**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 2017

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 2017 (the "Period"), together with the comparative figures for the corresponding period in 2016, as follows:

### CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

*for the six months ended 30 June 2017*
*(Expressed in Hong Kong Dollars)*

| | | **Unaudited Six months ended 30 June** | |
|---|---|---|---|
| | | **2017** | 2016 |
| | *Notes* | ***$'000*** | *$'000* |
| **Revenue** | *4* | **100,319** | 258,015 |
| Cost of sales | | **(27,874)** | (103,082) |
| **Gross profit** | | **72,445** | 154,933 |
| Other revenue | *5* | **28,602** | 7,373 |
| Other net loss | *5* | **(407,376)** | (54,589) |
| Net valuation gain on investment properties | *11* | **23,407** | 165,087 |
| Selling expenses | | **(48,587)** | (37,377) |
| Administrative expenses | | **(52,621)** | (66,214) |
| **(Loss)/profit from operations** | | **(384,130)** | 169,213 |
| Finance costs | *7* | **(108,844)** | (106,026) |

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (Continued)**
*for the six months ended 30 June 2017*
*(Expressed in Hong Kong Dollars)*

| | | Unaudited Six months ended 30 June | |
|---|---|---|---|
| | | **2017** | 2016 |
| | *Notes* | ***$'000*** | *$'000* |
| **(Loss)/profit before tax** | *6* | **(492,974)** | 63,187 |
| Income tax expense | *8* | **(86,718)** | (69,519) |
| **Loss for the Period** | | **(579,692)** | (6,332) |
| Attributable to: | | | |
| Owners of the parent | | **(299,510)** | (37,097) |
| Non-controlling interests | | **(280,182)** | 30,765 |
| | | **(579,692)** | (6,332) |
| Loss per share attributable to ordinary equity holders of the parent (HK cents) | *9* | | |
| Basic and diluted | | **(6.4)** | (0.8) |

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**
*for the six months ended 30 June 2017*
*(Expressed in Hong Kong Dollars)*

| | | Unaudited Six months ended 30 June | |
|---|---|---|---|
| | | **2017** | 2016 |
| | *Notes* | ***$'000*** | *$'000* |
| **Loss for the Period** | | **(579,692)** | (6,332) |
| **Other comprehensive income/(loss)** | | | |
| Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods: | | | |
| Exchange differences | | | |
| Exchange differences on translation of foreign operations | | **285,880** | (48,299) |
| Reclassification adjustment for a foreign operation disposed of during the Period | *17* | **540,235** | — |
| **Other comprehensive income/(loss)** | | **826,115** | (48,299) |
| **Total comprehensive income/(loss)** | | **246,423** | (54,631) |
| **Attributable to:** | | | |
| Owners of the parent | | **206,747** | (1,936) |
| Non-controlling interests | | **39,676** | (52,695) |
| | | **246,423** | (54,631) |

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**
*at 30 June 2017*
*(Expressed in Hong Kong Dollars)*

| | Notes | 30 June 2017 $'000 (unaudited) | 31 December 2016 $'000 (audited) |
|---|---|---|---|
| **NON-CURRENT ASSETS** | | | |
| Property, plant and equipment | *10* | **767,962** | 985,638 |
| Freehold land | | **1,353,587** | 1,310,682 |
| Investment properties | *11* | **3,916,328** | 3,795,711 |
| Prepaid land lease payments | | **17,608** | 17,313 |
| Goodwill | | **16,134** | 15,654 |
| Investments in a joint venture | | **1,609,776** | 506,752 |
| Deferred tax assets | | **147,704** | 139,665 |
| Total non-current assets | | **7,829,099** | 6,771,415 |
| **CURRENT ASSETS** | | | |
| Properties under development | *12* | **5,799,534** | 4,357,658 |
| Completed properties held for sale | *13* | **244,484** | 250,227 |
| Trade and other receivables | *14* | **97,830** | 43,976 |
| Prepaid tax | | — | 752 |
| Other current assets | | **5,761** | — |
| Restricted bank deposits | | **294,700** | 502,856 |
| Cash and cash equivalents | | **5,260,986** | 2,680,562 |
| | | **11,703,295** | 7,836,031 |
| Assets classified as held for sale | | — | 2,032,755 |
| Total current assets | | **11,703,295** | 9,868,786 |
| **CURRENT LIABILITIES** | | | |
| Trade and other payables | *15* | **6,086,545** | 4,138,078 |
| Receipts in advance | | **47,553** | 78,003 |
| Loans from financial institutions and other borrowings | | **1,102,677** | 1,627,784 |
| Loans from an intermediate holding company | | — | 684,380 |
| Loans from related parties | | — | 231,964 |
| Current taxation | | **212,987** | 208,014 |
| | | **7,449,762** | 6,968,223 |
| Liabilities directly associated with the assets classified as held for sale | | — | 2,043 |
| Total current liabilities | | **7,449,762** | 6,970,266 |
| **NET CURRENT ASSETS** | | **4,253,533** | 2,898,520 |
| **TOTAL ASSETS LESS CURRENT LIABILITIES** | | **12,082,632** | 9,669,935 |

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)**
*at 30 June 2017*
*(Expressed in Hong Kong Dollars)*

| | *Notes* | **30 June 2017** **\$'000** **(unaudited)** | 31 December 2016 *\$'000* (audited) |
|---|---|---|---|
| **NON-CURRENT LIABILITIES** | | | |
| Loans from financial institutions and other borrowings | | **3,305,665** | 1,743,994 |
| Loans from an intermediate holding company | | **4,563,061** | 4,109,095 |
| Loans from related parties | | — | 34,332 |
| Interest payable to an intermediate holding company | *15* | **464,963** | 344,712 |
| Deferred tax liabilities | | **585,700** | 520,982 |
| **Total non-current liabilities** | | **8,919,389** | 6,753,115 |
| **Net assets** | | **3,163,243** | 2,916,820 |
| **EQUITY** | | | |
| **Equity attributable to owners of the parent** | | | |
| Share capital | *16* | **469,735** | 469,735 |
| Reserves | | **1,720,021** | 1,513,274 |
| | | **2,189,756** | 1,983,009 |
| **Non-controlling interests** | | **973,487** | 933,811 |
| **Total equity** | | **3,163,243** | 2,916,820 |

## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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

### 1 GENERAL 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.

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. This unaudited interim condensed consolidated financial information has been approved for issue by the Directors on 23 August 2017.

### 2 BASIS OF PREPARATION

This unaudited interim condensed consolidated financial information for the six months ended 30 June 2017 has been prepared in accordance with the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and Hong Kong Accounting Standards ("HKAS") 34 *Interim financial reporting* issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This unaudited interim condensed consolidated financial information should be read in conjunction with the annual financial statements of the Group for the year ended 31 December 2016, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), except for adoption of new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants which are effective to the Group for accounting periods beginning on or after 1 January 2017. The adoption of the new HKFRSs has no material impact on the Group's results and financial position for the current or prior periods.

## 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.

### (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".

| | **The PRC** | **Overseas** | **Total** |
|---|---|---|---|
| | *$'000* | *$'000* | *$'000* |
| ***For the six months ended 30 June 2017*** | | | |
| Revenue from external customers | 99,496 | 823 | 100,319 |
| Reportable segment profit/(loss) | 44,141 | (260,181) | (216,040) |
| ***For the six months ended 30 June 2016*** | | | |
| Revenue from external customers | 193,572 | 64,443 | 258,015 |
| Reportable segment profit/(loss) | 242,391 | (147,089) | 95,302 |
| ***As at 30 June 2017*** | | | |
| Reportable segment assets | 5,274,376 | 12,526,850 | 17,801,226 |
| Reportable segment liabilities | 1,230,548 | 9,688,904 | 10,919,452 |
| ***As at 31 December 2016*** | | | |
| Reportable segment assets | 5,140,655 | 11,443,760 | 16,584,415 |
| Reportable segment liabilities | 2,534,782 | 6,895,952 | 9,430,734 |

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

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

| | Six months ended 30 June | |
|---|---|---|
| | **2017** | 2016 |
| | ***$'000*** | *$'000* |
| ***Revenue*** | | |
| Reportable segment and consolidated revenue | **100,319** | 258,015 |
| ***(Loss)/profit before tax*** | | |
| Reportable segment (loss)/profit | **(216,040)** | 95,302 |
| Unallocated head office and corporate results | **(276,934)** | (32,115) |
| Consolidated (loss)/profit before tax | **(492,974)** | 63,187 |

| | **30 June** | 31 December |
|---|---|---|
| | **2017** | 2016 |
| | ***$'000*** | *$'000* |
| ***Assets*** | | |
| Reportable segment assets | **17,801,226** | 16,584,415 |
| Unallocated head office and corporate assets | **1,731,168** | 55,786 |
| Consolidated total assets | **19,532,394** | 16,640,201 |
| ***Liabilities*** | | |
| Reportable segment liabilities | **10,919,452** | 9,430,734 |
| Unallocated head office and corporate liabilities | **5,449,699** | 4,292,647 |
| Consolidated total liabilities | **16,369,151** | 13,723,381 |

## 3. OPERATING SEGMENT INFORMATION (Continued)

### (iii) Geographical information

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's non-current assets (excluding deferred tax assets) ("specified non-current assets"). The geographical location of revenue from external customers is based on the 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** | |
|---|---|---|---|---|
| | **Six months ended 30 June** | | | |
| | **2017** | 2016 | **30 June 2017** | 31 December 2016 |
| | ***$'000*** | *$'000* | ***$'000*** | *$'000* |
| The PRC (including Hong Kong) | **99,496** | 193,572 | **3,960,216** | 3,843,375 |
| Overseas | **823** | 64,443 | **3,721,179** | 2,788,375 |
| | **100,319** | 258,015 | **7,681,395** | 6,631,750 |

### (iv) Information about major customers

The Group had one customer with whom transactions exceeded 10% of the Group's revenue for the Period (six months ended 30 June 2016: one). For the Period, the revenue from this customer amounted to $25,235,000 (six months ended 30 June 2016: $36,257,000).

## 4. REVENUE

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

An analysis of revenue is as follows:

| | **Six months ended 30 June** | |
|---|---|---|
| | **2017** | 2016 |
| | ***$'000*** | *$'000* |
| ***Revenue*** | | |
| Sales of properties | **13,957** | 88,048 |
| Rental income | **74,562** | 157,433 |
| Property management income | **11,800** | 12,534 |
| | **100,319** | 258,015 |

## 5. OTHER REVENUE AND OTHER NET LOSS

| | Six months ended 30 June | |
|---|---|---|
| | **2017** | 2016 |
| | ***$'000*** | *$'000* |
| ***Other revenue*** | | |
| Bank interest income | **28,602** | 7,373 |
| ***Other net loss*** | | |
| Exchange loss | **(78,768)** | (61,204) |
| Forfeiture of deposits from purchasers | **211** | 730 |
| Loss on disposal of a subsidiary *(note 17)* | **(329,707)** | — |
| Others | **888** | 5,885 |
| | **(407,376)** | (54,589) |

## 6. (LOSS)/PROFIT BEFORE TAX

(Loss)/profit before tax is arrived at after charging:

| | Six months ended 30 June | |
|---|---|---|
| | **2017** | 2016 |
| | ***$'000*** | *$'000* |
| Cost of properties sold | **11,467** | 43,297 |
| Cost of properties maintainance | **16,407** | 59,785 |
| Depreciation | **16,215** | 32,178 |
| Amortisation of land lease payments | **233** | 243 |
| Minimum lease payments under operating leases for land and buildings | **4,302** | 6,933 |

## 7. FINANCE COSTS

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

| | Six months ended 30 June | |
|---|---|---|
| | **2017** | 2016 |
| | ***$'000*** | *$'000* |
| Interest on loans from financial institutions | **73,145** | 54,504 |
| Interest on loans from an intermediate holding company repayable within five years | **122,430** | 113,867 |
| Interest on other borrowings | **15,376** | — |
| Interest on loans from related parties | **—** | 23,394 |
| | **210,951** | 191,765 |
| Less: Interest expenses capitalised into properties under development and construction in progress | **(102,107)** | (85,739) |
| | **108,844** | 106,026 |

## 8. INCOME TAX EXPENSE

| | Six months ended 30 June | |
|---|---|---|
| | **2017** | 2016 |
| | ***$'000*** | *$'000* |
| ***Current tax*** | | |
| Corporate Income Tax for the Period *(note (iii))* | **12,624** | 23,854 |
| PRC Land Appreciation Tax *(note (iv))* | **25,998** | 13,677 |
| | **38,622** | 37,531 |
| ***Deferred tax*** | | |
| Origination and reversal of temporary differences: | | |
| — Revaluation of properties | **48,048** | 33,532 |
| — Deductibility of PRC Land Appreciation Tax | **(192)** | (1,682) |
| — Pre-sale properties in PRC | **—** | 138 |
| — Others | **240** | — |
| | **48,096** | 31,988 |
| **Total income tax expense for the Period** | **86,718** | 69,519 |

## 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 2016: 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. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

### (a) Basic loss per share

The calculation of basic loss per share for the six months ended 30 June 2017 is based on loss attributable to owners of the parent of $299,510,000 (six months ended 30 June 2016: $37,097,000) and the weighted average number of 4,697,347,000 shares (six months ended 30 June 2016: 4,697,347,000 shares) in issue during the Period.

### (b) Diluted earnings per share

The Group had no potentially dilutive ordinary shares in issue during the six months ended 30 June 2017 and 2016.

## 10. PROPERTY, PLANT AND EQUIPMENT

During the Period, the Group acquired items of property, plant and equipment at a total cost of $271,997,000 (six months ended 30 June 2016: $237,966,000).

As at 30 June 2017, certain items of the Group's buildings held for own use and construction in progress with a net carrying amounts of approximately $6,120,000 (31 December 2016: $6,124,000) and $617,820,000 (31 December 2016: $402,963,000) respectively, were pledged to secure interest-bearing bank borrowings granted to the Group.

## 11. INVESTMENT PROPERTIES

During the Period, the Group had no addition in investment properties (six months ended 30 June 2016: Nil).

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 $23,407,000 (six months ended 30 June 2016: $165,087,000) in respect of investment properties has been recognised in the statement of profit or loss for the Period.

As at 30 June 2017, certain items of the Group's investment properties with a carrying amount of $1,191,246,000 (31 December 2016: $1,152,429,000) were pledged to secure interest-bearing bank borrowings and undrawn bank facilities granted to the Group.

## 12. 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 Australia, the United States and the United Kingdom.

As at 30 June 2017, certain items of the Group's properties under development with a carrying amount of $3,551,346,000 (31 December 2016: $1,734,188,000) were pledged to secure interest-bearing bank borrowings granted to the Group.

## 13. 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 2017, certain items of the Group's properties held for sale with a carrying amount of $9,249,000 (31 December 2016: $8,972,000) were pledged to secure interest-bearing bank borrowings granted to the Group.

## 14. TRADE AND OTHER RECEIVABLES

| | **30 June 2017** | 31 December 2016 |
|---|---|---|
| | ***$'000*** | *$'000* |
| Trade receivables | **5,591** | 4,026 |
| Prepayments | **43,547** | 310 |
| Deposits and other receivables | **24,579** | 34,569 |
| Amounts due from related parties | **10** | 3,201 |
| Amounts due from a joint venture | **22,232** | — |
| Amounts due from an intermediate holding company | **1,871** | 1,870 |
| | **97,830** | 43,976 |

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

| | **30 June 2017** | 31 December 2016 |
|---|---|---|
| | ***$'000*** | *$'000* |
| Within 3 months | **1,483** | 3,554 |
| Over 3 months but within 6 months | **3,052** | 223 |
| Over 6 months but within 12 months | **1,034** | 25 |
| Over 12 months | **22** | 224 |
| | **5,591** | 4,026 |

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 2017, no impairment allowance was considered necessary in respect of the Group's trade receivables as the management considered that the balance was fully recoverable. The Group does not hold any collateral over the balance (31 December 2016: Nil).

## 15. 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 | **30 June 2017** **$'000** | 31 December 2016 $'000 |
|---|---|---|---|
| Trade payables | *(a)* | **492,343** | 396,777 |
| Other payables | | **78,668** | 191,547 |
| Accruals | | **2,899** | 1,882 |
| Interest payable to related parties | | **—** | 96,358 |
| Interest payable to an intermediate holding company | *(b)* | **464,963** | 344,712 |
| Interest payable to financial institutions | | **4,138** | 23,891 |
| Interest payable on other borrowings | | **112,793** | — |
| Amounts due to intermediate holding companies | *(c)* | **5,395,704** | 3,424,850 |
| Amounts due to related parties | *(c)* | **—** | 2,773 |
| | | **6,551,508** | 4,482,790 |
| Portion classified as current liabilities | | **(6,086,545)** | (4,138,078) |
| Non-current portion | | **464,963** | 344,712 |

*Notes:*

a. None of the Group's trade payables are expected to be settled after more than one year (31 December 2016: Nil).

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

| | **30 June 2017** **$'000** | 31 December 2016 $'000 |
|---|---|---|
| Within 3 months | **305,044** | 142,541 |
| Over 3 months but within 6 months | **9,614** | 16,910 |
| Over 6 months but within 12 months | **9,815** | 15,892 |
| Over 12 months | **167,870** | 221,434 |
| | **492,343** | 396,777 |

## 15. TRADE AND OTHER PAYABLES (Continued)

*Notes: (Continued)*

b. The amount of $464,963,000 in interest payable to an intermediate holding company is repayable more than one year (31 December 2016: $344,712,000). These interest payables are unsecured and not subject to compound interest.

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

## 16. 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 six months ended 30 June 2017 (six months ended 30 June 2016: Nil).

## 17. DISPOSAL OF A SUBSIDIARY

On 1 June 2017, the Group disposed its entire equity interest in Wanda Madrid Development, S.L.U. ("Wanda Madrid") to an independent third party for a cash consideration of EUR 272,000,000 (the "Disposal"). Further details of the Disposal have been set out in the Company's circular dated 16 December 2016 and announcements dated 28 December 2016, 30 December 2016, 3 April 2017 and 1 June 2017.

The net assets of the subsidiaries at the date of disposal were as follows:

| | **1 June 2017** |
|---|---|
| | ***$'000*** |
| Net assets disposed of: | |
| Property, plant and equipment | **7,841** |
| Construction in progress | **221,488** |
| Freehold land | **771,165** |
| Properties under development | **1,162,269** |
| Trade and other receivables | **2,323** |
| Cash and cash equivalents | **2,416** |
| Trade and other payables | **(724)** |
| Reclassification of exchange reserve on translation of a foreign operation | **540,235** |
| | **2,707,013** |
| Loss on disposal of a subsidiary *(note 5)* | **(329,707)** |
| | **2,377,306** |
| Satisfied by: | |
| Cash consideration received in current year | **2,327,385** |
| Cash consideration received in prior years as deposit | **49,921** |
| | **2,377,306** |

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

| | **Six months ended 30 June 2017** |
|---|---|
| | ***$'000*** |
| Cash consideration | **2,327,385** |
| Cash and bank balances disposed of | **(2,416)** |
| Net inflow of cash and cash equivalents in respect of the disposal of a subsidiary | **2,324,969** |

## 18. EVENTS AFTER THE REPORTING PERIOD

On 9 August 2017, the Company has entered into a non-binding framework agreement with connected parties, namely Beijing Wanda Culture Industry Group Co., Ltd and Dalian Wanda Commercial Properties Co., Ltd., in respect of a possible asset restructuring. Further details of the possible asset restructuring have been set out in the Company's announcement dated 9 August 2017.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

In the first half of 2017, Wanda Europe Real Estate Investment Co., Limited ("Wanda Europe"), a joint venture platform of the Group in Continental Europe, completed the disposal of the Company's Madrid project in Spain, which has strengthened the liquidity and financial position of the Group for the development of the existing projects. Further details on the disposal can be found in the circular of the Company dated 16 December 2016 and announcements dated 28 December 2016, 30 December 2016, 3 April 2017 and 1 June 2017.

### 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 Commercial Properties (Hong Kong) Co. Limited ("Wanda HK") in the form of a joint venture, in which the Company holds 60% and Wanda HK 40%. The planned total gross floor area of the project is approximately 110,000 sq.m., and is expected to be developed into a high-end complex comprising residential and hotel units. Pre-sale of residential portion commenced in 2014 with outstanding results achieved, and approximately 69% of the total saleable area were pre-sold as at the end of June 2017.

The London Project completed the demolition work of the existing structure and commenced construction work in 2015. The foundation works are in progress now, and the development of this project is expected to be completed in 2021.

### 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 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-story 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 44% of total saleable area were pre-sold up to the end of June 2017. 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.

## JOINT VENTURE PLATFORM IN AUSTRALIA AND GOLD COAST PROJECT, AUSTRALIA

In August 2014, the Company formed a joint venture with Wanda HK to establish a joint venture platform in Australia with a total capital commitment of HK$12.5 billion, in which the Company holds 60% and Wanda HK 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 Commercial"), a wholly owned subsidiary of this joint venture platform, the Company and Wanda HK entered into the subscription and shareholders agreement with Dalian Wanda Commercial Properties Co., Ltd ("DWCP"), Mr. Riyu Li and Ms. Fengliu Wu (collectively, "Li", who were shareholders of Jewel Project Company) and Ridong (Gold Coast) Development Pty Ltd. ("Jewel Project Company"). After completion of the subscription under the agreement, the Jewel Project Company is now owned by Wanda Australia Commercial and Li, as to 55% and 45% respectively, for the joint development of the a project in the Gold Coast ("Jewel Project").

The planned total gross floor area of the Jewel Project is approximately 144,000 sq.m.. It is located in the heart of the Gold Coast city center — the Surfers Paradise, and is the only five-star hotel and apartment project approved to be erected directly adjacent to beaches in the Gold Coast. It is comprised of three high-rise tower buildings of which one will be a five-star hotel, and the other two luxury apartments for sales. The project will become a city landmark in the Gold Coast upon completion.

The project obtained the approval for the development plan in December 2014, completed the demolition work of the existing structure and commenced construction work in March 2015. The structural works are in progress now. Pre-sale of luxury apartments portion commenced in September 2015, and approximately 37% of saleable area were pre-sold up to the end of June 2017. The development of this project is expected to be completed in 2019.

## SYDNEY PROJECT, AUSTRALIA

After the acquisition of the Jewel 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 the joint venture platform in Australia under the Master Australia JV Agreement, entered into agreements to acquire the second premium project in Australia ("Sydney Project").

The Sydney Project is located in Sydney's Central Business District, a key commercial center and a prime area for development. The project is expected to be redeveloped into a 185 meter high tower mixed-used complex comprising hotel, residential and retail areas, with a planned total gross floor area of approximately 98,300 sq.m.. The project will become a new city landmark in Sydney upon completion. The approval for the development plan was obtained in June 2017 and demolition of the existing structure also commenced in June 2017. Pre-sale of the residential portion will commence before the end of 2017 and construction work will commence in 2018. The development of this project is expected to be completed in 2021.

## 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 83% of the saleable area were sold up to the end of June 2017, and properties were 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 2017, the floor area of its remaining properties was approximately 82,500 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 2017, revenue of approximately HK$14 million was generated from the sales of residential units and car park units.

## FINANCIAL REVIEW

### Revenue and results

The Group's revenue for the six months ended 30 June 2017 was approximately HK$100.3 million, compared to that of HK$258 million for the corresponding period in 2016. The decrease was mainly due to a decrease of property sales revenue of approximately HK$74.1 million from PRC segment and a decrease in rental income of approximately HK$63.6 million from the Sydney Project. During the six months ended 30 June 2017, the Group's property sales revenue mainly came from selling a limited supply of remaining units left in the Hengli City. Certain rental agreements in the Sydney Project expired and it resulted in a decrease of rental income of approximately HK$63.6 million.

Revenue of approximately HK$14 million, HK$74.5 million and HK$11.8 million was derived from the sales of properties, property leasing and property management service for the six months ended 30 June 2017 respectively.

The PRC market remained stable during the Period. During the six months ended 30 June 2017, the Guilin Project and Hengli City contributed HK$39.4 million and HK$60.1 million to the PRC segment revenue respectively. The PRC segment revenue and profit before tax decreased from approximately HK$193.6 million and HK$242.4 million for the six months ended 30 June 2016 to approximately HK$99.5 million and HK$44.1 million for the six months ended 30 June 2017 respectively. Such decrease was mainly due to decrease of property sales revenue resulting from limited remaining inventories for sale in both projects.

The overseas market was confronted with market turbulence and challenges during the Period. Revenue from overseas segment was generated from the rental income from the Sydney Project. Revenue and loss before tax generated from overseas segment for the six months ended 30 June 2017 were approximately HK$0.8 million and HK$260.2 million respectively. All projects in the overseas segment were in its development phase during the Period.

During the Period, the Group's loss attributable to the equity holders of the Company was approximately HK$299.5 million (six months ended 30 June 2016: HK$37.1 million). The increase in loss was mainly attributable to: (i) a non-recurring loss on disposal of the Madrid Project of approximately HK$329.7 million; (ii) a decrease in net valuation gain on investment properties of approximately HK$141.7 million during the Period; (iii) a decrease of gross profit of approximately HK$82.5 million during the Period as a result of the decrease in revenue as abovementioned; and (iv) an increase of income tax expense of approximately HK$17.2 million during the Period.

### Net assets and equity attributable to equity shareholders

As at 30 June 2017, the Group recorded total assets and total liabilities of approximately HK$19,532.4 million and HK$16,369.2 million respectively. The Group had net assets of approximately HK$3,163.2 million as at 30 June 2017 as compared to approximately HK$2,916.8 million as at 31 December 2016. As at 30 June 2017, the equity attributable to the equity shareholders of the Company was approximately HK$2,189.8 million as compared to HK$1,983 million as at 31 December 2016.

**Liquidity and financial ratios**

The Group had total cash and bank balances of approximately HK$5,261 million as at 30 June 2017 as compared with approximately HK$2,680.6 million as at 31 December 2016. About 85% of the cash and bank balances were denominated in Renminbi ("RMB"), United States Dollar ("USD") and Euro ("EUR"). The remaining 15% were denominated in Hong Kong Dollar ("HK$"), Australian Dollar ("AUD") and Great Britain Pound ("GBP"). As at 30 June 2017, the current ratio, which is the quotient arrived at by dividing current assets by current liabilities, was 1.57 as compared with 1.42 as at 31 December 2016. The gearing ratio, which is the quotient arrived at by dividing net debt by the aggregate of net debt and total equity, was 51.9% as at 30 June 2017 as compared with 64.3% as at 31 December 2016.

**Borrowings and financial resources**

The Group had interest-bearing borrowings from financial institutions of approximately HK$4,075.2 million as at 30 June 2017 (31 December 2016: HK$3,371.8 million). These borrowings were denominated in GBP, RMB and USD. Approximately 21.1% 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$333.1 million as at 30 June 2017 (31 December 2016: Nil). These borrowings were denominated in RMB and HK$. Approximately 73% 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$3,343.6 million denominated in GBP and AUD as at 30 June 2017 (31 December 2016: HK$2,586.1 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$1,219.5 million (31 December 2016: HK$2,207.4 million) of which HK$688.8 million were denominated in USD, HK$462 million in AUD and HK$68.7 million in EUR. The above borrowings denominated in USD are repayable in 2020 and the borrowings denominated in EUR and AUD are repayable in 2019.

As the Group continues to acquire and develop suitable property projects, different financing sources, including debt, bank loan, and equity, will be explored. As at 30 June 2017, the Group's contracted commitment for capital expenditure is approximately HK$5,081 million (31 December 2016: HK$5,651.2 million).

**Foreign currency and interest rate exposure**

The Group's business is principally conducted in RMB, GBP, USD, EUR and AUD. The functional currencies of the Group's subsidiaries in the PRC, the United Kingdom, the United States of America (the "USA"), Spain and Australia are RMB, GBP, USD, EUR 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, EUR and AUD 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 2017.

During the Period, the Group had interest-bearing borrowings from financial institutions, third parties and an intermediate holding company. Accordingly, the Group's cost of borrowing was affected by changes in interest rates. As at 30 June 2017, interest-bearing borrowings of approximately HK$5,747.3 million, being 74.1% of the total interest-bearing borrowings, were on a floating rate basis, of which approximately HK$1,672.1 million were loans from an intermediate holding company. The remaining interest-bearing borrowings of approximately HK$2,004.6 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 2017, the Group pledged certain of its assets to financial institutions in the PRC to secure the loans of approximately HK$4,075 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 2017 amounted to approximately HK$6.1 million, HK$617.8 million, HK$392.3 million, HK$17.6 million, HK$1,191.2 million, HK$3,551.3 million, HK$9.2 million and HK$9.1 million respectively.

## CHANGES IN SHARE CAPITAL

There are no changes in the Company's share capital during the six months ended 30 June 2017.

## CONTINGENT LIABILITIES

As at 30 June 2017, the Group had provided guarantees in aggregate amount of approximately HK$499.1 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 3 November 2016, Wanda Europe and Baraka Global Invest S.L.U. ("Baraka") entered into an agreement, 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 subject to the terms contained therein for the 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. Further details of the disposal is set out in note 17 to the financial statements.

## 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 2017, the Group had around 242 full time employees, who are located in the PRC, Hong Kong, the United Kingdom, the USA and Australia.

During the six months ended 30 June 2017, 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 2017 (six months ended 30 June 2016: Nil).

## OUTLOOK

The Company entered into a non-binding framework agreement with connected parties on 9 August 2017 in relation to a possible asset restructuring, which is still subject to further negotiation amongst the parties. Further details of the non-binding framework agreement may be found in the announcement of the Company dated 9 August 2017. The Company will make further announcement(s) in compliance with the applicable legal and regulatory requirements (including the requirements of the Listing Rules) as and when appropriate.

Pending finalization of the terms of the transactions contemplated by the afore-mentioned framework agreement and the implementation thereof, the Group will continue to run its current business in the ordinary and usual course and in the interest of the Company and its shareholders as a whole.

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 2017.

### PURCHASE, SALE OR REDEMPTION OF SHARES

During the six months ended 30 June 2017, 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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (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 2017.

### 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 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 17 May 2017.

### 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. Qi Jie, Dr. Xue Yunkui and Mr. Zhang Huaqiao.

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 2017 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 2017 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, 23 August 2017

*As at the date of this announcement, Mr. Ding Benxi (Chairman), Mr. Qi Jie and Mr. Qu Dejun are the non-executive Directors; Mr. Liu Chaohui is the executive Director; and Mr. Liu Jipeng, Dr. Xue Yunkui and Mr. Zhang Huaqiao are the independent non-executive Directors.*