萬達酒店發展有限公司
WANDA HOTEL DEVELOPMENT COMPANY LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code : 169)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2018

The Board of Directors (the "Board") of Wanda Hotel Development Company Limited (the "Company") announces the unaudited condensed consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2018 (the "Period"), together with the comparative figures for the corresponding period in 2017, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the six months ended 30 June 2018
(Expressed in Hong Kong Dollars)

		Unaudited	
		Six months ended 30 June	
		2018	2017
	Notes	***$'000***	*$'000*
			(Restated)
CONTINUING OPERATIONS			
Revenue	*4*	**106,251**	99,496
Cost of sales		**(27,176)**	(26,707)
Gross profit		**79,075**	72,789
Other revenue	*5*	**6,572**	7,357
Other net gain/(loss)	*5*	**38,364**	(90,041)
Net valuation gain on investment properties	*12*	**11,329**	23,407
Selling expenses		**(23,156)**	(26,561)
Administrative expenses		**(23,982)**	(22,072)
Profit/(loss) from continuing operations		**88,202**	(35,121)
Finance costs	*7*	**(77,429)**	(108,844)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (Continued)
for the six months ended 30 June 2018
(Expressed in Hong Kong Dollars)

	Notes	Unaudited Six months ended 30 June 2018 $'000	 2017 $'000 (Restated)
Profit/(loss) before tax from continuing operations	6	**10,773**	(143,965)
Income tax credit/(expense)	8	**17,092**	(86,718)
Profit/(loss) for the period from continuing operations		**27,865**	(230,683)
DISCONTINUED OPERATIONS			
Profit/(loss) for the period from discontinued operations	9	**453,408**	(349,009)
Profit/(loss) for the period		**481,273**	(579,692)
Profit/(loss) attributable to:			
Owners of the parent		**252,635**	(299,510)
Non-controlling interests		**228,638**	(280,182)
		481,273	(579,692)
Earnings/(loss) per share attributable to ordinary equity holders of the parent (HK cents)	10		
Basic and diluted			
— For profit/(loss) for the period		**5.4**	(6.4)
— For loss from continuing operations		**(0.4)**	(1.9)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the six months ended 30 June 2018
(Expressed in Hong Kong Dollars)

		Unaudited	
		Six months ended 30 June	
		2018	2017
	Notes	***$'000***	*$'000*
Profit/(loss) for the period		**481,273**	(579,692)
Other comprehensive (loss)/income			
Other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods (net of tax):			
Exchange differences on translation of foreign operations		**(83,764)**	285,880
Reclassification adjustment for a foreign operation disposed of during the period	*19*	**32,536**	540,235
Other comprehensive (loss)/income		**(51,228)**	826,115
Total comprehensive income		**430,045**	246,423
Attributable to:			
Owners of the parent		**208,576**	206,747
Non-controlling interests		**221,469**	39,676
		430,045	246,423

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30 June 2018

(Expressed in Hong Kong Dollars)

	Notes	**30 June 2018 *$'000* (Unaudited)**	31 December 2017 *$'000* (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	*11*	**536,197**	366,062
Freehold land		**159,423**	158,794
Investment properties	*12*	**3,935,480**	3,934,631
Prepaid land lease payments		**17,638**	18,036
Goodwill		**4,636**	4,636
Deferred tax assets		**23,485**	38,104
Total non-current assets		**4,676,859**	4,520,263
CURRENT ASSETS			
Properties under development	*13*	**2,543,110**	1,878,000
Completed properties held for sale	*14*	**223,248**	239,665
Trade and other receivables	*15*	**999,443**	36,670
Contract assets		**47,978**	—
Other current assets		**8,303**	8,374
Restricted bank deposits		**184,114**	202,833
Cash and cash equivalents		**2,888,725**	2,087,969
		6,894,921	4,453,511
Assets classified as held for sale	*9, 16*	**4,367,431**	10,277,000
Total current assets		**11,262,352**	14,730,511
CURRENT LIABILITIES			
Trade and other payables	*17*	**4,460,517**	5,822,486
Contract liabilities		**118,318**	—
Receipts in advance		**—**	58,750
Loans from financial institutions		**164,846**	183,849
Loans from an intermediate holding company		**1,374,434**	3,608,449
Other borrowings		**169,252**	213,518
Current taxation		**172,905**	245,943
		6,460,272	10,132,995
Liabilities directly associated with the assets classified as held for sale	*9*	**2,817,338**	3,007,294
Total current liabilities		**9,277,610**	13,140,289
NET CURRENT ASSETS		**1,984,742**	1,590,222
TOTAL ASSETS LESS CURRENT LIABILITIES		**6,661,601**	6,110,485

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)
at 30 June 2018
(Expressed in Hong Kong Dollars)

	Notes	**30 June 2018 *$'000* (Unaudited)**	31 December 2017 *$'000* (Audited)
NON-CURRENT LIABILITIES			
Loans from financial institutions		**1,608,317**	1,631,087
Loans from an intermediate holding company		**758,779**	757,929
Other borrowings		**136,746**	73,565
Deferred tax liabilities		**601,410**	594,018
Total non-current liabilities		**3,105,252**	3,056,599
Net assets		**3,556,349**	3,053,886
EQUITY			
Equity attributable to owners of the parent			
Share capital	*18*	**469,735**	469,735
Accumulated losses		**(434,938)**	(741,425)
Other reserves		**2,372,110**	2,390,357
		2,406,907	2,118,667
Non-controlling interests		**1,149,442**	935,219
Total equity		**3,556,349**	3,053,886

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
(Expressed in Hong Kong dollars unless otherwise indicated)

1. CORPORATE INFORMATION

The Company is a limited liability company incorporated in Bermuda. The registered office of the Company is located at The Canon's Court, 22 Victoria Street Hamilton HM12, Bermuda.

The Group is principally engaged in property development, property investment and property management in the People's Republic of China (the "PRC") and overseas during the period.

In the opinion of the Company's directors (the "Directors"), the immediate holding company of the Company is Wanda Commercial Properties Overseas Limited ("Wanda Overseas"), a company established in the British Virgin Islands (the "BVI") and the ultimate holding company of the Company is Dalian Wanda Group Co., Ltd., a company established in the PRC.

This unaudited interim condensed consolidated financial information has been approved for issue by the Board on 29 August 2018.

2. BASIS OF PREPARATION, ACCOUNTING POLICIES AND DISCLOSURES

2.1 Basis of preparation

This unaudited interim condensed consolidated financial information has been prepared in accordance with the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange on Hong Kong Limited ("Listing Rules") and Hong Kong Accounting Standard ("HKAS") 34 *Interim Financial Reporting* issued by the HKICPA.

This unaudited interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2017.

This unaudited interim condensed consolidated financial information has been prepared under the historical cost convention, except for investment properties, which have been measured at fair value.

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

2.2 Changes in accounting policies and disclosures

The accounting policies adopted in the preparation of this unaudited interim condensed consolidated financial information are consistent with those as set out in the Group's annual financial statements for the year ended 31 December 2017, except for the adoption of new standards effective as of 1 January 2018. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

The Group applies, for the first time, HKFRS 15 *Revenue from Contracts with Customers* and HKFRS 9 *Financial Instruments* that require restatement of previous financial statements. As required by HKAS 34, the nature and effect of these changes are disclosed below.

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

2.2 Changes in accounting policies and disclosures (Continued)

Several other amendments and interpretations apply for the first time in 2018, but do not have an impact on the interim condensed consolidated financial statements of the Group.

HKFRS 15 Revenue from Contracts with Customers

HKFRS 15 supersedes HKAS 11 Construction Contracts, HKAS 18 Revenue and related interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The Group adopted HKFRS 15 using the modified retrospective method of adoption whereby the effects of adopting HKFRS 15 for uncompleted contracts with customers as at 31 December 2017 are adjusted at the opening balance of equity as at 1 January 2018 and prior period comparative are not restated. The effects of adopting HKFRS 15 are, as follows:

Impact on the consolidated statement of financial position (increase/(decrease)) as at 1 January 2018:

	Adjustments	***$'000***
Assets		
Contract assets	(a)	**41,839**
Assets held for sales	(a)	**51,650**
Total assets		**93,489**
Liabilities		
Contract liabilities	(b)	**58,750**
Receipts in advance	(b)	**(58,750)**
Total liabilities		**—**
Equity		
Accumulated losses	(a)	**53,852**
Other reserves	(a)	**(269)**
Non-controlling interests	(a)	**39,906**
Total equity		**93,489**

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

2.2 Changes in accounting policies and disclosures (Continued)

Impact on the consolidated statement of financial position (increase/(decrease)) as at 30 June 2018:

	Adjustments	*$'000*
Assets		
Contract assets	(a)	**47,978**
Assets held for sales	(a)	**50,924**
Total assets		**98,902**
Liabilities		
Contract liabilities	(b)	**118,318**
Receipts in advance	(b)	**(118,318)**
Total liabilities		**—**
Equity		
Accumulated losses	(a)	**57,073**
Other reserves	(a)	**(611)**
Non-controlling interests	(a)	**42,440**
Total equity		**98,902**

Impact on the consolidated statement of profit or loss (increase/(decrease)) for six months ended 30 June 2018:

	Adjustments	*$'000*
Selling expenses	(a)	**(5,963)**
Profit for the Period from continuing operations		**5,963**
Profit for the Period from discontinued operations		**—**
Profit for the Period		**5,963**
Profit for the Period attributable to:		
Owners of the parent		**3,220**
Non-controlling interests		**2,743**
		5,963

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

2.2 Changes in accounting policies and disclosures (Continued)

Impact on other comprehensive income (increase/(decrease)) for six months ended 30 June 2018:

	Adjustments	***$'000***
Exchange differences on translation of foreign operations	(a)	**(342)**
Other comprehensive income for the Period		**(342)**

Impact on and the basic and diluted earnings per share (increase/(decrease)) for six months ended 30 June 2018:

Basic and diluted	**HK$0.08 cents**

There is no material impact on the statement of cash flows.

The Group is principally engaged in property development, property investment and property management. The impacts arising from the adoption of HKFRS 15 on the Group are summarised as follows:

(a) Accounting for costs incurred to obtain a contract

HKFRS 15 specifies the accounting treatment for costs an entity incurs to obtain a contract to provide goods and services to customers. The Group concluded that, following the adoption of HKFRS 15, sales commissions and other costs directly attributable to obtaining a contract, if recoverable, are capitalised as contract assets. Prior to the adoption of HKFRS 15, those costs were expensed to profit or loss when incurred.

(b) Accounting for significant financing component within transaction price

Generally, the Group receives long-term advances from customers. However, from time to time, the Group also receives short-term advances from its customers. Prior to the adoption of HKFRS 15, the Group presented these advances as receipt in advance in the consolidated statement of financial position. No interest was accrued on the long-term advances received under the previous accounting policy.

Upon the adoption of HKFRS 15, for short-term advances, the Group used the practical expedient. As such, the Group will not adjust the promised amount of the consideration for the effects of a financing component in contracts, where the Group expects, at contract inception, that the period between the time the customer pays for the good or service and when the Group transfers that promised good or service to the customer will be one year or less.

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

2.2 Changes in accounting policies and disclosures (Continued)

(b) Accounting for significant financing component within transaction price (Continued)

Meanwhile, the Group concluded that there is a significant financing component for those properties selling contracts where the customer elects to pay in advance considering the length of time between the customer's payment and the transfer of properties to the customer and the prevailing interest rates in the market. The transaction price for such contracts is discounted to take into consideration the significant financing component. Upon adoption of HKFRS 15, the Group would recognize contract liabilities for the interest on the advances received from customers with a significant financing component and charged this to retained earnings. However, based the evaluation of the Group, there was no such contracts identified both on the date of adoption and the date of the interim report.

In addition, reclassifications have been made from receipts in advance to contract liabilities for the outstanding balance of advances from customers. The consolidated statement of financial position as at 30 June 2018 was restated, resulting an increase in contract liabilities amounting to $118,318,000 and a decrease in receipts in advance amounting to $118,318,000.

HKFRS 9 Financial instruments

In July 2014, the HKICPA issued the final version of HKFRS 9, bringing together all phases of the financial instruments project to replace HKAS 39 and all previous versions of HKFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. The Group adopted HKFRS 9 from 1 January 2018. The Group has performed a detailed assessment of the impact of the adoption of HKFRS 9, and concluded HKFRS 9 does not have material impact on the Group's consolidated financial statements.

3. OPERATING SEGMENT INFORMATION

The Group manages its businesses by projects in different geographical locations. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following two reportable segments. No operating segments have been aggregated to form the following reportable segments.

- The PRC: this segment engages in the development of commercial and residential properties for sales and leasing in the PRC.

- Overseas: this segment engages in the development of overseas property projects.

The Group managed several overseas property projects, which are located in London, Madrid, Chicago, Gold Coast and Sydney, respectively.

On 1 June 2017, the Company disposed of its entire interest in the Madrid property project.

On 16 January 2018, the Company entered into a sale and purchase agreement and has conditionally agreed to sell its entire interest in the London property project. On 6 July 2018, the Company disposed of its entire interest in the London property project.

On 18 January 2018, Wanda Australia Real Estate Investment Co., Limited ("Wanda Australia RE"), a non-wholly owned subsidiary of the Company, entered into a master agreement and has conditionally agreed to sell its entire interest in the Sydney and Gold Coast property projects (the "Australia Projects"). On 18 May 2018, the Company disposed of its entire interest in the Australia Projects.

Over 46.7% (31 December 2017:73.9%) of the Group's overseas assets are generated from the project disposed of and the projects to be disposed of mentioned above, which were classified as discontinued operations (note 9).

3. OPERATING SEGMENT INFORMATION (Continued)

(i) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following basis:

Segment assets exclude the head office's assets and goodwill and segment liabilities exclude the head office's liabilities as these assets and liabilities are managed on a group basis.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

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

	Continuing Operations			Discontinued Operations	Total
	The PRC	**Overseas**	**Total**	**Overseas**	
	$'000	*$'000*	*$'000*	*$'000*	*$'000*
For the six months ended 30 June 2018 (Unaudited)					
Revenue from external customers	**106,251**	**—**	**106,251**	**—**	**106,251**
Reportable segment profit/(loss)	**68,240**	**(18,455)**	**49,785**	**487,450**	**537,235**
For the six months ended 30 June 2017 (Unaudited and Restated)					
Revenue from external customers	99,496	—	99,496	823	100,319
Reportable segment profit/(loss)	44,141	(37,008)	7,133	(349,009)	(341,876)
As at 30 June 2018 (Unaudited)					
Reportable segment assets	**5,356,346**	**4,983,166**	**10,339,512**	**4,367,431**	**14,706,943**
Reportable segment liabilities	**2,569,165**	**4,250,137**	**6,819,302**	**2,817,338**	**9,636,640**
As at 31 December 2017 (Audited)					
Reportable segment assets	5,367,070	3,611,031	8,978,101	10,239,959	19,218,060
Reportable segment liabilities	2,619,058	6,000,718	8,619,776	3,007,294	11,627,070

3. OPERATING SEGMENT INFORMATION (Continued)

(ii) Reconciliations of reportable segment revenue, profit or loss, assets and liabilities

	Unaudited Six months ended 30 June	
	2018	2017
	$'000	*$'000*
		(Restated)
Revenue		
Reportable segment from continuing operations	**106,251**	99,496
Revenue from discontinued operations	**—**	823
Consolidated revenue	**106,251**	100,319
Profit/(loss) before tax		
Reportable segment profit/(loss) from continuing operations	**49,785**	7,133
Unallocated head office and corporate results	**(39,012)**	(151,098)
Consolidated profit/(loss) before tax from continuing operations	**10,773**	(143,965)

	Unaudited 30 June 2018	Audited 31 December 2017
	$'000	*$'000*
Assets		
Reportable segment assets from continuing operations	**10,339,512**	8,978,101
Head office and other unallocated corporate assets	**1,232,268**	32,714
Assets related to discontinued operations	**4,367,431**	10,239,959
Consolidated total assets	**15,939,211**	19,250,774
Liabilities		
Reportable segment liabilities from continuing operations	**6,819,302**	8,619,776
Head office and other unallocated corporate liabilities	**2,746,222**	4,569,818
Liabilities related to discontinued operations	**2,817,338**	3,007,294
Consolidated total liabilities	**12,382,862**	16,196,888

3. **OPERATING SEGMENT INFORMATION (Continued)**

(iii) Geographical information

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

	Revenue from external customers		**Specified non-current assets**	
	Unaudited		**Unaudited**	Audited
	Six months ended 30 June		**30 June**	31 December
	2018	2017	**2018**	2017
	$'000	*$'000*	***$'000***	*$'000*
		(Restated)		
The PRC (including Hong Kong)	**106,251**	99,496	**3,965,953**	3,966,708
Overseas	**—**	—	**687,421**	515,451
	106,251	99,496	**4,653,374**	4,482,159

(iv) Information about major customers

The Group had one customer with whom transactions exceeded 10% of the Group's revenue during the Period (six months ended 30 June 2017: one). During the Period, the revenue from this customer amounted to $26,367,000 (unaudited) (six months ended 30 June 2017: $25,235,000 (unaudited)).

4. **REVENUE**

Revenue represents income from the sales of properties, property rental income and property management income, net of sales related taxes and discounts allowed.

An analysis of revenue from continuing operations is as follows:

	Unaudited	
	Six months ended 30 June	
	2018	2017
	$'000	*$'000*
		(Restated)
Revenue		
Sales of properties	**11,272**	13,957
Rental income	**84,985**	73,739
Property management income	**9,994**	11,800
	106,251	99,496

5. OTHER REVENUE AND OTHER NET GAIN/(LOSS)

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

	Unaudited Six months ended 30 June	
	2018	2017
	$'000	*$'000*
		(Restated)
Other revenue		
Interest income	**6,572**	7,357
Other net gain/(loss)		
Exchange gain/(loss)	**25,473**	(91,148)
Gain on disposal of investment properties	**8,188**	90
Forfeiture of deposits from purchasers	**1,505**	211
Others	**3,198**	806
	38,364	(90,041)

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

Profit/(loss) before tax from continuing operations is arrived at after charging:

	Unaudited Six months ended 30 June	
	2018	2017
	$'000	*$'000*
		(Restated)
Cost of properties sold	**8,768**	11,467
Cost of services provided	**18,408**	15,241
Depreciation	**5,062**	5,358
Amortisation of land lease payments	**245**	233
Minimum lease payments under operating leases for land and buildings	**802**	802

7. FINANCE COSTS

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

	Unaudited Six months ended 30 June **2018** ***$'000***	 2017 *$'000* (Restated)
Interest on loans from financial institutions	**69,746**	45,480
Interest on loans from an intermediate holding company repayable within five years	**52,327**	52,721
Interest on other borrowings	**14,701**	15,376
	136,774	113,577
Less: Interest expenses capitalised into properties under development and construction in progress	**(59,345)**	(4,733)
	77,429	108,844

8. INCOME TAX (CREDIT)/EXPENSE

	Unaudited Six months ended 30 June **2018** ***$'000***	 2017 *$'000* (Restated)
Current tax		
Corporate Income Tax for the period *(note (iii))*	**13,164**	12,624
PRC Land Appreciation Tax *(note (iv))*	**(48,481)**	25,998
	(35,317)	38,622
Deferred tax		
Origination and reversal of temporary differences:		
— Revaluation of properties	**3,870**	48,048
— Deductibility of PRC Land Appreciation Tax	**11,423**	(192)
— Others	**2,932**	240
	18,225	48,096
Total income tax (credit)/charge for the period from continuing operations	**(17,092)**	86,718
Total tax charge for the period from discontinued operations	**34,042**	—
Total income tax expense for the period	**16,950**	86,718

8. INCOME TAX (CREDIT)/EXPENSE (Continued)

Notes:

(i) Pursuant to the rules and regulations of Bermuda and the British Virgin Islands ("BVI"), the Group is not subject to any income tax in Bermuda and the BVI.

(ii) No provision for Hong Kong profits tax or overseas corporate income tax has been made as the Group did not have assessable profits in Hong Kong or overseas during the period.

(iii) Corporate Income Tax ("CIT")

The provision for the PRC CIT has been provided at the applicable income tax rate of 25% on the assessable profits of the Group's subsidiaries in Mainland China (six months ended 30 June 2017: 25%). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates.

(iv) PRC Land Appreciation Tax ("LAT")

LAT is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sale of properties less deductible expenditures including land costs, borrowing costs and other property development expenditures. The Group has estimated, made and included in taxation a provision for LAT according to the requirements set forth in the relevant PRC tax laws and regulations. The LAT liabilities are subject to the final review/ approval by the tax authorities.

9. DISCONTINUED OPERATIONS

On 3 November 2016, Wanda Europe Real Estate Investment Co., Limited ("Wanda Europe"), a non-wholly-owned subsidiary of the Company, entered into an agreement with Baraka Global Invest, S.L.U. ("Baraka"), pursuant to which Wanda Europe has conditionally agreed to sell, and Baraka has conditionally agreed to acquire the entire issued share capital of Wanda Madrid Development, S.L.U. ("Wanda Madrid", a wholly-owned subsidiary of Wanda Europe) at a consideration of EUR272 million, subject to adjustments to be made to the consideration by taking into account the amount of cash, cash equivalents and amount of indebtedness of Wanda Madrid as at the date of completion. The disposal of Wanda Madrid has been completed on 1 June 2017.

On 16 January 2018, the Company and R&F Properties (HK) Company Limited ("R&F") as purchaser entered into a sale and purchase agreement in respect of the disposal of 60% of the entire issued share capital of Wanda International Real Estate Investment Co. Limited ("Wanda International"), at a consideration of GBP35,609,277.96 and the Company, R&F and Wanda International entered into the relevant shareholder loan repayment agreement, pursuant to which R&F has agreed to repay the debt for and on behalf of Wanda International to the Company, which amounted to GBP161,298,272.08. As the consideration is expected to exceed the net carrying amounts of the relevant assets and liabilities attributable to the disposal group, no impairment loss has been recognised. The disposal has been completed on 6 July 2018.

9. DISCONTINUED OPERATIONS (Continued)

On 18 January 2018, Wanda Australia RE, AWH Investment Group Pty Ltd. ("AWH"), and Wanda Australia Commercial Properties Pty Limited ("Wanda Australia CP") entered into a master agreement in respect of the proposed disposal of the entire equity interest in Wanda Australia CP subject to the terms contained therein, at the consideration of AUD315,044,422 and repayment of the debt in the amount of AUD815,107,691 in instalments. The disposal has been completed on 18 May 2018.

As at 30 June 2018, Wanda International and its subsidiaries ("Wanda International Group") were classified as disposal groups held for sale.

During the Period, Wanda International Group, Wanda Australia CP and its subsidiaries ("Wanda Australia CP Group") were classified as discontinued operations. Wanda International Group, Wanda Australia CP Group and Wanda Madrid were classified as discontinued operations for the corresponding period in 2017.

(i) Wanda International Group:

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

	Unaudited Six months ended 30 June	
	2018	2017
	$'000	*$'000*
Other net (loss)/gain	**(6,526)**	12,379
Selling and distribution expenses	**(2,412)**	(8,385)
Administrative expenses	**(14,620)**	(11,974)
Finance costs	**(11,037)**	—
Loss before tax from the discontinued operation	**(34,595)**	(7,980)
Income tax expense	**—**	—
Loss for the period from the discontinued operation	**(34,595)**	(7,980)

9. DISCONTINUED OPERATIONS (Continued)

(i) Wanda International Group: (Continued)

(b) ***The major classes of assets and liabilities of Wanda International Group classified as held for sale are as follows:***

	Unaudited 30 June 2018 *$'000*	Audited 31 December 2017 *$'000*
Property, plant and equipment	**237**	288
Construction in progress	**704,214**	632,011
Freehold land	**243,564**	249,182
Long-term prepayment	**307,974**	315,078
Properties under development	**3,003,577**	2,792,561
Contract assets	**50,924**	—
Trade and other receivables	**7,542**	18,746
Cash and cash equivalents	**49,399**	303,793
Assets classified as held for sale	**4,367,431**	4,311,659
Trade and other payables	**(1,848,357)**	(522,040)
Loans from intermediate holding company	**(968,981)**	(862,670)
Loans from financial institutions	**—**	(1,575,390)
Liabilities directly associated with the assets classified as held for sale	**(2,817,338)**	(2,960,100)
Net assets directly associated with Wanda International Group	**1,550,093**	1,351,559
Exchange reserve on translation of foreign operations	**(30,756)**	23,473

(c) ***The net cash flows incurred by Wanda International Group are as follows:***

	Unaudited Six months ended 30 June	
	2018	2017
	$'000	*$'000*
Operating activities	**(434,586)**	(210,564)
Investing activities	**(73,774)**	(96,453)
Financing activities	**187,478**	147,515
Effect of foreign exchange rate changes	**66,488**	39,625
Net cash flow	**(254,394)**	(119,877)

9. DISCONTINUED OPERATIONS (Continued)

(i) Wanda International Group: (Continued)

(d) Certain assets of Wanda International Group were pledged to secure the loans from financial institutions and bank facilities as followings:

	Unaudited 30 June 2018 *$'000*	Audited 31 December 2017 *$'000*
Construction in progress	—	632,011
Freehold land	—	249,182
Properties under development	—	2,792,561
	—	3,673,754

(ii) Wanda Australia CP Group:

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

	Unaudited Period from 1 January 2018 to 18 May 2018 (date of completion of disposal) *$'000*	Audited Six months ended 30 June 2017 *$'000*
Revenue	—	823
Cost of sales	—	(1,167)
Other revenue	**59,435**	21,245
Other net loss	—	(7)
Selling and distribution expenses	**(5,335)**	(13,641)
Gain on disposal of a subsidiary *(Note 19)*	**477,377**	—
Administrative expenses	**(3,106)**	(7,517)
Finance costs	**(6,326)**	—
Profit/(loss) before tax from the discontinued operation	**522,045**	(264)
Income tax expense	**(34,042)**	—
Profit/(loss) for the period from the discontinued operation	**488,003**	(264)

9. **DISCONTINUED OPERATIONS (Continued)**

(ii) Wanda Australia CP Group: (Continued)

(b) The major classes of assets and liabilities of Wanda Australia CP Group classified as held for sale are as follows:

	Unaudited 30 June 2018 *$'000*	Audited 31 December 2017 *$'000*
Property, plant and equipment	—	28,868
Construction in progress	—	123,052
Freehold land	—	975,649
Investment in a joint venture	—	2,208,807
Deferred tax assets	—	109,442
Properties under development	—	2,336,038
Trade and other receivables	—	56,699
Pledged deposits	—	48,852
Cash and cash equivalents	—	40,893
Assets classified as held for sale	—	5,928,300
Trade and other payables	—	(47,194)
Liabilities directly associated with the assets classified as held for sale	—	(47,194)
Net assets directly associated with Wanda Australia CP Group	—	5,881,106
Exchange reserve on translation of foreign operations	—	34,456

(c) The net cash flows incurred by Wanda Australia CP Group are as follows:

	Unaudited	
	Period from 1 January 2018 to 18 May 2018 *$'000*	Six months ended 30 June 2017 *$'000*
Operating activities	**(434,740)**	(933,798)
Investing activities	**(9,252)**	(48,425)
Financing activities	**401,702**	1,014,714
Effect of foreign exchange rate changes	**1,656**	5,961
Net cash flow	**(40,634)**	38,452

9. DISCONTINUED OPERATIONS (Continued)

(iii) Wanda Madrid

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

	Unaudited Six months ended 30 June 2018 ***$'000***	Audited Period from 1 January 2017 to 1 June 2017 *$'000*
Loss on disposal of a subsidiary	—	(329,707)
Administrative expenses	—	(11,508)
Loss before tax from the discontinued operation	—	(340,765)
Income tax expenses	—	—
Loss for the period from the discontinued operation	—	(340,765)

(b) The net cash flows incurred by Wanda Madrid are as follows:

	Unaudited Six months ended 30 June 2018 ***$'000***	Audited For the five months ended 1 June 2017 *$'000*
Operating activities	—	6,038
Investing activities	—	—
Financing activities	—	(384,090)
Effect of foreign exchange rate changes	—	25,173
Net cash flow	—	(352,879)

9. DISCONTINUED OPERATIONS (Continued)

(iv) Earnings/(loss) per share of Wanda International Group, Wanda Australia CP Group and Wanda Madrid (HK cents)

	Unaudited Six months ended 30 June	
	2018	2017
Basic and diluted, from discontinued operations	**5.8**	(4.5)

The calculations of basic and diluted earnings/(loss) per share from discontinued operations are based on:

	Unaudited Six months ended 30 June	
	2018	2017
	$'000	*$'000*
Loss attributable to ordinary equity holders of the parent from the discontinued operation — Wanda International Group	**(20,757)**	(4,788)
Profit/(loss) attributable to ordinary equity holders of the parent from the discontinued operation — Wanda Australia CP Group	**292,802**	(158)
Loss attributable to ordinary equity holders of the parent from the discontinued operation — Wanda Madrid	**—**	(204,459)
	272,045	(209,405)

	Number of Shares Six months ended 30 June	
	2018	2017
	'000	*'000*
Weighted average number of ordinary shares in issue during the period used in the basic and diluted earnings or loss per share calculation	**4,697,347**	4,697,347

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

(a) Basic earnings/(loss) per share

The calculation of basic earnings/(loss) per share is based on the profit/(loss) for the period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 4,697,347,000 (2017: 4,697,347,000) in issue during the period.

The calculations of basic and diluted earnings/(loss) per share are based on:

	Unaudited Six months ended 30 June	
	2018	2017
	$'000	*$'000*
		(Restated)
Profit/(loss) attributable to ordinary equity holders of the parent, used in the basic and diluted earnings/(loss) per share calculation		
— From continuing operations	**(19,410)**	(90,105)
— From discontinued operations	**272,045**	(209,405)
	252,635	(299,510)

	Number of shares Six months ended 30 June	
	2018	2017
	'000	*'000*
Weighted average number of ordinary shares in issue during the period used in the basic and diluted earnings/(loss) per share calculations	**4,697,347**	4,697,347

(b) Diluted earnings per share

The Group had no potentially dilutive ordinary shares in issue during the six months ended 30 June 2018 and 2017.

11. PROPERTY, PLANT AND EQUIPMENT

During the Period, the Group acquired items of property, plant and equipment at a total cost of $173,925,000 (unaudited) (six months ended 30 June 2017: $271,997,000 (unaudited)).

As at 30 June 2018, certain items of the Group's buildings held for own use and construction in progress with a net carrying amounts of approximately $5,895,000 (unaudited) (31 December 2017: $6,153,000 (audited)) and $510,854,000 (unaudited) (31 December 2017: $336,183,000 (audited)) respectively, were pledged to secure interest-bearing bank borrowings granted to the Group.

12. INVESTMENT PROPERTIES

During the Period, the Group's additions in investment properties amounted to $19,136,000 (unaudited) (six months ended 30 June 2017: Nil (unaudited)). Increase in investment properties during the Period was mainly due to the addition of renovation cost of Guilin project and fair value gain of investment properties.

Investment properties carried at fair value were revalued on an open market value by independent firm of surveyors, DTZ Debenham Tie Leung Limited, which has recent experience in the respective locations and categories of property being valued. As a result of the revaluation, a net gain of $11,329,000 (unaudited) (six months ended 30 June 2017: $23,407,000 (unaudited)) in respect of investment properties has been recognised in the statement of profit or loss for the Period.

As at 30 June 2018, certain items of the Group's investment properties with a carrying amount of $1,134,992,000 (unaudited) (31 December 2017: $1,179,998,000 (audited)) were pledged to secure interest-bearing bank borrowings and undrawn bank facilities granted to the Group.

13. PROPERTIES UNDER DEVELOPMENT

Properties under development represent the project cost, land acquisition cost, compensation cost and other preliminary infrastructure costs in relation to the Group's property development projects situated in the United States.

As at 30 June 2018, certain items of the Group's properties under development with a carrying amount of $2,543,110,000 (unaudited) (31 December 2017: $1,878,000,000 (audited)) were pledged to secure interest-bearing bank borrowings granted to the Group.

14. COMPLETED PROPERTIES HELD FOR SALE

All the properties held for sale are stated at cost. The Group's completed properties held for sale are situated in Mainland China.

As at 30 June 2018, certain items of the Group's properties held for sale with a carrying amount of $7,956,000 (unaudited) (31 December 2017: $8,031,000 (audited)) were pledged to secure interest-bearing bank borrowings granted to the Group.

15. TRADE AND OTHER RECEIVABLES

	Unaudited 30 June 2018 *$'000*	Audited 31 December 2017 *$'000*
Trade receivables	**6,704**	6,121
Prepayments	**182**	567
Deposits and other receivables	**988,727**	26,134
Amounts due from related parties	**10**	10
Amounts due from an intermediate holding company	**3,820**	3,838
	999,443	36,670

The aging analysis of trade receivables, based on the invoice date, is as follows:

	Unaudited 30 June 2018 *$'000*	Audited 31 December 2017 *$'000*
Within 3 months	**6,681**	5,368
Over 3 months but within 6 months	**—**	435
Over 6 months but within 12 months	**—**	103
Over 12 months	**23**	215
	6,704	6,121

For the trade receivables arising from the sales of properties, the Group manages the credit risk by requiring fully cash receipt before delivery of properties. The Group has set out policies to ensure follow-up action is taken to recover overdue debts. The Group also reviews regularly the recoverable amount of each individual trade receivable balance to ensure that adequate impairment losses are made for irrecoverable amounts. The maximum exposure to credit risk without taking account of any collateral held is represented by the carrying amount of each financial asset in the statement of financial position after deducting any impairment allowance.

At 30 June 2018, no impairment allowance was considered necessary in respect of the Group's trade receivables as the management considered that the balance is fully recoverable. The Group does not hold any collateral over the balance (31 December 2017: Nil).

16. ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE

(a) On 27 November 2017, Dalong Industrial Group Limited ("Dalong Group"), a non-wholly-owned subsidiary of the Company, entered into an agreement with Fujian Zhonglu Group Co., Limited ("Zhonglu Group"), pursuant to which Dalong Group has agreed to sell and Zhonglu Group agree to acquire certain of investment properties owned by Fujian Henglicheng Real Estate Development Co., Ltd (a direct subsidiary of Dalong Group). The investment properties were reclassified as assets classified as held for sale presented in the consolidated statement of financial position as at 31 December 2017, and the disposal was completed during the Period.

	Unaudited Six months ended 30 June 2018 ***$'000***
At 1 January 2018	**37,041**
Disposal of investments properties	**(37,041)**
Assets classified as held for sale	**—**

(b) Details of other assets and liabilities classified as held for sale from discontinued operations are included in note 9 to the financial statements.

17. TRADE AND OTHER PAYABLES

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

	Notes	**Unaudited 30 June 2018** ***$'000***	Audited 31 December 2017 *$'000*
Trade payables	*(a)*	**570,961**	500,726
Other payables		**910,603**	54,648
Interest payable to an intermediate holding company	*(c)*	**410,190**	463,071
Interest payable to financial institutions		**928**	936
Interest payable on other borrowings	*(b)*	**110,933**	96,232
Amounts due to intermediate holding companies	*(d)*	**2,456,902**	4,699,202
Dividend payables		**—**	7,671
		4,460,517	5,822,486

17. TRADE AND OTHER PAYABLES (Continued)

Notes:

a. None of the Group's trade payables is expected to be settled after more than one year (31 December 2017: Nil).

The aging analysis of trade payables, based on the invoice date, is as follows:

	Unaudited 30 June 2018 *$'000*	Audited 31 December 2017 *$'000*
Within 3 months	**421,981**	328,753
Over 3 months but within 6 months	**726**	44
Over 6 months but within 12 months	**4,268**	114
Over 12 months	**143,986**	171,815
	570,961	500,726

b. The interest payable on other borrowings is repayable on demand or within one year and the interest payables are unsecured and are not subject to compound interests.

c. The interest payable to an intermediate holding company is repayable within one year. These interest payables are unsecured and are not subject to compound interests.

d. The amounts due to intermediate holding companies are repayable on demand or within one year and all these balances are unsecured and interest-free.

18. SHARE CAPITAL AND DIVIDEND

(i) Share capital

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

(ii) Dividend

No dividend has been declared in respect of the Period (six months ended 30 June 2017: Nil).

19. DISPOSAL OF A SUBSIDIARY

On 18 May 2018, the Group completed the disposal of its entire equity interest in Wanda Australia CP Group to AWH for a cash consideration of AUD 315,044,422 (the "Australia Disposal"). Further details of the Australia Disposal have been set out in the Company's circular dated 22 February 2018 and announcements dated 29 January 2018, 21 March 2018 and 18 May 2018.

The net assets of the Wanda Australia CP Group at the date of disposal were as follows:

	Unaudited 18 May 2018 *$'000*
Net assets disposed of:	
Property, plant and equipment	**24,422**
Construction in progress	**138,791**
Freehold land	**943,432**
Investment in a joint venture	**2,479,412**
Deferred tax assets	**105,828**
Properties under development	**2,304,538**
Trade and other receivables	**113,824**
Cash and cash equivalents	**259**
Pledged deposits	**47,237**
Trade and other payables	**(35,952)**
Long-term loans	**(4,839,779)**
Reclassification of exchange reserve on translation of a foreign operation	**32,536**
	1,314,548
Gain on disposal of a subsidiary *(note 9)*	**477,377**
Transaction expenses	**64,096**
	1,856,021
Satisfied by:	
Cash consideration received in current Period	**1,113,613**
Cash consideration received in current Period by the intermediate holding company	**742,408**
	1,856,021

19. DISPOSAL OF A SUBSIDIARY (Continued)

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of a subsidiary is as follows:

	Unaudited Six months ended 30 June 2018 *$'000*
Total consideration	**1,856,021**
Cash consideration received in current Period by the intermediate holding company	**(742,408)**
Cash and bank balances disposed of	**(47,496)**
Net inflow of cash and cash equivalents in respect of the disposal of a subsidiary	**1,066,117**

20. EVENTS AFTER THE REPORTING PERIOD

On 6 July 2018, the Group has completed the disposal of its entire equity interest in Wanda International to R&F for a cash consideration of GBP35,609,277.96. Further detail of the disposal have been set out in the Company's announcement dated 16 January 2018, 7 February 2018, 6 March 2018, 12 June 2018 and 6 July 2018 respectively, and the circular of the Company dated 15 March 2018.

21. COMPARATIVE AMOUNTS

The comparative statement of profit or loss has been re-presented as if the operations discontinued during the Period had been discontinued at the beginning of the comparative period (note 9).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Continuing Operations

Joint Venture Platform in the Americas and Chicago Project, America

In July 2014, the Company formed a joint venture with Wanda Commercial Properties (Hong Kong) Co., Limited ("Wanda HK") to establish a joint venture platform in the Americas with a total capital commitment of HK$10 billion, in which the Company holds 60% and Wanda HK holds 40%, for the joint acquisition and development of suitable real property projects in the Americas.

On the same day, through Wanda Chicago Real Estate LLC ("Wanda Chicago"), a wholly owned subsidiary of this joint venture platform, the Company and Wanda HK entered into (i) the formation and contribution agreement with Magellan Parcel C/D LLC ("Magellan") and Lakeshore East LLC; and (ii) the operating agreement with Magellan to jointly develop a project in Chicago ("Chicago Project") in which Wanda Chicago holds 90% and Magellan holds 10% of such joint venture.

The planned total gross floor area of the Chicago Project is approximately 176,000 sq.m.. It is located in the heart of Chicago, adjacent to Millennium Park and the Chicago CBD. Many of the well-known destinations are within walking distance of the project, such as the Theatre District, Museum Campus and Michigan Avenue. This is the last unbuilt site within the Lakeshore East area with excellent geographic location. The project is expected to be developed into a 350-meter, 93-storey five-star hotel (with estimated 193 rooms) and high-end condominiums, which will be Chicago's third highest building upon completion and a new landmark in Chicago. Pre-sale of high-end condominiums portion commenced in September 2015, and approximately 56% of total saleable area were pre-sold up to the end of June 2018. The Chicago Project obtained planning approvals and completed settlement in April 2016. Construction work commenced in August 2016 and the structural works are in progress now. The development of the Chicago Project is expected to be completed in 2020.

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 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.

The construction work of the Guilin Project has completed and 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. For the sales of properties, approximately 87% of the saleable area were sold up to the end of June 2018, and properties were being delivered to owners since December 2015.

Hengli City, Fuzhou, the PRC

The total gross floor area of Hengli City is approximately 242,000 sq.m.. The project is a residential, office and retail complex located in Fuzhou, the PRC. As of 30 June 2018, the floor area of its remaining properties was approximately 78,648 sq.m., and the majority of the office and car park units were leased. The commercial portion was fully leased to Wangfujing Department Store, offering stable cash flow in rental income for the Company. During the Period, revenue of approximately HK$7,620,000 was generated from the sales of residential units and car park units.

Discontinued Operations

During the Period, the Company has continued to strive to execute its deleveraging strategy, with satisfactory progress. To this end, the Group has completed disposal of certain property projects arrangements.

London Project, UK

In September 2013, the Company acquired a project ("London Project") at 1 Nine Elms Lane, London SW8 5NQ, in the UK with Wanda HK in the form of a joint venture, in which the Company holds 60% and Wanda HK holds 40%.

On 16 January 2018, the Company as vendor and R&F Properties (HK) Company Limited ("R&F") as purchaser entered into a sale and purchase agreement in respect of the proposed disposal of 60% of the entire issued share capital of Wanda International Real Estate Investment Co. Limited ("Wanda International"), the holding company of the London Project, and the Company, R&F and Wanda International entered into a shareholder loan repayment agreement, pursuant to which R&F has agreed to repay the debt for and on behalf of Wanda International to the Company. Further details of the disposal can be found in the announcements of the Company dated 16 January 2018, 7 February 2018, 6 March 2018, 12 June 2018 and 6 July 2018, and the circular of the Company dated 15 March 2018. The disposal was completed on 6 July 2018.

Joint Venture Platform in Australia, Gold Coast Project and Sydney Project, Australia

In August 2014, the Company formed a joint venture with Wanda HK to establish a joint venture platform in Australia, namely Wanda Australia Real Estate Investment Co., Limited ("Wanda Australia RE"), with a total capital commitment of HK$12.5 billion, in which the Company holds 60% and Wanda HK holds 40%, for the joint acquisition and development of suitable real property projects in Australia.

On the same day, through Wanda Australia Commercial Properties Pty Ltd. ("Wanda Australia CP"), a wholly owned subsidiary of Wanda Australia RE, the Company and Wanda HK entered into the subscription and shareholders agreement with Dalian Wanda Commercial Management Group Co., Ltd (previously known as Dalian Wanda Commercial Properties Co., Ltd.) ("DWCM"), Mr. Riyu Li and Ms. Fengliu Wu (collectively, "Li", who were shareholders of Ridong (Gold Coast) Development Pty Ltd. ("Gold Coast Project Company")) and the Gold Coast Project Company. After completion of the subscription under the agreement, the Gold Coast Project Company is now owned by Wanda Australia CP and Li, as to 55% and 45% respectively, for the joint development of the a project in the Gold Coast ("Gold Coast Project").

After the acquisition of the Gold Coast Project, on 23 January 2015 and 4 March 2015, the Company and Wanda HK, through Wanda One Sydney Pty Ltd, a wholly owned subsidiary of Wanda Australia CP, entered into agreements to acquire the second premium project in Australia ("Sydney Project").

On 18 January 2018, Wanda Australia RE, AWH Investment Group Pty Ltd. ("AWH") and Wanda Australia CP entered into a master agreement in respect of the proposed disposal of the entire equity interest in Wanda Australia CP and repayment of debt in instalments by Wanda Australia CP to Wanda Australia RE. The proposed disposal was approved in the special general meeting convened on 12 March 2018. Further details of the proposed disposal can be found in the announcements of the Company dated 29 January 2018, 12 March 2018 and 18 May 2018, and circular of the Company dated 22 February 2018. The disposal of the two projects were completed on 18 May 2018.

FINANCIAL REVIEW

Revenue and results

The Group's revenue from its continuing operations for the Period was approximately HK$106.3 million, compared to that of HK$99.5 million for the corresponding period in 2017. The increase was mainly due to slight increase of rental income from Guilin Project.

There was no revenue from its discontinued operations for the Period (six months ended 30 June 2017: HK$0.8 million). This was mainly due to the expiration of certain rental agreements in the Sydney Project and the demolition of the original property structure of the Sydney Project in 2017.

Revenue of approximately HK$11.3 million, HK$85 million and HK$10 million was derived from the sales of properties, property leasing and property management service for the Period respectively.

During the Period, the Guilin Project and Hengli City contributed approximately HK$52.1 million and HK$54.2 million to the PRC segment revenue respectively. The PRC segment revenue and profit increased from approximately HK$99.5 million and HK$44.1 million for the six months ended 30 June 2017 to HK$106.3 million and HK$68.2 million for the Period. Such increase was mainly due to (i) an increase of foreign currency translation gain and (ii) a gain on disposal of certain investment properties from Hengli City amounted to approximately HK$8.2 million during the Period.

Segment loss generated from continuing operations of overseas market for the Period was approximately HK$18.5 million (six months ended 30 June 2017: HK$37 million). No revenue was generated from the overseas market as all business under the overseas segment from the continuing operations were in development phase during the Period. The decrease in segment loss was mainly due to decrease in operating overhead and increase in capitalised interest expenses from overseas segment.

Segment profit generated from discontinued operations of overseas market for the Period was approximately HK$487.5 million (loss for six months ended 30 June 2017: HK$349 million). The changes from segment loss to segment profit is mainly due to (i) a non-recurring gain on the disposal of the Sydney and Gold Coast Project ("Australia Projects") of approximately HK$477.4 million during the Period; and (ii) there was a non-recurring loss on disposal of the property project located in Madrid of approximately HK$329.7 million for the corresponding period in 2017.

During the Period, the Group's loss attributable to the equity holders of the Company from the continuing operations was approximately HK$19.4 million (six months ended 30 June 2017: HK$90.1 million). The decrease in loss was attributable to an increase in foreign currency translation gain and a decrease in income tax expenses which was mainly resulted from reversal of land appreciation tax provision.

During the Period, the Group's profit attributable to the equity holders of the Company from discontinued operations was approximately HK$272 million (loss for six months ended 30 June 2017: HK$209.4 million). The increase in profit was mainly attributable to (i) a non-recurring gain on disposal of the Australia Projects of approximately HK$477.4 million during the Period; and (ii) a non-recurring loss on disposal of property project located in Madrid amounted to approximately HK$329.7 million for the corresponding period in 2017.

Net assets and equity attributable to equity shareholders

As at 30 June 2018, the Group recorded total assets and total liabilities of approximately HK$15,939.2 million and HK$12,382.9 million respectively. The Group had net assets of approximately HK$3,556.3 million as at 30 June 2018 as compared to approximately HK$3,053.9 million as at 31 December 2017. The increase in net asset was mainly due to gain on disposal of Australia Projects. As at 30 June 2018, the equity attributable to the equity shareholders of the Company was approximately HK$2,406.9 million as compared to HK$2,118.7 million as at 31 December 2017.

Liquidity and financial ratios

The Group had total cash and bank balances of approximately HK$3,072.8 million as at 30 June 2018 as compared with approximately HK$2,290.8 million as at 31 December 2017. The increase was mainly due to proceeds from the disposal of Australia Projects and London Project which was partially offset of by the repayment of loan to an intermediate holding company of the Group. About 37%, 23%, 28%, 11% and 1% of the cash and bank balances were denominated in Renminbi ("RMB"), United States Dollar ("USD") ,Great Britain Pound ("GBP"), Australia

Dollar(“AUD”) and Hong Kong Dollar (“HK$”). As at 30 June 2018, the current ratio, which is the quotient arrived at by dividing current assets by current liabilities, was 1.21 as compared with 1.12 as at 31 December 2017. The gearing ratio, which is the quotient arrived at by dividing net debts by the aggregate of net debts and total equity, was 24.3% as at 30 June 2018 as compared with 57.8% as at 31 December 2017, with the fall in gearing ratio mainly due to the repayment of loan to an intermediate company of the Group during the Period.

Borrowings and financial resources

The Group had interest-bearing borrowings from financial institutions of approximately HK$1,773.2 million as at 30 June 2018 (31 December 2017: HK$1,814.9 million). These borrowings were denominated in RMB and USD. Approximately 9.3% of these borrowings is repayable within one year. The rest is repayable after one year.

The Group had interest-bearing other borrowings of approximately HK$306 million as at 30 June 2018 (31 December 2017: HK$287.1 million). These borrowings were denominated in RMB and HK$. Approximately 55.3% of these borrowings are repayable within one year. The rest is repayable after one year.

The Group had interest-bearing borrowings from an intermediate holding company of approximately HK$1,374.4 million as at 30 June 2018 (31 December 2017: HK$3,139.6 million). These borrowings were repayable from 2018 to 2025. The Group also had non-interest-bearing borrowings from an intermediate holding company of approximately HK$758.8 million (31 December 2017: HK$1,226.8 million) of which HK$692.6 million were denominated in USD and HK$66.2 million in EUR. The above borrowings denominated in USD are repayable in 2020 and the borrowings denominated in EUR are repayable in 2019.

As at 30 June 2018, the Group’s contracted commitment for capital expenditure is approximately HK$11,378.3 million (31 December 2017: HK$12,627.9 million).

Foreign currency and interest rate exposure

The Group’s business is principally conducted in RMB, GBP, USD and AUD. During the Period, The functional currencies of the Group’s subsidiaries in the PRC, the United Kingdom, the United States (the “USA”) and Australia are RMB, GBP, USD and AUD respectively and they do not have significant monetary assets or liabilities denominated in currencies other than their respective functional currencies. The functional currency of the Group’s other subsidiaries is HK$. The Group is exposed to currency risk primarily through loans that are denominated in RMB, GBP, USD and EUR respectively. The Group maintains a conservative approach on foreign exchange exposure management. During the Period, the Group did not use any financial instruments to hedge foreign currency exposure and the Group did not have any hedging instruments outstanding as at 30 June 2018.

During the Period, the Group had interest-bearing borrowings from financial institutions, third parties and an intermediate holding company of the Group. Accordingly, the Group's cost of borrowing was affected by changes in interest rates. As at 30 June 2018, interest-bearing borrowings of approximately HK$3,453.6 million, being 51.3% of the total interest-bearing borrowings, were on a floating rate basis, of which approximately HK$1,773.2 million were loans from financial institutions. The remaining interest-bearing borrowings of approximately HK$1,680.4 million were on fixed interest rate basis. During the Period, the Group had monitored the suitability and cost efficiency of hedging instruments and had considered a mix of fixed and floating rate borrowings in order to manage interest rate risks. The Group will prudently consider entering into currency and interest rate hedging arrangements to minimise such exposures if and when appropriate.

PLEDGE OF ASSETS

As at 30 June 2018, the Group pledged certain of its assets to financial institutions in the PRC to secure the loans of approximately HK$1,773.2 million granted by these financial institutions. The aggregate carrying value of these building held for own use, construction in progress, freehold land, prepaid land lease payments, investment properties, properties under development, completed properties held for sale and restricted bank deposits as at 30 June 2018 amounted to approximately HK$5.9 million, HK$510.9 million, HK$159.4 million, HK$17.6 million, HK$1,135 million, HK$2,543.1 million, HK$8 million and HK$13.3 million respectively.

CHANGES IN SHARE CAPITAL

There are no changes in the Company's share capital during the six months ended 30 June 2018.

CONTINGENT LIABILITIES

As at 30 June 2018, the Group had provided guarantees in aggregate amount of approximately HK$372.4 million (31 December 2017: HK$475.9 million) to banks in favour of its customers in respect of mortgaged loans provided by the banks to these customers for their purchase of the Group's properties. Each of these guarantees would be released upon the execution of individual purchasers' collateral agreements.

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANY

On 26 September 2017, the Company and Wanda HK entered into a sale and purchase agreement in respect of the proposed acquisition of the entire equity interest in Wanda Hotel Management (Hong Kong) Co. Limited ("Wanda Hotel Management") at a consideration of HK$878 million (subject to downward adjustment). Wanda Hotel Management is a leading hotel services provider in China 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. Further details of the acquisition are set out in the announcement of the Company dated 26 September 2017 and the circular of the Company dated 15 November 2017 respectively. The proposed acquisition was approved in the special general meeting convened on 8 December 2017. As the acquisition of Wanda Hotel Management has not yet been completed as at the date of this announcement, the business operation of Wanda Hotel Management does not form part of the Group's operations and its financial results were not consolidated into the Group's consolidated financial results for the Period.

The Company has announced the disposals of the London Project and the Australia Projects during the Period. Please refer to the "Business Review" section of this announcement for further details.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2018, the Group had around 261 full time employees, who are located in the PRC, Hong Kong, the United Kingdom and the USA.

During the six months ended 30 June 2018, the Group remunerated its employees based on their performance, experience and the prevailing market salaries. Performance bonuses were granted on a discretionary basis. Other employee benefits included insurance and medical cover, subsidized educational and training programs.

INTERIM DIVIDEND

The Directors of the Company did not recommend the payment of an interim dividend for the six months ended 30 June 2018 (six months ended 30 June 2017: Nil).

OUTLOOK

After the disposal of the London Project, Gold Coast Project and Sydney Project, the Company's strategies are to focus on fee based businesses, to improve cash flow and to reduce leverage with the following business plans:

1. To realize value of non-cash flow generating assets. The remaining Chicago Project is still under construction. Potential disposal at current market level can help realize value of the investments and reduce current and future indebtedness (for project construction loans purpose);

2. To capitalize on the property management expertise of the Company and focus on selective areas of property management businesses (e.g. hotel design, construction and operation management, etc.) where the Company can potentially develop into an industry leader in the segment in China;

3. To continue to look for high quality development projects within the Company's financial capability; and

4. To improve the operating efficiencies of Hengli City and the Guilin Project through cost control and targeted marketing to enhance rental return.

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

OTHER INFORMATION

SHARE OPTIONS SCHEME

The Company did not have any effective share option scheme as at 30 June 2018.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the six months ended 30 June 2018, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules as its own code of conduct regarding securities transactions by the Directors. Following specific enquiry by the Company, all Directors have confirmed that they have complied with the required standard as set out in the Model Code during the six months ended 30 June 2018.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE AND LISTING RULES

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

(i) Code Provision A.6.7 which stipulates that independent non-executive directors and non-executive directors should attend general meetings. Due to other important business engagements at the relevant time, not all independent non-executive directors and non-executive directors attended the special general meeting and annual general meeting of the Company on 12 March 2018 and 30 May 2018 respectively; and

(ii) Code Provision E.1.2 which stipulates that the Chairman of the Board should attend the annual general meeting. Due to other important business engagements at the relevant time, the Chairman did not attend the annual general meeting of the Company held on 30 May 2018.

REVIEW OF INTERIM RESULTS BY THE AUDIT COMMITTEE

The Company has established the Audit Committee with written terms of reference in accordance with the requirements of the Code for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls. The Audit Committee comprises one non-executive director and two independent non-executive directors, namely Mr. He Zhiping, Mr. Hui Yung, Chris and Dr. Xue Yunkui.

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

The Company's interim results for the six months ended 30 June 2018 have not been audited but have been reviewed by the Company's Audit Committee.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This announcement will be published on both the websites of the Company (www.wanda-hotel.com.hk) and of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk). The interim report of the Company for the six months ended 30 June 2018 will be dispatched to shareholders and published on the aforesaid websites in due course.

By order of the Board
Wanda Hotel Development Company Limited
Ding Benxi
Chairman

Hong Kong, 29 August 2018

As at the date of this announcement, Mr. Ding Benxi (Chairman), Mr. Zhang Lin and Mr. Hui Yung, Chris are the non-executive Directors; Mr. Ning Qifeng is the executive Director; and Mr. He Zhiping, Mr. Liu Jipeng and Dr. Xue Yunkui are the independent non-executive Directors.