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 2019

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 2019 (the "Period"), together with the comparative figures for the corresponding period in 2018, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the six months ended 30 June 2019

(Expressed in Hong Kong Dollars)

		Unaudited	
		Six months ended 30 June	
		2019	2018
	Notes	***$'000***	*$'000*
			(Restated)
CONTINUING OPERATIONS			
Revenue	*4*	**497,261**	420,665
Cost of sales		**(165,520)**	(88,491)
Gross profit		**331,741**	332,174
Other revenue	*5*	**11,140**	7,022
Other net gain	*5*	**70,119**	38,279
Net valuation (loss)/gain on investment properties	*10*	**(62,010)**	11,329
Selling expenses		**(27,811)**	(35,651)
Administrative expenses		**(92,248)**	(84,611)
Profit from continuing operations		**230,931**	268,542
Finance costs	*7*	**(94,486)**	(77,429)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (Continued)
for the six months ended 30 June 2019
(Expressed in Hong Kong Dollars)

		Unaudited	
		Six months ended 30 June	
		2019	2018
	Notes	***$'000***	*$'000*
			(Restated)
Profit before tax from continuing operations	6	**136,445**	191,113
Income tax expense	8	**(63,746)**	(18,896)
Profit for the period from continuing operations		**72,699**	172,217
DISCONTINUED OPERATIONS			
Profit for the period from discontinued operations		—	453,408
Profit for the period		**72,699**	625,625
Profit attributable to:			
Owners of the parent		**39,685**	396,987
Non-controlling interests		**33,014**	228,638
		72,699	625,625
Earnings per share attributable to ordinary equity holders of the parent (HK cents)	9		
Basic and diluted			
— For profit for the period		**0.8**	8.5
— For profit from continuing operations		**0.8**	2.7

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the six months ended 30 June 2019
(Expressed in Hong Kong Dollars)

	Unaudited Six months ended 30 June	
	2019	2018
	$'000	*$'000*
		(Restated)
Profit for the period	**72,699**	625,625
Other comprehensive (loss)/income		
Other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(25,266)**	(86,951)
Reclassification adjustment for a foreign operation disposed of during the period	—	32,536
Other comprehensive loss	**(25,266)**	(54,415)
Total comprehensive income	**47,433**	571,210
Attributable to:		
Owners of the parent	**19,471**	349,741
Non-controlling interests	**27,962**	221,469
	47,433	571,210

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
at 30 June 2019
(Expressed in Hong Kong Dollars)

	Notes	Unaudited 30 June 2019 $'000	Audited 31 December 2018 $'000
NON-CURRENT ASSETS			
Property, plant and equipment		**19,898**	640,214
Freehold land		—	159,119
Investment properties	*10*	**3,271,710**	3,345,150
Right-of-use assets		**104,429**	—
Prepaid land lease payments		—	16,737
Goodwill		—	3,079
Deferred tax assets		**11,108**	16,459
Total non-current assets		**3,407,145**	4,180,758
CURRENT ASSETS			
Properties under development		—	3,113,666
Completed properties held for sale		**69,629**	137,898
Trade receivables	*11*	**297,190**	319,721
Prepayments, other receivables and other assets	*12*	**853,223**	1,775,316
Contract incremental costs		**164**	54,067
Other current assets		**3,410**	5,707
Restricted bank deposits		**5,005**	5,002
Cash and cash equivalents		**2,323,016**	2,741,296
		3,551,637	8,152,673
Assets classified as held for sale	*13*	**4,015,490**	—
Total current assets		**7,567,127**	8,152,673
CURRENT LIABILITIES			
Trade and other payables	*14*	**998,597**	4,575,797
Contract liabilities		**62,378**	118,218
Receipts in advance		**77,789**	63,974
Loans from financial institutions		**69,779**	46,088
Loans from an intermediate holding company		**1,549,789**	1,445,489
Other borrowings		**12,770**	12,821
Lease liabilities		**2,256**	—
Current taxation		**195,701**	185,135
		2,969,059	6,447,522
Liabilities directly associated with the assets classified as held for sale	*13*	**989,330**	—
Total current liabilities		**3,958,389**	6,447,522
NET CURRENT ASSETS		**3,608,738**	1,705,151
TOTAL ASSETS LESS CURRENT LIABILITIES		**7,015,883**	5,885,909

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)
at 30 June 2019
(Expressed in Hong Kong Dollars)

	Notes	**Unaudited 30 June 2019 $'000**	Audited 31 December 2018 $'000
NON-CURRENT LIABILITIES			
Loans from financial institutions		**110,621**	1,146,769
Loans from an intermediate holding company		**2,672,313**	678,321
Interest payable to an intermediate holding company	*14*	**49,542**	—
Other borrowings		**378,271**	372,771
Lease liabilities		**84,210**	—
Deferred tax liabilities		**466,102**	480,657
Total non-current liabilities		**3,761,059**	2,678,518
Net assets		**3,254,824**	3,207,391
EQUITY			
Equity attributable to owners of the parent			
Share capital	*15*	**469,735**	469,735
Retained earnings		**330,183**	290,498
Other reserves		**1,439,643**	1,459,857
		2,239,561	2,220,090
Non-controlling interests		**1,015,263**	987,301
Total equity		**3,254,824**	3,207,391

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

(Expressed in Hong Kong dollars unless otherwise indicated)

1. CORPORATE INFORMATION

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

The Company and its subsidiaries (hereinafter collectively referred to as the "Group") is principally engaged in property development, property investment and property management, development and operation of hotel, hotel management, hotel design and hotel construction management in the People's Republic of China (the "PRC") and overseas during the six months ended 30 June 2019 (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 21 August 2019.

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 2018.

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

2.1 Basis of preparation (Continued)

Pursuant to an agreement entered into between the Company and Wanda Commercial Properties (Hong Kong) Co. Ltd. ("Wanda HK") on 26 September 2017, the Company has conditionally agreed to acquire the entire issued share capital of Wanda Hotel Management (Hong Kong) Co. Limited ("Wanda Hotel Management HK"), an investment holding company of a group of companies (the "Wanda Hotel Management Group") at a cash consideration of $878 million (the "Business Combination"). The Business Combination was completed on 31 December 2018.

The Company and Wanda Hotel Management HK are both under the common control of Wanda HK before and after the date of acquisition, and that control is not transitory, hence the acquisition has been accounted for as combination of entities under common control by applying the principles of merger accounting in accordance with Accounting Guideline 5 "*Merger Accounting for Common Control Combinations*" issued by the HKICPA. Accordingly, the assets and liabilities of Wanda Hotel Management Group have been accounted for at historical amounts and the condensed consolidated financial statements of the Group prior to the acquisition of Wanda Hotel Management HK have been restated to include the results of operations and assets and liabilities of Wanda Hotel Management Group as if the business acquired had always been part of the Group.

The operating results previously reported by the Group for the period ended 30 June 2018 have been restated to include the operating results of the Wanda Hotel Management Group as set out below:

	The Group (as previously reported) *$'000*	**The Wanda Hotel Management Group** *$'000*	**The Group (Restated)** *$'000*
Revenue	106,251	314,414	420,665
Profit before tax from continuing operations	10,773	180,340	191,113
Profit for the period from continuing operations	27,865	144,352	172,217

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

2.2 Changes in accounting policies and disclosures

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2018, except for the adoption of the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") effective as at 1 January 2019.

Amendments to HKFRS 9	*Prepayment Features with Negative Compensation*
HKFRS 16	*Leases*
Amendments to HKAS 19	*Plan Amendment, Curtailment or Settlement*
Amendments to HKAS 28	*Long-term Interests in Associates and Joint Ventures*
HK(IFRIC)-Int 23	*Uncertainty over Income Tax Treatments*
Annual Improvements 2015-2017 Cycle	Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23

Other than as explained below regarding the impact of HKFRS 16 Leases, the new and revised standards are not relevant to the preparation of the Group's interim condensed consolidated financial information. The nature and impact of the new and revised HKFRSs are described below:

HKFRS 16 replaces HKAS 17 *Leases*, HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease*, HK(SIC)-Int 15 *Operating Leases — Incentives* and HK(SIC)-Int 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model. Lessor accounting under HKFRS 16 is substantially unchanged from HKAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in HKAS 17. Therefore, HKFRS 16 did not have any financial impact on leases where the Group is the lessor.

The Group adopted HKFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initial adoption as an adjustment to the opening balance of retained earnings at 1 January 2019, and the comparative information for 2018 was not restated and continues to be reported under HKAS 17.

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

2.2 Changes in accounting policies and disclosures (Continued)

New definition of a lease

Under HKFRS 16, a contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 at the date of initial application. Contracts that were not identified as leases under HKAS 17 and HK(IFRIC)-Int 4 were not reassessed. Therefore, the definition of a lease under HKFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their stand-alone prices. A practical expedient is available to a lessee, which the Group has adopted, not to separate non-lease components and to account for the lease and the associated non-lease components (e.g., property management services for leases of properties) as a single lease component.

As a lessee — Leases previously classified as operating leases

Nature of the effect of adoption of HKFRS 16

The Group has lease contracts for various items of office space, hotel building and warehouse. As a lessee, the Group previously classified leases as either finance leases or operating leases based on the assessment of whether the lease transferred substantially all the rewards and risks of ownership of assets to the Group. Under HKFRS 16, the Group applies a single approach to recognise and measure right-of-use assets and lease liabilities for all leases, except for two elective exemptions for leases of low value assets (elected on a lease by lease basis) and short-term leases (elected by class of underlying asset). The Group has elected not to recognise right-of-use assets and lease liabilities for (i) leases of low-value assets (e.g., laptop computers and telephones); and (ii) leases, that at the commencement date, have a lease term of 12 months or less. Instead, the Group recognises the lease payments associated with those leases as an expense on a straight-line basis over the lease term.

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

2.2 Changes in accounting policies and disclosures (Continued)

As a lessee — Leases previously classified as operating leases (Continued)

Impacts on transition

Lease liabilities at 1 January 2019 were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at 1 January 2019 and presented as lease liabilities separately in the statement of financial position.

The right-of-use assets were measured at the amount of the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognised in the statement of financial position immediately before 1 January 2019. All these assets were assessed for any impairment based on HKAS 36 on that date. The Group elected to present the right-of-use assets separately in the statement of financial position.

The Group has used the following elective practical expedients when applying HKFRS 16 at 1 January 2019:

- Applied the short-term lease exemptions to leases with a lease term that ends within 12 months from the date of initial application
- Used hindsight in determining the lease term where the contract contains options to extend/terminate the lease
- Applied a single discount rate to a portfolio of leases with reasonably similar characteristics

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

2.2 Changes in accounting policies and disclosures (Continued)

As a lessee — Leases previously classified as operating leases (Continued)

Impacts on transition (Continued)

The impacts arising from the adoption of HKFRS 16 as at 1 January 2019 are as follows:

	Increase/(decrease) ***$'000*** **(Unaudited)**
Assets	
Increase in right-of-use assets	27,352
Decrease in prepaid land lease payments	(16,737)
Decrease in prepayments, other receivables and other assets	(98)
Increase in total assets	10,517
Liabilities	
Increase in lease liabilities	10,517
Increase in total liabilities	10,517

The lease liabilities as at 1 January 2019 reconciled to the operating lease commitments as at 31 December 2018 is as follows:

	$'000 **(Unaudited)**
Operating lease commitments as at 31 December 2018	23,469
Weighted average incremental borrowing rate as at 1 January 2019	4.99%
Discounted operating lease commitments as at 1 January 2019	20,560
Less: Commitments relating to short-term leases and those leases with a remaining lease term ending on or before 31 December 2019	(15,788)
Add: Payments for optional extension periods not recognised as at 31 December 2018	5,745
Lease liabilities as at 1 January 2019	10,517

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

2.2 Changes in accounting policies and disclosures (Continued)

Summary of new accounting policies

The accounting policy for leases as disclosed in the annual financial statements for the year ended 31 December 2018 is replaced with the following new accounting policies upon adoption of HKFRS 16 from 1 January 2019:

Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. When the right-of-use assets relate to interests in leasehold land held as inventories, they are subsequently measured at the lower of cost and net realisable value in accordance with the Group's policy for "inventories". The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of the estimated useful life and the lease term. When a right-of-use asset meets the definition of investment property, it is included in investment properties. The corresponding right-of-use asset is initially measured at cost, and subsequently measured at fair value, in accordance with the Group's policy for "investment properties".

Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in the in-substance fixed lease payments or a change in assessment to purchase the underlying asset.

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

2.2 Changes in accounting policies and disclosures (Continued)

Significant judgement in determining the lease term of contracts with renewal options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

Amounts recognised in the interim condensed consolidated statement of financial position and profit or loss

The carrying amounts of the Group's right-of-use assets and lease liabilities, and the movement during the period are as follows:

	Right-of-use assets					
	Office space	Hotel building	Warehouse	Prepaid land lease payments	Total	Lease liabilities
	$'000	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*
As at 1 January 2019	**10,240**	**—**	**375**	**16,737**	**27,352**	**10,517**
Additions	**—**	**84,058**	**—**	**—**	**84,058**	**84,058**
Depreciation charge	**(2,527)**	**(1,401)**	**(140)**	**(234)**	**(4,302)**	**—**
Interest expense	**—**	**—**	**—**	**—**	**—**	**1,056**
Payments	**—**	**—**	**—**	**—**	**—**	**(6,602)**
Transfer to assets classified as held for sale	**(3,023)**	**—**	**—**	**—**	**(3,023)**	**(3,066)**
Exchange realignment	**570**	**(159)**	**(1)**	**(66)**	**344**	**503**
As at 30 June 2019	**5,260**	**82,498**	**234**	**16,437**	**104,429**	**86,466**

The Group recognised rental expenses from short-term leases of $7,945,000 for the six months ended 30 June 2019.

3. OPERATING SEGMENT INFORMATION

For management purpose, the Group's operating businesses are structured and managed separately according to the nature of their operations and the products and services they provide. Each of the Group's operating segments represents a strategic business unit that offers products and services which are subject to risks and returns different from those of the other operating segments. The Group has four reportable operating segments and the corresponding items of segment information for the period ended 30 June 2018 have been restated. Particulars of the Group's reportable operating segments are summarised as follows:

(a) development and sale of properties, including primarily commercial and residential properties;

(b) leasing and management of commercial properties held by the Group for long-term investment;

(c) development and operation of hotels, hotel management services; and

(d) hotel design and hotel construction management services.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measured by adjusted profit/(loss) before tax from continuing operations. The adjusted profit/(loss) before tax from continuing operations is measured consistently with the Group's profit before tax from continuing operations except that finance costs, other net gain, bank interest income as well as corporate and other unallocated expense are excluded from such measurement.

Segment assets exclude goodwill, deferred tax assets, restricted bank deposits, cash and cash equivalents, assets classified as held for sale and corporate and other unallocated assets as these assets are managed on a group basis.

Segment liabilities exclude deferred tax liabilities, loans from financial institutions, loans from an intermediate holding company, other borrowings, tax payable, liabilities directly associate with the assets classified as held for sale and corporate and other unallocated liabilities as these liabilities are managed on a group basis.

3. OPERATING SEGMENT INFORMATION (Continued)

(i) Segment results, assets and liabilities

Six months ended 30 June 2019 (unaudited)

	Sales of properties *$'000*	Investment properties leasing and management *$'000*	Development and operation of hotels, hotel management services *$'000*	Hotel design and hotel construction management services *$'000*	Total *$'000*
Segment revenue:					
Revenue from continuing operations	**97,078**	**91,386**	**221,714**	**87,083**	**497,261**
Segment profit	**3,070**	**8,225**	**121,380**	**29,746**	**162,421**
Reconciliation:					
Other net gain					**70,119**
Finance costs					**(94,486)**
Bank interest income					**11,140**
Corporate and other unallocated expense					**(12,749)**
Profit before tax from continuing operations					**136,445**

Six months ended 30 June 2018 (unaudited and restated)

	Sales of properties *$'000*	Investment properties leasing and management *$'000*	Development and operation of hotels, hotel management services *$'000*	Hotel design and hotel construction management services *$'000*	Total *$'000*
Segment revenue:					
Revenue from continuing operations	11,272	94,979	211,842	102,572	420,665
Segment (loss)/profit	(31,123)	83,657	116,580	63,394	232,508
Reconciliation:					
Other net gain					38,279
Finance costs					(77,429)
Bank interest income					7,022
Corporate and other unallocated expense					(9,267)
Profit before tax from continuing operations					191,113

3. OPERATING SEGMENT INFORMATION (Continued)

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

As at 30 June 2019 (Unaudited)

	Sales of properties $'000	Investment properties leasing and management $'000	Development and operation of hotels, hotel management services $'000	Hotel design and hotel construction management services $'000	Total $'000
Segment assets	**110,864**	**3,279,866**	**184,959**	**232,337**	**3,808,026**
Reconciliation:					
Corporate and other unallocated assets					**3,150,756**
Assets classified as held for sale					**4,015,490**
Total assets					**10,974,272**
Segment liabilities	**236,203**	**81,017**	**362,835**	**54,682**	**734,737**
Reconciliation:					
Corporate and other unallocated liabilities					**5,995,381**
Liabilities directly associated with the assets classified as held for sale					**989,330**
Total liabilities					**7,719,448**

As at 31 December 2018 (Audited)

	Sales of properties $'000	Investment properties leasing and management $'000	Development and operation of hotels, hotel management services $'000	Hotel design and hotel construction management services $'000	Total $'000
Segment assets	3,361,148	3,363,487	829,078	267,522	7,821,235
Reconciliation:					
Corporate and other unallocated assets					4,512,196
Total assets					12,333,431
Segment liabilities	1,238,634	66,044	264,819	82,470	1,651,967
Reconciliation:					
Corporate and other unallocated liabilities					7,474,073
Total liabilities					9,126,040

3. OPERATING SEGMENT INFORMATION (Continued)

(ii) Geographical information

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

	Segment revenue from external customers		**Specified non-current assets**	
	Unaudited Six months ended 30 June		**Unaudited 30 June**	Audited 31 December
	2019	2018	**2019**	2018
	$'000	*$'000*	***$'000***	*$'000*
		(Restated)		
The PRC (including Hong Kong)	**493,946**	420,665	**3,396,037**	3,382,696
Overseas	**3,315**	—	**—**	781,603
	497,261	420,665	**3,396,037**	4,164,299

(iii) Information about major customers

During the period, the Group made sales to certain groups of major customers, the revenue from which individually contributed to more than 10% of the Group's total revenue for the period. The analysis is as follows:

	Unaudited Six months ended 30 June	
	2019	2018
	$'000	*$'000*
		(Restated)
Customer A	**138,463**	150,797
Customer B	**84,023**	107,610
Customer C	**37,995**	46,330
Others	**236,780**	115,928
	497,261	420,665

4. REVENUE

An analysis of revenue from continuing operations is as follows:

	Unaudited Six months ended 30 June	
	2019	2018
	$'000	*$'000*
		(Restated)
Revenue from contracts with customers		
Sale of properties	**97,078**	11,272
Property management services	**9,391**	9,994
Hotel management services	**221,714**	211,842
Hotel design and hotel construction management services	**87,083**	102,572
	415,266	335,680
Revenue from other sources		
Rental income	**81,995**	84,985
	497,261	420,665

Disaggregated revenue information for revenue from contracts with customers

	Unaudited Six months ended 30 June	
	2019	2018
	$'000	*$'000*
		(Restated)
Recognised at a point in time		
Sale of properties	**97,078**	11,272
Recognised over time		
Property management services	**9,391**	9,994
Hotel management services	**221,714**	211,842
Hotel design and hotel construction management services	**87,083**	102,572
Revenue from contracts with customers	**415,266**	335,680

5. OTHER REVENUE AND OTHER NET GAIN

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	
	2019	2018
	$'000	*$'000*
		(Restated)
Other revenue		
Bank interest income	**11,140**	7,022
Other net gain		
Exchange gain	**23,288**	25,481
Impairment of goodwill	**(3,079)**	—
Impairment of trade receivables	**(5,035)**	(934)
(Impairment)/reversal of impairment of financial assets included in prepayments, other receivables and other assets	**(9,633)**	4
Gain on disposal of investment properties	—	8,188
Forfeiture of deposits from the purchasers	—	1,565
Other interest income from financial assets at fair value through profit or loss	**5,466**	614
Gain on derecognition of amount due to an intermediate holding company	**63,735**	—
Others	**(4,623)**	3,361
	70,119	38,279

6. PROFIT BEFORE TAX FROM CONTINUING OPERATIONS

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

	Unaudited Six months ended 30 June	
	2019	2018
	$'000	*$'000*
		(Restated)
Cost of properties sold	**63,509**	8,768
Cost of services provided	**102,011**	79,723
Depreciation of property, plant and equipment	**5,170**	5,643
Amortisation of land lease payments	—	245
Depreciation of right-of-use assets	**4,302**	—
Impairment of goodwill	**3,079**	—
Impairment of trade receivables	**5,035**	934
Impairment/(reversal of impairment) of financial assets included in prepayments, other receivables and other assets	**9,633**	(4)
Exchange gain	**(23,288)**	(25,481)

7. FINANCE COSTS

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

	Unaudited Six months ended 30 June	
	2019	2018
	$'000	*$'000*
		(Restated)
Interest on loans from financial institutions	**30,068**	41,716
Interest on loans from an intermediate holding company repayable within five years	**69,972**	52,327
Interest on other borrowings	**18,599**	14,701
	118,639	108,744
Interest expense arising from lease	**1,056**	—
Less: Interest expenses capitalised into properties under development and construction in progress	**(25,209)**	(31,315)
	94,486	77,429

The borrowing costs have been capitalised at rates ranging from 5.3% to 5.5% per annum.

8. INCOME TAX EXPENSE

	Unaudited Six months ended 30 June	
	2019	2018
	$'000	*$'000*
		(Restated)
Current tax		
Corporate Income Tax for the period *(note (iii))*		
— Charge for the period	**45,078**	49,880
— Underprovision/(overprovision) in prior periods	**269**	(597)
PRC Land Appreciation Tax *(note (iv))*	**22,945**	(48,481)
	68,292	802
Deferred tax		
Origination and reversal of temporary differences:		
— Revaluation of properties	**(10,279)**	3,870
— Deductibility of PRC Land Appreciation Tax	**1,690**	11,423
— Others	**4,043**	2,801
	(4,546)	18,094
Total tax charge for the period from continuing operations	**63,746**	18,896
Total tax charge for the period from discontinued operations	**—**	34,042
Total income tax expense for the period	**63,746**	52,938

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

Notes:

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

(ii) 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 2018: 25%), except for the subsidiary of the Company established in Horgos, Xinjiang Uygur Autonomous region, enjoys PRC corporate income tax exemptions in accordance with the relevant tax rules. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates.

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

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit for the period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 4,697,347,000 (2018: 4,697,347,000) in issue during the period.

The calculations of basic and diluted earnings per share are based on:

	Unaudited Six months ended 30 June	
	2019	2018
	$'000	*$'000*
		(Restated)
Profit attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculation:		
From continuing operations	**39,685**	124,942
From discontinued operations	**—**	272,045
	39,685	396,987

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

(a) Basic earnings per share (Continued)

	Number of shares	
	30 June 2019	30 June 2018
	'000	*'000*
Weighted average number of ordinary shares in issue during the period used in the basic and diluted earnings 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 2019 and 2018.

10. INVESTMENT PROPERTIES

During the Period, the Group's additions in investment properties amounted to $109,000 (six months ended 30 June 2018: $19,136,000). Decrease in investment properties during the Period was mainly due to a fair value loss of investment properties located in Fuzhou, Fujian province, the PRC.

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 loss of $62,010,000 (six months ended 30 June 2018: net gain of $11,329,000) in respect of investment properties has been recognised in the statement of profit or loss for the Period.

As at 30 June 2019, certain items of the Group's investment properties with a carrying amount of $506,618,000 (31 December 2018: $850,451,000) were pledged to secure interest-bearing bank borrowings and undrawn bank facilities granted to the Group.

11. TRADE RECEIVABLES

	Unaudited 30 June 2019 *$'000*	Audited 31 December 2018 *$'000*
Trade receivables	**303,809**	321,316
Impairment	**(6,619)**	(1,595)
	297,190	319,721

For the trade receivables arising from the sale of properties, the Group manages the credit risk by fully receiving cash before delivery of properties.

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

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

The aging analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	Unaudited 30 June 2019 *$'000*	Audited 31 December 2018 *$'000*
Within 3 months	**104,626**	92,614
Over 3 months but within 6 months	**33,367**	48,168
Over 6 months but within 12 months	**71,116**	105,954
Over 12 months	**88,081**	72,985
	297,190	319,721

12. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	Note	**Unaudited 30 June 2019 *$'000***	Audited 31 December 2018 *$'000*
Prepayments		**6,826**	5,763
Deposits and other receivables	*(a)*	**844,619**	1,767,851
Amounts due from related parties		**10**	10
Amounts due from an intermediate holding company		**2,294**	2,045
		853,749	1,775,669
Impairment allowance		**(526)**	(353)
		853,223	1,775,316

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

The provision for impairment of other receivables is a provision for individually impaired other receivables.

(a) The balance includes:

(i) proceeds receivables in relation with the loan repayment by R&F Properties (HK) Company Limited to the Group, amounting to $237,672,000 (31 December 2018: $831,774,000);

(ii) proceeds receivables in relation with the loan repayment by AWH Investment Group Pty Ltd to the Group, amounting to $574,812,000 (31 December 2018: $715,871,000).

13. ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE

From June 2019 onward, management of the Company ("Management") has been in active discussions with potential buyers for the disposal of Chicago Project (as defined hereinafter). As such, Parcel C LLC ("Parcel C"), a subsidiary of the Company, was classified as disposal group held for sale as at 30 June 2019.

The carrying amount of related assets and liabilities are carried at the lower of carrying amount and their fair value less costs to sell. Management considers that no impairment loss was recognised.

The major classes of assets and liabilities of Parcel C classified as held for sale are as follows:

	Unaudited 30 June 2019 ***$'000***
Property, plant and equipment	**608,782**
Freehold land	**158,759**
Long-term prepayment	**11,017**
Properties under development	**3,116,360**
Contract assets	**53,826**
Right-of-use assets	**3,023**
Restricted bank deposits	**16,322**
Cash and cash equivalents	**47,401**
Assets classified as held for sale	**4,015,490**
Trade and other payables	**9,364**
Lease liabilities	**3,066**
Loans from financial institutions	**976,900**
Liabilities directly associated with the assets classified as held for sale	**989,330**
Net assets directly associated with Parcel C	**3,026,160**
Exchange reserve on translation of foreign operations	**11,947**

Certain assets of Parcel C were pledged to secure the loans from financial institutions and bank facilities as follows:

	Unaudited 30 June 2019 ***$'000***
Construction in progress	**608,782**
Freehold land	**158,759**
Properties under development	**3,116,360**
	3,883,901

14. 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 2019** *$'000*	Audited 31 December 2018 *$'000*
Trade payables	*(a)*	**113,587**	630,190
Other payables		**412,001**	850,311
Accruals		—	1,072
Interest payable on other borrowings	*(b)*	**118,207**	126,667
Interest payable to an intermediate holding company	*(b)*	**66,858**	11,442
Interest payable to financial institutions		**896**	1,795
Amounts due to intermediate holding companies	*(c)*	**334,591**	2,954,320
Amount due to an ultimate holding company		**1,999**	—
		1,048,139	4,575,797
Portion classified as current liabilities		**998,597**	4,575,797
Non-current portion		**49,542**	—
		1,048,139	4,575,797

Notes:

a. None of the Group's trade payables is expected to be settled after more than one year (31 December 2018: Nil).

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

	Unaudited 30 June 2019 *$'000*	Audited 31 December 2018 *$'000*
Within 3 months	**6,639**	481,347
Over 3 months but within 6 months	—	41
Over 6 months but within 12 months	**1,092**	12
Over 12 months	**105,856**	148,790
	113,587	630,190

14. TRADE AND OTHER PAYABLES (Continued)

Notes: (Continued)

b. The amount of $17,316,000 in interest payable to an intermediate holding company is repayable within one year (2018: $11,442,000), the amount of $49,542,000 of the Group's interest payable to an intermediate holding company is repayable more than one year (2018: Nil). The interest payable on other borrowings is repayable on demand or within one year. These interest payables are unsecured and not subject to compound interests.

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

15. SHARE CAPITAL AND DIVIDEND

(i) Share capital

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

(ii) Dividend

No dividend has been declared in respect of the Period (six months ended 30 June 2018: Nil).

16. EVENTS AFTER THE REPORTING PERIOD

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

17. COMPARATIVE AMOUNTS

As stated in note 2, comparative figures have been restated to reflect the effects of the business combination under common control and certain comparatives figures have been reclassified to conform with the Period's presentation.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Wanda Hotel Management HK

Wanda Hotel Management HK 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. Wanda Hotel Management currently manages hotels mostly under the following brands:—

Hotel Brand	Brand Positioning
Wanda Reign	• An ultra-luxury hotel brand for luminaries and the social elites that delivers supremely personalized services and transcends every expectation.
Wanda Vista	• A luxury hotel brand for distinguished guests who relish extraordinary services in oriental elegance that seamlessly blends with local culture.
Wanda Realm	• A premium hotel brand built upon quality service from superb international standards for business and leisure travelers.
Wanda Jin	• A premium and select service hotel brand built upon boutique design and quality service offering a balanced life experience for business and leisure travelers.
Wanda Moments	• A high-end midscale hotel brand dedicating to quality design and select services for the ultimate comfort of business travelers.

As at 30 June 2019, Wanda Hotel Management HK managed a total of 75 hotels in operation as set out in below table:—

	Hotels In Operation Under Wanda Hotel Management HK			
	Number of Hotels			**Number of Rooms**
	DWCM Group*	**Third Party Clients**	**Total**	***(‘000)***
Wanda Reign	3	—	3	0.8
Wanda Vista	1	21	22	6.2
Wanda Realm	1	45	46	13.6
Wanda Jin	—	1	1	0.1
Wanda Moments	—	1	1	0.1
Others	1	1	2	0.3
Grand Total	6	69	75	21.1

* Dalian Wanda Commercial Management Group Co.,Ltd.[#] (大連萬達商業管理集團股份有限公司), an indirect holding company of the Company, and its subsidiaries

[#] for identification purposes only

Besides the above operating hotels, as at 30 June 2019, Wanda Hotel Management HK also contracted to manage 62 hotels which have not yet commenced operation and were under construction.

Joint Venture Platform in the Americas and Chicago Project, America

In July 2014, the Company formed a joint venture with 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, and hence in excellent geographic location. The project is expected to be developed into a 361-meter, 101-storey five-star hotel (with estimated over 200 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 2019. The Chicago Project obtained planning approvals and completed settlement in April 2016. Construction work commenced in August 2016 and is progressed as planned. 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 99% of the saleable area were sold up to the end of June 2019, 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 2019, the floor area of its remaining properties was approximately 76,148 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 first half of 2019, revenue of approximately HK$5,148,400 was generated from the sales of residential units and car park units.

FINANCIAL REVIEW

On 31 December 2018, the Company completed its acquisition of all the issued shares in Wanda Hotel Management HK for a total consideration of HK$878 million. Wanda Hotel Management HK therefore became a wholly-owned subsidiary of the Company after the completion of the acquisition. The Company's acquisition of Wanda Hotel Management HK is considered to be a business combination under common control as the respective intermediate holding companies of the Company and Wanda Hotel Management HK are both under the common control of Wanda HK. As such, the condensed consolidated statement of profit or loss for the six months ended 30 June 2018 has been restated as a result of the adoption of merger accounting as if the business combination had occurred from the beginning of the earliest financial years presented.

REVENUE AND RESULTS

The Group's revenue for the Period was approximately HK$497.3 million, compared to that of approximately HK$420.7 million for the corresponding period in 2018. The increase in revenue was mainly due to an increase in property sales revenue of approximately HK$85.8 million primarily from sale of the remaining inventories at the Guilin Project, which is partially offset by an decrease in hotel design and construction management fee income of approximately HK$15.5 million.

The Group has identified four business segments to better reflect its current operating businesses as below:

1. Property sales;

2. Property leasing and management;

3. Development and operation of hotels, hotel management services; and

4. Hotel design and construction management services.

The following table sets out the segment revenue and results of the Group for the six months ended 30 June 2019 and 2018:

	2019		2018		Changes	
	Segment revenue	**Segment profit**	Segment revenue	Segment profit/(loss)	Segment revenue	Segment profit/(loss)
	$'000	***$'000***	*$'000*	*$'000*	*$'000*	*$'000*
Property sales	**97,078**	**3,070**	11,272	(31,123)	85,806	34,193
Property leasing and management	**91,386**	**8,225**	94,979	83,657	(3,593)	(75,432)
Development and operation of hotels, hotel management services	**221,714**	**121,380**	211,842	116,580	9,872	4,800
Hotel design and construction management services	**87,083**	**29,746**	102,572	63,394	(15,489)	(33,648)
Total	**497,261**	**162,421**	420,665	232,508	76,596	(70,087)

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

For the six months ended 30 June 2019, the total segment profit from the continuing operations of the Group decreased to approximately HK$162.4 million (six months ended 30 June 2018: HK$232.5 million).

For the six months ended 30 June 2019, the property sales segment reported profit of approximately HK$3.1 million (six months ended 30 June 2018: loss of HK$31.1 million). The segment profit increase was mainly driven by an increase in property sales revenue from sale of the remaining inventories at the Guilin Project during the Period.

For the six months ended 30 June 2019, the property leasing and management segment reported profit of approximately HK$8.2 million (six months ended 30 June 2018: HK$83.7 million). The decrease in segment profit in 2019 could be principally attributed to a net valuation loss of investment properties in Hengli City project of approximately HK$60.4 million.

For the six months ended 30 June 2019, the development and operation of hotels, hotel management services segment reported profit of approximately HK$121.4 million (six months ended 30 June 2018: HK$116.6 million). The increase was mainly due to better overall performance of hotels under management of the Group.

The hotel design and construction management services segment decreased its profit to approximately HK$29.7 million for the six months ended 30 June 2019 from HK$63.4 million in the corresponding period in 2018, mainly due to increasing staff costs as a result of more staffs being hired during the Period.

During the six months ended 30 June 2019, the Group's profit attributable to the owners of the parent amounted to approximately HK$39.7 million (six months ended 30 June 2018: HK$397 million) with the breakdown set out as below:

	Six months ended 30 June 2019	Six months ended 30 June 2018	Changes
	$'000	*$'000*	*$'000*
Profit attributable to			
Owners of the parent:			
From continuing operations	**39,685**	124,942	(85,257)
From discontinued operations	**—**	272,045	(272,045)
Total	**39,685**	396,987	(357,302)

Profit attributable to the owners of the parent from continuing operations for the Period was approximately HK$39.7 million (six months ended 30 June 2018: HK$124.9 million). Such decrease in profit was mainly attributable to: i) net valuation loss of investment properties in Hengli City of approximately HK$60.4 million as compared to net valuation gain of approximately HK$6.5 million for the corresponding period in 2018; ii) a tax expense increase of approximately HK$44.9 million due to higher land appreciation tax incurred in Guilin Project during the Period; iii) an increase of finance costs of approximately HK$17.1 million during the Period due to additional interest-bearing loans from an intermediate holding company, arising from the Chicago Project and outstanding acquisition consideration in relation to Wanda Hotel Management HK, as at 30 June 2019; but offset by iv) an increase in other net gains of approximately HK$31.8 million primarily due to gain on de-recognition of amount due to an intermediate holding company of approximately HK$63.7 million.

There was no discontinued operation during the Period. During the corresponding period in 2018, the Group's profit attributable to the owners of the parent from discontinued operations was approximately HK$272 million, which was mainly attributable to the gain of disposal of the Australia Projects.

DEPOSITS AND OTHER RECEIVABLES

As at 30 June 2019, the Group had deposits and other receivables of approximately HK$844.6 million (31 December 2018: approximately HK$1,767.9 million) which is expected to be received by December 2019. The decrease in deposits and other receivables was mainly due to (i) repayment of receivable from the disposal of the London Project of approximately HK$594.2 million; (ii) repayment of receivable from the disposal of the Australia Project of approximately HK$137.3 million; and (iii) refund of deposit of tax amounts of HK$187.2 million from Australia tax authority in relation to the disposal of the Australia Projects.

Net assets and equity attributable to owners of the parent of the Company

As at 30 June 2019, the Group recorded total assets and total liabilities of approximately HK$10,974.2 million and HK$7,719.4 million respectively. The Group had net assets of approximately HK$3,254.8 million as at 30 June 2019 as compared to approximately HK$3,207.4 million as at 31 December 2018. As at 30 June 2019, the equity attributable to the owners of the parent of the Company was approximately HK$2,239.6 million as compared to HK$2,220.1 million as at 31 December 2018.

Liquidity, borrowings and financial resources

The Group had total cash and bank balances of approximately HK$2,391.7 million as at 30 June 2019, of which approximately HK$63.7 million were cash and bank balances classified as held for sale, as compared with approximately HK$2,746.3 million as at 31 December 2018. The decrease was mainly due to repayment of loan to an intermediate holding company of the Group. About 84%, 4%, 11% and 1% of the cash and bank balances were denominated in Renminbi ("RMB"), United States Dollar ("USD"), Australia Dollar("AUD") and Hong Kong Dollar ("HK$") respectively. As at 30 June 2019, the current ratio, which is the quotient arrived at by dividing current assets by current liabilities, was 1.91 as compared with 1.26 as at 31 December 2018.

The following table sets out the debt and borrowings of the Group with its maturity profile:

	30 June 2019 (Unaudited) *$'000*	31 December 2018 (Audited) *$'000*
Debts and borrowings		
Interest bearing:		
— Loans from financial institutions	**180,400**	1,192,857
— Loans from financial institutions classified as held for sale	**976,900**	-
— Other borrowings	**391,041**	385,592
— Loans from intermediate holding company	**3,545,313**	1,380,150
Non-interest bearing:		
— Loans from intermediate holding company	**676,789**	743,660
Total debts and borrowings	**5,770,443**	3,702,259
Repayable:		
— Within one year	**2,609,238**	1,504,398
— After one year but within two years	**3,109,791**	1,146,484
— After two years but within five years	**51,414**	1,051,377
	5,770,443	3,702,259

	30 June 2019 (Unaudited) $'000	31 December 2018 (Audited) $'000
Cash and bank balances		
— Cash and cash equivalents	**2,323,016**	2,741,296
— Restricted bank deposits	**5,005**	5,002
— Cash and bank balances classified as held for sale	**63,723**	-
Total cash and bank balances	**2,391,744**	2,746,298
Net debts (debts and borrowings minus cash and bank balances)	**3,378,699**	955,961
Total equity	**3,254,824**	3,207,391
Gearing ratio (net debts over aggregate of net debts and total equity)	**50.9%**	23%

The gearing ratio, which is the quotient arrived at by dividing net debts by the aggregate of net debts and total equity, was 50.9% as at 30 June 2019 as compared with 23% as at 31 December 2018. The rise in gearing ratio is mainly due to increased loans from intermediate holding company.

As at 30 June 2019, the Group's contracted commitment for capital expenditure is approximately HK$4,007.7 million (31 December 2018: HK$4,235.9 million).

Foreign currency and interest rate exposure

During the Period, the Group's business is principally conducted in RMB and USD, being the functional currencies of the Group's subsidiaries in the PRC and the United States (the "USA") 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 and USD. The Group maintains a conservative approach on foreign exchange exposure management. During the Period, the Group did not use any financial instruments to hedge foreign currency exposure and the Group did not have any hedging instruments outstanding as at 30 June 2019.

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 during the Period. As at 30 June 2019, interest-bearing borrowings of approximately HK$3,829.6 million, being approximately 75.2% of the total interest-bearing borrowings, were on a floating rate basis, of which approximately HK$180.4 million were loans from financial institutions and $976.9 million were loans from financial institutions classified as held for sale. The remaining interest-bearing borrowings of approximately HK$1,264 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 2019, the Group pledged certain of its assets to financial institutions in the PRC to secure the loans of approximately HK$1,157.3 million granted by these financial institutions. The aggregate carrying value of these building held for own use, prepaid land lease payments, investment properties, completed properties held for sale, restricted bank deposits and assets classified as held for sale as at 30 June 2019 amounted to approximately HK$5.3 million, HK$16.4 million, HK$506.6 million, HK$1.9 million, HK$5 million and 3,883.9 million respectively.

CHANGES IN SHARE CAPITAL

There are no changes in the Company's share capital during the six months ended 30 June 2019.

CONTINGENT LIABILITIES

As at 30 June 2019, the Group had provided guarantees in aggregate amount of approximately HK$381.1 million (31 December 2018: HK$413.7 million) to banks in favour of its customers in respect of mortgaged loans provided by the banks to these customers for their purchase of the Group's properties. Each of these guarantees would be released upon the execution of individual purchasers' collateral agreements.

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANY

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

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2019, the Group had around 666 full time employees, who are located in the PRC, Hong Kong and the USA.

During the six months ended 30 June 2019, 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 2019 (six months ended 30 June 2018: Nil).

OUTLOOK

Following the injection of Wanda Hotel Management HK, the Group's strategies under the business transformation are to focus on fee based businesses, to improve cash flow, and to reduce leverage with the following initiatives:

1. To continue to monetize prior property investments. The Group views that potential disposal of the Chicago Project at current market level can help realize value of the investments and reduce current and future indebtedness (for project construction loans purpose). Hence the Group has been in active discussions with potential buyers for the Chicago Project;

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

3. To improve the operating efficiency of Hengli City and the Guilin Project through cost control and targeted marketing, while at the same time evaluate future plans regarding these two assets.

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 2019.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the six months ended 30 June 2019, 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 2019.

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 annual general meeting of the Company on 29 May 2019; 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 29 May 2019.

REVIEW OF INTERIM RESULTS BY THE AUDIT COMMITTEE

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

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

The Company's interim results for the six months ended 30 June 2019 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 2019 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, 21 August 2019

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