

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



大連萬達商業地產股份有限公司
Dalian Wanda Commercial Properties Co., Ltd.

(A joint stock limited liability company incorporated in the People's Republic of China)

(Stock Code: 3699)

**INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2016**

FINANCIAL HIGHLIGHTS

- Revenue of the Group for the six months ended 30 June 2016 was RMB37,635 million, increased by 21.82% as compared with the corresponding period of 2015.
- Core profit (net of the effect of fair value change) attributable to equity owners of the Company for the six months ended 30 June 2016 was RMB2,711 million, increased by 19.74% as compared with the corresponding period of 2015.
- Basic and diluted earnings per share for the six months ended 30 June 2016 was RMB1.36.

RESULTS HIGHLIGHTS

The board of directors (the “**Board**”) of Dalian Wanda Commercial Properties Co., Ltd. (the “**Company**”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**” or “**we**” or “**us**”) for the six months ended 30 June 2016 (the “**Reporting Period**”) prepared in accordance with Hong Kong Financial Reporting Standards (the “**HKFRSs**”).

FINANCIAL INFORMATION

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2016

		For the six months ended 30 June	
	Notes	2016 RMB'million (Unaudited)	2015 RMB'million (Unaudited)
REVENUE	4	37,635	30,894
Cost of sales		<u>(22,855)</u>	<u>(17,206)</u>
Gross profit		14,780	13,688
Other income and gains	4	722	1,350
Increase in fair value of investment properties, net		4,667	3,910
Selling and distribution expenses		(1,913)	(2,257)
Administrative expenses		(3,191)	(3,119)
Other expenses		(875)	(514)
Finance costs	5	(3,712)	(3,760)
Share of losses of joint ventures		<u>–</u>	<u>(7)</u>
PROFIT BEFORE TAX	6	10,478	9,291
Income tax expense	7	<u>(4,303)</u>	<u>(4,079)</u>
PROFIT FOR THE PERIOD		<u>6,175</u>	<u>5,212</u>
Attributable to:			
Owners of the parent		6,149	5,194
Non-controlling interests		<u>26</u>	<u>18</u>
		<u>6,175</u>	<u>5,212</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic	9	<u>RMB1.36</u>	<u>RMB1.15</u>
Diluted	9	<u>RMB1.36</u>	<u>RMB1.15</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME*For the six months ended 30 June 2016*

	For the six months ended 30 June	
	2016	2015
	<i>RMB'million</i>	<i>RMB'million</i>
	(Unaudited)	(Unaudited)
PROFIT FOR THE PERIOD	6,175	5,212
OTHER COMPREHENSIVE LOSS		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	<u>(148)</u>	<u>(142)</u>
OTHER COMPREHENSIVE LOSS FOR THE PERIOD, NET OF TAX	(148)	(142)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	6,027	5,070
Attributable to:		
Owners of the parent	5,934	5,103
Non-controlling interests	<u>93</u>	<u>(33)</u>
	6,027	5,070

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2016

	<i>Notes</i>	30 June 2016 RMB'million (Unaudited)	31 December 2015 RMB'million (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		48,433	42,923
Investment properties	10	336,236	309,481
Prepaid land lease payments		10,607	10,044
Goodwill		2,941	2,941
Other intangible assets		2,572	2,908
Investments in joint ventures		546	522
Available-for-sale investments		830	35
Long-term receivables		10	10
Deferred tax assets		7,007	5,771
		<hr/>	<hr/>
Total non-current assets		409,182	374,635
CURRENT ASSETS			
Inventories	11	173,275	167,256
Prepaid taxes		9,057	6,808
Trade and bills receivables	12	602	497
Prepayments, deposits and other receivables		17,972	17,156
Other current assets		1,308	60
Restricted cash		5,961	6,542
Cash and cash equivalents		77,346	66,606
		<hr/>	<hr/>
Total current assets		285,521	264,925
CURRENT LIABILITIES			
Trade and bills payables	13	64,603	64,420
Other payables and accruals		185,723	160,201
Interest-bearing bank and other borrowings		25,013	41,930
Deferred income		318	317
Dividend payables		817	13
Taxes payable		2,464	7,352
		<hr/>	<hr/>
Total current liabilities		278,938	274,233
NET CURRENT ASSETS/(LIABILITIES)		<hr/>	<hr/>
		6,583	(9,308)
TOTAL ASSETS LESS CURRENT LIABILITIES		<hr/>	<hr/>
		415,765	365,327

	30 June 2016	31 December 2015
	<i>RMB'million</i> (Unaudited)	<i>RMB'million</i> (Audited)
TOTAL ASSETS LESS CURRENT LIABILITIES	415,765	365,327
NON-CURRENT LIABILITIES		
Bonds and notes	65,403	32,651
Interest-bearing bank and other borrowings	124,143	112,065
Deferred income	1,567	1,571
Deferred tax liabilities	34,696	33,143
Total non-current liabilities	225,809	179,430
Net assets	189,956	185,897
EQUITY		
Equity attributable to owners of the parent		
Share capital	4,527	4,527
Reserves	177,093	175,869
Non-controlling interests	181,620	180,396
	8,336	5,501
Total equity	189,956	185,897

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2016

	Attributable to owners of the parent									
	Share capital	Share premium	Capital reserve	Revaluation reserve	Statutory reserve	Exchange fluctuation reserve	Retained profits	Total	Non-controlling interests	Total equity
	<i>RMB' million</i> (Unaudited)	<i>RMB' million</i> (Unaudited)	<i>RMB' million</i> (Unaudited)	<i>RMB' million</i> (Unaudited)	<i>RMB' million</i> (Unaudited)	<i>RMB' million</i> (Unaudited)	<i>RMB' million</i> (Unaudited)	<i>RMB' million</i> (Unaudited)	<i>RMB' million</i> (Unaudited)	<i>RMB' million</i> (Unaudited)
At 1 January 2015	4,475	22,392	344	35	1,961	(113)	123,720	152,814	2,332	155,146
Profit for the period	-	-	-	-	-	-	5,194	5,194	18	5,212
Other comprehensive income for the period	-	-	-	-	-	(91)	-	(91)	(51)	(142)
Total comprehensive income for the period	-	-	-	-	-	(91)	5,194	5,103	(33)	5,070
Issue of shares	52	2,066	-	-	-	-	-	2,118	-	2,118
Share-based payments	-	-	90	-	-	-	(46)	44	-	44
Final 2014 dividend declared	-	-	-	-	-	-	(4,301)	(4,301)	-	(4,301)
At 30 June 2015	<u>4,527</u>	<u>24,458</u>	<u>434</u>	<u>35</u>	<u>1,961</u>	<u>(204)</u>	<u>124,567</u>	<u>155,778</u>	<u>2,299</u>	<u>158,077</u>

Attributable to owners of the parent

	Share capital	Share premium	Capital reserve	Revaluation reserve	Statutory reserve	Exchange fluctuation reserve	Retained profits	Total	Non- controlling interests	Total equity
	<i>RMB'million</i>	<i>RMB'million</i>	<i>RMB'million</i>	<i>RMB'million</i>	<i>RMB'million</i>	<i>RMB'million</i>	<i>RMB'million</i>	<i>RMB'million</i>	<i>RMB'million</i>	<i>RMB'million</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
At 1 January 2016	4,527	24,458	393	35	2,264	(396)	149,115	180,396	5,501	185,897
Profit for the period	-	-	-	-	-	-	6,149	6,149	26	6,175
Other comprehensive income for the period	-	-	-	-	-	(215)	-	(215)	67	(148)
Total comprehensive income for the period	-	-	-	-	-	(215)	6,149	5,934	93	6,027
Capital contribution from non-controlling interests	-	-	4	-	-	-	-	4	2,742	2,746
Share-based payments	-	-	29	-	-	-	11	40	-	40
Final 2015 dividend declared	-	-	-	-	-	-	(4,754)	(4,754)	-	(4,754)
At 30 June 2016	<u>4,527</u>	<u>24,458*</u>	<u>426*</u>	<u>35*</u>	<u>2,264*</u>	<u>(611)*</u>	<u>150,521*</u>	<u>181,620</u>	<u>8,336</u>	<u>189,956</u>

* These reserve accounts comprise the consolidated reserves of RMB177,093 million in the unaudited interim condensed consolidated statement of financial position as at 30 June 2016.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2016

	For the six months ended 30 June	
	2016	2015
	RMB'million (Unaudited)	RMB'million (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash generated from operations	19,506	5,795
Interest received	273	317
Corporate income tax and land appreciation tax paid	(8,886)	(9,780)
	<hr/>	<hr/>
Net cash flows from/(used in) operating activities	10,893	(3,668)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of items of property, plant and equipment	(1,782)	(2,842)
Additions to investment properties	(19,430)	(16,821)
Additions to prepaid land lease payments	(692)	(319)
Additions to other intangible assets	(93)	(12)
Proceeds from disposal of items of property, plant and equipment	4	1
Net proceeds from available-for-sale investments	(1,961)	310
Investment in a joint venture	–	(97)
Disposals of subsidiaries	1,530	–
Acquisition of a subsidiary	(110)	–
	<hr/>	<hr/>
Net cash flows used in investing activities	(22,534)	(19,780)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds from issue of bonds and notes	33,000	–
New bank loans	36,182	27,991
Repayment of bank loans	(40,983)	(33,786)
Interest and bank charges paid	(5,273)	(6,268)
Dividends paid	(3,949)	(2,406)
Capital contributions from non-controlling interests	3,374	–
Issue of shares	–	1,993
	<hr/>	<hr/>
Net cash flows from/(used in) financing activities	22,351	(12,476)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		
	10,710	(35,924)
Cash and cash equivalents at beginning of period	66,606	86,303
Effect of foreign exchange rate changes, net	30	241
	<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	77,346	50,620
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and cash equivalents as stated in the condensed consolidated statement of financial position	77,346	50,620
	<hr/>	<hr/>
Cash and cash equivalents as stated in the condensed consolidated statement of cash flows	77,346	50,620
	<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2016

1. CORPORATE INFORMATION

Dalian Wanda Commercial Properties Co., Ltd. (the “**Company**”) is a limited liability company established in the People’s Republic of China (the “**PRC**”). The Company’s registered office is located at No. 539, Changjiang Road, Xigang District, Dalian, Mainland China.

The Company and its subsidiaries (the “**Group**”) are principally engaged in property leasing and management, property development and hotel operations. There were no significant changes in the nature of the Group’s principal activities during the six months ended 30 June 2016 (the “**Period**”).

In the opinion of the Company’s directors (the “**Directors**”), the holding company and ultimate holding company of the Company is Dalian Wanda Group Co., Ltd, (the “**Parent**”), a company established in the PRC. The ultimate controlling shareholder is Mr. Wang Jianlin.

2. BASIS OF PREPARATION AND CHANGES IN THE GROUP’S ACCOUNTING POLICIES

Basis of preparation

The unaudited interim condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”).

The unaudited interim condensed consolidated financial statements do 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 2015.

Changes in the accounting policies

The accounting policies adopted in the preparation of the unaudited interim condensed consolidated financial statements are consistent with those as set out in the Group’s annual financial statements for the year ended 31 December 2015, except for the adoption of new and revised Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the HKICPA which have become effective in the Period. The adoption of those new and revised HKFRSs has had no material impact on the accounting policies in the Group’s unaudited interim condensed consolidated financial statements for the Period.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has four reportable operating segments as follows:

- (a) development, leasing and management of commercial properties held by the Group for long-term investment;
- (b) development and sale of properties, including primarily commercial and residential properties;
- (c) development and operation of hotels; and
- (d) the “Others” segment mainly comprises the management of the properties sold, research and design centres, and the provision of education and other services.

Management monitors the results of the Group’s operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax. The adjusted profit/(loss) before tax is measured consistently with the Group’s profit before tax except that finance costs are excluded from such measurement.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

For the six months ended 30 June 2016

	Investment properties leasing and management RMB'million (Unaudited)	Sales of properties RMB'million (Unaudited)	Hotel operation RMB'million (Unaudited)	Others RMB'million (Unaudited)	Total RMB'million (Unaudited)
Segment revenue:					
Sales to external customers	8,123	25,315	2,653	1,544	37,635
Intersegment sales	262	–	1	833	1,096
	<u>8,385</u>	<u>25,315</u>	<u>2,654</u>	<u>2,377</u>	<u>38,731</u>
<i>Reconciliation:</i>					
Elimination of intersegment sales					<u>(1,096)</u>
Revenue					<u><u>37,635</u></u>
Cost of sales	(2,084)	(17,432)	(1,918)	(1,421)	(22,855)
Other income and gains	9	589	2	122	722
Increase in fair value of investment properties, net	4,667	–	–	–	4,667
Selling and distribution expenses	(57)	(1,633)	(175)	(48)	(1,913)
Administrative expenses	(641)	(1,459)	(695)	(396)	(3,191)
Other expenses	(186)	(373)	–	(316)	(875)
Segment results	<u>9,831</u>	<u>5,007</u>	<u>(133)</u>	<u>(515)</u>	<u><u>14,190</u></u>
<i>Reconciliation:</i>					
Finance costs					<u>(3,712)</u>
Profit before tax					<u><u>10,478</u></u>
Other segment information					
Impairment losses recognised in the interim condensed consolidated statement of profit or loss	–	290	–	306	596
Depreciation and amortisation	–	(341)	(577)	(73)	(991)
Investments in joint ventures	–	546	–	–	546
Capital expenditure*	<u>22,281</u>	<u>1,051</u>	<u>6,100</u>	<u>31</u>	<u><u>29,463</u></u>

* Capital expenditure consists of additions to property, plant and equipment, investment properties, prepaid land lease payments and other intangible assets.

For the six months ended 30 June 2015

	Investment properties leasing and management <i>RMB'million</i> (Unaudited)	Sales of properties <i>RMB'million</i> (Unaudited)	Hotel operation <i>RMB'million</i> (Unaudited)	Others <i>RMB'million</i> (Unaudited)	Total <i>RMB'million</i> (Unaudited)
Segment revenue:					
Sales to external customers	6,345	20,989	2,234	1,326	30,894
Intersegment sales	484	233	3	339	1,059
	<u>6,829</u>	<u>21,222</u>	<u>2,237</u>	<u>1,665</u>	<u>31,953</u>
<i>Reconciliation:</i>					
Elimination of intersegment sales					<u>(1,059)</u>
Revenue					<u><u>30,894</u></u>
Cost of sales	(1,634)	(12,695)	(1,701)	(1,176)	(17,206)
Other income and gains	203	1,073	12	62	1,350
Increase in fair value of investment properties, net	3,910	–	–	–	3,910
Selling and distribution expenses	(80)	(1,919)	(169)	(89)	(2,257)
Administrative expenses	(448)	(1,542)	(674)	(455)	(3,119)
Other expenses	–	(514)	–	–	(514)
Share of losses of joint ventures	–	(7)	–	–	(7)
Segment results	<u>8,296</u>	<u>5,385</u>	<u>(298)</u>	<u>(332)</u>	<u><u>13,051</u></u>
<i>Reconciliation:</i>					
Finance costs					<u>(3,760)</u>
Profit before tax					<u><u>9,291</u></u>
Other segment information					
Impairment losses recognised in the interim condensed consolidated statement of profit or loss	24	370	–	6	400
Depreciation and amortisation	–	(414)	(524)	(89)	(1,027)
Investments in joint ventures	–	533	–	–	533
Capital expenditure*	<u>19,440</u>	<u>202</u>	<u>2,829</u>	<u>17</u>	<u>22,488</u>

* Capital expenditure consists of additions to property, plant and equipment, investment properties, prepaid land lease payments and other intangible assets, including the above non-current assets from the business combination.

Geographical information

Over 90% of the Group's revenue was derived from customers based in Mainland China, and over 90% of the non-current assets of the Group were located in Mainland China. Accordingly, no segment information by geographical segment is presented.

Information about major customers

No revenue from sales to a single customer or a group of customers under common control accounted for 10% or more of the Group's revenue for the Period (for the six months ended 30 June 2015: Nil).

4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue, other income and gains is as follows:

	For the six months ended 30 June	
	2016	2015
	<i>RMB'million</i>	<i>RMB'million</i>
	(Unaudited)	(Unaudited)
Revenue		
Investment properties leasing and management	8,123	6,345
Sales of properties	25,315	20,989
Hotel operation	2,653	2,234
Others	1,544	1,326
	<hr/>	<hr/>
	37,635	30,894
Other income		
Bank interest income	296	326
Government grants	187	638
Others	–	56
	<hr/>	<hr/>
	483	1,020
Gains		
Gain on disposals of subsidiaries	114	–
Gain on disposal of items of property, plant and equipment	–	1
Foreign exchange gain, net	–	133
Others	125	196
	<hr/>	<hr/>
	239	330
	<hr/>	<hr/>
	722	1,350
	<hr/> <hr/>	<hr/> <hr/>

5. FINANCE COSTS

An analysis of finance costs is as follows:

	For the six months ended 30 June	
	2016	2015
	<i>RMB'million</i>	<i>RMB'million</i>
	(Unaudited)	(Unaudited)
Interest on bank loans and other loans	4,252	6,494
Interest on bonds and notes	1,376	229
	<hr/>	<hr/>
Total interest expense	5,628	6,723
Less: Interest capitalised	1,982	2,963
Add: Other finance expense	66	–
	<hr/>	<hr/>
	3,712	3,760
	<hr/> <hr/>	<hr/> <hr/>

6. PROFIT BEFORE TAX

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

	<i>Note</i>	For the six months ended 30 June	
		2016	2015
		<i>RMB'million</i>	<i>RMB'million</i>
		(Unaudited)	(Unaudited)
Cost of inventories sold		17,432	12,695
Government grants released*		(187)	(638)
Gain on disposal of items of property plant and equipment, net		–**	–**
Depreciation		801	850
Amortisation of prepaid land lease payments		75	66
Amortisation of other intangible assets		115	111
Impairment of inventories	<i>11</i>	259	376
Impairment of trade receivables		1	2
Impairment of other receivables		48	22
Impairment of property, plant and equipment		72	–
Impairment of other intangible assets		216	–
Direct operating expenses relating to investment properties leasing and management		2,084	1,634
		<hr/> <hr/>	<hr/> <hr/>

* There are no unfulfilled conditions or contingencies relating to these grants.

** The gain on disposal of items of property plant and equipment is presented as zero and rounded to the nearest million.

7. INCOME TAX

No provisions for Hong Kong profits tax and the overseas corporate income tax have been made as the Group had no assessable profits arising in Hong Kong or overseas during the Period.

Provision for the PRC corporate income tax (“CIT”) in Mainland China has been made at the applicable tax rate of 25% on the assessable profits of the Company and its subsidiaries in Mainland China.

The PRC land appreciation tax (“LAT”) in Mainland China is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sales of properties less deductible expenditures including land costs, borrowing costs, other property development expenditures and the related sales taxes and surcharges. The Group has estimated, made and included in taxation a provision for LAT according to the requirements set forth in the relevant Mainland China tax laws and regulations. The LAT provision is subject to the final review/approval by the local tax bureau.

	For the six months ended 30 June	
	2016	2015
	<i>RMB'million</i>	<i>RMB'million</i>
	(Unaudited)	(Unaudited)
Current – Mainland China CIT	1,951	1,680
Current – Mainland China LAT	2,000	1,918
Deferred	352	481
	<hr/>	<hr/>
Total tax charge for the Period	4,303	4,079
	<hr/> <hr/>	<hr/> <hr/>

8. DIVIDENDS

	For the six months ended 30 June	
	2016	2015
	<i>RMB'million</i>	<i>RMB'million</i>
	(Unaudited)	(Unaudited)
Declared dividend – RMB1.05 per ordinary share	4,754	4,301
Final dividend paid	3,949	2,406
	<hr/> <hr/>	<hr/> <hr/>

The final dividend proposed for year 2015 by the board of directors on 25 May 2016 amounted to RMB4,754 million (RMB1.05 dividend per share) and has been approved by the Company’s shareholders.

The board of directors did not recommend the payment of an interim dividend in respect of the six months ended 30 June 2016 (six months ended 30 June 2015: Nil).

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

The calculation of the basic earnings per share amount is based on the profit attributable to ordinary equity holders of the parent and the weighted average of ordinary shares of 4,527,347,600 (six months ended 30 June 2015: 4,523,573,463) in issue during the Period.

	For the six months ended 30 June	
	2016	2015
	<i>RMB'million</i>	<i>RMB'million</i>
	(Unaudited)	(Unaudited)
Earnings		
Profit attributable to ordinary equity holders of the parent used in the basic earnings per share calculation	6,149	5,194
	Number of shares	
	For the six months ended 30 June	
	2016	2015
	<i>Million</i>	<i>Million</i>
Shares		
Weighted average number of ordinary shares in issue during the Period used in the basic earnings per share calculation	4,527	4,524

The Group had no potentially dilutive ordinary shares in issue during the periods ended 30 June 2016 and 2015.

10. INVESTMENT PROPERTIES

	Completed investment properties	Investment properties under construction or development	Total
	<i>RMB'million</i>	<i>RMB'million</i>	<i>RMB'million</i>
	(Unaudited)	(Unaudited)	(Unaudited)
At 31 December 2015	261,368	48,113	309,481
Additions	–	22,281	22,281
Net gain from fair value adjustment	4,406	261	4,667
Transfer upon completion	17,282	(17,282)	–
Disposal on investment property	(193)	–	(193)
At 30 June 2016	282,863	53,373	336,236

The Group's completed investment properties are rented out under operating leases.

All the completed investment properties and investment properties under construction or development, including both land and building elements held by the Group, were revalued at the end of the year based on valuations performed by the independent professional appraiser, DTZ Debenham Tie Leung Limited (“DTZ”), an industry specialist in investment property valuation, who has appropriate qualifications and recent experience in the valuation of similar properties in the relevant locations. The valuation for completed investment properties was arrived at by considering the capitalised income to be derived from the existing tenancies and the reversionary potential of the properties, where appropriate, by reference to the market evidence of transaction prices for the similar properties in similar locations and conditions. The fair values of investment properties under development are determined by establishing the market values of the properties on an “as-if” completed basis with appropriate deduction on construction costs, professional fees and capitalised borrowing costs to be incurred from the valuation date to completion as well as a reasonable margin. There were no changes to the valuation techniques during the Period.

The Group's certain investment properties, amounting to RMB235,420 million as at 30 June 2016 (31 December 2015: RMB231,997 million), were pledged to secure bank and other borrowings granted to the Group and the Company.

As at 30 June 2016, the Group and the Company were in the process of applying for the relevant property certificates for certain investment properties. As at 30 June 2016, the carrying amount of the Group's certain investment properties which were in the process of applying for title certificates, was RMB9,599 million (31 December 2015: RMB11,184 million). In the Directors' opinion, the Group is entitled to lawfully and validly occupy and use these investment properties.

At the end of the Period, all of the Group's investment properties were within Level 3 of the fair value hierarchy as the valuation was arrived at by reference to certain significant unobservable inputs. There were no transfers between Levels 1, 2 and 3 during the Period (six months ended 30 June 2015: Nil).

The Group includes a team that reviews the valuations performed by the independent valuers for financial reporting purposes. This team reports directly to the senior management. Discussions of valuation processes and results are held between the senior management, the valuation team and the independent valuers twice a year, in line with the Group's interim and annual reporting dates.

At the end of the Period, the Group:

- verified all major inputs to the independent valuation reports;
- assessed property valuation movements when comparing to the prior year valuation reports; and
- held discussions with the independent valuers.

Below is a summary of the valuation technique used and the key inputs to the valuation of investment properties:

<u>Description</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Range of unobservable inputs</u>
Shopping mall	Investment approach	Prevailing market rents	RMB18 – RMB931 per square metre per month
		Reversionary capitalisation rate	Anchor Stores: 4.5%-6.0% Standard Retail: 5.0%-7.0%
Office	Investment approach	Prevailing market rents	RMB70 – RMB483 per square metre per month
		Reversionary capitalisation rate	6.0% -7.5%
Carpark	Investment approach	Prevailing market rents	RMB200 – RMB2,000 per lot per month
		Reversionary capitalisation rate	4.0% -5.0%

Prevailing market rents are estimated based on the independent valuer's view of recent letting transactions within the subject properties and other comparable properties. The higher the rents, the higher the fair value is. Reversionary yield is estimated by the independent valuer based on the risk profile of the properties being valued. The higher the yield, the lower the fair value is.

11. INVENTORIES

	30 June 2016	31 December 2015
	<i>RMB'million</i> (Unaudited)	<i>RMB'million</i> (Audited)
Properties	173,477	167,679
Hotel merchandise	39	32
Yachts and yachts related	623	517
Others	98	115
Impairment	(962)	(1,087)
	<u>173,275</u>	<u>167,256</u>

The movements in the provision for impairment of inventories are as follows:

	30 June 2016	31 December 2015
	<i>RMB'million</i> (Unaudited)	<i>RMB'million</i> (Audited)
At beginning of period/year	1,087	60
Impairment losses recognised	259	1,055
Write-off of impairment	(388)	(23)
Exchange realignment	4	(5)
	<u>962</u>	<u>1,087</u>

12. TRADE AND BILLS RECEIVABLES

	30 June 2016	31 December 2015
	<i>RMB'million</i> (Unaudited)	<i>RMB'million</i> (Audited)
Trade receivables	603	438
Bills receivable	22	81
Impairment	(23)	(22)
	<u>602</u>	<u>497</u>

An aged analysis of the trade and bills receivables of the Group as at the end of the reporting period, based on the invoice date and net of impairment, is as follows:

	30 June 2016	31 December 2015
	<i>RMB'million</i> (Unaudited)	<i>RMB'million</i> (Audited)
Within one year	538	469
Over one year	64	28
	<u>602</u>	<u>497</u>

13. TRADE AND BILLS PAYABLES

An aged analysis of the trade and bills payables at the end of the reporting period, based on the invoice date, is as follows:

	30 June 2016 <i>RMB'million</i> (Unaudited)	31 December 2015 <i>RMB'million</i> (Audited)
Within 1 year	56,730	59,319
1 to 2 years	6,967	4,272
Over 2 years	906	829
	64,603	64,420

The trade payables are non-interest-bearing and are normally settled based on the progress of the construction of property projects.

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS OVERVIEW

The core product of the Group is urban complex named “Wanda Plaza”, which mainly comprises shopping centers held as investment properties, properties held for sale and luxury hotels. These core business segments provide mutual support to one another. Shopping centers and luxury hotels can help boost property sales, and residential properties, office spaces and luxury hotels can increase foot traffic so as to promote asset value for shopping centers.

Corresponding with our core products, the Group’s businesses comprise three major segments: 1) development, leasing and management of commercial properties held for long-term investment, mainly including shopping centers; 2) development and sales of properties, including retail spaces, office spaces, SOHOs and residential buildings, etc.; and 3) development and operation of luxury hotels.

As China’s largest developer, owner and operator of commercial properties, and China’s largest owner and operator of luxury hotels, the Group continued to maintain a sound performance record in the operation of large-scale multi-function complex properties and achieved a high-speed increase in various aspects of our business operation as of 30 June 2016.

As at 30 June 2016:

- Total number of Wanda Plazas in operation was 142^(Note 1), among which, 9 were newly increased during the first half of 2016.
- Total gross floor area (“**GFA**”) of properties held and in operation amounted to 28.31 million square meters, representing an increase of 7.56% compared to 26.32 million square meters at the end of 2015.
- Total GFA of shopping centers in operation amounted to 23.31 million square meters, representing an increase of 6.78% compared to 21.83 million square meters at the end of 2015.
- Total leasable floor area (“**LFA**”) of shopping centers in operation amounted to 14.87 million square meters, representing an increase of 5.24% compared to 14.13 million square meters at the end of 2015.
- Total amount of contracted sales of the first half of 2016 was RMB50,623 million, representing a decrease of 17.33% over the same period in 2015; contracted sales area was 5.39 million square meters, representing a decrease of 17.58% over the same period in 2015.
- Total number of hotels in operation amounted to 79, among which, 7 hotels were newly opened during the first half of 2016.
- Total number of hotel rooms in operation was 24,435, among which 2,474 rooms were newly opened during the first half of 2016.

Note 1: Including Nanchang Wanda Mall

For the first half of 2016, all the Group's businesses were carried out as scheduled and achieved remarkable financial results. The Group's total revenue amounted to RMB37,635 million, representing a year-on-year increase of 21.82% as compared to the first half of 2015. The Group achieved core profit (net of fair value gains of investment properties) of RMB2,711 million during the first half of 2016, representing a year-on-year increase of 19.74% compared to the first half of 2015. Core profit margin was 7.20%, which remained stable as compared to the first half of 2015. The increase in core profit was mainly attributable to the increase in revenue of our investment property leasing and property management business and sales of properties. For the first half of 2016, the Group realized net earnings per share of RMB1.36.

The main financial results of each business segment of the Group in the first half of 2016 are as follows:

Unit: RMB million

	Investment Property Leasing and Property Management			Sales of Properties			Hotel Operations			Other Segment			Total		
	First half of 2016	First half of 2015	Change	First half of 2016	First half of 2015	Change	First half of 2016	First half of 2015	Change	First half of 2016	First half of 2015	Change	First half of 2016	First half of 2015	Change
Revenue	8,123	6,345	28.02%	25,315	20,989	20.61%	2,653	2,234	18.76%	1,544	1,326	16.44%	37,635	30,894	21.82%
Cost	2,084	1,634	27.54%	17,432	12,695	37.31%	1,918	1,701	12.76%	1,421	1,176	20.83%	22,855	17,206	32.83%
Gross profit	6,039	4,711	28.19%	7,883	8,294	-4.96%	735	533	37.90%	123	150	-18.00%	14,780	13,688	7.98%
Gross profit-margin (%)	74.34	74.25	0.09	31.14	39.52	-8.38	27.70	23.86	3.84	7.97	11.31	-3.34	39.27	44.31	-5.04
Profit before interest and tax	9,831	8,296	18.50%	5,007	5,385	-7.02%	-133	-298	-55.37%	-515	-332	55.12%	14,190	13,051	8.73%
Increase in fair value of investment properties	4,667	3,910	19.36%										4,667	3,910	19.36%
LAT				2,000	1,918	4.28%							2,000	1,918	4.28%
Profit before interest and tax (excluding change in fair value and LAT)	5,164	4,386	17.74%	3,007	3,467	-13.27%	-133	-298	-55.37%	-515	-332	55.12%	7,523	7,223	4.15%
Finance costs (not available for allocation)													3,712	3,760	-1.28%
Profit before tax (excluding change in fair value and LAT)													3,811	3,463	10.05%

For the first half of 2016, the Group's revenue mainly came from three major business segments, namely investment property leasing and property management, sales of properties and hotel operations, accounting for approximately 21.58%, 67.26% and 7.05%, respectively. For the first half of 2016, revenue from investment property leasing and management segment was RMB8,123 million, representing an increase of 28.02% as compared to the first half of 2015. Revenue from sales of properties reached RMB25,315 million, representing an increase of 20.61% as compared to the first half of 2015. Revenue from hotel operations segment was RMB2,653 million, representing an increase of 18.76% as compared to the first half of 2015.

For the first half of 2016, the Group continued to implement its strategy on increasing the percentage of contribution from investment property leasing and property management segment. The investment property leasing and property management segment's profit before interest and tax amounted to RMB9,831 million during the first half of 2016, which accounts for 69.28% of the total profit before interest and tax. The profit before interest and tax from sales of property accounted for RMB5,007 million or 35.29% of the total amount. Loss before tax and interest from hotel operations segment was RMB133 million.

Contribution of profit before interest and tax (excluding LAT)

For the first half of 2016, the Group's profit before interest and tax (excluding LAT) mainly came from sales of properties, investment property leasing and property management segments, among which, profit before tax and interest (after deducting LAT and excluding change of fair value) from investment property leasing and property management segment was RMB5,164 million, representing a year-on-year increase of 17.74% as compared to the first half of 2015, and accounting for 68.64% of profit before tax and interest (after deducting LAT and excluding change of fair value).

BUSINESS SEGMENTS ANALYSIS

Investment property leasing and property management

For the first half of 2016, revenue from investment property leasing and property management segment accounted for 21.58% of total revenue. Revenue amounted to RMB8,123 million, representing an increase of 28.02% as compared to the same period in previous year. Gross profit margin of our investment property leasing and property management segment was 74.34%, which remained stable as compared to the same period in previous year.

Main operating information about shopping centers:

	For the first half of 2016	For the year of 2015	Change
Total GFA (million sq.m.)	23.31	21.83	6.78%
Total LFA (million sq.m.) ⁽¹⁾	14.87	14.13	5.24%
Occupancy rate	96.33%	96.37%	-0.04 percentage point
Average Rent (RMB/sq.m./month) ⁽²⁾	102.80	97.59	5.34%

Notes:

- (1) Total LFA represents total leasable GFA of shopping centers.
- (2) Average rent = Investment property leasing and property management revenue (before tax)/total floor area leased.

Investment property

- Our investment properties mainly include shopping centers and cultural and entertainment complex projects of Wanda Plaza and Wanda City.
- For the first half of 2016, we further expanded our portfolio of investment properties. We increased 9 new shopping centers with a total GFA of approximately 1.48 million square meters and a total LFA of approximately 0.84 million square meters. As at 30 June 2016, we owned 142 shopping centers in operation in 95 cities with a total GFA of approximately 23.31 million square meters and a total LFA of approximately 14.87 million square meters.
- As at 30 June 2016, the average occupancy rate of all our shopping centers in operation was 96.33%.

The table below sets out certain information in respect of our investment properties in operation as at 30 June 2016:

	GFA <i>(million sq.m.)</i>	LFA <i>(million sq.m.)</i>	Average Occupancy Rate in the first half of 2016 <i>(%)</i>
First-tier cities	2.44	1.53	98.76%
Second-tier cities	9.93	6.39	98.06%
Third-tier cities	10.94	6.95	94.20%
Total	<u>23.31</u>	<u>14.87</u>	<u>96.33%</u>

Revenue

For the first half of 2016, revenue from the Group's investment property leasing and property management amounted to RMB8,123 million, representing a year-on-year increase of 28.02% as compared to the first half of 2015, mainly due to the increase in leasable area and average rents during the Period. The increase in leasable area was mainly due to the newly opened shopping malls during the second half of 2015 and the first half of 2016; the increase in average rents was mainly due to the organic growth in rents based on contract terms for the shopping malls in operation, the rent rise as agreed by certain tenants upon contract renewal, and the higher rents caused by some adjustment to the Group's tenants.

Cost

Direct operating expenses in relation to investment property leasing and property management include property maintenance costs, salaries of employees in the investment property leasing and property management segment and the property tax in respect of the relevant investment properties. For the first half of 2016, our costs of investment property leasing and property management amounted to RMB2,084 million, representing an increase of 27.54% as compared to the same period in 2015. The increase was mainly due to the corresponding increase in operation and maintenance costs resulting from the increase in number of plazas in operation.

Gross Profit

Investment property leasing and property management realized a gross profit of RMB6,039 million in the first half of 2016, representing a year-on-year increase of 28.19% as compared to the first half of 2015. Gross profit margin was 74.34%, which remained stable as compared to the same period of 2015.

Selling and Distribution Expenses

Selling and distribution expenses for investment property leasing and property management, mainly including promotional expenses and advertising expenses, etc., were RMB57 million in the first half of 2016, representing a year-on-year decrease of 28.75% as compared to the first half of 2015. Such selling and distribution expenses accounted for 0.70% of the revenue from investment property leasing and property management in the first half of 2016, representing a decrease of 0.56 percentage point as compared to the first half of 2015, mainly due to our strict control of the expenses in the first half of 2016.

Administrative Expenses

Administrative expenses for investment property leasing and property management, mainly including the management's salaries, travel expenses, office expenses and rents, etc., were RMB641 million in the first half of 2016, representing a year-on-year increase of 43.08% as compared to the first half of 2015. Such expenses accounted for 7.89% of the revenue from investment property leasing and property management in the first half of 2016, representing an increase of 0.83 percentage point as compared to the first half of 2015. The increase in administrative expenses was mainly due to increase in the number of shopping centers in operation.

Fair value gains on investment properties

As at 30 June 2016, total book value of the Group's investment properties amounted to RMB336,236 million, accounting for 48.40% of the Group's total assets. During the Period, according to the requirements of the relevant accounting standards, the Group engaged DTZ, an independent third party, to carry out a valuation on our investment properties including the projects under construction and the valuation gain for our investment properties was RMB4,667 million.

Sales of properties

The Group's properties held for sale comprise residential properties, retail spaces, office spaces and SOHO, etc. Benefited from our unique product mix and the advantages provided by our shopping complexes, we are more resilient in the volatile residential market.

For the first half of 2016, our total contracted sales was approximately RMB50,623 million, representing a decrease of 17.33% as compared with the first half of 2015. Of which, sales in first-tier and second-tier cities accounted for 60.42%, third-tier cities accounted for 37.96% and sales generated from overseas accounted for 1.62%.

Revenue

For the first half of 2016, the Group's sales of properties recognized a revenue of RMB25,315 million, representing a year-on-year increase of 20.61% as compared to the first half of 2015, mainly due to the increase in the sales area for which the properties have been delivered as per contracts and the revenue has been recognized during the Reporting Period. During the Reporting Period, the Group's sales of properties recognized an area of 2.5992 million square meters, representing a year-on-year increase of approximately 51.20% as compared to the first half of 2015.

Costs

The costs of property sales include the land acquisition costs, construction costs, capitalized interest, etc.. For the first half of 2016, our costs of property sales amounted to RMB17,432 million, representing a year-on-year increase of 37.31% as compared to the first half of 2015, which was mainly due to the increase in the area for which revenue was recognized.

Gross profit

For the first half of 2016, sales of properties realized a gross profit of RMB7,883 million, representing a year-on-year decrease of 4.96% as compared to the first half of 2015. Our gross profit margin for sales of properties was 31.14%, representing a decrease of 8.38 percentage points as compared to the first half of 2015, which was mainly attributable to more third-tier city projects in which revenue was recognized during the Reporting Period.

Selling and distribution expenses

Selling and distribution expenses for sales of properties, mainly including the promotional expenses, and costs for sales and marketing staff, etc., amounted to RMB1,633 million in the first half of 2016, accounting for 3.23% of the contracted sales, and remaining stable as compared to the first half of 2015.

Administrative expenses

Administrative expenses for sales of properties, mainly including the management's salaries, travel expenses and office expenses, etc., amounted to RMB1,459 million in the first half of 2016, accounting for 2.88% of the contracted sales, and remaining stable as compared to the same period in 2015.

Hotel operations

As at 30 June 2016, we had 79 luxury hotels in operation in 65 cities, and the total number of rooms was 24,435, including 49 self-operated hotels and 30 hotels operated by world-known third-party hotel managers, all of which are situated in urban centers and travel hotspots.

During the Reporting Period, we newly opened 7 hotels with 2,474 hotel rooms in total.

For the first half of 2016, our hotel operations realized owner's profit of RMB346.60 million, representing an increase of 21.4% as compared to the same period in 2015. For the first half of 2016, owner's profit margin was 12.35%, representing a decrease of 0.41 percentage point as compared with the first half of 2015.

Revenue

For the first half of 2016, revenue from the Group's hotel operations amounted to RMB2,653 million, representing a year-on-year increase of 18.76% as compared to the first half of 2015, mainly due to the increase in the revenue in line with the hotels newly opened and the increase in hotels growing to maturity in operations.

Revenues from the Group's self-operated hotels and hotels managed by third parties during the Reporting Period are as follows:

Item	For the six months ended 30 June 2016		For the six months ended 30 June 2015	
	Amount (RMB million)	Percentage	Amount (RMB million)	Percentage
Self-operated hotels	1,481	55.8%	1,076	48.2%
Hotels managed by third parties	1,172	44.2%	1,158	51.8%
Total	<u>2,653</u>	<u>100.0%</u>	<u>2,234</u>	<u>100.0%</u>

Costs

Costs for hotel operations mainly include depreciation, hotel maintenance costs, employees' salaries and other miscellaneous expenses. For the first half of 2016, costs of our hotel operations amounted to RMB1,918 million, representing a year-on-year increase of 12.76% as compared to the first half of 2015, mainly due to the increase in depreciation and maintenance costs in line with the new hotels opened during the second half of 2015 and the first half of 2016.

Gross profit

For the first half of 2016, our hotel operations realized a gross profit of RMB735 million, representing an increase of 37.90% as compared to the first half of 2015, with a gross profit margin of 27.70%, representing a year-on-year increase of 3.84 percentage points as compared to the first half of 2015, mainly due to the increase in revenue led by more hotels reached maturity in operation and effective costs control.

Selling and distribution expenses

Selling and distribution expenses for our hotel operations, mainly including the marketing and promotional expenses, amounted to RMB175 million in the first half of 2016, representing a year-on-year increase of 3.55% as compared to the first half of 2015.

Administrative expenses

Administrative expenses for hotel operations, mainly including the management's salaries, travel expenses, office expenses and rents, etc., amounted to RMB695 million in the first half of 2016, representing an increase of 3.12% as compared to the first half of 2015, which was significantly lower than the year-on-year growth rate of the first half of 2015 as compared with the corresponding period of 2014, thanks to the strict control on the expenses by the Group during the Period.

Land acquisitions and land reserves

As at 30 June 2016, the Group had land reserves with an aggregate GFA of approximately 76.41 million square meters. We newly purchased 29 land projects in the first half of 2016 (including the lands acquired in phases of Wanda Plaza and Wanda City to be developed) with an aggregate plot ratio GFA of approximately 5.48 million square meters.

The table below sets forth the composition of our land reserves:

	Total GFA as at 30 June 2016 (Million sq.m.)
Completed properties but not yet recognize revenue	8.42
Of which: pre-sold	3.93
Properties under construction	46.45
Properties held for future development	21.54
	<hr/>
Total	76.41
	<hr/> <hr/>

Breakdown of Land Reserves by Region

Region	Total GFA (Million sq.m.)	Percentage
East China	25.46	33.32%
Northeast China	12.26	16.04%
South China	10.58	13.84%
Northwest China	3.35	4.39%
Central China	10.06	13.17%
North China	3.29	4.30%
Southwest China	10.65	13.94%
Overseas	0.76	1.00%
Total	<u>76.41</u>	<u>100.00%</u>

Land reserve allocation by usage

Usage	Total GFA (Million sq.m.)	Percentage
Sales of properties	58.86	77.03%
Investment properties	10.46	13.69%
Hotel	2.03	2.66%
Others ⁽¹⁾	5.06	6.62%
Total	<u>76.41</u>	<u>100.00%</u>

For the first half of 2016, the average land acquisition cost of the Group's newly acquired land was RMB1,346 per square meter.

Note:

(1) Others included area of municipal ancillary facilities and properties for relocation.

SUBSEQUENT EVENTS

On 13 July 2016, the Group completed the issuance of the fifth tranche corporate bonds with an issuance size of RMB2 billion for a term of 5 years and coupon rate of 3.45%. The amount raised will be used by the Group as working capital.

On 28 July 2016, the Group completed the issuance of the sixth tranche corporate bonds with an issuance size of RMB2 billion for a term of 5 years and coupon rate of 3.36%. The amount raised will be used by the Group as working capital.

Reference is made to the composite offer and response document of the Company dated 30 June 2016 (the “**Composite Document**”), the notices of meeting of the extraordinary general meeting (“**EGM**”) and the class meeting of holders of the H shares of the Company (the “**H Share Class Meeting**”) both dated 30 June 2016, the supplemental notices of meeting of the EGM and the H Share Class Meeting both dated 1 August 2016, and the poll results announcement of the Company dated 15 August 2016. As set out in the poll results announcement of the Company dated 15 August 2016, shareholders of the Company have approved the voluntary withdrawal of the listing of the H shares of the Company from The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) in the EGM and the H Share Class Meeting. According to the expected timetable as disclosed in the Composite Document and subject to the approval of the Stock Exchange, the listing of the H shares of the Company is expected to be withdrawn from the Stock Exchange on 20 September 2016.

On 23 June 2016, the Company signed the equity transfer agreement with Shenzhen Xingfu Wanxiang Investment Partnership Enterprise (limited partnership) and Shenzhen Qianhai Jianian Investment Fund Management Co., Ltd. (the “**Transferees**”). Under the agreement, the Company will transfer the 100% equity interest in Wanda Property Management Co., Ltd., (the “**Disposal Group**”), the company providing property management services in the Group, to the Transferees with a consideration of RMB1,990 million. By the end of the Reporting Period, a deposit of RMB398 million has been received and by 2 August 2016, the equity transfer has been completed. As at 30 June 2016, the assets and liabilities of the Disposal Group, included in the amounts of the consolidated statement of financial position, amounted to RMB911 million and RMB885 million, respectively. For the six months ended 30 June 2016, a net profit from the Disposal Group, included in the amounts of the consolidated statement of profit or loss, amounted to RMB5 million.

ANALYSIS ON OTHER FINANCIAL ITEMS

Other income and gains

For the first half of 2016, our other income and gains were mainly interest income, gains from disposal of subsidiaries, government grants and other non-operating income and investment income. The Group’s interest income (mainly interest on bank deposit), gains from disposal of subsidiaries and government grants in the first half of 2016 were RMB296 million, RMB114 million and RMB187 million, respectively.

Financing costs

For the first half of 2016, our overall financing costs (including the capitalized interest and exclusive of the fees paid to the financing consultant) amounted to RMB5,628 million, representing a year-on-year decrease of 16.29% as compared to the first half of 2015. For the first half of 2016, the financing costs of the Group were 5.47%, representing a decrease of 1.26 percentage point or 18.72% as compared to the financial costs for 2015. It was mainly due to our efforts to optimize loan structures, utilize various financial instruments such as domestic corporate bonds and medium term notes to expand channels of financing, and decrease trust loans during the Reporting Period.

Income tax expenses

Our income taxes mainly include current and deferred corporate income tax and LAT in the PRC. For the first half of 2016, our income tax expenses amounted to RMB4,303 million, representing a year-on-year increase of 5.49% as compared to the first half of 2015. The current corporate income tax, deferred tax and LAT amounted to RMB1,951 million, RMB352 million and RMB2,000 million, respectively.

For the first half of 2016, our effective corporate income tax rate (calculated using the sum of current corporate income tax and deferred tax divided by profits before tax minus LAT) was 27.16%, representing a decrease of 2.15 percentage points as compared to 29.31% for the first half of 2015.

Capital expenditure

The capital expenditure of the Group mainly consisted of the expenditure on the purchase and construction of investment properties, fixed assets and intangible assets. For the first half of 2016, the Group's capital expenditure amounted to RMB29,463 million, representing an increase of 31.02% as compared to the first half of 2015, which was mainly due to the increase in capital expenditure related to investment properties and hotels.

Debts

As at 30 June 2016, the Group's total debts amounted to RMB214,559 million, representing an increase of 14.96% as compared with that as at the end of 2015, which was mainly due to the issuance of domestic corporate bonds and medium term notes by the Group during a favorable external financing environment. Among the debts, the Group's trust loans were mainly used for property development. The proportion of trust loans decreased to 6.26% from 15.95% as at the end of 2015, representing a decrease of 9.69 percentage points, reflecting the optimization of debt structure through the utilization of various financing channels such as corporate bonds and medium term notes by the Group and effectiveness of debt control. The Group's debts are set out as follows:

Item	30 June 2016		31 December 2015	
	Amount (RMB million)	Percentage	Amount (RMB million)	Percentage
Domestic Bank loans				
Loans for development	46,783	21.80%	44,042	23.60%
Loans for operation	74,839	34.88%	65,395	35.04%
Trust loans	13,429	6.26%	29,777	15.95%
Entrusted borrowings	2,357	1.10%	4,007	2.15%
Overseas loans	11,500	5.36%	10,774	5.77%
Bonds and notes	65,651	30.60%	32,651	17.49%
Total	214,559	100.00%	186,646	100.00%

The Group's operational loans were secured by the investment properties held, with rental income as the source of fund for repayment of principal and interest. The average term of the loans was about 10 years and on revolving basis. The rental income and property value of the investment properties corresponding to the operational loans are constantly rising, and therefore, the Group enjoys greater credit limit under the revolving operational loans. The Group's operational loans are secured by sufficient and stable operating cashflow, property value and credit limit, which ensure risk-free repayment of principal and interest.

Net gearing ratio

As at 30 June 2016, the Group's net gearing ratio was 69.10%, representing an increase of 8.04 percentage points as compared to 61.05% as at the end of 2015, which was mainly due to the increase in debt financing such as corporate bonds and medium term note in the first half of the year. The net gearing ratio was calculated by dividing interest bearing bank and other borrowings plus bonds and notes less cash, cash equivalents and restricted cash by total equity.

Cash flow analysis

For the first half of 2016, the Group's cash flows are as follows:

Unit: RMB million

	For the six months ended 30 June 2016	For the six months ended 30 June 2015
Net cash flow generated from operating activities	10,893	(3,668)
Net cash flow used in investment activities	(22,534)	(19,780)
Net cash flow generated from financing activities	22,351	(12,476)
Net cash flow	10,710	(35,924)

For the six months ended 30 June 2016, net cash inflow from the Group's operating activities amounted to RMB10,893 million, representing a significant increase from the net outflow of RMB3,668 million for the six months ended 30 June 2015, mainly due to the rebound in sales of real estate project since the second half of 2015 with more cash received from properties sales; meanwhile, the Group optimized the construction progress according to the market situation and development strategy, and hence the operating cash outflow related to properties sales was reduced; net cash outflow used in investment activities amounted to RMB22,534 million, representing an increase of 13.92% as compared to the net cash outflow from investing activities for the six months ended 30 June 2015, which was mainly due to the increase in expenditure on investment properties. Net cash inflow from financing activities amounted to RMB22,351 million, representing a significant increase as compared to the first half of 2015, which was mainly due to the issuance of corporate bonds and medium term notes in the first half of 2016.

Foreign exchange risk

Most of the Group's investment properties and property sales projects are located in mainland China and the relevant transactions are dominated in RMB, with a small number of liabilities and revenue in relation to overseas projects settled in foreign currencies. As at 30 June 2016, the Group's operating cash flow and liquidity were not obviously affected by the changes in exchange rate.

Contingent liabilities

As at 30 June 2016, the Group's guarantees, mainly provided for the mortgage facilities granted by commercial banks to the purchasers of our properties amounted to RMB49,882 million.

Pledged assets

As at 30 June 2016, bank deposits of RMB568 million, inventories of RMB36,881 million, investment real estate property of RMB235,420 million and fixed assets, intangible assets and construction in progress of RMB18,124 million, among others, were pledged to secure the bank and other borrowings of the Group.

Major acquisitions/disposals

During the six months ended 30 June 2016, the Company did not conduct any material acquisition or disposal.

Employees, remuneration policies and training

As at 30 June 2016, the Group had a total of 66,812 full-time employees. The salary expense was RMB4,775 million for the six months ended 30 June 2016.

With an aim to cope with its development, the Group has further optimized its remuneration mechanism. The Group determines the basic salaries and incentives of its employees in accordance with their performances, work experience and the prevailing market rates. The Group has also been in strict compliance with the Labor Law, Labor Contract Law and other relevant laws so as to ensure employees' benefits. Meanwhile, to regulate the management of employee training, the Group emphasized the need for providing training for employees, actively motivated the initiatives of all departments and organized various training for the employees.

BUSINESS OUTLOOK FOR THE SECOND HALF OF THE YEAR

China has entered into an era of consumption-driven society. The consumption capability and willingness of consumption of the public are both rapidly increasing. In the new norm phase of economic development, the retail market is favored by the government policies and is also an immense bonanza. The cornerstone of future commerce lies in the ability to provide consumers with more premium, diverse and convenient products and experience. The next step of the Group for the second half of the year is to uphold and further explore our long-standing corporate philosophy carried forward over the past decade. In respect of consumer service, we are further improving consumer experience through strengthening the attractiveness and appealingness of our plazas and increasing our contribution to the society. In respect of assets operation, by chiming with the development of China's financial market and drawing on international experiences, we will actively explore "asset recycling" and a "light and heavy" balanced growth strategy, so as to further accelerate the expansion of properties held and further enlarge our market share in China's key retail markets. In doing so, we can ensure a healthy development of the Company.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2016.

PROPOSED WITHDRAWAL OF LISTING OF THE H SHARES OF THE COMPANY

Reference is made to the Composite Document dated 30 June 2016, the notices of meeting of the EGM and the H Share Class Meeting both dated 30 June 2016, the supplemental notices of meeting of the EGM and the H Share Class Meeting both dated 1 August 2016, and the poll results announcement of the Company dated 15 August 2016.

As set out in the poll results announcement of the Company dated 15 August 2016, shareholders of the Company have approved the voluntary withdrawal of the listing of the H shares of the Company from the Stock Exchange in the EGM and the H Share Class Meeting. According to the expected timetable as disclosed in the Composite Document and subject to the approval of the Stock Exchange, the listing of the H shares of the Company is expected to be withdrawn from the Stock Exchange on 20 September 2016.

INTERIM DIVIDEND

The Board did not recommend the distribution of an interim dividend for the six months ended 30 June 2016 (for the six months ended 30 June 2015: Nil).

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company, being listed on the Stock Exchange, consistently commits to retain high level of corporate governance, to enhance shareholder value and safeguard shareholder interests. The Company's corporate governance principles emphasize the importance of a quality board of directors, effective risk management and internal controls system and accountability to shareholders. The Board reviews and improves its corporate governance practices regularly to ensure its compliance with the Corporate Governance Code contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"). The Company was in compliance with all the code provisions as set out in the Corporate Governance Code throughout the six months ended 30 June 2016.

SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

The Company has adopted the Administrative Measures (the "**Administrative Measures**") for securities transactions by directors, supervisors and relevant employees of the Company on terms no less exacting than the required standards under the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules as its code regarding directors', supervisors' and relevant employees' dealings in the Company's securities.

The Company has made specific enquiry to all of the directors and supervisors and all of the directors and supervisors have confirmed that they have complied with the Administrative Measures throughout the six months ended 30 June 2016. The Company was not aware of any violation with the provisions of the Administrative Measures by the relevant employees throughout the six months ended 30 June 2016.

AUDIT COMMITTEE

The audit committee of the Company has reviewed the Group's 2016 interim results announcement and 2016 interim report and the unaudited financial statements for the six months ended 30 June 2016 prepared in accordance with HKFRS. The Group's unaudited interim results for the six months ended 30 June 2016 have been reviewed by the Company's independent auditor, Ernst & Young, in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Hong Kong Institute of Certified Public Accountants. Neither the audit committee nor the independent auditor of the Company has any disagreement over the accounting treatments adopted in preparing the interim results during the Reporting Period.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This results announcement was released on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.wandaplazas.com).

The 2016 interim report which contains all the information required by the Listing Rules (including the unaudited financial statements) will be dispatched to the shareholders of the Company in due course and will be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.wandaplazas.com).

By order of the Board
Dalian Wanda Commercial Properties Co., Ltd.
Chairman
DING Benxi

Beijing, the PRC

25 August 2016

As at the date of this announcement, the executive directors of the Company are Mr. DING Benxi, Mr. QI Jie and Mr. WANG Zhibin; the non-executive directors of the Company are Mr. QU Dejun, Mr. YIN Hai and Mr. LIU Zhaohui; and the independent non-executive directors of the Company are Dr. HU, Fred Zuliu, Mr. QI Daqing and Mr. LI Guinian.

The directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquires, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.