landing Casino), an integral part of Jeju Shinhwa World, is one of the largest foreigners-only casinos in South Korea with 179 gaming tables, 65 slot machines and electronic gaming devices, occupying an exclusive gaming area of approximately 5,500 square metres. In 2025, Les A Casino hosted various major poker tournaments and events including the Korea Poker Cup Series and the Jeju Poker Festival. The success of these tournaments attracted numerous visitors and enhanced the publicity of Les A Casino.

However, attributable to a decrease in rolling win rate combined with lower rolling and non-rolling volumes, the Gaming Business recorded net revenue of approximately HK\$115,212,000 (2024: approximately HK\$210,282,000) for the Year, representing a decrease of approximately 45.2% as compared to the previous financial year in 2024; and the segment loss from the Gaming Business for the Year was approximately HK\$156,654,000 (2024: approximately HK\$139,281,000).

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 (2024: Nil). Besides, no impairment was recorded on the relevant property, plant and equipment after the assessment.

Property Development

Primarily attributable to the sustained cooling of the residential property market in Jeju in recent years, arising from persistently high interest rates, weakening residential property demand and increased supply pressure from elevated levels of unsold housing inventory, sales of resort condominiums and villas in zone R of Jeju Shinhwa World declined during the Year.

For the Year, revenue generated from sales of residential properties and property management were amounted to approximately HK\$69,213,000 (2024: approximately HK\$97,093,000) and approximately HK\$13,445,000 (2024: approximately HK\$12,070,000), respectively. The segment profit of the Property Development was approximately HK\$30,633,000 (2024: approximately HK\$18,453,000).

As of 31 December 2025, approximately HK\$288,969,000 (2024: approximately HK\$259,623,000) was classified as completed properties for sale.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

OUTLOOK

Jeju Shinhwa World is strategically positioned to develop into a dynamic tourism paradise, leveraging the global appeal of Jeju Island, an internationally recognised UNESCO World Natural Heritage site and one of Lonely Planet's top 25 travel destinations for 2026, renowned for its natural beauty and unique culture.

The Group's long-term vision is to transform Jeju Shinhwa World into a multi-purpose, all-day destination that extends far beyond hospitality and gaming. Our non-gaming facilities, including a world-class MICE venue, a premium retail zone, cultural attractions, and family-oriented entertainment will broaden our customer reach and increase visitor spending. The holistic experience offered by Jeju Shinhwa World is tailored not only to attract luxury travel and leisure travellers, but also to serve corporate clients, educational groups, lifestyle influencers, and event organisers seeking distinctive and fully equipped venues.

Event-based programmes such as large-scale poker tournaments, golf clinics, live concerts, seasonal festivals, and themed cultural events will continue to be the key drivers of repeat visitation. These events are expected to generate ancillary revenue across food and beverage, retail, and park attractions, thereby diversifying the Group's revenue streams and reducing reliance on hotel occupancy over the medium term. The Group believes that its wide range of entertainment and amenities is the key element that distinguishes it from competitors.

In 2026, the Group will continue to invest in facility upgrades and renovations to ensure operational excellence, maintain asset value, and align with evolving customer expectations. These investments will also enhance Jeju Shinhwa World's attractiveness to strategic partners and sponsors. Alongside these efforts, the Group will continue to monitor the residential property market for opportunities to develop its unutilised land assets, enabling further expansion when market conditions are favorable.

In light of the recent conflict in Middle East, which has heightened global economic uncertainties and intensified geopolitical tensions, the Group will exercise prudence in its long-term investment and growth strategy. Despite these challenges, the Group remains steadfast in its commitment to evolving Jeju Shinhwa World into a distinguished and sustainable integrated resort destination in the year ahead.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

FINANCIAL RESOURCES AND LIQUIDITY

As at 31 December 2025, the Group had non-current assets of approximately HK\$7,155,195,000 (2024: approximately HK\$7,120,785,000) and net current assets of approximately HK\$382,858,000 (2024: net current liabilities of approximately HK\$679,542,000). The current ratio, expressed as the ratio of the current assets over the current liabilities, was 2.27 as at 31 December 2025 (2024: 0.53). The increase in the current ratio is mainly due to the majority of bank borrowings, being classified as non-current liabilities as at 31 December 2025, following the refinancing executed in April 2025, which will mature in 2028.

For the Year, the reversal of impairment of trade and other receivables (net) amounted to approximately HK\$3,797,000 (2024: impairment of approximately HK\$11,041,000). The provisions mainly consisted of overdue receivables with long aging periods. As at 31 December 2025, the Group had prepayments, trade and other receivables of approximately HK\$131,468,000 (2024: approximately HK\$110,696,000). As at 31 December 2025, the Group had cash and bank balances of approximately HK\$141,017,000, with approximately HK\$35,045,000, HK\$100,349,000, HK\$35,000 and HK\$4,845,000 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 Japanese YEN (2024: 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 HKD, KRW, SGD and USD, respectively and the remaining balances mainly held in Great British Pound).

As at 31 December 2025, the Group had trade and other payables of approximately HK\$250,169,000 (2024: approximately HK\$266,053,000), a bank borrowing in KRW with floating interest rate of approximately HK\$876,720,000 (2024: approximately HK\$1,204,252,000), a bank borrowing in KRW with fixed interest rate of approximately HK\$179,889,000 (2024: Nil) and an other borrowing in HKD with fixed interest rate of approximately HK\$27,000,000 (2024: HK\$27,000,000) while total liabilities of the Group amounted to approximately HK\$1,399,933,000 (2024: approximately HK\$1,545,197,000). The Group’s gearing ratio, which was measured on the basis of the Group’s total liabilities divided by total assets, was 17.9% (2024: 19.6%).

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 2025, the Group was holding a listed equity investment at a fair value of approximately HK\$1,360,000 (representing approximately 0.1% of the consolidated total assets of the Group), which was classified as equity investment designated at fair value through other comprehensive income (2024: approximately HK\$1,128,000). Net fair value gain in respect of this investment of approximately HK\$232,000, which was resulted from the upward 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 2025.

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 2025 and the date of this announcement, the total number of issued ordinary shares of the Company (“**Share(s)**”) was 3,651,481,386 shares with a nominal value of HK\$0.01 each.

Issue of Shares Under the General Mandate

On 27 June 2025, the Company entered into a placing agreement with the placing agent to place, on a best-effort basis, 304,290,000 placing shares at HK\$0.118 per Share (net price per placing share: approximately HK\$0.116 and closing price of the Share on 27 June 2025: HK\$0.145) under the general mandate granted at the annual general meeting of the Company held on 18 June 2025 (the “**2025 General Mandate**”) to not less than six independent placees (the “**Placing**”). All placing shares were successfully placed, representing approximately 16.67% of the then issued share capital of the Company as enlarged by the issue of placing shares on 15 July 2025. The gross proceeds raised amounted to approximately HK\$35.9 million and the 2025 General Mandate was thereby almost fully utilised.

The net proceeds from the Placing, after deduction of the placing commission and other related expenses, amounted to approximately HK\$35.4 million. The Company intended to use such net proceeds from the Placing in the following manner: (i) approximately HK\$13.0 million for payment of bank interest expense; (ii) approximately HK\$6.0 million for the upgrade of information system and other operating technologies; (iii) approximately HK\$5.0 million for sales and marketing expenses; and (iv) the balance of approximately HK\$11.4 million for operating expenses, including staff costs, operating supplies and equipment as well as professional fees. As at 31 December 2025, the net proceeds from the Placing had been fully utilized as intended. For details, please refer to the announcements of the Company dated 27 June 2025 and 15 July 2025 (the “**Placing announcements**”).

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

CAPITAL STRUCTURE (continued)

Rights Issue

On 25 July 2025, the Company entered into an underwriting agreement with the underwriter in relation to the proposed rights issue on the basis of one rights share for every Share held at a subscription price of HK\$0.10 per rights share (the “**Rights Issue**”), raising up to approximately HK\$182.57 million before expenses by way of issuing up to 1,825,740,693 rights shares, on a best-effort and non-fully underwritten basis. The net subscription price per rights share was approximately HK\$0.0979 and closing price of the Share on the date of the underwriting agreement was HK\$0.152. The Rights Issue was approved by the Shareholders at the special general meeting held on 16 September 2025 and was over-subscribed by approximately 3.69%. On 3 November 2025, the Company allotted and issued 1,825,740,693 rights shares and thereby the total number of issued shares of the Company had been increased to 3,651,481,386 Shares.

The intended use of the net proceeds from the Rights Issue (the “**Net Proceeds**”), after deducting the relevant fees and expenses, amounted to approximately HK\$178.75 million, of which (i) approximately HK\$100 million for repayment of a loan and a bond; (ii) approximately HK\$45 million for interest payments; (iii) HK\$20 million for maintenance of the existing aging infrastructure and development of new facilities in Jeju Shinhwa World; (iv) approximately HK\$9 million for sales and marketing expenses; and (v) remaining of approximately HK\$4.75 million for general working capital of the Company. Details of the Rights Issue, including the intended use of proceeds are set out in the prospectus of the Company dated 2 October 2025, and the actual use of Net Proceeds in 2025 is shown below.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

CAPITAL STRUCTURE (continued)

As at 31 December 2025, 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 2025 HK\$'000	Net Proceeds expected to be utilised in 2026 HK\$'000
(a) repayment of a loan of HK\$50 million and a bond of HK\$50 million	100,000	100,000	–	–
(b) payment of interest expenses	45,000	21,758	23,242	23,242
(c) maintenance of the existing aging infrastructure and development of new facilities in Jeju Shinhwa World	20,000	1,600	18,400	18,400
(d) sales and marketing expenses	9,000	3,315	5,685	5,685
(e) general working capital of the Company	4,750	4,750	–	–
Total	<u>178,750</u>	<u>131,423</u>	<u>47,327</u>	<u>47,327</u>

The management of the Group is in the course of reassessing the scope and timing of certain maintenance and new facilities development at Jeju Shinhwa World, taking into account certain business plans that remain subject to further consideration. Such review may give rise to possible adjustments to the proposed use of proceeds in respect of the portion allocated to maintenance and development of new facilities and the relevant expected timeline. As at the date of this announcement, it is expected that the Net Proceeds will be fully utilized as intended by end of 2026, subject to any immaterial adjustment. The Company will make further disclosure in compliance with the applicable requirements under the Listing Rules as and when appropriate in the event of any material change to the use of proceeds of the Rights Issue.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

CAPITAL STRUCTURE (continued)

In respect of the rights issue completed in July 2024, the Company allotted and issued a total of 1,014,300,462 rights shares. The net proceeds, amounting to approximately HK\$258.6 million, had been fully utilised by 30 June 2025. Further details, including a detailed breakdown of the actual use of proceeds, are disclosed in the Company's 2025 interim report.

Issue of Bonds

In 2024, the Board approved the issue of the unlisted and unsecured bonds in the aggregate principal amount of not more than HK\$200 million 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.

On 15 November 2024, the Company issued a bond with principal amount of HK\$27,000,000 which bears interest at 6% per annum and due in November 2032 (unless otherwise extended for a further term of 24 months at the sole discretion of the Company) (the “**Bond 2024**”). As of 31 December 2025, the Bond 2024 remained outstanding.

On 8 April 2025, the Company issued a bond with principal amount of HK\$50,000,000 which bears interest at 8% per annum and due in April 2026 (unless otherwise extended for a further term of 12 months at the sole discretion of the Company) (the “**Bond 2025**”). On 5 December 2025, the Company served a notice of redemption to the Bondholder to early redeem Bond 2025 in whole at the outstanding principal amount plus accrued and unpaid interests. As of 31 December 2025, the Company's obligations under the Bond 2025 had been fully discharged.

CAPITAL COMMITMENTS

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

	2025	2024
	HK\$'000	HK\$'000
Contracted, but not provided for:		
Property under development	<u>54,891</u>	<u>53,447</u>

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

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

CONTINGENT LIABILITIES

As at 31 December 2025, the Group did not have any material contingent liabilities (2024: Nil).

PLEDGE OF ASSETS

As at 31 December 2025, the following assets of the Group were pledged to certain banks to secure general banking facilities payable granted to the Group:

	2025	2024
	HK\$'000	HK\$'000
Property, plant and equipment	1,742,437	1,408,989
Investment properties	138,556	132,075
Properties under development	91,843	91,563
Completed properties for sale	275,461	160,094

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

SEGMENT INFORMATION

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

CASH FLOW MANAGEMENT AND LIQUIDITY RISK

The Group's objective regarding cash flow management is to maintain a balance between continuity of funding and flexibility through a combination of internal resources, bank and other borrowings, and other debt or equity securities, as appropriate. During the Year, the Group entered into loan agreements with certain financial institutions for the re-financing facilities. The Group pays close attention to the present financial and liquidity position, and will continue to maintain a reasonable liquidity buffer to ensure sufficient funds are available to meet liquidity requirements at all times.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

CURRENCY AND INTEREST RATE STRUCTURE

Business transactions of the Group are mainly denominated in HKD, KRW 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 2025, the Group had outstanding bank borrowing that bear floating interest linked to the Korea Certificate of Deposit rate ("CD rate"). Currently, the Group does not hold any derivative financial instrument that linked to interest rates. In view of the trend of CD rate, the Group continues to monitor closely its exposure to interest rate risk and may deploy derivative financial instruments to hedge against risk, if appropriate.

EMPLOYEE AND REMUNERATION POLICIES

As at 31 December 2025, the Group had approximately 1,541 (2024: approximately 1,558) employees with total staff costs (including directors' remuneration) amounting to approximately HK\$515,971,000 (2024: approximately HK\$533,473,000) including management and administrative staff. The employees were mainly stationed in South Korea and Hong Kong. The remuneration, promotion and salary increment of employees are assessed according to the individual's performance, as well as professional and working experience, and in accordance with prevailing industry practices. The Group also offers a variety of training schemes to its employees.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

CASH INCIDENT

As previously disclosed, the Group reported to Jeju Special Self-Governing Provincial Police Agency of Korea (the “**Jeju Police**”) in Jeju, South Korea in early January 2021 in relation to the missing fund of approximately KRW14,555,000,000 (equivalent to approximately HK\$103,713,000 as of 31 December 2020) cash (the “**Incident**”). KRW13,400,000,000 (equivalent to approximately HK\$72,343,000) cash found had been retained by the Jeju Police. Investigations in relation to the primary suspect and the alleged co-conspirator(s) were recommenced in November 2024, and criminal trial took place in 2025. As at the date of this announcement, the Board is not aware of any judgement having been handed down. 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. The cash found amounting to approximately KRW10,150,000,000 (equivalent to approximately HK\$54,797,000) has been classified as a current asset as at 31 December 2025 since KRW12,642,500,000 (equivalent to approximately HK\$68,250,000) seized item has been returned by the Jeju District Prosecutors’ Office to the Group in February 2026. Save for the aforesaid, there was no further adjustment or loss made for the Year.

EVENTS AFTER THE REPORTING PERIOD

There were no significant events subsequent to 31 December 2025 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 (2024: 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. Shek Lai Him Abraham, an independent non-executive Director, was unable to attend the annual general meeting of the Company held on 18 June 2025 due to other business commitments; and Mr. Du Peng, an independent non-executive Director, was unable to attend the special general meeting of the Company held on 16 September 2025 due to other business engagement, which deviated from code provision C.1.6.

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.

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 2025 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, 30 March 2026

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.