

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



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

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

The board (the “Board”) of directors (the “Directors”) of Wanda Hotel Development Company Limited (the “Company”) announces the consolidated financial results of the Company and its subsidiaries (collectively, the “Group”) for the year ended 31 December 2024, with the comparative figures for the year ended 31 December 2023, as follows:

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the year ended 31 December 2024

(Expressed in Hong Kong dollars)

		2024	2023
	Notes	\$'000	\$'000
Revenue	4	991,375	983,068
Cost of sales		<u>(577,908)</u>	<u>(564,047)</u>
Gross profit		413,467	419,021
Other income and gains, net	5	25,022	133,686
Net valuation loss on investment properties		(25,993)	(7,780)
Selling expenses		(26,831)	(15,493)
Administrative expenses		(125,318)	(123,669)
Impairment losses on financial and contract assets, net	6	(1,149,024)	(103,422)
Finance costs	7	(20,719)	(21,976)
Share of losses of joint ventures		<u>(99)</u>	<u>(33)</u>
(Loss)/profit before tax		(909,495)	280,334
Income tax expense	8	<u>(79,913)</u>	<u>(89,284)</u>
<b>(Loss)/profit for the year</b>		<b><u>(989,408)</u></b>	<b><u>191,050</u></b>
<b>Attributable to:</b>			
Owners of the parent		(590,891)	165,154
Non-controlling interests		<u>(398,517)</u>	<u>25,896</u>
		<b><u>(989,408)</u></b>	<b><u>191,050</u></b>
<b>(Loss)/earnings per share attributable to ordinary equity holders of the parent (HK cents)</b>	9		
Basic and diluted		<b><u>(12.6)</u></b>	<b><u>3.5</u></b>

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2024

(Expressed in Hong Kong dollars)

	2024 \$'000	2023 \$'000
(Loss)/profit for the year	<u>(989,408)</u>	<u>191,050</u>
<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>(62,233)</u>	<u>(31,034)</u>
<b>Other comprehensive loss for the year, net of tax</b>	<u>(62,233)</u>	<u>(31,034)</u>
<b>Total comprehensive (loss)/income for the year</b>	<u><b>(1,051,641)</b></u>	<u><b>160,016</b></u>
<b>Attributable to:</b>		
Owners of the parent	(637,511)	140,670
Non-controlling interests	<u>(414,130)</u>	<u>19,346</u>
	<u><b>(1,051,641)</b></u>	<u><b>160,016</b></u>

# **CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

*at 31 December 2024*

*(Expressed in Hong Kong dollars)*

	<i>Notes</i>	<b>2024</b> <b>\$'000</b>	2023 \$'000
<b>Non-current assets</b>			
Property, plant and equipment		<b>107,756</b>	143,356
Investment properties		<b>1,328,277</b>	1,379,375
Right-of-use assets	<i>10(a)</i>	<b>225,583</b>	291,082
Intangible assets		<b>33,311</b>	18,082
Investments in joint ventures		<b>972</b>	856
Long-term receivables	<i>12</i>	<b>29,729</b>	1,878,971
Deferred tax assets		<b>54,685</b>	79,376
<b>Total non-current assets</b>		<b>1,780,313</b>	3,791,098
<b>Current assets</b>			
Inventories		<b>445</b>	434
Properties held for sale	<i>11</i>	<b>799,564</b>	–
Trade and bills receivables	<i>12</i>	<b>156,656</b>	189,110
Contract assets		<b>76,702</b>	97,818
Prepayments, other receivables and other assets	<i>13</i>	<b>385,871</b>	110,381
Income tax recoverable		<b>2,120</b>	4,597
Restricted bank balance		<b>19,445</b>	13,021
Cash and cash equivalents		<b>362,583</b>	346,148
<b>Total current assets</b>		<b>1,803,386</b>	761,509
<b>Current liabilities</b>			
Trade payables, other payables and accruals	<i>14</i>	<b>576,098</b>	413,506
Contract liabilities		<b>96,008</b>	109,998
Receipts in advance		<b>10,006</b>	9,842
Loans from an intermediate holding company		–	4,342
Lease liabilities	<i>10(b)</i>	<b>20,299</b>	25,566
Income tax payables		<b>88,719</b>	91,205
Provision on warranty		<b>1,793</b>	–
<b>Total current liabilities</b>		<b>792,923</b>	654,459
<b>Net current assets</b>		<b>1,010,463</b>	107,050
<b>Total assets less current liabilities</b>		<b>2,790,776</b>	3,898,148

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION** (continued)  
*at 31 December 2024*  
*(Expressed in Hong Kong dollars)*

		<b>2024</b>	2023
	<i>Notes</i>	<b>\$'000</b>	<b>\$'000</b>
<b>Non-current liabilities</b>			
Contract liabilities		<b>121,400</b>	107,771
Lease liabilities	<i>10(b)</i>	<b>306,876</b>	329,626
Deferred tax liabilities		<b>167,570</b>	174,318
		<hr/>	<hr/>
<b>Total non-current liabilities</b>		<b>595,846</b>	611,715
		<hr/>	<hr/>
<b>NET ASSETS</b>		<b>2,194,930</b>	3,286,433
		<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>249,641</b>	842,276
Other reserves		<b>1,351,131</b>	1,396,007
		<hr/>	<hr/>
		<b>2,070,507</b>	2,708,018
<b>Non-controlling interests</b>		<b>124,423</b>	578,415
		<hr/>	<hr/>
<b>TOTAL EQUITY</b>		<b>2,194,930</b>	3,286,433
		<hr/>	<hr/>

## NOTES

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

### 1. BASIS OF PREPARATION

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

### 2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

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

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

- (a) Amendments to HKFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of HKFRS 16, the amendments did not have any impact on the financial position or performance of the Group.

## **2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)**

- (b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

The Group has reassessed the terms and conditions of its liabilities as at 1 January 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

- (c) Amendments to HKAS 7 and HKFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the Group's financial statements.

### **3. OPERATING SEGMENT INFORMATION**

For management purposes, 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 four 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;
- (c) leasing of investment properties held by the Group for long-term investment; and
- (d) trading and leasing of overseas' properties.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions in relation to 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 expenses are excluded from such measurement.

Segment assets exclude deferred tax assets, income tax recoverable, amount due from an intermediate holding company, 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, amount due to an intermediate holding company, 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

##### Year ended 31 December 2024

	Hotel operation and management services \$'000	Hotel design and construction management services \$'000	Investment properties leasing \$'000	Trading and leasing of overseas' properties \$'000	Total \$'000
<b>Segment revenue:</b> (note 4)					
Sales to external customers	724,347	167,730	94,131	5,167	<u>991,375</u>
<b>Segment result</b>	138,312	(98,500)	42,498	(1,045,866)	(963,556)
<i>Reconciliation:</i>					
Other income and gains, net (other than impairment on property, plant and equipment and right-of-use assets) (note 5)					69,229
Finance costs (other than interest on lease liabilities) (note 7)					(104)
Corporate and other unallocated expenses					<u>(15,064)</u>
Loss before tax					<u>(909,495)</u>
<b>Segment assets</b>	587,755	147,830	1,345,329	799,564	2,880,478
<i>Reconciliation:</i>					
Corporate and other unallocated assets					<u>703,221</u>
Total assets					<u>3,583,699</u>
<b>Segment liabilities</b>	742,174	73,546	43,751	1,295	860,766
<i>Reconciliation:</i>					
Corporate and other unallocated liabilities					<u>528,003</u>
Total liabilities					<u>1,388,769</u>

### 3. OPERATING SEGMENT INFORMATION (continued)

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

##### Year ended 31 December 2024

Other segment information	Hotel operation and management services \$'000	Hotel design and construction management services \$'000	Investment properties leasing \$'000	Trading and leasing of overseas' properties \$'000	Total \$'000
Impairment losses/(reversal) recognised in the statement of profit or loss, net: <i>(note 5 and 6)</i>					
– Segment assets	52,718	97,219	(1,873)	1,045,167	1,193,231
– Unallocated assets					–
					<u>1,193,231</u>
Depreciation and amortisation <i>(note 6)</i>					
– Segment assets	45,229	587	1	–	45,817
– Unallocated assets					<u>1,451</u>
					<u>47,268</u>
Capital expenditure*					
– Segment assets	16,008	855	–	–	16,863
– Unallocated assets					–
					<u>16,863</u>

\* *Capital expenditure consists of additions of intangible assets, property, plant and equipment and construction in progress.*

### 3. OPERATING SEGMENT INFORMATION (continued)

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

Year ended 31 December 2023

	Hotel operation and management services \$'000	Hotel design and construction management services \$'000	Investment properties leasing \$'000	Trading and leasing of overseas' properties \$'000	Total \$'000
<b>Segment revenue: (note 4)</b>					
Sales to external customers	721,027	173,035	89,006	–	<u>983,068</u>
<b>Segment result</b>	188,863	(35,541)	47,242	61,653	262,217
<i>Reconciliation:</i>					
Other income and gains, net (other than interest income on long-term receivables) (note 5)					32,876
Finance costs (other than interest on lease liabilities) (note 7)					(289)
Corporate and other unallocated expenses					<u>(14,470)</u>
Profit before tax					<u>280,334</u>
<b>Segment assets</b>	629,273	223,398	1,395,758	1,853,746	4,102,175
<i>Reconciliation:</i>					
Corporate and other unallocated assets					<u>450,432</u>
Total assets					<u>4,552,607</u>
<b>Segment liabilities</b>	787,151	72,346	49,591	1,304	910,392
<i>Reconciliation:</i>					
Corporate and other unallocated liabilities					<u>355,782</u>
Total liabilities					<u>1,266,174</u>

### 3. OPERATING SEGMENT INFORMATION (continued)

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

Year ended 31 December 2023

Other segment information	Hotel operation and management services \$'000	Hotel design and construction management services \$'000	Investment properties leasing \$'000	Trading and leasing of overseas' properties \$'000	Total \$'000
Impairment losses recognised in the statement of profit or loss, net: (note 6)					
– Segment assets	23,903	43,970	148	35,401	103,422
– Unallocated assets					–
					<u>103,422</u>
Depreciation and amortisation (note 6)					
– Segment assets	49,002	683	1	–	49,686
– Unallocated assets					<u>1,451</u>
					<u>51,137</u>
Capital expenditure*					
– Segment assets	24,896	357	–	–	25,253
– Unallocated assets					–
					<u>25,253</u>

\* *Capital expenditure consists of additions of intangible assets, property, plant and equipment, construction in progress.*

### 3. OPERATING SEGMENT INFORMATION (continued)

#### (ii) Geographical information

The following table sets out information about the geographical locations 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 locations at which the services were provided or the properties were leased. The geographical location of the specified non-current assets is based on the physical locations of the assets, in the case of fixed assets, and the locations of the operations to which they are allocated.

	Segment revenue from		Specified non-current assets	
	external customers			
	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000
The PRC (including Hong Kong)	980,260	978,390	1,725,628	1,857,977
Overseas	11,115	4,678	–	1,853,745
	<u>991,375</u>	<u>983,068</u>	<u>1,725,628</u>	<u>3,711,722</u>

#### (iii) Information about major customers

During the year, the Group made sales to certain groups of major customers, which are known to be under common control, the revenue from which individually contributed to more than 10% of the Group's total revenue. The analysis is as follows:

	2024 \$'000	2023 \$'000
Customer A	241,951	294,759
Customer B	<u>104,041</u>	<u>141,265</u>
	<u>345,992</u>	<u>436,024</u>

#### 4. REVENUE

An analysis of revenue is as follows:

	2024 \$'000	2023 \$'000
<b>Revenue from contracts with customers</b>		
Hotel management services	566,432	545,102
Hotel design and construction management services	167,730	173,035
Hotel operation income	<u>157,915</u>	<u>175,925</u>
	892,077	894,062
<b>Revenue from other sources</b>		
Gross rental income from investment properties operating leases:		
Variable rent	4,001	4,426
Base rent	<u>95,297</u>	<u>84,580</u>
	<u>99,298</u>	<u>89,006</u>
	<u><u>991,375</u></u>	<u><u>983,068</u></u>

##### (i) Disaggregated revenue information for revenue from contracts with customers

	2024 \$'000	2023 \$'000
<b>Recognised at a point in time</b>		
Hotel operation income from sales of goods, catering services and others	99,756	109,043
<b>Recognised over time</b>		
Hotel operation income from rooms	58,159	66,882
Hotel management services	566,432	545,102
Hotel design and construction management services	<u>167,730</u>	<u>173,035</u>
<b>Revenue from contracts with customers</b>	<u><u>892,077</u></u>	<u><u>894,062</u></u>

#### 4. REVENUE (continued)

##### (i) Disaggregated revenue information for revenue from contracts with customers (continued)

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods:

	<b>2024</b>	2023
	<b>\$'000</b>	\$'000
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sale of goods	<b>390</b>	4,280
Loyalty programme management services	<b>38,730</b>	21,388
Hotel management services	<b>31,060</b>	19,413
Hotel design and construction management services	<b>9,148</b>	12,125
Others	<b>623</b>	977
	<b>79,951</b>	58,183

##### (ii) Performance obligations

Information about the Group's performance obligations is summarised below:

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

The performance obligation is satisfied over time as services are rendered and payment is generally due within 90 days from the date of billing.

##### ***Hotel operation income***

The performance obligation is satisfied as services are rendered or goods are delivered and payment is generally received in advance.

##### ***Loyalty programme management services***

The performance obligation is satisfied as members' points are used or expired, and the payment from hotels which have participated in the loyalty program have been received in advance.

#### 4. REVENUE (continued)

##### (ii) Performance obligations (continued)

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) of hotel management services, hotel design and construction management services and loyalty programme management services as at 31 December 2024 and 2023 are as follows:

	2024 \$'000	2023 \$'000
Amounts expected to be recognised as revenue:		
Within one year	150,741	191,386
After one year	122,784	154,782
	<u>273,525</u>	<u>346,168</u>

#### 5. OTHER INCOME AND GAINS, NET

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

	2024 \$'000	2023 \$'000
Bank interest income	2,217	5,672
Interest income on long-term receivables	–	100,810
Exchange gain/(loss), net	19,195	(2,072)
Impairment of property, plant and equipment	(13,419)	–
Impairment of right-of-use assets	(30,788)	–
Government grants	17,573	26,499
Others	30,244	2,650
	<u>25,022</u>	<u>133,686</u>



## 6. (LOSS)/PROFIT BEFORE TAX

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

	Notes	2024 \$'000	2023 \$'000
Cost of goods sold		75,979	93,220
Cost of services provided*		474,645	437,292
Direct operating expenses (including repairs and maintenance) arising from rental-earning investment properties		27,284	33,535
		<b>577,908</b>	564,047
Depreciation of property, plant and equipment		16,697	16,823
Depreciation of right-of-use assets	10(a)	28,209	31,392
Amortisation of intangible assets		2,362	2,922
Lease payments not included in the measurement of lease liabilities	10(c)	6,129	6,546
Decrease in fair value of investment properties		25,993	7,780
Foreign exchange differences, net		(19,195)	2,072
Loss on disposal of property, plant and equipment		447	–
Loss on disposal of intangible asset		133	–
Loss on disposal of right-of-use asset		382	–
Warranty provision arising from decoration service rendered		1,793	–
Auditor's remuneration			
– Annual audit services		1,255	1,111
– Non-audit services		470	402
Employee benefit expense* (excluding directors' remuneration)			
– Salaries, wages and other benefits		76,364	78,353
– Contributions to defined contribution retirement plans		4,824	6,447
		<b>81,188</b>	84,800
Impairment of financial and contract assets, net:			
Impairment of trade receivables (note 12)		83,731	48,344
Impairment of contract assets		20,160	16,612
Impairment of long-term receivable (note 13(c))		1,046,463	35,401
(Reversal of impairment)/recognise of impairment of other financial assets included in prepayments, other receivables and other assets (note 13(b))		(1,330)	3,065
		<b>1,149,024</b>	103,422

\* Cost of services provided includes employee benefit expense of approximately \$276,981,000 (2023: \$241,399,000), which amount is not included in the total amounts of employee benefit expense.

## 7. FINANCE COSTS

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

	<b>2024</b>	2023
	<b>\$'000</b>	\$'000
Interest on loans from an intermediate holding company	<b>104</b>	289
Interest on lease liabilities ( <i>note 10(b)</i> )	<b>20,615</b>	21,687
	<b>20,719</b>	21,976

## 8. INCOME TAX

	<b>2024</b>	2023
	<b>\$'000</b>	\$'000
<b>Current tax</b>		
Corporate Income Tax ( <i>note (iii)</i> )		
– Charge for the year	<b>60,279</b>	89,992
– Overprovision in prior years	<b>(547)</b>	(1,090)
<b>Deferred tax</b>	<b>20,181</b>	382
<b>Total income tax expense for the year</b>	<b>79,913</b>	89,284

*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 for the income tax provided at the applicable income tax rate of 28.505% (2023: 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 for the year.

## **8. INCOME TAX (continued)**

*Notes: (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% (2023: 25%) on the assessable profits of the Group’s majority subsidiaries in Mainland China, except for the subsidiaries of the Company established in Horgos, Xinjiang Uygur Autonomous region, which enjoy PRC CIT exemptions in accordance with the relevant tax rules, a subsidiary of the Company was recognised as High and New Technology Enterprises in October 2023 and was entitled to a preferential tax rate of 15%, and the subsidiary of the Company established in Zhuhai, Guangzhou Province, which enjoy a preferential tax rate of 15% and certain subsidies 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 year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 4,697,347,000 (2023: 4,697,347,000) in issue during the year ended 31 December 2024.

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

The Group had no potentially dilutive ordinary shares in issue during the year ended 31 December 2024 (2023: Nil).

## 10. LEASES

### The Group as a lessee

The Group has lease contracts for various items of office, hotel buildings and machinery used in its operations. Leases of offices generally have lease terms of between 2 and 6 years, and leases of hotel buildings generally have lease terms of between 15 and 20 years, while machinery generally has lease terms of between 2 and 3 years. Other office space, equipment and warehouse generally have lease terms of 12 months or less and/or is individually of low value.

#### (a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	Offices \$'000	Hotel buildings \$'000	Machinery \$'000	Total \$'000
As at 1 January 2023	18,013	305,350	78	323,441
Additions	3,391	–	–	3,391
Depreciation charge	(8,989)	(22,326)	(77)	(31,392)
Exchange realignment	(152)	(4,205)	(1)	(4,358)
As at 31 December 2023 and 1 January 2024	12,263	278,819	–	291,082
Additions	4,461	–	–	4,461
Termination of lease	(5,368)	–	–	(5,368)
Depreciation charge	(6,283)	(21,926)	–	(28,209)
Impairment	–	(30,788)	–	(30,788)
Exchange realignment	(193)	(5,402)	–	(5,595)
As at 31 December 2024	<u>4,880</u>	<u>220,703</u>	<u>–</u>	<u>225,583</u>

## 10. LEASES (continued)

### (b) Lease liabilities

The carrying amount of lease liabilities and the movements during the year are as follows:

	2024 \$'000	2023 \$'000
Carrying amount at 1 January	355,192	387,997
New leases	4,461	3,391
Termination of lease	(4,986)	–
Accretion of interest recognised during the year (note 7)	20,615	21,687
Payments	(40,335)	(52,237)
Exchange realignment	(7,772)	(5,646)
	<u>327,175</u>	<u>355,192</u>
Carrying amount at 31 December	<u>327,175</u>	<u>355,192</u>
Analysed into:		
Current portion	20,299	25,566
Non-current portion	<u>306,876</u>	<u>329,626</u>
	<u>327,175</u>	<u>355,192</u>

### (c) The amounts recognised in profit or loss in relation to leases are as follows:

	2024 \$'000	2023 \$'000
Interest on lease liabilities (note 7)	20,615	21,687
Depreciation charge of right-of-use assets (note 6)	28,209	31,392
Expense relating to short-term leases and other leases (included in cost of sales and administrative expenses) (note 6)	6,022	6,540
Expense relating to leases of low-value assets (included in cost of sales and administrative expenses) (note 6)	<u>107</u>	<u>6</u>
Total amount recognised in profit or loss	<u>54,953</u>	<u>59,625</u>

## 10. LEASES (continued)

### The Group as a lessor

The Group leases its investment properties in Guilin, Guangxi Zhuang Autonomous Region under operating lease arrangements. The terms of the leases generally require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions. Rental income recognised by the Group during the year was \$94,131,000 (2023: \$89,006,000), details of which are included in note 3 to the financial statements.

At 31 December 2024, the undiscounted lease payments receivables of the Group in future periods under non-cancellable operating leases with its tenants are as follows:

	2024 \$'000	2023 \$'000
Within one year	71,862	71,966
After one year but within two years	43,882	41,448
After two years but within three years	28,878	26,071
After three years but within four years	19,793	20,680
After four years but within five years	16,121	17,429
After five years	40,294	54,174
	<u>220,830</u>	<u>231,768</u>

## 11. PROPERTIES HELD FOR SALE

All the properties held for sale are stated at cost.

The Group's properties held for sale are situated in Chicago, the United States of America (the "USA"). An analysis of the carrying amounts of properties held for sale by lease terms is as follows:

	2024 \$'000	2023 \$'000
Held under freehold land in the USA		
Properties held for sale ( <i>note 13(c)</i> )	<u>799,564</u>	<u>—</u>

## 12. TRADE AND BILLS RECEIVABLES

	2024 \$'000	2023 \$'000
Trade receivables	396,177	351,974
Impairment	<u>(242,330)</u>	<u>(162,974)</u>
	153,847	189,000
Bills receivables	<u>2,809</u>	<u>110</u>
	<u><b>156,656</b></u>	<u><b>189,110</b></u>

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 hotel operations, 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 that 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.

## 12. TRADE AND BILLS RECEIVABLES (continued)

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:

	2024 \$'000	2023 \$'000
Within 3 months	90,237	85,831
Over 3 months but within 6 months	13,700	19,940
Over 6 months but within 12 months	23,853	19,460
Over 12 months	26,057	63,769
	<u>153,847</u>	<u>189,000</u>

The movements in the loss allowance for impairment of trade receivables are as follows:

	2024 \$'000	2023 \$'000
At 1 January	162,974	116,742
Impairment during the year, net ( <i>note 6</i> )	83,731	48,344
Exchange realignment	(4,375)	(2,112)
	<u>242,330</u>	<u>162,974</u>

The increase in the loss allowance was due to certain outstanding contractual amounts which were considered as default and the Group is unlikely to receive such outstanding contractual amounts in full.



## 12. TRADE AND BILLS RECEIVABLES (continued)

An impairment analysis is performed at each reporting date by reference to the credit risk characteristics of receivables, either individually or collectively. For receivables with credit risk identified deteriorated significantly, management makes provision on the individual basis, otherwise, management uses a provision matrix to measure expected credit losses for the rest of the receivables. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

As at 31 December 2024, the trade receivables amounting to \$117,132,000 (2023: \$103,989,000) were assessed individually and considered to be unlikely for the Group to receive as outstanding contractual amounts and were fully impaired. There are no credit enhancements held by the Group on such outstanding amounts.

Set out below is the information about the credit risk exposure on the rest of the portion of the Group's trade receivables using a provision matrix:

### As at 31 December 2024

	Current	Past due				Total
		Less than 3 months	3 to 6 months	6 to 12 months	Over 12 months	
Expected credit loss rate	2.929%	7.806%	12.835%	28.743%	81.515%	44.867%
Gross carrying amount (\$'000)	92,960	14,860	14,382	15,882	140,961	279,045
Expected credit losses (\$'000)	2,723	1,160	1,846	4,565	114,904	125,198

### As at 31 December 2023

	Current	Past due				Total
		Less than 3 months	3 to 6 months	6 to 12 months	Over 12 months	
Expected credit loss rate	0.995%	5.375%	5.895%	8.250%	50.836%	23.785%
Gross carrying amount (\$'000)	86,694	21,073	15,927	16,754	107,537	247,985
Expected credit losses (\$'000)	863	1,133	939	1,382	54,668	58,985

### 13. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

		2024	2023
	Notes	\$'000	\$'000
<b>Current portion</b>			
Prepayments		13,597	22,834
Deposits and other receivables		79,123	88,727
Amounts due from related parties	(a)	7,973	5,503
Amounts due from intermediate holding companies	(a)	<u>292,923</u>	<u>11,333</u>
		393,616	128,397
Impairment allowance	(b)	<u>(7,745)</u>	<u>(18,016)</u>
		<u><b>385,871</b></u>	<u><b>110,381</b></u>
<b>Non-current portion</b>			
Long-term receivables			
– Deferred Amount and relevant interest	(c)	–	1,938,247
– Other long-term receivables		<u>31,011</u>	<u>25,224</u>
		31,011	1,963,471
Impairment allowance	(c)	<u>(1,282)</u>	<u>(84,500)</u>
		<u><b>29,729</b></u>	<u><b>1,878,971</b></u>

- (a) The amounts due from related parties and intermediate holding companies are unsecured, interest-free and repayable on demand.

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

- (b) The movements in provision for impairment of other receivables during the year are as follows:

	2024 \$'000	2023 \$'000
At 1 January	18,016	15,064
(Reversal of impairment)/impairment during the year in profit or loss, net ( <i>note 6</i> )	(1,330)	3,065
Amount written off as uncollectible	(8,758)	–
Exchange realignment	(183)	(113)
At 31 December	<u>7,745</u>	<u>18,016</u>

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 \$1,938,247,000 (equivalent to approximately US\$247,992,000) represented the initial deferred amount (the “Deferred Amount”) arising from the disposal of the Company’s interest in Parcel C LLC (“Parcel C”) of approximately \$1,595,146,000 (equivalent to approximately US\$203,500,000), and the relevant interest generated of approximately \$343,101,000 (equivalent to approximately US\$44,492,000). Portion of the Deferred Amount is secured by a mortgage (the “Mortgage”) of 37 condominium units (the “Condominium Units”) of Parcel C.

The debtor exercised the extension rights granted by the relevant agreement and the Company was notified on 16 October 2023 to extend the initial maturity date of the receivable (the “Initial Maturity Date”) from November 2023 to November 2024. As the debtor extended the Initial Maturity Date of the receivable, a total impairment loss of long-term receivable of \$84,500,000 was recognised during the year ended 31 December 2023 by management using the debtor’s cash flow projections and applying appropriate discount rate, resulting in a carrying amount of long-term receivables of approximately \$1,853,747,000 as at 1 January 2024.

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

(c) (continued)

In August 2024, the Group understood that a potential bulk sale of all unsold condominium units of Parcel C, except for the Condominium Units mortgaged to the Group, was under discussion with a potential buyer and such transaction was completed in late 2024. Parcel C utilized the proceeds from the bulk sale for repayment of its other loans and outstanding construction payables, and no cash was available for the settlement for the Deferred Amount was made to the Group.

On 30 December 2024, a subsidiary of the Company entered into an enforcement agreement with the debtor to enforce the Mortgage, and the Condominium Units under the Mortgage were delivered to the Group in respect of the titles and ownership.

The Group assessed and provided an impairment loss of approximately HK\$1,045,167,000 of the long-term receivable during 2024 and derecognised the long-term receivable on 30 December 2024 then recognised properties held for sale of HK\$799,564,000.

Further details of the repayment terms of the Deferred Amount have been set out in the Company announcements dated 30 July 2020, 17 August 2020 and 25 November 2020 and the Company circular dated 29 September 2020. For details of the bulk sale, please refer to the announcement date 12 August 2024. For details of the enforcement of the Mortgage, please refer to the announcement dated 2 January 2025.

(i) The movements in provision for impairment of long-term receivables during the year are as follows:

	<b>2024</b>	2023
	<b>\$'000</b>	\$'000
At 1 January	<b>84,500</b>	48,937
<i>Illustrated separately for long-term receivable related to Deferred Amount from Parcel C (note 13(c)(ii))</i>	<b>(84,500)</b>	—
Impairment during the year recognised (note 6)	<b>1,296</b>	35,401
Exchange realignment	<b>(14)</b>	162
At 31 December	<b><u>1,282</u></b>	<b><u>84,500</u></b>

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

(c) (continued)

(ii) The change of derecognition of long-term receivables and recognition of properties held for sale are as follows:

	2024 \$'000
At 1 January	
long-term receivables	1,938,247
Impairment loss of long-term receivables ( <i>note 13(c)(i)</i> )	<u>(84,500)</u>
Carrying amount	<u>1,853,747</u>
Impairment loss of long-term receivable ( <i>note 6</i> )	(1,045,167)
Transfer to properties held of sale ( <i>note 11</i> )	(799,564)
Exchange realignment	<u>(9,016)</u>
At 31 December	<u><u>—</u></u>

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

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

	<i>Notes</i>	<b>2024</b> <b>\$'000</b>	2023 <b>\$'000</b>
Trade payables	(a)	<b>29,133</b>	34,443
Other payables and accruals		<b>267,549</b>	274,315
Amounts due to an intermediate holding company	(b)	<b>273,678</b>	80,138
Amounts due to related parties	(b)	<b>5,738</b>	24,610
		<b>576,098</b>	413,506

*Notes:*

- (a) None of the Group's trade payables are expected to be settled after more than one year (2023: Nil).

The ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	<b>2024</b> <b>\$'000</b>	2023 <b>\$'000</b>
Within 3 months	<b>17,413</b>	26,462
Over 3 months but within 6 months	<b>434</b>	392
Over 6 months but within 12 months	<b>4,376</b>	48
Over 12 months	<b>6,910</b>	7,541
	<b>29,133</b>	34,443

- (b) The amounts due to an intermediate holding company and related parties are repayable on demand and all these balances are unsecured and interest-free.

## 15. SHARE CAPITAL AND DIVIDEND

### (i) Share capital

	2024 \$'000	2023 \$'000
Issued and fully paid:		
4,697,346,488 (2023: 4,697,346,488)		
ordinary shares	<u>469,735</u>	<u>469,735</u>

### (ii) Dividend

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

## 16. EVENTS AFTER THE REPORTING PERIOD

As at the date that these consolidated financial statements were approved, there is no important event affecting the Company and its subsidiaries after the reporting period which should be disclosed.

## **2024 BUSINESS REVIEW**

### **BUSINESS REVIEW**

During the year ended 31 December 2024 (the “Year” or “2024”), the Group’s principal businesses are divided into the following four business segments:

- |                   |  |
|-------------------|--|
| Hotel business    | 1. Hotel operation and management services           |
|                   | 2. Hotel design and construction management services |
| Property business | 3. Investment property leasing                       |
|                   | 4. Trading and leasing of overseas’ properties       |

### **HOTEL BUSINESS**

During 2024, the Group’s hotel businesses were 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 2024, 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 157 hotels with 33,900 rooms as of 31 December 2023 to 204 hotels with over 40,200 rooms as of 31 December 2024. As of 31 December 2024, an additional 376 hotels were contracted to be managed by the Group but were still under development and had not commenced operation yet.

## **Our hotel brands**

The Group adopts the multi-brand strategy which is 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 celebrities and social elites that delivers ultimate 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 appreciate 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 of superb international standards for business and leisure travelers.</li> </ul>
Wanda Jin	<ul style="list-style-type: none"> <li>• A premium and selected service hotel brand built upon boutique design and quality service offering a balanced life experience for business and leisure travelers.</li> </ul>

<b>Hotel Brand</b>	<b>Service Features</b>
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 pursuing exquisiteness and surprises in life.</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>
Wanda Moments	<ul style="list-style-type: none"> <li>• A high-end midscale hotel brand dedicating to offer 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 attentive services to business travelers who are willing to experience new trends.</li> </ul>
Wanda Encore	<ul style="list-style-type: none"> <li>• A high-end midscale hotel brand featuring a consistent, 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 31 December 2024:

	Operational Model			Number of Hotel Room (’000)
	Leased-and- Operated Hotels	Managed Hotels	Franchised Hotels	
<b>Hotel Brands</b>				
Wanda Reign	–	3	–	0.7
Wanda Vista	–	20	2	6.2
Wanda Realm	–	44	2	12.9
Wanda Jin	–	19	3	5.7
Wanda Yi	1	8	–	2.4
Wanda Moments	3	53	–	6.0
Wanda Yue	–	31	2	3.5
Others*	–	12	1	2.8
<b>Grand Total</b>	<b>4</b>	<b>190</b>	<b>10</b>	<b>40.2</b>

\* Included Wanda Amber and Wanda Encore

### Leased and operated hotels

As of 31 December 2024, the Group had four leased-and-operated hotels, accounting for approximately 2.0% 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 2 to 15-month rent-free period. We generally pay fixed rent on a quarterly or biannual basis for the first 3 to 5 years of the lease term, after which we are generally subject to a pre-determined rent increase annually. Our leases usually allow term extensions by mutual agreement. As of 31 December 2024, none of our leases were expected to expire in one year.

## **Managed hotels**

As of 31 December 2024, we had 190 managed hotels, accounting for approximately 93.1% 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 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 the standard of our brand, 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 31 December 2024, we had ten franchised hotels, accounting for approximately 4.9% 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, collect fees from franchisees, and do not appoint on-site hotel management personnel. In addition, these hotels will operate in accordance with the standard of our brand, including bringing the hotel properties into compliance with the appropriate standard of our brand 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 the standard of our brand 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 which is consistent with the 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 of the Company 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 room rates achieved. Occupancy rates of our hotels mainly depend on the locations of our hotels, the 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 locations of hotels, the 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 occupancy rate, average daily room rate and RevPAR for our hotels for the Year and the year ended 31 December 2023 by service category:

	<b>For the Year Ended</b>	
	<b>31 December</b>	
	<b>2024</b>	<b>2023</b>
<b>Occupancy rate (%)</b>		
All hotels	<b>53.9%</b>	55.9%
Full-service hotels	<b>51.5%</b>	54.7%
Limited-service hotels	<b>62.3%</b>	62.2%
<b>Average daily room rate (RMB)</b>		
All hotels	<b>456</b>	499
Full-service hotels	<b>507</b>	542
Limited-service hotels	<b>309</b>	301
<b>RevPAR (RMB)</b>		
All hotels	<b>246</b>	279
Full-service hotels	<b>261</b>	297
Limited-service hotels	<b>193</b>	187

The following table sets forth our occupancy rate, average daily room rate and RevPAR for our hotels during the Year and the year ended 31 December 2023 by operational model:

	<b>For the Year Ended</b>	
	<b>31 December</b>	
	<b>2024</b>	<b>2023</b>
<b>Occupancy rate (%)</b>		
All hotels	<b>53.9%</b>	55.9%
Leased-and-operated hotels	<b>66.5%</b>	66.9%
Managed hotels	<b>54.0%</b>	55.8%
Franchised hotels	<b>46.7%</b>	50.8%
<b>Average daily room rate (RMB)</b>		
All hotels	<b>456</b>	499
Leased-and-operated hotels	<b>243</b>	260
Managed hotels	<b>464</b>	513
Franchised hotels	<b>438</b>	397
<b>RevPAR (RMB)</b>		
All hotels	<b>246</b>	279
Leased-and-operated hotels	<b>162</b>	174
Managed hotels	<b>250</b>	287
Franchised hotels	<b>205</b>	202

During 2024, the RevPAR decreased by approximately 11.8% to approximately RMB246, as compared to approximately RMB279 in 2023. The decrease in RevPAR was primarily due to the return of mass consumption to rationality in 2024 subject to the consumption recovery spurt after the post-pandemic in 2023, as well as the explosive growth of limited-service hotels, which diverted demands.

The following table sets out our occupancy rate, average daily room rate and RevPAR for our hotels for 2024 and 2023 respectively on a quarterly basis:

	Fourth Quarter		Third Quarter		Second Quarter		First Quarter	
	2024	2023	2024	2023	2024	2023	2024	2023
<b>Occupancy rate (%)</b>								
All hotels	<b>53.5%</b>	53.9%	<b>59.4%</b>	63.0%	<b>53.0%</b>	55.7%	<b>49.1%</b>	50.6%
Full-service hotels	<b>52.0%</b>	52.6%	<b>57.4%</b>	61.8%	<b>50.3%</b>	54.4%	<b>47.0%</b>	50.3%
Limited-service hotels	<b>57.8%</b>	59.7%	<b>66.0%</b>	68.9%	<b>63.8%</b>	66.9%	<b>57.7%</b>	53.1%
<b>Average daily room rate (RMB)</b>								
All hotels	<b>418</b>	470	<b>457</b>	515	<b>453</b>	495	<b>506</b>	514
Full-service hotels	<b>464</b>	515	<b>503</b>	560	<b>503</b>	542	<b>569</b>	551
Limited-service hotels	<b>295</b>	299	<b>324</b>	318	<b>300</b>	311	<b>296</b>	284
<b>RevPAR (RMB)</b>								
All hotels	<b>224</b>	253	<b>271</b>	325	<b>240</b>	275	<b>249</b>	260
Full-service hotels	<b>242</b>	271	<b>289</b>	346	<b>253</b>	292	<b>268</b>	277
Limited-service hotels	<b>171</b>	178	<b>214</b>	219	<b>191</b>	208	<b>171</b>	151

	Fourth Quarter		Third Quarter		Second Quarter		First Quarter	
	2024	2023	2024	2023	2024	2023	2024	2023
<b>Occupancy rate (%)</b>								
All hotels	<b>53.5%</b>	53.9%	<b>59.4%</b>	63.0%	<b>53.0%</b>	55.7%	<b>49.1%</b>	50.6%
Leased-and-operated hotels	<b>66.8%</b>	66.2%	<b>69.0%</b>	72.6%	<b>69.6%</b>	71.9%	<b>60.5%</b>	55.6%
Managed hotels	<b>53.6%</b>	53.6%	<b>59.4%</b>	62.7%	<b>53.3%</b>	55.6%	<b>49.0%</b>	50.4%
Franchised hotels	<b>46.7%</b>	52.6%	<b>54.1%</b>	63.0%	<b>39.7%</b>	51.6%	<b>45.7%</b>	51.2%
<b>Average daily room rate (RMB)</b>								
All hotels	<b>418</b>	470	<b>457</b>	515	<b>453</b>	495	<b>506</b>	514
Leased-and-operated hotels	<b>241</b>	249	<b>236</b>	253	<b>253</b>	270	<b>243</b>	275
Managed hotels	<b>421</b>	483	<b>467</b>	531	<b>464</b>	516	<b>514</b>	529
Franchised hotels	<b>465</b>	398	<b>391</b>	397	<b>352</b>	397	<b>530</b>	398
<b>RevPAR (RMB)</b>								
All hotels	<b>224</b>	253	<b>271</b>	325	<b>240</b>	275	<b>249</b>	260
Leased-and-operated hotels	<b>161</b>	165	<b>163</b>	184	<b>176</b>	194	<b>147</b>	153
Managed hotels	<b>225</b>	259	<b>277</b>	333	<b>247</b>	287	<b>252</b>	267
Franchised hotels	<b>217</b>	209	<b>212</b>	250	<b>140</b>	205	<b>243</b>	204

## **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.



## **Chicago Project, the USA**

On 30 December 2024, a subsidiary of the Company entered into an enforcement agreement with the debtor and guarantor of the Deferred Amount arising from the disposal of the Company's interest in Parcel C (the "Chicago Project"), to enforce the Mortgage. The Condominium Units under the Mortgage were then delivered to the Group in respect of the titles and ownership. Upon the completion of delivery of the Condominium Units, the Group recorded the Condominium Units as properties held for sale.

The Condominium Units are located at The Residences at St. Regis Chicago in Lakshore East of Chicago, with saleable area ranging from approximately 1,000 sq.f. to approximately 7,000 sq.f. Certain of Condominium Units have been leased.

## **OUTLOOK**

With the recovery of the economy and the favourable national policies to boost consumer spending in the PRC, we expect the domestic tourist market in the PRC will continue to grow in 2025. The Group will closely monitor the performance of our business operations. Moreover, the Group will continue to expand our hotel network and plans to add 54 new hotels in 2025.

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 the shareholders of the Company (the "Shareholders").

## FINANCIAL REVIEW

### Revenue

The Group's revenue rose by approximately 0.8% to approximately HK\$991.4 million for the Year (2023: HK\$983.1 million). The following table below sets forth the revenue breakdown by business segment:

	For the Year Ended 31 December		Changes	
	2024	2023		
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	%
Hotel operation and management services	<b>724,347</b>	721,027	3,320	0.5%
Hotel design and construction				
management services	<b>167,730</b>	173,035	(5,305)	(3.1%)
Investment properties leasing	<b>94,131</b>	89,006	5,125	5.8%
Trading and leasing of overseas' property	<b>5,167</b>	–	5,167	100.0%
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total</b>	<b>991,375</b>	983,068	8,307	0.8%
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

1. **Hotel operation and management services** – Such revenue consists of three components, namely: hotel management services, hotel operation income from room and hotel operation income from sales of goods, catering services and others. The revenue slightly increased by 0.5% to approximately HK\$724.3 million in 2024 (2023: HK\$721.0 million). Hotel management services rose by 3.9% to approximately HK\$566.4 million (2023: HK\$545.1 million), mainly due to increase of the number of hotels under the Group's management, being offset by the decrease in average daily room rate due to intense competition of the market. Hotel operation income from rooms of the four leased-and-operated hotels decreased by 13.0% to approximately HK\$58.2 million (2023: HK\$66.9 million), mainly due to the intense competition of the market where the four leased-and-operated hotels were operated, which impacted the rates of the hotel rooms. Meanwhile, hotel operation income from sales of goods, catering services and others decreased by 8.5% to approximately HK\$99.8 million (2023: HK\$109.0 million), mainly due to market volatility and falling demand of such services.
2. **Hotel design and construction management services** – Such revenue decreased by 3.1% to approximately HK\$167.7 million in 2024 (2023: HK\$173.0 million), mainly due to slow down of work and overall decline in market.
3. **Investment properties leasing** – Such revenue increased by 5.8% to approximately HK\$94.1 million in 2024 (2023: HK\$89.0 million), mainly due to the higher average rental rates during the Year.
4. **Trading and leasing properties of property** – such revenue increased by 100.0% to approximately HK\$5.2 million in 2024 (2023: Nil), mainly due to rental income received from the Condominium Unit following the enforcement of the Mortgage of the Chicago Project.

## Cost of sales

The cost of sales of the Group rose by 2.5% to approximately HK\$577.9 million. Below table sets out the breakdown of the cost of sales by segment:—

	For the Year Ended 31 December		Changes	
	2024 HK\$'000	2023 HK\$'000	HK\$'000	%
Hotel operation and management services	410,931	399,225	11,706	2.9%
Hotel design and construction management services	139,693	131,287	8,406	6.4%
Investment properties leasing	27,284	33,535	(6,251)	(18.6%)
Trading and leasing of overseas' properties	—	—	—	—
Total	<u>577,908</u>	<u>564,047</u>	<u>13,861</u>	<u>2.5%</u>

The cost of hotel operation and management services rose by 2.9% to approximately HK\$410.9 million for the Year (2023: HK\$399.2 million), mainly due to an increase in headcount as a result of an increase in the number of hotels under the Group's management for the Year. The cost of hotel design and construction management services rose by 6.4% to approximately HK\$139.7 million (2023: HK\$131.3 million) because the projects of renovation and refurbishment accounted for higher proportion for the Year and such projects incurred expense for the purchase of materials and hence lower profit margin. The cost of investment properties leasing dropped by 18.6% to approximately HK\$27.3 million for the Year (2023: HK\$33.5 million) since the entrusted management services provided by Zhuhai Wanda Commercial Management Group Co., Ltd ("Zhuhai Wanda") to the Guilin Project expired in April 2024 and the management fee for the period from May 2024 has been waived. The Group is currently negotiating to renew the entrusted management service agreement with Zhuhai Wanda. For the details of such management fees, please refer to the Company's announcements dated 24 August 2021 and 30 June 2022. The cost of trading and leasing of overseas' properties were Nil in both 2024 and 2023 because the titles and ownership of the Condominium Units were delivered on 30 December 2024.

## Gross profit and gross profit margin

As a result of the above, both gross profit and gross profit margin of the Group decreased to approximately HK\$413.5 million and 41.7% respectively for the Year (2023: HK\$419.0 million and 42.6% respectively). Below table sets forth the gross profit and gross profit margin breakdown respectively in terms of the business segment:

<b>Gross Profit For the Year Ended 31 December</b>				
	<b>2024</b>	<b>2023</b>	<b>Changes</b>	
	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>%</b>
Hotel operation and management services	<b>313,416</b>	321,802	(8,386)	(2.6%)
Hotel design and construction management services	<b>28,037</b>	41,748	(13,711)	(32.8%)
Investment properties leasing	<b>66,847</b>	55,471	11,376	20.5%
Trading and leasing of overseas' properties	<b>5,167</b>	—	5,167	100.0%
Total	<b><u>413,467</u></b>	<b><u>419,021</u></b>	<b><u>(5,554)</u></b>	<b><u>(1.3%)</u></b>

<b>Gross Profit Margin For the Year Ended 31 December</b>			
	<b>2024</b>	<b>2023</b>	<b>Changes</b>
	<b>%</b>	<b>%</b>	<b>%</b>
Hotel operation and management services	<b>43.3%</b>	44.6%	(1.3%)
Hotel design and construction management services	<b>16.7%</b>	24.1%	(7.7%)
Investment properties leasing	<b>71.0%</b>	62.3%	8.7%
Trading and leasing of overseas' properties	<b>100.0%</b>	—	100.0%
Total	<b><u>41.7%</u></b>	<b><u>42.6%</u></b>	<b><u>(0.9%)</u></b>

## Net valuation loss on investment properties

Net valuation loss on investment properties of the Group was approximately HK\$26.0 million in 2024 (2023: HK\$7.8 million). Such valuation loss was attributed to the decrease in value of shopping mall of the Guilin Project as compared to the year ended 31 December 2023.

## Segment results

The following table illustrates the segment results of the Group for the Year and 2023 respectively:

	For the Year Ended 31 December		Changes	
	2024	2023		
	HK\$'000	HK\$'000	HK\$'000	%
Hotel operation and management services	138,312	188,863	(50,551)	(26.8%)
Hotel design and construction				
management services	(98,500)	(35,541)	(62,959)	177.1%
Investment properties leasing	42,498	47,242	(4,744)	(10.0%)
Trading and leasing of overseas' properties	(1,045,866)	61,653	(1,107,519)	(1,796.4%)
<b>Total</b>	<b>(963,556)</b>	<b>262,217</b>	<b>(1,225,773)</b>	<b>(467.5%)</b>

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

**Hotel operation and management services** – The segment profit dropped by 26.8% to approximately HK\$138.3 million in 2024 (2023: HK\$188.9 million), mainly due to the increase in the segment cost as a result of an increase in headcount for the Year for newly-opened hotels and the increase in impairment loss recognised in the segment of approximately HK\$28.8 million to approximately HK\$52.7 million (2023: HK\$23.9 million).

**Hotel design and construction management services** – The segment loss increased by 177.1% to approximately HK\$98.5 million in 2024 (2023: HK\$35.5 million) since the renovation and refurbishment projects with low margin accounted for about 34.4% of the segment revenue as compared to 22.0% in 2023 and the increase in impairment loss recognised in the segment of approximately HK\$53.2 million to approximately HK\$97.2 million (2023: HK\$44.0 million).

**Investment properties leasing** – The segment profit decreased by 10.0% to approximately HK\$42.5 million in 2024 (2023: HK\$47.2 million), mainly due to the increase in net valuation loss on investment properties of approximately HK\$26.0 million in 2024 (2023: HK\$7.8 million) and offset the management fee waived for the Year.

**Trading and leasing of overseas' properties** – The segment profit plunged by 1,796.4% to segment loss of approximately HK\$1,045.9 million in 2024 (2023: segment profit of HK\$61.7 million), mainly due to the increase in impairment loss on the long-term receivable in relation to the Deferred Amount of approximately HK\$1,045.2 million and impairment loss of HK\$35.4 million was recorded in 2023.

### **Other income and gains, net**

The Group reported other income and gains, net decreased significantly to approximately HK\$25.0 million in 2024 from approximately HK\$133.7 million in 2023, mainly due to the fact that the Group discontinued to accrue interest income from the long-term receivable in relation to the Deferred Amount from the Chicago Project for the Year, as compared to the interest income of approximately HK\$100.8 million in 2023.

### **Selling and administrative expenses**

Selling and administrative expenses rose by approximately 9.3% to approximately HK\$152.1 million in 2024 (2023: HK\$139.2 million) primarily due to the increase in advertising expense incurred on hotel branding and service fee related to information technology.

### **Finance costs**

Finance costs decreased by approximately 5.7% to approximately HK\$20.7 million in 2024 (2023: HK\$22.0 million), primarily due to partial repayment of lease liabilities and thus the related interest on lease liabilities decrease.

## Income tax expense

The Group reported income tax expense of approximately HK\$79.9 million in 2024 (2023: HK\$89.3 million), primarily as a result of the decrease in the Group's net profit for the Year.

## (Loss)/Profit for the Year and attributable to equity holders of the Company

The Group recorded a loss for the Year and a loss attributable to equity holders of the Company of approximately HK\$989.4 million and HK\$590.9 million respectively in 2024, as set forth in the following table:

	<b>For the Year Ended</b>		
	<b>31 December</b>		
	<b>2024</b>	<b>2023</b>	<b>Changes</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>
(Loss)/Profit attributable to:			
– Owners of the parent	<b>(590,891)</b>	165,154	(756,045)
– Non-controlling interests	<b>(398,517)</b>	25,896	(424,413)
<b>(Loss)/profit for the year</b>	<b><u>(989,408)</u></b>	<b><u>191,050</u></b>	<b><u>(1,180,458)</u></b>

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

The table below sets forth the net assets and equity attributable to the equity holders of the parent as at 31 December 2024 and 2023 respectively:

	<b>As at 31 December</b>	
	<b>2024</b>	<b>2023</b>
	<b>HK\$'million</b>	<b>HK\$'million</b>
Total assets	<b>3,583.7</b>	4,552.6
Total liabilities	<b>1,388.8</b>	1,266.2
Net assets	<b>2,194.9</b>	3,286.4
Equity attributable to equity holders of the parents	<b>2,070.5</b>	2,708.0



## **Long-term receivables**

As of 31 December 2024, the long-term receivables plunged by 98.4% to approximately HK\$29.7 million (As of 31 December 2023: HK\$1,879.0 million), primarily due to the enforcement of the Condominium Units under the Mortgage and the transfer of long-term receivables from Deferred Amount of Chicago Project to properties held for sale upon the completion of delivery of the Condominium Units on 30 December 2024. The remaining long-term receivables of approximately HK\$29.7 million as of 31 December 2024 are the other long-term receivables in the PRC.

The Deferred Amount and relevant interest accrued from the Chicago Project amounted to approximately USD248.0 million. Portion of the Deferred Amount was secured by the Mortgage on the Condominium Units of the Chicago Project.

On 16 October 2023, the Company was notified by the debtor of the Deferred Amount that it would exercise the extension rights provided under the agreement in relation to the Chicago Project to extend the Initial Maturity Date for the Deferred Amount from November 2023 to November 2024. As the debtor extended the Initial Maturity Date, a total impairment loss of long-term receivable of \$84.5 million was recognised during the year ended 31 December 2023 by management using the debtor's cash flow projections and applying appropriate discount rate, resulting in a carrying amount of long-term receivables of approximately \$1,853.7 million as at 1 January 2024.

In August 2024, the Group understood that a potential bulk sale of all unsold Condominium Units, except for the 37 Condominium Units mortgaged to the Group as collateral for the Deferred Amount, was under discussion with a potential buyer and such transaction was completed in late 2024. The proceeds from the bulk sale have been used for repayment of other loan of the debtor (and not the Deferred Amount), and no settlement for the Deferred Amount was made to the Group.

In order to protect the rights and interests of the seller (a non-wholly owned subsidiary of the Company) (the “Seller”) in enforcing the Mortgage and to facilitate and minimize costs in the enforcement of the Mortgage, on 30 December 2024 (U.S. time), the Seller, the debtor and the guarantor have entered into an enforcement agreement, pursuant to which:

- (i) the Condominium Units shall be delivered to the Seller, the debtor and the guarantor shall not interfere with the Seller’s action to perfect its title (if so necessary) to the Condominium Units;
- (ii) the debtor and the guarantor shall provide various representations and warranties in respect of the Condominium Units and the Sellers’ rights, including representations and warranties as to the titles and ownership of the debtor in the Condominium Units; and
- (iii) in return, the Seller has agreed not to sue the debtor in respect of the Condominium Units and to release the guarantor from any and all claims, save and except for the occurrence of certain events such as the debtor becoming the subject of any bankruptcy petition.

Upon the completion of delivery of the Condominium Units, the Group derecognised the long-term receivables and recorded an impairment loss of approximately HK\$1,045 million of the long-term receivables during 2024, and recognised properties held for sale of approximately HK\$799.6 million.

As a result of the above, as of 31 December 2024, the Group had no long-term receivable arising from the Deferred Amount from the Chicago Project (2023: HK\$1,879.0 million).

For further details of the Chicago Project and the Deferred Amount, please refer to the announcements of the Company dated 30 July 2020, 17 August 2020 and 25 November 2020 and the circular of the Company dated 29 September 2020 as well as the announcements of the Company dated 12 August 2024, 2 January 2025 and 18 March 2025.

## Liquidity, borrowing and financial resources

As at 31 December 2024, the Group's cash (including restricted bank balance) amounted to approximately HK\$382.0 million (As at 31 December 2023: HK\$359.2 million) and primarily consisted of Renminbi ("RMB"). The table below sets forth the breakdown of cash by currency:

	<b>As at 31 December</b>	
	<b>2024</b>	<b>2023</b>
	<i>(% to total cash)</i>	<i>(% to total cash)</i>
RMB	<b>95</b>	87
United States Dollar ("USD")	<b>3</b>	11
Hong Kong Dollar	<b>2</b>	2
	<b>100</b>	100

As at 31 December 2024, the current ratio of the Group, which is the quotient arrived at by dividing current assets by current liabilities, was 2.27 (As at 31 December 2023: 1.16). Excluding the transfer from long-term receivables to properties held for sale of approximately HK\$799.6 million on 30 December 2024 presented under current assets, the current ratio of the Group as at 31 December 2024 would be 1.27 (As at 31 December 2023: 1.16).

As at 31 December 2024, the Group's interest-bearing loan was nil (As at 31 December 2023: HK\$4.3 million).

Below table sets out the gearing ratios of the Group:–

	<b>As at 31 December</b>	
	<b>2024</b>	<b>2023</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Total debts	–	4,342
Less: Total cash and bank balances*	<u><b>382,028</b></u>	<u>359,169</u>
Net cash	<u><b>382,028</b></u>	<u>354,827</u>
Total equity	<b>2,194,930</b>	3,286,433
Total assets	<b>3,583,699</b>	4,552,607
Gearing ratios:		
Net debts over aggregate of net debts and total equity	<b>Net Cash</b>	Net Cash
Net debts over total assets	<u><b>Net Cash</b></u>	<u>Net Cash</u>

\* Including restricted cash

### Foreign currency and interest rate exposure

During the Year, the Group's business was principally conducted in RMB. The functional currency of the Group's subsidiaries in the PRC was RMB and these subsidiaries do not have significant monetary assets or liabilities denominated in currencies other than their respective functional currencies. The Group's exposure to currency risk during the Year was 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 to foreign exchange exposure management. During the Year, the Group did not use any financial instruments to hedge against foreign currency exposure and did not have any hedging instrument outstanding as at 31 December 2024.

The Group's policy is 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 31 December 2024, the Group had no pledge of its assets (As at 31 December 2023: Nil).

### **Changes in share capital**

There is no change in the Company's share capital during the Year.

## **CONTINGENT LIABILITIES**

As at 31 December 2024, the Group did not have any material contingent liabilities.

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

The Group had no significant investment held, material acquisition or disposal of subsidiaries and associated companies during the Year.

## **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 31 December 2024, the Group had around 585 full-time employees, who were located in the PRC (including Hong Kong) and the USA.

During the Year, 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 include insurance and medical coverage, and subsidized educational and training programs.

## **DIVIDEND**

The Directors did not recommend the payment of a final dividend for the Year (2023: Nil).

## **OTHER INFORMATION**

### **SHARE SCHEME**

The Company did not have any effective share scheme as at 31 December 2024.

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

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

### **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 C3 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") 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 provisions of the Model Code during the Year.

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

The Company has adopted the Corporate Governance Code (the "CG Code") set out in Appendix C1 to the Listing Rules and the Company has complied with the code provisions ("Code Provision") as set out in Part 2 of the CG Code during the Year, except for the following deviation from the Code Provision C.2.1 of the CG Code.

Code Provision C.2.1 of the CG Code provides that the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. During the Year, the Company has not appointed a chief executive officer and the duties of the chief executive officer have been performed by Mr. Ning Qifeng (“Mr. Ning”), who is the chairman of the Company (the “Chairman”). 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, comprising another executive Director, two 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 interests of the Shareholders.

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

The Company has established an audit committee (the “Audit Committee”) with written terms of reference in accordance with the requirements of the Code. Its primary function is to assist the Board in fulfilling its responsibility to oversee and review the Group’s financial information, systems of risk management, internal controls and the external audit process. As at the date of this announcement, 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 external 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 Year and discussed the financial related matters with the Company’s management and external auditors.

## **SCOPE OF WORK OF AUDITOR ON THE PRELIMINARY ANNOUNCEMENT**

The figures in respect of the preliminary announcement of the Group's results for the Year have been agreed by the Group's independent auditors, Ernst & Young, to the amounts set out in the Group's consolidated financial statements for the Year. The work performed by Ernst & Young in this respect did not constitute an audit, review or other assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Ernst & Young on the preliminary announcement.

## **PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL 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 ([www.hkexnews.hk](http://www.hkexnews.hk)). The annual report of the Company for the year ended 31 December 2024 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, 28 March 2025

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