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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 2021**

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 2021 (the “Period”), together with the comparative figures for the corresponding period in 2020, as follows:

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS**

*for the six months ended 30 June 2021*

*(Expressed in Hong Kong Dollars)*

		<b>Unaudited</b>	
		<b>Six months ended 30 June</b>	
		<b>2021</b>	<b>2020</b>
	<i>Notes</i>	<b>\$'000</b>	<b>\$'000</b>
<b>CONTINUING OPERATIONS</b>			
Revenue	4	<b>415,130</b>	246,057
Cost of sales		<b>(166,705)</b>	(112,558)
<b>Gross profit</b>		<b>248,425</b>	133,499
Other income/(loss) and gains, net	5	<b>53,975</b>	(12,031)
Net valuation (loss)/gain on investment properties	11	<b>(34,655)</b>	3,346
Selling expenses		<b>(7,368)</b>	(7,809)
Administrative expenses		<b>(82,472)</b>	(66,976)
Finance costs	7	<b>(30,269)</b>	(62,503)
<b>Profit/(loss) before tax from continuing operations</b>	<b>6</b>	<b>147,636</b>	(12,474)

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (Continued)**  
*for the six months ended 30 June 2021*  
*(Expressed in Hong Kong Dollars)*

		<b>Unaudited</b>	
		<b>Six months ended 30 June</b>	
		<b>2021</b>	<b>2020</b>
	<i>Notes</i>	<b>\$'000</b>	<b>\$'000</b>
Income tax expense	8	<u>(28,283)</u>	<u>(11,414)</u>
<b>Profit/(loss) for the period from continuing operations</b>		<b>119,353</b>	<b>(23,888)</b>
<b>DISCONTINUED OPERATION</b>			
Loss for the period from a discontinued operation	10	<u>—</u>	<u>(9,629)</u>
<b>Profit/(loss) for the period</b>		<b><u>119,353</u></b>	<b><u>(33,517)</u></b>
Attributable to:			
Owners of the parent		<b>95,445</b>	<b>(36,186)</b>
Non-controlling interests		<b><u>23,908</u></b>	<b><u>2,669</u></b>
		<b><u>119,353</u></b>	<b><u>(33,517)</u></b>
<b>Earnings/(loss) per share attributable to ordinary equity holders of the parent (HK cents)</b>	9		
Basic and diluted			
— For profit/(loss) for the period		<b>2.0</b>	<b>(0.8)</b>
— For profit/(loss) from continuing operations		<b><u>2.0</u></b>	<b><u>(0.7)</u></b>

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME***for the six months ended 30 June 2021**(Expressed in Hong Kong Dollars)*

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Profit/(loss) for the period</b>	<b>119,353</b>	<b>(33,517)</b>
<b>Other comprehensive income/(loss)</b>		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	<u>47,107</u>	<u>(68,405)</u>
<b>Other comprehensive income/(loss) for the period, net of tax</b>	<u>47,107</u>	<u>(68,405)</u>
<b>Total comprehensive income/(loss) for the period</b>	<b><u>166,460</u></b>	<b><u>(101,922)</u></b>
<b>Attributable to:</b>		
Owners of the parent	124,969	(76,188)
Non-controlling interests	<u>41,491</u>	<u>(25,734)</u>
	<b><u>166,460</u></b>	<b><u>(101,922)</u></b>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30 June 2021

(Expressed in Hong Kong Dollars)

		Unaudited 30 June 2021 \$'000	Audited 31 December 2020 \$'000
	<i>Notes</i>		
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		171,425	149,594
Investment properties	11	1,553,927	1,570,800
Right-of-use assets		397,147	409,727
Intangible assets		2,465	—
Long-term receivables	13	1,649,803	1,592,983
Deferred tax assets		54,158	39,383
		<b>3,828,925</b>	<b>3,762,487</b>
<b>Total non-current assets</b>			
<b>CURRENT ASSETS</b>			
Trade and bills receivables	12	335,386	341,829
Contract assets		40,977	22,469
Prepayments, other receivables and other assets	13	63,181	65,973
Financial assets at fair value through profit or loss		120,569	—
Income tax recoverable		—	696
Cash and cash equivalents		2,510,926	2,375,300
		<b>3,071,039</b>	<b>2,806,267</b>
<b>Total current assets</b>			
<b>CURRENT LIABILITIES</b>			
Trade payables, other payables and accruals	14	2,283,903	2,153,329
Contract liabilities		50,288	34,882
Receipts in advance		11,788	13,529
Loans from an intermediate holding company		873,000	873,000
Lease liabilities		31,210	19,948
Income tax payables		36,225	32,447
		<b>3,286,414</b>	<b>3,127,135</b>
<b>Total current liabilities</b>			
<b>NET CURRENT LIABILITIES</b>		<b>(215,375)</b>	<b>(320,868)</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>3,613,550</b>	<b>3,441,619</b>

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)***at 30 June 2021**(Expressed in Hong Kong Dollars)*

		<b>Unaudited</b>	Audited
		<b>30 June</b>	31 December
		<b>2021</b>	2020
	<i>Notes</i>	<b>\$'000</b>	<b>\$'000</b>
<b>NON-CURRENT LIABILITIES</b>			
Contract liabilities		<b>68,993</b>	57,162
Lease liabilities		<b>415,236</b>	421,825
Deferred tax liabilities		<b>176,268</b>	176,039
		<hr/>	<hr/>
<b>Total non-current liabilities</b>		<b>660,497</b>	655,026
		<hr/>	<hr/>
<b>Net assets</b>		<b>2,953,053</b>	2,786,593
		<hr/> <hr/>	<hr/> <hr/>
<b>EQUITY</b>			
<b>Equity attributable to owners of the parent</b>			
Share capital	<i>15</i>	<b>469,735</b>	469,735
Retained earnings		<b>463,133</b>	367,688
Other reserves		<b>1,412,082</b>	1,382,558
		<hr/>	<hr/>
		<b>2,344,950</b>	2,219,981
		<hr/>	<hr/>
<b>Non-controlling interests</b>		<b>608,103</b>	566,612
		<hr/>	<hr/>
<b>Total equity</b>		<b>2,953,053</b>	2,786,593
		<hr/> <hr/>	<hr/> <hr/>

## **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”) during the six months ended 30 June 2021 (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 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 18 August 2021.

### **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 2021 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 HKICPA.

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 2020.

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 2020, except for the adoption of the following revised Hong Kong Financial Reporting Standards ("HKFRSs") for the first time for the current period's financial information.

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	<i>Interest Rate Benchmark Reform – Phase 2</i>
Amendment to HKFRS 16	<i>Covid-19-Related Rent Concessions beyond 30 June 2021 (early adopted)</i>

The nature and the impact of the revised HKFRSs are described below:

- (a) Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative risk-free rate ("RFR"). The phase 2 amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount of financial assets and liabilities when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of HKFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy. The amendments did not have any impact on the financial position and performance of the Group.

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

### **2.2 Changes in accounting policies and disclosures (Continued)**

- (b) Amendment to HKFRS 16 issued in April 2021 extends the availability of the practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic by 12 months. Accordingly, the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The amendment is effective retrospectively for annual periods beginning on or after 1 April 2021 with any cumulative effect of initially applying the amendment recognised as an adjustment to the opening balance of retained profits at the beginning of the current accounting period. Earlier application is permitted. The amendments did not have any impact on the financial position and performance of the Group.

## **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/(loss), which is measured by adjusted profit/(loss) before tax from continuing operations. The adjusted profit/(loss) before tax from continuing operations is measured consistently with the Group's profit/(loss) before tax from continuing operations except that non-lease-related finance costs, other income/(loss) 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, financial assets at fair value through profit or loss, 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 2021 (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	262,426	99,694	53,010	415,130
Intersegment sales	—	1,884	—	1,884
	<u>262,426</u>	<u>101,578</u>	<u>53,010</u>	<u>417,014</u>
<i>Reconciliation:</i>				
Elimination of intersegment sales				<u>(1,884)</u>
Revenue from continuing operations				<u>415,130</u>
<b>Segment profit</b>	<b>79,922</b>	<b>31,424</b>	<b>13,616</b>	<b>124,962</b>
<i>Reconciliation:</i>				
Other income/(loss) and gains, net (note 5)				53,975
Finance costs (other than interest on lease liabilities) (note 7)				(17,221)
Corporate and other unallocated expense				<u>(14,080)</u>
Profit before tax from continuing operations				<u>147,636</u>
<b>As at 30 June 2021 (unaudited)</b>				
<b>Segment assets</b>	<b>708,639</b>	<b>273,950</b>	<b>1,574,850</b>	<b>2,557,439</b>
<i>Reconciliation:</i>				
Corporate and other unallocated assets				<u>4,342,525</u>
Total assets				<u>6,899,964</u>
<b>Segment liabilities</b>	<b>950,393</b>	<b>141,208</b>	<b>80,633</b>	<b>1,172,234</b>
<i>Reconciliation:</i>				
Corporate and other unallocated liabilities				<u>2,774,677</u>
Total liabilities				<u>3,946,911</u>

### 3. OPERATING SEGMENT INFORMATION (Continued)

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

##### Six months ended 30 June 2020 (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	113,230	80,729	52,098	246,057
Intersegment sales	—	687	—	687
	<u>113,230</u>	<u>81,416</u>	<u>52,098</u>	<u>246,744</u>
<i>Reconciliation:</i>				
Elimination of intersegment sales				<u>(687)</u>
Revenue from continuing operations				<u>246,057</u>
<b>Segment profit/(loss)</b>	(12,883)	24,766	55,262	67,145
<i>Reconciliation:</i>				
Other income/(loss) and gains, net (note 5)				(12,031)
Finance costs (other than interest on lease liabilities) (note 7)				(54,541)
Corporate and other unallocated expense				<u>(13,047)</u>
Loss before tax from continuing operations				<u>(12,474)</u>
<b>As at 31 December 2020 (audited)</b>				
<b>Segment assets</b>	697,939	260,812	1,592,978	2,551,729
<i>Reconciliation:</i>				
Corporate and other unallocated assets				<u>4,017,025</u>
Total assets				<u>6,568,754</u>
<b>Segment liabilities</b>	869,783	84,671	87,585	1,042,039
<i>Reconciliation:</i>				
Corporate and other unallocated liabilities				<u>2,740,122</u>
Total liabilities				<u>3,782,161</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 of continuing operations from external customers and (ii) the Group’s non-current assets of continuing operations (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
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
The PRC (including Hong Kong)	414,936	246,057	3,774,767	3,723,104
Overseas	194	—	—	—
	<b>415,130</b>	<b>246,057</b>	<b>3,774,767</b>	<b>3,723,104</b>

#### 4. REVENUE

An analysis of revenue from continuing operations is as follows:

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
<b><i>Revenue from contracts with customers</i></b>		
Hotel management services	<b>203,910</b>	86,148
Hotel design and construction management services	<b>99,694</b>	80,729
Hotel operation income	<b>58,516</b>	27,082
	<b>362,120</b>	193,959
<b><i>Revenue from other sources</i></b>		
Gross rental income from investment properties operating lease:		
Variable rent	<b>2,827</b>	1,036
Base rent	<b>50,183</b>	51,062
	<b>53,010</b>	52,098
	<b>415,130</b>	246,057

#### **Disaggregated revenue information for revenue from contracts with customers**

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Recognised at a point in time</b>		
Hotel operation income from sales of food, beverage and others	<b>26,196</b>	18,124
<b>Recognised over time</b>		
Hotel operation income from rooms and others	<b>32,320</b>	8,958
Hotel management services	<b>203,910</b>	86,148
Hotel design and construction management services	<b>99,694</b>	80,729
<b>Revenue from contracts with customers</b>	<b>362,120</b>	193,959

## 5. OTHER INCOME/(LOSS) AND GAINS, NET

An analysis of the Group's other income/(loss) and gains, net, from continuing operations is as follows:

	Unaudited	
	Six months ended 30 June	
	2021	2020
	\$'000	\$'000
Bank interest income	15,132	8,675
Other interest income from financial assets at fair value through profit or loss	1,289	2,911
Interest income on long-term receivables	54,563	—
Exchange (loss)/gain, net	(4,846)	9,525
(Impairment)/reversal of impairment of financial and contract assets, net:		
— Impairment of trade receivables	(17,363)	(35,244)
— Reversal of impairment/(impairment) of other receivables	80	(15)
— Reversal of impairment/(impairment) of contract assets	1,094	(69)
Others	4,026	2,186
	<u>53,975</u>	<u>(12,031)</u>

## 6. PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS

The Group's profit/(loss) before tax from continuing operations is arrived at after charging:

	Unaudited	
	Six months ended 30 June	
	2021	2020
	\$'000	\$'000
Cost of goods sold	23,853	15,702
Cost of services provided	142,852	96,856
Depreciation of property, plant and equipment	6,276	3,881
Depreciation of right-of-use assets	17,164	11,882
Lease payments not included in the measurement of lease liabilities	5,509	3,645
	<u>5,509</u>	<u>3,645</u>

## 7. FINANCE COSTS

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

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Interest on loans from an intermediate holding company	<b>17,221</b>	54,541
Interest on lease liabilities	<b>13,048</b>	7,962
	<hr/>	<hr/>
	<b>30,269</b>	62,503
	<hr/> <hr/>	<hr/> <hr/>

## 8. INCOME TAX EXPENSE

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Current tax — Corporate Income Tax		
— Charge for the period	<b>44,962</b>	13,594
— Overprovision in prior periods	<b>(676)</b>	—
Deferred tax	<b>(16,003)</b>	(2,180)
	<hr/>	<hr/>
<b>Total income tax expense for the period</b>	<b>28,283</b>	11,414
	<hr/> <hr/>	<hr/> <hr/>

## 8. INCOME TAX EXPENSE (Continued)

Notes:

- (i) Pursuant to the rules and regulations of Bermuda and the British Virgin Islands (“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% 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.
- (iii) The PRC Corporate Income Tax (“CIT”)

The provision for the PRC CIT has been provided at the applicable income tax rate of 25% on the assessable profits of the Group’s subsidiaries in Mainland China (six months ended 30 June 2020: 25%), except for the subsidiaries of the Company established in Horgos, Xinjiang Uygur Autonomous region, which enjoys PRC corporate income tax exemptions in accordance with the relevant tax rules. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates.

## 9. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

### (a) Basic earnings/(loss) per share

The calculation of basic earnings/(loss) per share is based on the profit/(loss) 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 2020: 4,697,347,000) in issue during the period.

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Profit/(loss) attributable to ordinary equity holders of the parent, used in the basic and diluted earnings/(loss) per share calculation:		
From continuing operations	95,445	(30,986)
From a discontinued operation ( <i>note 10</i> )	—	(5,200)
	<u>95,445</u>	<u>(36,186)</u>

**9. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT (Continued)**

**(b) Diluted earnings/(loss) per share**

The Group had no potentially dilutive ordinary shares in issue during the six months ended 30 June 2021 and 2020.

**10. DISCONTINUED OPERATION**

During the period ended 30 June 2020, management was in active discussions with potential buyers for the disposal of the Company's interest in Parcel C LLC ("Parcel C"), a subsidiary of the Company which held a property under construction in Chicago, USA. Since then, Parcel C has been classified as a disposal company held for sale and as a discontinued operation. The disposal of Parcel C was completed on 24 November 2020.

**(i) Parcel C:**

(a) The results for the period are presented below:

	Unaudited Six months ended 30 June 2020 \$'000
Other income and gains, net	1,788
Selling expenses	(10,927)
Administrative expenses	(472)
Finance costs	(18)
	<hr/>
Loss before tax from the discontinued operation	(9,629)
Income tax expense	—
	<hr/>
Loss for the period from the discontinued operation	<u>(9,629)</u>



## 10. DISCONTINUED OPERATION (Continued)

### (i) Parcel C: (Continued)

(b) The net cash flows incurred by Parcel C are as follows:

	Unaudited Six months ended 30 June 2020 \$'000
Operating activities	(367,441)
Investing activities	(149,397)
Financing activities	534,327
Effect of foreign exchange rate changes	85
	<hr/>
Net cash flows	17,574
	<hr/> <hr/>

### (ii) Loss per share (HK cents)

	Unaudited Six months ended 30 June 2020
Basic and diluted, from discontinued operation	(0.1)
	<hr/> <hr/>

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

	Unaudited Six months ended 30 June 2020 \$'000
Loss attributable to ordinary equity holders of the parent from the discontinued operation ( <i>note 9</i> )	(5,200)
	<hr/> <hr/>
	Unaudited Six months ended 30 June 2020 '000
Weighted average number of ordinary shares in issue during the period used in the basic and diluted loss per share calculation	4,697,347
	<hr/> <hr/>

## 11. INVESTMENT PROPERTIES

During the Period, the Group has no addition in investment properties (six months ended 30 June 2020: Nil).

Investment properties carried at fair value were revalued as at 30 June 2021 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 \$34,655,000 (six months ended 30 June 2020: a net gain of \$3,346,000) in respect of investment properties has been recognised in the statement of profit or loss for the Period.

## 12. TRADE AND BILLS RECEIVABLES

	<b>Unaudited</b>	Audited
	<b>30 June</b>	31 December
	<b>2021</b>	2020
	<b>\$'000</b>	\$'000
Trade receivables	<b>329,024</b>	340,257
Impairment	<b>(73,134)</b>	(54,702)
	<hr/>	<hr/>
	<b>255,890</b>	285,555
Bills receivables	<b>79,496</b>	56,274
	<hr/>	<hr/>
	<b>335,386</b>	341,829
	<hr/> <hr/>	<hr/> <hr/>

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.

## 12. TRADE AND BILLS RECEIVABLES (Continued)

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:

	Unaudited 30 June 2021 \$'000	Audited 31 December 2020 \$'000
Within 3 months	101,654	111,859
Over 3 months but within 6 months	21,390	59,315
Over 6 months but within 12 months	75,377	56,853
Over 12 months	57,469	57,528
	<u>255,890</u>	<u>285,555</u>

## 13. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	Unaudited 30 June 2021 \$'000	Audited 31 December 2020 \$'000
	<i>Notes</i>	
<i>Current portion</i>		
Prepayments	8,999	7,209
Deposits and other receivables	57,197	62,572
Amounts due from related parties	(a) 346	263
Amount due from an intermediate holding company	(a) 12,176	11,457
	<u>78,718</u>	<u>81,501</u>
Impairment allowance	(b) (15,537)	(15,528)
	<u>63,181</u>	<u>65,973</u>
<i>Non-current portion</i>		
Long-term receivables	(c) 1,649,803	1,592,983

### 13. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS (Continued)

- (a) The amounts due from related parties and amount due from 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 receivables amounting to approximately \$1,649,803,000 (equivalent to approximately US\$212,502,000) represented the deferred amount arising from the disposal of Parcel C and relevant interest generated. The deferred amount is secured by a mortgage on certain condominium units under development of Parcel C.

### 14. 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>2021</b>	2020
	<i>Notes</i>	<b>\$'000</b>	<b>\$'000</b>
Trade payables	<i>(a)</i>	<b>56,262</b>	52,745
Other payables and accruals		<b>262,902</b>	238,106
Interest payable to an intermediate holding company	<i>(b)</i>	<b>238,628</b>	221,291
Amounts due to intermediate holding companies	<i>(c)</i>	<b>1,445,326</b>	1,430,424
Amounts due to related parties	<i>(c)</i>	<b>280,785</b>	210,763
		<b>2,283,903</b>	2,153,329

## 14. TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS (Continued)

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>2021</b>	2020
	<b>\$'000</b>	\$'000
Within 3 months	<b>11,688</b>	10,017
Over 3 months but within 6 months	<b>964</b>	250
Over 6 months but within 12 months	<b>9,181</b>	6,238
Over 12 months	<b>34,429</b>	36,240
	<hr/>	<hr/>
	<b>56,262</b>	52,745
	<hr/> <hr/>	<hr/> <hr/>

- b. The amount of \$238,628,000 (31 December 2020: \$221,291,000) in interest payable to an intermediate holding company is repayable on demand. The interest payables are unsecured and not subject to compound interests.
- c. The amounts due to intermediate holding companies and related parties are repayable on demand and all these balances are unsecured and interest-free.

## 15. 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 2020: Nil).

## 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 2021 (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 properties leasing

### HOTEL BUSINESS

During the Period, the Group’s hotel businesses have been operated by Wanda Hotel Management (HK) Co., Ltd. (“Wanda Hotel Management”), which 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

As of 30 June 2021, the hotel network under the Group’s management consisted of 98 hotels with 25,993 rooms in operation covering 71 cities in the PRC, and an additional 144 hotels were contracted to be managed by Wanda Hotel Management but are still under development and have not commenced operation yet.

Wanda Hotel Management currently manages hotels under the following brands that are designed to target distinct segments of customers:—

<b>Hotel Brand</b>	<b>Brand Positioning</b>	<b>Service Features</b>
Wanda Reign	• Luxury	• An ultra-luxury hotel brand for luminaries and the social elites that delivers supremely personalized services and transcends every expectation
Wanda Vista	• Deluxe	• A luxury hotel brand for distinguished guests who relish extraordinary services in Oriental elegance that seamlessly blends with local culture
Wanda Realm	• Upper Upscale	• A premium hotel brand built upon quality service from superb international standards for business and leisure travelers

<b>Hotel Brand</b>	<b>Brand Positioning</b>	<b>Service Features</b>
Wanda Jin	<ul style="list-style-type: none"> <li>Upscale Select-service</li> </ul>	<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>Upscale</li> </ul>	<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 Moments	<ul style="list-style-type: none"> <li>Upper Mid-scale</li> </ul>	<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>Mid-scale</li> </ul>	<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>

The following table sets forth a breakdown by hotel brands and operational model of hotels in operation managed by Wanda Hotel Management as at 30 June 2021:—

	<b>Leased-and-Operated Hotels</b>	<b>Managed Hotels</b>	<b>Franchised Hotels</b>	<b>Number of Hotel Room</b>
Wanda Reign	—	3	—	842
Wanda Vista	—	26	—	6,262
Wanda Realm	—	50	2	14,896
Wanda Jin	—	6	—	1,866
Wanda Yi	1	1	—	639
Wanda Moments	3	4	—	1,142
Wanda Yue	—	1	—	81
Others	—	1	—	265
<b>Grand Total</b>	<b>4</b>	<b>92</b>	<b>2</b>	<b>25,993</b>

#### *Leased and operated hotels*

As of 30 June 2021, the Group had four leased-and-operated hotels, accounting for approximately 4% 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. 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 2021, none of our leases were expected to expire this year.

### ***Managed hotels***

As of 30 June 2021, we had 92 managed hotels, accounting for approximately 94% 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 2021, we had two franchised hotels, accounting for approximately 2% 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.

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 during the Period:—

	<b>For the six months ended</b>	
	<b>30 June</b>	
	<b>2021</b>	<b>2020</b>
<b>Occupancy rate (%)</b>		
All hotels	<b>48.7%</b>	30.0%
Upscale and above hotels	<b>48.1%</b>	29.8%
Midscale hotels	<b>56.2%</b>	37.4%
<b>Average daily rate (RMB)</b>		
All hotels	<b>550</b>	496
Upscale and above hotels	<b>573</b>	507
Midscale hotels	<b>295</b>	247
<b>RevPAR (RMB)</b>		
All hotels	<b>268</b>	149
Upscale and above hotels	<b>276</b>	151
Midscale hotels	<b>166</b>	93

### **Hotel design and construction management services**

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 revenue for the Period and the corresponding period in 2020 can be analyzed as follows:—

	Unaudited		Changes	
	Six months ended 30 June 2021	2020	HK\$'000	%
	HK\$'000	HK\$'000	HK\$'000	
Hotel operation and management services	262,426	113,230	149,196	131.8
Hotel design and construction management services	99,694	80,729	18,965	23.5
Investment properties leasing	53,010	52,098	912	1.8
<b>Total</b>	<b>415,130</b>	<b>246,057</b>	<b>169,073</b>	<b>68.7</b>

Hotel operation and management services revenue increased to approximately HK\$262.4 million for the Period as compared to approximately HK\$113.2 million for the corresponding period in 2020. Such significant revenue growth was mainly due to: i) the hotel management service fee income rose by approximately 137% since the performance of hotels managed by the Group recovered steadily during the Period, with RevPAR increase by about 80% to approximately RMB268 for the Period, as a result of increase in both occupancy rate and average daily rate following the easing of COVID-19 coronavirus pandemic (the “Pandemic”) related travel advisories or restrictions in the PRC; and ii) the revenue from hotel operation rose by approximately 116% to approximately HK\$58.5 million as a result of more leased-and-operated hotels have been opened since the second half of 2020 and increased revenue contribution from food and beverage services.

Hotel design and construction management services revenue increased to approximately HK\$99.7 million as compared to approximately HK\$80.7 million for the corresponding period in 2020, mainly due to accelerated work progress to catch up with delay of construction works during the Pandemic in the corresponding period in 2020.

Investment properties leasing revenue slightly increased to approximately HK\$53 million for the Period from approximately HK\$52.1 million for the corresponding period in 2020.

### Segment results

The following table illustrates the segment results of the Group for the period ended 30 June 2021 and 2020 respectively:—

	Unaudited		Changes	
	2021	2020		%
	HK\$'000	HK\$'000	HK\$'000	
Hotel operation and management services	79,922	(12,883)	92,805	N/A
Hotel design and construction management services	31,424	24,766	6,658	26.9
Investment properties leasing	13,616	55,262	(41,646)	(75.4)
<b>Total</b>	<b>124,962</b>	<b>67,145</b>	<b>57,817</b>	<b>86.1</b>

The measure used for reporting segment results is adjusted profit/(loss) before tax from continuing operations.

Hotel operation and management services segment turned to profit of approximately HK\$79.9 million for the Period from loss of HK\$12.9 million for the corresponding period in 2020, primarily due to significant segment revenue increase as above mentioned.

Hotel design and construction management services segment profit increased to approximately HK\$31.4 million as compared to approximately HK\$24.8 million for the corresponding period in 2020, primarily due to higher revenue as mentioned above.

Investment properties leasing segment profit for the Period decreased to approximately HK\$13.6 million from approximately HK\$55.3 million for the corresponding period in 2020, primarily due to valuation loss of approximately HK\$34.7 million recorded for the Guilin Project for the Period.

## Other income/(loss) and gains, net

The Group recorded other income and gains, net of approximately HK\$54 million for the Period, as compared to net other loss of approximately HK\$12 million for the corresponding period in 2020, primarily due to the accrued interest income of approximately HK\$54.6 million for the Period arising from the deferred amount from the disposal of the Chicago project of the Company, closing of which took place in November 2020.

## Profit/(loss) for the period and profit/(loss) attributable to equity holders of the Company

As a result of the foregoing, the following illustrates the Group's profit/(loss) for the period and profit/(loss) attributable to equity holders of the Company during the six months ended 30 June 2021 and 2020 respectively:—

	Unaudited		
	Six months ended 30 June		
	2021	2020	Changes
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit/(loss) attributable to:—			
— Owners of the parent	95,445	(36,186)	131,631
— Non-controlling interests	23,908	2,669	21,239
<b>Profit/(loss) for the period</b>	<b>119,353</b>	<b>(33,517)</b>	<b>152,870</b>

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

Net assets and equity attributable to equity holders of the parent of the Group are summarized as below:—

	Unaudited	Audited
	30 June	31 December
	2021	2020
	<i>HK\$ million</i>	<i>HK\$ million</i>
Total assets	6,900.0	6,568.8
Total liabilities	3,946.9	3,782.2
Net assets	2,953.1	2,786.6
Equity attributable to equity holders of the parent	2,345.0	2,220.0

## Liquidity, borrowing and financial resources

As at 30 June 2021, the Group's cash amounted to approximately HK\$2,510.9 million as compared with HK\$2,375.3 million as at 31 December 2020. Below set out the analysis of cash by currency type:—

	<b>Unaudited</b> <b>30 June</b> <b>2021</b> <i>(% of total cash)</i>	Audited 31 December 2020 <i>(% of total cash)</i>
Renminbi (“RMB”)	<b>95</b>	94
Australia Dollar	<b>3</b>	4
United States Dollar (“USD”)	<b>1</b>	1
Hong Kong Dollar	<b>1</b>	1
	<hr/> <b>100</b> <hr/>	<hr/> <b>100</b> <hr/>

As at 30 June 2021, the current ratio, which is the quotient arrived at by dividing current assets by current liabilities, was 0.9 as compared with 0.9 as at 31 December 2020. Excluding a loan from an immediate holding company of approximately HK\$873 million presented under current liabilities, the current ratio at 30 June 2021 would become 1.3.

The maturity profile of total debts of the Group is set out as below:—

	<b>Unaudited</b> <b>30 June</b> <b>2021</b> <i>HK\$'000</i>	Audited 31 December 2020 <i>HK\$'000</i>
<b>Total Debts</b>		
Interest bearing and repayable within one year:		
Loan from an intermediate holding company	<b>873,000</b>	873,000
	<hr/> <b>873,000</b> <hr/>	<hr/> <b>873,000</b> <hr/>

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

	<b>Unaudited</b> <b>30 June</b> <b>2021</b> <b>HK\$'000</b>	Audited 31 December 2020 <i>HK\$'000</i>
Total debts	<b>873,000</b>	873,000
Less: Total cash and bank balances	<b>2,510,926</b>	2,375,300
Less: Financial assets at fair value through profit or loss	<b>120,569</b>	—
Net (cash)/debts	<b>(1,758,495)</b>	(1,502,300)
Total equity	<b>2,953,053</b>	2,786,593
Total assets	<b>6,899,964</b>	6,568,754
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

### 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 receivables and the amount payable to an intermediate holding company that are denominated in USD. The Group maintains a conservative approach on 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 2021.

As at 30 June 2021, the interest-bearing loan of HK\$873 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 2021, the Group had no pledge of its assets (31 December 2020: Nil).

## **CHANGES IN SHARE CAPITAL**

There are no changes in the Company's share capital during the six months ended 30 June 2021.

## **CONTINGENT LIABILITIES**

As at 30 June 2021, the Group had provided guarantees in aggregate amount of approximately HK\$1.7 million (31 December 2020: HK\$1.5 million) to banks in favour of its customers in respect of mortgaged loans provided by the banks to these customers for their purchase of the Group's properties. Each of these guarantees would be released upon the execution of individual purchasers' collateral agreements.

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

The Group had no 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 2021, the Group had around 671 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 2021 (six months ended 30 June 2020: Nil).

## **OUTLOOK**

The Group will focus on fee-based business and capitalize on its hotel management expertise where the Group can potentially develop into an industry leader in the PRC.

With effective pandemic control measures implemented by the Chinese government, the economy in the PRC rebounded strongly as the government introduced various policies to encourage domestic consumption. With consumers' desire to resume normal consumption, we saw a sustained recovery in domestic tourism and business and the overall occupancy rate of hotels in the PRC has steadily recovered since the second half of 2020. Looking forward to the future, we are cautiously optimistic that such recovery will continue in the second half of 2021 and the Group will seize this opportunity to optimize our brands, products and technology to capture domestic travel demand. Moreover, the Group will continue the expansion of its hotel business and stick with its plan to open 10-15 new hotels in 2021.

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 OPTIONS SCHEME**

The Company did not have any effective share option scheme as at 30 June 2021.

### **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 six months ended 30 June 2021.

### **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 six months ended 30 June 2021.



## COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE AND LISTING RULES

The Company has complied with the Corporate Governance Code (the “Code”) as contained in Appendix 14 of the Listing Rules, except for deviation from:

- (i) Code Provision A.2.1 stipulates the roles of chairman and chief executive should be separate and should not be performed by the same individual. Following the appointment of Mr. Ning Qifeng (“Mr. Ning”) as the chairman of the Board (the “Chairman”) and chairman of the nomination committee of the Company in place of Mr. Ding Benxi (“Mr. Ding”) with effect from 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. 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 A.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.
- (ii) Code Provision A.6.7 which stipulates that independent non-executive directors and non-executive directors should attend general meetings. Due to other important business engagements at the relevant time, not all independent non-executive directors and non-executive directors attended the annual general meeting of the Company on 2 June 2021; and
- (iii) Code Provision E.1.2 which stipulates that the Chairman of the Board should attend the annual general meeting. Due to other important business engagements at the relevant time, the Chairman did not attend the annual general meeting of the Company held on 2 June 2021.

## **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 six months ended 30 June 2021 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 six months ended 30 June 2021 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, 18 August 2021

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