萬達酒店發展有限公司

WANDA HOTEL DEVELOPMENT COMPANY LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code : 169)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2020

The Board of Directors (the "Board") of Wanda Hotel Development Company Limited (the "Company") announces the unaudited condensed consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2020 (the "Period"), together with the comparative figures for the corresponding period in 2019, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the six months ended 30 June 2020
(Expressed in Hong Kong Dollars)

		Unaudited Six months ended 30 June	
		2020	2019
	Notes	***$'000***	*$'000*
			(Restated)
CONTINUING OPERATIONS			
Revenue	*4*	**246,057**	390,792
Cost of sales		**(112,558)**	(100,391)
Gross profit		**133,499**	290,401
Other (loss)/income and gains, net	*5*	**(12,031)**	15,730
Net valuation gain/(loss) on investment properties	*11*	**3,346**	(62,010)
Selling expenses		**(7,809)**	(10,081)
Administrative expenses		**(66,976)**	(77,760)
Profit from continuing operations		**50,029**	156,280
Finance costs	*7*	**(62,503)**	(75,806)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (Continued)
for the six months ended 30 June 2020
(Expressed in Hong Kong Dollars)

		Unaudited	
		Six months ended 30 June	
		2020	2019
	Notes	***$'000***	*$'000*
			(Restated)
(Loss)/profit before tax from continuing operations	*6*	**(12,474)**	80,474
Income tax expense	*8*	**(11,414)**	(31,959)
(Loss)/profit for the period from continuing operations		**(23,888)**	48,515
DISCONTINUED OPERATIONS			
(Loss)/profit for the period from discontinued operations	*10*	**(9,629)**	24,184
(Loss)/profit for the period		**(33,517)**	72,699
Attributable to:			
Owners of the parent		**(36,186)**	39,685
Non-controlling interests		**2,669**	33,014
		(33,517)	72,699
(Loss)/earnings per share attributable to ordinary equity holders of the parent (HK cents)	*9*		
Basic and diluted			
— For (loss)/profit for the period		**(0.8)**	0.8
— For (loss)/profit from continuing operations		**(0.7)**	1.3

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the six months ended 30 June 2020
(Expressed in Hong Kong Dollars)

	Unaudited Six months ended 30 June	
	2020	2019
	$'000	*$'000*
(Loss)/profit for the period	**(33,517)**	72,699
Other comprehensive loss		
Other comprehensive loss to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(68,405)**	(25,266)
Other comprehensive loss for the period, net of tax	**(68,405)**	(25,266)
Total comprehensive (loss)/income for the period	**(101,922)**	47,433
Attributable to:		
Owners of the parent	**(76,188)**	19,471
Non-controlling interests	**(25,734)**	27,962
	(101,922)	47,433

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
at 30 June 2020
(Expressed in Hong Kong Dollars)

	Notes	Unaudited 30 June 2020 $'000	Audited 31 December 2019 $'000
NON-CURRENT ASSETS			
Property, plant and equipment		**109,845**	99,692
Investment properties	*11*	**1,483,454**	1,509,238
Right-of-use assets		**271,768**	289,231
Deferred tax assets		**24,331**	16,157
Total non-current assets		**1,889,398**	1,914,318
CURRENT ASSETS			
Trade and bills receivables	*12*	**238,476**	220,124
Prepayments, other receivables and other assets		**52,457**	26,848
Contract assets		**22,004**	14,500
Cash and cash equivalents		**2,270,466**	2,421,957
		2,583,403	2,683,429
Assets classified as held for sale	*10*	**5,461,602**	4,995,232
Total current assets		**8,045,005**	7,678,661
CURRENT LIABILITIES			
Trade and other payables	*13*	**1,386,055**	729,708
Contract liabilities		**37,736**	35,463
Receipts in advance		**10,920**	20,940
Loans from an intermediate holding company		**4,061,229**	4,187,582
Lease liabilities		**8,690**	8,281
Tax payable		**12,716**	25,022
		5,517,346	5,006,996
Liabilities directly associated with the assets classified as held for sale	*10*	**1,392,590**	1,459,703
Total current liabilities		**6,909,936**	6,466,699
NET CURRENT ASSETS		**1,135,069**	1,211,962
TOTAL ASSETS LESS CURRENT LIABILITIES		**3,024,467**	3,126,280

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)
at 30 June 2020
(Expressed in Hong Kong Dollars)

	Notes	**Unaudited 30 June 2020 $'000**	Audited 31 December 2019 $'000
NON-CURRENT LIABILITIES			
Contact liabilities		**26,498**	26,667
Lease liabilities		**284,130**	286,908
Deferred tax liabilities		**172,451**	169,395
Total non-current liabilities		**483,079**	482,970
Net assets		**2,541,388**	2,643,310
EQUITY			
Equity attributable to owners of the parent			
Share capital	*14*	**469,735**	469,735
Retained earnings		**169,093**	205,279
Other reserves		**1,206,463**	1,246,465
		1,845,291	1,921,479
Non-controlling interests		**696,097**	721,831
Total equity		**2,541,388**	2,643,310

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

(Expressed in Hong Kong dollars unless otherwise indicated)

1. CORPORATE INFORMATION

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

The Company and its subsidiaries (hereinafter collectively referred to as the "Group") are principally engaged in property development, property investment and property management, hotel operation and management, hotel design and construction management services in the People's Republic of China (the "PRC") during the six months ended 30 June 2020 (the "Period").

In the opinion of the Company's directors (the "Directors"), the immediate holding company of the Company is Wanda Commercial Properties Overseas Limited ("Wanda Overseas"), a company established in the British Virgin Islands (the "BVI") and the ultimate holding company of the Company is Dalian Hexing Investment Company Limited, a company established in the PRC.

This unaudited interim condensed consolidated financial information has been approved for issue by the board on 14 August 2020.

2. BASIS OF PREPARATION, ACCOUNTING POLICIES AND DISCLOSURES

2.1 Basis of preparation

This unaudited interim condensed consolidated financial information has been prepared in accordance with the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") and Hong Kong Accounting Standard ("HKAS") 34 *Interim Financial Reporting* issued by the HKICPA.

This unaudited interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2019.

This unaudited interim condensed consolidated financial information has been prepared under the historical cost convention, except for investment properties, which have been measured at fair value.

This unaudited interim condensed consolidated financial information is presented in Hong Kong dollars and all values are rounded to the nearest thousand ("$'000"), unless otherwise stated.

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

2.2 Changes in accounting policies and disclosures

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2019, except for the adoption of the following revised Hong Kong Financial Reporting Standards ("HKFRSs") for the first time for the current period's financial information.

Amendments to HKFRS 3	*Definition of a Business*
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	*Interest Rate Benchmark Reform*
Amendment to HKFRS 16	*Covid-19-Related Rent Concessions (early adopted)*
Amendments to HKAS 1 and HKAS 8	*Definition of Material*

The nature and the impact of the revised HKFRSs are described below:

Amendments to HKFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group has applied the amendments prospectively to transactions or other events that occurred on or after 1 January 2020. The amendments did not have any impact on the financial position and performance of the Group.

Amendments to HKFRS 9, HKAS 39 and HKFRS 7 address the effects of interbank offered rate reform on financial reporting. The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendments did not have any impact on the financial position and performance of the Group.

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

2.2 Changes in accounting policies and disclosures (Continued)

Amendment to HKFRS 16 provides a practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic. The practical expedient applies only to rent concessions occurring as a direct consequence of the covid-19 pandemic and only if (i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (ii) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and (iii) there is no substantive change to other terms and conditions of the lease. The amendment is effective retrospectively for annual periods beginning on or after 1 June 2020 with earlier application permitted. The amendments did not have any impact on the Group's interim condensed consolidated financial information.

Amendments to HKAS 1 and HKAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information. The amendments did not have any impact on the Group's interim condensed consolidated financial information.

3. OPERATING SEGMENT INFORMATION

From June 2019 onward, management of the Company ("Management") has been in active discussions with the potential buyers for the disposal of its interest in Parcel C LLC ("Parcel C"), a subsidiary of the Company who hold a property under construction in Chicago, the United States of America ("USA"). A disposal agreement was signed on 24 July 2020, the Group will have no geographical business segment in USA once the disposal completed, and Parcel C was classified as a disposal company held for sale and as a discontinued operation. The corresponding items of segment information for the period ended 30 June 2019 have been restated.

During the year ended 31 December 2019, the Company has decided to cease the business segment of the development and sale of properties in the PRC, the business segment of the development and sale of properties was classified as a discontinued operations since then. There is no longer the business of the development and sale of properties for the period ended 30 June 2020, the corresponding items of segment information for the period ended 30 June 2019 have been restated.

For management purpose, the Group's operating businesses are structured and managed separately according to the nature of their operations and the products and services they provide. Each of the Group's operating segments represents a strategic business unit that offers products and services which are subject to risks and returns different from those of the other operating segments. The Group has three reportable operating segments. Particulars of the Group's reportable operating segments are summarised as follows:

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

(b) hotel operation and management services; and

(c) hotel design and construction management services.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is measured by adjusted profit/(loss) before tax from continuing operations. The adjusted profit/(loss) before tax from continuing operations is measured consistently with the Group's profit/(loss) before tax from continuing operations except that non-lease-related finance costs, other income, net (other than impairment of financial and contract assets assigned to certain segments), bank interest income, other interest income from financial assets at fair value through profit or loss as well as corporate and other unallocated expense are excluded from such measurement.

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

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

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

(i) Segment results, assets and liabilities

Six months ended 30 June 2020 (unaudited)

	Investment properties leasing *$'000*	**Hotel operation and management services** *$'000*	**Hotel design and construction management services** *$'000*	**Total** *$'000*
Segment revenue:				
Sales to external customers *(note 4)*	**52,098**	**113,230**	**80,729**	**246,057**
Intersegment sales	**—**	**—**	**687**	**687**
				246,744
Reconciliation:				
Elimination of intersegment sales				**(687)**
Revenue from continuing operations				**246,057**
Segment profit/(loss)	**54,710**	**(15,569)**	**(7,324)**	**31,817**
Reconciliation:				
Bank interest income				**8,675**
Other interest income from financial assets at fair value through profit or loss				**2,911**
Other income, net (other than impairment of financial and contract assets assigned to certain segments)				**11,711**
Finance costs (other than interest on lease liabilities)				**(54,541)**
Corporate and other unallocated expense				**(13,047)**
Loss before tax from continuing operations				**(12,474)**
As at 30 June 2020 (unaudited)				
Segment assets	**1,503,155**	**475,337**	**170,408**	**2,148,900**
Reconciliation:				
Assets of a disposal group classified as held for sale				**5,461,602**
Corporate and other unallocated assets				**2,323,901**
Total assets				**9,934,403**
Segment liabilities	**80,927**	**642,913**	**68,052**	**791,892**
Reconciliation:				
Liabilities of a disposal group classified as held for sale				**1,392,590**
Corporate and other unallocated liabilities				**5,208,533**
Total liabilities				**7,393,015**

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

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

Six months ended 30 June 2019 (unaudited and restated)

	Investment properties leasing *$'000*	Hotel operation and management services *$'000*	Hotel design and construction management services *$'000*	Total *$'000*
Segment revenue:				
Sales to external customers *(note 4)*	81,995	221,714	87,083	390,792
Segment profit	1,824	119,289	24,965	146,078
Reconciliation:				
Bank interest income				4,098
Other interest income from financial assets at fair value through profit or loss				4,291
Other income, net (other than impairment of financial and contract assets assigned to certain segments)				13,242
Finance costs (other than interest on lease liabilities)				(74,831)
Corporate and other unallocated expense				(12,404)
Profit before tax from continuing operations				80,474
As at 31 December 2019 (audited)				
Segment assets	1,516,057	493,613	158,791	2,168,461
Reconciliation:				
Assets of a disposal group classified as held for sale				4,995,232
Corporate and other unallocated assets				2,429,286
Total assets				9,592,979
Segment liabilities	144,653	676,385	87,710	908,748
Reconciliation:				
Liabilities of a disposal group classified as held for sale				1,459,703
Corporate and other unallocated liabilities				4,581,218
Total liabilities				6,949,669

3. OPERATING SEGMENT INFORMATION (Continued)

(ii) Geographical information

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

	Segment revenue from external customers		**Specified non-current assets**	
	Unaudited Six months ended 30 June		**Unaudited 30 June**	Audited 31 December
	2020	2019	**2020**	2019
	$'000	*$'000* (Restated)	***$'000***	*$'000*
The PRC (including Hong Kong)	**246,057**	387,477	**1,865,067**	1,898,161
Overseas	**—**	3,315	**—**	—
	246,057	390,792	**1,865,067**	1,898,161

4. REVENUE

An analysis of revenue from continuing operations is as follows:

	Unaudited Six months ended 30 June 2020 *$'000*	 2019 *$'000* (Restated)
Revenue from contracts with customers		
Hotel management services	**86,148**	221,714
Hotel design and construction management services	**80,729**	87,083
Hotel operation income	**27,082**	—
	193,959	308,797
Revenue from other sources		
Gross rental income from investment properties operating lease:		
Variable rent	**1,036**	3,078
Base rent	**51,062**	78,917
	52,098	81,995
	246,057	390,792

Disaggregated revenue information for revenue from contracts with customers

	Unaudited Six months ended 30 June 2020 *$'000*	 2019 *$'000* (Restated)
Recognised at a point in time		
Hotel operation income	**18,124**	—
Recognised over time		
Hotel operation income	**8,958**	—
Hotel management services	**86,148**	221,714
Hotel design and construction management services	**80,729**	87,083
Revenue from contracts with customers	**193,959**	308,797

5. OTHER (LOSS)/INCOME AND GAINS, NET

An analysis of the Group's other (loss)/income and gains, net, from continuing operations is as follows:

	Unaudited Six months ended 30 June **2020** ***$'000***	 2019 *$'000* (Restated)
Bank interest income	**8,675**	4,098
Other interest income from financial assets at fair value through profit or loss	**2,911**	4,291
Exchange gain, net	**9,525**	21,696
Impairment of financial and contract assets, net		
Impairment of trade receivables	**(35,244)**	(5,035)
Impairment of other receivables	**(15)**	(9,623)
Impairment of contract assets	**(69)**	—
Others	**2,186**	303
	(12,031)	15,730

6. (LOSS)/PROFIT BEFORE TAX FROM CONTINUING OPERATIONS

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

	Unaudited Six months ended 30 June **2020** ***$'000***	 2019 *$'000* (Restated)
Cost of goods sold	**15,702**	—
Cost of services provided	**96,856**	100,391
Depreciation of property, plant and equipment	**3,881**	1,211
Depreciation of right-of-use assets	**11,882**	4,302
Lease payments not included in the measurement of lease liabilities	**3,645**	7,945

7. FINANCE COSTS

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

	Unaudited Six months ended 30 June	
	2020	2019
	$'000	*$'000*
		(Restated)
Interest on loans from financial institutions	—	4,859
Interest on loans from an intermediate holding company	**54,541**	69,972
Interest on lease liabilities	**7,962**	975
	62,503	75,806

8. INCOME TAX EXPENSE

	Unaudited Six months ended 30 June	
	2020	2019
	$'000	*$'000*
		(Restated)
Current tax — Corporate Income Tax *(note (iii))*		
— Charge for the period	**13,594**	37,843
— Underprovision in prior periods	—	269
Deferred tax	**(2,180)**	(6,153)
Total tax expense for the period from continuing operations	**11,414**	31,959
Total tax expense for the period from discontinued operations	—	31,787
Total income tax expense for the period	**11,414**	63,746

8. INCOME TAX EXPENSE (Continued)

Notes:

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

(ii) No provision for Hong Kong profits tax or overseas corporate income tax has been made as the Group did not have assessable profits in Hong Kong or overseas during the period.

(iii) Corporate Income Tax ("CIT")

The provision for the PRC CIT has been provided at the applicable income tax rate of 25% on the assessable profits of the Group's subsidiaries in Mainland China (six months ended 30 June 2019: 25%), except for the subsidiary of the Company established in Horgos, Xinjiang Uygur Autonomous region, which enjoys PRC corporate income tax exemptions in accordance with the relevant tax rules. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates.

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

(a) Basic (loss)/earnings per share

The calculation of basic (loss)/earnings per share is based on the (loss)/profit for the period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 4,697,347,000 (six months ended 30 June 2019: 4,697,347,000) in issue during the period.

	Unaudited Six months ended 30 June	
	2020	2019
	$'000	*$'000*
		(Restated)
(Loss)/profit attributable to ordinary equity holders of the parent, used in the basic and diluted (loss)/earnings per share calculation:		
From continuing operations	**(30,986)**	63,260
From discontinued operations	**(5,200)**	(23,575)
	(36,186)	39,685

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

(b) Diluted (loss)/earnings per share

The Group had no potentially dilutive ordinary shares in issue during the six months ended 30 June 2020 and 2019.

10. DISCONTINUED OPERATIONS

On 24 July 2020, Wanda Chicago Real Estate LLC ("Wanda Chicago"), a non-wholly owned subsidiary of the Company, as seller, and Magellan Parcel C/D LLC ("Magellan"), as purchaser, entered into a membership interest purchase agreement ("Agreement") in relation to the disposal of 90% of the issued and outstanding membership interests of Parcel C LLC ("Parcel C"), subject to the terms and conditions contained therein, at the consideration of US$270,000,000. Pursuant to the Agreement, the inter-company loans due to Wanda Chicago from Parcel C amounted to US$244,770,000 as at 30 June 2020 (subject to adjustment prior to closing) will be repaid to Wanda Chicago. Parcel C was classified as a disposal company held for sale and as discontinued operation. The disposal has not yet been completed as at the date of this announcement.

The Company has made decision to cease the business of development and sale of properties in the PRC in 2019 and all the completed properties held for sale in the PRC have been sold out as at 31 December 2019. Therefore, the segment of the development and sale of properties was classified as a discontinued operations in year 2019.

(i) Parcel C:

(a) The results for the period are presented below:

	Unaudited Six months ended 30 June	
	2020	2019
	$'000	*$'000*
Other income and gains, net	**1,788**	59
Selling expenses	**(10,927)**	(12,580)
Administrative expenses	**(472)**	(85)
Finance costs	**(18)**	(80)
Loss before tax from the discontinued operations	**(9,629)**	(12,686)
Income tax expense	**—**	—
Loss for the period from the discontinued operations	**(9,629)**	(12,686)

10. DISCONTINUED OPERATIONS (Continued)

(i) Parcel C: (Continued)

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

	Unaudited 30 June 2020	Audited 31 December 2019
	$'000	*$'000*
Property, plant and equipment	**—**	2,985
Construction in progress	**945,231**	864,108
Freehold land	**156,280**	158,203
Right-of-use assets	**—**	1,369
Properties under development	**4,183,665**	3,878,764
Contract incremental cost	**57,752**	57,880
Restricted bank deposits	**72,611**	3,434
Cash and cash equivalents	**46,063**	28,489
Assets classified as held for sale	**5,461,602**	4,995,232
Trade and other payables	**(423,790)**	(484,822)
Lease liabilities	**—**	(1,406)
Loan from a financial institution	**(968,800)**	(973,475)
Liabilities directly associated with the assets classified as held for sale	**(1,392,590)**	(1,459,703)
Net assets directly associated with Parcel C	**4,069,012**	3,535,529
Exchange reserve on translation of foreign operations	**6,307**	(4,202)

10. DISCONTINUED OPERATIONS (Continued)

(i) Parcel C: (Continued)

(c) The net cash flows incurred by Parcel C are as follows:

	Unaudited Six months ended 30 June **2020** ***$'000***	 2019 *$'000*
Operating activities	**(367,441)**	(431,464)
Investing activities	**(149,397)**	(55,950)
Financing activities	**534,327**	464,522
Effect of foreign exchange rate changes	**85**	(132)
Net cash flows	**17,574**	(23,024)

(d) Certain assets of Parcel C were pledged to secure the loan from a financial institution and bank facilities as followings:

	Unaudited **30 June** **2020** ***$'000***	Audited 31 December 2019 *$'000*
Construction in progress	**945,231**	864,108
Freehold land	**156,280**	158,203
Properties under development	**4,183,665**	3,878,764
	5,285,176	4,901,075

The loan from a financial institution as at 30 June 2020 was guaranteed by an intermediate holding company, Dalian Wanda Commercial Management Group Co., Ltd.

10. DISCONTINUED OPERATIONS (Continued)

(ii) Ceased business of the development and sale of properties:

(a) The results for the period are presented below:

	Unaudited Six months ended 30 June 2019 *$'000*
Revenue	106,469
Cost of sales	(71,817)
Other income and gains, net	65,470
Selling expenses	(5,150)
Administrative expenses	(7,715)
Finance cost	(18,600)
Profit before tax from the discontinued operations	68,657
Income tax expense	(31,787)
Profit for the period from the discontinued operations	36,870

(b) The net cash flows incurred by the ceased business of the development and sale of properties are as follows:

	Unaudited Six months ended 30 June 2019 *$'000*
Operating activities	(5,950)
Investing activities	9,978
Financing activities	(29,340)
Effect of foreign exchange rate changes	75
Net cash flow	(25,237)

10. DISCONTINUED OPERATIONS (Continued)

(iii) Loss per share (HK cents)

	Unaudited Six months ended 30 June	
	2020	2019
Basic and diluted, from discontinued operations	**(0.1)**	(0.5)

The calculations of basic and diluted loss per share from discontinued operations are based on:

	Unaudited Six months ended 30 June	
	2020	2019
	$'000	*$'000*
Loss attributable to ordinary equity holders of the parent from the discontinued operations *(note 9)*	**(5,200)**	(23,575)

	Unaudited Six months ended 30 June	
	2020	2019
	'000	*'000*
Weighted average number of ordinary shares in issue during the period used in the basic and diluted loss per share calculation	**4,697,347**	4,697,347

11. INVESTMENT PROPERTIES

During the Period, the Group has no addition in investment properties (six months ended 30 June 2019: $109,000).

Investment properties carried at fair value were revalued on an open market value by independent firm of surveyors, Cushman & Wakefield Shenzhen Valuation Co., Ltd. ("Cushman & Wakefield", previously known as DTZ Debenham Tie Leung Limited), Cushman & Wakefield is an industry specialist in investment property valuation, which has recent experience in the respective locations and categories of property being valued. 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. There were no changes to the valuation techniques during the period. As a result of the revaluation, gain of $3,346,000 (six months ended 30 June 2019: a net loss of $62,010,000) in respect of investment properties has been recognised in the statement of profit or loss for the period.

12. TRADE AND BILLS RECEIVABLES

	Unaudited 30 June 2020 ***$'000***	Audited 31 December 2019 *$'000*
Trade receivables	**265,741**	231,696
Impairment	**(62,929)**	(28,493)
	202,812	203,203
Bills receivables	**35,664**	16,921
	238,476	220,124

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

For the business of the hotel operation, receivables are normally settled in advance. However, the Group may offer credit terms to certain corporate clients.

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

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

	Unaudited 30 June 2020 ***$'000***	Audited 31 December 2019 *$'000*
Within 3 months	**53,063**	73,183
Over 3 months but within 6 months	**43,856**	31,669
Over 6 months but within 12 months	**67,611**	47,351
Over 12 months	**38,282**	51,000
	202,812	203,203

13. TRADE AND OTHER PAYABLES

An analysis of trade and other payables as at the end of the reporting period is as follows:

	Notes	**Unaudited 30 June 2020 *$'000***	Audited 31 December 2019 *$'000*
Trade payables	*(a)*	**57,401**	84,874
Other payables and accruals		**173,819**	215,365
Interest payable to an intermediate holding company	*(b)*	**183,548**	129,523
Amounts due to intermediate holding companies	*(c)*	**772,285**	94,852
Amounts due to related parties	*(c)*	**199,002**	205,094
		1,386,055	729,708

Notes:

a. None of the Group's trade payables is expected to be settled after more than one year (31 December 2019: Nil).

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

	Unaudited 30 June 2020 *$'000*	Audited 31 December 2019 *$'000*
Within 3 months	**11,426**	3,404
Over 3 months but within 6 months	**1,361**	2,265
Over 6 months but within 12 months	**3,780**	143
Over 12 months	**40,834**	79,062
	57,401	84,874

b. The amount of $183,548,000 (31 December 2019: $129,523,000) in interest payable to an intermediate holding company is repayable on demand. The interest payables are unsecured and not subject to compound interests.

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

14. SHARE CAPITAL AND DIVIDEND

(i) Share capital

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

(ii) Dividend

No dividend has been declared in respect of the Period (six months ended 30 June 2019: Nil).

15. IMPACT OF THE CORONAVIRUS

The COVID-19 coronavirus (the "Pandemic") has produced a negative impact on the hotel related business of the Group in the first half of 2020. Management of the Group actively take measures to control the operating costs, pay attention to cash flow management and adjust business plans to readily prepare for business recovery after the Pandemic.

16. EVENTS AFTER THE REPORTING PERIOD

On 24 July 2020, Wanda Chicago, as seller, and Magellan, as purchaser, entered into a Agreement in relation to the disposal of 90% of the issued and outstanding membership interests of Parcel C, subject to the terms and conditions contained therein, at the consideration of US$270,000,000. Further details are available in the announcement of the Company dated 30 July 2020.

17. COMPARATIVE AMOUNTS

The comparative statement of profit and loss has been re-presented as if the operation discontinued during the current period had been discontinued at the beginning of the comparative period.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Wanda Hotel Management (Hong Kong) Co., Ltd. ("Wanda Hotel Management", together with its subsidiaries, "Wanda Hotel Management Group")

Wanda Hotel Management is a leading hotel services provider in China and is principally engaged in the business of hotel management and operation, hotel design, hotel construction management and related consultancy and other ancillary business, with comprehensive capabilities in hotel management and operation. Wanda Hotel Management currently manages seven hotel brands under Wanda ("Wanda Hotel Brands"), namely Wanda Reign, Wanda Vista, Wanda Realm, Wanda Jin, Wanda Moments, Wanda Yue and Wanda Yi.

As of 30 June 2020, Wanda Hotel Management managed a total of 85 hotels in operation as set out in below table:—

	Hotels In Operation Under Management				
	Number of Hotels				Number of Rooms
	Wanda	Third Party Clients	Franchised**	Total	*('000)*
Wanda Reign	3	0	0	3	0.8
Wanda Vista	2	22	0	24	6.5
Wanda Realm	1	45	2	48	13.9
Wanda Jin	0	3	0	3	0.9
Wanda Moments	2*	0	2	4	0.8
Wanda Yue	0	1	0	1	0.1
Others	1	1	0	2	0.3
Grand Total	**9**	**72**	**4**	**85**	**23.3**

* Representing hotels leased from third party landlords which Wanda Hotel Management Group manage and operate and Wanda Hotel Management Group bear all of the costs associated with renovation of these hotels.

** The franchisee is responsible for the costs of renovation in accordance with the standards set by Wanda Hotel Management Group.

Besides the above operating hotels, as of 30 June 2020, Wanda Hotel Management also contracted to manage 115 hotels which have not yet commenced operation and were under construction.

The outbreak of the COVID-19 coronavirus (the "Pandemic") since the first quarter of 2020 has taken its toll on the Group's hotel management and operation business which operates mainly in the PRC. The occupancy rate of the hotels managed by the Group, which are principally located in the PRC, has substantially declined to approximately 24% during the first quarter of this year from approximately 54% in the corresponding period of 2019. Such decline in occupancy rate was mainly due to the travel advisories or restrictions in the PRC following the Pandemic. In response to the difficult business environment as a result of the Pandemic, the Group has sought to reduce costs, mitigate operational risk and enhance operation efficiency as counter-measures. Such measures have taken effect and the occupancy rate of the hotels managed by the Group has improved and reached approximately 32% during the second quarter of 2020.

Joint Venture Platform in the Americas and Chicago Project, the United States of America

In July 2014, the Company formed a joint venture with Wanda Commercial Properties (Hong Kong) Co. Ltd. ("Wanda HK") to establish a joint venture platform in the Americas with a total capital commitment of HK$10 billion, in which the Company holds 60% and Wanda HK holds 40%, for the joint acquisition and development of suitable real property projects in the Americas.

On the same day, through Wanda Chicago Real Estate LLC ("Wanda Chicago"), a wholly owned subsidiary of this joint venture platform, the Company and Wanda HK entered into (i) the formation and contribution agreement with Magellan Parcel C/D LLC ("Magellan") and Lakeshore East LLC; and (ii) the operating agreement with Magellan to jointly develop a project in Chicago ("Chicago Project") in which Wanda Chicago holds 90% and Magellan holds 10% of such joint venture.

The planned total gross floor area of the Chicago Project is approximately 176,000 sq.m.. It is located in the heart of Chicago, adjacent to Millennium Park and the Chicago CBD. Many of the well-known destinations are within walking distance of the project, such as the Theatre District, Museum Campus and Michigan Avenue, and hence in excellent geographic location. The project is expected to be developed into a 361-meter, 101-storey five-star hotel (with estimated over 200 rooms) and high-end condominiums, which will be Chicago's third highest building upon completion and a new landmark in Chicago. Pre-sale of high-end condominiums portion commenced in September 2015. The Chicago Project obtained planning approvals and completed settlement in April 2016. Construction work commenced in August 2016 and is progressed as planned. The development of the Chicago Project is expected to be completed by 2021.

On 24 July 2020, Wanda Chicago, as seller, and Magellan, as purchaser, entered into a membership interest purchase agreement ("Agreement") in relation to the disposal of 90% of the issued and outstanding membership interests of Parcel C LLC ("Parcel C"), subject to the terms and conditions contained therein, at the consideration of US$270 million. Pursuant to the Agreement, the inter-company loans due to Wanda Chicago from Parcel C amounted to US$244,770,000 as at 30 June 2020 (subject to adjustment prior to closing) will be repaid to Wanda Chicago. Further details of the disposal can be found in the announcement of the Company dated 30 July 2020. Parcel C was classified as a disposal company held for sale and as discontinued operation. The disposal has not yet been completed as at the date of this announcement.

Guilin Project, the PRC

In February 2014, the Company acquired a piece of state-owned land in Guilin, Guangxi Zhuang Autonomous Region, the PRC with Wanda HK in the form of a joint venture, in which the Company holds 51% and Wanda HK holds 49%. The project ("Guilin Project") is located in the central area of Guilin High-tech Zone, with planned total gross floor area of approximately 330,000 sq.m., including 153,000 sq.m. of shopping mall and 177,000 sq.m. of retail, residential and other properties for sale.

The construction work of the Guilin Project has completed and the shopping mall opened in September 2015. With satisfactory commercial leases and operating conditions, the shopping mall has become a supreme landmark business centre in Guilin.

FINANCIAL REVIEW

On 24 July 2020, Wanda Chicago, as seller, and Magellan, as purchaser, entered into the Agreement in relation to the disposal of 90% of the issued and outstanding membership interests of Parcel C, subject to the terms and conditions contained therein, at the consideration of US$270,000,000. Pursuant to the Agreement, the inter-company loans due to Wanda Chicago from Parcel C amounted to US$244,770,000 as at 30 June 2020 (subject to adjustment prior to closing) will be repaid to Wanda Chicago. Parcel C was classified as a disposal company held for sale and as discontinued operation. The disposal has not yet been completed as at the date of this announcement.

In 2019, the Company decided to cease its business of the development and sale of properties in the PRC. There is no longer the business of the development and sale of properties for the Period, and the comparative figures have been restated accordingly.

Revenue

The Group reported revenue (from continuing operations) of approximately HK$246.1 million for the Period (six months ended 30 June 2019 ("1H2019") (restated): HK$390.8 million) and can be analyzed as below:—

	Unaudited			
	Six months ended 30 June			
	2020	2019	Changes	
	HK$'000	*HK$'000* (restated)	*HK$'000*	*%*
Hotel operation and management services	**113,230**	221,714	(108,484)	(48.9)
Hotel design and construction management services	**80,729**	87,083	(6,354)	(7.3)
Investment properties leasing	**52,098**	81,995	(29,897)	(36.5)
Total	**246,057**	390,792	(144,735)	(37.0)

Revenue from hotel operation and management services for the Period amounted to approximately HK$113.2 million, representing an decrease of approximately 48.9% as compared to approximately HK$221.7 million for 1H2019 (restated). Such segment revenue decrease was mainly attributable to travel advisories or restrictions in the PRC resulting from the Pandemic since the first quarter of 2020. As a result, the occupancy of the hotels managed by the Group has substantially declined to approximately 28% during the Period (1H2019: approximately 54%). This has impacted the gross operating revenue of the hotels managed by the Group and hence the hotel management fee income received by the Group.

Revenue from hotel design and construction management services for the Period amounted to approximately HK$80.7 million, representing a decrease of approximately 7.3% as compared to approximately HK$87.1 million for 1H2019 (restated). Such decrease was mainly due to the lower number of contracts in progress during the Period as compared to 1H2019.

Investment properties leasing segment revenue for the Period decreased by approximately 36.5% from the corresponding period (1H2019 (restated): HK$82 million) to approximately HK$52.1 million mainly due to no rental income having been generated from the Hengli City Project for the Period after the disposal of the project in December 2019.

Segment results

The following table illustrates the segment results of the Group for the six months ended 30 June 2020 and 2019 (restated) respectively:—

	Unaudited Six months ended 30 June			
	2020	2019	Changes	
	HK$'000	*HK$'000* (restated)	*HK$'000*	*%*
Hotel operation and management services	**(15,569)**	119,289	(134,858)	(113.1)
Hotel design and construction management services	**(7,324)**	24,965	(32,289)	(129.3)
Investment properties leasing	**54,710**	1,824	52,886	2,899.5
Total	**31,817**	146,078	(114,261)	(78.2)

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

Hotel operation and management services segment loss increased by about 113.1% to approximately HK$15.6 million for the Period, as compared to profit of HK$119.3 million for 1H2019 (restated). The segment loss for the Period was mainly due to significant segment revenue decrease as abovementioned, and a majority of the operating costs of the segment is fixed in nature, including staff costs and related expenses.

Hotel design and construction management services segment loss increased by 129.3% to approximately HK$7.3 million for the Period, as compared to profit of HK$25 million for 1H2019 (restated). Such increase in loss was mainly due to impairment of trade receivables of approximately HK$32.1 million for the Period.

Investment properties leasing segment profit increased to approximately HK$54.7 million million for the Period, as compared to HK$1.8 million for the 1H2019 (restated). Such segment profit increase was mainly due to absence of provision of approximately HK$60.4 million net valuation loss of investment properties in the Hengli City project provided in 1H 2019 following the disposal of the project in December 2019.

(Loss)/profit attributable to equity holders of the parent

During the Period, the Group's loss attributable to the equity holders of the Company amounted to approximately HK$36.2 million (1H2019 (restated): profit of approximately HK$39.7 million) with the breakdown set out as below:—

	Unaudited		
	Six months ended 30 June		
	2020	2019	Changes
	HK$'000	*HK$'000*	*HK$'000*
		(restated)	
(Loss)/profit attributable to the equity holders of the parent:			
— From continuing operations	**(30,986)**	63,260	(94,246)
— From discontinued operations	**(5,200)**	(23,575)	18,375
Total	**(36,186)**	39,685	(75,871)

The loss attributable to the equity holders of the parent for the Period was mainly due to: i) significant decrease of profit from the segments of hotel operation and management and hotel design and construction management services by approximately HK$167.1 million, as compared to the 1H2019; but offset by ii) net valuation gain of investment properties of approximately HK$3 million as compared to net valuation loss of approximately HK$62 million in the 1H2019; iii) a decrease in finance costs of approximately HK$15.4 million due to less interest on loans from an intermediate holding company as a result of decline of floating interest rates; and (iv) decrease of income tax of approximately HK$20.5 million as a result of significant decrease of profit from hotel operation and management segment.

Net assets and equity attributable to equity holders

As at 30 June 2020, the Group recorded total assets and total liabilities of approximately HK$9,934.4 million and HK$7,393 million respectively. The Group had net assets of approximately HK$2,541.4 million as at 30 June 2020 as compared to approximately HK$2,643.3 million as at 31 December 2019. As at 30 June 2020, the equity attributable to equity holders of the parent was approximately HK$1,845.3 million as compared to HK$1,921.5 million as at 31 December 2019.

Liquidity, borrowing and financial resources

The Group had total cash and bank balances of approximately HK$2,389.1 million as at 30 June 2020 as compared with HK$2,453.9 million as at 31 December 2019. The decrease was mainly due to the substantial decrease in hotel management income as a result of the outbreak of the Pandemic. About 82%, 11%, 6% and 1% of the cash and bank balances were denominated in Renminbi ("RMB"), Australia Dollar ("AUD"), United States Dollar ("USD") and Hong Kong Dollar. As at 30 June 2020, the current ratio, which is the quotient arrived at by dividing current assets by current liabilities, was 1.16 as compared with 1.19 as at 31 December 2019.

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

	Unaudited 30 June 2020 ***HK$'000***	Audited 31 December 2019 *HK$'000*
Debts and borrowings		
Interest bearing:		
— Loan from a financial institution classified as held for sale	**968,800**	973,475
— Loans from an intermediate holding company	**4,061,229**	3,513,166
Non-interest bearing:		
— Loans from an intermediate holding company	**—**	674,416
Total debts and borrowings	**5,030,029**	5,161,057
Repayable:		
— Within one year	**4,061,229**	4,187,582
— After one year but within two years	**968,800**	—
— After two years but within five years	**—**	973,475
	5,030,029	5,161,057
Cash and bank balances		
— Cash and cash equivalents	**2,270,466**	2,421,957
— Cash and bank balances classified as held for sale	**46,063**	28,489
— Restricted bank deposits classified as held for sale	**72,611**	3,434
Total cash and bank balances	**2,389,140**	2,453,880
Net debts (debts and borrowings minus cash and bank balances)	**2,640,889**	2,707,177
Total equity	**2,541,388**	2,643,310
Total assets	**9,934,403**	9,592,979
Gearing ratios:		
— Net debts over aggregate of net debts and total equity	**51%**	50.6%
— Net debts over total assets	**26.6%**	28.2%

As at 30 June 2020, the Group's contracted commitment for capital expenditure is approximately HK$2,113.2 million (As at 31 December 2019: HK$2,735.8 million).

Foreign currency and interest rate exposure

During the Period, the Group's business is principally conducted in RMB and USD. The functional currencies of the Group's subsidiaries in the PRC and the United States of America (the "USA"), are RMB and USD respectively and these subsidiaries do not have significant monetary assets or liabilities denominated in currencies other than their respective functional currencies. The functional currency of the Group's other subsidiaries is HK$. The Group is exposed to currency risk primarily through loans that are denominated in USD. The Group maintains a conservative approach on foreign exchange exposure management. During the Period, the Group did not use any financial instruments to hedge foreign currency exposure and the Group did not have any hedging instruments outstanding as at 30 June 2020.

During the Period, the Group had interest-bearing loans from a financial institution and an intermediate holding company. As at 30 June 2020, interest-bearing borrowings of approximately HK$4,157 million, being approximately 82.6% of the total interest-bearing borrowings, were on a floating rate basis. The remaining interest-bearing borrowings of approximately HK$873 million were on fixed interest rate basis. Accordingly, the Group's cost of borrowing was affected by changes in interest rates during the Period. During the Period, the Group had monitored the suitability and cost efficiency of hedging instruments and had considered a mix of fixed and floating rate borrowings in order to manage interest rate risks. The Group will prudently consider entering into currency and interest rate hedging arrangements to minimise such exposures if and when appropriate.

PLEDGE OF ASSETS

As at 30 June 2020, the Group pledged certain of its assets to a financial institution in the PRC to secure the loan of approximately HK$968.8 million granted by the financial institution. The aggregate carrying value of these construction in progress, freehold land and properties under development included in discontinued operations as at 30 June 2020 amounted to approximately HK$945.2 million, HK$156.3 million and HK$4,183.7 million respectively.

CHANGES IN SHARE CAPITAL

There are no changes in the Company's share capital during the six months ended 30 June 2020.

CONTINGENT LIABILITIES

As at 30 June 2020, the Group had provided guarantees in aggregate amount of approximately HK$11.9 million (31 December 2019: HK$25.8 million) to banks in favour of its customers in respect of mortgaged loans provided by the banks to these customers for their purchase of the Group's properties. Each of these guarantees would be released upon the execution of individual purchasers' collateral agreements.

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANY

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

MATERIAL EVENTS AFTER THE REPORTING PERIOD

On 24 July 2020, Wanda Chicago, as seller, and Magellan, as purchaser, entered into the Agreement in relation to the disposal of 90% of the issued and outstanding membership interests of Parcel C at the consideration of US$270 million subject to the terms and conditions contained therein. As at the date of this announcement, the disposal has not been completed yet. Please refer to the announcement of the Company dated 30 July 2020 for further details of the disposal.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2020, the Group had around 494 full time employees, who are located in the PRC, Hong Kong and the USA.

During the six months ended 30 June 2020, the Group remunerated its employees based on their performance, experience and the prevailing market salaries. Performance bonuses were granted on a discretionary basis. Other employee benefits included insurance and medical cover, subsidized educational and training programs.

INTERIM DIVIDEND

The Directors of the Company did not recommend the payment of an interim dividend for the six months ended 30 June 2020 (six months ended 30 June 2019: Nil).

OUTLOOK

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

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

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

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

The Group will continue to prudently seek profitable investment opportunities, further expand the Group's sources of revenue, enhance the Group's profitability and maximize return for its shareholders.

The Group's fee-based businesses operates mainly in the PRC. Since 2020, the operations of the hotels managed by the Group have been impacted as a result of travel advisories or restrictions imposed by governments connected with the Pandemic. In response to the difficult business environment, the Group has sought to reduce costs as a counter-measure. While these measures have helped mitigate the impact of the Pandemic, the severity of the slowdown in economic activities particularly in the travel and hospitality industries makes the timing and degree of any sustainable recovery uncertain. The Board will continue to pay close attention to development of the Pandemic and evaluate its impact on the Company's operations, and respond or make announcement(s) as appropriate if necessary.

OTHER INFORMATION

SHARE OPTIONS SCHEME

The Company did not have any effective share option scheme as at 30 June 2020.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the six months ended 30 June 2020, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules as its own code of conduct regarding securities transactions by the Directors. Following specific enquiry by the Company, all Directors have confirmed that they have complied with the required standard as set out in the Model Code during the six months ended 30 June 2020.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE AND LISTING RULES

The Company has complied with the Corporate Governance Code (the "Code") as contained in Appendix 14 of the Listing Rules, except for deviation from:

(i) Code Provision A.6.7 which stipulates that independent non-executive directors and non-executive directors should attend general meetings. Due to other important business engagements at the relevant time, not all independent non-executive directors and non-executive directors attended the annual general meeting of the Company on 27 May 2020; and

(ii) Code Provision E.1.2 which stipulates that the Chairman of the Board should attend the annual general meeting. Due to other important business engagements at the relevant time, the Chairman did not attend the annual general meeting of the Company held on 27 May 2020.

REVIEW OF INTERIM RESULTS BY THE AUDIT COMMITTEE

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

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

The Company's interim results for the six months ended 30 June 2020 have not been audited but have been reviewed by the Company's Audit Committee.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This announcement will be published on both the websites of the Company (www.wanda-hotel.com.hk) and of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk). The interim report of the Company for the six months ended 30 June 2020 will be dispatched to shareholders and published on the aforesaid websites in due course.

By order of the Board
Wanda Hotel Development Company Limited
Ding Benxi
Chairman

Hong Kong, 14 August 2020

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