

Wanda Hotel Management (Hong Kong) Co. Limited
(Incorporated in Hong Kong with limited liability)

Unaudited Consolidated Financial Information

31 December 2022, 2023 and 2024

Wanda Hotel Management (Hong Kong) Co. Limited

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REPORT ON REVIEW OF CONSOLIDATED FINANCIAL INFORMATION

To the board of directors of Wanda Hotel Development Company Limited (Incorporated in bermuda with limited liability)

Introduction

We have reviewed the consolidated financial information set out on pages 3 to 25, which comprises the consolidated statement of financial position of Wanda Hotel Management (Hong Kong) Co. Limited (the "Target Company") and its subsidiaries (the "Target Group") as of 31 December 2022, 2023, and 2024, and the unaudited consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the years ended 31 December 2022, 2023 and 2024 (the "Relevant Periods"), and explanatory notes (collectively referred to as the "consolidated financial information"). The consolidated financial information has been prepared solely for the purpose of inclusion in the circular to be issued by Wanda Hotel Development Company Limited (the "Issuer") in connection with the disposal of Wanda Hotel Management (Hong Kong) Co. Limited in accordance with paragraph 68(2)(a)(i) of Chapter 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

The directors of the Issuer are responsible for the preparation and presentation of the consolidated financial information of the Target Group in accordance with the basis of preparation set out in note 2 to the financial information and the Listing Rule 14.68(2)(a)(i). The directors are also responsible for such internal control as management determines is necessary to enable the preparation of consolidated financial information that is free from material misstatement, whether due to fraud or error. The consolidated financial information does not contain sufficient information to constitute a complete set of financial statements as defined in Hong Kong Accounting Standard 1 "Presentation of Financial Statements" or an interim financial report as defined in Hong Kong Accounting Standard 34 "interim Financial Reporting" issued by Hong Kong institute of Certified Public Accountants. Our responsibility is to express a conclusion on this consolidated financial information based on our review.

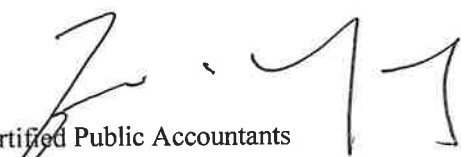
Scope of review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the HKICPA and with reference to Practice Note 750 *Review of Financial information under the Hong Kong Listing Rules for a Very Substantial Disposal* issued by the Hong Kong institute of Certified Public Accountants ("HKICPA"). A review of consolidated financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

REPORT ON REVIEW OF CONSOLIDATED FINANCIAL INFORMATION (continued)

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the consolidated financial information is not prepared, in all material respects, in accordance with the basis of preparation set out in note 2 to the consolidated financial information.



Certified Public Accountants
Hong Kong

24 June 2025

WANDA HOTEL MANAGEMENT (HONG KONG) CO. LIMITED
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the years ended 31 December 2022, 2023 and 2024

	Notes	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Revenue	3	892,077	894,062	718,589
Cost of sales		<u>(550,625)</u>	<u>(530,513)</u>	<u>(433,473)</u>
Gross profit		341,452	363,549	285,116
Other income and gains, net	4	5,047	34,462	39,384
Selling and distribution expenses		(26,831)	(15,404)	(19,284)
Administrative expenses		(104,790)	(105,364)	(77,586)
Impairment losses on financial and contract assets, net		(105,730)	(67,873)	(16,173)
Finance costs	6	(19,984)	(21,544)	(23,720)
Share of (losses)/profits of joint ventures		<u>(99)</u>	<u>(33)</u>	<u>240</u>
PROFIT BEFORE TAX	5	89,065	187,793	187,977
Income tax expense	7	<u>(67,502)</u>	<u>(39,146)</u>	<u>(28,942)</u>
PROFIT FOR THE YEAR		<u>21,563</u>	<u>148,647</u>	<u>159,035</u>
Attributable to:				
Owners of the parent		<u>21,563</u>	<u>148,647</u>	<u>159,035</u>
		<u>21,563</u>	<u>148,647</u>	<u>159,035</u>

WANDA HOTEL MANAGEMENT (HONG KONG) CO. LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the years ended 31 December 2022, 2023 and 2024

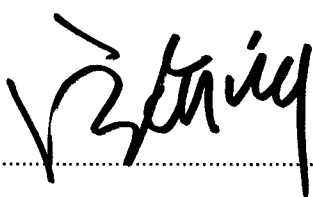
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
PROFIT FOR THE YEAR	<u>21,563</u>	<u>148,647</u>	<u>159,035</u>
OTHER COMPREHENSIVE LOSS			
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations	<u>(28,817)</u>	<u>(18,446)</u>	<u>(104,963)</u>
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX	<u>(28,817)</u>	<u>(18,446)</u>	<u>(104,963)</u>
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR	<u>(7,254)</u>	<u>130,201</u>	<u>54,072</u>
Attributable to:			
Owners of the parent	<u>(7,254)</u>	<u>130,201</u>	<u>54,072</u>

WANDA HOTEL MANAGEMENT (HONG KONG) CO. LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 December 2022, 2023 and 2024

	Notes	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
NON-CURRENT ASSETS				
Property, plant and equipment	8	107,756	143,354	147,137
Right-of-use assets		224,860	288,914	319,829
Intangible assets		33,311	18,082	10,088
Investments in joint ventures		972	856	230
Long-term receivables	10	28,201	25,225	-
Deferred tax assets		<u>54,685</u>	<u>79,376</u>	<u>69,545</u>
Total non-current assets		<u>449,785</u>	<u>555,807</u>	<u>546,829</u>
CURRENT ASSETS				
Inventories		445	434	207
Trade and bills receivables	9	148,081	183,314	205,520
Contract assets		76,702	97,818	100,157
Prepayments, other receivables and other assets	10	1,209,317	1,132,289	549,173
Income tax recoverable		2,120	4,597	1,410
Restricted bank balance	11	13,466	13,021	13,210
Cash and cash equivalents	11	<u>271,609</u>	<u>287,570</u>	<u>852,089</u>
Total current assets		<u>1,721,740</u>	<u>1,719,043</u>	<u>1,721,766</u>
CURRENT LIABILITIES				
Trade payables, other payables and accruals	12	270,866	341,027	524,571
Contract liabilities		96,008	109,998	62,401
Lease liabilities		18,776	25,566	31,808
Income tax payables		8,417	7,691	6,226
Provision		<u>1,793</u>	<u>-</u>	<u>-</u>
Total current liabilities		<u>395,860</u>	<u>484,282</u>	<u>625,006</u>
NET CURRENT ASSETS		<u>1,325,880</u>	<u>1,234,761</u>	<u>1,096,760</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,775,665</u>	<u>1,790,568</u>	<u>1,643,589</u>

WANDA HOTEL MANAGEMENT (HONG KONG) CO. LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
31 December 2022, 2023 and 2024

	Notes	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
NON-CURRENT LIABILITIES				
Contract liabilities		121,400	107,771	65,835
Lease liabilities		<u>306,113</u>	<u>327,391</u>	<u>352,549</u>
Total non-current liabilities		<u>427,513</u>	<u>435,162</u>	<u>418,384</u>
Net assets		<u>1,348,152</u>	<u>1,355,406</u>	<u>1,225,205</u>
EQUITY				
Equity attributable to owners of the parent				
Share capital	14	-	-	-
Retained earnings		1,274,396	1,252,833	1,104,186
Other reserves		<u>73,756</u>	<u>102,573</u>	<u>121,019</u>
Total equity		<u>1,348,152</u>	<u>1,355,406</u>	<u>1,225,205</u>



Ning Qifeng
Executive Director



Han Xu
Non-executive Director

WANDA HOTEL MANAGEMENT (HONG KONG) CO. LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the years ended 31 December 2022, 2023 and 2024

	Share capital HK\$'000	Capital reserve HK\$'000	Exchange reserve HK\$'000	Attributable to owners of the parent			Retained profits HK\$'000	Total equity HK\$'000
				Statutory reserve HK\$'000	Merger reserve HK\$'000			
As at 1 January 2022	-	78,053	46,562	39,821	61,546		945,151	1,171,133
Profit for the year	-	-	-	-	-		159,035	159,035
Other comprehensive income for the year :								
Exchange differences related to foreign operations	-	-	(104,963)	-	-		-	(104,963)
Total comprehensive income for the year	-	-	(104,963)	-	-		159,035	54,072
As at 31 December 2022	-	78,053*	(58,401) *	39,821*	61,546*		1,104,186	1,225,205

WANDA HOTEL MANAGEMENT (HONG KONG) CO. LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)
For the years ended 31 December 2022, 2023 and 2024

	Share capital HK\$'000	Capital reserve HK\$'000	Attributable to owners of the parent				Retained profits HK\$'000	Total equity HK\$'000
			Exchange reserve HK\$'000	Statutory reserve HK\$'000	Merger reserve HK\$'000			
As at 1 January 2023	-	78,053	(58,401)	39,821	61,546		1,104,186	1,225,205
Profit for the year	-	-	-	-	-		148,647	148,647
Other comprehensive income for the year :								
Exchange differences related to foreign operations	-	-	(18,446)	-	-		-	(18,446)
Total comprehensive income for the year	-	-	(18,446)	-	-		148,647	130,201
As at 31 December 2023	-	78,053*	(76,847) *	39,821*	61,546*		1,252,833	1,355,406

WANDA HOTEL MANAGEMENT (HONG KONG) CO. LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)
For the years ended 31 December 2022, 2023 and 2024

	Attributable to owners of the parent					
	Share capital HK\$'000	Capital reserve HK\$'000	Exchange reserve HK\$'000	Statutory reserve HK\$'000	Merger reserve HK\$'000	Retained profits HK\$'000
As at 1 January 2024	-	78,053	(76,847)	39,821	61,546	1,252,833
						1,355,406
Profit for the year	-	-	-	-	-	21,563
Other comprehensive income for the year:						
Exchange differences related to foreign operations	-	-	(28,817)	-	-	(28,817)
						(28,817)
Total comprehensive loss for the year	-	-	(28,817)	-	-	21,563
						(7,254)
At 31 December 2024	-	78,053 *	(105,664) *	39,821 *	61,546 *	1,274,396
						1,348,152

* These reserve accounts comprise the consolidated other reserves of HK\$121,019,000, HK\$102,573,000 and HK\$73,756,000 in the consolidated statement of financial position as of 31 December 2022, 2023 and 2024, respectively.

WANDA HOTEL MANAGEMENT (HONG KONG) CO. LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
For the years ended 31 December 2022, 2023 and 2024

	Notes	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Cash flows from operating activities				
Profit before tax:		89,065	187,793	187,977
Adjustments for:				
Finance costs		19,984	21,544	23,720
Bank interest income	4	(1,945)	(5,323)	(14,637)
Other interest income from financial assets at fair value through profit or loss		-	-	(8,375)
Loss on disposal of items of property, plant and equipment		447	-	-
Loss on derecognition of intangible asset		133	-	-
Loss on termination of lease		382	-	-
Depreciation of property, plant and equipment	5	16,697	16,823	14,022
Depreciation of right-of-use assets	5	26,880	30,086	31,326
Amortization of intangible assets	5	2,362	2,922	1,650
Impairment of trade receivables and other receivables	5	85,570	51,261	9,894
Impairment of contract assets	5	20,160	16,612	6,279
Impairment of right-of-use assets	4	30,788	-	-
Impairment of property, plant and equipment	4	13,419	-	-
		<u>303,942</u>	<u>321,718</u>	<u>251,856</u>
(Increase)/decrease in inventories		(11)	(227)	1,629
Decrease/(increase) in investments in joint ventures		99	33	(230)
Increase in trade and bills receivables		(51,526)	(28,488)	(69,202)
Increase in prepayments and other receivables		(12,939)	(26,569)	(42,220)
Decrease/(increase) in contract assets		1,807	(15,588)	(48,718)
(Decrease)/increase in trade and other payables		(15,939)	(233,541)	77,026
(Decrease)/increase in contract liabilities		(361)	89,533	21,400
Increase in provision		1,793	-	-
Increase in restricted bank balance		<u>(445)</u>	<u>-</u>	<u>(13,210)</u>
Cash generated from operations		226,420	106,871	178,331
Taxes paid		<u>(48,614)</u>	<u>(51,678)</u>	<u>(48,243)</u>
Net cash flows from operating activities		<u>177,806</u>	<u>55,193</u>	<u>130,088</u>

WANDA HOTEL MANAGEMENT (HONG KONG) CO. LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS (continued)
For the years ended 31 December 2022, 2023 and 2024

	Notes	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Net cash flows from operating activities		<u>177,806</u>	<u>55,193</u>	<u>130,088</u>
Cash flows from investing activities				
Purchases of items of property, plant and equipment		(3,590)	(14,889)	(8,743)
Proceeds from disposal of items of property, plant and equipment		-	12	15
Additions to other intangible assets		(13,129)	(10,364)	(4,841)
Bank interest received		1,945	5,323	14,637
Interest income from financial assets at fair value through profit or loss		-	-	8,375
Capital contribution to a joint venture		-	(662)	-
Decrease/(increase) in time deposits with maturity of more than three months		<u>-</u>	<u>67,170</u>	<u>(67,170)</u>
Net cash (used in)/from investing activities		<u>(14,774)</u>	<u>46,590</u>	<u>(57,727)</u>
Cash flows from financing activities				
Increase in amounts due from related parties		(6,343)	-	-
Increase in amounts due from the immediate holding company		-	-	(455,636)
Decrease in amounts due to an intermediate holding company		(63,986)	(585,606)	(121,075)
(Decrease)/increase in amounts due to related parties		(52,251)	52,251	-
Principal portion of lease payments		(18,516)	(29,076)	(11,579)
Interest paid		<u>(20,985)</u>	<u>(21,614)</u>	<u>(18,827)</u>
Net cash flows used in financing activities		<u>(162,081)</u>	<u>(584,045)</u>	<u>(607,117)</u>
Net increase/(decrease) in cash and cash equivalents		951	(482,262)	(534,756)
Cash and cash equivalents at beginning of year		287,570	784,919	1,413,186
Effect of foreign exchange rate changes, net		<u>(16,912)</u>	<u>(15,087)</u>	<u>(93,511)</u>
Cash and cash equivalents at end of year		271,609	287,570	784,919

WANDA HOTEL MANAGEMENT (HONG KONG) CO. LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS (continued)
For the years ended 31 December 2022, 2023 and 2024

	Notes	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Analysis of balances of cash and cash equivalents				
Cash and bank balances		271,609	287,570	852,089
Less: time deposits with maturity of more than three months when acquired		<u>-</u>	<u>-</u>	<u>(67,170)</u>
Cash and cash equivalents as stated in the statement of cash flows		<u>271,609</u>	<u>287,570</u>	<u>784,919</u>

1. Corporate and group information

Wanda Hotel Management (Hong Kong) Co. Limited (the "Target Company") is a limited liability company incorporated in Hong Kong. The registered office of the Target Company is located at Unit 2405, 24/F, World- Wide House, 19 Des Voeux Road Central, Central, Hong Kong.

The Target Company and its subsidiaries (hereinafter collectively referred to as the "Target Group") are principally engaged in hotel operation and management, hotel design and construction management services in the People's Republic of China (the "PRC") and overseas during the years ended 31 December 2022, 2023 and 2024 (the "Relevant Periods").

Upon completion of the disposal, the Company will not have any interests in the Target Company and the Target Company will cease to be a subsidiary of the Company.

In the opinion of the Company's directors, the immediate holding company of the Target Company is Wanda Hotel Development Company Limited, a company established in Bermuda, and the ultimate holding company of the Target Company is Dalian Hexing Investment Company Limited, a company established in the PRC.

2. Basis of preparation and accounting policies and disclosures

2.1 Basis of preparation

The unaudited consolidated financial information of the Target Group for the Relevant Periods has been prepared solely for the purpose of inclusion in the circular to be issued by the Wanda Hotel Development Company Limited (the "Issuer") in connection with the disposal of the Target Group in accordance with Rule 14.68(2)(a)(i) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

The amounts included in the unaudited consolidated financial information of the Target Group have been prepared using the same accounting policies as those adopted by the Company in the preparation of the consolidated financial statements of the Company and its subsidiaries for the Relevant Periods, which conform with Hong Kong Financial Reporting Standards (which include all Hong Kong Financial Reporting standards, Hong Kong Accounting Standards and Interpretations) issued by the HKICPA and accounting principles generally accepted in Hong Kong. The consolidated financial information of the Target Group has been prepared under the historical cost convention and is presented in Hong Kong dollars and all values are rounded to the nearest thousand ("HK\$'000"), unless otherwise stated.

This unaudited consolidated financial information of the Target Group does not contain sufficient information to constitute a complete set of financial statements as defined in Hong Kong Accounting Standard 1 *"Presentation of Financial Statements"* issued by the HKICPA and that it should be read in conjunction with the relevant published annual reports of the Group for the Relevant Periods.

2.2 Changes in accounting policies and disclosures

The accounting policies adopted in the preparation of the 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 2024.

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

3. Revenue

An analysis of revenue is as follows:

	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
<i>Revenue from contracts with customers</i>			
Hotel management services	566,432	545,102	371,624
Hotel design and construction management services	167,730	173,035	182,165
Hotel operation income	<u>157,915</u>	<u>175,925</u>	<u>164,800</u>
	<u>892,077</u>	<u>894,062</u>	<u>718,589</u>

Revenue from contracts with customers

(i) Disaggregated revenue information

	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Recognised at a point in time			
Hotel operation income from sales of goods, catering services and others	99,756	109,043	102,267
Recognised over time			
Hotel operation income from rooms	58,159	66,882	62,533
Hotel management services	566,432	545,102	371,624
Hotel design and construction management services	<u>167,730</u>	<u>173,035</u>	<u>182,165</u>
Revenue from contracts with customers	<u>892,077</u>	<u>894,062</u>	<u>718,589</u>

4. Other income and gains, net

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

	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Bank interest income	1,945	5,323	14,637
Exchange gain/(loss), net	39	(10)	227
Impairment of property, plant and equipment	(13,419)	-	-
Impairment of right-of-use assets	(30,788)	-	-
Government grants	17,573	26,499	13,680
Others	29,697	2,650	10,840
	<u>5,047</u>	<u>34,462</u>	<u>39,384</u>

5. Profit before tax

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

	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Cost of goods sold	75,979	93,220	92,196
Cost of services provided	<u>474,646</u>	<u>437,293</u>	<u>341,277</u>
	550,625	530,513	433,473
Depreciation of property, plant and equipment	16,697	16,823	14,022
Depreciation of right-of-use assets	26,880	30,086	31,326
Amortization of intangible assets	2,362	2,922	1,650
Lease payments not included in the measurement of lease liabilities	6,129	6,258	6,632
Loss on disposal of property, plant and equipment	447	-	-
Impairment of financial and contract assets, net:			
Impairment of trade receivables	83,731	48,196	9,987
Impairment of contract assets	20,160	16,612	6,279
Impairment of long-term receivable	1,296	-	-
Impairment/(reversal of impairment) of other financial assets included in prepayments, other receivables and other assets	543	3,065	(93)
Warranty provision arising from decoration service rendered			
Additional provision	1,793	-	-

6. Finance costs

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

	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Interest on lease liabilities	<u>19,984</u>	<u>21,544</u>	<u>23,720</u>

7. Income tax expense

	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Current tax -Corporate income tax (note (ii))			
- Charge for the year	44,963	51,482	36,491
- (Overprovision)/under provision in prior years	(547)	(1,415)	1,282
Deferred tax	<u>23,086</u>	<u>(10,921)</u>	<u>(8,831)</u>
Total income tax expense for the year	<u>67,502</u>	<u>39,146</u>	<u>28,942</u>

Notes:

(i) No provision for Hong Kong profits tax or overseas corporate income tax has been made as the Target Group did not have assessable profits in Hong Kong for the Relevant Periods.

(ii) Corporate Income Tax ("CIT")

The provision for the PRC CIT has been made at the applicable income tax rate of 25% in 2022, 2023 and 2024 on the assessable profits of the Target Group's majority subsidiaries in Mainland China, except for the subsidiaries of the Target Company established in Horgos, Xinjiang Uygur Autonomous region, which enjoy PRC corporate income tax exemptions in accordance with the relevant tax rules, a subsidiary of the Target 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 Target 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 Target Group operates.

8. Property, plant and equipment

During the Relevant Periods, the Target Group acquired items of property, plant and equipment at a total cost of HK\$8,743,000, HK\$14,889,000 and HK\$3,590,000 during the years ended 31 December 2022, 2023 and 2024, respectively. Assets with a net book value were disposed of HK\$15,000, HK\$283,000 and HK\$447,000 by the Target Group during the year ended 31 December 2022, 2023 and 2024, respectively. An impairment loss of property, plant and equipment of HK\$13,419,000 was recognized during the year ended 31 December 2024, and there is no such impairment during the years ended 31 December 2022 and 2023.

9. Trade and bills receivables

	Notes	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Bills receivable	(i)	2,809	110	5,701
Trade receivables	(ii)	<u>145,272</u>	<u>183,204</u>	<u>199,819</u>
		<u>148,081</u>	<u>183,314</u>	<u>205,520</u>
(i) Bills receivable				
		2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Commercial acceptance bills		2,809	-	5,701
Bank acceptance bills		<u>-</u>	<u>110</u>	<u>-</u>
		<u>2,809</u>	<u>110</u>	<u>5,701</u>
(ii) Trade receivables				
		2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Trade receivables		387,342	345,913	316,440
Impairment		<u>(242,070)</u>	<u>(162,709)</u>	<u>(116,621)</u>
		<u>145,272</u>	<u>183,204</u>	<u>199,819</u>

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

For the business of hotel management services, hotel design and construction management services, the Target Group's trading terms with its customers are mainly on credit. The Target Group has set out policies to ensure that follow-up action is taken to recover overdue debts. The Target 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 Target Group does not hold any collateral or other credit enhancements over such trade receivable balances. Trade receivables are non-interest-bearing.

9. 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 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Within 3 months	81,662	80,035	92,608
Over 3 months but within 6 months	13,700	19,940	15,350
Over 6 months but within 12 months	16,262	19,460	15,682
Over 12 months	33,648	63,769	76,179
	<u>145,272</u>	<u>183,204</u>	<u>199,819</u>

10. Prepayments, other receivables and other assets

	Notes	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
<i>Current portion</i>				
Prepayments		13,558	20,619	35,176
Deposits and other receivables		72,418	71,282	52,719
Amounts due from immediate holding company		825,877	449,125	455,637
Amounts due from related parties		14,304	593,973	5,305
Amounts due from intermediate holding companies		<u>286,895</u>	<u>557</u>	<u>565</u>
		1,213,052	1,135,556	549,402
Impairment allowance	(a)	<u>(3,735)</u>	<u>(3,267)</u>	<u>(229)</u>
		<u>1,209,317</u>	<u>1,132,289</u>	<u>549,173</u>
<i>Non-current portion</i>				
Other long-term receivables		29,483	25,225	-
Impairment allowance	(b)	<u>(1,282)</u>	<u>-</u>	<u>-</u>
		<u>28,201</u>	<u>25,225</u>	<u>-</u>

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

The movements in 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.

10. Prepayments, other receivables and other assets (continued)

(a) The movements in provision for impairment of other receivables during the Relevant Periods are as follows :

	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
At 1 January	3,267	229	322
Impairment during the year	543	3,064	(93)
Exchange realignment	<u>(75)</u>	<u>(26)</u>	<u>-</u>
At 31 December	<u>3,735</u>	<u>3,267</u>	<u>229</u>

(b) The movements in provision for impairment of long-term receivables during the Relevant Periods are as follows :

	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
At 1 January	-	-	-
Impairment during the year	1,296	-	-
Exchange realignment	<u>(14)</u>	<u>-</u>	<u>-</u>
At 31 December	<u>1,282</u>	<u>-</u>	<u>-</u>

11. Restricted bank balance and cash and cash equivalents

	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Cash and bank balances	285,075	300,591	865,299
Less: restricted bank balance for litigation cases	<u>13,466</u>	<u>13,021</u>	<u>13,210</u>
Cash and cash equivalents	<u>271,609</u>	<u>287,570</u>	<u>852,089</u>

At the end of the reporting period, the cash and cash equivalents of the Target Group denominated in RMB amounted to HK\$851,664,000, HK\$273,425,000 and HK\$265,072,000 as of 31 December 2022, 2023 and 2024 respectively. The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Target Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates or the agreed deposit rates. The bank balances and time deposits are deposited with creditworthy banks with no recent history of default.

As of 31 December 2022, 2023 and 2024, the Target Group had bank balances under restriction for certain litigations amounting to HK\$13,210,000, HK\$13,021,000, and HK\$13,466,000, all of which have been released in January and February 2025.

12. 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:

	Notes	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Trade payables	a	18,050	17,477	18,025
Other payables and accruals		242,593	248,817	226,361
Amounts due to an intermediate holding company	b	4,818	52,251	-
Amounts due to related parties	b	<u>5,405</u>	<u>22,482</u>	<u>280,185</u>
		<u>270,866</u>	<u>341,027</u>	<u>524,571</u>

Notes:

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

	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Within 3 months	15,448	15,063	14,627
Over 3 months but within 6 months	434	392	2,899
Over 6 months but within 12 months	524	48	8
Over 12 months	<u>1,644</u>	<u>1,974</u>	<u>491</u>
	<u>18,050</u>	<u>17,477</u>	<u>18,025</u>

- 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.

13. Contingent liabilities

In August 2022, a hotel owner who had engaged a subsidiary of the Target Group to provide hotel management services commenced a legal proceeding against the subsidiary in breach of the signed hotel management services contract and was claiming loss and damages in total of approximately RMB11,800,000 accordingly. As a result, a bank account of the subsidiary with balance of HK\$13,210,000, HK\$13,021,000, and HK\$12,743,000 as of 31 December 2022, 2023, and 2024 had been frozen by the court as disclosed. After an internal assessment, the directors of the Company are of the opinion that the outcome of the proceeding cannot be ascertained at the end of 2022 and 2023. As according to the court judgment result in late 2024, the restricted bank balance in note 11 has been released in January 2025.

14. Share Capital

	2024 HK\$ (Unaudited)	2023 HK\$ (Unaudited)	2022 HK\$ (Unaudited)
Issued and fully paid:			
1 ordinary share	<u>8</u>	<u>8</u>	<u>8</u>

15. Significant related party transactions

- (a) The Target Group had the following significant transactions with related parties during the Relevant Periods:

		2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Companies controlled by the ultimate controlling shareholder:				
Sale of goods	(i)	31,377	25,036	26,108
Rendering of technical service	(i)	1,240	976	-
Property management service expense	(i)	4,848	4,062	4,613
Hotel design service income	(i)	1,348	19,536	28,014
Hotel construction management service income	(i)	-	6,529	1,236
Hotel management service income		65,037	82,355	55,002
Rental expense	(i)	10,542	12,010	14,191
Hotel service received	(i)	2,931	2,005	570
Labor service cost		818	-	-
Advertising expense		65	850	307
Training expense		144	263	44
Maintenance cost		1,265	241	7
Financial shared service expense	(i)	3,234	2,760	952
IT system service expense		1,030	-	-
Design consulting Expense	(i)	1,530	-	-
Purchase of equipment		363	-	-
Income from contract breach		23,883	-	-
Recharge of entertainment expenses		-	-	21

- (i) The transactions of sales and services rendered were made according to the published prices and conditions offered to the major customers of the Target Group, and the services accepted from the related parties were made according to the published prices and conditions offered by the related parties to their major customers.

15. Significant related party transactions (continued)

(b) Transactions with key management personnel

The remuneration of key management personnel of the Target Group, including amounts paid to the Company's directors, is as follows:

	2024	2023	2022
	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)
Short-term employee benefits	<u>28,279</u>	<u>26,745</u>	<u>11,802</u>

(c) Outstanding balances with related parties

	2024	2023	2022
	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)
Trade receivables and contract assets due from			
Fellow subsidiaries	160,758	154,824	146,784
Prepayments and other receivables due from			
The intermediate holding companies	286,895	557	565
The immediate holding company	825,877	449,125	455,637
Fellow subsidiaries	15,525	599,195	20,483
Receipt in advance from			
Fellow subsidiaries	7	2,976	-
Contract liability			
An intermediate holding company	-	-	4,148
Trade payables and other payables due to			
An intermediate holding company	4,818	52,251	-
Fellow subsidiaries	5,405	22,482	288,073

The balances above are unsecured, interest-free and have no fixed terms of repayment.

16. Fair value and fair value hierarchy of financial instruments

The carrying amounts of the Target Group's financial instruments reasonably approximate to their fair values.

Management has assessed that the fair values of cash and cash equivalents, trade and bills receivables, financial assets included in current portion of prepayments and other receivables, financial liabilities included in trade and other payables approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The Target Group did not have any financial assets and financial liabilities measured at fair value as of 31 December 2022, 2023 and 2024.

17. Events after the reporting period

On 17 April 2025, the Target Company, eLong, Inc. (which is wholly-owned by Tongcheng Travel Holdings Limited) (the "Purchaser") and Wanda Hotel Development Company Limited (the immediate holding company of the Target Company) ("Wanda Hotel Development" or the "Seller"), entered into a sale and purchase agreement (the "SPA"), pursuant to which the Seller has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the entire issued share capital of the Target Company for an initial consideration of approximately RMB2,497.3 million (equivalent to approximately HK\$2,696.7 million), subject to adjustments pursuant to the terms of the SPA. For further details, please refer to the announcement of the Issuer dated 17 April 2025.

Except for above, there is no event after the reporting period which should be disclosed as at the date that these consolidated financial statements were approved,

18. Approval of the financial statements

The financial statements were approved and authorised for issue by the board of directors on 24 June 2025.