



大连万达商业地产股份有限公司
DALIAN WANDA COMMERCIAL PROPERTIES CO., LTD.
(Stock code: 3699.HK)



INTERIM REPORT
中期報告 2016



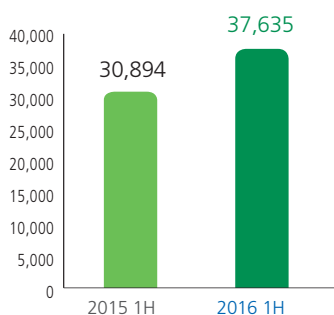
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FINANCIAL HIGHLIGHTS

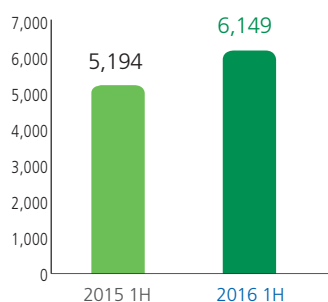
Revenue

(RMB million)



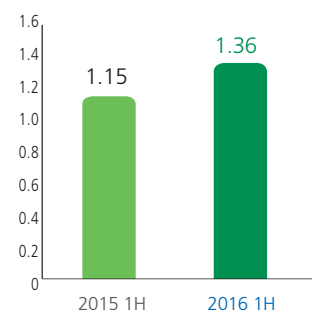
Profit for the period attributable to owners of the parent

(RMB million)



Earnings per share

(RMB)



For the six months ended 30 June

(RMB million)

	2016	2015
Revenue	37,635	30,894
Profit before tax	10,478	9,291
Profit for the period attributable to:	6,175	5,212
– Owners of the parent	6,149	5,194
– Non-controlling interests	26	18
Earnings per share attributable to ordinary equity holders of the parent		
– Basic	RMB1.36	RMB1.15
– Diluted	RMB1.36	RMB1.15

As at 30 June 2016

(RMB million)

As at 31 December 2015

(RMB million)

	As at 30 June 2016 (RMB million)	As at 31 December 2015 (RMB million)
Total assets	694,703	639,560
– Non-current assets	409,182	374,635
– Current assets	285,521	264,925
Total liabilities	504,747	453,663
– Current liabilities	278,938	274,233
– Non-current liabilities	225,809	179,430
Net assets	189,956	185,897
Total equity	189,956	185,897
– equity attributable to equity owners of the parent	181,620	180,396
– equity attributable to non-controlling interests	8,336	5,501

CORPORATE PROFILE

Registered Name

大連萬達商業地產股份有限公司

English Name

Dalian Wanda Commercial Properties Co., Ltd.

Directors

Executive Directors

Mr. DING Benxi (*Chairman*)

Mr. QI Jie (*President*)

Mr. WANG Zhibin

Non-executive Directors

Mr. QU Dejun

Mr. YIN Hai

Mr. LIU Zhaohui

Independent Non-executive Directors

Dr. HU, Fred Zulu

Mr. QI Daqing

Mr. LI Guinian

Strategic Committee

Mr. DING Benxi (*Chairman*)

Mr. QI Jie

Mr. LI Guinian

Audit Committee

Mr. QI Daqing (*Chairman*)

Mr. LIU Zhaohui

Mr. LI Guinian

Nomination Committee

Mr. LI Guinian (*Chairman*)

Mr. YIN Hai

Mr. QI Daqing

Remuneration and Evaluation Committee

Dr. HU, Fred Zulu (*Chairman*)

Mr. YIN Hai

Mr. QI Daqing

Supervisors

Mr. ZHAO Deming (*Chairman*)

Mr. LIU Cheeming

Mr. HOU Hongjun

Company Secretary

Mr. HUI Yung Chris

Assistant Company Secretary

Ms. NG Wing Shan

Authorized Representatives

Mr. QU Dejun

Mr. Hui Yung Chris

Registered Office

No. 539,

Changjiang Road,

Xigang District,

Dalian,

Liaoning Province,

PRC

Principal Place of Business in PRC

Block B,

Wanda Plaza,

No. 93 Jianguo Road,

Chaoyang District,

Beijing,

PRC

CORPORATE PROFILE

Principal Place of Business in Hong Kong

Unit 3007, 30/F,
Two Exchange Square,
8 Connaught Place,
Central,
Hong Kong

Principal Bankers

Bank of China
Agricultural Bank of China
Industrial and Commercial Bank of China
China Merchants Bank
China Everbright Bank

International Auditor

Ernst & Young

Hong Kong Legal Advisor

Freshfields Bruckhaus Deringer

PRC Legal Advisor

Tian Yuan Law Firm

H Share Registrar

Computershare Hong Kong Investor Services Limited

Shops 1712-1716,
17th Floor, Hopewell Centre,
183 Queen's Road East,
Wanchai,
Hong Kong

Company's Website

www.wandaplazas.com

Stock Code

3699

Listing Place

The Stock Exchange of Hong Kong Limited

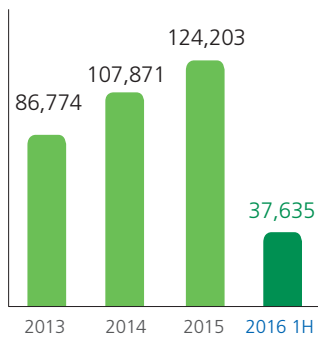
BUSINESS OVERVIEW



Key financial indicators

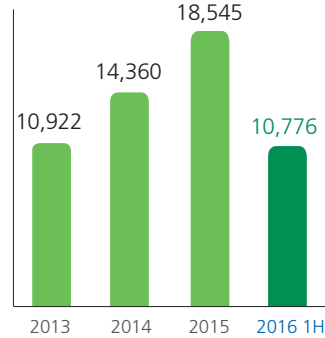
Revenue

(RMB million)

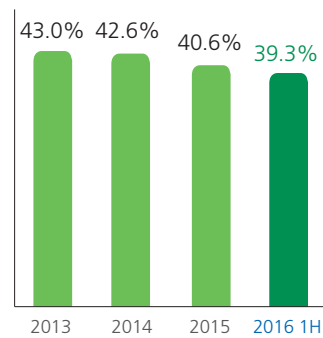


Sustainable revenue¹

(RMB million)

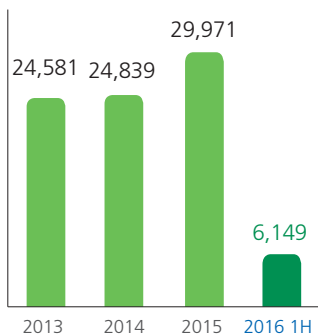


Gross profit margin



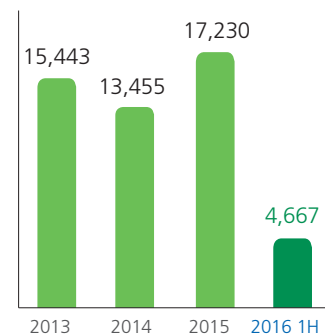
Net profit attributable to shareholders of the parent

(RMB million)



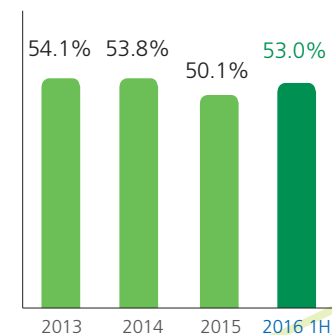
Fair value change of investment properties

(RMB million)



Debt ratio

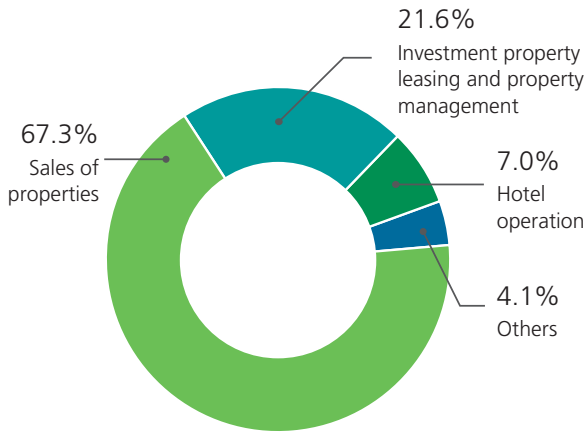
Total debts/Total capital



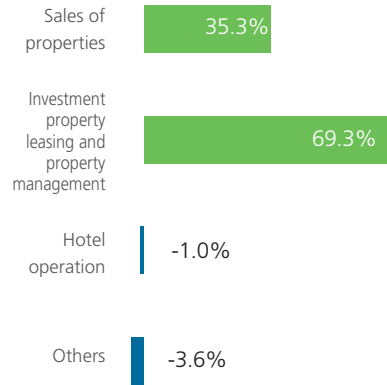
1. Sustainable revenue = revenue from investment property leasing and management + revenue from hotel operation

BUSINESS OVERVIEW

Revenue contribution from each of the three business segments

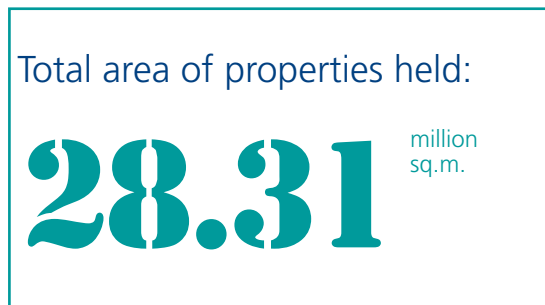
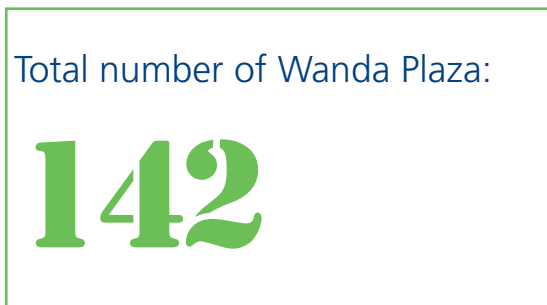


EBIT contribution of the three business segments



Investment properties and property leasing

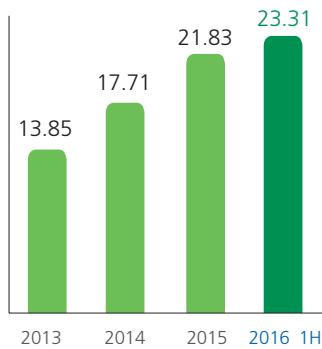
Main data for the first half of 2016



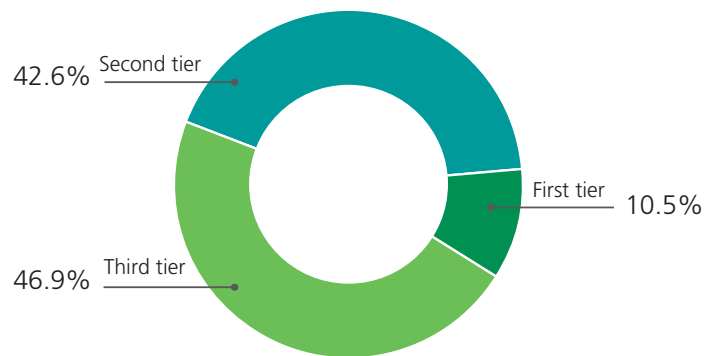
Note: Including Nanchang Wanda Mall

Total GFA

(million sq.m.)

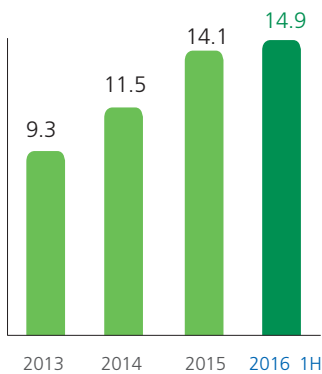


Distribution of total GFA by city tier

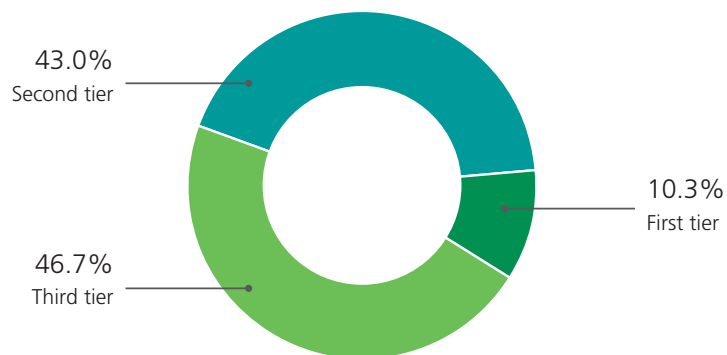


Total LFA

(million sq.m.)

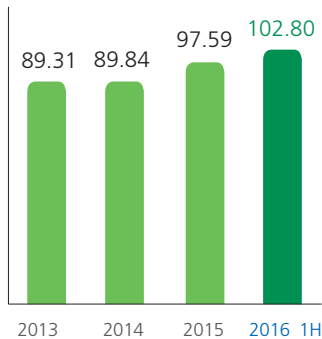


Distribution of LFA by city tier

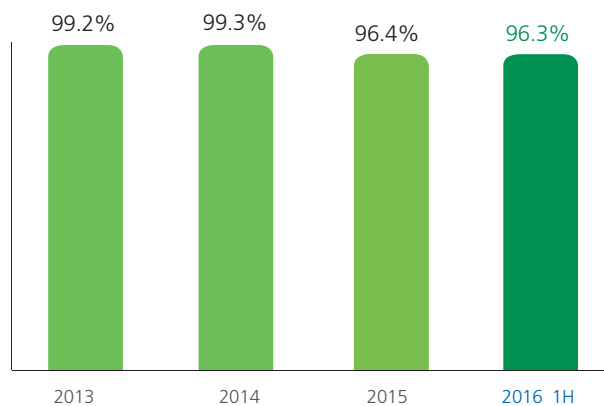


Average rent

(RMB/month/sq.m.)



Average occupancy rate



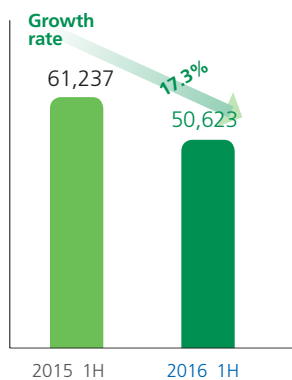
Note: Estimated based on LFA and before tax

BUSINESS OVERVIEW

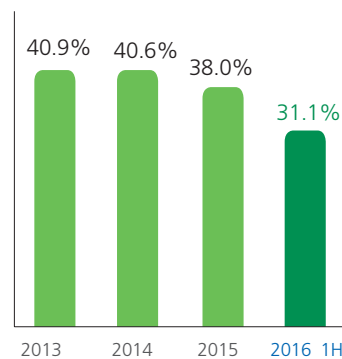
Properties sales:

Main data for the first half of 2016

Contracted sales (RMB million)



Gross profit margin of sales



Total land reserves at the end of the first half of 2016

76.41 million sq.m.

Plot ratio GFA of acquired land in the first half of 2016

5.48 million sq.m.

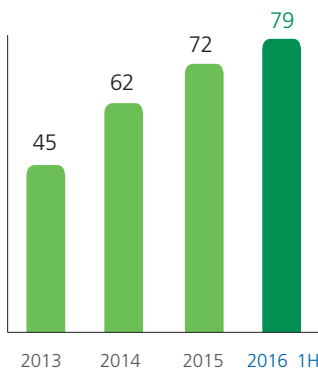
Average land acquisition cost in the first half of 2016

RMB **1,346** /sq.m.

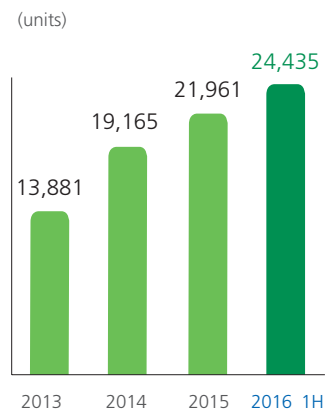
Hotel operation:

Number of Hotels & Rooms

Number of hotels



Number of hotel rooms



2016 1H Hotel owners' profit

RMB **346.60** million

2015 1H Hotel owners' profit

RMB **285.48** million

Growth **21.4%**

Self-owned brand

Luxury hotel



Super 5-star hotel



5-star hotel



BUSINESS AND 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.

BUSINESS AND MANAGEMENT DISCUSSION AND ANALYSIS

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)															
Profit before tax (excluding change in fair value and LAT)													3,712	3,760	-1.28%
													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, and 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.

BUSINESS AND MANAGEMENT DISCUSSION AND ANALYSIS

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%.

BUSINESS AND MANAGEMENT DISCUSSION AND ANALYSIS

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

	GFA (million sq.m.)	LFA (million sq.m.)	Average Occupancy Rate in the first half of 2016 (%)
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	23.31	14.87	96.33%

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.

BUSINESS AND MANAGEMENT DISCUSSION AND ANALYSIS

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.

BUSINESS AND MANAGEMENT DISCUSSION AND ANALYSIS

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	2,653	100.0%	2,234	100.0%

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.

BUSINESS AND MANAGEMENT DISCUSSION AND ANALYSIS

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
Total	76.41

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	76.41	100.00%

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	76.41	100.00%

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.

BUSINESS AND MANAGEMENT DISCUSSION AND ANALYSIS

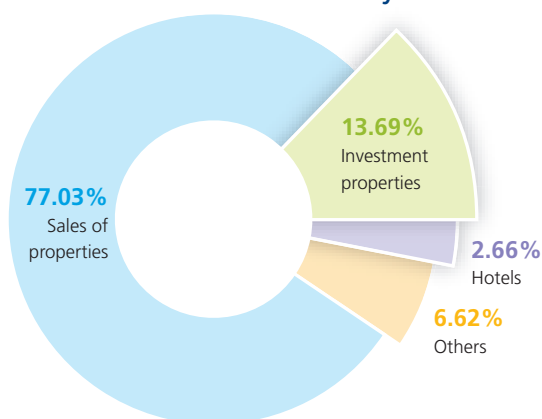
The distribution of land reserves by regions by types are as follows:

Distribution of land reserves by regions



 East China	25.46	 Central China	10.06
 Northeast China	12.26	 North China	3.29
 South China	10.58	 Southwest China	10.65
 Northwest China	3.35		
		<i>Total GFA (million sq.m)</i>	

Distribution of land reserves by uses



In the first half of 2016, the average cost of our Group's new acquired land is RMB1,346 per sq.m.

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

BUSINESS AND MANAGEMENT DISCUSSION AND ANALYSIS

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.

BUSINESS AND MANAGEMENT DISCUSSION AND ANALYSIS

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)

BUSINESS AND MANAGEMENT DISCUSSION AND ANALYSIS

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.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Corporate Governance Code

The Company, being listed on The Stock Exchange of Hong Kong Limited (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 of directors of the Company (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 (the “**Model Code**”) 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 (the “**Audit Committee**”) has formulated terms of reference in written form in accordance with requirements of the Listing Rules. It comprises three members, namely, Mr. QI Daqing (independent non-executive director), Mr. LIU Zhouhui (non-executive director) and Mr. LI Guinian (independent non-executive director). Mr. QI Daqing currently serves as the chairman of the Audit Committee.

The Audit Committee 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 Hong Kong Financial Reporting Standards. 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 six months ended 30 June 2016.

Pledging of Shares by the Controlling Shareholder

The controlling shareholder of the Company didn’t pledge any of its shares in the Company to secure the Company’s debts or to secure guarantees or other support of the Company’s obligations for the six months ended 30 June 2016.

Loan Agreements or Financial Assistance of the Company

The Company didn’t provide any financial assistance or guarantee to its affiliated companies for the six months ended 30 June 2016. The Company didn’t enter into any loan agreement with covenants relating to specific performance of its controlling shareholder or breach the terms of any loan agreements for the six months ended 30 June 2016.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Share Capital

As at 30 June 2016, the total share capital of the Company was RMB4,527,347,600, divided into 4,527,347,600 shares of RMB1.00 each, including 3,874,800,000 domestic shares and 652,547,600 H Shares.

Proposed A Share Offering

The shareholders of the Company (the “**Shareholders**”) have approved the proposed A share offering of not more than 250,000,000 A shares of the Company (the “**Proposed A Share Offering**”) at the extraordinary general meeting, domestic shareholders’ class meeting and H shareholders’ class meeting of the Company held on 18 August 2015. It is estimated that the funds raised from the Proposed A Share Offering, after deducting relevant offering expenses, will be not more than RMB12 billion and will be deposited into a special account designated by the Board, and prioritized to be used in developing the relevant investment projects. The Company has submitted the A share prospectus to the China Securities Regulating Commission (the “**CSRC**”) and other relevant authorities of the PRC in connection with its application to proceed with the proposed A share issue.

As the mandate for the Proposed A Share Offering granted by the Shareholders expired on 17 August 2016, the extension of the mandate for the Proposed A Share Offering for further 12 months was approved by Shareholders at the extraordinary general meeting and H shareholders’ class meeting of the Company held on 15 August 2016. The said proposal will also be considered and approved at the domestic shareholders’ class meeting of the Company to be held on 19 September 2016. As at the date of this report, the Proposed A Share Offering is pending for approval from CSRC and other relevant authorities of the PRC.

Non-Competition Deed

The Controlling Shareholders signed a non-competition undertaking on 4 December 2014 in favour of the Company (the “**Non-competition Undertaking**”). Pursuant to the Non-competition Undertaking, each of the Controlling Shareholders has irrevocably undertaken that it will not and will procure that its associates (except the Company) will not, directly or indirectly, whether as principal or agent, either on its own account or in conjunction with or on behalf of any person, firm or company, whether inside or outside China, among other things, carry on, engage, participate or hold any right or interest in or render any services to or otherwise be involved in any business which is in competition with the business of the Company from time to time.

The Controlling Shareholders have confirmed in writing to the Company of their full compliance with the terms of the Non-competition Undertaking throughout the six months ended 30 June 2016.

No proposal to acquire or dispose any new business opportunity relating to the Restricted Business, or the Changbaishan International Tourism or any of the Excluded Business has been proposed by the Company or the Controlling Shareholders (if applicable) for the six months ended 30 June 2016. Please refer to the prospectus of the Company dated 10 December 2014 for the definition of “Restricted Business”, “Changbaishan International Tourism”, “Excluded Business” and “Controlling Shareholders”.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Interests and Short Positions of Directors, Supervisors and Chief Executives in Shares, Underlying Shares and Debentures of the Company or any of its Associated Corporations

As at 30 June 2016, the following directors, supervisor or chief executive of the Company had interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including those taken or deemed as their interests and/or short positions in accordance with such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange:

Name of directors, supervisor and chief executive	Class of shares	Capacity	Number of shares/ underlying shares held (shares)		Percentage of relevant class of share capital (%) (Note)		Percentage of total share capital (%) (Note)	
			Long position	Short position	Long position	Short position	Long position	Short position
Directors								
Mr. DING Benxi (<i>Chairman</i>)	Domestic shares	Beneficial owner	50,000,000	–	1.29	–	1.10	–
Mr. QI Jie (<i>President</i>)	Domestic shares	Beneficial owner	10,000,000	–	0.26	–	0.22	–
Mr. QU Dejun	Domestic shares	Beneficial owner	6,000,000	–	0.15	–	0.13	–
Mr. YIN Hai	Domestic shares	Beneficial owner	12,000,000	–	0.31	–	0.27	–
Mr. LIU Zhaohui	Domestic shares	Beneficial owner	6,000,000	–	0.15	–	0.13	–
Mr. WANG Zhibin	Domestic shares	Beneficial owner	1,600,000	–	0.04	–	0.04	–
Mr. QI Daqing	H shares	Beneficial owner	20,000	–	0.00	–	0.00	–
Supervisor								
Mr. HOU Hongjun	Domestic shares	Beneficial owner	800,000	–	0.02	–	0.02	–

Note: As at 30 June 2016, the number of total issued shares of the Company are 4,527,347,600 shares, including 3,874,800,000 domestic shares and 652,547,600 H shares.

As at 30 June 2016, save as disclosed above, no director, supervisor or chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including those taken or deemed as their interests or short positions in accordance with such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Interests and Short Positions of Substantial Shareholders in Shares and Underlying Shares of the Company

As at 30 June 2016, to the knowledge of the directors of the Company, the persons (other than directors, supervisors or chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which were required to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept under section 336 of the SFO were as follows:

Name of shareholders	Class of shares	Capacity	Number of shares/ underlying shares held (shares)		Percentage of relevant class of share capital (%) (Note 1)		Percentage of total share capital (%) (Note 1)	
			Long position	Short position	Long position	Short position	Long position	Short position
Mr. WANG Jianlin (Note 2)	Domestic shares	Beneficial owner	333,600,000	–	–	–	–	–
		Interest of controlled corporation	1,979,000,000	–	–	–	–	–
		Interest of spouse	144,000,000	–	–	–	–	–
		Total	2,456,600,000	–	63.40	–	54.26	–
Ms. LIN Ning (Note 3)	Domestic shares	Beneficial owner	144,000,000	–	–	–	–	–
		Interest of spouse	2,312,600,000	–	–	–	–	–
		Total	2,456,600,000	–	63.40	–	54.26	–
Dalian Hexing Investment Co., Ltd (“Dalian Hexing”) (Note 4)	Domestic shares	Interest of controlled corporation	1,979,000,000	–	51.07	–	43.71	–
Dalian Wanda Group Co., Ltd (“Dalian Wanda Group”)	Domestic shares	Beneficial owner	1,979,000,000	–	51.07	–	43.71	–
China Life Insurance Company Limited	H shares	Beneficial owner	48,445,000	–	7.42	–	1.07	–
China Life Insurance (Group) Company	H shares	Interest of controlled corporation	48,445,000	–	7.42	–	1.07	–
Kuwait Investment Authority	H shares	Beneficial owner	48,445,000	–	7.42	–	1.07	–
BlackRock, Inc.	H shares	Interest of controlled corporation	44,479,134	508,400	6.82	0.08	0.98	0.01

Notes:

- As at 30 June 2016, the number of total issued shares of the Company are 4,527,347,600 shares, including 3,874,800,000 domestic shares and 652,547,600 H shares.
- Mr. WANG Jianlin directly holds 7.10% of the total issued shares capital of the Company and 0.24% of the issued share capital of Dalian Wanda Group, and indirectly holds 97.77% of the issued share capital of Dalian Wanda Group through his 98% direct interest in Dalian Hexing and is therefore deemed to be interested in the shares held by Dalian Wanda Group for the purpose of the SFO.
- Ms. LIN Ning is the spouse of Mr. WANG Jianlin and she and Mr. WANG Jianlin are therefore deemed to be interested in each other's interests in shares under the SFO. Ms. LIN Ning directly holds 3.18% of the total issued shares capital of the Company.
- Dalian Hexing directly holds 99.76% of the total issued share capital of Dalian Wanda Group and is therefore deemed to be interested in the shares held by Dalian Wanda Group.

As at 30 June 2016, save as disclosed above, no substantial shareholder or other person had any interests or short positions in the shares or underlying shares of the Company which were required to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept under section 336 of the SFO.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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.

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).

Change in Directors', Supervisors' and Chief Executives' Information

Mr. Liu Chee-ming, an independent supervisor of the Company, has retired as a non-executive director of Kader Holdings Company Limited (a company listed on the Stock Exchange, stock code: 00180) and resigned as independent non-executive directors of Founder Bea Trust Co., Ltd. (a company regulated by China Banking Regulatory Commission with its registered address at Wuhan, China) and Japfa Ltd. (a company listed on Singapore Stock Exchange).

Save as disclosed above, there has been no change in the directors', supervisors' and chief executives' information that is required to be disclosed under Rules 13.51(2) and 13.51(B) of the Listing Rules since the publication of the 2015 annual report of the Company.

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



To the shareholders of Dalian Wanda Commercial Properties Co., Ltd.

(Established in the People's Republic of China with limited liability)

Introduction

We have reviewed the interim financial information set out on pages 27 to 52, which comprises the interim condensed consolidated statement of financial position of Dalian Wanda Commercial Properties Co., Ltd. (the "Company") and its subsidiaries (the "Group") as at 30 June 2016 and the related interim condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the six months then ended, and explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

Ernst & Young
Certified Public Accountants
22/F, CITIC Tower
1 Tim Mei Avenue, Central
Hong Kong
25 August 2016

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2016

	Notes	For the six months ended 30 June	
		2016 RMB'million (Unaudited)	2015 RMB'million (Unaudited)
REVENUE	4	37,635	30,894
Cost of sales		(22,855)	(17,206)
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		-	(7)
PROFIT BEFORE TAX	6	10,478	9,291
Income tax expense	7	(4,303)	(4,079)
PROFIT FOR THE PERIOD		6,175	5,212
Attributable to:			
Owners of the parent		6,149	5,194
Non-controlling interests		26	18
		6,175	5,212
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic	9	RMB1.36	RMB1.15
Diluted	9	RMB1.36	RMB1.15

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2016

	For the six months ended 30 June	
	2016 RMB'million (Unaudited)	2015 RMB'million (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	(148)	(142)
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	93	(33)
	6,027	5,070

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2016

	Notes	30 June 2016 RMB'million (Unaudited)	31 December 2015 RMB'million (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	10	48,433	42,923
Investment properties	11	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
Total non-current assets		409,182	374,635
CURRENT ASSETS			
Inventories	12	173,275	167,256
Prepaid taxes		9,057	6,808
Trade and bills receivables	13	602	497
Prepayments, deposits and other receivables	14	17,972	17,156
Other current assets		1,308	60
Restricted cash	15	5,961	6,542
Cash and cash equivalents	15	77,346	66,606
Total current assets		285,521	264,925
CURRENT LIABILITIES			
Trade and bills payables	16	64,603	64,420
Other payables and accruals	17	185,723	160,201
Interest-bearing bank and other borrowings	18	25,013	41,930
Deferred income		318	317
Dividend payables		817	13
Taxes payable		2,464	7,352
Total current liabilities		278,938	274,233
NET CURRENT ASSETS/(LIABILITIES)		6,583	(9,308)
TOTAL ASSETS LESS CURRENT LIABILITIES		415,765	365,327

continued/...

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

30 June 2016

	Note	30 June 2016 RMB'million (Unaudited)	31 December 2015 RMB'million (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	18	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 8,336	180,396 5,501
Total equity		189,956	185,897

On behalf of the board

Director

Director

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2016

	Attributable to owners of the parent									
	Share capital RMB'million (Unaudited)	Share premium RMB'million (Unaudited)	Capital reserve RMB'million (Unaudited)	Revaluation reserve RMB'million (Unaudited)	Statutory reserve RMB'million (Unaudited)	Exchange fluctuation reserve RMB'million (Unaudited)	Retained profits RMB'million (Unaudited)	Total RMB'million (Unaudited)	Non-controlling interests RMB'million (Unaudited)	Total equity RMB'million (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	4,527	24,458	434	35	1,961	(204)	124,567	155,778	2,299	158,077

continued/...

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the six months ended 30 June 2016

	Attributable to owners of the parent								Non-controlling interests	Total equity
	Share capital	Share premium	Capital reserve	Revaluation reserve	Statutory reserve	Exchange fluctuation reserve	Retained profits	Total		
	RMB'million	RMB'million	RMB'million	RMB'million	RMB'million	RMB'million	RMB'million	RMB'million	RMB'million	RMB'million
	(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	4,527	24,458*	426*	35*	2,264*	(611)*	150,521*	181,620	8,336	189,956

* 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	RMB'million
	(Unaudited)	(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)
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)	–
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
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
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
Cash and cash equivalents as stated in the condensed consolidated statement of cash flows	77,346	50,620

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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2016

3. Operating segment information (continued)

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 (Unaudited)	Sales of properties (Unaudited)	Hotel operation (Unaudited)	Others (Unaudited)	Total (Unaudited)
Segment revenue:					
Sales to external customers	8,123	25,315	2,653	1,544	37,635
Intersegment sales	262	–	1	833	1,096
	8,385	25,315	2,654	2,377	38,731
<i>Reconciliation:</i>					
Elimination of intersegment sales					(1,096)
Revenue					37,635
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	9,831	5,007	(133)	(515)	14,190
<i>Reconciliation:</i>					
Finance costs					(3,712)
Profit before tax					10,478
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*	22,281	1,051	6,100	31	29,463

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2016

3. Operating segment information (continued)

For the six months ended 30 June 2015

	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	6,345	20,989	2,234	1,326	30,894
Intersegment sales	484	233	3	339	1,059
	6,829	21,222	2,237	1,665	31,953
Reconciliation:					
Elimination of intersegment sales					(1,059)
Revenue					30,894
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	8,296	5,385	(298)	(332)	13,051
Reconciliation:					
Finance costs					(3,760)
Profit before tax					9,291
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*	19,440	202	2,829	17	22,488

* 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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2016

3. Operating segment information (continued)

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 RMB'million (Unaudited)	2015 RMB'million (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
	37,635	30,894
Other income		
Bank interest income	296	326
Government grants	187	638
Others	–	56
	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
	239	330
	722	1,350

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2016

5. Finance costs

An analysis of finance costs is as follows:

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

6. Profit before tax

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

	Note	For the six months ended 30 June	
		2016 RMB'million (Unaudited)	2015 RMB'million (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	12	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

* 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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2016

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 RMB'million (Unaudited)	2015 RMB'million (Unaudited)
Current – Mainland China CIT	1,951	1,680
Current – Mainland China LAT	2,000	1,918
Deferred	352	481
Total tax charge for the Period	4,303	4,079

8. Dividends

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

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).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2016

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
	RMB'million	RMB'million
	(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	
	2016	2015
	Million	Million
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. Property, plant and equipment

During the six months ended 30 June 2016, the Group acquired items of property, plant and equipment with a cost of RMB6,409 million (six months ended 30 June 2015: RMB2,444 million). Items of property, plant and equipment with a net book value of RMB4 million were disposed of during the six months ended 30 June 2016 (six months ended 30 June 2015: RMB5 million). During the six months ended 30 June 2016, the impairment of property, plant and equipment was RMB72 million (no impairment during the six months ended 30 June 2015).

11. Investment properties

	Completed investment properties	Investment properties under construction or development	Total
	RMB'million	RMB'million	RMB'million
	(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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2016

11. Investment properties (continued)

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 period 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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2016

11. Investment properties (continued)

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

Description	Valuation technique	Significant unobservable inputs	Range of unobservable inputs
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.

12. Inventories

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

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

	30 June 2016 RMB'million (Unaudited)	31 December 2015 RMB'million (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)
At end of period/year	962	1,087

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2016

13. Trade and bills receivables

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

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 RMB'million (Unaudited)	31 December 2015 RMB'million (Audited)
Within one year	538	469
Over one year	64	28
	602	497

14. Prepayments, deposits and other receivables

	30 June 2016 RMB'million (Unaudited)	31 December 2015 RMB'million (Audited)
Other prepaid taxes	7,938	6,077
Prepayments	4,105	5,515
Land deposits	980	1,025
Entrusted loans	50	50
Other receivables	5,130	4,682
Due from the Parent and the Parent's associates and the Company's fellow subsidiaries	40	31
Impairment	(271)	(224)
	17,972	17,156

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2016

15. Cash and cash equivalents

	30 June 2016 RMB'million (Unaudited)	31 December 2015 RMB'million (Audited)
Cash and bank balances	83,307	73,148
Less: Restricted cash		
Government regulation fund	(3,963)	(3,889)
Pledged for bank loans	(568)	(169)
Pledged for guarantee deposits	(411)	(485)
Pledged for mortgage deposits	(735)	(783)
Pledged for bank acceptance bill deposits	(183)	(1,040)
Pledged for others	(101)	(176)
	(5,961)	(6,542)
Cash and cash equivalents	77,346	66,606

16. 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 RMB'million (Unaudited)	31 December 2015 RMB'million (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.

17. Other payables and accruals

	30 June 2016 RMB'million (Unaudited)	31 December 2015 RMB'million (Audited)
Advance from customers	155,393	133,744
Staff costs payables	1,170	2,007
Interest payable	1,461	814
Other taxes payable	676	561
Other payables	27,023	23,075
	185,723	160,201

Other payables are non-interest-bearing and have no fixed terms for repayment.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2016

18. Interest-bearing bank and other borrowings

As at 30 June 2016, the bank and other borrowings bear interest at rates ranging from 1.10%-10.00% per annum (31 December 2015: 1.00% to 12.30% per annum).

19. Disposals of subsidiaries

(a) Disposal of Changchun Wanda Center Property Co., Ltd. ("Changchun Wanda Center")

In October 2015, the Company entered into an agreement with a third party named Jilin Meilin Stores Company Limited, on the disposal of the 100% equity of Changchun Wanda Center for a cash consideration of RMB100 million based on the agreed value of the equity interest, which has been completed in June 2016.

	2016 RMB'million
Net assets disposed of:	
Inventories	156
Other payables and accruals	(56)
Total net assets	100
Gain on disposal of Changchun Wanda Center	-
Satisfied by cash	100

An analysis of the cash flows in respect of the disposal of Changchun Wanda Center is as follows:

	RMB'million
Cash consideration received	100
Cash and bank balances disposed of	-
Net inflow of cash and cash equivalents in respect of the disposal of Changchun Wanda Center	100

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2016

19. Disposals of subsidiaries (continued)

- (b) Disposal of Tianjin Chaorong Asset Management Co., Ltd, Tianjin Yarong Asset Management Co., Ltd, Tianjin Zhenyao Asset Management Co., Ltd, Tianjin Qianchang Asset Management Co., Ltd, Tianjin Qiwei Asset Management Co., Ltd and Tianjin Huasong Asset Management Co., Ltd. (collectively the “Six Subsidiaries”).

In February 2016, Tianjin Wanda Center Investment Co., Ltd, a subsidiary of the Group, entered into an agreement with a third party named Tianjin Shenrui Investment Co., Ltd., on the disposal of 100% equity interests of the Six Subsidiaries for a total cash consideration of RMB1,033 million based on the agreed value of equity interests, which has been completed in April 2016.

	2016 RMB'million
Net assets disposed of:	
Cash and bank balances	1
Property, plant and equipment	918
Total net assets	919
Gain on disposal of the Six Subsidiaries	114
Satisfied by cash	1,033

An analysis of the cash flows in respect of the disposal of the Six Subsidiaries is as follows:

	RMB'million
Cash consideration received	1,033
Cash and bank balances disposed of	(1)
Net inflow of cash and cash equivalents in respect of disposal of the Six Subsidiaries	1,032

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2016

20. Contingent liabilities

(a) At the end of the reporting period, contingent liabilities not provided for were as follows:

	30 June 2016 RMB'million (Unaudited)	31 December 2015 RMB'million (Audited)
Guarantees given to banks for: Mortgage facilities granted to purchasers of the Group's properties	49,882	45,756

The Group provided guarantees in respect of the mortgage facilities granted by certain banks to the purchasers of the Group's properties. Pursuant to the terms of the guarantee arrangements, in case of default on mortgage payments by the purchasers, the Group is responsible for repaying the outstanding mortgage loans together with any accrued interest and penalty owed by the defaulted purchasers to the banks. The Group is then entitled to take over the legal titles of the related properties. The Group's guarantee periods commence from the dates of grant of the relevant mortgage loans and end upon the earlier of (i) the satisfaction of the mortgage loan by the purchaser of the property and (ii) the issuance of a property ownership certificate for the mortgaged property, which is generally available within six months to one year after the purchaser has taken possession of the relevant property.

The Group did not incur any material losses during the Period in respect of the guarantees provided for mortgage facilities granted to the purchasers of the Group's properties. The Directors consider that in case of default on payments, the net realisable values of the related properties can cover the repayments of the outstanding mortgage loans together with any accrued interest and penalty, and therefore no provision has been made in connection with the guarantees.

21. Commitments

The Group had the following capital commitments at the end of the reporting period:

	30 June 2016 RMB'million (Unaudited)	31 December 2015 RMB'million (Audited)
Contracted, but not provided for: Land, buildings, plant and machinery	149,679	133,834
Investment in a fellow subsidiary	-	750
	149,679	134,584

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For the six months ended 30 June 2016

22. Related party transactions

(a) Significant related party transactions

In addition to the transactions detailed elsewhere in the unaudited interim condensed consolidated financial statements, the Group had the following transactions with related parties during the Period:

	For the six months ended 30 June	
	2016 RMB'million (Unaudited)	2015 RMB'million (Unaudited)
The Parent:		
Rendering services**	–	–
Rental income	4	–
Fellow subsidiaries:		
Purchase of goods	2	6
Receiving services*	373	128
Rendering services*	124	143
Rental income	255	308
Companies controlled by the ultimate controlling shareholder and a close family member:		
Purchase of goods	1	13
Rendering services*	64	87
Rental income	401	636

Transactions related to goods, services and rental services were made according to the published prices and conditions offered to the major customers of the Group.

These transactions above also constitute continuing connected transactions as defined in Chapter 14A of the Listing Rules.

* These transactions with related parties mainly include design and other services.

** The rendering services is presented as zero rounded to the nearest million.

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For the six months ended 30 June 2016

22. Related party transactions (continued)

(b) Outstanding balances with related parties

	30 June 2016 RMB'million (Unaudited)	31 December 2015 RMB'million (Audited)
Trade receivables due from		
Fellow subsidiaries	87	68
Companies controlled by the ultimate controlling shareholder and a close family member	24	12
Other receivables due from		
Fellow subsidiaries*	40	31
Trade payables due to		
Fellow subsidiaries	2	3
Companies controlled by the ultimate controlling shareholder	4	5
Other payables due to		
The Parent	302	303
Fellow subsidiaries*	1,898	63
Companies controlled by the ultimate controlling shareholder	79	88
Loans due to		
Fellow subsidiaries	1,000	1,000

* These outstanding balances with related parties mainly include guarantee deposits and reimbursed charges.

(c) Guarantees provided by related parties

	30 June 2016 RMB'million (Unaudited)	31 December 2015 RMB'million (Audited)
Guarantees given by the Parent and the ultimate controlling shareholder for the Group's bank and other borrowings	18,183	27,733
Outstanding balances of the bonds and loans	10,706	21,658

(d) Compensation of key management personnel of the Group

	For the six months ended 30 June 2016 RMB'million (Unaudited)	2015 RMB'million (Unaudited)
Salaries and allowances	51	40
Pension scheme contributions	_*	_*
Share-based payments	9	13
Total compensation paid to key management personnel	60	53

* The pension scheme contribution is presented as zero rounded to the nearest million.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2016

23. Financial instruments by category

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

	As at 30 June 2016			
	Derivative financial instruments RMB'million (Unaudited)	Loans and receivables RMB'million (Unaudited)	Available-for-sale financial assets RMB'million (Unaudited)	Total RMB'million (Unaudited)
Financial assets:				
Long-term receivables	–	10	–	10
Available-for-sale investments	–	–	830	830
Other current assets	–	–	1,308	1,308
Trade and bills receivables	–	602	–	602
Financial assets included in prepayments, deposits and other receivables	–	5,220	–	5,220
Restricted cash	–	5,961	–	5,961
Cash and cash equivalents	–	77,346	–	77,346
	–	89,139	2,138	91,277

	As at 31 December 2015			
	Derivative financial instruments RMB'million (Audited)	Loans and receivables RMB'million (Audited)	Available-for-sale financial assets RMB'million (Audited)	Total RMB'million (Audited)
Financial assets:				
Long-term receivables	–	10	–	10
Available-for-sale investments	–	–	35	35
Other current assets	–	–	60	60
Trade and bills receivables	–	497	–	497
Financial assets included in prepayments, deposits and other receivables	–	4,763	–	4,763
Restricted cash	–	6,542	–	6,542
Cash and cash equivalents	–	66,606	–	66,606
	–	78,418	95	78,513

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For the six months ended 30 June 2016

23. Financial instruments by category (continued)

	Financial liabilities at amortised cost	
	30 June 2016 RMB'million (Unaudited)	31 December 2015 RMB'million (Audited)
Financial liabilities:		
Trade and bills payables	64,603	64,420
Financial liabilities included in other payables and accruals	29,160	24,449
Dividends payable	817	13
Bonds and notes	65,403	32,651
Interest-bearing bank and other borrowings	149,156	153,995
	309,139	275,528

24. Fair value and fair value hierarchy of financial instruments

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	30 June 2016 RMB'million (Unaudited)	31 December 2015 RMB'million (Audited)
Financial liabilities		
Bonds and notes and interest-bearing bank and other borrowings		
Carrying amount	214,559	186,646
Fair value	222,615	188,234

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

The Group did not have any financial assets and liabilities measured at fair value as at 30 June 2016 and 31 December 2015.

During the Period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2016

25. Events after the reporting period

- (a) On 7 July 2016, the Company has published the Offering Circular of Dalian Wanda Commercial Properties Co., Ltd. 2016 Corporate Bond (Fifth Tranche) on the website of the Shanghai Stock Exchange. On 13 July 2016, the Company has completed to issue the corporate bond with a total amount of RMB2 billion, which bears an interest rate of 3.45% and has a maturity period of 5 years. The amount raised will be used by the Group as working capital.
- (b) On 22 July 2016, the Company has published the Offering Circular of Dalian Wanda Commercial Properties Co., Ltd. 2016 Corporate Bond (Sixth Tranche) on the website of the Shanghai Stock Exchange. On 28 July 2016, the Company has completed to issue the corporate bond with a total amount of RMB2 billion, which bears an interest rate of 3.36% and has a maturity period of 5 years. The amount raised will be used by the Group as working capital.
- (c) 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 (the "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.
- (d) 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.

26. Approval of the financial statements

The unaudited interim condensed consolidated financial statements were approved and authorised for issuance by the board of directors on 25 August 2016.



大连万达商业地产股份有限公司
DALIAN WANDA COMMERCIAL PROPERTIES CO., LTD.