



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 2015



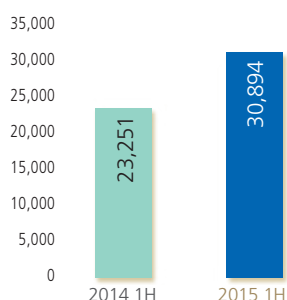
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FINANCIAL HIGHLIGHTS

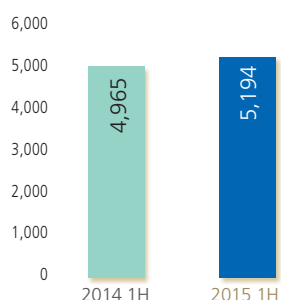
Revenue

(RMB million)



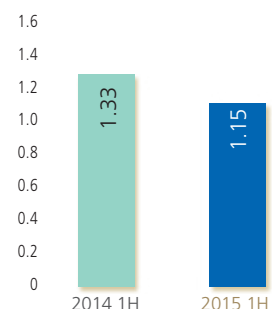
Profit for the period attributable to owners of the parent

(RMB million)



Earnings per share

(RMB)



For the six months ended 30 June

(RMB million)

	2015	2014
Revenue	30,894	23,251
Profit before tax	9,291	8,385
Profit for the year attributable to:	5,212	4,917
– owners of the parent	5,194	4,965
– non-controlling interests	18	(48)
Earnings per share attributable to ordinary equity holders of the parent		
– Basic	RMB1.15	RMB1.33
– Diluted	RMB1.15	RMB1.33

As at 30 June

2015

(RMB million)

As at 31 December

2014

(RMB million)

	2015	2014
Total assets	578,575	564,294
– Non-current assets	329,260	302,958
– Current assets	249,315	261,336
Total liabilities	420,498	409,148
– Current liabilities	259,726	235,461
– Non-current liabilities	160,772	173,687
Net assets	158,077	155,146
Total equity	158,077	155,146
– equity attributable to equity owners of the parent	155,778	152,814
– equity attributable to non-controlling interests	2,299	2,332

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
Mr. QU Dejun

Non-executive Directors

Mr. ZHANG Lin
Mr. WANG Guiya
Mr. YIN Hai

Independent Non-executive Directors

Mr. LIU Jipeng
Dr. XUE Yunkui
Dr. HU, Fred Zulu

Strategy Committee

Mr. DING Benxi (*Chairman*)
Mr. QI Jie
Mr. LIU Jipeng

Audit Committee

Dr. XUE Yunkui (*Chairman*)
Mr. WANG Guiya
Mr. LIU Jipeng

Nomination Committee

Mr. LIU Jipeng (*Chairman*)
Mr. YIN Hai
Dr. XUE Yunkui

Remuneration and Evaluation Committee

Dr. HU, Fred Zulu (*Chairman*)
Mr. YIN Hai
Dr. XUE Yunkui

Supervisors

Mr. ZHAO Deming (*Chairman*)
Mr. LIU Cheeming
Mr. GAO Xiaojun

Company Secretary

Mr. WANG Jian

Assistant Company Secretary

Ms. Ng Wing Shan

Authorized Representatives

Mr. QU Dejun
Mr. WANG Jian

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

No.1 Fuxingmen Nei Avenue,
Xicheng District,
Beijing,
PRC

Agricultural Bank of China

No. 69 Jianguomen Nei Avenue,
Dongcheng District,
Beijing,
PRC

Industrial and Commercial Bank of China

No. 55 Fuxingmen Nei Avenue,
Xicheng District,
Beijing,
PRC

China Merchants Bank

7088 Shennan Boulevard,
Futian District,
Shenzhen,
Guangdong Province,
PRC

China Everbright Bank

China Everbright Center,
No. 25, Taipingqiao Avenue,
Xicheng District,
Beijing,
PRC

Compliance Advisor

China International Capital Corporation Hong Kong
Securities Limited

International Auditor

Ernst & Young

Domestic Auditor

Da Hua Certified Public Accountants (Special General
Partnership)

Hong Kong Legal Advisor

Freshfields Bruckhaus Deringer

11/F, Two Exchange Square,
Central,
Hong Kong

PRC Legal Advisor

Tian Yuan Law Firm

10/F, China Pacific Insurance Plaza,
28 Fengsheng Hutong,
Xicheng District,
Beijing,
PRC

H Share Registrar

Computershare Hong Kong Investor Services Limited

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

Stock Code

3699

Company's Website

www.wandaplazas.com

Listing Place

The Stock Exchange of Hong Kong Limited

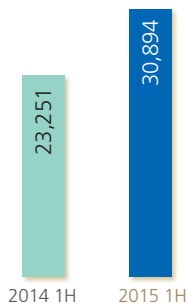


BUSINESS OVERVIEW

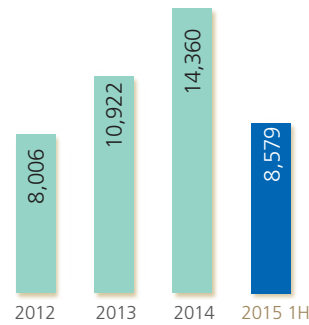


Key financial indicators for 2012-2014 and the first half of 2015

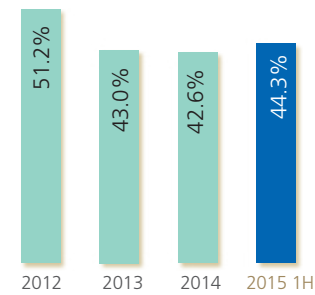
Revenue (RMB million)



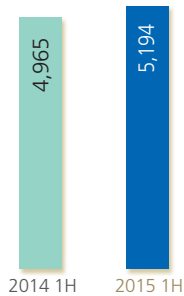
Sustainable revenue¹ (RMB million)



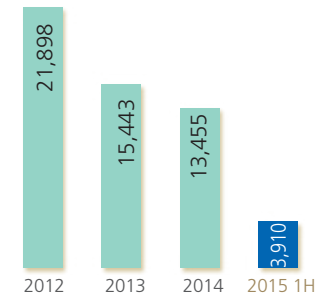
Gross profit margin



Net profit attributable to shareholders of the parent (RMB million)

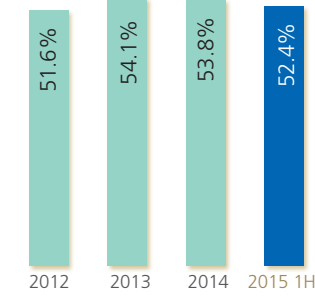


Fair value change of investment properties (RMB million)



Debt ratio

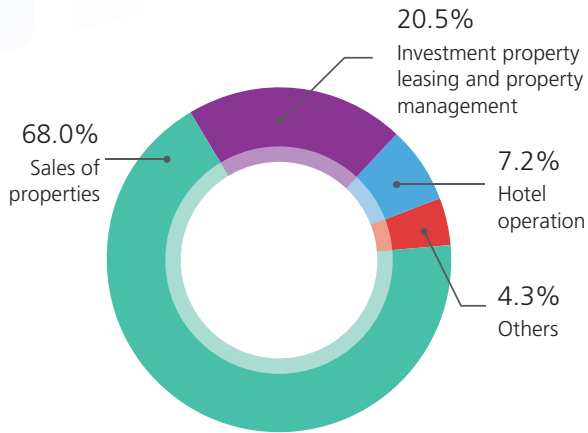
Total debts/Total capital



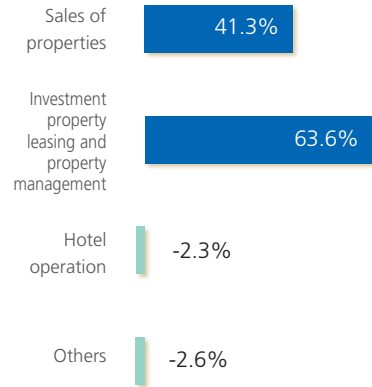
1. Sustainable revenue = revenue from investment property leasing and management + revenue from hotel operation

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 2015

Total number of Wanda Plaza:

112

Total area of properties held:

22.40 million sq.m.

Foot traffic

> **900** million visits

Total platform-based sales

> **54.6** RMB billion

Number of brands under strategic cooperation

> **2,000**

Number of members

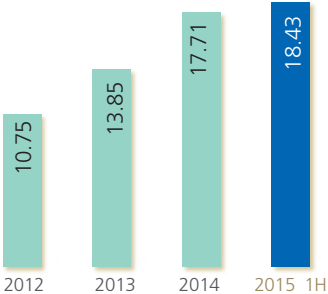
> **52.20** million



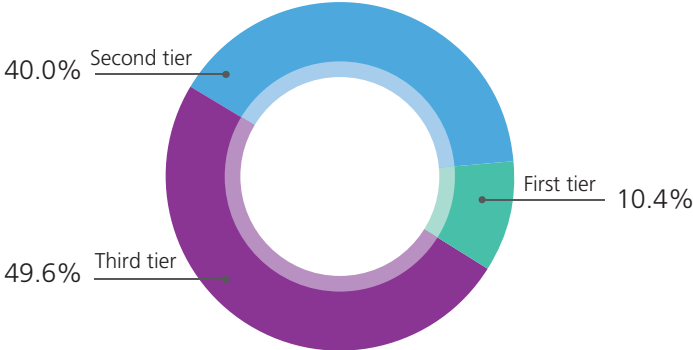
BUSINESS OVERVIEW

Total GFA

(million sq.m.)

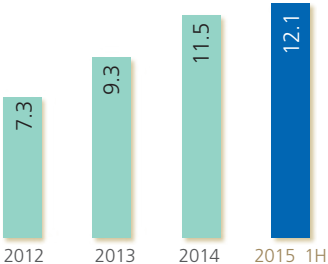


Distribution of total GFA by city tier

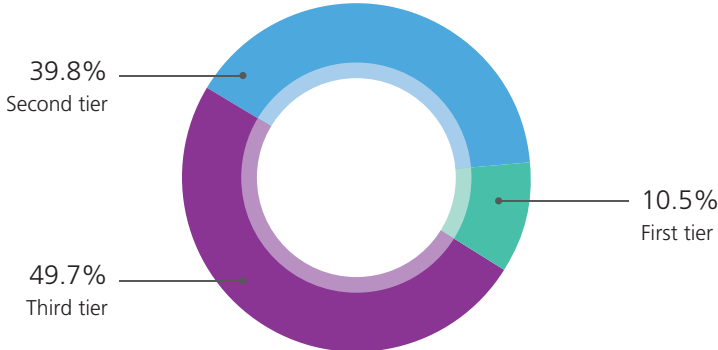


Total LFA

(million sq.m.)

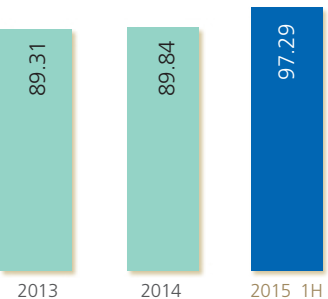


Distribution of LFA by city tier

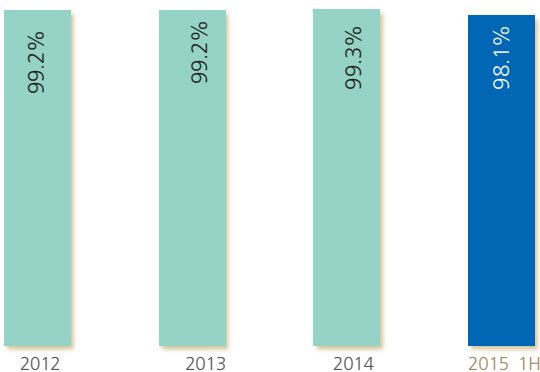


Average rent

(RMB/month/sq.m.)



Average occupancy rate



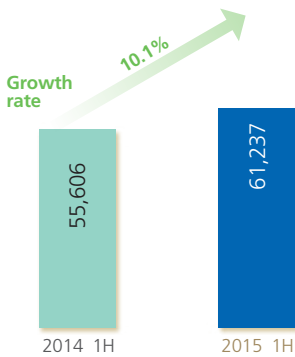
Note: Estimated based on LFA and before tax

BUSINESS OVERVIEW

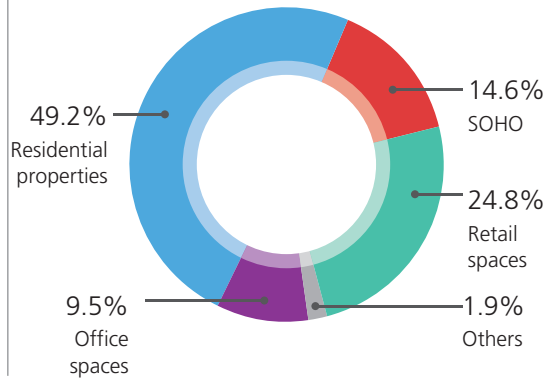
Properties sales:

Main data for the first half of 2015

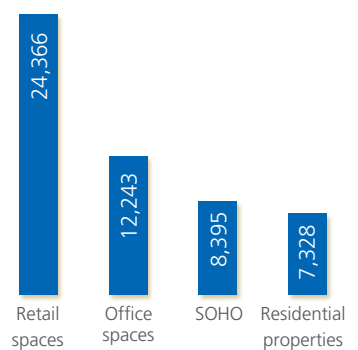
Contracted sales (RMB million)



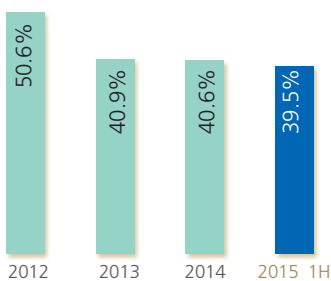
Compositions of contracted sales



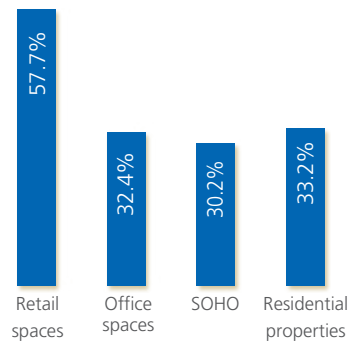
Unit price of contracted sales by segment (RMB/sq.m.)



Gross profit margin of sales



Gross profit margin of sales by segment



Total land reserves at the end of the first half of 2015

82.59 million sq.m.

Plot ratio GFA of acquired land in the first half of 2015

7.74 million sq.m.

Average land acquisition cost in the first half of 2015

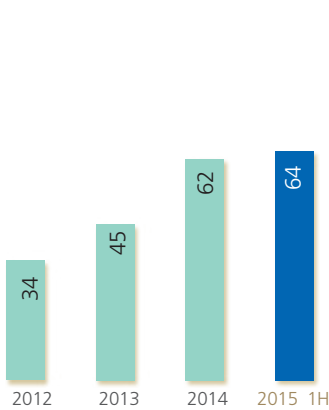
RMB **1,667** /sq.m.



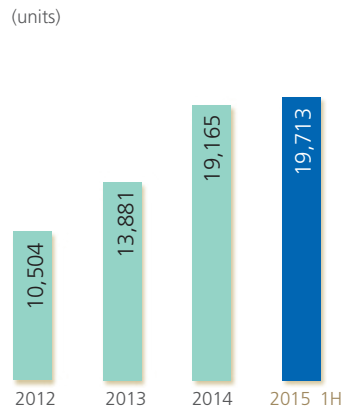
Hotel operation:

Number of Hotels & Rooms

Number of hotels



Number of hotel rooms



2015 1H Hotel owners' profit

RMB **285.48** million

2014 1H Hotel owners' profit

RMB **209.94** million

Growth **36.0%**

Self-owned brand

Luxury hotel



Super 5-star hotel



5-star hotel



BUSINESS AND MANAGEMENT DISCUSSION AND ANALYSIS

Results Overview

The core product of Dalian Wanda Commercial Properties Co., Ltd. (the “Company”) and its subsidiaries (collectively, the “Group” or “We”) is urban complex named “Wanda Plaza”, which mainly comprises shopping center 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 residents, offices and luxury hotels can increase foot traffic so as to promote asset value for shopping center.

Corresponding with our core products, our 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; 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 2015.

As at 30 June 2015:

- Total number of Wanda Plazas in operation was 112, among which, 5 were newly increased during the first half of 2015.
- Total gross floor area (“**GFA**”) of properties held and in operation amounted to 22.40 million square meters, representing an increase of 3.90% compared to 21.56 million square meters at the end of 2014.
- Total GFA of shopping centers in operation amounted to 18.43 million square meters, representing an increase of 4.07% compared to 17.71 million square meters at the end of 2014.
- Total leasable floor area (“**LFA**”) of shopping centers in operation amounted to 12.06 million square meters, representing an increase of 4.96% compared to 11.49 million square meters at the end of 2014.
- Total amount of contracted sales of the first half of 2015 was RMB61,237 million, representing an increase of 10.13% over the same period in 2014; contracted sales area was 6.54 million square meters, representing an increase of 44.27% over the same period in 2014.
- Total number of hotels in operation amounted to 64, among which, 2 hotels were newly opened during the first half of 2015.
- Total number of hotel rooms in operation was 19,713, among which 548 rooms were newly opened during the first half of 2015.

For the first half of 2015, all the Group’s businesses were carried out as scheduled and achieved remarkable financial results. The Group’s total revenue amounted to RMB30,894 million, representing a year-on-year increase of 32.87% as compared to the first half of 2014. The Group achieved core profit (net of fair value gains of investment properties) of RMB2,264 million during the first half of 2015, representing a year-on-year increase

of 116.65% compared to the first half of 2014. Core profit margin was 7.33%, representing a year-on-year increase of 2.84 percentage points compared to the first half of 2014. 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, as well as the increase in core profit margin. For the first half of 2015, the Group realized net earnings per share of RMB1.15.

BUSINESS AND MANAGEMENT DISCUSSION AND ANALYSIS

The main financial results of each business segment of the Group in the first half of 2015 are as follows:

Unit: RMB million

	Investment Property Leasing and Property Management			Sales of Properties			Hotel Operations			Other Segment			Total		
	First half of 2015	First half of 2014	Change	First half of 2015	First half of 2014	Change	First half of 2015	First half of 2014	Change	First half of 2015	First half of 2014	Change	First half of 2015	First half of 2014	Change
Revenue	6,345	4,861	30.53%	20,989	16,293	28.82%	2,234	1,770	26.21%	1,326	327	305.50%	30,894	23,251	32.87%
Cost	1,634	1,283	27.36%	12,695	9,928	27.87%	1,701	1,257	35.32%	1,176	353	233.14%	17,206	12,821	34.20%
Gross profit	4,711	3,578	31.67%	8,294	6,365	30.31%	533	513	3.90%	150	-26	-676.92%	13,688	10,430	31.24%
Gross profit-margin (%)	74.25	73.61	0.64	39.52	39.07	0.45	23.86	28.98	-5.12	11.31	-7.95	19.26	44.31	44.86	-0.55
Profit before interest and tax	8,296	8,363	-0.80%	5,385	3,765	43.03%	-298	-154	93.51%	-332	231	-243.72%	13,051	12,205	6.93%
Increase in fair value of investment properties	3,910	5,227	-25.20%										3,910	5,227	-25.20%
LAT				1,918	1,497	28.12%							1,918	1,497	28.12%
Profit before interest and tax (excluding change in fair value and LAT)	4,386	3,136	39.86%	3,467	2,268	52.87%	-298	-154	93.51%	-332	231	-243.72%	7,223	5,481	31.78%
Finance costs (not available for allocation)													3,760	3,820	-1.57%
Profit before tax (excluding change in fair value and LAT)													3,463	1,661	108.49%

For the first half of 2015, the Group's revenue mainly came from three major business segments, namely investment property leasing and property management, sales of properties and hotel operations, accounting for approximately 20.54%, 67.94% and 7.23%, respectively. For the first half of 2015, revenue from investment property leasing and management segment was RMB6,345 million, representing an increase of 30.53% as compared to the first half of 2014. Revenue from sales of properties reached RMB20,989 million, representing an increase of 28.82% as compared to the first half of 2014. Revenue from hotel operations segment was RMB2,234 million, representing an increase of 26.21% as compared to the first half of

2015, the Group's overall gross profit margin remained stable as compared to the same period in previous year, mainly due to the increase in revenue from our investment property leasing and property management segment with stable gross profit margin. Gross profit margin in sales of properties remained stable with moderate improvement, demonstrating the Group's ability to withstand cyclic risks under its business structure, outstanding business administration expertise and ability to achieve sustainable profitability.

BUSINESS AND MANAGEMENT DISCUSSION AND ANALYSIS

For the first half of 2015, 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 RMB8,296 million during the first half of 2015, which accounts for 63.57% of the total profit before interest and tax. The profit before interest and tax from sales of property accounted for RMB5,385 million or 41.26% of the total amount. Loss before tax and interest from hotel operations segment was RMB298 million, mainly due to the number of hotels operated for less than two years in the first half of 2015 was more than that in the first half of 2014.

Business Segments Analysis

Investment property leasing and property management

For the first half of 2015, revenue from investment property leasing and property management segment accounted for 20.54% of total revenue. Revenue amounted to RMB6,345 million, representing an increase of 30.53% as compared to the same period in previous year. Gross profit margin of our investment property leasing and property management segment was 74.25%, which remained stable as compared to the same period in previous year.

Main operating information about shopping centers:

	For the first half of 2015	2014	Change
Total GFA (million sq.m.)	18.43	17.71	4.07%
Total LFA (million sq.m.) ⁽¹⁾	12.06	11.49	4.96%
Occupancy rate	98.09%	99.32%	-1.23 percentage points
Average Rent (RMB/sq.m./month) ⁽²⁾	97.29	89.84	8.29%

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 2015, we further expanded our portfolio of investment properties. We increased 5 new shopping centers with a total GFA of approximately 0.72 million square meters and a total LFA of approximately 0.58 million square meters. As at 30 June 2015, we owned 112 shopping centers in operation in 75 cities with a total GFA of approximately 18.43 million square

Contribution of profit before interest and tax (excluding LAT)

For the first half of 2015, 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 RMB4,386 million, representing a year-on-year increase of 39.86% as compared to the first half of 2014, and accounting for 60.72% of profit before tax and interest (after deducting LAT and excluding change of fair value).

meters and a total LFA of approximately 12.06 million square meters. For the first half of 2015, Wanda Plaza recorded total sales of RMB54,600 million and foot traffic of more than 900 million visits, establishing itself as the largest provider of experiencing consumption platform and services in PRC mass consumption market.

- Our shopping centers opened in the first half of 2015 recorded a 100% occupancy rate upon their opening. As at 30 June 2015, the average occupancy rate of all our shopping centers in operation was 98.09%.

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 2015:

	GFA (million sq.m.)	LFA (million sq.m.)	Average Occupancy Rate in the first half of 2015 (%)
First-tier cities	1.91	1.27	100.00%
Second-tier cities	7.37	4.80	98.31%
Third-tier cities	9.15	5.99	97.47%
Total	18.43	12.06	98.09%

Revenue

For the first half of 2015, revenue from the Group's investment property leasing and property management amounted to RMB6,345 million, representing a year-on-year increase of 30.53% as compared to the first half of 2014, mainly due to the increase in leasable area and average rents during the Period. The increase in leasable area was mainly due to the 5 shopping malls newly increased during the first half of 2015 (including the 4 newly opened Wanda Plazas and the acquisition of Tong Zhou Wanda Plaza), bringing an increase of approximately 0.58 million square meters to the total leasable area; 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 2015, our costs of investment property leasing and property management amounted to RMB1,634 million, representing an increase of 27.36% as compared to the same period in 2014. The increase was mainly due to the increase in the number of plazas in operation.

Gross Profit

Investment property leasing and property management realized a gross profit of RMB4,711 million in the first half of 2015, representing a year-on-year increase of 31.67% as compared to the first half of 2014. Gross profit margin was 74.25%, representing an increase of 0.64 percentage point as compared to the first half of 2014.

Selling and Distribution Expenses

Selling and distribution expenses for investment property leasing and property management, mainly including promotional expenses and advertising expenses, etc., were RMB80 million in the first half of 2015, representing a year-on-year decrease of 37.50% as compared to the first half of 2014. Such selling and distribution expenses accounted for 1.26% of the revenue from investment property leasing and property management in the first half of 2015, representing a decrease of 1.37 percentage points as compared to the first half of 2014, mainly due to our strict control and efficient use of the expenses.

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 RMB448 million in the first half of 2015, representing a year-on-year increase of 16.36% as compared to the first half of 2014. Such expenses accounted for 7.06% of the revenue from investment property leasing and property management in the first half of 2015, representing a decrease of 0.86 percentage point as compared to the first half of 2014. The increase in administrative expenses was mainly due to increase in the number of shopping centers in operation and under construction.

BUSINESS AND MANAGEMENT DISCUSSION AND ANALYSIS

Fair value gains on investment properties

As at 30 June 2015, total book value of the Group's investment properties amounted to RMB271,350 million, accounting for 46.90% 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. Valuation gain of RMB3,910 million was realised, including RMB3,429 million attributable to completed properties and RMB481 million attributable to properties under construction.

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 2015, our total contracted sales was approximately RMB61,237 million, representing an increase of 10.13% as compared with the first half of 2014. Of which, sales in first-tier and second-tier cities accounted for 30.83%, third-tier cities accounted for 68.12% and sales generated from overseas accounted for 1.05%. By the type of properties, the proportion of retail spaces, office spaces, SOHO and others accounted for 50.83% and residential properties accounted for 49.17%.

The table below sets out information in respect of contracted sales by the type of properties during the Reporting Period:

	Contracted sales (RMB million)	Contracted sales area (million sq.m.)
Retail spaces	15,186	0.62
Office spaces	5,837	0.48
SOHO	8,931	1.06
Subtotal	29,954	2.16
Residential properties	30,112	4.11
Others ⁽¹⁾	1,171	0.27
Total	61,237	6.54

Note:

(1) Primarily includes saleable parking spaces, hotels and certain residential properties for relocation purposes. Same applies hereinafter.

Revenue

For the first half of 2015, the Group's sales of properties recognized a revenue of RMB20,989 million, representing a year-on-year increase of 28.82% as compared to the first half of 2014, 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 1.719 million square meters, representing a year-on-year increase of approximately 11.73% as compared to the first half of 2014.



BUSINESS AND MANAGEMENT DISCUSSION AND ANALYSIS

The following table sets forth the revenue, cost and area recognized for each category of our property sales segment:

	For the six months ended 30 June 2015			For the six months ended 30 June 2014		
	Area (sq.m.)	Revenue (RMB million)	Cost (RMB million)	Area (sq.m.)	Revenue (RMB million)	Cost (RMB million)
Retail spaces	200,496	5,611	2,374	177,795	4,669	1,531
Office spaces	146,680	1,638	1,108	430,120	4,074	2,476
SOHO	214,060	1,958	1,367	337,718	2,180	1,932
Residential properties	1,157,793	11,347	7,582	592,941	4,673	3,618
Car parks and others	n.a.	435	264	n.a.	697	371
Total	1,719,030	20,989	12,695	1,538,574	16,293	9,928

Costs

The costs of property sales include the land acquisition costs, construction costs, capitalized interest, etc. For the first half of 2015, our costs of property sales amounted to RMB12,695 million, representing a year-on-year increase of 27.87% as compared to the first half of 2014, which was lower than the increase in revenue. The increase in costs was mainly due to the increase in the area for which revenue was recognized.

Gross profit

For the first half of 2015, sales of properties realized a gross profit of RMB8,294 million, representing a year-on-year increase of 30.31% as compared to the first half of 2014, which was mainly attributable to increase in revenue recognized for sales of properties and effective cost control. Despite a volatile market of real estate industry, our gross profit margin for sales of properties was 39.52%, representing an increase of 0.45 percentage point as compared to the first half of 2014. During the Reporting Period, the average sale price of revenue recognized was approximately RMB11,957 per square meter (excluding parking spaces and others), representing an increase of 17.96% as compared to the same period in previous year, which was mainly attributable to higher sale price of 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 RMB1,919 million in the first half of 2015, accounting for 3.13% of the contracted sales, and remaining stable as compared to the first half of 2014.

Administrative expenses

Administrative expenses for sales of properties, mainly including the management's salaries, travel expenses and office expenses, etc., amounted to RMB1,542 million in the first half of 2015, accounting for 2.52% of the contracted sales, and remaining stable as compared to the same period in 2014.

Hotel operations

As at 30 June 2015, we had 64 luxury hotels in operation in 55 cities, and the total number of rooms was 19,713, including 37 self-operated hotels and 27 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 2 hotels, with 548 hotel rooms in total.

For the first half of 2015, our hotel operations realized owner's profit of RMB285 million, representing an increase of 36.0% as compared to the same period in 2014. For the first half of 2015, owner's profit margin was 12.76%, representing an increase of 0.90 percentage point as compared with the first half of 2014.

BUSINESS AND MANAGEMENT DISCUSSION AND ANALYSIS

Revenue

For the first half of 2015, revenue from the Group's hotel operations amounted to RMB2,234 million, representing a year-on-year increase of 26.21% as compared to the first half of 2014, mainly due to the

increase in the revenue in line with the increase in the number of hotels newly opened and 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 2015		For the six months ended 30 June 2014	
	Amount (RMB million)	Percentage	Amount (RMB million)	Percentage
Self-operated hotels	1,076	48.16%	543	30.68%
Hotels managed by third parties	1,158	51.84%	1,227	69.32%
Total	2,234	100.00%	1,770	100.00%

Costs

Costs for hotel operations mainly include depreciation, hotel maintenance costs, employees' salaries and other miscellaneous expenses. For the first half of 2015, costs of our hotel operations amounted to RMB1,701 million, representing a year-on-year increase of 35.32% as compared to the first half of 2014, mainly due to the increase in depreciation and maintenance costs in line with the new 16 hotels opened during the second half of 2014 and the first half of 2015.

Gross profit

For the first half of 2015, our hotel operations realized a gross profit of RMB533 million, representing an increase of 3.90% as compared to the first half of 2014, with a gross profit margin of 23.86%, representing a year-on-year decrease of 5.12 percentage points as compared to the first half of 2014, mainly due to an increase in depreciation incurred by the 16 hotels newly opened since the second half of 2014, which had not reached maturity in operation and did not realize revenue at a normal level.

Selling and distribution expenses

Selling and distribution expenses for our hotel operations, mainly including the marketing and promotional expenses, amounted to RMB169 million in the first half of 2015, representing a year-on-year decrease of 10.58% as compared to the first half of 2014.

Administrative expenses

Administrative expenses for hotel operations, mainly including the management's salaries, travel expenses, office expenses and rents, etc., amounted to RMB674 million in the first half of 2015, representing an increase of 38.97% as compared to the first half of 2014. The increase was mainly due to the increase in the number of newly opened hotels.

Land acquisitions and land reserves

As at 30 June 2015, the Group had land reserves with an aggregate GFA of approximately 82.59 million square meters. We newly purchased 23 land projects in the first half of 2015 (including the lands acquired in phases of Wanda Plaza and Wanda City to be developed) with an aggregate Plot ratio GFA of approximately 7.74 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 2015 (Million sq.m.)
Completed properties but not yet recognize revenue	4.43
Of which: pre-sold	1.51
Properties under construction	53.56
Properties held for future development	24.60
Total	82.59

Breakdown of Land Reserves by Region

Region	Total GFA (Million sq.m.)	Percentage %
East China	35.76	43.29%
Northeast China	13.46	16.30%
South China	9.33	11.30%
Northwest China	8.81	10.67%
Central China	7.47	9.04%
North China	4.25	5.15%
Southwest China	2.78	3.36%
Overseas	0.73	0.89%
Total	82.59	100.00%

Land reserve allocation by usage

Usage	Total GFA (Million sq.m.)	Percentage %
Sales of properties	64.29	77.84%
Investment properties	10.67	12.92%
Hotel	2.44	2.96%
Others ⁽¹⁾	5.19	6.28%
Total	82.59	100.00%

For the first half of 2015, the average land acquisition cost of the Group's newly acquired land was RMB1,667 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



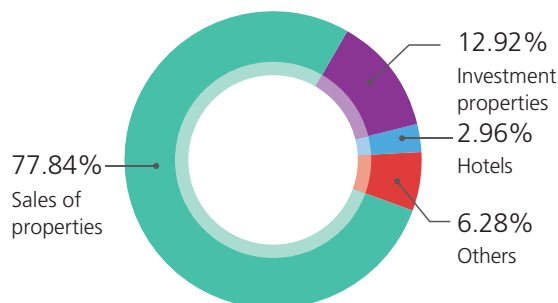
East China	35.76	Northeast China	13.46	South China	9.33
Northwest China	8.81	Central China	7.47	North China	4.25
Southwest China	2.78	Total GFA (million sq.m)			

Subsequent Events

On 25 August 2015, the Company entered into the following agreements with KuaiQian (Tianjin) Financial Service Co, Ltd. (“**KuaiQian Financial**”), a company incorporated in the PRC with limited liability and Mr. WANG Jianlin directly and indirectly holds its 68.7% equity interests, and Wanda Wensheng (Shanghai) Investment Partnership (“**Wanda Wensheng**”), a limited partnership incorporated in the PRC with KuaiQian Financial as its general partner. The particulars are as follows:

1. the equity transfer agreement with Wanda Wensheng, pursuant to which the Company had agreed to transfer, and Wanda Wensheng had agreed to acquire all the equity interests of the

Distribution of land reserves by uses



In the first half of 2015, the average cost of our Group’s new acquired land is RMB1,667 per sq.m.

Company’s wholly-owned subsidiaries, namely 常德萬達置業有限公司, 梅州萬達地產有限公司, 三門峽萬達廣場投資有限公司, 宜春萬達廣場投資有限公司 and 鄭州碧源萬達廣場投資有限公司 (the “**Project Companies**”);

2. the light asset cooperation framework agreement with KuaiQian Financial and Wanda Wensheng, pursuant to which (1) the Company had agreed to provide construction management and operation management service and license certain intellectual property rights to Wanda Wensheng and Project Companies; (2) Wanda Wensheng had agreed to provide funds to the Project Companies for the construction and operation of the Wanda Plazas under the Project Companies.



BUSINESS AND MANAGEMENT DISCUSSION AND ANALYSIS

Under the light asset cooperation framework agreement, upon the transfer of Project Companies to Wanda Wensheng, the Company shall have absolute, exclusive and irrevocable right in the construction management and operation management of the Project Companies. It is also entitled to appoint all the directors and senior management (except legal representatives) of the Project Companies. In addition, in consideration of construction management and operation management service provided by the Company, the Company will receive fees at certain rate of the income generated by the Project Companies after the relevant Wanda Plaza opens for business. Therefore, the Project Companies will still be accounted for and consolidated in the consolidated accounts of the Company as subsidiaries.

The Company has been actively exploring the light-asset business model and dedicated to the long-term stable development of property management so as to avoid the uncertain fluctuations in real estate market. The Company believes that the entering of the light asset cooperation framework agreement is an important step to achieve its light asset strategy. The allocation mechanism of net property income can (1) increase the Company's commercial service management fee income; and (2) reduce the Company's debt levels to deal with real estate market fluctuations in China.

Analysis on Other Financial Items

Other income and gains

For the first half of 2015, our other income and gains were mainly interest income, exchange gains, gains from disposal of other current assets and government grants. The Group's interest income (mainly interest on bank deposit), exchange gains (most of which derived from exchange settlement and the translation into RMB from the foreign currencies on hand as at the end of the Period as substantial proceeds in foreign currencies were received from the Company's listing in Hong Kong at the end of 2014 and the exchange rate between RMB and HK\$ had been lower this year), gains from disposal of other current assets and government grants in the first half of 2015 were RMB326 million, RMB133 million, RMB113 million and RMB638 million, respectively.

Financing costs

For the first half of 2015, our overall financing costs (including the capitalized interest) amounted to RMB6,723 million, representing a year-on-year increase of 5.21% as compared to the first half of 2014, mainly due to the increase in loans and interest expenses as a result of the increasing demand for capital, which was in line with the expansion of the Company. For the first half of 2015, the financial costs of the Group were 6.96%, representing a decrease of 0.55 percentage point or 7.32% as compared with the financial costs for 2014. It was mainly due to our efforts to optimize loan structures, expand channels of financing, and decrease trust loans during the Reporting Period. We will be able to obtain funds on more favourable terms as the Group develops.

Income tax expenses

Our income taxes mainly include current and deferred corporate income tax and LAT in PRC. For the first half of 2015, our income tax expenses amounted to RMB4,079 million, representing a year-on-year increase of 17.62% as compared to the first half of 2014. The current corporate income tax, deferred tax and LAT amounted to RMB1,680 million, RMB481 million and RMB1,918 million, respectively.

For the first half of 2015, 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 29.31%, representing an increase of 0.70 percentage point as compared with 28.61% for the first half of 2014.

Capital expenditure

For the first half of 2015, the Group's capital expenditure amounted to RMB22,488 million, representing a decrease of 8.55% as compared to the first half of 2014, which mainly consisted of the expenditure on the purchase and construction of investment properties, fixed assets and intangible assets.

BUSINESS AND MANAGEMENT DISCUSSION AND ANALYSIS

Debts

As at 30 June 2015, the Group's total debts amounted to RMB174,239 million, representing a decrease of 3.72% as compared with that as at the end of 2014. Among the debts, the Group's trust loans were mainly used for property development. The proportion of trust loans decreased to 20.98% from 23.46% as at the end of 2014, reflecting the optimized debt structure and preliminary effectiveness of debt control. The Group's debts are set out as follows:

Item	30 June 2015		31 December 2014	
	Amount (RMB million)	Percentage	Amount (RMB million)	Percentage
Domestic Bank loans				
Loans for development	55,187	31.68%	63,490	35.08%
Loans for operation	62,181	35.69%	55,734	30.80%
Trust loans	36,553	20.98%	42,463	23.46%
Entrusted borrowings	5,181	2.97%	7,690	4.25%
Overseas loans	7,933	4.55%	4,382	2.42%
Bonds	7,204	4.13%	7,210	3.99%
Total	174,239	100.00%	180,969	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, the Group therefore 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, thus ensuring risk-free repayment of principal and interest.

Net gearing ratio

As at 30 June 2015, the Group's net gearing ratio was 73.7%, representing a decrease of 14.1 percentage points as compared with 87.8% as at the end of the first half of 2014. The net gearing ratio was calculated by dividing interest bearing bank and other borrowings plus bonds less cash, cash equivalents and restricted cash by total equity.

Cash flow analysis

For the first half of 2015, the Group's cash flows are as follows:

	Unit: RMB million	
	For the six months ended 30 June 2015	For the six months ended 30 June 2014
Net cash flow generated from operating activities	(3,668)	(8,953)
Net cash flow used in investment activities	(19,780)	(20,909)
Net cash flow generated from financing activities	(12,476)	35,136
Net cash flow	(35,924)	5,274

BUSINESS AND MANAGEMENT DISCUSSION AND ANALYSIS

For the six months ended 30 June 2015, net cash outflow from the Group's operating activities amounted to RMB3,668 million, representing a decrease of 59.03% as compared with the net outflow for the six months ended 30 June 2014, mainly due to an increase in cash received from the provision of goods and services; net cash outflow used in investment activities amounted to RMB19,780 million, representing a decrease of 5.40% as compared with the net cash outflow from investing activities for the six months ended 30 June 2014. Net cash outflow from financing activities amounted to RMB12,476 million, mainly due to the decrease in new bank loans acquired for the six months ended 30 June 2015, as well as the increase in repayment of bank loans.

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 2015, the Group's operating cash flow and liquidity were not obviously affected by the changes in exchange rate.

Contingent liabilities

As at 30 June 2015, the Group's guarantees provided in respect of the mortgage facilities granted by commercial banks to the purchasers of our properties were RMB60,249 million.

Major acquisition/disposals

(1) On 23 January 2015, Wanda One Sydney Pty Ltd, an overseas subsidiary of the Group, entered into agreements with Valad Commercial Management Limited and 31 Pitt Street Pty Ltd, pursuant to which, on 4 March 2015, the Group acquired the investment properties, namely 1 ALFRED and 19-31 Pitt Street, for a total consideration of RMB2,297 million.

(2) On 28 February 2015, the Group entered into an agreement with Beijing Wanfang Zhiye Company Limited (北京萬方置業有限公司), pursuant to which, on 1 June 2015, the Group acquired Tong Zhou Wanda Plaza from Beijing Wanfang Zhiye Company Limited for a total consideration of RMB2,000 million.

Pledged assets

As at 30 June 2015, bank deposits of RMB266 million, inventories of RMB44,076 million, investment property of RMB213,082 million and fixed assets, intangible assets and construction in progress of RMB20,604 million, among others, were pledged to secure bank and other borrowings of the Group.

Employees, remuneration policies and training

As at 30 June 2015, the Group had a total of 61,989 full-time employees. The salary expense was RMB4,645 million for the six months ended 30 June 2015.

With an aim to cope with its development, the Group has established and optimized its remuneration mechanism. The Group decides on 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 employee's benefits. Meanwhile, to regulate the management of employee training, the Group emphasized the need for providing training to employees, actively motivated all departments initiatives and organized various training for the employees.

BUSINESS AND MANAGEMENT DISCUSSION AND ANALYSIS

Business Outlook for the second half of the year

China has transformed into a consumption-driven society. The consumption power 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 as well as 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 is to uphold our long-standing corporate philosophy carried forward over the past decade to undergo extensive exploration. In respect of consumer service, we are further improving consumer experience through strengthening the attractiveness and appeal of our plazas and increasing our contribution to the society. In respect of asset operation, by chiming with the development of China's financial market and drawing on international experiences, we will actively explore "asset recycling" and asset-light model, 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 balance sheet and better returns for Shareholders.



CORPORATE GOVERNANCE AND OTHER INFORMATION

Compliance with 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, and complies throughout the six months ended 30 June 2015 with all the code provisions stated in the Corporate Governance Code as contained in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”).

Compliance with Code for Securities Transactions

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

The Company has made specific enquiry to all of the directors and supervisors and all of the directors and supervisors have confirmed that they have complied with the Administrative Measures throughout the six months ended 30 June 2015.

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, Dr. XUE Yunkui (independent non-executive director), Mr. WANG Guiya (non-executive director) and Mr. LIU Jipeng (independent non-executive director). Dr. XUE Yunkui currently serves as the chairman of the Audit Committee.

The Audit Committee has reviewed the Group’s 2015 interim results announcement, 2015 interim report and the unaudited financial statements for the six months ended 30 June 2015 prepared in accordance with the Hong Kong Financial Reporting Standards.

Share Capital

As of 30 June 2015, the total share capital of the Company was RMB4,527,347,600, divided into 4,527,347,600 shares of RMB1.00 each.

Non-Competition Undertaking

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 us or the Controlling Shareholders (as applicable) during the six months ended 30 June 2015. To the best knowledge of our Directors, the Controlling Shareholders of our Company has fully complied with the Non-competition Undertaking during the six months ended 30 June 2015. Please refer to the prospectus of the Company for the definition of “Restricted Business”, “Changbaishan International Tourism”, “Excluded Business” and “Controlling Shareholder”.

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 2015, save as disclosed below, no director, supervisor or chief executive of the Company had any interest or short position 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 short position 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 for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules, to be notified to the Company and the Stock Exchange:

Name of the directors, supervisors and chief executives	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
Directors								
Mr. DING Benxi	Domestic shares	Beneficial owner	50,000,000	–	1.29	–	1.10	–
Mr. QI Jie	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. ZHANG Lin	Domestic shares	Beneficial owner	10,000,000	–	0.26	–	0.22	–
Mr. WANG Guiya	Domestic shares	Beneficial owner	8,000,000	–	0.21	–	0.18	–
Mr. YIN Hai	Domestic shares	Beneficial owner	12,000,000	–	0.31	–	0.27	–
Supervisor								
Mr. GAO Xiao Jun	Domestic shares	Beneficial owner	1,600,000	–	0.04	–	0.04	–

Note:

- As at 30 June 2015, 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.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Substantial Shareholders' Interests in Shares of the Company

As at 30 June 2015, to the knowledge of the directors of the Company, the persons (other than a director, supervisor or chief executive of the Company) who had an interest or short position in the shares or underlying shares of the Company which would fall 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	Lending Pool	Long position	Short position	Lending Pool	Long position	Short position	Lending Pool
Mr. WANG Jianlin (Note 2)	Domestic shares	Beneficial owner	307,300,000	-	-	-	-	-	-	-	-
		Interest of controlled corporation	1,979,000,000	-	-	-	-	-	-	-	-
		Interest of spouse	144,000,000	-	-	-	-	-	-	-	-
		Total	2,430,300,000	-	-	62.72	-	-	53.68	-	-
Ms. LIN Ning (Note 3)	Domestic shares	Beneficial owner	144,000,000	-	-	-	-	-	-	-	-
		Interest of spouse	2,286,300,000	-	-	-	-	-	-	-	-
		Total	2,430,300,000	-	-	62.72	-	-	53.68	-	-
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	-	-
OZ Management L.P.	H shares	Investment manager	43,170,800	-	-	6.62	-	-	0.95	-	-
Och-Ziff Holding Corporation	H shares	Interest of controlled corporation	43,170,800	-	-	6.62	-	-	0.95	-	-
Och-Ziff Capital Management Group LLC	H shares	Interest of controlled corporation	43,170,800	-	-	6.62	-	-	0.95	-	-
Och Daniel Saul	H shares	Interest of controlled corporation	43,170,800	-	-	6.62	-	-	0.95	-	-
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	-	-
Ping An Asset Management Co., Ltd.	H shares	Investment manager	48,333,300	-	-	7.40	-	-	1.07	-	-
Kuwait Investment Authority	H shares	Beneficial owner	48,445,000	-	-	7.42	-	-	1.07	-	-
Citigroup Inc.	H shares	Interest of controlled corporation	4,786,388	3,271,503	-	-	-	-	-	-	-
		Custodian	38,197,781	-	38,197,781	-	-	-	-	-	-
		Total	42,984,169	3,271,503	38,197,781	6.58	0.50	5.85	0.95	0.07	0.84
BlackRock, Inc.	H shares	Interest of controlled corporation	46,810,830	131,900	-	7.17	0.02	-	1.03	0.00	-

CORPORATE GOVERNANCE AND OTHER INFORMATION

Notes:

1. As at 30 June 2015, 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.
2. Mr. WANG Jianlin directly holds 6.79% 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 deemed to be interested in the shares held by Dalian Wanda Group for the purpose of the SFO.
3. Ms. LIN Ning is the spouse of Mr. WANG Jianlin and therefore she and Mr. WANG Jianlin are 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.
4. Dalian Hexing directly holds 99.76% of the total issued share capital of Dalian Wanda Group and is deemed to be interested in the shares held by Dalian Wanda Group.

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 2015.

Interim Dividend

The Board did not recommend the distribution of an interim dividend for the six months ended 30 June 2015 (for the six months ended 30 June 2014: Nil).

Change in Directors', Supervisors' and Chief Executive's Information

There has been no change in the directors', supervisors' and chief executive's 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 2014 annual report of the Company.



REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



To the board of directors 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 28 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 2015 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

Hong Kong

26 August 2015

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2015

	Notes	For the six months ended 30 June	
		2015 RMB'million (Unaudited)	2014 RMB'million (Audited)
REVENUE	4	30,894	23,251
Cost of sales		(17,206)	(12,821)
Gross profit		13,688	10,430
Other income and gains	4	1,350	1,190
Increase in fair value of investment properties, net		3,910	5,227
Selling and distribution expenses		(2,257)	(2,104)
Administrative expenses		(3,119)	(2,453)
Other expenses		(514)	(84)
Finance costs	5	(3,760)	(3,820)
Share of losses of joint ventures		(7)	–
Share of loss of an associate		–	(1)
PROFIT BEFORE TAX	6	9,291	8,385
Income tax expense	7	(4,079)	(3,468)
PROFIT FOR THE PERIOD		5,212	4,917
Attributable to:			
Owners of the parent		5,194	4,965
Non-controlling interests		18	(48)
		5,212	4,917
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic	9	RMB1.15	RMB1.33
Diluted	9	RMB1.15	RMB1.33

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2015

	For the six months ended 30 June	
	2015	2014
	RMB'million	RMB'million
	(Unaudited)	(Audited)
PROFIT FOR THE PERIOD	5,212	4,917
OTHER COMPREHENSIVE INCOME		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	(142)	(30)
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	(142)	(30)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	5,070	4,887
Attributable to:		
Owners of the parent	5,103	4,939
Non-controlling interests	(33)	(52)
	5,070	4,887

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2015

	Notes	30 June 2015 RMB'million (Unaudited)	31 December 2014 RMB'million (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	10	36,982	35,283
Investment properties	11	271,350	248,101
Prepaid land lease payments and permanent land		10,445	9,983
Goodwill		1,745	1,745
Other intangible assets		3,040	3,054
Investments in joint ventures		533	475
Available-for-sale investments		35	35
Long-term receivables		10	10
Deferred tax assets		5,120	4,272
Total non-current assets		329,260	302,958
CURRENT ASSETS			
Inventories	12	163,768	145,192
Prepaid taxes		7,236	5,469
Trade and bills receivables	13	382	848
Prepayments, deposits and other receivables	14	19,435	15,821
Other current assets		724	971
Restricted cash	15	7,150	6,732
Cash and cash equivalents	15	50,620	86,303
Total current assets		249,315	261,336
CURRENT LIABILITIES			
Trade and bills payables	16	48,843	53,743
Other payables and accruals	17	162,074	138,015
Interest-bearing bank and other borrowings	18	44,231	36,464
Deferred income		391	395
Dividend payables		1,893	13
Taxes payable		2,294	6,831
Total current liabilities		259,726	235,461
NET CURRENT (LIABILITIES)/ASSETS		(10,411)	25,875
TOTAL ASSETS LESS CURRENT LIABILITIES		318,849	328,833

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2015

	Note	30 June 2015 RMB'million (Unaudited)	31 December 2014 RMB'million (Audited)
TOTAL ASSETS LESS CURRENT LIABILITIES		318,849	328,833
NON-CURRENT LIABILITIES			
Guaranteed bonds		7,204	7,210
Interest-bearing bank and other borrowings	18	122,804	137,295
Deferred income		1,608	1,359
Deferred tax liabilities		29,155	27,821
Other non-current liabilities		1	2
Total non-current liabilities		160,772	173,687
Net assets		158,077	155,146
EQUITY			
Equity attributable to owners of the parent			
Issued capital		4,527	4,475
Reserves		151,251	148,339
Non-controlling interests		155,778	152,814
		2,299	2,332
Total equity		158,077	155,146

On behalf of the board

DING Benxi
Director

QI Jie
Director

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2015

	Attributable to owners of the parent									
	Issued capital RMB'million (Audited)	Share premium RMB'million (Audited)	Capital reserve RMB'million (Audited)	Revaluation reserve RMB'million (Audited)	Statutory reserve RMB'million (Audited)	Exchange fluctuation reserve RMB'million (Audited)	Retained profits RMB'million (Audited)	Total RMB'million (Audited)	Non-controlling interests RMB'million (Audited)	Total equity RMB'million (Audited)
At 1 January 2014	3,736	7	-	35	1,565	11	102,932	108,286	5,586	113,872
Profit for the period	-	-	-	-	-	-	4,965	4,965	(48)	4,917
Other comprehensive income for the period	-	-	-	-	-	(26)	-	(26)	(4)	(30)
Total comprehensive income for the period	-	-	-	-	-	(26)	4,965	4,939	(52)	4,887
Capital contribution from non-controlling interests	-	-	-	-	-	-	-	-	671	671
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	108	108
Acquisition of non-controlling interests	-	-	-	-	-	-	(1,615)	(1,615)	(3,304)	(4,919)
Final 2013 dividend declared and paid	-	-	-	-	-	-	(1,999)	(1,999)	-	(1,999)
At 30 June 2014	3,736	7	-	35	1,565	(15)	104,283	109,611	3,009	112,620

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2015

	Attributable to owners of the parent									
	Issued capital	Share premium	Capital reserve	Revaluation reserve	Statutory reserve	Exchange fluctuation reserve	Retained profits	Total	Non-controlling interests	Total equity
	RMB'million (Unaudited)	RMB'million (Unaudited)	RMB'million (Unaudited)	RMB'million (Unaudited)	RMB'million (Unaudited)	RMB'million (Unaudited)	RMB'million (Unaudited)	RMB'million (Unaudited)	RMB'million (Unaudited)	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

* These reserve accounts comprise the consolidated reserves of RMB151,251 million in the unaudited interim condensed consolidated statement of financial position at 30 June 2015.

** On 14 January 2015, the over-allotment option described in the prospectus of the Company dated 10 December 2014 has been partially exercised by the Underwriter Representatives in respect of the over-allotment shares, representing approximately 8.76% of the total number of offer shares initially available under the global offering before exercise of the over-allotment option, to cover over-allocations under the international offering. The over-allotment shares are issued and allotted by the Company at HK\$48.00 per share.

*** In July 2014, the Company issued a total of 138.8 million new shares at an issue price of RMB7.36 per share to 61 individuals, for a total consideration of RMB1,022 million. The issuance of new shares to certain employees of the Group, the Parent (the holding company and ultimate holding company of the Company, Dalian Wanda Group Co., Ltd) and the Company's fellow subsidiaries was considered as compensations for their services and accounted for as equity-settled share-based payment transactions. The fair value of the shares granted to certain employees of the Parent and the Company's fellow subsidiaries was amortized and recognized as deemed distribution over the vesting period. If employees of the Group, the Parent and the Company's fellow subsidiaries cease to be employees in the vesting period, such shares granted shall be transferred to other party as decided by shareholders' general meeting or the board of directors.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2015

	For the six months ended 30 June	
	2015	2014
	RMB'million (Unaudited)	RMB'million (Audited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash generated from/(used in) operations	5,795	(2,286)
Interest received	317	256
Corporate income tax and land appreciation tax paid	(9,780)	(6,923)
Net cash flows used in operating activities	(3,668)	(8,953)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of items of property, plant and equipment	(2,842)	(4,003)
Additions to investment properties	(13,029)	(16,314)
Acquisitions of investment properties	(3,792)	–
Additions to prepaid land lease payments and permanent land	(319)	(997)
Additions to other intangible assets	(12)	(38)
Investment in a joint venture	(97)	–
Net proceeds from disposal of other current assets	310	42
Acquisitions of subsidiaries	–	(162)
Proceeds from disposal of items of property, plant and equipment	1	30
Cash flows relating to disposal of subsidiaries	–	533
Net cash flows used in investing activities	(19,780)	(20,909)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	1,993	–
Net proceeds from issue of bonds	–	3,662
New bank loans	27,991	61,497
Repayment of bank loans	(33,786)	(20,267)
Interest and bank charge paid	(6,268)	(3,509)
Dividends paid	(2,406)	(1,999)
Capital contributions from non-controlling interests	–	671
Acquisition of non-controlling interests	–	(4,919)
Net cash flows from/(used in) financing activities	(12,476)	35,136
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		
Cash and cash equivalents at beginning of period	86,303	69,525
Effect of foreign exchange rate changes, net	241	(38)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	50,620	74,761
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and cash equivalents as stated in the condensed consolidated statement of financial position	50,620	74,761
Cash and cash equivalents as stated in the statement of cash flows	50,620	74,761

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2015

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, PRC.

Dalian Wanda Commercial Properties Co., Ltd. and its subsidiaries (the "Group") is principally engaged in property leasing and management, property development and hotel operation. There were no significant changes in the nature of the Group's principal activities during the six months ended 30 June 2015 (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, a company established in the PRC. The ultimate controlling shareholder is Mr. Wang Jianlin.

2. Basis of preparation and changes to the Group's accounting policies

Basis of preparation

The unaudited interim condensed consolidated financial statements are 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 2014.

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 2014, except for the adoption of new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by HKICPA which have become effective in this Period. The adoption of those new and revised HKFRSs has no material impact on the accounting policies in the Group's unaudited interim condensed consolidated financial statements for the Period.

3. Operating segment information

The Group is organised into business units based on their products and services and has four reportable operating segments as follows since the end of year 2014. The segment information for the six months ended 30 June 2014 has been presented to conform with the current period's presentation.

- (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 management of properties sold, research and design centre, 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 2015

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 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
<i>Reconciliation:</i>					
Elimination of intersegment sales					(1,059)
Revenue					30,894
Cost of goods sold ("COGS")	(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
<i>Reconciliation:</i>					
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 permanent land 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 2015

3. Operating segment information (continued)

For the six months ended 30 June 2014

	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	4,861	16,293	1,770	327	23,251
Intersegment sales	355	–	5	409	769
	5,216	16,293	1,775	736	24,020
<i>Reconciliation:</i>					
Elimination of intersegment sales					(769)
Revenue					23,251
COGS	(1,283)	(9,928)	(1,257)	(353)	(12,821)
Other income and gains	71	603	7	509	1,190
Increase in fair value of investment properties, net	5,227	–	–	–	5,227
Selling and distribution expenses	(128)	(1,752)	(189)	(35)	(2,104)
Administrative expenses	(385)	(1,366)	(485)	(217)	(2,453)
Other expenses	–	(84)	–	–	(84)
Share of loss of an associate	–	(1)	–	–	(1)
Segment results	8,363	3,765	(154)	231	12,205
<i>Reconciliation:</i>					
Finance costs					(3,820)
Profit before tax					8,385
Other segment information					
Impairment losses recognised in the statement of profit or loss	–*	–	–	–	–*
Depreciation and amortisation	–	(284)	(408)	–	(692)
Investments in joint ventures	–	475	–	–	475
Capital expenditure**	16,814	451	4,702	2,623	24,590

* The impairment losses recognised in the statement of profit or loss are presented as zero rounded to the nearest million.

** Capital expenditure consists of additions to property, plant and equipment, investment properties, prepaid land lease payments and permanent land 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 2015

3. Operating segment information (continued)

Geographical information

Over 90% of the Group's revenue is derived from customers based in Mainland China, and over 90% of the non-current assets of the Group are 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 2014: 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	
	2015 RMB'million (Unaudited)	2014 RMB'million (Audited)
Revenue		
Investment properties' leasing and management	6,345	4,861
Sales of properties	20,989	16,293
Hotel operation	2,234	1,770
Others	1,326	327
	30,894	23,251
Other income		
Bank interest income	326	256
Government grants	638	308
Others	56	13
	1,020	577
Gains		
Gain on disposal of subsidiaries	–	387
Gain on disposal of items of property, plant and equipment	1	–
Fair value gain from derivative financial instruments	–	1
Exchange realignment, net	133	129
Gain on bargain purchase	–	2
Gain on disposal of other current assets	113	40
Others	83	54
	330	613
	1,350	1,190

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2015

5. Finance costs

An analysis of finance costs is as follows:

	For the six months ended 30 June	
	2015 RMB'million (Unaudited)	2014 RMB'million (Audited)
Interest on bank loans and other loans	6,494	6,179
Interest on guaranteed bonds	229	211
Total interest expense	6,723	6,390
Less: Interest capitalised	2,963	2,570
	3,760	3,820

6. Profit before tax

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

	Note	For the six months ended 30 June	
		2015 RMB'million (Unaudited)	2014 RMB'million (Audited)
Cost of inventories sold		12,695	9,928
Government grants released		(638)	(308)
Gain on disposal of items of property plant and equipment, net		–**	–
Depreciation		850	622
Amortisation of prepaid land lease payments and permanent land*		66	57
Amortisation of other intangible assets*		111	13
Impairment of inventories	12	376	–**
Impairment of trade receivables		2	15
Impairment of other receivables		22	(15)
Direct operating expenses relating to investment properties leasing and management		1,634	1,283

* The amortisation of prepaid land lease payments and permanent land and other intangible assets are included in "Administrative expenses" and "Cost of sales" in the interim condensed consolidated statement of profit or loss.

** The gain on disposal of items of property plant and equipment and impairment of inventories, net are presented as zero rounded to the nearest million.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2015

7. Income tax

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

The provision for the PRC corporate income tax ("CIT") in Mainland China has been provided 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	
	2015 RMB'million (Unaudited)	2014 RMB'million (Audited)
Current – Mainland China CIT	1,680	983
Current – Mainland China LAT	1,918	1,497
Deferred	481	988
Total tax charge for the period	4,079	3,468

8. Dividends

	For the six months ended 30 June	
	2015 RMB'million (Unaudited)	2014 RMB'million (Audited)
Declared dividend-RMB0.95 per ordinary share	4,301	1,999
Final dividend paid	2,406	1,999

The final dividends proposed for year 2014 by the board of directors on 30 March 2015 amounted to RMB4,301 million (RMB0.95 dividends per share) and have been approved by the Company's shareholders.

The board of directors did not recommend any payment of interim dividend in respect of the six months ended 30 June 2015 (six months ended 30 June 2014: Nil).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2015

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 number of ordinary shares of 4,523,573,463 (six months ended 30 June 2014: 3,736,000,000) in issue during the Period, as adjusted to reflect the rights issue as a result of the exercise of over-allotment option during the Period.

	For the six months ended 30 June	
	2015 RMB'million (Unaudited)	2014 RMB'million (Audited)
Earnings		
Profit attributable to ordinary equity holders of the parent used in the basic earnings per share calculation	5,194	4,965

	Number of shares For the six months ended 30 June	
	2015 Million	2014 Million
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	4,524	3,736

The calculation of the diluted earnings per share amounts is based on the profit attributable to ordinary equity holders of the parent, adjusted to reflect the interest and fair value gain or loss on the derivative component of the convertible bonds issued by a subsidiary, Wanda Hotel Development Company ("Wanda Hotel"). The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the Period, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares. There is no diluted effect for the six months ended 30 June 2015, as all the convertible bonds had been converted during the second half year of 2014. The share-based payments have no diluted effect on the earnings per share amount.

10. Property, plant and equipment

During the six months ended 30 June 2015, the Group acquired items of plant and machinery with a cost of RMB2,444 million (six months ended 30 June 2014: RMB4,022 million). Items of property, plant and equipment with a net book value of RMB5 million were disposed of during the six months ended 30 June 2015 (six months ended 30 June 2014: RMB30 million).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2015

11. Investment properties

	Completed investment properties RMB'million (Unaudited)	Investment properties under construction or development RMB'million (Unaudited)	Total RMB'million (Unaudited)
At 31 December 2014	216,709	31,392	248,101
Additions	–	15,020	15,020
Acquisitions of investment properties ⁽¹⁾	4,420	–	4,420
Net gain from fair value adjustment	3,429	481	3,910
Transfer upon completion	6,275	(6,275)	–
Transfer to property, plant and equipment	(108)	–	(108)
Transfer from inventories	7	–	7
At 30 June 2015	230,732	40,618	271,350

Note:

- (1) During the Period, the Group acquired 3 investment properties, including Tongzhou Wanda Shopping Mall ("Tongzhou Wanda Plaza"), 1 ALFRED ("1 ALFRED") and 19-31 Pitt Street ("19-31 Pitt Street") in Sydney, Australia.

On 28 February 2015, the Group entered into an agreement with 北京万方置业有限公司 ("Wanfang Zhiye"), pursuant to which the Group acquired from Wanfang Zhiye an investment property, Tongzhou Wanda Plaza, for a total consideration of RMB2,000 million on 1 June 2015. The fair value of Tongzhou Wanda Plaza at the acquisition date was RMB2,000 million. As at 30 June 2015, RMB1,500 million out of the total consideration of RMB2,000 million had been paid.

On 23 January 2015, the Group's oversea subsidiary, Wanda One Sydney Pty Ltd ("Wanda One Sydney"), entered into agreements with Valad Commercial Management Limited ("VCML") and 31 Pitt Street Pty Ltd ("31 PSPL"), pursuant to which the Group acquired investment properties, 1 ALFRED and 19-31 Pitt Street for a total consideration of RMB2,420 million including the consideration of investment properties amounting to approximately RMB2,297 million and related taxes amounting to approximately RMB123 million on 4 March 2015. The total fair values of 1 ALFRED and 19-31 Pitt Street at the acquisition date were RMB2,297 million. As at 30 June 2015, all the considerations for the two acquisitions had been paid.

	30 June 2015 RMB'million (Unaudited)	31 December 2014 RMB'million (Audited)
Located in: Mainland China Held under the following lease terms between 10 and 50 years	269,053	248,101
Australia Permanent	2,297	–

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For the six months ended 30 June 2015

11. Investment properties (continued)

The Group's investment properties are mainly situated in Mainland China. All the completed investment properties are rented out under operating leases.

Most of 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 qualified valuer, DTZ Debenham Tie Leung Limited ("DTZ"), an industry specialist in investment property valuation, who has the appropriate qualification 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 market evidence of transaction prices for the similar properties in the same 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 interest 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 RMB213,082 million as at 30 June 2015 (31 December 2014: RMB173,937 million), were pledged to secure bank borrowings granted to the Group and the Company.

As at 30 June 2015, the Group and the Company are in the process of applying for the relevant property certificates for certain investment properties. As at 30 June 2015, the carrying amount of the Group's certain investment properties in the process of applying for title certificates was RMB10,342 million. In the Directors' opinion, the Group is entitled to lawfully and validly occupy and use the certain 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 2014: 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:

- verifies all major inputs to the independent valuation reports;
- assesses property valuation movements when comparing to the prior year valuation reports; and
- holds discussion with the independent valuers.

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For the six months ended 30 June 2015

11. Investment properties (continued)

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

Description	Valuation technique	Significant unobservable inputs	Range of unobservable inputs
Retail	Investment approach	Prevailing market rents	RMB48 – RMB905 per square meter per month
		Reversionary capitalisation rate	Anchor Stores: 4.5% – 6.0% Standard Retail: 5.0% – 7.0%
Office	Investment approach	Prevailing market rents	RMB68 – RMB482 per square meter per month
		Reversionary capitalisation rate	5.5% – 7.0%
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 2015 RMB'million (Unaudited)	31 December 2014 RMB'million (Audited)
Properties	163,442	144,585
Hotel merchandise	31	97
Yachts and yachts related	635	477
Others	89	93
Impairment	(429)	(60)
	163,768	145,192

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

	30 June 2015 RMB'million (Unaudited)	31 December 2014 RMB'million (Audited)
At beginning of period/year	60	–
Acquisition of a subsidiary	–	39
Impairment losses recognised	376	46
Write-off of impairment	(8)	(21)
Exchange realignment	1	(4)
At end of period/year	429	60

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2015

13. Trade and bills receivables

	30 June 2015 RMB'million (Unaudited)	31 December 2014 RMB'million (Audited)
Trade receivables	380	654
Bill receivable	20	210
Impairment	(18)	(16)
	382	848

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 2015 RMB'million (Unaudited)	31 December 2014 RMB'million (Audited)
Within one year	364	826
Over one year	18	22
	382	848

14. Prepayments, deposits and other receivables

	30 June 2015 RMB'million (Unaudited)	31 December 2014 RMB'million (Audited)
Other prepaid taxes	7,624	5,780
Prepayments	5,568	3,635
Land deposits	1,946	1,585
Entrusted loans	250	200
Other receivables	4,242	4,799
Due from the Company's fellow subsidiaries and companies controlled by the ultimate controlling shareholder	5	–
Impairment	(200)	(178)
	19,435	15,821

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2015

15. Cash and cash equivalents

	30 June 2015 RMB'million (Unaudited)	31 December 2014 RMB'million (Audited)
Cash and bank balances	57,770	93,035
Less: Restricted cash		
Government regulation fund	(3,931)	(4,164)
Pledged for bank loans	(266)	(414)
Pledged for guarantee deposits	(117)	(1,064)
Pledged for mortgage deposits	(876)	(1,003)
Pledged for bank acceptance bill deposits	(1,239)	–
Pledged for others	(721)	(87)
	(7,150)	(6,732)
Cash and cash equivalents	50,620	86,303

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 2015 RMB'million (Unaudited)	31 December 2014 RMB'million (Audited)
Within 1 year	43,350	50,430
1 to 2 years	4,656	2,345
Over 2 years	837	968
	48,843	53,743

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 2015 RMB'million (Unaudited)	31 December 2014 RMB'million (Audited)
Advance from customers	143,558	118,914
Staff costs payables	1,011	1,832
Interest payable	471	542
Other taxes payable	277	540
Other payables	16,757	16,187
	162,074	138,015

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 2015

18. Interest-bearing bank and other borrowings

As at 30 June 2015, the bank and other borrowings bear interest at rates ranging from 1.24% to 12.00% per annum (31 December 2014: 1.20% to 12.30% per annum).

During the Period, the Group obtained new bank loans of approximately RMB27,591 million (six months ended 30 June 2014: RMB61,497 million) to finance the Group's operation.

19. Contingent liabilities

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

	30 June 2015 RMB'million (Unaudited)	31 December 2014 RMB'million (Audited)
Guarantees given to banks for:		
Mortgage facilities granted to purchasers of the Group's properties	60,249	44,406

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 taking 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.

(b) In June 2015, the Group acquired Tongzhou Wanda Plaza from Wanfang Zhiye for a cash consideration of RMB2,000 million. Such Tongzhou Wanda Plaza has been pledged to secure a loan of RMB1,500 million granted to Wanfang Zhiye by Shandong International Trust Corporation. At the end of the reporting period, the pledged investment property has not been released yet, and Wanfang Zhiye is in the process of releasing the pledge. The fair value of Tongzhou Wanda Plaza was RMB2,002 million. The Directors are of the view that it is remote for the Group to incur any material loss for such pledged investment property and therefore no provision has been made in connection with the pledge.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2015

20. Commitments

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

	30 June 2015 RMB'million (Unaudited)	31 December 2014 RMB'million (Audited)
Contracted, but not provided for Land, buildings, plant and machinery	140,036	148,712
	140,036	148,712

21. 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	
	2015 RMB'million (Unaudited)	2014 RMB'million (Audited)
The Parent:		
Acquisitions of equity interests	–	5,804
Rendering of services*/**	–	1
Disposal of subsidiaries	–	94
Fellow subsidiaries:		
Purchase of goods**	6	10
Receiving services*/**	128	313
Rendering services*/**	143	86
Rental income**	308	214
Companies controlled by the ultimate controlling shareholder and a close family member:		
Purchase of goods**	13	6
Rendering services*/**	87	76
Rental income**	636	575

All the transactions with related parties were made according to the published prices and conditions offered to the major customers of the Group.

* These transactions with related parties mainly include properties management service, design and other services.

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

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For the six months ended 30 June 2015

21. Related party transactions (continued)

(b) Outstanding balances with related parties

	30 June 2015 RMB'million (Unaudited)	31 December 2014 RMB'million (Audited)
Trade receivables due from		
Fellow subsidiaries	55	36
Companies controlled by the ultimate controlling shareholder and a close family member	2	2
Other receivables due from		
Fellow subsidiaries	4	–
Companies controlled by the ultimate controlling shareholder	1	–
Trade payables due to		
Fellow subsidiaries	8	8
Companies controlled by the ultimate controlling shareholder	6	28
Other payables due to		
The Parent	323	309
Fellow subsidiaries	55	87
Companies controlled by the ultimate controlling shareholder	117	192
Loans due to		
Fellow subsidiaries	500	2,000

(c) Guarantees provided by related parties

	30 June 2015 RMB'million (Unaudited)	31 December 2014 RMB'million (Audited)
Guarantees given by the Parent and the ultimate controlling shareholder for the Group's bank and other borrowings	33,788	34,918
Outstanding balances of the guaranteed loans	25,590	29,235

(d) Compensation of key management personnel of the Group

	For the six months ended 30 June 2015 RMB'million (Unaudited)	2014 RMB'million (Audited)
Salaries, allowances and benefits in kind	40	34
Performance related bonuses	–	–
Pension scheme contributions	–*	–*
Share-based payment	13	–
Total compensation paid to key management personnel	53	34

* 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 2015

22. 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 2015			
	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	–	–	35	35
Other current assets	–	–	724	724
Trade and bills receivables	–	382	–	382
Financial assets included in prepayments, deposits and other receivables	–	4,497	–	4,497
Restricted cash	–	7,150	–	7,150
Cash and cash equivalents	–	50,620	–	50,620
	–	62,659	759	63,418

	As at 31 December 2014			
	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	–	–	971	971
Trade and bills receivables	–	848	–	848
Financial assets included in prepayments, deposits and other receivables	–	4,999	–	4,999
Restricted cash	–	6,732	–	6,732
Cash and cash equivalents	–	86,303	–	86,303
	–	98,892	1,006	99,898

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For the six months ended 30 June 2015

22. Financial instruments by category (continued)

	Financial liabilities at amortised cost	
	30 June 2015	31 December 2014
	RMB'million (Unaudited)	RMB'million (Audited)
Financial liabilities:		
Trade and bills payables	48,843	53,743
Financial liabilities included in other payables and accruals	17,228	17,087
Dividends payable	1,893	13
Guaranteed bonds	7,204	7,210
Interest-bearing bank and other borrowings	167,035	173,759
	242,203	251,812

23. Fair value and fair value hierarchy of financial instruments

The carrying amounts and fair values of the Group's major financial instruments are as follows:

	30 June 2015	31 December 2014
	RMB'million (Unaudited)	RMB'million (Audited)
Financial liabilities		
Guaranteed bonds and interest-bearing bank and other borrowings		
Carrying amounts	174,239	180,969
Fair values	174,239	180,969

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.

Fair value hierarchy

The Group did not have any financial assets and liabilities measured at fair value as at 30 June 2015 and 31 December 2014.

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 2015

24. Events after the reporting period

- (a) The Company issued the medium-term notes on 31 July 2015, totalling RMB10,000 million, with par value of RMB100 per unit, an interest rate of 4.6% and a maturity period of 5 years. The amount raised will be used by the Group to repay the borrowings and loans and reduce financing costs.
- (b) On 7 August 2015, the Company has published the Offering Circular of Dalian Wanda Commercial Properties Co., Ltd. 2015 Corporate Bonds (First Tranche) (For Qualified Investors) on the website of the Shanghai Stock Exchange. The Company will issue the corporate bonds totalling no more than RMB15 billion with par value of RMB100 per unit and a maturity period of 5 years. The corporate bond will be publicly issued in PRC by tranches. Within 12 months from the date of approval by the China Securities Regulatory Commission (“CSRC”), the issuance of the first tranche will be completed, with an amount no more than RMB5 billion. The remaining issuance will be completed within 24 months from the date of approval by the CSRC. As at the date of this report, the Company has obtained the approval by the CSRC, and will complete the issuance of the first tranche in the near future.
- (c) On 25 August 2015, the Company entered into the following agreements with KuaiQian (Tianjin) Financial Service Co, Ltd. (“KuaiQian Financial”), a company established in the PRC with limited liability, and Wanda Wensheng (Shanghai) Investment Partnership (“Wanda Wensheng”), a limited partnership established in the PRC with KuaiQian Financial as its general partner. Mr. WANG Jianlin currently holds 68.7% equity interests in KuaiQian Financial.
- (i) the equity transfer agreement with Wanda Wensheng, pursuant to which the Company had agreed to transfer, and Wanda Wensheng had agreed to acquire all the equity interests of the Company’s wholly-owned subsidiaries, Changde Wanda Property Co., Ltd., Meizhou Wanda Property Co., Ltd., Sanmenxia Wanda Plaza Investment Co., Ltd., Yichun Wanda Plaza Investment Co., Ltd. and Zhengzhou Biyuan Wanda Plaza Investment Co., Ltd. (the “Project Companies”).
- (ii) the light asset cooperation framework agreement with KuaiQian Financial and Wanda Wensheng, pursuant to which (i) the Group had agreed to provide construction management and operation management services and license certain intellectual property rights to Wanda Wensheng and the Project Companies; and (ii) Wanda Wensheng had agreed to provide funds to the Project Companies for the construction and operation of the Wanda Plazas under the Project Companies.

Under the light asset cooperation framework agreement, the Company shall (i) have absolute, exclusive and irrevocable right in the construction management and operation management of the Project Companies; and (ii) have the right to appoint all the directors and senior managers (except the legal representatives) of the Project Companies. In addition, in consideration of construction management and operation management services provided by, as well as the licensing of certain intellectual property rights granted by the Group, the Group will receive fees at certain rates of the net property income generated by the Project Companies each year after the relevant Wanda plaza opens for business. Therefore, the Project Companies will still be accounted for and consolidated in the consolidated accounts of the Company as subsidiaries.

25. Approval of the financial statements

The unaudited interim condensed consolidated financial statements were approved and authorised for issue by the board of directors on 26 August 2015.



大连万达商业地产股份有限公司

DALIAN WANDA COMMERCIAL PROPERTIES CO., LTD.