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**萬達酒店發展有限公司**  
**WANDA HOTEL DEVELOPMENT COMPANY LIMITED**  
*(Incorporated in Bermuda with limited liability)*  
**(Stock Code : 169)**

**INTERIM RESULTS ANNOUNCEMENT  
FOR THE SIX MONTHS ENDED 30 JUNE 2023**

The Board of Directors (the “Board”) of Wanda Hotel Development Company Limited (the “Company”) announces the unaudited condensed consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2023 (the “Period”), together with the comparative figures for the corresponding period in 2022, as follows:

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS**

*for the six months ended 30 June 2023*

*(Expressed in Hong Kong Dollars)*

	<i>Notes</i>	<b>Unaudited</b>	
		<b>Six months ended 30 June</b>	
		<b>2023</b>	2022
		<b>\$'000</b>	<b>\$'000</b>
Revenue	4	<b>464,089</b>	355,530
Cost of sales		<b>(241,104)</b>	(187,263)
<b>Gross profit</b>		<b>222,985</b>	168,267
Other income and gains, net	5	<b>62,557</b>	53,295
Net valuation loss on investment properties	10	<b>(1,102)</b>	(25,108)
Selling expenses		<b>(7,652)</b>	(7,201)
Administrative expenses		<b>(59,900)</b>	(61,497)
Finance costs	7	<b>(11,056)</b>	(20,852)
Share of losses of joint ventures		<b>(672)</b>	–

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
(Continued)**

*for the six months ended 30 June 2023*

*(Expressed in Hong Kong Dollars)*

		<b>Unaudited</b>	
		<b>Six months ended 30 June</b>	
		<b>2023</b>	2022
	<i>Notes</i>	<b>\$'000</b>	<b>\$'000</b>
<b>Profit before tax</b>	6	<b>205,160</b>	106,904
Income tax expense	8	<u>(40,027)</u>	<u>(28,443)</u>
<b>Profit for the period</b>		<b><u>165,133</u></b>	<b><u>78,461</u></b>
Attributable to:			
Owners of the parent		<b>140,047</b>	63,745
Non-controlling interests		<u>25,086</u>	<u>14,716</u>
		<b><u>165,133</u></b>	<b><u>78,461</u></b>
<b>Earnings per share attributable to ordinary equity holders of the parent (HK cents)</b>	9		
Basic and diluted		<b><u>3.0</u></b>	<b><u>1.4</u></b>

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the six months ended 30 June 2023

(Expressed in Hong Kong Dollars)

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2023</b>	2022
	<b>\$'000</b>	\$'000
<b>Profit for the period</b>	<b><u>165,133</u></b>	<b><u>78,461</u></b>
<b>Other comprehensive loss</b>		
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	<u>(67,687)</u>	<u>(92,348)</u>
<b>Other comprehensive loss for the period, net of tax</b>	<u>(67,687)</u>	<u>(92,348)</u>
<b>Total comprehensive income/(loss) for the period</b>	<b><u>97,446</u></b>	<b><u>(13,887)</u></b>
<b>Attributable to:</b>		
Owners of the parent	<u>87,040</u>	(8,931)
Non-controlling interests	<u>10,406</u>	<u>(4,956)</u>
	<b><u>97,446</u></b>	<b><u>(13,887)</u></b>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*at 30 June 2023*

*(Expressed in Hong Kong Dollars)*

		Unaudited 30 June 2023 \$'000	Audited 31 December 2022 \$'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		146,140	147,140
Investment properties	10	1,362,258	1,407,212
Right-of-use assets		299,565	323,441
Intangible assets		11,338	10,088
Investments in joint ventures		213	230
Long-term receivable	12	1,859,583	1,783,937
Deferred tax assets		91,566	79,064
<b>Total non-current assets</b>		<b>3,770,663</b>	<b>3,751,112</b>
<b>CURRENT ASSETS</b>			
Inventories		408	207
Trade and bills receivables	11	218,809	214,665
Contract assets		89,542	100,157
Prepayments, other receivables and other assets	12	98,095	112,733
Income tax recoverable		1,646	1,410
Restricted bank balance		12,798	13,210
Cash and cash equivalents		371,721	1,067,711
<b>Total current assets</b>		<b>793,019</b>	<b>1,510,093</b>
<b>CURRENT LIABILITIES</b>			
Trade payables, other payables and accruals	13	565,674	1,303,500
Contract liabilities		55,561	62,401
Receipts in advance		8,480	7,360
Loans from an intermediate holding company		6,182	11,404
Lease liabilities		26,872	31,808
Income tax payables		86,909	60,091
<b>Total current liabilities</b>		<b>749,678</b>	<b>1,476,564</b>
<b>NET CURRENT ASSETS</b>		<b>43,341</b>	<b>33,529</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>3,814,004</b>	<b>3,784,641</b>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

at 30 June 2023

(Expressed in Hong Kong Dollars)

	<b>Unaudited</b>	Audited
	<b>30 June</b>	31 December
	<b>2023</b>	2022
<i>Notes</i>	<b>\$'000</b>	\$'000
<b>NON-CURRENT LIABILITIES</b>		
Contract liabilities	<b>84,103</b>	65,835
Lease liabilities	<b>335,265</b>	356,189
Deferred tax liabilities	<b>170,773</b>	175,134
	<hr/>	<hr/>
<b>Total non-current liabilities</b>	<b>590,141</b>	597,158
	<hr/>	<hr/>
<b>Net assets</b>	<b>3,223,863</b>	3,187,483
	<hr/> <hr/>	<hr/> <hr/>
<b>EQUITY</b>		
<b>Equity attributable to owners of the parent</b>		
Share capital	<i>14</i> <b>469,735</b>	469,735
Retained earnings	<b>818,483</b>	678,436
Other reserves	<b>1,366,170</b>	1,419,177
	<hr/>	<hr/>
	<b>2,654,388</b>	2,567,348
<b>Non-controlling interests</b>	<b>569,475</b>	620,135
	<hr/>	<hr/>
<b>Total equity</b>	<b>3,223,863</b>	3,187,483
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# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

*(Expressed in Hong Kong dollars unless otherwise indicated)*

## 1. CORPORATE INFORMATION

The Company is a limited liability company incorporated in Bermuda. The registered office of the Company is located at Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM10, Bermuda.

The Company and its subsidiaries (hereinafter collectively referred to as the “Group”) are principally engaged in hotel operation and management, hotel design and construction management services and investment properties leasing in the People’s Republic of China (the “PRC”) and overseas during the six months ended 30 June 2023 (the “Period”).

In the opinion of the Company’s directors (the “Directors”), the immediate holding company of the Company is Wanda Commercial Properties Overseas Limited (“Wanda Overseas”), a company established in the British Virgin Islands (the “BVI”), and the ultimate holding company of the Company is Dalian Hexing Investment Company Limited, a company established in the PRC.

This unaudited interim condensed consolidated financial information has been approved for issue by the board on 16 August 2023.

## 2. BASIS OF PREPARATION, ACCOUNTING POLICIES AND DISCLOSURES

### 2.1 Basis of preparation

This interim condensed consolidated financial information for the six months ended 30 June 2023 has been prepared in accordance with the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”) and Hong Kong Accounting Standard (“HKAS”) 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants.

This interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2022.

This interim condensed consolidated financial information is presented in Hong Kong dollars (“\$”) and all values are rounded to the nearest thousand (“\$’000”), unless otherwise stated.

## 2. BASIS OF PREPARATION, ACCOUNTING POLICIES AND DISCLOSURES (Continued)

### 2.2 Changes in accounting policies and disclosures

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2022, except for the adoption of the following new and revised Hong Kong Financial Reporting Standards ("HKFRSs") for the first time for the current period's financial information.

HKFRS 17	<i>Insurance Contracts</i>
Amendments to HKFRS 17	<i>Insurance Contracts</i>
Amendment to HKFRS 17	<i>Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information</i>
Amendments to HKAS 1 and HKFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i>
Amendments to HKAS 8	<i>Definition of Accounting Estimates</i>
Amendments to HKAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
Amendments to HKAS 12	<i>International Tax Reform – Pillar Two Model Rules</i>

The application of the revised standards in the Period has had no material impact on the amounts reported in these condensed consolidated financial statements and/or disclosures set in these condensed consolidated financial statements.

### 3. OPERATING SEGMENT INFORMATION

For management purpose, the Group's operating businesses are structured and managed separately according to the nature of their operations and the products and services they provide. Each of the Group's operating segments represents a strategic business unit that offers products and services which are subject to risks and returns different from those of the other operating segments. The Group has three reportable operating segments and particulars of the Group's reportable operating segments are summarised as follows:

- (a) hotel operation and management services;
- (b) hotel design and construction management services; and
- (c) leasing of investment properties held by the Group for long-term investment.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is measured by adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax except that non-lease-related finance costs, other income and gains, net as well as corporate and other unallocated expense are excluded from such measurement.

Segment assets exclude deferred tax assets, income tax recoverable, restricted bank balance, cash and cash equivalents and corporate and other unallocated assets as these assets are managed on a group basis.

Segment liabilities exclude deferred tax liabilities, loans from an intermediate holding company, income tax payables and corporate and other unallocated liabilities as these liabilities are managed on a group basis.

### 3. OPERATING SEGMENT INFORMATION (Continued)

#### (i) Segment results, assets and liabilities

Six months ended 30 June 2023 (unaudited)

	Hotel operation and management services \$'000	Hotel design and construction management services \$'000	Investment properties leasing \$'000	Total \$'000
<b>Segment revenue: (note 4)</b>				
Sales to external customers	335,718	84,436	43,935	<u>464,089</u>
<b>Segment profit</b>	<b>111,607</b>	<b>12,468</b>	<b>26,517</b>	<b>150,592</b>
<i>Reconciliation:</i>				
Other income and gains, net (note 5)				62,557
Finance costs (other than interest on lease liabilities) (note 7)				(180)
Corporate and other unallocated expense				<u>(7,809)</u>
Profit before tax				<u>205,160</u>
<b>As at 30 June 2023 (unaudited)</b>				
<b>Segment assets</b>	<b>605,646</b>	<b>233,159</b>	<b>1,380,925</b>	<b>2,219,730</b>
<i>Reconciliation:</i>				
Corporate and other unallocated assets				<u>2,343,952</u>
Total assets				<u>4,563,682</u>
<b>Segment liabilities</b>	<b>703,560</b>	<b>55,504</b>	<b>43,089</b>	<b>802,153</b>
<i>Reconciliation:</i>				
Corporate and other unallocated liabilities				<u>537,666</u>
Total liabilities				<u>1,339,819</u>

### 3. OPERATING SEGMENT INFORMATION (Continued)

#### (i) Segment results, assets and liabilities (Continued)

##### Six months ended 30 June 2022 (unaudited)

	Hotel operation and management services \$'000	Hotel design and construction management services \$'000	Investment properties leasing \$'000	Total \$'000
<b>Segment revenue: (note 4)</b>				
Sales to external customers	208,740	96,621	50,169	<u>355,530</u>
<b>Segment profit</b>	40,447	25,623	3,911	69,981
<i>Reconciliation:</i>				
Other income and gains, net (note 5)				53,295
Finance costs (other than interest on lease liabilities) (note 7)				(8,584)
Corporate and other unallocated expense				<u>(7,788)</u>
Profit before tax				<u>106,904</u>
<b>As at 31 December 2022 (audited)</b>				
<b>Segment assets</b>	638,642	238,061	1,427,116	2,303,819
<i>Reconciliation:</i>				
Corporate and other unallocated assets				<u>2,957,386</u>
Total assets				<u>5,261,205</u>
<b>Segment liabilities</b>	885,709	151,454	42,165	1,079,328
<i>Reconciliation:</i>				
Corporate and other unallocated liabilities				<u>994,394</u>
Total liabilities				<u>2,073,722</u>

### 3. OPERATING SEGMENT INFORMATION (Continued)

#### (ii) Geographical information

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's non-current assets (excluding deferred tax assets) ("specified non-current assets"). The geographical location of revenue from external customers is based on the location at which the services were provided or the properties were sold or leased. The geographical location of the specified non-current assets is based on the physical location of the assets, in the case of fixed assets, and the location of the operation to which they are allocated.

	Segment revenue from external customers		Specified non-current assets	
	Unaudited Six months ended 30 June		Unaudited 30 June	Audited 31 December
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
The PRC (including Hong Kong)	461,785	355,053	1,819,514	1,888,111
Overseas	2,304	477	1,859,583	1,783,937
	<b>464,089</b>	<b>355,530</b>	<b>3,679,097</b>	<b>3,672,048</b>

#### 4. REVENUE

An analysis of revenue is as follows:

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2023</b>	2022
	<b>\$'000</b>	\$'000
<b><i>Revenue from contracts with customers</i></b>		
Hotel management services	<b>254,050</b>	152,003
Hotel design and construction management services	<b>84,436</b>	96,621
Hotel operation income	<b>81,668</b>	56,737
	<hr/>	<hr/>
	<b>420,154</b>	305,361
<b><i>Revenue from other sources</i></b>		
Gross rental income from investment properties operating leases:		
Variable rent	<b>2,145</b>	2,257
Base rent	<b>41,790</b>	47,912
	<hr/>	<hr/>
	<b>43,935</b>	50,169
	<hr/>	<hr/>
	<b>464,089</b>	355,530
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#### Disaggregated revenue information for revenue from contracts with customers

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2023</b>	2022
	<b>\$'000</b>	\$'000
<b>Recognised at a point in time</b>		
Hotel operation income from sales of goods, catering services and others	<b>48,396</b>	27,744
<b>Recognised over time</b>		
Hotel operation income from rooms	<b>33,272</b>	28,993
Hotel management services	<b>254,050</b>	152,003
Hotel design and construction management services	<b>84,436</b>	96,621
	<hr/>	<hr/>
<b>Revenue from contracts with customers</b>	<b>420,154</b>	305,361
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## 5. OTHER INCOME AND GAINS, NET

An analysis of the Group's other income and gains, net is as follows:

	Unaudited	
	Six months ended 30 June	
	2023	2022
	\$'000	\$'000
Bank interest income	4,884	14,047
Interest income on long-term receivable	62,898	58,822
Other interest income from financial assets at fair value through profit or loss	–	7,114
Exchange gains/(losses), net	9,853	(8,430)
(Impairment)/reversal of impairment of financial and contract assets, net:		
– Impairment of trade receivables	(26,274)	(11,141)
– (Impairment)/reversal of impairment of other receivables	(2,081)	141
– Impairment of contract assets	(2,563)	(5,110)
– Reversal of impairment/(impairment) of long-term receivable	3,372	(4,829)
Government grants	11,763	–
Others	705	2,681
	<u>62,557</u>	<u>53,295</u>

## 6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging:

	Unaudited	
	Six months ended 30 June	
	2023	2022
	\$'000	\$'000
Cost of goods sold	38,202	24,164
Cost of services provided	<u>202,902</u>	<u>163,099</u>
	241,104	187,263
Depreciation of property, plant and equipment	8,446	8,031
Depreciation of right-of-use assets	15,435	16,860
Lease payments not included in the measurement of lease liabilities	<u>3,052</u>	<u>3,645</u>

## 7. FINANCE COSTS

An analysis of the Group's finance costs is as follows:

	Unaudited	
	Six months ended 30 June	
	2023	2022
	\$'000	\$'000
Interest on loans from an intermediate holding company	180	8,584
Interest on lease liabilities	<u>10,876</u>	<u>12,268</u>
	<u><b>11,056</b></u>	<u><b>20,852</b></u>

## 8. INCOME TAX EXPENSE

	Unaudited	
	Six months ended 30 June	
	2023	2022
	\$'000	\$'000
Current tax – Corporate income tax ( <i>Note (iii)</i> )		
– Charge for the period	54,502	61,420
– Overprovision in prior periods	(1,033)	(725)
Deferred tax	<u>(13,442)</u>	<u>(32,252)</u>
Total income tax expense for the period	<u><b>40,027</b></u>	<u><b>28,443</b></u>

*Notes:*

- (i) Pursuant to the rules and regulations of Bermuda and the BVI, the Group is not subject to any income tax in Bermuda and the BVI.
- (ii) Except the income tax provided at the applicable income tax rate of 28.505% (six months ended 30 June 2022: 28.505%) on the assessable profits for Wanda Chicago Real Estate LLC, a subsidiary of the Company registered in the USA, no provision for Hong Kong profits tax or overseas corporate income tax has been made as the Group did not have assessable profits in Hong Kong or overseas during the period.

## **8. INCOME TAX EXPENSE (Continued)**

### **(iii) The PRC Corporate income tax (“CIT”)**

The provision for the PRC CIT has been made at the applicable income tax rate of 25% (six months ended 30 June 2022: 25%) on the assessable profits of the Group’s subsidiaries in Mainland China, except for the subsidiaries of the Company established in Horgos, Xinjiang Uygur Autonomous region, which enjoy PRC corporate income tax exemptions in accordance with the relevant tax rules, and the subsidiary of the Company established in Zhuhai, Guangdong Province, which enjoy a preferential tax rate of 15% and certain subsidiaries are subject to preferential tax rates for small-scale taxpayers. Taxes on profits assessable elsewhere have been calculated at the rate of tax prevailing in the countries in which the Group operates.

## **9. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT**

### **(a) Basic earnings per share**

The calculation of basic earnings per share is based on the profit for the period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 4,697,347,000 (six months ended 30 June 2022: 4,697,347,000) in issue during the Period.

### **(b) Diluted earnings per share**

The Group had no potentially dilutive ordinary shares in issue during the Period and the six months ended 30 June 2022.

## **10. INVESTMENT PROPERTIES**

During the Period, the Group has no addition in investment properties (six months ended 30 June 2022: Nil).

Investment properties carried at fair value were revalued as at 30 June 2023 based on valuations performed by an independent qualified valuer, Cushman & Wakefield Shenzhen Valuation Co., Ltd. (“Cushman & Wakefield”). Cushman & Wakefield is an industry specialist in investment property valuation, which has the appropriate qualifications and recent experience in the valuation of similar properties in the relevant locations. The valuation for completed investment properties was arrived at by considering the capitalised income to be derived from the existing tenancies and the reversionary potential of the properties, where appropriate, by reference to market evidence of transaction prices for the similar properties in the same locations and conditions. There were no changes to the valuation techniques during the Period. As a result of the revaluation, loss of \$1,102,000 (six months ended 30 June 2022: \$25,108,000) in respect of investment properties has been recognised in the statement of profit or loss for the Period.

## 11. TRADE AND BILLS RECEIVABLES

	<b>Unaudited</b>	Audited
	<b>30 June</b>	31 December
	<b>2023</b>	2022
	<b>\$'000</b>	\$'000
Trade receivables	<b>356,087</b>	325,706
Impairment	<b>(138,905)</b>	(116,742)
	<b>217,182</b>	208,964
Bills receivables	<b>1,627</b>	5,701
	<b>218,809</b>	214,665

Receivables from leasing properties are normally settled on an advance receipt basis, where the lessees are required to pay in advance for several months' rental payment and pay a security deposit as well. However, in the case of long-standing customers with good repayment history, the Group may offer these customers credit terms.

For the business of the hotel operation, receivables are normally settled in advance. However, the Group may offer credit terms to certain corporate clients.

For the business of hotel management services, hotel design and construction management services, the Group's trading terms with its customers are mainly on credit. The Group has set out policies to ensure follow-up action is taken to recover overdue debts. The Group also reviews regularly the recoverable amount of each individual trade receivable balance to ensure that adequate provision for impairment losses are made for irrecoverable amounts. The Group does not hold any collateral or other credit enhancements over such trade receivable balances. Trade receivables are non-interest-bearing.

The 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:

	<b>Unaudited</b>	Audited
	<b>30 June</b>	31 December
	<b>2023</b>	2022
	<b>\$'000</b>	\$'000
Within 3 months	<b>114,703</b>	101,658
Over 3 months but within 6 months	<b>8,434</b>	15,350
Over 6 months but within 12 months	<b>37,225</b>	15,682
Over 12 months	<b>56,820</b>	76,274
	<b>217,182</b>	208,964

## 12. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

		Unaudited 30 June 2023 \$'000	Audited 31 December 2022 \$'000
	<i>Notes</i>		
<i>Current portion</i>			
Prepayments		24,874	37,251
Deposits and other receivables		73,256	70,249
Amounts due from related parties	<i>(a)</i>	5,754	5,315
Amount due from an intermediate holding company	<i>(a)</i>	<u>11,170</u>	<u>14,982</u>
		<b>115,054</b>	127,797
Impairment allowance	<i>(b)</i>	<u>(16,959)</u>	<u>(15,064)</u>
		<b><u>98,095</u></b>	<b><u>112,733</u></b>
<i>Non-current portion</i>			
Long-term receivable	<i>(c)</i>	1,905,392	1,832,874
Impairment allowance	<i>(c)</i>	<u>(45,809)</u>	<u>(48,937)</u>
		<b><u>1,859,583</u></b>	<b><u>1,783,937</u></b>

### *Notes:*

- (a) The amounts due from related parties and an intermediate holding company are unsecured, interest-free and repayable on demand.
- (b) The provision for impairment of other receivables is a provision for individually impaired other receivables.

Other than the aforementioned impaired other receivables, the financial assets included in the above balances relate to the receivables for which there was no recent history of default and past due amounts.

- (c) The long-term receivable amounting to approximately \$1,905,392,000 (equivalent to approximately US\$243,125,000) represented the deferred amount arising from the disposal of the Company's interest in Parcel C LLC ("Parcel C") and the relevant interest generated. The deferred amount is secured by a mortgage on certain condominium units under development of Parcel C. A reversal of impairment of long-term receivable of \$3,372,000 was recognised during the Period. Further details of the repayment terms have been set out in the Company's circular dated 29 September 2020.

### 13. TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS

An analysis of trade payables, other payables and accruals as at the end of the reporting period is as follows:

		<b>Unaudited</b>	Audited
		<b>30 June</b>	31 December
		<b>2023</b>	2022
	<i>Notes</i>	<b>\$'000</b>	<b>\$'000</b>
Trade payables	<i>(a)</i>	<b>20,133</b>	23,479
Other payables and accruals		<b>258,157</b>	254,864
Interest payable to an intermediate holding company	<i>(b)</i>	–	71,350
Amounts due to an intermediate holding company	<i>(c)</i>	<b>270,665</b>	665,734
Amounts due to related parties	<i>(c)</i>	<b>16,719</b>	288,073
		<b>565,674</b>	1,303,500

*Notes:*

(a) The ageing analysis of trade payables, based on the invoice date, is as follows:

	<b>Unaudited</b>	Audited
	<b>30 June</b>	31 December
	<b>2023</b>	2022
	<b>\$'000</b>	<b>\$'000</b>
Within 3 months	<b>12,195</b>	15,099
Over 3 months but within 6 months	<b>2,926</b>	2,899
Over 6 months but within 12 months	<b>1,343</b>	11
Over 12 months	<b>3,669</b>	5,470
	<b>20,133</b>	23,479

(b) The interest payable to an intermediate holding company is unsecured and not subject to compound interests, which has been settled during the Period.

(c) The amounts due to an intermediate holding company and related parties are repayable on demand and all these balances are unsecured and interest-free. The decrease of the amount due to an intermediate holding company and related parties were settled during the Period.

## 14. SHARE CAPITAL AND DIVIDEND

### (i) Share capital

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

### (ii) Dividend

No dividend has been declared in respect of the Period (six months ended 30 June 2022: Nil).

## 15. CONTINGENT LIABILITIES

### (a) Financial guarantees

	<b>Unaudited</b>	Audited
	<b>30 June</b>	31 December
	<b>2023</b>	2022
	<b>\$'000</b>	\$'000
Guarantees given to banks for:		
Mortgage facilities granted to purchasers of the Group's properties	<u><b>825</b></u>	<u>1,057</u>

The Group has provided guarantees in respect of the mortgage facilities granted by certain banks to the purchasers of the Group's properties. Pursuant to the terms of the guarantee arrangements, in the case of default on mortgage payments by the purchasers, the Group is responsible for repaying the outstanding mortgage loans together with any accrued interest and penalty owed by the defaulted purchasers to the banks. The Group is then entitled to take over the legal titles of the related properties. The Group's guarantee periods commence from the dates of grant of the relevant mortgage loans and end after the execution of individual purchasers' collateral agreements.

The financial guarantee contracts are measured at the higher of the ECL allowance and the amount initially recognised less the cumulative amount of income recognised. The ECL allowance is measured by estimating the cash shortfalls, which are based on the expected payments to reimburse the holders for a credit loss that it incurs less any amounts that the Group expects to receive from the purchasers. The amount initially recognised representing the fair value at initial recognition of the financial guarantees was not significant. The Group did not incur any material losses during the financial period in respect of the guarantees provided for mortgage facilities granted to purchasers of the Group's properties. The directors consider that in case of default on payments, the net realisable value of the related properties can cover the repayment of the outstanding mortgage loans together with any accrued interest and penalty, and therefore, no ECL allowance has been made in connection with the guarantees.

**(b) Litigation**

In August 2022, a plaintiff, a hotel owner who had engaged a subsidiary of the Group to provide hotel management services, commenced a legal proceeding against the subsidiary, alleging that the subsidiary of the Group was in breach of the hotel management services contract signed previously. The plaintiff is now claiming loss and damages in the sum of approximately RMB11,800,000 (equivalent to approximately \$12,798,000) against the subsidiary of the Group. The operation of a bank account of the subsidiary of the Group with bank balance of \$12,798,000 was therefore restricted by the court. Given the internal assessment and a legal advice from an independent legal advisor, the directors of the Company are of the opinion that the outcome of the litigation cannot be certain.

**16. EVENTS AFTER THE REPORTING PERIOD**

As at the date that these interim condensed consolidated financial information were approved, there is no event after the reporting period which should be disclosed.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW**

During the six months ended 30 June 2023 (the “Period”), the Group’s principal businesses are divided into the following three business segments:–

Hotel business	1.	Hotel operation and management services
	2.	Hotel design and construction management services
Property business	3.	Investment property leasing

### **HOTEL BUSINESS**

During the Period, the Group’s hotel businesses have been operated by Wanda Hotel Management (HK) Co., Ltd. (“Wanda Hotel Management” together with its subsidiaries “Wanda Hotel Management Group”). Wanda Hotel Management Group is a leading hotel services provider in the People’s Republic of China (the “PRC”) and is principally engaged in the business of hotel management and operation, hotel design, hotel construction management and related consultancy and other ancillary business, with comprehensive capabilities in hotel management and operation.

#### **Hotel Operation and Management Services**

During the Period, the hotels managed by the Group were operated under three models, namely: –

1. Leased-and-operated hotels;
2. Managed hotels; and
3. Franchised hotels.

The Group expanded the hotel network under the Group’s management from 122 hotels with 28,656 rooms as of 31 December 2022 to 138 hotels with over 31,000 rooms as of 30 June 2023. As of 30 June 2023, an additional 266 hotels were contracted to be managed by the Group but were still under development and have not commenced operation yet.

## *Our hotel brands*

The Group adopted multi-brand strategy which was designed to target segments of customers with distinctive preferences and needs. Set forth below are the major brands of hotels under which the Group currently manages by category: –

- Full service hotel brands – Wanda Reign, Wanda Vista, Wanda Realm, Wanda Jin, Wanda Yi and Wanda Amber
- Limited service hotel brands – Wanda Moments, Wanda Yue and Wanda Encore

<b>Hotel Brand</b>	<b>Service Features</b>
Wanda Reign	<ul style="list-style-type: none"><li>• An ultra-luxury hotel brand for luminaries and the social elites that delivers supremely personalized services and transcends every expectation.</li></ul>
Wanda Vista	<ul style="list-style-type: none"><li>• A luxury hotel brand for distinguished guests who relish extraordinary services in Oriental elegance that seamlessly blends with local culture.</li></ul>
Wanda Realm	<ul style="list-style-type: none"><li>• A premium hotel brand built upon quality service from superb international standards for business and leisure travelers.</li></ul>
Wanda Jin	<ul style="list-style-type: none"><li>• A premium and select service hotel brand built upon boutique design and quality service offering a balanced life experience for business and leisure travelers.</li></ul>
Wanda Yi	<ul style="list-style-type: none"><li>• A premium high-end lifestyle hotel brand offering distinctive design, imaginative and livable space to travelers seeking lives' exquisiteness and surprises.</li></ul>
Wanda Amber	<ul style="list-style-type: none"><li>• A high-end customized hotel brand creating a warm, comfortable and wonderful atmosphere for business and leisure travelers.</li></ul>

<b>Hotel Brand</b>	<b>Service Features</b>
Wanda Moments	<ul style="list-style-type: none"> <li>A high-end midscale hotel brand dedicating to quality design and select services for the ultimate comfort of business travelers.</li> </ul>
Wanda Yue	<ul style="list-style-type: none"> <li>A midscale hotel brand offering intimate services to business travelers who are highly individual and willing to experience the trendy.</li> </ul>
Wanda Encore	<ul style="list-style-type: none"> <li>A high-end midscale hotel brand featuring a perennially safe and cosy experience for business and leisure travelers.</li> </ul>

The following table sets forth a breakdown by hotel brands and operational model of hotels in operation managed by the Group as at 30 June 2023: –

	<b>Leased-and- Operated Hotels</b>	<b>Managed Hotels</b>	<b>Franchised Hotels</b>	<b>Number of Hotel Room (’000)</b>
Wanda Reign	–	4	–	0.9
Wanda Vista	–	17	1	5.5
Wanda Realm	–	43	2	12.7
Wanda Jin	–	11	2	3.7
Wanda Yi	1	5	–	1.4
Wanda Moments	3	22	–	3.2
Wanda Yue	–	16	1	2.2
Others*	–	9	1	1.8
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Grand Total</b>	<b><u>4</u></b>	<b><u>127</u></b>	<b><u>7</u></b>	<b><u>31.4</u></b>

\* Included Wanda Amber and Wanda Encore

### *Leased and operated hotels*

As of 30 June 2023, the Group had four leased-and-operated hotels, accounting for approximately 2.9% of our hotels in operation. Under the leased-and-operated hotels model, the Group leases hotels from hotel owners and manages and operates these hotels with all of the accompanying expenses borne by the Group.

For our leased-and-operated hotels, we are responsible for recruiting, training and supervising the hotel managers and employees, paying for leases and costs associated with construction and renovation of these hotels, and purchasing all supplies and other required equipment. Our leased-and-operated hotels are located on leased properties and the terms of our leases typically range from 15 to 20 years, with an initial two to 15-month rent-free period. We generally pay fixed rent on a quarterly or biannual basis for the first three to five years of the lease term, after which we are generally subject to a pre-determined rent increase annually. Our leases usually allow for term extensions by mutual agreement. As of 30 June 2023, none of our leases were expected to expire in one year.

### *Managed hotels*

As of 30 June 2023, we had 127 managed hotels, accounting for approximately 92% of all of our hotels in operation. Under the managed hotel model, we license our relevant brand to hotel owners, manage hotels through the on-site hotel management team who we appoint and we charge and collect management fees from hotel owners.

For our managed hotels, we offer hotel owners the right to use our brand name, logo, operating manuals and procedures. These hotels will be operated in accordance with our brand standard, including converting the hotel property such that it conforms to the standard design and layout of the corresponding brand offering under our supervision, becoming integrated into our central reservation system and hotel management IT system, and being included in our consumable goods procurement system. The property owners are responsible for the costs of developing and operating their hotels, including the costs of renovating the hotels to meet our standards.

### *Franchised hotels*

As of 30 June 2023, we had seven franchised hotels, accounting for approximately 5.1% of all of our hotels in operation. Under the franchised hotel model, we license our relevant brand to hotel owners similar to the managed hotel model, but we provide training, reservation and support services to the franchised hotels and collect fees from franchisees and do not appoint on-site hotel management personnel. In addition, these hotels will operate in accordance with our brand standards, including bringing the hotel properties into compliance with the appropriate brand standards under our supervision.

For our franchised hotels, we offer hotel owners the right to use our brand name, logo, operating manuals and procedures and convert the franchised hotels in accordance with our brand standard similar to our managed hotels. However, as opposed to appointing hotel managers to manage the hotels on-site, we provide training to hotel staff and offer reservation and support services to the franchised hotels. In order to ensure that services offered by the franchised hotels are of quality consistent to other hotels managed by us, the Group carries out periodic assessment and report on various aspects of the operation of the franchised hotels.

### *Key performance indicators*

Revenue per available room (“RevPAR”) is the non-financial key performance indicator which the senior management reviews frequently. It is a key performance indicator commonly used in the hospitality industry and is defined as the product of average occupancy rates and average daily rates per room achieved. Occupancy rates of our hotels mainly depend on the locations of our hotels, product and service offering, the effectiveness of our sales and brand promotion efforts, our ability to effectively manage hotel reservations, the performance of managerial staff and other employees of our hotels, as well as our ability to respond to competitive pressure. We set the room rates of our hotels primarily based on the location of hotels, room rates charged by our competitors within the same locality and our relative brand and product strength in the city or city cluster.

The following table sets forth our RevPAR, average daily room rate and occupancy rate for our hotels for the Period by service category:–

	<b>For six-month period ended</b>	
	<b>30 June</b>	
	<b>2023</b>	<b>2022</b>
<b>Occupancy rate (%)</b>		
All hotels	<b>53.4%</b>	39.0%
Full-service hotels	<b>52.2%</b>	38.3%
Limited-service hotels	<b>61.0%</b>	44.3%
<b>Average daily rate (RMB)</b>		
All hotels	<b>507</b>	434
Full-service hotels	<b>545</b>	462
Limited-service hotels	<b>298</b>	254
<b>RevPAR (RMB)</b>		
All hotels	<b>270</b>	169
Full-service hotels	<b>284</b>	177
Limited-service hotels	<b>182</b>	113

The following table sets forth our RevPAR, average daily room rate and occupancy rate for our hotels during the Period by operational model: —

	<b>For six-month period ended</b>	
	<b>30 June</b>	
	<b>2023</b>	<b>2022</b>
<b>Occupancy rate (%)</b>		
All hotels	<b>53.4%</b>	39.0%
Leased-and-operated hotels	<b>63.8%</b>	57.8%
Managed hotels	<b>53.0%</b>	38.3%
Franchised hotels	<b>51.5%</b>	35.4%
<b>Average daily rate (RMB)</b>		
All hotels	<b>507</b>	434
Leased-and-operated hotels	<b>272</b>	228
Managed hotels	<b>522</b>	451
Franchised hotels	<b>398</b>	366
<b>RevPAR (RMB)</b>		
All hotels	<b>270</b>	169
Leased-and-operated hotels	<b>173</b>	132
Managed hotels	<b>277</b>	173
Franchised hotels	<b>205</b>	130

During the Period, the RevPAR increased by approximately 59.8% to approximately RMB270, as compared to approximately RMB169 in the corresponding period in 2022. The increase in RevPAR was primarily due to the lifting of lockdowns and travel restrictions imposed in the PRC in relation to the COVID-19 coronavirus pandemic (the “Pandemic”) towards the end of 2022, which led to a significant increase in the occupancy rate of the hotels managed by the Group during the Period.

## **Hotel design and construction management service**

The Group's hotel design and construction management business targets the same client base as the hotel management and operation business. Our hotel design business mainly provides interior and mechanical, electrical and plumbing design services (including interior, furnishing, lighting, early and later stage design services, mechanical and electrical parts design, kitchen and back-of-house design) and charge design fees with reference to the building area of the hotels on a per square meter basis, depending on the type of design service rendered. Our hotel construction management business offers consultancy and project management services to hotels managed by the Group to ensure that the projects are completed according to the agreed specifications in terms of cost, time and quality. The service fees charged are based on a percentage of the total costs of the relevant project with certain incentives for achieving cost-savings (against budget) targets.

## **PROPERTY BUSINESS**

### **Guilin Project, the PRC**

In February 2014, the Company acquired a piece of state-owned land in Guilin, Guangxi Zhuang Autonomous Region, the PRC with Wanda Commercial Properties (Hong Kong) Co. Limited ("Wanda HK") in the form of a joint venture, in which the Company holds 51% and Wanda HK holds 49%. The project ("Guilin Project") is located in the central area of Guilin High-tech Zone, with planned total gross floor area of approximately 330,000 sq.m., including 153,000 sq.m. of shopping mall and 177,000 sq.m. of retail, residential and other properties for sale.

All saleable residential and retail properties of the Guilin Project have been sold. The shopping mall opened in September 2015. With satisfactory commercial leases and operating conditions, the shopping mall has become a supreme landmark business centre in Guilin.

## FINANCIAL REVIEW

### Revenue

The Group's revenue for the Period increased by approximately 30.5% to approximately HK\$464.1 million from approximately HK\$355.5 million in the corresponding period in 2022 and can be analyzed as follows: –

	Unaudited			
	Six months ended 30 June		Changes	
	2023	2022		
	HK\$'000	HK\$'000	HK\$'000	%
Hotel operation and management services	335,718	208,740	126,978	60.8
Hotel design and construction management services	84,436	96,621	(12,185)	(12.6)
Investment properties leasing	43,935	50,169	(6,234)	(12.4)
<b>Total</b>	<b>464,089</b>	<b>355,530</b>	<b>108,559</b>	<b>30.5</b>

Hotel operation and management services revenue increased to approximately HK\$335.7 million for the Period as compared to approximately HK\$208.7 million for the corresponding period in 2022. Such increase in revenue was primarily due to: – (i) a significant increase in revenue from the Group's business of hotel management services by approximately 67.1% to approximately HK\$254.0 million during the Period from approximately HK\$152 million for the corresponding period in 2022 as a result of the recovery of RevPAR to RMB270 during the Period as compared to RMB169 for the corresponding period in 2022. Such RevPAR recovery was largely driven by occupancy rate growth during the Period following the lifting of pandemic-related travel restrictions and lockdown; and (ii) an increase of revenue from the Group's business of leased-and-operated hotels by approximately HK\$81.7 million during the Period from approximately HK\$56.7 million for the corresponding period in 2022.

Hotel design and construction management services revenue for the Period decreased by approximately 12.6% to approximately HK\$84.4 million as compared to approximately HK\$96.6 million for the corresponding period in 2022, mainly due to lower contract sum for the contracts recognised during the Period.

Investment properties leasing revenue decreased to approximately HK\$43.9 million for the Period from approximately HK\$50.2 million for the corresponding period in 2022. Such revenue decrease was mainly due to decrease of fixed base rent to approximately HK\$41.8 million from approximately HK\$47.9 million for the corresponding period in 2022 as a result of adjustment of rental rates for certain units during the second half of 2022.

### **Cost of sales**

Cost of sales of the Group rose by approximately 28.7% to approximately HK\$241.1 million for the Period from approximately HK\$187.3 million for the corresponding period in 2022. Such increase was primarily due to the increase of the variable costs of hotel operation and management services by approximately 46.9% to approximately HK\$169.4 million for the Period as a result of the revenue growth as abovementioned.

### **Gross profit and gross profit margin**

The gross profit rose to approximately HK\$223.0 million for the Period from approximately HK\$168.3 million for the corresponding period in 2022, mainly due to the increase in revenue from hotel operation and management segment during the Period. The gross margin remained stable at 48% during the Period, as compared to 47.3% in the corresponding period in 2022.

### **Net valuation loss on investment properties**

Net valuation loss on investment properties of the Group decreased to approximately HK\$1.1 million for the Period, as compared to approximately HK\$25.1 million for the corresponding period in 2022.

## Segment results

The following table illustrates the segment results of the Group for the Period and the corresponding period in 2022 respectively: —

	Unaudited			
	Six months ended 30 June			
	2023	2022	Changes	
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>%</i>
Hotel operation and management services	111,607	40,447	71,160	175.9
Hotel design and construction management services	12,468	25,623	(13,155)	(51.3)
Investment properties leasing	26,517	3,911	22,606	578.0
<b>Total</b>	<b>150,592</b>	<b>69,981</b>	<b>80,611</b>	<b>115.2</b>

The measure used for reporting segment results is adjusted profit before tax.

Hotel operation and management services segment profit significantly increased to approximately HK\$111.6 million for the Period from approximately HK\$40.4 million for the corresponding period in 2022. Such increase in segment profit was primarily due to a significant increase in revenue from the Group's business of hotel management services driven by improvement in RevPAR of hotels under the Group's management during the Period.

Hotel design and construction management services segment profit for the Period decreased to approximately HK\$12.5 million from approximately HK\$25.6 million for the corresponding period in 2022. The decrease in segment profit was mainly due to lower contract sum for the contracts recognised during the Period.

Investment properties leasing segment profit increased by over five times to approximately HK\$26.5 million for the Period from approximately HK\$3.9 million for the corresponding period in 2022. The increase in segment profit was primarily due to a significant reduction in valuation loss in respect of the investment properties of the Guilin Project by approximately HK\$24.0 million to approximately HK\$1.1 million for the Period as compared to approximately HK\$25.1 million in the corresponding period of 2022.

## Other income and gains, net

The Group's net other income and gains increased to approximately HK\$62.6 million for the Period from approximately HK\$53.3 million for the corresponding period in 2022, mainly due to: —

- i. net exchange gain of approximately HK\$9.9 million being recorded during the Period as compared to net exchange loss of approximately HK\$8.4 million for the corresponding period in 2022;
- ii. government grants having increased by approximately HK\$11.8 million during the Period;
- iii. reversal of impairment of long-term receivables in relation to the deferred amount from the Chicago project disposal, which amounted to approximately HK\$3.4 million for the Period as compared to impairment loss of approximately HK\$4.8 million provided for the corresponding period in 2022. Such long-term receivables were valued by an independent qualified valuer, Cushman & Wakefield Limited, after performance of expected credit loss (“ECL”) analysis on the long-term receivable as required by HKFRS 9. The ECL analysis has considered the US economy, credit analysis of the target company, default rate and recovery rate of the corporate bonds in the market and the coverage of the collateral assets within the long-term receivable. The Group's management has discussions with the valuer on the valuation assumptions and the valuation results. The Chicago project disposal was closed in November 2020. For further details of the Chicago project disposal and the repayment terms of the long-term receivable, please refer to the Company announcements dated 30 July 2020, 17 August 2020 and 25 November 2020 and the Company circular dated 29 September 2020;
- iv. increase in interest income in relation to the deferred amount from the Chicago project disposal to approximately HK\$62.9 million for the Period from approximately HK\$58.8 million for the corresponding period in 2022 but offset by:
- v. increase in impairment of trade receivables by approximately HK\$15.1 million during the Period after impairment analysis performed by the management by reference to the credit risk characteristics of trade receivables as at 30 June 2023;
- vi. decrease in bank interest income by about HK\$9.2 million during the Period; and
- vii. absence of other interest income from financial assets at fair value through profit or loss for the Period as compared to HK\$7.1 million for the corresponding period in 2022.

## Selling and administrative expenses

Selling and administrative expenses decreased to approximately HK\$67.6 million for the Period from approximately HK\$68.7 million for the corresponding period in 2022. We lowered the ratio of selling and administrative expenses over revenue to 14.6% for the Period from 19.3% for the corresponding period in 2022, as a result of the vigorous overhead costs management by the Group.

## Finance costs

Finance costs decreased to approximately HK\$11.1 million for the Period from approximately HK\$20.9 million for the corresponding period in 2022, primarily due to partial repayment of loans from an intermediate holding company during the Period.

## Income tax expense

The Group reported an income tax expense of approximately HK\$40.0 million for the Period, as compared to approximately HK\$28.4 million for the corresponding period in 2022.

## Profit for the period and profit attributable to equity holders of the Company

As a result of the foregoing, the following illustrates the Group's profit for the Period and profit attributable to equity holders of the Company during the Period and the six months ended 30 June 2022 respectively: —

	Unaudited		
	Six months ended 30 June		
	2023	2022	Changes
	HK\$'000	HK\$'000	HK\$'000
Profit attributable to:—			
– Owners of the parent	140,047	63,745	76,302
– Non-controlling interests	25,086	14,716	10,370
<b>Profit for the period</b>	<b>165,133</b>	<b>78,461</b>	<b>86,672</b>

## Net assets and equity attributable to equity holders of the parent

Below table sets forth the net assets and equity attributable to equity holders of the parent of the Group as at 30 June 2023 and 31 December 2022 respectively: —

	<b>Unaudited</b>	Audited
	<b>30 June</b>	31 December
	<b>2023</b>	2022
	<b><i>HK\$'million</i></b>	<i>HK\$'million</i>
Total assets	<b>4,563.7</b>	5,261.2
Total liabilities	<b>1,339.8</b>	2,073.7
Net assets	<b>3,223.9</b>	3,187.5
Equity attributable to equity holders of the parent	<b>2,654.4</b>	2,567.3

## Long-term receivable

As of 30 June 2023, the Group had long-term receivable of approximately HK\$1,859.6 million (At 31 December 2022: HK\$1,783.9 million). Such long-term receivable primarily represented:—

- (i) the deferred amount of the consideration (the “Deferred Amount”) of approximately USD203.5 million from the disposal of Chicago project, which was completed on 24 November 2020 (the “Completion Date”); and
- (ii) the relevant interest generated from the Deferred Amount.

The Deferred Amount was divided into two tranches. The first tranche of the Deferred Amount (the “First Tranche Deferred Amount”) amounted to approximately USD103.5 million which will have a maturity date of not later than 24 November 2023 (the “Initial Maturity Date”) and can be extended for two successive one-year periods by the purchaser. The outstanding amount of the First Tranche Deferred Amount will earn interest on compound basis and be calculated as below:—

- (i) from Completion Date through and including the day immediately preceding the first anniversary of Completion Date, at a rate of 8%;

- (ii) from the first anniversary of Completion Date through and including the day immediately preceding the second anniversary of Completion Date, at a rate of 9%;
- (iii) from the second anniversary of Completion Date through and including the day immediately preceding the third anniversary of Completion Date, at a rate of 10%; and
- (iv) if the Initial Maturity Date of the First Tranche Subordinated Note is elected to be extended from the third anniversary of Completion Date through and including the Initial Maturity Date, at a rate of 15%.

The second tranche of the Deferred Amount (the “Second Tranche Deferred Amount”) amounted to USD100 million which will have a maturity date of not later than the Initial Maturity Date and can also be extended for two successive one-year periods by the purchaser. The outstanding amount of the Second Tranche Deferred Amount will earn interest on compound basis and be calculated as below:–

- (i) from Completion Date through and including the day immediately preceding the first anniversary of Completion Date, at a rate of 3%;
- (ii) from the first anniversary of Completion Date through and including the day immediately preceding the second anniversary of Completion Date, at a rate of 5%;
- (iii) from the second anniversary of Completion Date through and including the day immediately preceding the third anniversary of Completion Date, at a rate of 7%; and
- (iv) if the Initial Maturity Date of the Second Tranche Subordinated Note is elected to be extended from the third anniversary of Completion Date through and including the Initial Maturity Date, at a rate of 15%.

The Deferred Amount is secured by a mortgage on certain condominium units under development of the Chicago project. For further details of the Chicago project disposal and the Deferred Amount, please refer to the Company announcements dated 30 July 2020, 17 August 2020 and 25 November 2020 and the Company circular dated 29 September 2020.

## Liquidity, borrowing and financial resources

As at 30 June 2023, the Group's cash (including restricted bank balance) amounted to approximately HK\$384.5 million as compared with approximately HK\$1,080.9 million as at 31 December 2022. Below set out the analysis of cash by currency type: —

	<b>Unaudited 30 June 2023</b>	Audited 31 December 2022
	<i>(% to total cash)</i>	<i>(% to total cash)</i>
Renminbi (“RMB”)	<b>85</b>	83
Australian Dollar	<b>13</b>	7
United States Dollar (“USD”)	<b>2</b>	9
Hong Kong Dollar	<b>—</b>	1
	<b>100</b>	100

As at 30 June 2023, the current ratio, which is the quotient arrived at by dividing current assets by current liabilities, was 1.06 as compared with 1.02 as at 31 December 2022.

As at 30 June 2023, the Group's interest-bearing loan amounted to approximately HK\$6.2 million (As at 31 December 2022: HK\$11.4 million) and such loan was repayable on demand.

The gearing ratios of the Group is calculated as below: —

	<b>Unaudited 30 June 2023</b>	Audited 31 December 2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Total debts	<b>6,182</b>	11,404
Less: Total cash and bank balances*	<b>384,519</b>	1,080,921
Net cash	<b>378,337</b>	1,069,517
Total equity	<b>3,223,863</b>	3,187,483
Total assets	<b>4,563,682</b>	5,261,205
Gearing ratios:		
Net debts over aggregate of net debts and total equity	<b>Net Cash</b>	Net Cash
Net debts over total assets	<b>Net Cash</b>	Net Cash

\* Including restricted cash

## **Foreign currency and interest rate exposure**

During the Period, the Group's business is principally conducted in RMB. The functional currency of the Group's subsidiaries in the PRC is RMB and these subsidiaries do not have significant monetary assets or liabilities denominated in currencies other than their respective functional currencies. The Group is exposed to currency risk primarily through the long-term receivable and the amount payable to an intermediate holding company that are denominated in USD. The Group maintains a conservative approach to foreign exchange exposure management. During the Period, the Group did not use any financial instruments to hedge against foreign currency exposure and the Group did not have any hedging instruments outstanding as at 30 June 2023.

As at 30 June 2023, the interest-bearing loan of approximately HK\$6.2 million of the Group was on a fixed rate basis. Accordingly, the Group's cost of borrowing was not subject to interest rate risks. This is the Group's policy to monitor the suitability and cost efficiency of hedging instruments in order to manage interest rate risks, if any. The Group will prudently consider entering into currency and interest rate hedging arrangements to minimise such exposures if and when appropriate.

## **PLEDGE OF ASSETS**

As at 30 June 2023, the Group had no pledge of its assets (31 December 2022: Nil).

## **CHANGES IN SHARE CAPITAL**

There are no changes in the Company's share capital during the Period.

## **CONTINGENT LIABILITIES**

Details of the contingent liabilities of the Group are set out in note 15 to the financial statements in this announcement.

## **MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANY**

The Group had no material acquisition or disposal of subsidiaries and associated companies during the Period.

## **DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES**

No director has the right to acquire shares or debentures of the Company or its subsidiaries.

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 30 June 2023, the Group had around 674 full time employees, who are located in the PRC, Hong Kong and the USA.

During the Period, the Group remunerated its employees based on their performance, experience and the prevailing market salaries. Performance bonuses were granted on a discretionary basis. Other employee benefits included insurance and medical cover, subsidized educational and training programs.

## **INTERIM DIVIDEND**

The Directors of the Company did not recommend the payment of an interim dividend for the six months ended 30 June 2023 (six months ended 30 June 2022: Nil).

## **OUTLOOK**

With the lifting of travel restrictions and Pandemic control measures in the PRC, we expect that the domestic tourist market in the PRC will continue to rebound in 2023. The Group will closely monitor the performance of our business operations. Moreover, the Group will continue to expand our hotel network and plan to add 30-35 new hotels in 2023.

The Group will continue to prudently seek profitable investment opportunities, further expand the Group's sources of revenue, enhance the Group's profitability and maximize return for its shareholders.

## **OTHER INFORMATION**

### **SHARE SCHEMES**

The Company did not have any effective share schemes as at 30 June 2023.

### **PURCHASE, SALE OR REDEMPTION OF SHARES**

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the Period.

### **COMPLIANCE WITH THE MODEL CODE**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules as its own code of conduct regarding securities transactions by the Directors. Following specific enquiry by the Company, all Directors have confirmed that they have complied with the required standard as set out in the Model Code during the Period.

### **COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE AND LISTING RULES**

Except for deviation from the Code Provision C.2.1, as explained below, the Company has complied with the Corporate Governance Code (the "Code") as stipulated in Appendix 14 of the Listing Rules during the Period.

Mr. Ding Benxi was appointed as Non-executive Director and Chairman of the Company on 3 July 2013 and resigned as Chairman on 22 April 2021. Mr. Ning Qifeng was appointed as Executive Director on 17 November 2017 and appointed as Chairman on 22 April 2021. Prior to his appointment as the Chairman of the Company on 22 April 2021, although the Company has not appointed a chief executive officer, the duties of the chief executive officer have been performed by Mr. Ning. With Mr. Ning's appointment as the Chairman, such practice deviates from CG Code provision C.2.1. Considering that the Group's business has been in line with its clear strategic direction and the fact that Mr. Ning has demonstrated suitable management and leadership capabilities along with his thorough understanding of the Group's business and strategy since his appointment as an executive Director in 2017, the Board believes that vesting the role of the Chairman and the duties of a chief executive officer in Mr. Ning can facilitate the execution of the Group's business strategies and boost effectiveness of its operation. Therefore, the Board considers that the deviation from code provision C.2.1 of the CG Code will not be inappropriate in such circumstance. In addition, under the supervision of the Board in which Mr. Ding, the outgoing chairman, will continue to remain as a non-executive Director and which comprises, two other non-executive Directors and three independent non-executive Directors, the Board believes that it is appropriately structured with balance of power to provide sufficient checks to protect the interests of the Company and the shareholders of the Company.

## **REVIEW OF INTERIM RESULTS BY THE AUDIT COMMITTEE**

The Company has established the Audit Committee with written terms of reference in accordance with the requirements of the Code for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls. The Audit Committee comprises three independent non-executive directors, namely Mr. He Zhiping, Dr. Teng Bing Sheng and Dr. Chen Yan.

The Audit Committee meets regularly with the Company's senior management and the Company's auditors to consider the Company's financial reporting process, the effectiveness of internal controls, the audit process and risk management.

The Audit Committee has reviewed the Group's financial statements for the Period and has discussed the financial related matters with the Company's management and external auditors.

## **PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT**

This announcement will be published on both the websites of the Company ([www.wanda-hotel.com.hk](http://www.wanda-hotel.com.hk)) and of The Stock Exchange of Hong Kong Limited ([www.hkexnews.hk](http://www.hkexnews.hk)). The interim report of the Company for the Period will be dispatched to shareholders and published on the aforesaid websites in due course.

By order of the Board  
**Wanda Hotel Development Company Limited**  
**Ning Qifeng**  
*Chairman*

Hong Kong, 16 August 2023

*As at the date of this announcement, Mr. Ning Qifeng (Chairman) is the executive Director; Mr. Ding Benxi, Mr. Han Xu and Mr. Zhang Lin are the non-executive Directors; and Dr. Chen Yan, Mr. He Zhiping and Dr. Teng Bing Sheng are the independent non-executive Directors.*