

IMPORTANT NOTICE

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Confirmation of Your Representation: In order to be eligible to view this Offering Circular or make an investment decision with respect to the securities, investors must be outside the United States. This Offering Circular is being sent to you at your request and by accepting the e-mail and accessing the attached Offering Circular, you shall be deemed to represent to Credit Suisse (Hong Kong) Limited, Orient Securities (Hong Kong) Limited and BOCOM International Securities Limited (together, the “**Joint Lead Managers**”) that (1) you and any customers you represent are outside the United States and that the e-mail address that you gave us and to which this e-mail has been delivered is not, located in the United States, its territories or possessions, and (2) you consent to delivery of the attached Offering Circular and any amendments or supplements thereto by electronic transmission.

The attached Offering Circular has been made available to you in electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of transmission and, consequently, none of the Joint Lead Managers, the Trustee, the Agents, or any of their respective affiliates, directors, officers, employees, representatives, agents and each person who controls the Joint Lead Managers or any of their respective affiliates accepts any liability or responsibility whatsoever in respect of any discrepancies between the document distributed to you in electronic format and the hard copy version available to you upon request from the Joint Lead Managers.

Restrictions: The attached document is being furnished in connection with an offering in offshore transactions to persons outside the United States in compliance with Regulation S under the Securities Act of 1933, as amended (the “**Securities Act**”) solely for the purpose of enabling a prospective investor to consider the purchase of the securities described herein.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE SECURITIES ACT OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION AND THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES, EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

You are reminded that you have accessed the attached Offering Circular on the basis that you are a person into whose possession this Offering Circular may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver this document, electronically or otherwise, to any other person. If you have gained access to this transmission contrary to the foregoing restrictions, you are not allowed to purchase any of the securities described in the attached Offering Circular.

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YOU ARE NOT AUTHORISED TO AND YOU MAY NOT FORWARD OR DELIVER THE ATTACHED OFFERING CIRCULAR, ELECTRONICALLY OR OTHERWISE, TO ANY OTHER PERSON OR REPRODUCE SUCH OFFERING CIRCULAR IN ANY MANNER WHATSOEVER, AND IN PARTICULAR, MAY NOT BE FORWARDED TO ANY U.S. ADDRESS. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THE ATTACHED OFFERING CIRCULAR IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

Solely for the purpose of its obligations pursuant to Section 309B(1)(a) and 309B(1)(c) of the Securities and Futures Act (Chapter 289) of Singapore (the “**SFA**”) and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the “**CMP Regulations 2018**”), the Issuer has determined and hereby notifies all relevant persons (as defined in Section 309 (A)(1) of the SFA) the classification of the Bonds as “prescribed capital markets products”(as defined in the CMP Regulations 2018).

Nothing in this electronic transmission constitutes an offer or an invitation by or on behalf of any of the Issuer, the Subsidiary Guarantors, the Company, the Joint Lead Managers, the Trustee or the Agents (each as defined in the attached Offering Circular) to subscribe for or purchase any of the securities described therein, and access has been limited so that it shall not constitute in the United States or elsewhere a general solicitation or general advertising (as those terms are used in Regulation D under the Securities Act) or directed selling efforts (within the meaning of Regulation S under the Securities Act). If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Joint Lead Managers or any affiliate of theirs is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the Joint Lead Managers or such affiliate on behalf of the Issuer, the Subsidiary Guarantors and the Company in such jurisdiction.

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大连万达商业管理集团股份有限公司
Dalian Wanda Commercial Management Group Co., Ltd.

Wanda Properties Overseas Limited
萬達地產海外有限公司

(incorporated with limited liability in the British Virgin Islands and
a wholly-owned subsidiary of Dalian Wanda Commercial Management Group Co., Ltd.
(大連萬達商業管理集團股份有限公司))

US\$400,000,000 6.875 per cent. Guaranteed Bonds due 2023

unconditionally and irrevocably guaranteed by

Wanda Commercial Properties (Hong Kong) Co. Limited
萬達商業地產(香港)有限公司

(incorporated with limited liability in Hong Kong and
a wholly-owned subsidiary of Dalian Wanda Commercial Management Group Co., Ltd.
(大連萬達商業管理集團股份有限公司))

Wanda Real Estate Investments Limited
萬達地產投資有限公司

(incorporated with limited liability in the British Virgin Islands and
a wholly-owned subsidiary of Dalian Wanda Commercial Management Group Co., Ltd.
(大連萬達商業管理集團股份有限公司))

Wanda Commercial Properties Overseas Limited
萬達商業地產海外有限公司

(incorporated with limited liability in the British Virgin Islands and
a wholly-owned subsidiary of Dalian Wanda Commercial Management Group Co., Ltd.
(大連萬達商業管理集團股份有限公司))
and with the benefit of a Keepwell Deed and a Deed of Equity Interest Purchase Undertaking
by Dalian Wanda Commercial Management Group Co., Ltd.
(大連萬達商業管理集團股份有限公司))

Issue Price: 100.00 per cent.

The 6.875 per cent. Guaranteed Bonds due 2023 in the aggregate principal amount of US\$400,000,000 (the “**Bonds**”) will be issued by Wanda Properties Overseas Limited 萬達地產海外有限公司 (the “**Issuer**”) and will be unconditionally and irrevocably guaranteed (the “**Guarantee**”) by its parent company, Wanda Commercial Properties (Hong Kong) Co. Limited (萬達商業地產(香港)有限公司) (“**Wanda HK**”), Wanda Real Estate Investments Limited 萬達地產投資有限公司 and Wanda Commercial Properties Overseas Limited 萬達商業地產海外有限公司 (collectively, the “**Subsidiary Guarantors**”). The Issuer and the Subsidiary Guarantors are direct or indirect wholly-owned subsidiaries of Dalian Wanda Commercial Management Group Co., Ltd. (大連萬達商業管理集團股份有限公司) (the “**Company**”). The PRC government (as defined herein) is not an obligor and shall under no circumstances have any obligation arising out of or in connection with the Bonds or the Guarantee in lieu of the Issuer, the Subsidiary Guarantors or the Company. See “*Risk Factors – The PRC government has no obligations under the Bonds or the Guarantee.*”

The Issuer, Wanda HK and the Company will enter into a keepwell deed on or about 23 January 2020 with The Bank of New York Mellon, London Branch (the “**Trustee**”) as trustee of the Bonds (the “**Keepwell Deed**”) as further described in “*Description of the Keepwell Deed.*” The Company and the Trustee will enter into a deed of equity interest purchase undertaking on or about 23 January 2020 (the “**Deed of Equity Interest Purchase Undertaking**”) as further described in “*Description of the Deed of Equity Interest Purchase Undertaking.*” Neither the Keepwell Deed nor the Deed of Equity Interest Purchase Undertaking constitutes a guarantee by the Company of the obligations of the Issuer under the Bonds or the Subsidiary Guarantors under the Guarantee.

Interest on the Bonds is payable semi-annually in arrear on 23 January and 23 July in each year, commencing on 23 July 2020. The Bonds will constitute direct, unsubordinated, unconditional and unsecured obligations of the Issuer, at all times ranking *pari passu* without any preference among themselves and the payment obligations of the Issuer under the Bonds at all times ranking at least equally with all the Issuer's other present and future unsecured and unsubordinated obligations. The obligations of the Subsidiary Guarantors under the Guarantee shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 4(a) of the Terms and Conditions of the Bonds, at all times rank at least equally with all their respective other present and future unsecured and unsubordinated obligations. Payments on the Bonds will be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the British Virgin Islands, Hong Kong or the PRC (as defined herein) or any subdivision or authority therein or thereof having power to tax, to the extent described in “*Terms and Conditions of the Bonds – Taxation.*”

Pursuant to the Circular on Promoting the Reform of the Administrative System on the Issuance by Enterprises of Foreign Debt Filings and Registrations (國家發展改革委關於推進企業發行外債備案登記制管理改革的通知(發改外資[2015]2044號)) issued by the National Development and Reform Commission of the PRC (the “**NDRC**”) and which came into effect on 14 September 2015 (the “**NDRC Circular**”), the Company has registered the issuance of the Bonds with the NDRC and obtained a certificate from the NDRC on 20 March 2019 evidencing such registration which, at the date of this Offering Circular, remains valid and in full force and effect. Pursuant to the NDRC Circular, the Company will file or cause to be filed with the NDRC the requisite information and documents within 10 PRC Business Days after the Issue Date (the “**NDRC Post-issue Filing**”). The Company has undertaken to (i) comply with all applicable PRC laws and regulations in connection with the Bonds and (ii) within 15 PRC Business Days after submission of such NDRC Post-issue Filing (x) provide the Trustee with a certificate signed by an authorised signatory of the Company confirming the completion of the NDRC Post-issue Filing, together with any document(s) evidencing due filing with the NDRC (if any) and (y) give notice to the Bondholders in accordance with Condition 16 of the Terms and Conditions of the Bonds of the same.

Unless previously redeemed, or purchased and cancelled, the Bonds will be redeemed at their principal amount on 23 July 2023. The Bonds are subject to redemption, in whole but not in part, at their principal amount, together with accrued interest, at the option of the Issuer at any time in the event of certain changes affecting taxes of the British Virgin Islands, Hong Kong or the PRC. Furthermore, at any time following the occurrence of a Change of Control Event (as defined in the “*Terms and Conditions of the Bonds*”), the holder of any Bond will have the right, at such holder's option, to require the Issuer to redeem all but not some only of that holder's Bonds at 101 per cent. of their principal amount, together with accrued and unpaid interest, if any, to (but excluding) the date for such redemption. See “*Terms and Conditions of the Bonds – Redemption and Purchase.*”

The Bonds and the Guarantee have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”), and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Bonds are being offered and sold only outside the United States in offshore transactions in compliance with Regulation S under the Securities Act (“**Regulation S**”). For a description of these and certain further restrictions on offers and sales of the Bonds and the distribution of this Offering Circular, see “*Subscription and Sale.*”

The denomination of the Bonds shall be US\$200,000 each and integral multiples of US\$1,000 in excess thereof.

Application will be made to The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”) or the “**HKSE**”) for listing of the Bonds by way of debt issues to professional investors (as defined in Chapter 37 of the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange and the Securities and Futures Ordinance (Cap. 571) of Hong Kong) (together, “**Professional Investors**”) only. This document is for distribution to Professional Investors only. **Investors should not purchase the Bonds in the primary or secondary markets unless they are Professional Investors and understand the risks involved. The Bonds are only suitable for Professional Investors.**

HKSE has not reviewed the contents of this document, other than to ensure the prescribed form disclaimer and responsibility statements, and a statement limiting distribution of this document to Professional Investors only have been reproduced in this document. Listing of the Bonds on HKSE is not to be taken as an indication of the commercial merits or credit quality of the Bonds or the Issuer, the Subsidiary Guarantors or the Company or quality of disclosure in this document. Hong Kong Exchanges and Clearing Limited and HKSE take no responsibility for the contents of this document, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document.

The Bonds are expected to be rated “Ba3” by Moody's Investors Service, Inc. (“**Moody's**”) and “BB+” by Fitch Ratings Ltd. (“**Fitch**”). A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction, revision or withdrawal at any time by the assigning rating agency.

Investing in the Bonds involves certain risks. See “*Risk Factors*” beginning on page 21.

The Bonds will be represented initially by beneficial interests in a global certificate (the “**Global Certificate**”) in registered form which will be registered in the name of a nominee of, and shall be deposited on or about 23 January 2020 (the “**Issue Date**”) with, a common depositary for Euroclear Bank SA/NV (“**Euroclear**”) and Clearstream Banking, S.A. (“**Clearstream**”). Beneficial interests in the Global Certificate will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream. Except as described herein, certificates for Bonds will not be issued in exchange for interests in the Global Certificate.

Sole Global Coordinator, Joint Bookrunner and Joint Lead Manager

Credit Suisse

Joint Bookrunners and Joint Lead Managers

Orient Securities (Hong Kong)

BOCOM International

Offering Circular dated 20 January 2020

TABLE OF CONTENTS

	<i>Page</i>
NOTICE TO INVESTORS	ii
PRESENTATION OF FINANCIAL AND OTHER DATA	vi
FORWARD-LOOKING STATEMENTS	ix
GLOSSARY	x
SUMMARY	1
OFFER STRUCTURE	5
SUMMARY OF THE OFFERING	11
SELECTED FINANCIAL INFORMATION OF THE COMPANY	15
SELECTED FINANCIAL INFORMATION OF WANDA HK	19
RISK FACTORS	21
CAPITALISATION AND INDEBTEDNESS	57
USE OF PROCEEDS	59
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS	60
TERMS AND CONDITIONS OF THE BONDS	95
DESCRIPTION OF THE KEEPWELL DEED	115
DESCRIPTION OF THE DEED OF EQUITY INTEREST PURCHASE UNDERTAKING	119
SUMMARY OF PROVISIONS RELATING TO THE BONDS WHILE IN GLOBAL FORM	123
CORPORATE STRUCTURE	125
DESCRIPTION OF THE ISSUER	126
DESCRIPTION OF WANDA HK	127
DESCRIPTION OF THE COMPANY	130
DESCRIPTION OF MATERIAL INDEBTEDNESS AND OTHER OBLIGATIONS	164
DIRECTORS AND MANAGEMENT	169
SUBSTANTIAL SHAREHOLDERS	176
PRC REGULATIONS	177
EXCHANGE RATE INFORMATION	191
TAXATION	192
CLEARANCE AND SETTLEMENT	196
SUBSCRIPTION AND SALE	198
RATINGS	202
GENERAL INFORMATION	203
INDEX TO FINANCIAL STATEMENTS	F-1

NOTICE TO INVESTORS

THIS OFFERING CIRCULAR DOES NOT CONSTITUTE AN OFFER TO SELL, OR A SOLICITATION OF AN OFFER TO BUY, ANY SECURITIES IN ANY JURISDICTION TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE THE OFFER OR SOLICITATION IN SUCH JURISDICTION. NEITHER THE DELIVERY OF THIS OFFERING CIRCULAR NOR ANY SALE MADE HEREUNDER SHALL UNDER ANY CIRCUMSTANCES IMPLY THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE ISSUER, THE SUBSIDIARY GUARANTORS, THE COMPANY OR ANY OF THEIR RESPECTIVE SUBSIDIARIES OR THAT THE INFORMATION SET FORTH IN THIS OFFERING CIRCULAR IS CORRECT AS AT ANY DATE SUBSEQUENT TO THE DATE HEREOF.

You should rely only on the information contained in this Offering Circular. None of the Company, the Subsidiary Guarantors, the Issuer, Credit Suisse (Hong Kong) Limited, Orient Securities (Hong Kong) Limited or BOCOM International Securities Limited (the “**Joint Lead Managers**”), has authorised any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. You should assume that the information appearing in this Offering Circular is accurate only as at the date on its front cover. Our business, financial condition, results of operations and prospects may have changed since that date.

We, having made all reasonable inquiries, confirm that (i) this Offering Circular contains all information with respect to us and our subsidiaries, the Bonds, the Guarantee, the Deed of Equity Interest Purchase Undertaking and the Keepwell Deed that is material in the context of the issue and offering of the Bonds, (ii) that the information and statements contained herein are true and accurate and not misleading in all material respects, (iii) that the opinions and intentions expressed herein are honestly held and have been reached after considering all relevant circumstances and are based on reasonable assumptions, (iv) that we are not aware of any other facts the omission of which would make any statement in this Offering Circular misleading in any material respect, (v) that reasonable inquiries have been made by us to verify the accuracy of all such information and statements, and (vi) this Offering Circular does not include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements herein, in the light of the circumstances under which they were made, not misleading; provided that this Offering Circular contains summaries which we believe to be accurate with respect to certain terms of some documents; and provided further that economic and other data included in this Offering Circular on the property and related industries in the PRC, including information in relation to our and our competitors’ relative positions in these industries, are based on various government and private industry publications or the good faith belief of our management.

The Bonds and the Guarantee have not been and will not be registered under the Securities Act and, subject to certain exceptions, may not be offered or sold within the United States. By purchasing the Bonds, you will be deemed to have made the acknowledgements, representations, warranties and agreements described under the heading “*Subscription and Sale*” in this Offering Circular.

This Offering Circular contains information provided by other sources that we believe are reliable. We cannot assure you that this information is accurate or complete. This Offering Circular summarises certain documents and other information and we refer you to them for a more complete understanding of the matters we discuss in this Offering Circular. In making an investment decision, you must rely on your own examination of us and our subsidiaries and the terms of the Bonds, including the merits and risks involved. See “*Risk Factors*” for a discussion of certain factors to be considered in connection with an investment in the Bonds.

This Offering Circular is highly confidential and has been prepared by us solely for use in connection with the proposed offering of the Bonds described herein. We have not authorised its use for any other purpose. This Offering Circular may not be copied or reproduced in whole or in part, and it may be distributed and its contents disclosed only to the prospective investors to whom it is provided. By accepting delivery of this Offering Circular each investor agrees to these restrictions.

The distribution of this Offering Circular and the offering of the Bonds in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by us, the Joint Lead Managers, the Trustee and the Agents (as defined in “*Terms and Conditions of the Bonds*”) to inform themselves about and observe any such restrictions. No action is being taken to permit a public offering of the Bonds or the distribution of this Offering Circular in any jurisdiction where action would be required for such purposes. There are restrictions on the offer and sale of the Bonds and the circulation of documents relating thereto, in certain jurisdictions including the United States, the European Economic Area, the United Kingdom, Hong Kong, Singapore, the PRC, Japan, Taiwan and the British Virgin Islands and to persons connected therewith. For a description of certain further restrictions on offers, sales and resales of the Bonds, and the distribution of this Offering Circular, see “*Subscription and Sale*.” By purchasing the Bonds, investors represent and agree to all of those provisions contained in that section of this Offering Circular. This Offering Circular is personal to each offeree and does not constitute an offer to any other person or to the public generally to subscribe for, or an invitation to purchase, or otherwise acquire, the Bonds. Distribution of this Offering Circular to any other person other than the prospective investor and any person retained to advise such prospective investor with respect to its purchase is unauthorised. Each prospective investor, by accepting delivery of this Offering Circular, agrees to the foregoing and to make no photocopies of this Offering Circular or any documents referred to in this Offering Circular.

This Offering Circular includes particulars given in compliance with the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) for the purposes of giving information with regard to the Issuer, the Subsidiary Guarantors, the Company and their respective subsidiaries. Each of the Issuer, the Subsidiary Guarantors and the Company accepts full responsibility for the accuracy of the information contained in this Offering Circular and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

HKSE has not reviewed the contents of this Offering Circular, other than to ensure that the prescribed form disclaimer and responsibility statements, and a statement limiting distribution of this Offering Circular to Professional Investors only have been reproduced in this Offering Circular. Listing of the Bonds on HKSE is not to be taken as an indication of the commercial merits or credit quality of the Bonds or the Issuer, the Subsidiary Guarantors or the Company or quality of disclosure in this Offering Circular. Hong Kong Exchanges and Clearing Limited and HKSE take no responsibility for the contents of this Offering Circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Offering Circular.

Prospective investors in the Bonds should rely only on the information contained in this Offering Circular. No person has been or is authorised in connection with the issue, offer, sale, marketing or distribution of the Bonds to make any representation concerning the Issuer, the Subsidiary Guarantors, the Company, the Bonds, the Guarantee, the Deed of Equity Interest Purchase Undertaking or the Keepwell Deed other than as contained herein and, if given or made, any such other information or representation should not be relied upon as having been authorised by us, the Joint Lead Managers, the Trustee or the Agents. Neither the delivery of this Offering Circular nor any offering, sale or delivery made in connection with the issue of the Bonds shall, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in the affairs of us since the date hereof or create any implication that the information contained herein is correct as at any date subsequent to the date hereof. This Offering Circular does not constitute an offer of, or an invitation by or on behalf of us, the Joint Lead Managers, the Trustee, the Agents or any of their respective affiliates, directors, employees, agents or advisers to subscribe for or purchase any of the Bonds and may not be used for the purpose of an offer to, or a solicitation by, anyone in any jurisdiction or in any circumstances in which such offer or solicitation is not authorised or is unlawful.

Market data and certain industry forecasts and statistics in this Offering Circular have been obtained from both public and private sources, including market research, publicly available information and industry publications. In addition, third party information providers may have obtained information from market participants and such information may not have been independently verified. Although we believe that such industry sources are reliable, they have not been independently verified by the Issuer, the Subsidiary Guarantors, the Company, the Joint Lead Managers, the Trustee, the Agents or their respective affiliates, directors, employees, agents or advisers and may not be consistent with other information compiled within or outside the PRC. We take responsibility for only the accurate reproduction and extraction of such summaries and data, but accept no other responsibility for such industry information. None of the Issuer, the Subsidiary Guarantors, the Company, the Joint Lead Managers, the Trustee, the Agents nor their respective affiliates, directors, employees, agents or advisers makes any representation as to the accuracy and completeness of such industry information or statistics. Investors are advised to read and understand the contents of this Offering Circular before investing. Due to possibly inconsistent collection methods and other problems, the statistics herein may be inaccurate and should not be unduly relied upon.

No representation or warranty, express or implied, is made or given by the Joint Lead Managers, the Trustee, the Agents or their respective affiliates, directors, employees, agents or advisers as to the accuracy, completeness or sufficiency of the information contained in this Offering Circular or any other information supplied in connection with the Bonds, and nothing contained in this Offering Circular is, or shall be relied upon as, a promise, representation or warranty by the Joint Lead Managers, the Trustee, the Agents or their respective affiliates, directors, employees, agents or advisers. This Offering Circular is not intended to provide the basis of any credit or other evaluation nor should it be considered as a recommendation by either us, the Joint Lead Managers, the Trustee, the Agents or their respective affiliates, directors, employees, agents or advisers that any recipient of this Offering Circular should purchase the Bonds. Each potential purchaser of the Bonds should determine for itself the relevance of the information contained in this Offering Circular and its purchase of the Bonds should be based upon such investigations with its own tax, legal and business advisers as it deems necessary.

To the fullest extent permitted by law, the Joint Lead Managers, the Trustee, the Agents and their respective affiliates, directors, employees, agents or advisers do not accept any responsibility for the contents of this Offering Circular or any statement made or purported to be made by any such person or on its behalf in connection with the Issuer, the Subsidiary Guarantors, the Company or the issue and offering of the Bonds. Each of the Joint Lead Managers, the Trustee, the Agents and their respective affiliates, directors, employees, agents or advisers accordingly disclaims all and any liability whether arising in tort or contract or otherwise which it might otherwise have in respect of this Offering Circular or any such statement. None of the Joint Lead Managers, the Trustee, the Agents and their respective affiliates, directors, employees, agents or advisers undertakes to review the financial condition or affairs of the Company during the life of the arrangements contemplated by this Offering Circular nor to advise any investor or potential investors in the Bonds of any information coming to the attention of the Joint Lead Managers, the Trustee, any Agent or their respective affiliates, directors, employees, agents or advisers.

The Joint Lead Managers and their respective affiliates may purchase the Bonds for their own account and enter into transactions, including credit derivatives, such as asset swaps, repackaging and credit default swaps relating to the Bonds and/or other securities of the Issuer, the Subsidiary Guarantors, the Company or their respective subsidiaries or associates at the same time as the offer and sale of the Bonds or in secondary market transactions. Such transactions may be carried out as bilateral trades with selected counterparties and separately from any existing sale or resale of the Bonds to which this Offering Circular relates (notwithstanding that such selected counterparties may also be purchasers of the Bonds). Furthermore, investors in the Bonds may include entities affiliated with the Group.

In making an investment decision, investors must rely on their own examination of the Issuer, the Subsidiary Guarantors, the Company and the Group and the terms of the Offering, including the merits and risks involved. See “*Risk Factors*” for a discussion of certain factors to be considered in connection with an investment in the Bonds. Each person receiving this Offering Circular acknowledges that such person has not relied on the Joint Lead Managers or any person affiliated with the Joint Lead Managers or on the Trustee or the Agents in connection with his investigation of the accuracy of such information or his investment decision.

Prospective investors should not construe anything in this Offering Circular as legal, business or tax advice. Each prospective investor should determine for itself the relevance of the information contained in this Offering Circular and consult its own legal, business and tax advisers as needed to make its investment decision and determine whether it is legally able to purchase the Bonds under applicable laws or regulations.

Solely for the purpose of its obligations pursuant to Section 309B(1)(a) and 309B(1)(c) of the Securities and Futures Act (Chapter 289) of Singapore (the “**SFA**”) and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the “**CMP Regulations 2018**”), the Issuer has determined and hereby notifies all relevant persons (as defined in Section 309 (A)(1) of the SFA) the classification of the Bonds as “prescribed capital markets products” (as defined in the CMP Regulations 2018).

The contents of this Offering Circular have not been reviewed by any regulatory authority in any jurisdiction. Investors are advised to exercise caution in relation to the offer. If investors are in any doubt about any of the contents of this Offering Circular, investors should obtain independent professional advice.

PRESENTATION OF FINANCIAL AND OTHER DATA

The Company's audited consolidated financial statements as at and for the years ended 31 December 2017 and 2018, which are included elsewhere in this Offering Circular, have been audited by Ernst & Young (“E&Y”), the Company's independent auditor. The Company's interim condensed consolidated financial statements as at and for the six months ended 30 June 2019, which are included elsewhere in this Offering Circular, have been reviewed but not audited by E&Y. The financial position and results of operations of the Company as at and for the six months ended 30 June 2019 are not indicative of our financial position and results of operations for the full year of 2019. Such financial statements of the Company were prepared and presented in accordance with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board.

The Company publishes its interim financial information from time to time. Such financial information published by the Company in the PRC is normally derived from its management accounts and is not audited or reviewed by independent auditors, nor is it prepared or presented in accordance with IFRS, and therefore is not comparable with the Company's audited or reviewed consolidated financial statements. As such, financial information published in the PRC by the Company should not be relied upon by potential purchasers to provide the same quality of information associated with any audited information or relied upon as being comparable to the information presented in this Offering Circular. In particular, the published financial information as at and for the nine months ended 30 September 2019 published by the Company in the PRC has not been audited or reviewed by independent auditors. Such financial information is not included in this Offering Circular and should not be relied upon by any investors to make their investment decisions in the Bonds.

Wanda HK's audited consolidated financial statements as at and for the years ended 31 December 2017 and 2018, which are included elsewhere in this Offering Circular, have been audited by E&Y. Wanda HK's interim condensed consolidated financial statements as at and for the six months ended 30 June 2019, which are included elsewhere in this Offering Circular, have been reviewed but not audited by E&Y. The financial position and results of operations of Wanda HK as at and for the six months ended 30 June 2019 are not indicative of its financial position and results of operations for the full year of 2019. Such financial statements of Wanda HK were prepared and presented in accordance with Hong Kong Financial Reporting Standards (“HKFRS”) issued by the Hong Kong Institute of Certified Public Accountants.

EBITDA is not a standard measure under IFRS, but is a widely used financial indicator of a company's ability to service and incur debt. EBITDA should not be considered in isolation or construed as an alternative to cash flows, net income or any other measure of performance or as an indicator of our operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities. EBITDA refers to our gross profit less selling and distribution expenses and administrative expenses, plus depreciation, amortisation of prepaid land lease payments and permanent land, amortisation of other intangible assets and amortisation of right-of-use assets. We have included EBITDA because we believe it is a useful supplement to cash flow data as a measure of our performance and our ability to generate cash flow from operations to cover debt service and taxes. EBITDA presented herein may not be comparable to similarly titled measures presented by other companies. Investors should not compare our EBITDA to EBITDA presented by other companies because not all companies use the same definition. See “*Management's Discussion and Analysis of Financial Condition and Results of Operations – Non-GAAP financial measures*” for a calculation of the Company's EBITDA.

The GFA information in respect of our projects under development or held for future development contained in this Offering Circular is derived on the following basis:

- When the construction of the projects or project phases is complete and we have received the completion and inspection certificates, the GFA information in respect of these projects or project phases refers to the GFA in such completion and inspection certificates;

- If we have not yet obtained the completion and inspection certificates, but have the detailed construction drawings for the projects or project phases, the GFA information in respect of these projects or project phases refers to the GFA in such detailed construction drawings;
- If we have not yet obtained the detailed construction drawings, but have obtained the construction planning permits for the projects or project phases, the GFA information in respect of these projects or project phases refers to the GFA in such construction planning permits;
- If we have not obtained any of the above documents for these projects or project phases, the GFA information in respect of these projects or project phases refers to the GFA estimated based on our current development plans; and
- The GFA stated in completion and inspection certificates, detailed construction drawings and construction planning permits includes underground saleable GFA but excludes other underground spaces generally used for ancillary facilities. The GFA information in this Offering Circular includes saleable and non-saleable GFA.

Certain conventions and currency presentation

We have prepared this Offering Circular using a number of conventions, which investors should consider when reading the information contained herein. In this Offering Circular, references to the “**Issuer**” are to Wanda Properties Overseas Limited 萬達地產海外有限公司; references to “**Wanda HK**” are to Wanda Commercial Properties (Hong Kong) Co. Limited (萬達商業地產(香港)香港有限公司); references to the “**Subsidiary Guarantors**” are to Wanda HK, Wanda Real Estate Investments Limited 萬達地產投資有限公司 and Wanda Commercial Properties Overseas Limited 萬達商業地產海外有限公司; references to the “**Hong Kong Listco**” are to Wanda Hotel Development Company Limited (萬達酒店發展有限公司), a company incorporated in Bermuda with limited liability and the shares of which are listed on the Hong Kong Stock Exchange (HKSE Stock Code 169); the terms “**we**,” “**us**,” the “**Company**” and words of similar import refer to Dalian Wanda Commercial Management Group Co., Ltd. (大連萬達商業管理集團股份有限公司) itself and its subsidiaries, including the Issuer and the Subsidiary Guarantors, individually or collectively, as the context requires. References to “**you**” are to the prospective investors in the Bonds.

References to “**commercial management**” or “**commercial management business**” are to the Group’s business of development, leasing and management of investment properties held by the Group for long-term investment or commercial properties owned by third parties, including primarily investment property leasing and investment property management when such terms are used to describe or refer to our business or operations in this Offering Circular.

The English names of the PRC entities or organisations or individuals mentioned in this Offering Circular marked “*” are translations from their Chinese names and are for identification purpose only. If there is any inconsistency, the Chinese names shall prevail.

References to the “**United States**” and “**US**” are to the United States of America, references to “**Hong Kong**” are to the Hong Kong Special Administrative Region of the People’s Republic of China, and references to the “**PRC**” and “**China**” are to the People’s Republic of China and, for purposes of this Offering Circular, do not include Hong Kong, the Macau Special Administrative Region of the People’s Republic of China or Taiwan. “**PRC Government**” or “**State**” means the central government of the PRC, including all political subdivisions (including provincial, municipal and other regional or local governmental entities) and instrumentalities thereof, or, where the context requires, any of them.

The Company’s consolidated financial statements are presented in Renminbi and Wanda HK’s consolidated financial statements are presented in Renminbi. For convenience only and unless otherwise noted, all translations from Renminbi into US dollars in this Offering Circular were made at the rate of

CNY6.8650 to US\$1.00, based on the noon buying rate as set forth in the H.10 statistical release of the Federal Reserve Bank of New York on 28 June 2019. No representation is made that the US dollar or Renminbi amounts referred to in this Offering Circular could have been or could be converted into Renminbi or US dollars, as the case may be, at any particular rate or at all. For further information relating to exchange rates, see “*Exchange Rate Information*.”

In this Offering Circular, where information has been presented in thousands or millions of units, amounts may have been rounded up or down. Accordingly, totals of columns or rows of numbers in tables may not be equal to the apparent total of the individual items and actual numbers may differ from those contained herein due to rounding. References to information in billions of units are to the equivalent of a thousand million units.

FORWARD-LOOKING STATEMENTS

This Offering Circular includes forward-looking statements. All statements other than statements of historical fact contained in this Offering Circular, including, without limitation, those regarding our future financial position and results of operations, strategy, plans, objectives, goals and targets, future developments in the markets where we participate or are seeking to participate, and any statements preceded by, followed by or that include the words “believe,” “expect,” “aim,” “intend,” “will,” “may,” “anticipate,” “seek,” “should,” “estimate” or similar expressions or the negative thereof, are forward-looking statements. These forward-looking statements involve known and unknown risks, uncertainties and other factors, some of which are beyond our control, which may cause our actual results, performance or achievements, or industry results to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. These forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. Important factors that could cause our actual results, performance or achievements to differ materially from those in the forward-looking statements include, among others, the following:

- our business and operating strategies;
- various business opportunities that we may pursue;
- our ability to enter into new markets and manage the growth of our operations;
- our operations and business prospects;
- our financial condition and results of operations;
- availability of and changes to bank loans and other forms of financing;
- our liquidity position and our ability to service and repay our indebtedness;
- the general economic and industry outlook of the PRC, including but not limited to the real estate and property market, in particular, the commercial property market;
- changes in political, economic, legal and social conditions in the PRC, including the PRC Government’s specific policies with respect to economic growth, inflation, foreign exchange, institutional lending policies and the availability of credit;
- future developments in the industries and markets in which we operate;
- the performance of the industry and markets in which we operate;
- changes in competitive conditions and our ability to compete under these conditions;
- changes in currency exchange rates; and
- other factors beyond our control.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed under “*Risk Factors*”, “*Description of Wanda HK*” and “*Description of the Company*” and elsewhere in this Offering Circular. We caution you not to place undue reliance on these forward-looking statements which reflect our management’s view only as at the date of this Offering Circular. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this Offering Circular might not occur.

GLOSSARY

In this Offering Circular, unless otherwise defined or as the context otherwise requires, the following expressions have the following meanings:

“2014 Guaranteed Bonds”	US\$600,000,000 in aggregate principal amount of 7.25% guaranteed bonds due 29 January 2024, issued by the 2014 Issuer and guaranteed by Wanda HK, Wanda Real Estate Investments Limited 萬達地產投資有限公司 and Wanda Commercial Properties Overseas Limited 萬達商業地產海外有限公司
“2014 Issuer”	Wanda Properties International Co. Limited
“2019 (March) Guaranteed Bonds”	US\$300,000,000 in aggregate principal amount of 6.25% guaranteed bonds due 27 February 2020, issued by the 2019 (March) Issuer and guaranteed by Wanda HK, Wanda Real Estate Investments Limited 萬達地產投資有限公司 and Wanda Commercial Properties Overseas Limited 萬達商業地產海外有限公司
“2019 (March) Issuer”	Wanda Properties Global Co. Limited
“2019 (December) Guaranteed Bonds”	US\$400,000,000 in aggregate principal amount of 6.95% guaranteed bonds due 5 December 2022, issued by the 2019 (December) Issuer and guaranteed by Wanda HK, Wanda Real Estate Investments Limited 萬達地產投資有限公司 and Wanda Commercial Properties Overseas Limited 萬達商業地產海外有限公司
“2019 (December) Issuer”	Wanda Properties Overseas Limited
“anchor tenant”	a tenant who leases, or a store which occupies, over 1,000 sq.m. of GFA in our investment properties
“BIM technology”	Building Information Modeling is a unique proprietary technology in the manufacturing field
“Board”	the board of directors of the Company
“BVI”	British Virgin Islands
“CBRC”	China Bank Regulatory Commission
“CIT”	the Corporate Income Tax, as defined in the CIT Law
“CIT Law”	the Corporate Income Tax Law of the PRC (《中華人民共和國企業所得稅法》), which came into effect on 1 January 2008 and was amended on 29 December 2018
“Clearstream”	Clearstream Banking, S.A.
“CNY” and “RMB”	Renminbi, the lawful currency of the PRC
“Company”	Dalian Wanda Commercial Management Group Co., Ltd. (大連萬達商業管理集團股份有限公司), formerly known as Dalian Wanda Commercial Properties Co., Ltd. (大連萬達商業地產股份有限公司), a company incorporated with limited liability under the laws of the PRC

“commercial management” or “commercial management business”	the Group’s business of development, leasing and management of investment properties held by the Group for long-term investment or commercial properties owned by third parties, including primarily investment property leasing and investment property management when such terms are used to describe or refer to our business or operations in this Offering Circular
“Director(s)”	the director(s) of the Company
“EBITDA”	gross profit less selling and distribution expenses and administrative expenses, plus depreciation, amortisation of prepaid land lease payments and permanent land, amortisation of other intangible assets and amortisation of right-of-use assets
“Euroclear”	Euroclear Bank SA/NV
“GFA”	gross floor area
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“HKFRS”	Hong Kong Financial Reporting Standards
“Hong Kong” or “HK”	Hong Kong Special Administrative Region of the PRC
“Hong Kong Listco”	Wanda Hotel Development Company Limited (萬達酒店發展有限公司), formerly known as Wanda Commercial Properties (Group) Co., Limited and Hengli Commercial Properties (Group) Limited, a company incorporated in Bermuda with limited liability with its shares listed on the Hong Kong Stock Exchange (HKSE Stock Code: 169)
“Hong Kong Stock Exchange” or “HKSE”	The Stock Exchange of Hong Kong Limited
“IAS”	the International Accounting Standards
“IFRS”	the International Financial Reporting Standards
“Issue Date”	23 January 2020
“Joint Lead Managers”	Credit Suisse (Hong Kong) Limited, Orient Securities (Hong Kong) Limited and BOCOM International Securities Limited
“KTV”	karaoke television, a form of interactive musical entertainment
“LAT”	land appreciation tax, as defined in the Provisional Regulations of the PRC on Land Appreciation Tax and the Detailed Implementation Rules on the Provisional Regulations of the PRC on Land Appreciation Tax
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“MICE”	meeting, incentive travel, convention/conference and event/exhibition

“MNR”	the Ministry of Natural Resources of the PRC and its predecessor or the Ministry of Land Resources of the PRC
“Mr. WANG Jianlin”	Mr. WANG Jianlin, the ultimate substantial shareholder of the Company
“MOFCOM”	the Ministry of Commerce of the PRC
“MOHURD”	the Ministry of Housing and Urban-Rural Development of the PRC
“NDRC”	the National Development and Reform Commission of the PRC or its local counterparts
“Offering”	issue by the Issuer of the Bonds, as described in this Offering Circular
“O2O”	online-to-offline or offline-to-online business strategy that draws potential customers from online channels to physical stores
“PBOC”	People’s Bank of China
“PRC”	the People’s Republic of China, excluding, for purposes of this Offering Circular only, Hong Kong, Macau Special Administrative Region and Taiwan
“PRC Government” or “State”	the central government of the PRC, including all political subdivisions (including provincial, municipal and other regional or local governmental entities) and instrumentalities thereof, or, where the context requires, any of them
“pre-sale”	sales of properties prior to completion of their construction, after the satisfaction of certain conditions under PRC laws and regulations
“R&F”	Guangzhou R&F Properties Co., Ltd., a joint stock limited company established in the PRC with limited liability, the H-shares of which are listed on the main board of the Stock Exchange (stock code: 2777)
“Rating Agency”	any of Fitch Ratings Limited, Moody’s Investors Service Hong Kong Limited or S&P Global Ratings, or any of their respective successors, or if one or more of Fitch Ratings Limited, Moody’s Investors Service Hong Kong Limited or S&P Global Ratings shall not make a rating of the Bonds publicly available, any internationally recognised securities rating agency selected by the Issuer, the Subsidiary Guarantors and the Company, which shall be substituted for Fitch Ratings Limited, Moody’s Investors Service Hong Kong Limited or S&P Global Ratings or any combination thereof
“SAFE”	PRC State Administration of Foreign Exchange
“Securities Act”	the United States Securities Act of 1933, as amended
“SOHO”	a type of small home office
“sq.m.”	square metres
“State Council”	the PRC State Council

“Subsidiary Guarantors”	Wanda HK, Wanda Real Estate Investments Limited 萬達地產投資有限公司 and Wanda Commercial Properties Overseas Limited 萬達商業地產海外有限公司
“Sunac”	Sunac China Holdings Limited, a company incorporated under the laws of the Cayman Islands with limited liability, and the shares of which are listed on the main board of the Stock Exchange (stock code: 1918), together with its wholly owned subsidiary, Sunac Real Estate Group Co., Ltd. (融創房地產集團有限公司), a company established in the PRC with limited liabilities
“US”, “U.S.” or “United States”	United States of America, its territories, its possessions and all areas subject to its jurisdiction
“US\$”	US dollar(s), the lawful currency of the United States of America
“VAT”	value-added tax
“Wanda City”	Wanda City is a large-scale development project integrating culture and tourism facilities, residence, office, shopping centre and hotels
“Wanda Commercial Management”	Wanda Commercial Management Group Co., Ltd. (萬達商業管理集團有限公司), formerly known as Wanda Commercial Management Co., Ltd. (萬達商業管理有限公司), a company established in the PRC with limited liabilities on 8 February 2007 and a wholly-owned subsidiary of the Company
“Wanda E-commerce”	Wanda E-commerce Company (萬達電子商務公司)
“Wanda Group”	Dalian Wanda Group Co., Ltd.
“Wanda HK”	Wanda Commercial Properties (Hong Kong) Co. Limited (萬達商業地產(香港)有限公司)
“Wanda Institute”	a well-established system of the Company to gather, record and share the Company’s management and operational know-how and expertise
“Wanda Mao”	a large-scale and indoor project integrating culture, tourism and business facilities
“Wanda Plaza”	a large-scale, mixed-use project integrating enterprise with the city, the retailers and consumers, and the Company’s core product line

SUMMARY

The summary below is only intended to provide a very limited overview of information described in more detail elsewhere in this Offering Circular. As it is a summary, it does not contain all of the information that may be important to investors. Terms defined elsewhere in this Offering Circular shall have the same meanings when used in this summary. Prospective investors should therefore read this entire Offering Circular, including the section entitled “Risk Factors” and the financial statements and related notes thereto, before making an investment decision.

Overview

We are a market leader in commercial property management and hotel operation with a strong market recognition of our brand name “Wanda” (“萬達”). Over the years, we have accumulated a wealth of project execution experience and strong management capabilities, which have led to the steady expansion of our commercial management business. We are

- the world’s largest owner of commercial properties in terms of the total leasable floor area owned and managed by us, with 289 Wanda Plazas in operation and an aggregate GFA of approximately 42.6 million sq.m., including 28.9 million sq.m. of leasable floor area of shopping centres under our management as at 30 June 2019; and
- one of China’s leading operators of luxury hotels in terms of the number of hotels operated in the PRC, operating 75 self-owned or third-party owned hotels as at 30 June 2019.

Our Wanda Plazas received approximately 2.5 billion, 3.1 billion, 3.8 billion and 2.1 billion guest visits for 2016, 2017, 2018 and the six months ended 30 June 2019, which highlighted Wanda Plaza as a well-known brand with strong consumer recognition in China. Our rental collection rate has maintained at above 99.0% for 14 consecutive years from 2006 to 2019. We anticipate increasing rental income and management fees from management and operation of commercial properties.

As at the date of this Offering Circular, we conduct primarily three businesses, namely:

- (i) development, leasing and management of investment properties held by the Group for long-term investment or commercial properties owned by third parties;
- (ii) operation of third-party owned and self-owned hotels; and
- (iii) other business, primarily sale of yachts and operation of the Group’s research and design centres and institutes. During the relevant periods prior to 2020, we were also engaged in development of properties, including commercial and residential properties, for sale. To implement our asset-light strategy, we decided to phase out our property sale business by transferring our residential property development business and sale of commercial and residential property business outside of our Group and had completed the phase-out of our property sale business by the end of 2019.

Our success is, to a large extent, attributable to our ability in business innovation which allows us to be proactive in responding to trends in the commercial property management, hotel operation and real estate markets. In light of the changing market conditions, we adopted an asset-light development strategy and have transformed ourselves from a property developer into an operator focusing on project execution and commercial management. Under this asset-light model, we introduced co-investors to collaborate on the development of Wanda Plazas. Depending on the pre-negotiated mode of collaboration, our co-investors will fund the capital required for the construction of Wanda Plazas and acquisition of the land or, in certain cases, provide land, whereas we will be responsible for design, construction, leasing and operation of the relevant properties, as well as land acquisition where the co-investors do not provide land. We and our co-investors will also share rental income based on a negotiated ratio. As at 30 June 2019, we operated 59 Wanda Plazas developed under this asset-light

model, including 34 Wanda Plazas developed as asset-light projects and 25 Wanda Plazas developed as cooperative projects, with an aggregate GFA of approximately 7.5 million sq.m., out of a total of 289 Wanda Plazas with an aggregate GFA of approximately 42.6 million sq.m. being operated by us.

In line with our asset-light strategy, as at 30 June 2019, we had transferred to Sunac our entire interests in 14 project companies holding 13 cultural and tourism projects in China and to R&F our entire interests in 71 hotels and an office building, Dalian Wanda Commercial Centre, in China, with two more hotels to be transferred to R&F. In addition, we also transferred to third parties our interests in all of our overseas projects except for the Chicago Project, which, depending on market condition, we may also dispose of in the future. We further disposed of 14 domestic subsidiaries to Wanda Real Estate Group Co., Ltd. and four domestic subsidiaries to independent third parties in 2018, 11 more domestic subsidiaries to Wanda Real Estate Group Co., Ltd., and our entire interest in one domestic subsidiary and 70% interest in another domestic subsidiary to independent third parties during the six months ended 30 June 2019. Through these strategic disposals, we expect to be able to substantially reduce our leverage ratio and focus on, and generate stable and recurring income from, our commercial management and hotel operation business.

The table below sets forth a breakdown of our revenue by business segment for the periods indicated:

	For the year ended 31 December						For the six months ended 30 June	
	2016		2017		2018		2019	
	(CNY million)	Percentage (%)	(CNY million)	Percentage (%)	(CNY million)	Percentage (%)	(unaudited) (CNY million)	Percentage (%)
Revenue								
Investment property leasing and management ⁽¹⁾	17,587 ⁽¹⁾	14.2	24,284	73.6	30,007	87.1	17,092	51.6
Hotel operations	6,241	5.0	5,857	17.8	1,466	4.3	728	2.2
Other Business								
Sale of properties	97,038	78.3	— ⁽²⁾	—	— ⁽²⁾	—	13,882	41.9
Others, including sale of yachts	3,131	2.5	2,847	8.6	2,974	8.6	1,435	4.3
Total	123,997	100.0	32,988	100.0	34,447	100.0	33,137	100.0
Other Revenue	—	—	98,272 ⁽²⁾	—	70,441 ⁽²⁾	—	—	—

Notes:

- (1) For 2016, one single line item “investment property leasing and management,” was used but for 2017, 2018 and the six months ended 30 June 2019, two separate line items “investment property leasing” and “investment property management” were used to account for the income from our commercial management business. For comparison purpose, the numbers under these two separate line items for 2017, 2018 and the six months ended 30 June 2019 are added up and presented under “investment property leasing and management” in this table.
- (2) For 2017 and 2018, the income from sale of properties, amounting to CNY98,272 million and CNY70,441 million, respectively, was classified as “Other Revenue” rather than income under “sales of properties,” as we decided to phase out our property sale business by the end of 2019 and focus our efforts on project execution and commercial management. We made no such classification for the other year/period presented in this Offering Circular.

Competitive Strengths

We believe that the following competitive strengths have contributed to our success in the PRC commercial property management and hotel operation markets and will continue to secure our leading market position in these markets and lay a solid foundation for our commercial management and hotel operation business:

- We have a leading position in the PRC commercial property management sector and enjoy substantial scale benefits and strong brand name recognition.

- Our investment properties generate a significant amount of rental income which serves as a stable source of our revenue and cash flows.
- We possess strong and effective commercial management capabilities.
- We have outstanding execution capabilities in terms of commercial property development and management, which facilitates our successful transformation to an asset-light commercial management company.
- We have developed a synergistic relationship with, and benefit from support from, our parent company.
- We have a strong cash position and diversified financing channels.
- Prominent ultimate substantial shareholder and excellent management team—Mr. WANG Jianlin, our ultimate substantial shareholder, is an influential industry leader, and we have an experienced and visionary management team.
- We have adopted multiple information technology systems to effectively manage our large-scale business operations and improve our operational efficiency.

Business Strategies

We will continue our effort to be or remain the largest operator of commercial properties in terms of the aggregate GFA managed and operated by us, and we will also continue to implement our asset-light strategy. We intend to utilise the following key strategies to grow our business and expand our operations:

- We intend to expand our commercial property portfolio and aim to build China's largest network of urban consumption facilities and urban commercial platforms.
- We intend to further explore and enhance our asset-light development strategy to strengthen our competitive advantage and market position in commercial property management.
- We intend to continue to proactively enhance our commercial management capabilities.
- We intend to continue to attract, motivate and cultivate management talent and personnel to support our operations.
- We intend to utilise advanced network technologies to develop O2O business.
- We intend to reduce the environmental impact of our operations and increase our energy conservation and other environmental protection efforts.

Recent Developments

Disposal of Hengli City Project

On 13 December 2019, the Hong Kong Listco entered into an agreement to dispose of its interest in Amazing Wise Limited, which indirectly holds 100% interest in Hengli City Project, to Zhizun Holdings Limited, the other shareholder of Amazing Wise Limited, for a consideration of HK\$2,000,000. The disposal was completed on 27 December 2019. See “*Description of Wanda HK – The Hong Kong Listco’s property projects in the PRC – Disposal of Hengli City Project (恆力城)*.”

Entry into agreements relating to Shenzhen Longgang Wanda Plaza (深圳龍崗萬達廣場)

On 25 December 2019, we entered into agreements with China South City Group (華南城集團) to design, build and operate the Shenzhen Longgang Wanda Plaza (深圳龍崗萬達廣場), which is expected to become the first next-generation Wanda Plaza upon its completion. Construction of this Wanda Plaza is to be completed through our Wanda Zhuyun System (萬達築雲系統), the world's only ISO-certified digitised construction system, and managed through our digital Huiyun management system. The Wanda Plaza is expected to use the sMall digital platform to be provided by Shanghai Beyond Science Co., Ltd. (上海丙晟科技有限公司) and become the first intelligent business centre in South China with the capability of providing comprehensive digital commercial solutions. The Plaza will be further characterised with a spacious 1,500 sq.m. atrium, and 30 metre-high and 65 metre-long indoor commercial escalators, which will be among the world's highest and longest of their kind. The new Wanda Plaza is designed to provide service combos that can meet customers' needs for tourism, sports and nightlife and retail services. Its services facilities may include gymnasiums, clubs, entertainment parks, bookstores, cinemas, party spaces, bars and 24-hour business centres. This Wanda Plaza is expected to commence operation in 2021.

Completion of phase-out of property sale business

In light of our asset-light strategy, we decided to phase out our property sale business by transferring our entire residential property development business and sale of commercial and residential property business outside of our Group and had completed the phase-out of our property sale business by the end of 2019. As a result, we have transformed ourselves from a property developer into an operator focusing on project execution and commercial management. See “*Management's Discussion and Analysis of Financial Condition and Results of Operations – Description of selected components of consolidated statements of profit or loss – Discontinued operations*” and “*Description of the Company – Our Principal Business Segments – Other Business – Property Development and Sales.*”

OFFER STRUCTURE

The following is a description of the structure of the offering, which should be read in conjunction with the sections entitled “Risk Factors,” “Terms and Conditions of the Bonds,” “Description of the Keepwell Deed” and “Description of the Deed of Equity Interest Purchase Undertaking.” Unless otherwise defined herein, defined terms used in this section shall have the meanings given to them in the Terms and Conditions of the Bonds, the Keepwell Deed and the Deed of Equity Interest Purchase Undertaking, as the context may require.

The Bonds and the Guarantee

The Bonds will be issued by the Issuer. The Bonds will constitute direct, unsubordinated, unconditional and (subject to the Condition 4(a) of the Terms and Conditions of the Bonds) unsecured obligations of the Issuer which will at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Bonds will, save for such exceptions as may be provided by applicable legislation and subject to the Conditions, at all times rank at least equally with all the Issuer’s other present and future unsecured and unsubordinated obligations.

On the Issue Date, the Bonds will have the benefit of the Guarantee by the Subsidiary Guarantors. Pursuant to the Guarantee, the Subsidiary Guarantors will unconditionally and irrevocably guarantee, on a joint and several basis, the due payment of all sums expressed to be payable by the Issuer under the Bonds and the Trust Deed. The obligations of the Subsidiary Guarantors under the Guarantee shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 4 (a) of the Terms and Conditions of the Bonds, at all times rank at least equally with all their other respective present and future unsecured and unsubordinated obligations.

The Issuer is incorporated in the British Virgin Islands and is a wholly-owned subsidiary of Wanda HK. Wanda HK is incorporated in Hong Kong and is a direct wholly-owned subsidiary of the Company. The Company is the direct or indirect holding company of various subsidiaries, associate companies and jointly-controlled entities which carry on certain property development business in the PRC.

The Keepwell Deed

The Issuer, Wanda HK and the Company will execute the Keepwell Deed (as further described in “*Description of the Keepwell Deed*”) in favour of the Trustee on the Issue Date. Defined terms used in this section have the meanings given to them in the Keepwell Deed.

Ownership of the Issuer, Wanda HK and HK Listco

Pursuant to the Keepwell Deed, the Company will undertake with the Issuer, Wanda HK and the Trustee that it shall, directly or indirectly, own and hold all the outstanding shares of each of the Issuer and Wanda HK and will not directly or indirectly pledge, grant a security interest, or in any way encumber or otherwise dispose of any such shares unless required to encumber or dispose of any or all such shares by applicable law or regulation or pursuant to a court decree or order of any government authority which, in the opinion of a legal adviser to the Company, may not be successfully challenged.

Pursuant to the Keepwell Deed, the Company will undertake with the Issuer, Wanda HK and the Trustee that it shall maintain Wanda HK as the flagship overseas investment holding Subsidiary of the Company for its real estate business.

Maintenance of Consolidated Net Worth; Liquidity

In addition, pursuant to the Keepwell Deed, the Company will undertake that it shall cause:

- (a) each of the Issuer and Wanda HK to have a Consolidated Net Worth of at least US\$1.00 (or its equivalent in any other currency) at all times;

- (b) each of the Issuer and Wanda HK to have sufficient liquidity to ensure timely payment by each of the Issuer and Wanda HK of any amounts payable under or in respect of the Bonds and the Guarantee, as the case may be, in accordance with the terms and conditions of the Bonds and/or the Trust Deed and otherwise under the Trust Deed and the Agency Agreement;
- (c) Wanda HK to have an aggregate Total Equity of at least HK\$800,000,000 at all times; and
- (d) each of the Issuer and Wanda HK to remain solvent and a going concern at all times under the laws of their respective jurisdictions of incorporation or applicable accounting standards.

If the Issuer or Wanda HK at any time determines that it will have insufficient liquidity to meet its payment obligations under the Bonds or the Guarantee, as the case may be, and otherwise under the Trust Deed or the Agency Agreement as they fall due, pursuant to the Keepwell Deed, the Issuer and/or Wanda HK will undertake to promptly notify the Company of the shortfall and the Company will make available to the Issuer or Wanda HK, before the due date of the relevant payment obligations, funds sufficient by means permitted by applicable laws and regulations to enable the Issuer or Wanda HK, as the case may be, to pay such payment obligations in full as they fall due. The Issuer or Wanda HK shall use any funds made available to it by the Company in accordance with the Keepwell Deed solely for the payment when due of such payment obligations under the Bonds, the Guarantee or the Trust Deed, as the case may be.

For the purposes of the Keepwell Deed:

“Consolidated Net Worth” means, in respect of the Issuer or Wanda HK, the excess of total assets of the Issuer or Wanda HK and its consolidated Subsidiaries over total liabilities of the Issuer or Wanda HK and its consolidated Subsidiaries, total assets and total liabilities each to be determined in accordance with the Hong Kong Financial Reporting Standards consistently applied; and

“Total Equity” means the line item with the corresponding caption in the consolidated statement of financial position of Wanda HK in its financial reports, comprising the aggregate of:

- (a) the amount paid up or credited as paid up on the issued ordinary share capital of Wanda HK;
- (b) the amount standing to the credit of the consolidated reserve of Wanda HK and its Subsidiaries; and
- (c) the amount attributable to non-controlling interests.

Irrevocable Cross-Border Standby Facility

Pursuant to the Keepwell Deed, no later than 30 Facility Business Days before each Interest Payment Date (the **“Liquidity Notice Date”**), the Issuer shall send to each of the Company and the Trustee a notice in writing (the **“Liquidity Notice”**) certifying, as at the date of the Liquidity Notice, that it has sufficient liquidity (including external resources available to it outside of the PRC) to meet its payment obligations under the Bonds and the Trust Deed as they may fall due (together with evidence of available funding outside the PRC) on or prior to the immediately following Interest Payment Date and that no Event of Default or Potential Event of Default has occurred.

In the event that (i) the Issuer does not provide a Liquidity Notice in accordance with and by the time specified above or (ii) an Event of Default has occurred, the Company shall:

- (a) as soon as practicable grant to the Issuer a standby facility (the **“Standby Facility”**) pursuant to which the Company will remit an amount which (upon conversion, if applicable) will be sufficient to satisfy the payment obligations set out below (the **“Remittance Amount”**);

- (b) as soon as practicable open with a PRC commercial bank (the “**Settlement Bank**”) a special account for the transfer and remittance of the Remittance Amount to the Issuer according to the relevant PRC laws;
- (c) remit the Remittance Amount to a specified account of the Issuer in Hong Kong through the special account (x) in the case of a failure to provide a Liquidity Notice in (i) above at least two Facility Business Days prior to the next Interest Payment Date or (y) in the case of an occurrence of an Event of Default in (ii) above as soon as practicable; and
- (d) cause the Issuer to use the Remittance Amount to discharge its obligations under the Bonds, the Trust Deed, the Agency Agreement, the Deed of Equity Interest Purchase Undertaking and the Keepwell Deed on the due date therefor,

provided that the Company’s obligations to do so shall be subject to prevailing laws, regulations and government policies at such time and if required, regulatory approvals.

The Remittance Amount to be remitted must (after taking into account exchange rate movements) be sufficient to enable the Issuer to purchase US dollars in an amount sufficient to discharge in full:

- in the case of a failure to provide a Liquidity Notice in (i) above, the Issuer’s obligations under the Bonds and the Trust Deed which will become due on the immediate next Interest Payment Date; or
- in the case of an occurrence of an Event of Default in (ii) above, the Issuer’s obligations under or in respect of the Bonds and the Guarantee in accordance with the terms and conditions of the Bonds and/or the Trust Deed and otherwise under the Trust Deed and the Agency Agreement (including, without limitation, the principal amount of the Bonds then outstanding and any interest due and unpaid and/or accrued but unpaid),

plus all costs, fees and expenses and other amounts payable to the Trustee and/or the Agents under or in connection with the Bonds, the Trust Deed, the Agency Agreement, the Deed of Equity Interest Purchase Undertaking and/or the Keepwell Deed as at the date of the Liquidity Notice Date (including without limitation all foreign exchange conversion expenses) plus provisions for costs, fees and expenses and other amounts which may be incurred after the Liquidity Notice Date as notified by the Trustee.

Pursuant to the Keepwell Deed, each of the Company and the Issuer agrees and acknowledges that the terms of the Standby Facility shall be at arm’s length (or more favourable to the Issuer) and shall not require any security from the Issuer. The Standby Facility is not, and nothing therein contained and nothing done pursuant thereto by the Company shall be deemed to constitute, or shall be construed as, or shall be deemed an evidence of, a guarantee by or any legal binding obligation of the Company of the payment of any obligation, responsibility, indebtedness or liability, of any kind or character whatsoever, of the Issuer or Wanda HK under the laws of any jurisdiction, including the PRC.

Other Covenants

The Company will further undertake pursuant to the Keepwell Deed:

- to procure that the articles of association of each of the Issuer and Wanda HK shall not be amended in a manner that is, directly or indirectly, adverse to holders of the Bonds;
- to cause each of the Issuer and Wanda HK to remain in full compliance with the Terms and Conditions of the Bonds, the Guarantee, the Trust Deed and all applicable rules and regulations in Hong Kong and the British Virgin Islands;

- to promptly take any and all action necessary to comply with its obligations under the Keepwell Deed and the Deed of Equity Interest Purchase Undertaking;
- to cause each of the Issuer and Wanda HK to take all action necessary in a timely manner to comply with its obligations under the Keepwell Deed, the Bonds, the Guarantee and the Trust Deed; and
- to procure that the Issuer will not carry on any business activity whatsoever other than in connection with (i) the Bonds and (ii) the issuance of other Relevant Indebtedness (together with the Bonds) up to an aggregate principal amount not exceeding US\$2,000,000,000. Such activities in connection with the Bonds or the issuance of other Relevant Indebtedness shall, for the avoidance of doubt, include the on-lending of the proceeds of the issue of the Bonds or such other Relevant Indebtedness to any of the Subsidiary Guarantors or the Company or as any of them may direct. In this provision, “**Relevant Indebtedness**” means any present or future indebtedness which is in the form of or represented by any bond, note, debenture, debenture stock, loan stock, or other securities which is, or is capable of being, listed, quoted or traded on any stock exchange or in any securities market (including, without limitation, any over-the-counter market) (which for the avoidance of doubt does not include bi-lateral loans, syndicated loans or club deal loans).

The Keepwell Deed is not, and nothing therein contained and nothing done pursuant thereto by the Company shall be deemed to constitute, or shall be construed as, or shall be deemed an evidence of, a guarantee by or any legal binding obligation of the Company of the payment of any obligation, responsibility, indebtedness or liability, of any kind or character whatsoever, of the Issuer or Wanda HK under the laws of any jurisdiction, including the PRC. The performance by the Company of its obligations under the Keepwell Deed may be subject to all necessary approvals, consents, licences, orders, permits, registrations, filings, clearances and any other authorisations from the relevant Approval Authorities (as defined in the Keepwell Deed) (“**Regulatory Approvals**”) and the Company will undertake, pursuant to the Keepwell Deed, to use its best endeavours to obtain such Regulatory Approvals. See “*Risk Factors – The Keepwell Deed and the Deed of Equity interest Purchase Undertaking are not guarantees of the payment obligations under the Bonds and the Guarantee.*”

Accordingly, pursuant to the terms of the Keepwell Deed, the Company will only be obliged to make sufficient funds available to the Issuer and Wanda HK, rather than assume the payment obligation as in the case of a guarantee.

The Deed of Equity Interest Purchase Undertaking

The Company will execute the Deed of Equity Interest Purchase Undertaking (as further described in “*Description of the Deed of Equity Interest Purchase Undertaking*”) in favour of the Trustee on the Issue Date. While the Keepwell Deed contains a general obligation requiring the Company to ensure that the Issuer and Wanda HK have sufficient liquidity to meet any payment obligations under the Bonds, the Deed of Equity Interest Purchase Undertaking provides specified means by which the Company could assist the Issuer and the Subsidiary Guarantors to meet their respective obligations under the Bonds, the Guarantee and the Trust Deed upon the occurrence of an Event of Default.

Pursuant to the terms of the Deed of Equity Interest Purchase Undertaking entered into between the Trustee and the Company, the Company agrees to purchase, either by itself or through a PRC incorporated subsidiary of the Company (the “**Designated Purchaser**”), all or any equity interests upon receiving a written purchase notice (the “**Purchase Notice**”) from the Trustee. The equity interests comprise the interests held by the Relevant Transferor(s) (the “**Equity Interest**”) of a subsidiary of the Company that is held by such Relevant Transferor incorporated outside the PRC.

Obligation to Acquire Equity Interest

Under the Deed of Equity Interest Purchase Undertaking, the Company will undertake to the Trustee that upon receipt of a written Purchase Notice from the Trustee following the Trustee being notified of the occurrence of an Event of Default under the Bonds, the Company will, subject to obtaining all Regulatory Approvals, purchase (either by itself or through a Designated Purchaser) (the “**Purchase**”):

- (a) the Equity Interest held by any Subsidiary Guarantor and/or any other Subsidiaries of the Company incorporated outside the PRC, as designated by the Company and notified in writing to the Trustee within five Business Days after the date of the Purchase Notice; or
- (b) in the absence of a designation and notification within five Business Days after the date of the Purchase Notice as provided in (a) above, the Equity Interest held by all the Subsidiaries of the Company incorporated outside the PRC,

(each such designated entity or Subsidiary, a “**Relevant Transferor**”) in either such case at the Purchase Price on the relevant Purchase Closing Date on the terms set out in the Deed of Equity Interest Purchase Undertaking and the Equity Interest Transfer Agreement.

Determination of Purchase Price

Within 10 Business Days after the date of the Purchase Notice, the Company shall determine (i) the purchase price of the Equity Interest(s) subject to the Purchase (the “**Purchase Price**”) in accordance with any applicable PRC laws and regulations effective at the time of determination; and (ii) the other applicable terms relating to the Purchase, provided that the Purchase Price shall be no less than the aggregate of the following amounts:

- (a) the amount in US dollars sufficient to enable the Issuer and the Subsidiary Guarantors to discharge in full their respective obligations under the Bonds, the Guarantee and the Trust Deed (including without limitation the principal amount of the Bonds then outstanding as at the date of such Purchase Notice and any interest due and unpaid and/or accrued but unpaid on the Bonds up to but excluding the date of such Purchase Notice), plus
- (b) an amount equal to US\$13,750,000 equivalent to the interest amount in respect of one interest period on the Bonds, plus
- (c) all costs, fees and expenses and other amounts payable in US dollars to the Trustee and/or the Agents under or in connection with the Bonds, the Trust Deed, the Agency Agreement, the Keepwell Deed and/or the Deed of Equity Interest Purchase Undertaking as at the date of such Purchase Notice plus provisions for fees and expenses which may be incurred after the date of the Purchase Notice, as notified by the Trustee in the Purchase Notice.

The Company shall, and shall procure each Relevant Transferor to, use their respective best efforts to do all such things and take all such actions as may be necessary or desirable to (i) procure the completion of the Purchase on the relevant Purchase Closing Date within three months from the date of the Purchase Notice; and (ii) procure the remittance of the sum of the Purchase Price to or to the order of the Relevant Transferor(s) in accordance with the Deed of Equity Interest Purchase Undertaking.

The Purchase obligation under the Deed of Equity Interest Purchase Undertaking shall be suspended if, prior to the relevant Purchase Closing Date, each of the Company and the Issuer receives a notice in writing from the Trustee stating that all of the respective payment obligations of the Issuer and the Subsidiary Guarantors under the Bonds, the Guarantee and the Trust Deed have been satisfied as at the date of that notice, or that the Event of Default leading to the service of the Purchase Notice has been waived in accordance with the terms of the Trust Deed.

The Deed of Equity Interest Purchase Undertaking will not, and nothing therein contained and nothing done pursuant thereto by the Company (whether by itself or through the Designated Purchaser) shall be deemed to constitute, or shall be construed as, or shall be deemed an evidence of, a guarantee by or any legal binding obligation of the Company of the payment of any obligation, responsibility, indebtedness or liability, of any kind or character whatsoever, of the Issuer or the Subsidiary Guarantors under the laws of any jurisdiction, including the PRC.

Please see *“Risk Factors – Performance by the Company of its undertaking under the Deed of Equity Interest Purchase Undertaking is subject to approvals of the PRC governmental authorities and there may be uncertainties with respect to the implementation of the NDRC Circular.”*

SUMMARY OF THE OFFERING

The following is a brief summary of the terms of this Offering and is qualified in its entirety by the remainder of this Offering Circular. For a detailed description of the Bonds, see “Terms and Conditions of the Bonds.” The terms and conditions of the Bonds prevail to the extent of any inconsistency set forth in this section. This summary is not intended to be complete and does not contain all of the information that is important to an investor. Phrases used in this summary and not otherwise defined shall have the meanings given to them in “Terms and Conditions of the Bonds.” References in this summary to “Bonds” refer to the US\$400,000,000 aggregate principal amount of 6.875 per cent. Guaranteed Bonds due 2023.

Issuer	Wanda Properties Overseas Limited 萬達地產海外有限公司.
Guarantee	Wanda Commercial Properties (Hong Kong) Co. Limited (萬達商業地產(香港)有限公司) (“ Wanda HK ”), Wanda Real Estate Investments Limited 萬達地產投資有限公司 and Wanda Commercial Properties Overseas Limited 萬達商業地產海外有限公司 (the “ Subsidiary Guarantors ” and each a “ Subsidiary Guarantor ”) have unconditionally and irrevocably guaranteed, on a joint and several basis, the due payment of all sums expressed to be payable by the Issuer under the Bonds and the Trust Deed, as further described in Condition 3(b) of the Terms and Conditions of the Bonds. The Subsidiary Guarantors’ obligations in respect of the Bonds and the Trust Deed are contained in the Trust Deed.
Issue	US\$400,000,000 aggregate principal amount of 6.875 per cent. Guaranteed Bonds due 2023.
Issue Price	100.00 per cent. of the principal amount of the Bonds.
Form and Denomination	The Bonds will be issued in registered form in the specified denomination of US\$200,000 each and integral multiples of US\$1,000 in excess thereof.
Interest	The Bonds will bear interest on their outstanding principal amount from and including the Issue Date at the rate of 6.875 per cent. per annum, payable semi-annually in arrear on 23 January and 23 July in each year, commencing on 23 July 2020.
Issue Date	23 January 2020.
Maturity Date	23 July 2023.
Status of the Bonds	The Bonds constitute direct, unsubordinated, unconditional and, subject to Condition 4(a) of the Terms and Conditions of the Bonds, unsecured obligations of the Issuer and shall at all times rank <i>pari passu</i> and without any preference among themselves, as further described in Condition 3(a) of the Terms and Conditions of the Bonds.
Status of the Guarantee	The obligations of the Subsidiary Guarantors under the Guarantee shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 4(a) of the Terms and Conditions of the Bonds, at all times rank at least equally with all their respective other present and future unsecured and unsubordinated obligations.

Negative Pledge and Financial Covenants . .	The Bonds contain a negative pledge provision and financial covenants, each as further described in Condition 4 of the Terms and Conditions of the Bonds.
NDRC Post-issue Filing .	<p>The Company undertakes to file or cause to be filed with the NDRC the requisite information and documents within the prescribed time period after the Issue Date in accordance with the Circular on Promoting the Reform of the Administrative System on the Issuance by Enterprises of Foreign Debt Filings and Registrations (國家發展改革委關於推進企業發行外債備案登記制管理改革的通知(發改外資[2015] 2044 號)) issued by the NDRC and which came into effect on 14 September 2015, and any relevant implementation rules, reports, certificates, approvals or guidelines as issued by the NDRC from time to time (the “NDRC Post-issue Filing”).</p> <p>The Company undertakes to comply with all applicable PRC laws and regulations in connection with the Bonds (including, without limitation, to comply with the Enterprise Foreign Debt Pre-Issuance Registration Certificate (企業借用外債備案登記證明) from the NDRC dated 20 March 2019).</p> <p>The Company undertakes to within 15 PRC Business Days after submission of such NDRC Post-issue Filing (x) provide the Trustee with a certificate (substantially in the form scheduled to the Trust Deed) signed by an authorised signatory of the Company confirming the completion of the NDRC Post-issue Filing, together with any document(s) evidencing due filing with the NDRC (if any) and (y) give notice to the Bondholders in accordance with Condition 16 of the Terms and Conditions of the Bonds of the same.</p>
Events of Default	The Bonds contain certain events of default provisions as further described in Condition 9 of the Terms and Conditions of the Bonds.
Taxation	<p>All payments of principal, premium (if any) and interest by or on behalf of the Issuer or the Subsidiary Guarantors in respect of the Bonds or under the Guarantee shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within a Relevant Jurisdiction (as defined in the Terms and Conditions of the Bonds) or any political subdivision or authority therein or thereof having power to tax, unless such withholding or deduction is required by law.</p> <p>In such event the Issuer or, as the case may be, the relevant Subsidiary Guarantor shall, subject to the limited exceptions specified in the Terms and Conditions of the Bonds, pay such additional amounts as will result in receipt by the Bondholders of such amounts as would have been received by them had no such withholding or deduction been required.</p>
Final Redemption.	Unless previously redeemed or purchased and cancelled, the Bonds will be redeemed at their principal amount on 23 July 2023.

Redemption for Tax Reasons	The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at their principal amount, together with accrued interest, at any time in the event of certain changes affecting taxes of a Relevant Jurisdiction, as further described in Condition 6(b) of the Terms and Conditions of the Bonds.
Redemption for Change of Control Event.	At any time following the occurrence of a Change of Control Event, the holder of any Bond will have the right, at such holder's option, to require the Issuer to redeem all, but not some only, of that holder's Bonds, at 101 per cent. of their principal amount, together with accrued and unpaid interest to (but excluding) the date of such redemption, as further described in Condition 6(c) of the Terms and Conditions of the Bonds.
Clearing Systems	The Bonds will be represented initially by beneficial interests in the Global Certificate in registered form, which will be registered in the name of a nominee of, and deposited on or about the Issue Date with a common depositary for, Euroclear and Clearstream. Beneficial interests in the Global Certificate will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream. Except as described in this Offering Circular, certificates for the Bonds will not be issued in exchange for beneficial interests in the Global Certificate. The Bonds are not issued in bearer form.
ISIN/Common Code	XS2100658066/210065806.
Legal Entity Identifier	549300BJ7FGBP0KHXY31.
Governing Law	The Bonds, the Trust Deed, the Agency Agreement, the Keepwell Deed and the Deed of Equity Interest Purchase Undertaking will be governed by English law.
Trustee	The Bank of New York Mellon, London Branch.
Principal Paying Agent.	The Bank of New York Mellon, London Branch.
Registrar and Transfer Agent	The Bank of New York Mellon SA/NV, Luxembourg Branch.
Ratings	The Bonds are expected to be rated "Ba3" by Moody's Investors Service, Inc. (" Moody's "), and "BB+" by Fitch Ratings Ltd. (" Fitch "). A rating is not a recommendation to buy, sell or hold the Bonds and maybe subject to revision, suspension or withdrawal at any time by the assigning rating organisation.
Listing	Application will be made to the Hong Kong Stock Exchange for the listing of the Bonds by way of debt issues to Professional Investors only.

Further Issues	The Issuer may from time to time, without the consent of the Bondholders and in accordance with the Trust Deed, create and issue further securities having the same terms and conditions as the Bonds in all respects (or in all respects except for the first payment of interest on them and the timing to submit the NDRC Post-issue Filing and the making of consequential notices thereof) and so that such further issue shall be consolidated and form a single series with the Bonds, as further described in Condition 15 of the Terms and Conditions of the Bonds. However, such further securities may only be issued if (i) the Rating Agency which has provided credit ratings in respect of the Bonds has been informed of such issue; and (ii) such issue will not result in any adverse change in the then credit rating of the Bonds.
Use of Proceeds	See section entitled “ <i>Use of Proceeds.</i> ”
Risk Factors	For a discussion of certain factors that should be considered in evaluating an investment in the Bonds, see “ <i>Risk Factors.</i> ”
Keepwell Deed	The Issuer, the Company, Wanda HK and the Trustee will enter into a keepwell deed as further described in “ <i>Description of the Keepwell Deed.</i> ”
Deed of Equity Interest Purchase Undertaking	The Company and the Trustee will enter into a deed of equity interest purchase undertaking as further described in “ <i>Description of the Deed of Equity Interest Purchase Undertaking.</i> ”

SELECTED FINANCIAL INFORMATION OF THE COMPANY

The following tables present the summary financial information of the Company. The Company's summary consolidated financial information as at and for the years ended 31 December 2016, 2017 and 2018 set forth below has been derived from the Company's consolidated financial statements as at and for the years ended 31 December 2017 and 2018, as audited by E&Y, its independent auditor, and included elsewhere in this Offering Circular. The Company's summary consolidated financial information as at and for the six months ended 30 June 2018 and 2019 has been derived from the Company's unaudited interim condensed consolidated financial statements as at and for the six months ended 30 June 2019, included elsewhere in this Offering Circular. Such unaudited interim condensed consolidated financial statements of the Company have been reviewed by E&Y. The financial position and results of operations of the Company as at and for the six months ended 30 June 2019 are not indicative of our financial position and results of operations for the full year of 2019.

Each of the Company's financial statements as at and for the years ended 31 December 2017 and 2018 and as at and for the six months ended 30 June 2019 have been prepared and presented in accordance with the IFRS. The summary financial statements below should be read in conjunction with the consolidated financial statements and the notes to those statements of the Company included elsewhere in this Offering Circular.

The Company publishes its interim financial information from time to time. Such financial information published by the Company in the PRC is normally derived from its management accounts, is not audited or reviewed by independent auditors and is not prepared or presented in accordance with IFRS, and therefore is not comparable with the Company's audited or reviewed consolidated financial statements. In particular, the published financial information as at and for the nine months ended 30 September 2019 published by the Company in the PRC has not been audited or reviewed by independent auditors. Such financial information is not included in this Offering Circular and should not be relied upon by any investors to make their investment decisions in the Bonds.

Summary Consolidated Income Statement Information

The table below sets forth, for the periods indicated, certain revenue and expense items for our consolidated operations and other financial data:

	For the year ended 31 December			For the six months ended 30 June	
	2016	2017	2018	2018	2019
	(CNY in millions)	(CNY in millions)	(CNY in millions)	(unaudited) (CNY in millions)	(unaudited) (CNY in millions)
Continuing operations					
Revenue	123,997	32,988	34,447	52,312	33,137
Revenue from investment property leasing and management, hotel operation, sale of yachts and others . . .	26,959	32,988	34,447	16,185	19,255
Revenue from sale of properties	97,038	—	—	36,127	13,882
Cost of sales	(76,091)	(14,005)	(12,281)	(27,392)	(15,663)
Cost of investment property leasing and management, hotel operation, sale of yachts and others	12,662	(14,005)	(12,281)	(5,417)	(6,830)
Cost of properties sold	63,429	—	—	(21,975)	(8,833)
Gross profit	47,906	18,983	22,166	24,920	17,474
Other Revenue ⁽¹⁾	—	98,272	70,441	—	—
Other Cost ⁽¹⁾	—	(65,354)	(43,372)	—	—
Other income and gains	4,414	3,804	5,725	4,084	3,915
Increase in fair value of investment properties, net	20,162	19,099	15,603	4,307	3,331
Selling and distribution expenses . .	(5,071)	(4,902)	(2,930)	(1,146)	(861)
Administrative expenses	(7,476)	(7,576)	(5,708)	(2,365)	(2,390)
Other expenses	(1,210)	(10,163)	(3,685)	(1,611)	(1,217)
Finance costs	(7,568)	(9,149)	(9,342)	(4,571)	(5,283)
Share of profits and losses of joint ventures	28	—*	(68)	—*	(82)
Profit before tax/Profit before tax from continuing operations . . .	51,185	43,014	48,830	23,618	14,887
Income tax expense	(18,301)	(20,693)	(18,439)	(8,550)	(4,844)
Profit for the year/period from continuing operations	32,833	22,321	30,391	15,068	10,043
Discontinued operations					
Profit/(loss) for the year/period from discontinued operations . . .	51	(329)	1,275	399	—
Profit for the year/period	32,884	21,992	31,666	15,467	10,043
Attributable to:					
Owners of the parent	30,336	20,011	29,367	14,195	9,509
Non-controlling interests	2,548	1,981	2,299	1,272	534
	<u>32,884</u>	<u>21,992</u>	<u>31,666</u>	<u>15,467</u>	<u>10,043</u>
Other Financial Data: (unaudited)					
EBITDA ⁽²⁾	37,406	41,752	41,320	21,746	14,643
EBITDA margin ⁽³⁾	30.2%	31.8%	39.4%	41.6%	44.2%

* The amounts are rounded to the nearest million and presented as zero.

Summary Consolidated Financial Position Information

	As at 31 December			As at 30 June
	2016	2017	2018	2019
	(CNY in millions)	(CNY in millions)	(CNY in millions)	(unaudited) (CNY in millions)
Non-current assets				
Property, plant and equipment	49,600	9,427	9,029	7,541
Right-of-use assets	—	—	—	1,556
Investment properties	383,050	379,003	407,412	419,089
Prepaid land lease payments and permanent land	11,185	2,605	1,640	—
Goodwill	2,941	2,451	1,338	1,043
Other intangible assets	2,367	2,149	1,914	1,856
Investments in joint ventures	783	—*	2,278	2,196
Equity investments designated at fair value through other comprehensive income	—	—	2,560	2,005
Available-for-sale investments	830	5,053	—	—
Financial assets at fair value through profit or loss . . .	—	—	8,236	296
Long-term receivables	123	134	407	241
Deferred tax assets	7,462	6,401	3,449	2,834
Other non-current assets	—	198	3,702	3,450
Total non-current assets	458,341	407,421	441,965	442,107
Current assets				
Inventories	165,360	89,265	47,211	30,170
Prepaid taxes	8,757	8,104	6,548	5,603
Trade and bills receivables	766	610	810	803
Contract incremental costs	—	—	231	84
Prepayments, other receivables and other assets	15,571	10,770	10,899	12,039
Financial assets at fair value through profit or loss . . .	—	—	8,630	6,595
Derivative financial instrument	—	—	—*	1
Other current assets	294	32,102	23,100	43,803
Restricted cash	5,503	5,783	5,917	6,370
Cash and cash equivalents	94,735	113,702	77,362	56,249
	290,986	260,336	180,708	161,717
Assets of disposal groups classified as held for sale	1,818	21,348	3,289	6,870
Total current assets	292,804	281,684	183,997	168,587
Current liabilities				
Trade and bills payables	81,800	57,711	34,695	23,268
Other payables and accruals	171,357	115,426	79,074	64,170
Derivative financial instrument	3	1	—	—
Interest-bearing bank and other borrowings	24,450	23,857	10,793	9,185
Deferred income	297	251	117	40
Dividend payables	24	30	35	154
Obligation under finance leases	17	35	—	—
Tax payable	6,120	4,926	4,217	1,350
Bonds and notes	—	3,926	11,986	27,079
	284,068	206,163	140,917	125,246
Liabilities directly associated with the assets classified as held for sale	2	10,419	—	870
Total current liabilities	284,070	216,582	140,917	126,116
Net current assets	8,734	65,102	43,080	42,471
Total assets less current liabilities	467,075	472,523	485,045	484,578

	As at 31 December			As at 30 June
	2016	2017	2018	2019
	(CNY in millions)	(CNY in millions)	(CNY in millions)	(unaudited) (CNY in millions)
Non-current liabilities				
Bonds and notes	81,741	90,485	78,633	65,477
Interest-bearing bank and other borrowings	118,265	90,747	90,883	96,970
Obligation under finance leases	1,732	2,870	–	–
Deferred income	2,172	496	488	561
Deferred tax liabilities	39,789	45,074	50,311	52,246
Total non-current liabilities	<u>243,699</u>	<u>229,672</u>	<u>220,315</u>	<u>215,254</u>
Net assets	<u>223,376</u>	<u>242,851</u>	<u>264,730</u>	<u>269,324</u>
Equity				
Equity attributable to owners of the parent				
Share capital	4,527	4,527	4,527	4,527
Reserves	200,355	216,676	241,260	246,167
	204,882	221,203	245,787	250,694
Non-controlling interests	<u>18,494</u>	<u>21,648</u>	<u>18,943</u>	<u>18,630</u>
Total equity	<u>223,376</u>	<u>242,851</u>	<u>264,730</u>	<u>269,324</u>

* The amounts are rounded to the nearest million and presented as zero.

- (1) For the years ended 31 December 2017 and 2018, the income from sale of properties and cost from sale of properties were classified as “Other Revenue” and “Other Cost” as we decided to phase out our property sale business by the end of 2019 and focus our efforts on project execution and commercial management. We made no such classification for the other year/period presented in this Offering Circular. For presentation purposes, we include our Other Revenue and Other Cost in our calculation of EBITDA for the years ended 31 December 2017 and 2018.
- (2) EBITDA is not a standard measure under IFRS, but is a widely used financial indicator of a company’s ability to service and incur debt. EBITDA should not be considered in isolation or construed as an alternative to cash flows, net income or any other measure of performance or as an indicator of our operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities. EBITDA refers to our gross profit less selling and distribution expenses and administrative expenses, plus depreciation, amortisation of prepaid land lease payments and permanent land, amortisation of other intangible assets and amortisation of right-of-use assets. We have included EBITDA because we believe it is a useful supplement to cash flow data as a measure of our performance and our ability to generate cash flow from operations to cover debt service and taxes. EBITDA presented herein may not be comparable to similarly titled measures presented by other companies. Investors should not compare our EBITDA to EBITDA presented by other companies because not all companies use the same definition. Please see “*Management’s Discussion and Analysis of Financial Condition and Results of Operations – Non-GAAP financial measures*” for a calculation of our EBITDA.
- (3) EBITDA margin is calculated by dividing EBITDA by the sum of Revenue and Other Revenue, as applicable, for the relevant period, expressed as a percentage.

SELECTED FINANCIAL INFORMATION OF WANDA HK

The following tables present the summary financial information of Wanda HK. Wanda HK's summary consolidated financial information as at and for the years ended 31 December 2016, 2017 and 2018 has been derived from Wanda HK's audited consolidated financial statements as at and for the years ended 31 December 2017 and 2018 included elsewhere in this Offering Circular. Such consolidated financial statements of Wanda HK have been audited by E&Y, its independent auditor. Wanda HK's summary consolidated financial information as at and for the six months ended 30 June 2018 and 2019 has been derived from Wanda HK's unaudited interim condensed consolidated financial statements as at and for the six months ended 30 June 2019 included elsewhere in this Offering Circular. Such unaudited interim condensed consolidated financial statements of Wanda HK have been reviewed by E&Y. The financial position and results of operations of Wanda HK as at and for the six months ended 30 June 2019 are not indicative of its financial position and results of operations for the full year of 2019.

Wanda HK's financial statements as at and for the years ended 31 December 2017 and 2018 and as at and for the six months ended 30 June 2019 have been prepared and presented in accordance with the HKFRS. The summary financial statements below should be read in conjunction with the consolidated financial statements of Wanda HK and the notes to those statements included elsewhere in this Offering Circular.

As at the date of this Offering Circular, the main assets of Wanda HK are its holdings of approximately 65% of indirect equity interest in the Hong Kong Listco and its 40% direct equity interest in the joint venture company that owns 90% interest in the Chicago Project. For more information of the Hong Kong Listco and its property projects, see "Description of Wanda HK – Acquisition and holding of the Hong Kong Listco", "Description of Wanda HK – The Hong Kong Listco's property projects in the PRC" and "Description of Wanda HK – The Hong Kong Listco's property project abroad."

Summary Consolidated Income Statement Information

	For the year ended 31 December			For the six months ended 30 June	
	2016	2017	2018	2018	2019
	(CNY in thousands)	(CNY in thousands)	(CNY in thousands)	(unaudited) (CNY in thousands)	(unaudited) (CNY in thousands)
Continuing operations					
Revenue	2,420,416	1,247,612	1,923,973	466,557	1,069,704
Cost of sales	(1,739,501)	(665,068)	(866,636)	(115,787)	(444,555)
Gross profit	680,915	582,544	1,057,337	350,770	625,149
Other income and gains	32,182	884,753	56,282	56,623	73,421
Net valuation gain/(loss) on investment properties	608,524	(7,090)	(41,687)	39,510	9,998
Selling expenses	(113,147)	(140,192)	(98,155)	(42,834)	(33,120)
Administrative expenses	(343,384)	(332,999)	(271,822)	(147,793)	(124,588)
Other expenses	(168,873)	(41,329)	(756,887)	(193,721)	(46,931)
Finance costs	(781,507)	(1,174,483)	(705,454)	(413,140)	(278,400)
Share of profits and losses of joint ventures	28,415	156	–	–	–
Profit/(loss) before tax/Profit/(loss) before tax from continuing operations	(56,875)	(228,640)	(760,386)	(350,585)	225,529
Income tax expense	(376,545)	(279,618)	(217,925)	(41,846)	(207,568)
Profit/(loss) for the year/period from continuing operations	(484,599)	(508,258)	(978,311)	(392,431)	17,961
Discontinued operations					
Profit/(loss) for the year/period from discontinued operations	51,179	(328,493)	1,271,805	395,217	–
Profit/(loss) for the year/period	(433,420)	(836,751)	293,494	2,786	17,961
Attributable to:					
Owners of the parent	(433,597)	(443,317)	297,591	(80,839)	24,837
Non-controlling interests	177	(393,434)	(4,097)	83,625	(6,876)
	(433,420)	(836,751)	293,494	2,786	17,961

Summary Consolidated Statements of Financial Position

	As at 31 December			As at 30 June
	2016	2017	2018	2019
	(CNY in thousands)	(CNY in thousands)	(CNY in thousands)	(unaudited) (CNY in thousands)
Non-current assets				
Property, plant and equipment	935,384	464,958	591,171	45,993
Freehold land	2,003,467	925,368	139,420	–
Investment properties	5,859,394	5,738,000	5,412,000	5,359,000
Right-of-use assets	–	–	–	101,117
Prepaid land lease payments	15,486	15,076	14,665	–
Other intangible assets	1,207	6,722	6,365	6,442
Goodwill	286,751	286,751	286,751	286,751
Investments in joint ventures	783,144	–	–	–
Long-term receivable	–	388,175	311,826	232,761
Deferred tax assets	153,414	81,106	52,051	46,190
Total non-current assets	<u>10,038,247</u>	<u>7,906,156</u>	<u>6,814,249</u>	<u>6,078,254</u>
Current assets				
Properties under development	6,661,274	4,514,832	3,608,504	411,462
Completed properties held for sale	979,585	782,346	458,724	599,781
Trade receivables	35,782	126,228	281,650	262,978
Prepayments, other receivables and other assets	1,991,440	3,430,898	5,125,480	4,227,899
Contract incremental costs	–	–	51,155	4,956
Prepaid tax	82,705	98,007	111,136	127,286
Pledged deposits	450,260	169,831	9,042	8,903
Cash and cash equivalents	6,193,261	4,226,503	4,587,167	5,468,273
	<u>16,394,307</u>	<u>13,348,645</u>	<u>14,232,858</u>	<u>11,111,538</u>
Assets classified as held for sale	1,818,320	8,343,747	–	3,532,275
Total current assets	<u>18,212,627</u>	<u>21,692,392</u>	<u>14,232,858</u>	<u>14,643,813</u>
Current liabilities				
Trade payables, other payables and accruals	3,113,229	2,256,083	10,444,467	9,025,583
Contract liabilities	–	–	581,627	319,378
Receipts in advance	721,124	967,392	78,753	95,820
Interest-bearing bank borrowings	2,427,248	11,978,299	1,267,124	500,118
Other borrowings	–	178,482	11,234	11,234
Lease liabilities	–	–	–	5,005
Guaranteed bond	–	3,925,686	–	2,100,907
Other current liability	–	–	–	–
Tax payable	227,259	321,445	229,131	228,853
	<u>6,488,860</u>	<u>19,627,387</u>	<u>12,612,336</u>	<u>12,286,898</u>
Liabilities directly associated with the assets classified as held for sale	1,828	1,593,923	–	870,276
Total current liabilities	<u>6,490,688</u>	<u>21,221,310</u>	<u>12,612,336</u>	<u>13,157,174</u>
Net current assets	<u>11,721,939</u>	<u>471,082</u>	<u>1,620,522</u>	<u>1,486,639</u>
Total assets less current liabilities	<u>21,760,186</u>	<u>8,377,238</u>	<u>8,434,771</u>	<u>7,564,893</u>
Non-current liabilities				
Interest-bearing bank borrowings	11,823,877	2,193,433	1,729,800	772,309
Other borrowings	–	61,494	326,622	332,751
Lease liabilities	–	–	–	80,701
Guaranteed bond	8,173,841	3,856,069	4,050,224	4,060,369
Deferred tax liabilities	579,320	624,109	629,092	638,883
Total non-current liabilities	<u>20,577,038</u>	<u>6,735,105</u>	<u>6,735,738</u>	<u>5,885,013</u>
Net assets	<u>1,183,148</u>	<u>1,642,133</u>	<u>1,699,033</u>	<u>1,679,880</u>
Equity				
Equity attributable to owners of the parent				
Issued capital	–	–	–	–
Retained earnings	(2,553,696)	–	–	–
Accumulated losses	–	(2,997,013)	(2,640,133)	(2,615,296)
Other reserves	2,304,965	3,311,903	2,822,310	2,775,146
	<u>(248,731)</u>	<u>314,890</u>	<u>182,177</u>	<u>159,850</u>
Non-controlling interests	<u>1,431,879</u>	<u>1,327,243</u>	<u>1,516,856</u>	<u>1,520,030</u>
Total equity	<u>1,183,148</u>	<u>1,642,133</u>	<u>1,699,033</u>	<u>1,679,880</u>

RISK FACTORS

An investment in the Bonds is subject to a number of risks. Investors should carefully consider all of the information in this Offering Circular and, in particular, the risks described below, before deciding whether to invest in the Bonds. The following describes some of the significant risks that could affect the Company, the Issuer, Wanda HK, the other Subsidiary Guarantors and the value of the Bonds. Some risks may be unknown to the Company, Wanda HK, the other Subsidiary Guarantors and the Issuer; and other risks, currently believed to be immaterial, could, in fact, be material. Any of these could materially and adversely affect the business, financial condition, results of operations and prospects of the Company, Wanda HK, the other Subsidiary Guarantors and the Issuer. The market price of the Bonds could decline due to any of these risks, and investors may lose part or all of their investment. This Offering Circular also contains forward-looking statements that involve risks and uncertainties. The actual results of the Company, the Issuer, Wanda HK and the other Subsidiary Guarantors could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks described below and elsewhere in this Offering Circular. The Company, the Issuer, Wanda HK and the other Subsidiary Guarantors may be affected materially by requirements and restrictions that arise under PRC laws, regulations and government policies in nearly all aspects of their business in the PRC.

Risks relating to our business

We are dependent on property leasing and management income from our investment property portfolio.

Property leasing and management income from our investment properties constitutes an important part of our revenue. For the years ended 31 December 2016, 2017 and 2018 and the six months ended 30 June 2019, property leasing and management income accounted for approximately 14.2%, 73.6%, 87.1% and 51.6%, respectively, of our revenue, and the percentage is expected to increase further in the future as we have phased out our property sale business by transferring our entire residential property development business and sale of commercial and residential property business to the real estate group of Wanda Group and as we continue to implement our asset-light strategy. We are subject to risks incidental to the ownership and/or operation of commercial properties, including volatility in market rental rates and occupancy levels, competition for tenants, costs resulting from on-going maintenance and repair and inability to collect rent from tenants or renew leases with tenants due to bankruptcy, insolvency, financial difficulties or other reasons. We provide certain covenants in our lease agreements with certain tenants which obligate us to achieve a designated occupancy rate and/or attract designated tenants. We cannot assure you that we will be able to abide by these covenants in the future. If we are unable to comply with these covenants, the relevant tenant has the right not to pay any rent, to adjust the rental rate or to terminate the lease agreement, as the case may be. Furthermore, as for some of our tenants, their rents are based on their relevant revenues and, as a result, our rental income also partially depends on the business performance of our tenants. In addition, we may not be able to retain our tenants or secure new tenants at rental rates acceptable to us or at all. All these factors could negatively affect the demand for our investment properties and our rental income, which may have a material and adverse effect on our business, financial condition and results of operations.

We may not be able to attract and retain quality tenants for our investment properties.

Our investment properties compete for tenants with other property operators and developers on factors including location, quality, maintenance, property management, rental rates, services provided and other lease terms. We cannot assure you that our existing or prospective tenants will not choose other properties. Any future increase in the supply of properties which compete with ours would increase the competition for tenants and, as a result, we may have to reduce rental rates or incur additional costs to make our properties more attractive. Also, we may not be able to lease our properties to a desirable mix of tenants to achieve our business objectives or at rental rates that are consistent with our projections. In addition, we may not be able to renew leases with our existing tenants on terms

acceptable to us, or increase rental rates to a level of the then prevailing market rate, or at all, upon the expiry of the existing terms. Furthermore, some existing tenants may experience operational issues or financial difficulties or may even be forced into liquidation or bankruptcy. If we are not able to retain our existing tenants, attract new tenants to replace those that leave, or lease our vacant properties, our occupancy rates may decline and our investment properties may become less attractive and competitive. Deterioration of the financial condition of our existing tenants may also result in payment delays, non-payment of rents or even holdovers by such tenants. This, in turn, may have a material and adverse effect on our business, financial condition and results of operations.

Our profitability and results of operations are affected by the continued success of our business model and successful implementation of our asset-light model.

Our success is dependent on our managerial and operational resources, ability to obtain financings and manage and control our cash flows, and our knowledge of the needs of our target tenants and customers as well as the market trends for the property and retail sectors. If we fail to establish or expand our business model as much as anticipated, our business, financial condition and operating results may be materially and adversely affected.

In addition, in order to optimise the balance of high return on equity, stable cash flow and prudent capital structure, we initiated an asset-light development strategy in 2015 by introducing co-investors to collaboratively develop Wanda Plazas. Depending on the pre-negotiated mode of collaboration, our co-investors will fund the capital required for the construction of Wanda Plazas and acquisition of the land, or in certain cases, provide land, whereas we will be responsible for design, construction, leasing and operation of the relevant properties, as well as land acquisition where the co-investors do not provide land. We and our co-investors will also share rental income based on a negotiated ratio. We cannot assure you that we will always be able to secure suitable co-investors or agree with them on potential terms commercially acceptable to us, or that the co-investors will execute the project in the same manner, or as efficiently, as us. Any disagreements with our co-investors may also develop into stalemates or serious disputes, which may not be resolved efficiently or amicably in a short period of time. If we fail to successfully implement such asset-light model to the degree anticipated, our expansion plan may be affected, and, as a result, our business, financial condition and operating results may be materially and adversely affected.

Our profitability and results of operations depend on the expansion of our business into new geographic markets.

In order to achieve sustainable growth, we need to continue to seek business opportunities in selected regions in the PRC with the potential for growth in areas where we have no existing operations. We may not be able to identify geographic locations with sufficient growth potential to expand our market reach or operate our new projects. For the geographic locations we select, we may face intense competition from other commercial property operators with established experience or presence and from other developers with similar expansion plans. Furthermore, our experience in existing markets, and our business model, may not be readily transferable to, and replicated in, new markets in our target cities. We cannot assure you that we will not experience issues such as capital constraints, construction delays and operational difficulties at new business locations. We may also experience difficulties in expanding our existing business and operations, and in training an increasing number of personnel to manage and operate the expanded business.

We may not be able to effectively manage our continued growth.

Continued expansion of our operations will place significant demands on our management, systems and resources. In addition to training and managing our workforce, in particular with respect to our commercial management business, our financial and management controls, reporting systems and procedures will also need to expand to cater to business extension and growth. In recent years, the scale of our business has continued to expand as the number of our subsidiaries increases. Although we have

established internal control mechanisms to manage our subsidiaries, we cannot assure you that these internal control mechanisms will always be effective or we would be able to effectively monitor each subsidiary and prevent non-compliance. Also, we will need to effectively manage our capital and other financial resources in order to grow and expand our business, and we may fail to do so in the future. As a result, there can be no assurance that we will be able to efficiently or effectively manage the growth of our operations, and any such failure could materially and adversely affect our business, financial condition and results of operations as well as our ability to implement our business strategy.

Our profitability and results of operations are affected by changes in interest rates.

Our bank and other borrowings bear interest at fixed rates and floating rates. We have incurred, and expect to continue to incur, a significant amount of interest expenses relating to our borrowings from commercial banks and trust financing companies. Accordingly, changes in interest rates have affected, and will continue to affect, our financing costs and, ultimately, our profitability and results of operations. For the years ended 31 December 2016, 2017 and 2018, and the six months ended 30 June 2019, total interest expenses on bank loans, other loans and bonds and notes (including capitalisation of interest) were CNY11,228 million, CNY12,241 million, CNY9,788 million and CNY5,085 million, respectively. As we borrow from both domestic and overseas banks and other financial institutions, the changes in the prevailing interest rates in the domestic and global credit markets may affect our profitability and results of operations.

We have substantial indebtedness and may incur additional indebtedness in the future, and Wanda HK has historically had net losses, which may materially and adversely affect our financial condition and results of operations.

Our total interest-bearing bank and other borrowings, including both current and non-current borrowings, as at 31 December 2016, 2017 and 2018 and 30 June 2019, amounted to CNY142,715 million, CNY114,604 million, CNY101,676 million and CNY106,155 million, respectively, and our outstanding bonds and notes amounted to CNY81,741 million, CNY94,411 million, CNY90,619 million and CNY92,556 million, respectively, as at the same dates. Our substantial indebtedness could have important consequences. For example, it could:

- increase our vulnerability to adverse general economic and industry conditions;
- require us to dedicate a substantial portion of our cash flow from operations to servicing and repaying our indebtedness, thereby reducing the availability of our cash flow to fund working capital, capital expenditures, and for other general corporate purposes;
- limit our flexibility in planning for, or reacting to, changes in our businesses and the industry in which we operate;
- place us at a competitive disadvantage compared to our competitors that have less debt;
- limit, together with the financial and other restrictive covenants of our indebtedness, among other things, our ability to borrow additional funds; and
- increase the cost of additional financing.

In the future, we may from time to time incur substantial additional indebtedness and contingent liabilities, which could intensify the risks that we face as a result of our indebtedness.

Wanda HK had net losses of CNY433.4 million and CNY836.8 million for the years ended 31 December 2016 and 2017, respectively. It further had a net profit of CNY293.5 million and CNY18.0 million for the year ended 31 December 2018 and six months ended 30 June 2019. There is no assurance that Wanda HK's operations will generate profits in the future, and in that case, to maintain

solvency and liquidity, Wanda HK will rely heavily upon cash provided by the Company or by external financing. This, in turn, may materially and adversely affect our financial condition and results of operations.

Our ability to generate sufficient cash to satisfy our outstanding and future debt obligations will depend upon our future operating performance, which will be affected by, among other things, prevailing economic conditions, PRC governmental regulation, the demand for properties in the regions where we operate, the performance of the retail and hotel sector, and other factors, many of which are beyond our control. We may not generate sufficient cash flow or otherwise have sufficient funds to pay our anticipated operating expenses and to service or repay our debts, in which case we will be forced to adopt an alternative strategy that may include actions such as reducing or delaying capital expenditures, disposing of our assets, restructuring or refinancing our indebtedness or, seeking equity capital. These strategies may not be implemented on satisfactory terms, or at all, and, even when implemented, may result in an adverse effect on our business, financial condition and results of operations. In such circumstances, our liquidity position, as well as our ability to service and repay our debts, may further suffer as a result.

The equity interests in certain of our PRC subsidiaries are pledged as collateral to secure our borrowings.

Certain of our PRC subsidiaries have entered into fund arrangements with certain financial institutions, which act in their capacity as trustees, pursuant to which such trustees have raised trust funds and injected the funds to these subsidiaries. All such funds bear interest at fixed interest rates, have fixed repayment terms, and are secured by equity interests of these PRC subsidiaries. The share of net assets in connection with the pledged equity interests of these PRC subsidiaries was approximately CNY15,175 million, CNY87 million, CNY79 million and CNY67 million as at 31 December 2016, 2017 and 2018 and 30 June 2019, respectively. In the event we fail to meet the payment obligations under such borrowings, the financial institutions may take possession of the pledged equity interests in these PRC subsidiaries. As a result, our business, financial condition and results of operations may be adversely affected.

Certain restrictive covenants and risks normally associated with debt financing may limit or otherwise materially and adversely affect our business, financial condition and results of operations.

We are subject to certain restrictive covenants in our loan and financing agreements with certain banks and trust companies and in our bonds. For example, some of our loan agreements obligate some of our subsidiaries to maintain certain financial ratios. In addition, certain loan agreements contain covenants pursuant to which we or our relevant operating subsidiaries may not enter into mergers or joint ventures, carry out any restructurings, decrease our or their respective registered share capital, transfer material assets, liquidate, change our shareholding, or distribute dividends without the relevant lenders' prior written consent, or unless we fully settle the outstanding amounts under the relevant loan agreements.

We cannot assure you that we will be able to abide by all of the restrictive covenants of any of our loan agreements in the future or obtain lenders' consents or waivers in a timely manner or at all. If we are unable to comply with the restrictions and covenants of our current or future debt obligations and other agreements, there could be a default under the terms of these agreements, in which event, the holders of the debt could accelerate repayment of the debt and declare all outstanding amounts due and payable, or terminate the agreements, as the case may be. Furthermore, some of our debt agreements contain cross-acceleration or cross-default provisions. As a result, our default under one debt agreement may cause the acceleration of repayment of other debt, or result in a default under our other debt agreements.

If any of these events occurs, we cannot assure you that our assets and cash flow would be sufficient to repay in full all of our indebtedness which has become due and payable, or that we would be able to find alternative financing. Even if we could obtain alternative financing, we cannot assure you that it would be on terms favourable or acceptable to us.

We may be materially and adversely affected if we fail to fulfil our obligations under the trust and other financing arrangements.

We entered into trust financing arrangements with certain trust financing companies acting as trustees of the respective trust funds to finance our property projects in the past. If we default on any financing repayment or otherwise breach the relevant trust or other financing agreement, we may be subject to litigation, our reputation may be damaged and we may have difficulties in raising further funds at our expected costs. In addition, under certain trust financing arrangements, we granted a pledge of the equity interest held by us in, and/or land use rights or other assets held by, our relevant subsidiary in favour of the trust financing company, or we transferred a minority equity interest in the relevant subsidiary and pledged the remaining equity interest held by us in the relevant subsidiary and/or our other assets to the trust financing company. Any default of such trust financing arrangements may prevent us from redeeming or repurchasing the pledged equity interest in our project companies and other pledged assets from the relevant trust financing companies. Any of the foregoing occurrences may adversely affect our business, financial condition and results of our operations.

An increase in online shopping could reduce the foot traffic in our shopping centres and the demand for our retail space.

In recent years, the traditional retail industry has experienced an overall slowdown due to development of e-commerce in China. With the rapid growth of e-commerce in China, more customers have switched their shopping habit from shopping in traditional retail stores to online shopping. As a result, more retailers may close their underperforming retail outlets and expand their operations and sales through online platforms. Such a shift in demand from traditional physical retail space towards online shopping platforms has represented, and will continue to represent, a challenge for our commercial management business. There is no assurance that the foot traffic in our shopping centres and the demand for our retail space will not reduce in the future due to further development of e-commerce in China.

The fair value of our investment properties and goodwill is likely to fluctuate from time to time and may decrease significantly in the future, which may materially and adversely affect our profitability.

We are required to reassess the fair value of our investment properties at the end of each reporting period. Under IFRS, gains or losses arising from changes in the fair value of our investment properties are included in our consolidated statements of profit or loss for the period in which they arise. Our valuations are based on current prices in an active market for similar properties or estimated by adopting an income capitalisation approach based on existing and current market rents for similar properties, using capitalisation rates that reflect current market assessments of the uncertainty in the market. Based on such valuation, we recognised the aggregate fair value of our investment properties and relevant deferred tax on our consolidated statements of financial position and increases in fair value of investment properties and movements of the relevant deferred tax on our consolidated statements of profit or loss. For the years ended 31 December 2016, 2017 and 2018 and the six months ended 30 June 2019, our net increases in fair value of investment properties were CNY20,162 million, CNY19,099 million, CNY15,603 million and CNY3,331 million, accounting for 61.3%, 86.8%, 49.3% and 33.2% of the net profit for the same periods, respectively.

Despite their impact on the reported profit, fair value gains or losses do not change our cash position as long as the relevant investment properties are held by us. The amount of revaluation adjustments have been, and will continue to be, subject to market fluctuations. As a result, we cannot assure you that changes in the market conditions will continue to create fair value gains on our

investment properties or that the fair value of our investment properties will not decrease in the future. In addition, the fair value of our investment properties may materially differ from the amounts we would receive in actual sales of the investment properties. Any significant decreases in the fair value of our investment properties or any significant decreases in the amount we receive in actual sales of our investment properties as compared with the recorded fair value of such properties would materially and adversely impact our results of operations.

In addition, we may suffer goodwill impairment during our course of business. To compete effectively and sustain our growth, we may conduct mergers and acquisitions in different jurisdictions from time to time. However, we cannot guarantee the prices we paid for such mergers and acquisitions are the lowest or most reasonable in the market upon completion of such transactions. We conduct revaluation of our acquired assets annually and recognise relevant impairment losses when they occur, which may have an adverse impact on our profit for the relevant period. For the years ended 31 December 2016, 2017 and 2018 and the six months ended 30 June 2019, our goodwill impairment amounted to nil, CNY490 million, CNY1,113 million and CNY295 million, respectively.

Our anchor tenants may have interests that are not aligned with our objectives for our investment properties.

The anchor tenants that rent and operate the retail properties owned by us do not have exclusive arrangements with us and may own, operate or franchise other properties, including properties that may compete with the properties owned by us. As a result, our anchor tenants may have interests that do not align with our interests with respect to our short-term or long-term goals and objectives. Disputes with our anchor tenants or the early termination of our lease agreements with them could materially and adversely affect our business, financial condition, results of operations and prospects.

Our hotel management business is heavily dependent on the quality of our hotel management services and the market recognition of our brand and reputation.

We began to operate hotels under the Wanda brand in 2012, and established our own hotel brands comprising Wanda Reign, Wanda Vista, Wanda Realm, Wanda Jin and Wanda Moments. We provide hotel management services and operate our own hotels as well as hotels not owned by us under our brand.

Our ability to attract and retain guests for hotels we operate depends, to an extent, upon the quality of our hotel management services as well as the external perceptions of our brand. We cannot assure you that we will continue to effectively provide quality hotel management services satisfactory to the hotel owners and fulfil the demands of the hotel customers. In addition, any actions, in connection with the hotels we operate, that are considered to be improper by the public may lead to negative publicity and media attention, which may damage our brand and reputation. Any degradation or adverse market developments or any negative publicity affecting any of these hotels could adversely affect the attractiveness of the hotels we operate. If we are unable to maintain and improve the quality of our hotel management services and the brand image and reputation of the hotels we operate, our operations, financial condition and results of operations may be materially and adversely affected.

We may not be able to generate adequate returns on our properties held for long-term investment purposes.

The completed property developments held by us are generally intended to be held for long-term investment. Property investment is subject to varying degrees of risks. The investment returns available from real estate depend, to a large extent, on the amount of capital appreciation generated, income earned from the rental of the relevant properties, as well as the expenses incurred. Maximising yields from properties held for long-term investment also, to a large extent, depends on active ongoing management and maintenance of the properties. The ability to dispose of investment properties will eventually also depend on market conditions and levels of liquidity, which may be limited or subject to

significant fluctuation in the case of certain types of commercial properties. The revenue derived from completed investment properties and the value of property investments may be adversely affected by a number of factors, including, but not limited to, changes in rental levels at comparable properties, the inability to collect rent due to bankruptcy or insolvency of tenants and the costs resulting from periodic maintenance, repair and re-letting. If our property investment business is unable to generate adequate returns, our business, financial condition, results of operations and prospects may be adversely affected.

We incur high maintenance and operating costs in relation to the investment properties and hotels operated by us, which may increase.

Our property leasing and hotel operation businesses utilise a large amount of utilities such as gas, water and electricity. We are generally not able to influence the prices which utilities providers charge us, nor can we easily switch to different utilities providers. Any price increase or change in pricing structure from these utilities providers could have an adverse effect on our operating costs. As a result, increases in the prices of products and services which we procure to maintain our services to our tenants and guests could increase our operating costs if we are not able to pass these higher costs on to our customers.

In addition, operating investment properties and hotels, as well as the restaurants and other associated facilities within the hotels, involves a significant amount of fixed costs, including maintenance and upkeep costs as well as employee and staff salaries and expenses. These fixed costs limit our ability to respond to adverse market conditions by minimising costs. Such limitations may have an adverse impact on our profitability when the property leasing and hotel industries experience a downturn, and may exacerbate the impact of a decline in occupancy rates, rental rates or room rates, or in demand for our restaurants and catering facilities. Any significant increase in maintenance costs and operating costs may have a material and adverse effect on our business, financial condition, results of operations and prospects.

Our investment properties and hotels may encounter temporary closures, reduced turnover or lower occupancy rates as a result of repairs, refurbishments and/or the redevelopment or renovation of the properties or neighbouring properties.

Our investment properties and hotels may have defects or deficiencies requiring significant capital expenditures, repair or maintenance expenses or payment of other obligations to third parties. Our investment properties and hotels may also need to undergo redevelopment or renovation works from time to time to retain their attractiveness and may also require maintenance or repairs. Such defects and/or the repair, maintenance or replacement works carried out could increase our costs and could have an adverse effect on the operations of our investment properties and hotels and/or the attractiveness to tenants and guests of such investment properties and hotels. In some circumstances, such repairs, refurbishments, redevelopments or renovations may require the temporary closure of an investment property or hotel or the restaurants or other facilities within the investment property or hotel. As a result, during the period of any such repairs, refurbishments, redevelopments or renovations, we may experience a reduction in the occupancy rates, rental income and/or average room rates of the investment property or hotel and/or the number of customers using our restaurants and catering facilities. The occurrence of any of the above circumstances could have a material and adverse effect on our business, financial condition and results of operations.

The operation of hotels and the development and operation of commercial properties require licences and permits and any failure to obtain or renew such licences and permits may adversely affect our operations.

The operation of hotels and the development and operation of commercial properties are generally subject to various local laws and regulations. Such laws and regulations may require us to be licensed and to obtain other permits to develop properties and own, operate, manage and lease our investment properties and hotels.

Property developers in the PRC must hold a valid property development qualification certificate and several construction permits to develop commercial and residential properties. In addition, a property developer must renew its qualification certificates on an annual basis unless the local rules and regulations allow for a longer renewal period or provide exemptions from renewal requirement. Due to our business expansion, we usually set up one or more new project companies to develop and operate our properties in a new city. PRC laws provide that a newly established property developer must first apply for a provisional qualification certificate with a one-year validity, which can be renewed annually for not more than two consecutive years. If, however, the newly established property developer fails to commence any property development project within the one-year period following the provisional qualification certificate, it will not be allowed to renew the term of its provisional qualification certificate.

Government regulations require developers to fulfil all statutory requirements before they may obtain or renew their qualification certificates. We cannot assure you that we will be able to obtain or renew the necessary qualification certificates in a timely manner, or at all. If we do not possess valid qualification certificates, the government may refuse to issue permits necessary for our property projects. In addition, the government may impose a penalty on us for failing to comply with the provisions of qualification certificates related regulations. Any of the above factors could adversely impact the development schedule of our property projects, which could in turn have a material and adverse effect on our business, financial condition and results of operations.

We are required to obtain a number of licences and permits for our investment properties and hotel operations. Any changes in such laws and regulations may also impact the businesses of our investment properties and hotels and may result in higher costs of compliance.

We cannot assure you that we will be able to obtain or renew the relevant qualification certificates, licences and permits in the future. If we fail to obtain or renew our requisite qualification certificates, licences and permits, our business, financial condition and results of operations may be materially and adversely affected. Moreover, any failure to comply with new or revised laws and regulations could result in the imposition of fines or other penalties by the relevant authorities. The occurrence of any of the above circumstances could have an adverse impact on our business, financial condition and results of operations.

Our international operations may be risky, costly and difficult, and our profitability and prospects may be materially and adversely affected.

While continuing to focus on business operations in China, we have international operations and are exposed to a number of potential risks associated with international operations. Such potential risks include political and social instability, economic instability and recessions, increased labour costs and shortage of labour supply, difficulties of administering foreign operations generally, obligations to comply with a wide variety of domestic and foreign laws and other regulatory requirements, increased scrutiny for capital outflows in relation to outbound investment by PRC enterprises, potentially adverse tax consequences, foreign exchange fluctuation and losses, and the inability to effectively enforce contractual or legal rights. In addition, our experience in the PRC markets may not be readily replicated

in markets in other countries. Any of the foregoing and other risks and uncertainties could adversely affect our international operations and result in reduced turnover from our international operations, which in turn could adversely affect our financial condition and results of operations.

Expansion into new businesses and our offerings of new products and services may expose us to challenges and risks.

We may continue to, as permitted by the PRC regulatory authorities, expand our offerings of products and services including, for example, entertainment services. On 31 May 2018, our Company, Linzhi Tencent Technology Co., Ltd. (林芝騰訊科技有限公司) and Hainan Fapiaoer Science and Technology Co., Ltd. (海南高燈科技有限公司), a Tencent-invested company engaging in electronic invoice business, announced that the three parties would launch an internet technology joint venture which aims to integrate both online and offline consumption and build a “New Consumption” business model. The joint venture, Shanghai Beyond Science Co., Ltd. (上海丙晟科技有限公司), incorporated in Shanghai on 8 June 2018, was held as to 51% by the Company. These new businesses may have different operational parameters and risk profiles when compared to our more established existing businesses, and we may not have sufficient operating experience to effectively manage these new businesses and the corresponding risks. If we are unable to achieve the expected results with respect to new businesses we intend to enter into and our offering of new products and services, our business, financial condition, results of operations and prospects could be materially and adversely affected.

Disputes with joint venture or other business partners may adversely affect our business.

Some of our businesses are being operated by joint venture enterprises formed by us and third-party partners or otherwise in cooperation with such third-party partners. The economic or business interests or goals of those partners may not always be consistent with those of ours. Joint venture or other business partners may be unable or unwilling to fulfil their obligations under the relevant agreements or may have financial difficulties. Additionally, a disagreement with any such third-party partners could result in postponement or suspension of the relevant projects, early termination of joint venture or cooperation arrangements, or litigation or other legal proceedings, which could adversely affect our business, financial condition and results of operations.

We could face business and financial risks with respect to past and potential future acquisitions, mergers and strategic alliances.

We could face significant management, administrative and financial challenges in achieving our key commercial objectives following any mergers, acquisitions and strategic alliances. These challenges include but are not limited to:

- difficulties in the integration of the operations, technologies and personnel of the acquired company;
- loss of key management staff upon the merger and/or acquisition;
- diversion of management’s attention away from other business concerns;
- expenses of any undisclosed or potential legal liabilities of the acquired company;
- legal, regulatory, contractual, labour or other issues that could arise from an acquisition, merger or strategic alliance; and
- inability to service any increased leveraged positions upon the acquisition, merger, or strategic alliance.

The risks associated with acquisitions, mergers and strategic alliances could have a material adverse effect upon our business, financial condition and results of operations. We cannot assure you that we will be successful in integrating the acquired companies with our existing business and operations.

The illiquidity of commercial properties and the lack of alternative uses of investment properties and hotel may significantly limit our ability to respond to adverse changes in the performance of our investment properties.

Because property investments in general are relatively illiquid, our ability to promptly sell one or more of our commercial properties in response to changing economic, financial and investment conditions is limited. We cannot predict whether we will be able to sell any of our commercial properties for the price or on the terms set by us, or whether any price or other terms offered by a prospective purchaser would be acceptable to us. We also cannot predict the length of time needed to find a purchaser and to complete the sale of a property. In addition, if we sell a commercial property during the term of that property's tenancy agreement or management agreement, we may have to pay termination fees to our retail tenants or our third party hotel management companies.

Moreover, investment properties and hotels may not be readily converted to alternative uses, as such conversion requires extensive governmental approvals in the PRC and involves substantial capital expenditures for the purpose of renovation, reconfiguration and refurbishment. We cannot assure you that we will possess the necessary approvals and sufficient funds to carry out the required conversion. These factors and any others that would impede our ability to respond to adverse changes in the performance of our investment properties and hotels could affect our ability to compete against our competitors and our results of operations.

We may not be as successful in carrying out our asset-light strategy as we would have anticipated, which may have a material and adverse effect on our business, financial condition and results of operations.

In light of the changing market conditions, we have adopted an asset-light development strategy and transformed ourselves from a property developer into an operator focusing on project execution and commercial management. In line with our asset-light strategy, as at 30 June 2019, we had disposed of to Sunac our equity interest in our 14 project companies holding 13 cultural and tourism projects in China and to R&F 71 hotels and an office building of Dalian Wanda Commercial Centre in China, with two more hotels to be transferred to R&F. Pursuant to our agreement with R&F, our Group's hotel management companies continue to provide hotel management services with respect to certain hotels operating under our Wanda brand and charge R&F management fees. R&F also agreed to give priority to our hotel management companies on the renewal of the hotel management agreements of these hotels operating under our Wanda brand before their expiry. In addition, we also transferred to third parties our interests in all of our overseas projects except for the Chicago Project, which, depending on market condition, we may also dispose of in the future. In 2018, we further disposed of 14 domestic subsidiaries to Wanda Real Estate Group Co., Ltd. and four domestic subsidiaries to independent third parties, and during the six months ended 30 June 2019, we disposed of 11 more domestic subsidiaries to Wanda Real Estate Group Co., Ltd., and our entire interest in one domestic subsidiary and 70% interest in another domestic subsidiary to independent third parties.

In line with our asset light strategy, we may further dispose of our assets. We cannot guarantee that such disposals will be made at prices that enable us to achieve optimal economic returns, neither can we guarantee that the agreements with respect to these disposals will be carried out effectively or as anticipated. If we are not as successful in carrying out our asset-light strategy as we may have anticipated, our business, financial condition and results of operations may be materially and adversely affected.

We are, and will continue to be, dependent on the conditions of the PRC property market, particularly the commercial property market and in the cities where we operate and intend to operate.

We currently conduct substantially all of our business operations in the PRC, and substantially all of our revenue is derived from the PRC. Accordingly, our business and prospects depend heavily on the conditions of the PRC property market, in particular, the commercial property market, and related sectors, including the retail and hotel sectors, which are heavily influenced by PRC government policies. Any adverse development in the demand for properties and any measures that the PRC government may take to restrict the growth of the property market in China, particularly in the cities where we operate or intend to operate, may adversely affect our business, financial condition, results of operations and prospects.

The PRC property market, in particular, the commercial property market, and related sectors, including the retail and hotel sectors, are affected by many factors, including changes in the PRC social, political, economic and legal environment and changes in the PRC government's fiscal and monetary policy. We are also sensitive to changes in the economic conditions, consumer confidence, consumer spending and customer preferences of the urban Chinese population. Other factors beyond our control, such as levels of personal disposable income, may also affect consumer confidence in our geographic markets and demand for our properties. In particular, the value of our commercial properties may fluctuate significantly in response to market demands and policy changes in the PRC. The completion of our ongoing projects is also largely subject to availability of funds provided by financial institutions and capital markets, which are similarly sensitive to these changes. The PRC property market experienced fluctuations in recent years in response to PRC government policies and trends in the PRC and world economy. In particular, the PRC property market is affected by the recent slowdown in China's economic growth. There have been increasing concerns over the sustainability of the property market growth in China. Any global or PRC economic slowdown or financial turmoil in the future may adversely affect the business of the potential tenants and customers of our properties, which may lead to a decrease in the general demand for our properties and a decrease in the value or rents of our properties.

Our income generated from sales of properties depends on a number of factors and such income generated from sales of properties will cease to be a major source of our revenue in the future.

Historically, we have derived our revenue principally from the sale of properties we developed. For the year ended 31 December 2016 and the six months ended 30 June 2019, we generated 78.3% and 41.9%, respectively, of our revenue from the sale of properties. For the years ended 31 December 2017 and 2018, we generated income from sale of properties amounting to CNY98,272 million and CNY70,441 million, respectively, which were classified as "Other Revenue" in our statement of profit or loss for the respective periods. Our results of operations may fluctuate due to factors such as the schedule of our property development and the timing of property sales.

We generally recognise income from the sale of a property upon the completion of construction and delivery of the property to the buyer, at which point we believe the significant risks and rewards of ownership are transferred to the buyer. Due to the capital requirements for construction and the time required for completing a project, we can undertake only a limited number of property development projects at a time. In addition, since the timing of the delivery of our properties varies according to our construction timetable, our revenue and results of operations may vary significantly from period to period depending on the number of properties delivered during a specific period. The quantity of properties delivered is largely a result of our property delivery schedule and may not be indicative of the actual demand for our properties or sales achieved during that period. Our revenue and profit during any given period generally reflect property investment decisions made by purchasers at a time significantly before property delivery, typically at least in the prior fiscal period. In addition, fluctuations in our

operating results relating to the property sale business may also be caused by other factors, including fluctuations in expenses such as development costs, administrative expenses, and selling and marketing expenses and changes in market demand for our properties.

As part of our efforts to implement our asset-light strategy, we decided to phase out our property sale business by transferring our entire residential property development business and sale of commercial and residential property business outside of our Group and had completed the phase-out of our property sale business by the end of 2019. Therefore, the income generated from sale of properties will cease to be a major source of our revenue in the future. As a result, the historical financial information of our Group disclosed herein or otherwise may not be indicative of our future financial results.

We may be exposed to various types of taxes in the jurisdictions in which we operate or have a presence.

As our operations are primarily based in the PRC, the income and gains derived by us will be primarily exposed to profits tax in the PRC. In addition, the income and gains derived by us may be exposed to various types of taxes in other jurisdictions where members of the Group are incorporated, including Hong Kong, the British Virgin Islands, the United Kingdom, Bermuda and the United States. These may include income taxes, withholding taxes and other taxes payable on the receipt of dividends and other distributions. While we intend to manage our tax situation in each of these jurisdictions efficiently, there can be no assurance that the desired tax outcome will necessarily be achieved. In addition, the level of taxation in each of these jurisdictions, including the PRC, is subject to changes in laws and regulations as well as changes in the application of existing laws and regulations by tax authorities, and such changes, if any, may lead to an increase in our effective tax rates. We will also be subject to taxes in any new jurisdictions in which we may operate, and similar risks will apply in respect of such taxes. All of these factors may have a material and adverse effect on our business, financial condition and results of operations.

Property development under the traditional asset-heavy model is capital intensive and we also face a series of other risks in relation to our property development operations.

Property development under the traditional asset-heavy model usually requires substantial capital investment during the construction period. To the extent we continue to engage in property development under the traditional asset-heavy model, there is no assurance that we will be able to obtain adequate financing for our property development projects on satisfactory or commercially reasonable terms, or at all.

To the extent we continue to engage in the property development activities, our business and operations may be subject to a number of other risks, including, but not limited to, the followings:

- our results of operations may be materially and adversely affected by the rising cost of construction materials and labour;
- we may be subject to fines or sanctions by the PRC government if we fail to pay land grant premium or fail to develop properties according to the terms of the land grant contracts;
- the total GFA of some of our property developments may exceed the original permitted GFA and the excess GFA is subject to governmental approval and will require us to pay additional land grant premium.

Any of the foregoing and other risks and uncertainties could adversely affect our business, financial condition and results of operations.

We may not be able to obtain sufficient funding for our business expansion on commercially reasonable terms, or at all.

We expect to continue to incur significant capital expenditures and expenses to implement our business expansion. For the three years ended 31 December 2018 and the six months ended 30 June 2019, we financed our property projects and other operations primarily through bank loans, proceeds from issuance of corporate bonds and medium-term notes and internally generated funds. We expect to continue to fund our operations and capital expenditure primarily through these sources. However, there is no assurance that such funds will be sufficient at any given time or all times or that any additional financing can be obtained on satisfactory or commercially reasonable terms, or at all. Our ability to obtain external financing in the future and the cost of such financing are subject to uncertainties, many of which are beyond our control, including:

- requirements to obtain PRC government approvals necessary for obtaining financing in the domestic or international markets;
- our future results of operations, financial condition and cash flows;
- the condition of the international and domestic financial markets and the availability of financing in such markets;
- our shareholder's ability to provide guarantee to us;
- changes in the monetary policies of the PRC government with respect to bank interest rates;
- lending policies and practices of commercial banks; and
- changes in policies regarding regulation and control of the property or other markets in which we operate.

The PRC government has in recent years taken a number of measures in the financial sector to further tighten lending requirements for property developers to cool down excessive growth in the property sector, which, among other things:

- prohibit PRC commercial banks from extending loans to property developers to finance land grant premium;
- prohibit PRC commercial banks from extending any existing loans or granting any revolving credit facilities in any form to property developers that hold and speculate in idle lands, hoard properties and rig price for properties;
- prohibit PRC commercial banks from taking commodity properties of property developers that have been vacant for more than three years as security for loans;
- prohibit PRC commercial banks from granting loans to development projects that fail to meet project capital ratio requirements or lack the required government permits and certificates; and
- prohibit property developers from using borrowings obtained from any local banks to fund property developments outside that local region, subject to limited exceptions.

The PRC government has also implemented restrictions on the ability of PRC property developers to obtain offshore financing. For example, on 27 June 2018, at a press conference held by the NDRC regarding the Notice Concerning Improvements to Market Restraint Mechanisms and Strict Prevention of Foreign Debt Risk and Local Government Debt Risk (《關於完善市場約束機制嚴格防範外債風險和地

方債務風險的通知》) jointly issued by the NDRC and the Ministry of Finance, the NDRC officials expressed that they plan to further regulate and standardize, among others, the relevant qualifications for the issuance of foreign debt and the usage of funds from such issuance by enterprise. The NDRC may issue further regulations and guidance to optimise the regulation of foreign debt issuance, such as directing the foreign debt issued by property developers to be used primarily for the repayment of maturing debt.

In addition, PBOC sets the benchmark lending rates and regulates the reserve requirement ratio for commercial banks in the PRC, which affects the availability and cost of financing to us from them. PBOC has adjusted the bank reserve requirement ratio several times in recent years. We cannot assure you that the PRC government will not introduce initiatives that may limit our access to capital, or that we will be able to secure adequate financing or renew our existing credit facilities on commercially reasonable terms, or at all. Moreover, unlike properties developed for sale which can be pre-sold (subject to applicable PRC laws relating to pre-sales) to finance the related property developments, our investment properties and hotels require significant upfront capital expenditures but generate no cash inflow until the development has been completed and the relevant hotel operation or the lease with respect to the relevant investment properties commences. Furthermore, our investment properties and hotels require capital expenditures associated with periodic renovations. If we are unable to obtain sufficient funding for our business expansion and operation on commercially reasonable terms, or at all, our business, financial condition and results of operations may be materially and adversely affected.

We cannot assure you that third-party contractors will always meet our quality standards and provide services in a timely manner.

We engage third-party contractors to provide various services, including the construction of buildings for our execution and development of property projects. We generally select third-party contractors through competitive bids and also through an internal assessment of factors including their demonstrated competence, market reputation and our prior relationship with them, if any. We cannot assure you that the services rendered by any of these third-party contractors will be satisfactory or meet our requirements for quality and safety, or that their services will be completed on time. If the performance of any third-party contractor proves unsatisfactory, or if any of them is in breach of its contractual obligations due to their financial difficulties or other reasons, we may need to replace such contractor or take other actions to remedy the situation, which could materially and adversely affect our costs and the construction progress of our projects. In addition, as we are expanding our business into new geographical locations, there may be a shortage of third-party contractors that meet our standards and, as a result, we may not be able to engage a sufficient number of high-quality third-party contractors in a timely manner, which may adversely affect the construction schedules and development costs of our property projects. Finally, our external contractors may undertake projects from other developers, engage in risky undertakings or otherwise encounter financial or other difficulties which may cause delays in the completion of, or increase the development costs of, our property project. The occurrence of any of the above events may have a material adverse effect on our business, financial condition, results of operations and reputation.

We may be subject to fines due to the lack of registration of our leases.

Pursuant to the Administration of the Measures for Commodity House Leasing (《商品房屋租賃管理辦法》) promulgated on 1 December 2010 and which became effective on 1 February 2011, parties to a lease agreement are required to file the lease agreements for registration and obtain property leasing filing certificates for their leases. We have failed to register certain of our leases in the past. Such failure may result in third parties challenging our interests in the respective leased properties. We cannot assure you that legal disputes or conflicts concerning such leases and tenancies will not arise in the future. In addition, we may be required by relevant government authorities to file the lease agreements for registration and may be subject to a fine for non-registration within the prescribed time limit, which may range from CNY1,000 to CNY10,000 per lease agreement. The occurrence of any of the above conflicts or disputes or the imposition of the above fines could require us to make additional efforts and/or incur additional expenses, any of which could materially and adversely impact our business, financial condition and results of operations.

If our provisions for LAT prove to be insufficient, our financial condition and results of operations may be materially and adversely affected.

Under PRC tax laws and regulations, all income derived from the sale or transfer of land use rights, buildings and their ancillary facilities in the PRC is subject to LAT on the appreciation of land value at progressive rates ranging from 30% to 60%. LAT is calculated based on proceeds received from the sale of properties less deductible expenditures as provided in the relevant tax laws. We make provisions for the full amount of applicable LAT in accordance with the relevant PRC tax laws and regulations from time to time pending settlement with the relevant tax authorities. Provisions for LAT are made on our own estimates based on, among other things, our own apportionment of deductible expenses which is subject to final confirmation by the relevant tax authorities upon settlement of the LAT. We cannot assure you that the relevant tax authorities will agree with our calculation of LAT liabilities, nor can we assure you that the LAT provisions will be sufficient to cover our LAT obligations in respect of our past LAT liabilities. If the relevant tax authorities determine that our LAT liabilities exceed our LAT prepayments and provisions, and seek to collect that excess amount, our cash flow, results of operations and financial condition may be materially and adversely affected. In addition, as we continue to expand our business operations, we cannot assure you that our provision for LAT obligations based on our estimates in new markets will be sufficient to cover our actual LAT obligations. As there are uncertainties as to when the tax authorities will enforce the LAT collection and whether it will apply the LAT collection retrospectively to properties sold before the enforcement, any payment as a result of the enforcement of LAT collection may restrict our cash flow position and our ability to execute our business plans.

We may not have adequate insurance to cover all losses and claims associated with our operations.

We maintain insurance in line with general industry practice in the PRC and other jurisdictions where we operate and as we consider appropriate for our business operations. We do not, however, maintain insurance against all risks associated with our operations. Moreover, there are certain losses for which insurance is not available in the PRC on commercially practicable terms. We may incur losses, damages or liabilities during any stage of our property execution and commercial management arising from these uninsured events, and we may not have sufficient funds to cover the same or to rectify or replace any uninsured property or project that has been damaged or destroyed. In addition, any payments we are obligated to make to cover any losses, damages or liabilities may materially and adversely affect our business, financial condition and results of operations.

Our success depends on the continued services of our senior management team and other qualified employees.

Our continued success and growth depends on our ability to identify, hire, train and retain suitably skilled and qualified employees, including management personnel, with relevant professional skills. The services of our Directors and members of senior management are essential to our success and future growth. The loss of a significant number of our Directors and senior management could have a material adverse effect on our business if we are unable to find suitable replacements in a timely manner. We may not be able to successfully attract, assimilate or retain all of the personnel we need. We may also need to offer superior compensation and other benefits to attract and retain key personnel and therefore cannot assure you that we will have the resources to fully achieve our staffing needs. Due to the intense competition for management and other personnel in the PRC property sector, any failure to recruit and retain the necessary management personnel and other qualified employees could have a material adverse impact on our business and prospects.

A deterioration in our brand image or any infringement of our intellectual property rights may materially and adversely affect our business.

We rely to a significant extent on our brand name, “Wanda” (“萬達”), in marketing our properties to potential tenants and customers. Any negative incident or negative publicity concerning us, our business or our tenants could adversely affect our reputation and business. Our brand value and consumer demand for our properties could decline significantly if we fail to maintain the quality of our properties or fail to deliver a consistently positive experience to the tenants and customers of our properties, or if we are perceived to have acted in an unethical or socially irresponsible manner. In addition, our efforts to protect our brand name may not be adequate and we may be unable to identify any unauthorised use of our brand name or to take appropriate steps to enforce our rights on a timely basis.

In addition, our service marks, trademarks, trade secrets and other intellectual property are critical to our success. We rely on trademark and copyright law, trade secret protection and confidentiality agreements with our employees, customers, business partners and others to protect our intellectual property rights. Despite the precautions taken, it may be possible for third parties to obtain and use our intellectual property without authorisation, which may adversely affect our business and reputation. Moreover, litigation may be necessary in the future to enforce our intellectual property rights, to protect our trade secrets or to determine the validity and scope of the proprietary rights of others. Such litigation could result in substantial costs and a diversion of resources and, consequently, could adversely affect our business and results of operations.

We rely on our information systems to conduct our business, and any failure to protect these systems against security breaches or any interruption or failure of these information systems could adversely affect our business and results of operations.

The efficient operation of our business is dependent on computer hardware and software systems. Information systems are vulnerable to security breaches by computer hackers and cyber terrorists. We rely on industry accepted security measures and technology to securely maintain confidential and proprietary information maintained in our information systems. However, these measures and technology may not adequately prevent security breaches. In addition, the unavailability of the information systems or the failure of these systems to perform as anticipated for any reason could disrupt our business and result in decreased performance and increased operating costs, causing our business and results of operations to suffer. Any significant interruption or failure of our information systems or any significant breach of security could adversely affect our business and results of operations.

If we fail to maintain effective internal controls and sound corporate governance, our business, financial condition, results of operations and reputation could be materially and adversely affected.

We have implemented various measures to improve and optimise our internal controls and corporate governance. However, there can be no assurance that all such measures will be effective or that material deficiencies in our internal controls will not be discovered. Our efforts to improve and optimise our internal controls have required, and in the future may require, increased costs and significant management time and commitment. If we fail to maintain effective internal controls, our business, financial condition, results of operations or reputation could be materially and adversely affected.

We may be involved in legal and other proceedings arising out of our operations from time to time and may face significant liabilities as a result.

We may be involved in disputes with various parties involved in our business operations, primarily the operation of our investment property leasing and management business and hotel business, including contractors, suppliers, construction workers, customers and project development partners. These disputes may lead to various forms of protests against us or legal or other proceedings and may result in substantial costs, damages to our brand and reputation and a diversion of resources and management's attention. In addition, we may have disagreements with regulatory bodies in the course of our operations which may subject us to administrative proceedings and unfavourable decrees that result in pecuniary liabilities, cause delays to our execution of property projects or otherwise disrupt our business operations. We may be involved in other proceedings or disputes in the future that may have an adverse effect on our business, financial condition, results of operations or cash flows.

Adverse media reports about us, our projects or other aspects of our business, whether substantiated or not, may cause harm to our reputation and adversely affect our business and results of operation.

As a market leader in the commercial property management industry, information about us, our projects or other aspects of our business appears frequently in various media outlets. Some of these media reports may contain inaccurate information about us, our projects or other aspects of our business. For example, in the past, there were negative media reports alleging that government investigations had been brought against us. We could also be subject to, or otherwise affected by, negative publicity about our controlling or other shareholders, affiliates, directors, officers or other employees, as well as our partners or tenants. There can be no assurance that there will not be false, inaccurate or adverse media reports about us, our projects or other aspects of our business in the future. If there are false, inaccurate or adverse media reports that government investigations have been brought against us, or if there are rumours about our financial position and results of operations, our reputation and brand image could be harmed, we may lose clients and business partners, and our revenue and results of operation may be materially and adversely affected. In addition, such inaccurate or negative media reports may lead to regulatory investigations into or heightened scrutiny over us and we may be required to respond or take defensive and remedial actions with regard to such inaccurate or adverse media reports, which may divert our resources and our management's attention and adversely affect our business operations.

Moreover, there can be no assurance as to the appropriateness, accuracy, completeness or reliability of any media reports regarding our Group. To the extent that any media reports contain information that is inconsistent or conflicts with the information contained in this Offering Circular, we disclaim them, and investors should not rely on such information in making a decision as to whether to purchase the Bonds, and should rely only on the information included in this Offering Circular.

Accidents, injuries or prohibited activities in our investment properties and hotels may adversely affect our reputation and subject us to liability.

There are inherent risks of accidents, injuries or prohibited activities (such as illegal drug use, gambling, violence or prostitution by guests and infringement of third parties' intellectual property or other rights by our tenants) taking place in public places that we own, such as shopping malls and hotels. The occurrence of one or more accidents, injuries or prohibited activities at any of our investment properties or hotels could adversely affect our reputation among customers and guests, harm our brand, decrease our overall rents and hotel occupancy rates and increase our costs by requiring us to implement additional safeguard measures. In addition, if accidents, injuries or prohibited activities occur at any of our investment properties or hotels, we may be held liable for costs, damages and fines and there is a risk that our operations may be suspended as a result. Our current property and liability insurance policies may not provide adequate or any coverage for such losses, and we may be unable to renew our insurance policies or obtain new insurance policies without increases in premiums and deductibles or decreases in coverage levels, or at all.

Historical consolidated financial information of our Group may not be indicative of its current or future results of operations.

The historical financial information of our Group included in this Offering Circular is not indicative of our future financial results. Such financial information is not intended to represent or predict our results of operations of any future periods. Our future results of operations may change materially if our future growth deviates from the historical trends for various reasons, including factors beyond our control, such as changes in economic environment, PRC rules and regulations and the competitive landscape of the industries in which we operates. We may also acquire businesses or companies or dispose of subsidiaries or assets from time to time in accordance with our business objectives. For example, in line with our asset-light strategy, as at 30 June 2019, we had transferred to Sunac our entire interests in 14 project companies holding 13 cultural and tourism projects in China and to R&F our entire interests in 71 hotels and an office building, Dalian Wanda Commercial Centre, in China, with two more hotels to be transferred to R&F. In addition, as part of our efforts to implement our asset-light strategy, we decided to phase out our property sale business by transferring our entire residential property development business and sale of commercial and residential property business outside of our Group and had completed the phase-out of our property sale business by the end of 2019. Therefore, period-to-period comparisons of our Group's historical operating results must be evaluated in light of the impact of any such transactions.

The Company publishes and may continue to publish periodical financial information in the PRC pursuant to applicable PRC regulatory rules. Investors should be cautious and not place any reliance on the financial information other than that disclosed in this Offering Circular.

The Company from time to time issues corporate bonds, mid-term notes and short-term financing bills in the domestic capital markets in the PRC. According to applicable PRC securities regulations on debt capital markets, the Company needs to publish its half-year and annual financial information to satisfy its continuing disclosure obligations relating to its corporate bonds, mid-term notes and short-term financing bonds. After the Bonds are issued, we will be obligated by the terms of the Bonds, among others, to provide holders of the Bonds with our audited financial statements and certain unaudited periodical financial statements. The quarterly and half-year financial information published by us in the PRC is normally derived from our management accounts and has not been audited or reviewed by independent auditors, and therefore is not comparable with the Company's audited or reviewed consolidated financial statements. Such quarterly and half-year financial information published by us is also not prepared in accordance with IFRS. As such, this financial information published in the PRC should not be relied upon by potential purchasers to provide the same quality of information associated with any audited information. The published financial information in the PRC may be adjusted or restated to address subsequent changes in accordance with the accounting standards, our accounting

policies and/or applicable laws and regulations affecting our financial reporting or to reflect the subsequent comments given by the independent auditors during the course of their audit or review. Such adjustment or restatement may cause discrepancies between the financial information with respect to a particular period or date contained in our management accounts subsequently published in the PRC and our audited or reviewed financial statements to be provided to holders of the Bonds. We are not responsible to holders of the Bonds for the unaudited and unreviewed financial information from time to time published in the PRC, and, therefore, investors should not place any reliance on any such financial information.

Risks relating to our industries

The property industry in China, in particular, its commercial property sector, is still at a relatively early stage of development with a significant degree of uncertainty.

Private ownership of property in China is still at a relatively early stage of development. Demand for commercial and residential properties has been increasing rapidly in recent years, which has often been coupled with volatile market conditions and fluctuations in prices. Numerous factors may affect the development of the market and, accordingly, it is very difficult to predict when, and how much, demand will develop. Limited availability of accurate financial and market information and the general low level of transparency in China's property industry contribute to overall market uncertainty. Investors may be discouraged from acquiring new properties due to the lack of a liquid secondary market for commercial and residential properties. In addition, the limited amounts and types of mortgage financing available to purchasers, together with the lack of long-term security of legal title and enforceability of property rights, may also inhibit demand for commercial and residential properties. The risk of over-supply or significant increase in price is also increasing in parts of China where property investment, trading and speculation have become more active. If, as a result of any one or more of these or similar factors, demand for commercial properties, market prices or rental rates decline significantly, our business, financial condition and results of operations could be materially and adversely affected.

The global financial markets have experienced significant slowdown and volatility during the past few years, and any continued deterioration may materially and adversely affect our business and results of operations.

Our business and results are substantially affected by general global economic conditions and financial market conditions. The global economic slowdown and fluctuations in the global financial markets that started in the second half of 2008 have had a negative impact on the world economy, which in turn has affected the PRC property industry, in particular, the commercial property and related sectors, including the retail and hotel sectors, and many other industries. More recently, global market and economic conditions have continued to be adversely affected by the credit crisis, the United Kingdom's impending withdrawal from the European Union, the trade war between the US and the PRC, increases in tariffs and the slowdown of economic growth in various countries experiencing a heightened market volatility in their major stock markets, including the recent turmoil in the PRC stock market, which may:

- reduce the demand for commercial and residential properties and result in the reduction of property prices, occupancy rates and rental rates;
- adversely impact the purchasing power of potential property purchasers, which may further impact the general demand for properties and cause a further erosion of their selling prices, occupancy rates and rental rates;
- adversely impact the level of disposable income that consumers spend on leisure and entertainment activities and business trips, which may reduce their patronage of shopping centres and hotel and thus further impact the demand for commercial properties; and

- negatively impact the ability of property developers and potential property purchasers to obtain financing.

These and other issues resulting from the global economic slowdown and financial market turmoil have adversely impacted, and may continue to adversely impact, the general demand for commercial properties and erosion of their occupancy rates and rental rates. Any further tightening of liquidity in the global financial markets may negatively affect our liquidity. Therefore, if the global economic slowdown and financial crisis continue or become more severe than currently anticipated, or if the PRC economy continues to slow down, our business, financial condition, results of operations and prospects could be materially and adversely affected.

Increasing competition in the PRC may materially and adversely affect our business and financial condition.

In recent years, a large number of property operators and developers have undertaken property development and investment projects across China, including commercial property investment and management projects similar to ours, and we expect the level of competition to increase over time, especially as new players enter the market and existing players expand, merge, reorganise and become more established. Intense competition among property operators and developers in China for land, financing, construction materials and skilled management and human resources may result in increased cost for land acquisition and construction, an oversupply of properties available for sale or leasing, a decrease in property prices or rental rates, a slowdown in the rate at which new property developments are approved or reviewed by the relevant PRC government authorities and an increase in administrative costs for hiring or retaining qualified contractors and personnel.

Our property leasing and management business and hotel business also face significant competition, primarily from properties of a similar grade in their immediate vicinity and also with other properties in their geographical market. The level of competition is affected by various factors, including changes in local, regional and global economic conditions, changes in local, regional and global populations, the supply of and demand for properties, changes in travel patterns/preferences and the level of business activity.

We compete with our competitors across a range of factors, including location, capital resources, transportation, infrastructure, government tax and other incentives, design, quality of premises, accommodations and amenities, breadth and quality of services provided, brand recognition, maintenance and supporting services. We also compete on sales prices, rental rates and other terms. As a result, we may: (i) lose current and potential tenants or customers to our competitors and have difficulty renewing leases on or re-letting properties or selling hotel rooms; (ii) be forced to reduce our rental rates or room rates; or (iii) incur additional costs in order to make our properties more attractive than those of our competitors. If we are unable to compete effectively and consistently, we may not be able to lease our properties or sell our hotel rooms on favourable terms, or at all, our occupancy rates may decline and we may not be able to recover our costs.

In addition, our existing competitors may adopt new business models or platforms, and enhance their competitiveness in traditional industries by using high technologies or partnering with high technology companies. New competitors may also emerge from a new economy, or new sectors, where they may achieve significant financial success and invent new technologies to compete with us more effectively.

Any of the above may adversely affect our business, financial condition and results of operations. In addition, the property markets in China are rapidly changing in response to various external factors beyond our control. If we fail to respond to these changes in market conditions or customer preferences more swiftly or effectively than our competitors, our business, financial condition and results of operations could be adversely affected.

Risks relating to conducting business in the PRC

Our business is subject to extensive government regulations, and the PRC government may introduce further measures to curtail growth in the property sector.

The PRC government exerts considerable direct and indirect influence on the development of the PRC property sector by imposing industry policies and other economic measures, such as control over the supply of land for property development and control of foreign exchange, property financing, taxation and foreign investment. In recent years, the PRC government has adjusted some of its policies in order to enhance regulation in the property market, restrain property purchases for investment or speculation purposes, and to keep property prices from rising too quickly in certain cities, including:

- imposing more stringent requirements on the payment of land grant premium by property developers;
- requiring higher minimum down-payments, and granting the right to commercial banks to stop lending to speculative developers;
- imposing property purchase restrictions on non-local residents, decreasing the maximum loan-to-value ratio of mortgage loans offered to borrowers, and increasing mortgage interest rates and construction loan interest rates;
- increasing the minimum down-payment to at least 60% of the total purchase price for second-house purchases with a minimum lending interest rate of at least 110% of the benchmark rate in certain targeted cities which implement measures for restriction of housing purchases, restricting purchasers in certain targeted cities from acquiring second (or further) residential properties and restricting non-residents in certain targeted cities that cannot provide any proof of local tax or social security payments for more than a specified time period from purchasing any residential properties, launching new property tax schemes in certain cities on a trial basis and levying business taxes on the full amount of the transfer price if an individual owner transfers a residential property within five years of the date of making the purchase as defined in the relevant regulations; and
- increasing land supply for building rental units and communal ownership units, especially guaranteeing land supply for building public rental units in hot cities.

These and other future measures may limit our access to capital, reduce market demand for our products and increase our finance costs. We cannot assure you that the PRC government will not adopt more stringent policies, regulations and measures in the future. If we fail to adapt our operations to new policies, regulations and measures that may come into effect from time to time with respect to the real property industry, or such policy changes negatively impact our business, our financial condition, results of operations and prospects may be materially and adversely affected.

As substantially all of our operations are conducted in the PRC, any adverse change in the PRC's political, economic or social condition may have a material and adverse effect on us.

The economy of the PRC differs from the economies of most developed countries in many respects, including, but not limited to:

- economic and political structure;
- level of governmental involvement;
- level of development;
- growth rate;

- control over capital investment;
- control of foreign exchange; and
- allocation of resources.

As a result of these differences, our business may not develop in the same way or at the same rate as might be expected if the PRC economy were similar to that of developed countries. The PRC economy has been transitioning from a planned economy to a more market-oriented economy. Although in recent years the PRC government has implemented measures emphasising the utilisation of market forces for economic reform, the reduction of state ownership of productive assets and the establishment of sound corporate governance in business enterprises, a substantial portion of productive assets in the PRC is still owned by the PRC government. The future performance is also exposed to material changes in global economic and political environments as well as the performance of certain major developed economies in the world, such as the United States and the European Union. There is substantial uncertainty relating to the implementation of the United Kingdom's exit from the European Union or its impact on the economic conditions of other part of the world, such as China, including but not limited to further decreases in global stock exchange indices, increased foreign exchange volatility (in particular a further weakening of the pound sterling and euro against other leading currencies) and a possible economic recession involving more countries and areas. The outlook for the world economy and financial markets in 2020 remains uncertain. Some countries have started to withdraw the stimulus packages previously executed during the financial crisis and implement more moderate monetary policies. The PRC withdrew its economic stimulus plan implemented during the financial crisis and returned to its general policy directions. Economic conditions in the PRC are sensitive to global economic conditions and it is impossible to predict how the PRC economy will develop in the future and whether it might slow down due to the global crisis or experience a financial crisis in a manner and scale similar to that in the United States and European countries between 2008 and 2011.

At the same time, the trade dispute between the PRC and the United States may have an adverse effect on the global and the PRC economies resulting in continuing uncertainty for the overall prospects for the global and the PRC economies. In 2018, the United States announced a series of tariffs on imported goods from the PRC. The PRC imposed tariffs on a wide range of products from the United States in retaliation for the new US tariffs. In December 2018, the PRC and the United States commenced negotiations to resolve their trade conflicts. In May 2019, the United States raised additional tariffs on certain goods imported from the PRC, which the PRC government responded by announcing further tariffs on certain goods of US origin. In December 2019, the PRC and the United States announced they have reached a first-stage trade deal. However, we cannot predict as to the implementation and effect of the first-stage trade deal between the PRC and the United States. It remains uncertain whether or not the PRC and the United States would be able to reach any further trade agreement or otherwise resolve their remaining trade issues in the near future or at all. The adoption and expansion of trade restrictions, the occurrence and escalation of a trade war, or other governmental action related to tariffs or trade agreements or policies has the potential to adversely impact the PRC economy, which in turn could adversely impact our business, financial condition and results of operations.

In addition, the PRC government continues to play a significant role in regulating the development of industries in the PRC by imposing top-down policies. It also exercises significant control over PRC economic growth through the allocation of resources, controlling the payment of foreign currency-denominated obligations, setting monetary policy and providing preferential treatment to particular industries or companies. Furthermore, many of the economic reforms carried out by the PRC government are unprecedented or experimental and are expected to be refined and improved over time. This refining and adjustment process may not necessarily have a positive effect on our operations and business development. Other political, economic and social factors may also lead to further adjustments of the reform measures. For example, the PRC government has, in the past, implemented a number of

measures intended to curtail certain segments of the economy, including the property industry, which the government believed to be overheating. There is no assurance that future changes in the PRC's political, economic and social conditions, laws, regulations and policies will not have a material adverse effect on the Group's current or future business and financial condition.

The PRC legal system is in the process of continuous development and has inherent uncertainties that could limit the legal protections available to us in respect of our operations.

The PRC legal system is based on written statutes and prior court decisions can only be cited as reference. Additionally, PRC written statutes are often principle-oriented and require detailed interpretations by the enforcement bodies to further apply and enforce such laws. Since 1979, the PRC government has promulgated laws and regulations in relation to economic matters such as foreign investment, corporate organisation and governance, commerce, taxation and trade, with a view to developing a comprehensive system of commercial law. However, as these laws and regulations are continually evolving in response to changing economic and other conditions, and because of the limited volume of published cases and their non-binding nature, any particular interpretation of PRC laws and regulations may not be definitive. In addition, the PRC legal system is based in part on government policies and internal rules (some of which are not published on a timely basis, if at all) that may have a retroactive effect. The PRC may not accord equivalent rights (or protection for such rights) to those rights investors might expect in countries with more sophisticated real estate laws and regulations.

Furthermore, the PRC is geographically large and divided into various provinces and municipalities and, as such, different laws, rules, regulations and policies apply in different provinces and may have different and varying applications and interpretations in different parts of the PRC. Legislation or regulations, particularly for local applications, may be enacted without sufficient prior notice or announcement to the public. Accordingly, we may not be aware of the existence of new legislation or regulations. There is at present also no integrated system in the PRC from which information can be obtained in respect of legal actions, arbitrations or administrative actions. Even if an individual court-by-court search were performed, each court may refuse to make the documentation that it holds available for inspection.

Agreements that are governed by PRC laws may be more difficult to enforce by legal or arbitral proceedings in the PRC than in countries with more mature legal systems. Even if the agreements generally provide for arbitral proceedings for disputes arising out of the agreements to be in another jurisdiction, it may be difficult for us to obtain effective enforcement in the PRC of an arbitral award obtained in that jurisdiction.

Compliance with PRC laws and regulations regarding environmental protection and public health may result in substantial costs, which may materially and adversely affect our operations and profitability.

We are subject to extensive PRC laws and regulations concerning environmental protection, public health and the preservation of antiquities and historical monuments which impose fines for violation and authorise government authorities to shut down any construction sites that fail to comply with governmental orders requiring the cessation of certain activities causing environmental damage or damages to antiquities or historical monuments. As required by PRC laws and regulations, each project we execute is required to undergo environmental assessments and the related assessment document must be submitted to the relevant government authorities for approval before commencement of construction or be filed with the relevant government authorities for registration before the construction project is completed. If we fail to submit the environmental impact report or analysis table of its project for approval pursuant to the relevant laws, and commences construction without authorisation, the local environmental authority may order us to suspend construction of the project until the development environmental impact assessment report or analysis table is submitted to and approved by the local environmental authority. The local environmental authority may also impose on us a fine not less than

1%, but not more than 5% of the total investment of the construction project if we commence construction prior to obtaining such approval. If we fail to submit the environmental impact registration form of our project for record-filing pursuant to the relevant laws, the local environmental authority may order us to complete such record-filing process and may also impose on us a fine of up to CNY50,000. We cannot assure you that we will be able to comply with all such requirements with respect to environmental assessments. It is possible that the environmental assessments conducted may not reveal all environmental liabilities or their full extent, and there may be material environmental liabilities of which we are unaware. In the event of a termination of construction and/or imposition of a fine as a result of our non-compliance, our financial condition may be materially and adversely affected.

We are subject to restrictions on the remittance of Renminbi into and out of the PRC and governmental controls on currency conversion.

The PRC government imposes controls on the convertibility of Renminbi into foreign currencies and the remittance of currency out of the PRC. Substantially all of our operating income is denominated in Renminbi, a portion of which may need to be converted into other currencies in order to meet our foreign currency obligations, such as overseas acquisitions, and payments of principal and interests under the Bonds or other foreign currency denominated debt, if any.

Under the existing PRC laws and regulations on foreign exchange, payments of current account items, including profit distributions, interest payments and trade and service related foreign exchange transactions, can be made in foreign currencies without prior approval from SAFE provided that certain procedural requirements are complied with. Approval from or registration with competent government authorities is required where Renminbi is to be converted into foreign currency and remitted out of the PRC to pay capital expenses such as the repayment of loans denominated in foreign currencies. The PRC government may, at its discretion, take measures to restrict access to foreign currencies for current account and capital account transactions under certain circumstances. If the foreign exchange control system prevents us from obtaining sufficient foreign currencies to satisfy our foreign currency demands, we may not be able to pay interests and/or principal to holders of the Bonds or other foreign currency denominated debt, if any. In addition, there can be no assurance that new laws or regulations will not be promulgated in the future that would have the effect of further restricting the remittance of Renminbi into or out of the PRC.

Fluctuation of the Renminbi, particularly against the US dollar, could materially affect our financial condition and results of operations.

While we conduct substantially all of our business operations in the PRC, we also derive foreign currencies denominated revenue. We may convert Renminbi into foreign currencies to make investments and acquisitions overseas. A portion of our revenue, expenses and bank borrowings are denominated in US dollar and other foreign currencies, although our functional currency is the Renminbi. As a result, fluctuations in exchange rates, particularly between the Renminbi, the Hong Kong dollar or the US dollar, could affect our profitability and may result in foreign currency exchange losses of our foreign currency-denominated assets and liabilities.

The value of the Renminbi against the US dollar, Hong Kong dollar and other currencies fluctuates and is affected by, among other things, changes in China's political and economic conditions. On 21 July 2005, the PRC government introduced a managed floating exchange rate system to allow the value of the Renminbi to fluctuate within a regulated band based on market supply and demand and by reference to a basket of currencies. Since then, the PRC government has made, and may in the future make, further adjustments to the exchange rate system. PBOC announces the closing price of a foreign currency traded against the Renminbi in the inter-bank foreign exchange market after the closing of the market on each working day, and makes it the central parity for the trading against the Renminbi on the following working day. The PBOC surprised markets in August 2015 by thrice devaluing the Renminbi, lowering its daily mid-point trading price significantly against the US dollar. The currency devaluation

of the Renminbi was intended to bring it more in line with the market by taking market signals into account. Renminbi depreciated significantly against the US dollar following this August 2015 announcement by the PBOC. Since 2016, the exchange rate of Renminbi against the US dollar experienced further fluctuation. Following the gradual appreciation against US dollar in 2017, Renminbi experienced a recent depreciation in value against US dollar followed by a fluctuation in 2018 and early 2019. In August 2019, the PBOC set the RMB's daily reference rate above 7 per US dollar for the first time in over a decade amidst an uncertain trade and global economic climate. With an increased floating range of the Renminbi's value against foreign currencies and a more market-oriented mechanism for determining the mid-point exchange rates, the Renminbi may further appreciate or depreciate significantly in value against the US dollar or other foreign currencies in the long-term. Any significant appreciation of the Renminbi against the US dollar or other foreign currencies may result in the decrease in the value of the Group's foreign currency-denominated assets. Conversely, any significant depreciation of the Renminbi may adversely affect the value of its businesses and could adversely affect the value, translated or converted into US dollars or otherwise, of the Group's earnings and its ability to satisfy its obligations under the Bonds. As the majority of the Group's costs and expenses are denominated in Renminbi, appreciation of the Renminbi against the US dollar would increase the Group's costs in US dollar terms. In addition, as the Group's operating subsidiaries in the PRC receive revenues in Renminbi, any significant depreciation of the Renminbi against the US dollar may have a material adverse effect on the Group's revenues in US dollar terms and financial condition. For example, if the Group would need to convert proceeds of this offering dominated in US dollars into Renminbi for its operations, appreciation of the Renminbi against the US dollar would have an adverse effect on the Renminbi amount it receives from the conversion. In addition, there are limited instruments available for the Issuer to reduce its foreign currency risk exposure at reasonable costs. All of these factors could materially and adversely affect our businesses, financial conditions and results of operations.

Our investment properties are located on land that is under long-term land use rights granted by the PRC government. There is uncertainty about the amount of the land grant premium that we will have to pay and additional conditions that may be imposed if we decide to seek an extension of the land use rights for our investment properties.

Our investment properties are held by us under land use rights granted by the PRC government. Under PRC laws, the maximum term of the land use rights is 40 years for commercial use purposes and 50 years for mixed-use purposes. Upon expiration, the land use rights will revert to the PRC government unless the holder of the land use rights applies for, and is granted, an extension of the term of the land use rights.

These land use rights do not have automatic rights of renewal, and holders of land use rights are required to apply for extensions of the land use rights prior to the expiration of their terms. If an application for extension is granted (and such grant would usually be given by the PRC government unless the land in issue is to be taken back for the purpose of public interests), the holder of the land use rights will be required to, among other things, pay a land grant premium. If no application is made, or if such application is not granted, the properties under the land use rights will be reverted to the PRC government without any compensation. As none of the land use rights granted by the PRC government which are similar to those granted for our investment properties has, as at the date of this Offering Circular, run its full term, there is no precedent to provide an indication of the amount of the land grant premium which we will have to pay and any additional conditions which may be imposed if we decide to seek an extension of the land use rights for our investment properties upon the expiry thereof.

In certain circumstances, the PRC government may, where it considers it to be in the public interest, terminate land use rights before the expiration of the term. In addition, the PRC government has the right to terminate long-term land use rights and expropriate the land in the event the grantee fails to observe or perform certain terms and conditions pursuant to the land use rights grant contracts. If the PRC government charges a high land grant premium, imposes additional conditions, or does not grant an

extension of the term of the land use rights of any of our investment properties, our operations and business could be disrupted, and our business, financial condition and results of operations could be materially and adversely affected.

The enforcement of the Labour Contract Law and other labour-related regulations in the PRC may adversely affect our business and results of operations.

The PRC Labour Contract Law became effective on 1 January 2008 in the PRC and was amended on 28 December 2012. It imposes more stringent requirements on employers in relation to entry into fixed-term employment contracts and dismissal of employees. A minimum wage requirement has also been incorporated into the PRC Labour Contract Law. In addition, unless otherwise prohibited by the PRC Labour Contract Law or objected to by the employees themselves, the employer is also required to enter into non-fixed-term employment contracts with employees who have previously entered into fixed-term employment contracts for two consecutive terms.

In addition, under the Regulations on Paid Annual Leave for Employees, which became effective on 1 January 2008, employees who have worked continuously for more than one year are entitled to paid annual leave ranging from five to 15 days, depending on the length of the employees' work time. Employees who consent to waive such vacation at the request of employers shall be compensated an amount equal to three times their normal daily salaries for each vacation day being waived. Under the National Leisure and Tourism Outline 2013-2020, which became effective on 2 February 2013, all workers must receive paid annual leave by 2020. As a result of these protective labour measures or any additional future measures, our labour costs may increase. Furthermore, in the event we decide to significantly change or decrease our workforce, the PRC Labour Contract Law and other relevant regulations could adversely affect our ability to effect these changes in a cost-effective manner or in the manner that we desire, which could result in an adverse impact on our businesses, financial condition and results of operations. There can be no assurance that any disputes, work stoppages or strikes will not arise in the future.

Investors may experience difficulties in effecting service of process, enforcing foreign judgments or bringing original actions in the PRC against us or our Directors.

Substantially all of our assets are located within the PRC, and most of our Directors and senior management reside within the PRC. As a result, it may not be possible to effect service of process outside the PRC upon us, most of our Directors and senior management, including for matters arising under applicable securities laws. In addition, the PRC does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts with the United States, the United Kingdom, Japan or most other western countries. Therefore, it may be difficult or impossible for you to enforce against us, our Directors or our senior management in the PRC any judgments obtained from non-PRC courts.

Natural disasters, acts of war, terrorist attacks, the occurrence of epidemics and other catastrophic events could affect our business and the national and regional economics in the PRC.

Natural disasters, extreme weather and climate change, acts of God and other catastrophic events which are beyond our control may adversely affect the economy, infrastructure and livelihood of the people in the PRC. Some regions in the PRC, including certain cities where we operate, are under the threat of floods, earthquakes, sandstorms, snowstorms, fire and droughts. Our business, financial condition and results of operations may be materially and adversely affected if natural disasters or other such events occur.

Epidemics threaten people's lives and may materially and adversely affect their livelihoods. The occurrence of any epidemic is beyond our control and there is no assurance that the outbreak of severe acute respiratory syndrome, avian flu or the human swine flu will not happen again. Any epidemic occurring in areas in which we operate, or even in areas in which we do not operate, may materially and adversely affect our business, financial condition and results of operations.

Acts of war and terrorist attacks may cause damage or disruption to us, our employees, facilities, our distribution channels, markets, suppliers and customers, the occurrence of any of which may materially and adversely affect our business, revenue, cost of sales, financial condition and operating results. Potential war or terrorist attacks may also cause uncertainties and cause our business to suffer in ways that we cannot currently predict. With regard to our hotel business, the consequences of any terrorist attacks or armed conflicts are unpredictable and may include the issuance of official travel advice warning people to defer and/or avoid travel to certain locations in which our hotels operate, as well as a general reluctance of people to travel. We may not be able to foresee events that could have an adverse effect on the travel and hospitality and leisure industry, the locations in which our hotels are located and our business and results of operations.

The facts and statistics included in this Offering Circular relating to the PRC's economy and its property market might not be accurate.

All facts and statistics in this Offering Circular relating to the PRC's economy and property industry are extracted from publicly available publications. While we have taken reasonable care to ensure that the facts and statistics presented are accurately reproduced from such sources, they have not been independently verified by us or our advisors and, therefore, we make no representation as to the accuracy of such facts and statistics, which may not be consistent with other information compiled within or outside the PRC. Due to a lack of information regarding methods or the accuracy of data collection and other problems, the statistics herein may be inaccurate or may not be comparable to statistics produced for other economies and should not be unduly relied upon. Further, there can be no assurance that they are stated or compiled on the same basis or with the same degree of accuracy as may be the case elsewhere.

Risks relating to the Bonds, the Guarantee, the Deed of Equity Interest Purchase Undertaking and the Keepwell Deed

Any failure to complete the relevant filings under the NDRC Circular within the prescribed time frame following the completion of the issue of the Bonds may have adverse consequences for the Issuer and/or the investors in the Bonds.

The NDRC issued the NDRC Circular on 14 September 2015, which came into effect on the same day. According to the NDRC Circular, domestic enterprises and their overseas controlled entities shall procure the registration of any debt securities with a maturity of more than one year issued outside the PRC with the NDRC prior to the issue of the securities and notify the particulars of the relevant issues within 10 PRC Business Days after the completion of the issue of the securities. The NDRC Circular is silent on the legal consequences of noncompliance with the pre-issue registration requirement. The Company has obtained the NDRC pre-issuance registration certificate with respect to the Bonds on 20 March 2019. Failure to comply with the post-issue notification requirement may result in the relevant entities being put on the credit blacklist in the PRC and subject them to credit-related sanctions. However, there is no clarity on the actual legal consequences of non-compliance with the post-issue notification requirement under the NDRC Circular. In the worst-case scenario, such non-compliance with the post-issue notification requirement under the NDRC Circular may result in it being unlawful for the Company to perform or comply with any of its obligations under the Bonds, the Keepwell Deed or the Deed of Equity Interest Purchase Undertaking and the Bonds might be subject to enforcement as provided in Condition 9 (*Events of Default*) of the Terms and Conditions of the Bonds. Potential investors in the Bonds are advised to exercise due caution when making their investment decisions. The Company has undertaken to notify the NDRC of the particulars of the issue of the Bonds within the prescribed time period after the Issue Date.

The PRC government has no obligations under the Bonds or the Guarantee.

The PRC government is not an obligor and shall under no circumstances have any obligation arising out of or in connection with the Bonds or the Guarantee in lieu of the Issuer, the Subsidiary Guarantors or the Company. This position has been reinforced by the Circular of the National

Development and Reform Commission and the Ministry of Finance on Improvement of Market Regulatory Regime and Strict Prevention of Foreign Debt Risks and Local Government Indebtedness Risks (國家發展改革委財政部關於完善市場約束機制嚴格防範外債風險和地方債務風險的通知)(the “**Joint Circular**”) promulgated on 11 May 2018 and which took effect on the same day.

The PRC government does not have any payment obligations under the Bonds or the Guarantee. The Bonds are solely to be repaid by the Issuer (and the Guarantee by the Subsidiary Guarantors), each as an obligor under the relevant transaction documents and as an independent legal person.

As a holding company, we mainly rely on dividends and repayments on intercompany loans from our subsidiaries for funding.

As a holding company, we operate our business mainly through our subsidiaries. We also fund our subsidiaries through intercompany loans. The availability of funds to service our debts and our ability to meet our obligations under the Keepwell Deed and Deed of Equity Interest Purchase Undertaking depends upon dividends and repayments on intercompany loans received from our subsidiaries. If our subsidiaries incur debt, the holders of such debt may be able to impair the ability of such subsidiaries to pay dividends or other distributions to us. As a result, our ability to service our debts and our ability to meet our obligations under the Keepwell Deed and Deed of Equity Interest Purchase Undertaking will be restricted.

PRC laws require that dividends can only be paid out of the net income calculated according to PRC GAAP and financial regulations in the PRC. In addition, the PRC laws require the companies incorporated in the PRC to set aside part of their net income as statutory reserves. These statutory reserves are not available for distribution as cash dividends. Such restrictions may have adverse effect on our ability to service our debts and our ability to meet our obligations under the Keepwell Deed and the Deed of Equity Interest Purchase Undertaking as we rely heavily on dividends and repayments from these entities.

The Bonds and the Guarantee are unsecured obligations.

The Bonds and the Guarantee are unsecured obligations of the Issuer and the Subsidiary Guarantors, respectively. The repayment of the Bonds and payment under the Guarantee may be adversely affected if:

- the Issuer or any of the Subsidiary Guarantors enters into bankruptcy, liquidation, reorganisation or other winding-up proceedings;
- there is a default in payment under the Issuer’s or any Subsidiary Guarantor’s future secured indebtedness or other unsecured indebtedness; or
- there is an acceleration of any of the Issuer’s or any Subsidiary Guarantor’s indebtedness.

If any of these events were to occur, the Issuer’s or the Subsidiary Guarantors’ assets may not be sufficient to pay amounts due on the Bonds.

The Keepwell Deed and the Deed of Equity Interest Purchase Undertaking are not guarantees of the payment obligations under the Bonds and the Guarantee.

The Company will enter into the Keepwell Deed and the Deed of Equity Interest Purchase Undertaking in relation to the Bonds. See “*Description of the Keepwell Deed*” and “*Description of the Deed of Equity Interest Purchase Undertaking*”. Upon the occurrence of an event of default as set out in Condition 9 in the Terms and Conditions of the Bonds, the Trustee may take action against the Company to enforce the provisions of the Keepwell Deed. However, neither the Keepwell Deed, the Deed of Equity Interest Purchase Undertaking nor any actions taken by the Company thereunder can be

deemed as a guarantee by the Company for the payment obligation of the Issuer under the Bonds or Wanda HK under the Guarantee. Accordingly, the Company will only be obliged to cause the Issuer or Wanda HK to obtain, before the due date of the relevant payment obligations, funds sufficient by means as permitted by applicable laws and regulations so as to enable the Issuer or Wanda HK to pay such payment obligations in full as they fall due, rather than assume the payment obligation as in the case of a guarantee.

Furthermore, even if the Company intends to perform its respective obligations under the Keepwell Deed and the Deed of Equity Interest Purchase Undertaking, depending on the manner in which the Company performs its respective obligations under the Keepwell Deed and the Deed of Equity Interest Purchase Undertaking in causing the Issuer or Wanda HK to obtain, before the due date of the relevant payment obligations, funds sufficient to meet its obligations under the Bonds or the Guarantee, such performance may be subject to obtaining prior consent, approvals, registration and/or filings from relevant PRC governmental authorities, including the NDRC, MOFCOM and SAFE. Similarly, even if the Company intends to, in accordance with its obligations under the Keepwell Deed and the Deed of Equity Interest Purchase Undertaking, grant the Issuer a standby facility pursuant to which the Company will remit an amount sufficient to discharge the Issuer's payment obligation under the Bonds, the Trust Deed and the Keepwell Deed, the Company may not be able to grant such standby facility due to reasons beyond its control, such as the failure or inability to obtain any required consents, approvals, registrations and/or filing from relevant PRC government authorities and unforeseeable changes in government policies or regulations.

In addition, under the Keepwell Deed, the Company will undertake to cause the Issuer and Wanda HK to have sufficient liquidity to ensure timely payment of any amounts payable in respect of the Bonds and/or the Guarantee. However, any claim by the Issuer, Wanda HK and/or the Trustee against the Company in relation to the Keepwell Deed or the Deed of Equity Interest Purchase Undertaking will be effectively subordinated to all existing and future obligations of the Company's subsidiaries (which have not provided the Guarantee), particularly the onshore operating subsidiaries of the Company, and all claims by creditors of such subsidiaries (which have not provided the Guarantee) will have priority to access the assets of such entities over the claims of Wanda HK and the Trustee under the Keepwell Deed and the Deed of Equity Interest Purchase Undertaking.

The obligations of the Subsidiary Guarantors under the Guarantee are structurally subordinated to the liabilities and obligations of their respective subsidiaries.

The Subsidiary Guarantors are holding companies that mainly conduct their business through their respective subsidiaries, and the Subsidiary Guarantors' ability to perform their obligations under the Guarantee is effectively dependent on the cash flow of their respective subsidiaries. See "*Risk Factors – Risks relating to the Issuer and the Subsidiary Guarantors.*" Any claim by the Trustee against any of the Subsidiary Guarantors in relation to the Guarantee will be effectively subordinated to all existing and future obligations of the Subsidiary Guarantors' subsidiaries (which have not provided the Guarantee), and all claims by creditors of such subsidiaries (which have not provided the Guarantee) will have priority to access the assets of such entities over the claims of the Trustee under the Guarantee.

Performance by the Company of its undertaking under the Deed of Equity Interest Purchase Undertaking is subject to approvals of the PRC governmental authorities and there may be uncertainties with respect to the implementation of the NDRC Circular.

The Company intends to assist the Issuer and the Subsidiary Guarantors to meet their obligations by entering into the Deed of Equity Interest Purchase Undertaking on the Issue Date. Under the Deed of Equity Interest Purchase Undertaking, the Company agrees to purchase from any one or more Subsidiary Guarantors or any offshore subsidiary of the Company (each, a "**Relevant Transferor**") their equity interest in certain onshore or offshore subsidiaries at a purchase price, subject to the terms in the Deed

of Equity Interest Purchase Undertaking and the applicable PRC laws and regulations, not lower than the amount sufficient to enable the Issuer and the Subsidiary Guarantors to discharge their respective obligations under the Bonds and the Trust Deed.

Performance by the Company of the Deed of Equity Interest Purchase Undertaking may be subject to the approvals of or registrations with:

- NDRC or its local office in respect of the transfer of the equity interest in the offshore subsidiaries from the Relevant Transferor to the Company;
- the MOFCOM or its local office in respect of the transfer of the equity interest in the offshore subsidiaries from the Relevant Transferor to the Company;
- the State Administration for Market Regulation or its local office in respect of the transfer of the equity interest in the onshore subsidiaries from the Relevant Transferor to the Company;
- the relevant PRC tax authorities in respect of withholding tax for the Relevant Transferor; and
- SAFE or its local office in respect of (i) changing the SAFE registration of, or in connection with, the onshore or offshore companies being sold, and (ii) the remittance of the purchase price, denominated in US dollars, from the Company in the PRC to the Subsidiary Guarantor(s) in Hong Kong (where applicable),

or other approvals, registrations and/or filings required under the applicable PRC laws, regulations or policies.

As the approval process is beyond the control of the Company, there can be no assurance that the Company will successfully obtain either the requisite approvals or registrations in time, or at all, or that the PRC government's relevant policies or regulations will not change in the future. In the event that the Company fails to obtain the requisite approvals or registrations, the Issuer and the Subsidiary Guarantors may have insufficient funds to discharge their outstanding payment obligations to the holders of the Bonds.

Further, in the event of an insolvency of a Relevant Transferor, any sale proceeds received by that Relevant Transferor may be subject to the insolvency claims of third parties. The Trustee's claim against the sale proceeds will be an unsecured claim and may rank lower in priority than any claims by secured third party creditors of such Relevant Transferor where it is the Subsidiary Guarantor. Where a Relevant Transferor is not a Subsidiary Guarantor, the Trustee will not have a direct claim against the sale proceeds received by such Relevant Transferor.

Furthermore, according to the NDRC Circular effective on 14 September 2015, for a debt security to be issued outside of the PRC that will have a tenor of more than one year, the relevant domestic enterprise and its overseas controlled entities shall register the debt security with the NDRC prior to its issue and make required post-issue filings within 10 PRC Business Days after the completion of the issue. We cannot assure you, however, that NDRC will not impose more stringent approval or filing requirements to restrict issue of debt securities outside of the PRC for economic, national policy, national security or other reasons. If we are required to comply with any such new requirements that become effective before the issue or during the tenor of the Bonds, the Bondholder's interests and rights may be adversely affected.

Performance by the Company of its undertaking under the Deed of Equity Interest Purchase Undertaking may be subject to consent from third party creditors and shareholders, and may also be restricted if any of the equity interests are secured in favour of third party creditors.

Under the terms of the Deed of Equity Interest Purchase Undertaking, the Company agrees to purchase or procure a subsidiary of the Company to purchase from one or more Relevant Transferor the equity interest held by it upon the occurrence of an event of default under the Bonds. The ability of the Company to perform this undertaking may be affected by any present or future financing agreements of the Company and its subsidiaries:

- in the event that such financial agreements contain non-disposal or other restrictive covenants that would prevent the sale of an equity interest by a Relevant Transferor, the Company and its subsidiaries would need to obtain the consent from the third party creditor before the Relevant Transferor is able to proceed with the sale of such equity interest; and
- in the event that certain equity interests have been secured in favour of third party creditors, the Company and its subsidiaries would need to arrange for these security interests to be released before the Relevant Transferor is able to proceed with the sale of such equity interests.

Under the Terms and Conditions of the Bonds and the Keepwell Deed, there are no restrictions on the Subsidiary Guarantors or their respective subsidiaries entering into financing agreements with such non-disposal or other restrictive covenants or securing the equity interests of any member of the Subsidiary Guarantors and their subsidiaries in favour of its creditors. In the event the obligation to purchase under the Deed of Equity Interest Purchase Undertaking becomes effective, there is no assurance that the relevant Subsidiary Guarantor will be able to obtain any required consents from its creditors or that it will be able to arrange for any existing security arrangement to be released in order for the sale of the equity interest to proceed. If such consents or releases cannot be obtained, the relevant Subsidiary Guarantor may need to repay the indebtedness owed to its third party creditors in order to be able to sell the relevant equity interests to the Company, failing which, the Issuer and the Subsidiary Guarantors may have insufficient funds to discharge their payment obligations to the holders of the Bonds.

In addition, third party shareholders' consent may also be required in the following circumstances:

- if the Company chooses to acquire the equity interest of companies that are owned by the Hong Kong Listco, this would amount to a connected transaction under the Listing Rules and such sale would need to comply with the requirements of the Listing Rules, including that the sale is approved by the independent shareholders of the Hong Kong Listco (where Wanda Commercial Properties Overseas Limited 萬達商業地產海外有限公司, the major shareholder of the Hong Kong Listco would need to abstain from voting); furthermore, any lending of such sale proceeds from the Hong Kong Listco to the Issuer or a Subsidiary Guarantor in order for them to meet their respective obligations under the Bonds or the Guarantee would also amount to a connected transaction under the Listing Rules that would require, among other things, independent shareholders' approval; and
- if the Company chooses to acquire the equity interests of certain non-wholly-owned companies of a Relevant Transferor, this may be subject to pre-emptive rights or other restrictions in such company's articles of association or shareholders' agreement, or may otherwise require the selling shareholder to obtain consent or waiver from other third party shareholders before any equity interest can be sold to the Company or its subsidiaries or affiliate.

In the event the obligation to purchase under the Deed of Equity Interest Purchase Undertaking becomes effective, there is no assurance that any required approvals or waivers can be obtained from third party shareholders in a timely manner or at all.

See “– *The Issuer and the Subsidiary Guarantors have limited assets which can be sold to the Company pursuant to the Deed of Equity Interest Purchase Undertaking.*”

The Issuer and the Subsidiary Guarantors have limited assets which can be sold to the Company pursuant to the Deed of Equity Interest Purchase Undertaking.

Under the terms of the Deed of Equity Interest Purchase Undertaking, the Company agrees to purchase or procure a subsidiary of the Company to purchase from a Relevant Transferor the equity interest held by it upon the occurrence of an event of default under the Bonds.

As at the date of this Offering Circular, the Issuer and the Subsidiary Guarantors have very limited assets that can be sold to the Company in the event that the obligation to purchase under the Deed of Equity Interest Purchase Undertaking becomes effective. The assets of Wanda HK as at the date of this Offering Circular mainly comprised an approximately 65% equity interest in Hong Kong Listco and a 40% equity interest in a joint venture company, which owns 90% interest in the Chicago Project. Hong Kong Listco mainly holds a 51% equity interest in a PRC project and a 60% equity interest in the same joint venture company that owns 90% interest in the Chicago Project.

The acquisition of these assets will be subject to regulatory and other approvals, including:

- if the Company decides to acquire the 40% equity interest of Wanda HK in the joint venture company, this would be subject to certain approvals and/or registrations of the PRC governmental authorities, including the NDRC or its provincial department, MOFCOM or its provincial department and the relevant SAFE branch and/or competent banks since this amounts to an overseas investment by the Company;
- if the Company decides to acquire the approximately 65% equity interest of Wanda HK in the Hong Kong Listco (or any of the equity interest in the intermediate holding companies), this would be subject to certain approvals and/or registrations of the PRC governmental authorities, including the NDRC or its provincial department, the MOFCOM or its provincial department and the relevant SAFE branch and/or competent banks since this amounts to an overseas investment by the Company; and
- if the Company decides to acquire any equity interest of PRC-incorporated subsidiaries of the Hong Kong Listco, this would require, among other things, the approval of the independent shareholders of the Hong Kong Listco and certain approvals and/or registrations of the PRC governmental authorities, including the relevant SAFE branch and/or competent banks, the relevant administration for market regulation bureau and the competent industrial authorities (if applicable) since this amounts to a change of shareholders of a foreign invested company in China.

See “– *Performance by the Company of its undertaking under the Deed of Equity Interest Purchase Undertaking may be subject to consent from third party creditors and shareholders, and may also be restricted if any of the equity interests are secured in favour of third party creditors*” and “– *Performance by the Company of its undertaking under the Deed of Equity Interest Purchase Undertaking is subject to approvals of the PRC governmental authorities and there may be uncertainties with respect to the implementation of the NDRC Circular.*”

There is no assurance that such approvals can be obtained in a timely manner, or at all. In the event that such approvals cannot be obtained and there are no other future assets that the Company can purchase, the Deed of Equity Interest Purchase Undertaking may not be effective in enabling the Company to assist the Issuer and the Subsidiary Guarantors with their respective obligations under the Bonds, the Guarantee and the Trust Deed.

If the Issuer or any of the Subsidiary Guarantors is unable to comply with the restrictions and covenants in its respective debt agreements (if any), or the Bonds, there could be a default under the terms of these agreements, or the Bonds, which could cause repayment of the Issuer's or the relevant Subsidiary Guarantor's debt to be accelerated.

If the Issuer or any Subsidiary Guarantor is unable to comply with the restrictions and covenants in the Bonds, or current or future debt obligations and other agreements (if any), there could be a default under the terms of these agreements. In the event of a default under these agreements, the holders of the debt could terminate their commitments to lend to the Issuer or the relevant Subsidiary Guarantor, accelerate repayment of the debt, declare all amounts borrowed due and payable or terminate the agreements, as the case may be. Furthermore, those debt agreements may contain cross-acceleration or cross-default provisions. As a result, the default by a Subsidiary Guarantor under one debt agreement may cause the acceleration of repayment of debt or result in a default under its other debt agreements, including the Bonds. If any of these events occur, there can be no assurance that our assets and cash flows would be sufficient to repay in full all of the Issuer's or such Subsidiary Guarantor's indebtedness, or that it would be able to find alternative financing. Even if the Issuer or any of the Subsidiary Guarantors could obtain alternative financing, there can be no assurance that it would be on terms that are favourable or acceptable to the Issuer or the relevant Subsidiary Guarantor(s).

The liquidity and price of the Bonds following this offering may be volatile.

The price and trading volume of the Bonds may be highly volatile. Factors such as variations in our revenues, earnings and cash flows and proposals of new investments, strategic alliances and/or acquisitions, changes in interest rates, fluctuations in prices for comparable companies, negative news or other publicity relating to us, our related companies or shareholders, government regulations and changes thereof applicable to the industries in which we operate and general economic, social and political conditions nationally or internationally could cause the price of the Bonds to change. For example, the recent instability and unrest in Hong Kong may continue or further escalate, which could result in material adverse changes in the market conditions of Hong Kong and in turn could affect the liquidity and price of the Bonds. Any such developments may result in large and sudden changes in the volume and price at which the Bonds will trade. There can be no assurance that these developments will not occur in the future.

Developments in other markets may adversely affect the market price of the Bonds.

The market price of the Bonds may be adversely affected by declines in the international financial markets and world economic conditions. The market for the Bonds is, to varying degrees, influenced by economic and market conditions in other markets, especially those in Asia. Although economic conditions are different in each country, investors' reactions to developments in one country can affect the securities markets and the securities of issuers in other countries, including China. Since the sub-prime mortgage crisis in 2008, the international financial markets have experienced significant volatility. If similar developments occur in the international financial markets in the future, the market price of the Bonds could be adversely affected.

A trading market for the Bonds may not develop.

The Bonds are a new issue of securities for which there is currently no trading market. There can be no assurance as to the liquidity of the Bonds or that an active trading market will develop. If such a market were to develop, the Bonds could trade at prices that may be higher or lower than the initial

issue price depending on many factors, including prevailing interest rates, our operations and the market for similar securities. The Joint Lead Managers are not obligated to make a market in the Bonds and any such market making, if commenced, may be discontinued at any time at the sole discretion of the Joint Lead Managers.

Additional procedures may be required to be taken to bring English law governed matters or disputes to the Hong Kong courts and the Bondholders would need to be subject to the exclusive jurisdiction of the Hong Kong courts. There is also no assurance that the PRC courts will recognise and enforce judgments of the Hong Kong courts in respect of English law governed matters or disputes.

The Terms and Conditions and the transaction documents are governed by English law, whereas parties to these documents have submitted to the exclusive jurisdiction of the Hong Kong courts. In order to hear English law governed matters or disputes, Hong Kong courts may require certain additional procedures to be taken. Under the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements between Parties Concerned (關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排)(the “**Reciprocal Arrangement**”), judgments of Hong Kong courts are likely to be recognised and enforced by the PRC courts where the contracting parties to the transactions pertaining to such judgments have agreed to submit to the exclusive jurisdiction of Hong Kong courts. In addition, on 18 January 2019, the Supreme People’s Court of China (the “**SPC**”) and the government of Hong Kong Special Administrative Region (the “**HKSAR**”) signed the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排)(the “**New Reciprocal Arrangement**”). The New Reciprocal Arrangement extends the scope of judicial assistance, and the effective date shall be announced by SPC and HKSAR after SPC issued the judicial interpretation and HKSAR completed relevant procedures. However, recognition and enforcement of a Hong Kong court judgment could be refused if the PRC courts consider that the enforcement of such judgment is contrary to the social and public interest of the PRC or meets other circumstances specified by the Reciprocal Arrangement or, when in force, the New Reciprocal Arrangement. While it is expected that the PRC courts will recognise and enforce a judgment given by Hong Kong courts governed by English law, there can be no assurance that the PRC courts will do so for all such judgments as there is no established practice in this area. Compared to other similar debt securities issuances in the international capital markets where the relevant holders of the debt securities would not typically be required to submit to an exclusive jurisdiction, the Bondholders will be deemed to have submitted to the exclusive jurisdiction of the Hong Kong courts, and thus the holders’ ability to initiate a claim outside of Hong Kong will be limited.

We have experienced downgrades on our credit ratings and we cannot assure you that we will not experience further downgrades on credit ratings in the future.

In September 2017, S&P downgraded the Company’s corporate rating from “BBB-” to “BB, outlook negative”. In the same month, Moody’s downgraded the Company’s issuer rating from “Baa3” to “Ba1, outlook negative” and the senior unsecured ratings for the 2014 Guaranteed Bonds from “Ba1” to “Ba3”. In October 2017, Fitch placed the Company’s “BBB” Long-Term Foreign-Currency Issuer Default Rating (IDR), its senior unsecured rating and the rating of its outstanding US dollar senior notes on Rating Watch Negative list. In January 2018, Fitch further downgraded such ratings from “BBB” to “BB+, outlook negative”. The downgrades on our ratings were mainly due to the rating agencies’ concerns over our offshore liquidity position. We cannot assure you that we will not experience further downgrades on our ratings. S&P, Moody’s and Fitch revised the outlooks of our Company from negative to stable on 29 May, 4 June and 8 June 2018, respectively, after the Company’s offshore liquidity situation had improved considerably following the repayment of its US dollar syndication loan. The ratings of our Company represent the rating agencies’ forward-looking opinion

about the Company's overall creditworthiness. A reduction or withdrawal of the ratings may adversely affect the market perception of our Company, and in turn affect the market prices of the Bonds and our ability to access the debt capital markets.

The ratings of the Bonds may be downgraded or withdrawn.

The Bonds are expected to be rated "Ba3" by Moody's and "BB+" by Fitch. The rating represents only the current opinion of the rating agency and their current assessment of the ability of the Issuer, the Subsidiary Guarantors and the Company to perform their respective obligations under the Bonds, the Guarantee, the Keepwell Deed, the Deed of Equity Interest Purchase Undertaking and the Trust Deed and credit risks in determining the likelihood that payments will be made when due under the Bonds, the Guarantee, the Keepwell Deed, the Deed of Equity Interest Purchase Undertaking. Ratings are not recommendations to buy, sell or hold the Bonds and may be subject to suspension, reduction or withdrawn at any time. None of the Issuer, the Subsidiary Guarantors or the Company is obligated to inform Bondholders if the ratings are lowered or withdrawn. Each rating should be evaluated independently of the other rating. A downgrade or withdrawal of the ratings may materially and adversely affect the market price of the Bonds and the Issuer's ability to access the debt capital markets.

The insolvency laws of the British Virgin Islands and Hong Kong and other local insolvency laws may differ from those of another jurisdiction with which the holders of the Bonds are familiar.

As the Issuer and the Subsidiary Guarantors are incorporated under the laws of the British Virgin Islands and Hong Kong, any insolvency proceeding relating to the Issuer or the Subsidiary Guarantors would likely involve British Virgin Islands or Hong Kong insolvency laws, the procedural and substantive provisions of which may differ from comparable provisions of the local insolvency laws of jurisdictions with which the holders of the Bonds are familiar.

Exchange rate risks and exchange controls may result in a Bondholder receiving less interest or principal than expected.

The Issuer will pay principal and interest on the Bonds in US dollars. This presents certain risks relating to currency conversions if a Bondholder's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than US dollars. These include the risk that exchange rates may significantly change (including changes due to devaluation of the US dollar or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the US dollar would decrease: (i) the Investor's Currency equivalent yield on the Bonds; (ii) the Investor's Currency equivalent value of the principal payable on the Bonds; and (iii) the Investor's Currency equivalent market value of the Bonds.

Governments and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, a Bondholder may receive less interest or principal than expected, or no interest or principal.

The Trustee may request holders of the Bonds to provide an indemnity and/or security and/or prefunding to its satisfaction.

In certain circumstances, including, without limitation, giving of notice to the Issuer pursuant to Condition 9 and taking enforcement steps pursuant to Condition 13, the Trustee may, at its sole discretion, request holders of the Bonds to provide an indemnity and/or security and/or prefunding to its satisfaction before it takes actions on behalf of holders of the Bonds. The Trustee shall not be obliged to take any such actions if not indemnified and/or secured and/or prefunded to its satisfaction. Negotiating and agreeing to an indemnity and/or security and/or prefunding can be a lengthy process and may impact on when such actions can be taken. The Trustee may not be able to take actions, notwithstanding the provision of an indemnity or security or prefunding to it, in breach of the terms of the Trust Deed

(as defined in the Terms and Conditions of the Bonds) or the Terms and Conditions of the Bonds and in circumstances where there is uncertainty or dispute as to the applicable laws or regulations and, to the extent permitted by the agreements and the applicable law, it will be for the holders of the Bonds to take such actions directly.

Decisions that may be made on behalf of all holders of the Bonds may be adverse to the interests of individual holders of the Bonds.

The Terms and Conditions of the Bonds contain provisions for calling meetings of holders of the Bonds to consider matters affecting their interests generally. These provisions permit defined majorities to bind all holders of the Bonds, including holders who did not attend and vote at the relevant meeting and holders who voted in a manner contrary to the majority. Furthermore, there is a risk that the decision of the majority of holders of the Bonds may be adverse to the interests of the individuals.

Risks relating to the Issuer and the Subsidiary Guarantors

The Issuer and the Subsidiary Guarantors are our wholly-owned subsidiaries, have limited operations of their own, and will be dependent upon payments from us and our subsidiaries to meet their respective obligations under the Bonds and the Guarantee.

The Issuer is our wholly-owned subsidiary with no business operations other than issuing the Bonds and engaging in related transactions and future issuances of debt securities in accordance with the Terms and Conditions of the Bonds. The proceeds from the issuance of the Bonds will be used by the Issuer to provide financing to us for the uses described in “*Use of Proceeds*” elsewhere in this Offering Circular and not for the Issuer’s own use. Bondholders’ recourse to the Issuer is limited as the Issuer has only limited assets. The Issuer’s ability to make payments on the Bonds is dependent directly on payments (in the form of capital injections, intercompany loans or otherwise) to the Issuer by us and certain of our subsidiaries, which will depend on a number of factors, some of which may be beyond our and their control. If we or any of our subsidiaries are unable to make timely payments to the Issuer, the Issuer will not have any other source of funds to meet its payment obligations under the Bonds.

In addition, as the Subsidiary Guarantors are principally holding companies with limited operations of their own, and very limited operation history, the Subsidiary Guarantors will depend, to a significant extent, upon the receipt of dividends from their subsidiaries and associated companies and capital injections and loans from us to meet their overhead expenses, and to make payments with respect to their obligations, including their obligations under the Guarantee. The ability of subsidiaries and associated companies of the Subsidiary Guarantors to pay dividends to their shareholders is subject to the performance and profitability of such subsidiaries and associated companies, and to applicable laws and restrictions contained in debt instruments of such subsidiaries and associated companies, if any.

CAPITALISATION AND INDEBTEDNESS

Capitalisation and indebtedness of the Company

The following table sets forth the Company's consolidated capitalisation and indebtedness at 30 June 2019 on an actual basis, on an adjusted basis after giving effect to the issuance of the 2019 (December) Guaranteed Bonds and on a further adjusted basis after giving effect to the issuance of the Bonds. The following table should be read in conjunction with the Company's consolidated financial statements and related notes included in this Offering Circular.

	As at 30 June 2019					
	Actual		As adjusted for the issue of the 2019 (December) Guaranteed Bonds		As further adjusted for the issue of the Bonds	
	(unaudited)					
	(CNY in millions)	(US\$ in millions)	(CNY in millions)	(US\$ in millions)	(CNY in millions)	(US\$ in millions)
Short-term interest-bearing borrowings						
Interest-bearing bank and other borrowings (amount due within one year)	1,065	155	1,065	155	1,065	155
Current portion of long-term borrowings	8,120	1,183	8,120	1,183	8,120	1,183
Bonds and notes	27,079	3,945	27,079	3,945	27,079	3,945
Total	36,264	5,283	36,264	5,283	36,264	5,283
Long-term interest-bearing borrowings						
Interest-bearing bank and other borrowings	96,970	14,125	96,970	14,125	96,970	14,125
Bonds and notes	65,477	9,538	65,477	9,538	65,477	9,538
2019 (December) Guaranteed Bonds issued on 5 December 2019 ⁽¹⁾⁽²⁾	–	–	2,746	400	2,746	400
Bonds to be issued ⁽¹⁾⁽³⁾	–	–	–	–	2,746	400
Total	162,447	23,663	165,193	24,063	167,939	24,463
Capital and reserves attributable to owners of the Company						
Share capital	4,527	659	4,527	659	4,527	659
Reserves	246,167	35,858	246,167	35,858	246,167	35,858
Equity attributable to owners of the Company	250,694	36,517	250,694	36,517	250,694	36,517
Non-controlling interests	18,630	2,714	18,630	2,714	18,630	2,714
Total Equity	269,324	39,231	269,324	39,231	269,324	39,231
Total Capitalisation⁽⁴⁾⁽⁵⁾	431,771	62,894	434,517	63,294	437,263	63,694

Notes:

- (1) This amount has been translated into Renminbi for convenience purpose at a rate of US\$1.00 to CNY6.8650.
- (2) Refers to the aggregate principal amount of the 2019 (December) Guaranteed Bonds before deducting the commissions and estimated offering expenses.
- (3) Refers to the aggregate principal amount of the Bonds before deducting the commissions and estimated offering expenses.
- (4) Total capitalisation equals to long-term interest-bearing borrowings and total equity.
- (5) Subsequent to 30 June 2019, we issued CNY2.7 billion of the first tranche of Wanda Plaza Yangtze River Economic Belt Commercial Mortgage-Backed Securities on 31 July 2019. See “Description of Material Indebtedness and Other Obligations – PRC corporate bonds, medium-term notes and commercial mortgage-backed securities – PRC commercial mortgage-backed securities.” On 30 August 2019, the remaining US\$50 million outstanding under the one-year credit facility of US\$100 million borrowed by Wanda HK from E.Sun Commercial Bank, Ltd., Hong Kong Branch was repaid in full. On 23 September 2019, we repaid in full the CNY6 billion of the third tranche of 2016 non-guaranteed medium-term notes issued on 21 September 2016. On 21 October 2019, we repaid in full the CNY6 billion of the fourth tranche of 2016 non-guaranteed medium-term notes issued on 19 October 2016. In December 2019, Wanda HK entered into a facility letter with E.Sun Commercial Bank, Ltd., Hong Kong Branch in relation to a medium-term revolving loan facility of US\$20 million, which facility is guaranteed by the Company and has a term of two years. As at the date of this Offering Circular, the total amount of the drawdown under this facility was US\$20 million. See “Description of Material Indebtedness and Other Obligations – Offshore bank facility.”

Except as otherwise disclosed above and foregoing, there has been no material change in the consolidated capitalisation and indebtedness of the Company since 30 June 2019.

Capitalisation and indebtedness of Wanda HK

The following table sets forth Wanda HK's consolidated capitalisation and indebtedness at 30 June 2019 on an actual basis, on an adjusted basis after giving effect to the issuance of the 2019 (December) Guaranteed Bonds and on a further adjusted basis after giving effect to the issuance of the Bonds. The following table should be read in conjunction with Wanda HK's consolidated financial statements and related notes included in this Offering Circular.

	As at 30 June 2019					
	Actual		As adjusted for the issue of the 2019 (December) Guaranteed Bonds		As further adjusted for the issue of the Bonds	
	(unaudited)					
	(CNY in thousands)	(US\$ in thousands)	(CNY in thousands)	(US\$ in thousands)	(CNY in thousands)	(US\$ in thousands)
Short-term interest-bearing borrowings						
Interest-bearing bank borrowings						
(amount due within one year)	343,736	50,071	343,736	50,071	343,736	50,071
Current portion of long-term borrowings	156,382	22,780	156,382	22,780	156,382	22,780
Guaranteed bond	2,100,907	306,032	2,100,907	306,032	2,100,907	306,032
Other borrowings	11,234	1,636	11,234	1,636	11,234	1,636
Total	<u>2,612,259</u>	<u>380,519</u>	<u>2,612,259</u>	<u>380,519</u>	<u>2,612,259</u>	<u>380,519</u>
Long-term interest-bearing borrowings						
Interest-bearing bank borrowings	772,309	112,499	772,309	112,499	772,309	112,499
Guaranteed bond	4,060,369	591,459	4,060,369	591,459	4,060,369	591,459
Other borrowings	332,751	48,471	332,751	48,471	332,751	48,471
2019 (December) Guaranteed Bonds issued on 5 December 2019 ⁽¹⁾⁽²⁾	–	–	2,746,000	400,000	2,746,000	400,000
Bonds to be issued ⁽¹⁾⁽³⁾	–	–	–	–	2,746,000	400,000
Total	<u>5,165,429</u>	<u>752,429</u>	<u>7,911,429</u>	<u>1,152,429</u>	<u>10,657,429</u>	<u>1,552,429</u>
Capital and reserves attributable to owners of Wanda HK						
Issued capital	–	–	–	–	–	–
Accumulated losses	(2,615,296)	(380,961)	(2,615,296)	(380,961)	(2,615,296)	(380,961)
Other reserves	2,775,146	404,246	2,775,146	404,246	2,775,146	404,246
Equity attributable to owners of the Wanda HK	159,850	23,285	159,850	23,285	159,850	23,285
Non-controlling interests	1,520,030	221,417	1,520,030	221,417	1,520,030	221,417
Total Equity	<u>1,679,880</u>	<u>244,702</u>	<u>1,679,880</u>	<u>244,702</u>	<u>1,679,880</u>	<u>244,702</u>
Total Capitalisation ⁽⁴⁾⁽⁵⁾	<u>6,845,309</u>	<u>997,131</u>	<u>9,591,309</u>	<u>1,397,131</u>	<u>12,337,309</u>	<u>1,797,131</u>

Notes:

- (1) This amount has been translated into Renminbi for convenience purpose at a rate of US\$1.00 to CNY6.8650.
- (2) Refers to the aggregate principal amount of the 2019 (December) Guaranteed Bonds before deducting the commissions and estimated offering expenses.
- (3) Refers to the aggregate principal amount of the Bonds before deducting the commissions and estimated offering expenses.
- (4) Total capitalisation equals to long-term interest-bearing borrowings and total equity.
- (5) Subsequent to 30 June 2019, the remaining US\$50 million outstanding under the one-year credit facility of US\$100 million borrowed by Wanda HK from E.Sun Commercial Bank, Ltd., Hong Kong Branch was repaid in full on 30 August 2019. In December 2019, Wanda HK entered into a facility letter with E.Sun Commercial Bank, Ltd., Hong Kong Branch in relation to a medium-term revolving loan facility of US\$20 million, which facility is guaranteed by the Company and has a term of two years. As at the date of this Offering Circular, the total amount of the drawdown under this facility was US\$20 million. See "Description of Material Indebtedness and Other Obligations – Offshore bank facility."

Except as otherwise disclosed above and foregoing, there has been no material change in the consolidated capitalisation and indebtedness of Wanda HK since 30 June 2019.

USE OF PROCEEDS

The gross proceeds from the offering of the Bonds will be US\$400 million. After deducting commissions to be charged by the Joint Lead Managers and other estimated expenses payable in connection with the offering of the Bonds, the net proceeds will be used for refinancing existing indebtedness of the Group and general corporate purposes.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion in conjunction with (i) our audited consolidated financial statements as at and for each of the years ended 31 December 2017 and 2018 and the unaudited interim condensed consolidated financial statements as at and for the six months ended 30 June 2019 and the notes thereto, which are prepared in accordance with IFRS and included elsewhere in this Offering Circular and (ii) "Risk Factors" in this Offering Circular.

This section includes forward-looking statements. All statements, other than statements of historical facts, included in this section that address activities, events or developments that we expect or anticipate will or may occur in the future are forward-looking statements. These statements are based on assumptions and analyses we have made in light of experience and our perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. See "Forward-Looking Statements."

Overview

We are a market leader in commercial property management and hotel operation with a strong market recognition of our brand name "Wanda" ("萬達"). Over the years, we have accumulated a wealth of project execution experience and strong management capabilities, which have led to the steady expansion of our commercial management business. We are

- the world's largest owner of commercial properties in terms of the total leasable floor area owned and managed by us, with 289 Wanda Plazas in operation and an aggregate GFA of approximately 42.6 million sq.m., including 28.9 million sq.m. of leasable floor area of shopping centres under our management as at 30 June 2019; and
- one of China's leading operators of luxury hotels in terms of the number of hotels operated in the PRC, operating 75 self-owned or third-party owned hotels as at 30 June 2019.

Our Wanda Plazas received approximately 2.5 billion, 3.1 billion, 3.8 billion and 2.1 billion guest visits for 2016, 2017, 2018 and the six months ended 30 June 2019, which highlighted Wanda Plaza as a well-known brand with strong consumer recognition in China. Our rental collection rate has maintained at above 99.0% for 14 consecutive years from 2006 to 2019. We anticipate increasing rental income and management fees from management and operation of commercial properties.

As at the date of this Offering Circular, we conduct primarily three businesses, namely:

- (i) development, leasing and management of investment properties held by the Group for long-term investment or commercial properties owned by third parties;
- (ii) operation of third-party owned and self-owned hotels; and
- (iii) other business, primarily sale of yachts and operation of the Group's research and design centres and institutes. During the relevant periods prior to 2020, we were also engaged in development of properties, including commercial and residential properties, for scale. To implement our asset-light strategy, we decided to phase out our property sale business by transferring our residential property development business and sale of commercial and residential property business outside of our Group and had completed the phase-out of our property sale business by the end of 2019.

Our success is, to a large extent, attributable to our ability in business innovation which allows us to be proactive in responding to trends in the commercial property management, hotel operation and real estate markets. In light of the changing market conditions, we adopted an asset-light development strategy and have transformed ourselves from a property developer into an operator focusing on project

execution and commercial management. Under this asset-light model, we introduced co-investors to collaborate on the development of Wanda Plazas. Depending on the pre-negotiated mode of collaboration, our co-investors will fund the capital required for the construction of Wanda Plazas and acquisition of the land or, in certain cases, provide land, whereas we will be responsible for design, construction, leasing and operation of the relevant properties, as well as land acquisition where the co-investors do not provide land. We and our co-investors will also share rental income based on a negotiated ratio. As at 30 June 2019, we operated 59 Wanda Plazas developed under this asset-light model, including 34 Wanda Plazas developed as asset-light projects and 25 Wanda Plazas developed as cooperative projects, with an aggregate GFA of approximately 7.5 million sq.m., out of a total of 289 Wanda Plazas with an aggregate GFA of approximately 42.6 million sq.m. being operated by us.

In line with our asset-light strategy, as at 30 June 2019, we had transferred to Sunac our entire interests in 14 project companies holding 13 cultural and tourism projects in China and to R&F our entire interests in 71 hotels and an office building, Dalian Wanda Commercial Centre, in China, with two more hotels to be transferred to R&F. In addition, we also transferred to third parties our interests in all of our overseas projects except for the Chicago Project, which, depending on market condition, we may also dispose of in the future. We further disposed of 14 domestic subsidiaries to Wanda Real Estate Group Co., Ltd. and four domestic subsidiaries to independent third parties in 2018, 11 more domestic subsidiaries to Wanda Real Estate Group Co., Ltd., and our entire interest in one domestic subsidiary and 70% interest in another domestic subsidiary to independent third parties during the six months ended 30 June 2019. Through these strategic disposals, we expect to be able to substantially reduce our leverage ratio and focus on, and generate stable and recurring income from, our commercial management and hotel operation business.

The table below sets forth a breakdown of our revenue by business segment for the periods indicated:

	For the year ended 31 December						For the six months ended 30 June	
	2016		2017		2018		2019	
	(CNY million)	Percentage (%)	(CNY million)	Percentage (%)	(CNY million)	Percentage (%)	(unaudited) (CNY million)	Percentage (%)
Revenue								
Investment property leasing and management ⁽¹⁾	17,587 ⁽¹⁾	14.2	24,284	73.6	30,007	87.1	17,092	51.6
Hotel operations	6,241	5.0	5,857	17.8	1,466	4.3	728	2.2
Other Business								
Sale of properties	97,038	78.3	— ⁽²⁾	—	— ⁽²⁾	—	13,882	41.9
Others, including sale of yachts	3,131	2.5	2,847	8.6	2,974	8.6	1,435	4.3
Total	123,997	100.0	32,988	100.0	34,447	100.0	33,137	100.0
Other Revenue	—	—	98,272 ⁽²⁾	—	70,441 ⁽²⁾	—	—	—

Notes:

- (1) For 2016, one single line item “investment property leasing and management,” was used but for 2017, 2018 and the six months ended 30 June 2019, two separate line items “investment property leasing” and “investment property management” were used to account for the income from our commercial management business. For comparison purpose, the numbers under these two separate line items for 2017, 2018 and the six months ended 30 June 2019 are added up and presented under “investment property leasing and management” in this table.
- (2) For 2017 and 2018, the income from sale of properties, amounting to CNY98,272 million and CNY70,441 million, respectively, was classified as “Other Revenue” rather than income under “sales of properties,” as we decided to phase out our property sale business by the end of 2019 and focus our efforts on project execution and commercial management. We made no such classification for the other year/period presented in this Offering Circular.

Significant factors affecting our results of operations

Our results of operations and financial condition have been, and will continue to be, directly and indirectly affected by a number of factors, many of which are beyond our control, including those factors discussed in the section entitled “*Risk Factors*”. The key factors affecting our results of operations are set forth below.

General economic conditions, urbanisation and market cyclicity in China

Our business is heavily dependent on the continued economic growth, urbanisation and rising standards of living and the resultant demand for properties, in particular, commercial properties, in China. Economic growth and its concomitant urbanisation have had a significant impact on the PRC property markets, in particular, its commercial property sector, including the cities and regions where we operate, and have affected the supply of and demand for properties and property pricing trends. For example, properties in the first and second-tier cities of the PRC generally have a higher average selling price or rental rates compared with that of properties in the third and fourth-tier cities of the PRC. The oversupply of properties in some of the third and fourth-tier cities in China has also contributed to the lower average selling price or rental rates in such cities. The key macroeconomic factors in the PRC that we consider to be important to our operations include general economic development, growth of the private sector and government strategic planning. Economic condition has affected the general level of disposable income and the number of middle to upper-middle income households in the PRC. Changes in consumer spending power and confidence have also affected rental income from our investment properties and income from our hotels. We believe that these factors will continue to significantly impact our operations.

Moreover, the PRC property market has historically been cyclical. Periods of high economic growth are typically accompanied by higher selling prices or higher rental rates when compared with the prior selling prices or rental rates for a particular property. The opposite occurs during periods of lower economic growth or significant market disruptions. Rental rates on individual premises are usually locked in during the relevant lease terms and rental review periods, which may be different from the prevailing market rate for similar premises during the same periods until the relevant leases expire or until the next rental review.

The overall economic growth in the PRC and the rate of urbanisation will continue to be affected by a number of macroeconomic factors, including changes in the global economy as well as the macroeconomic, fiscal and monetary policies of the PRC government. It is difficult to determine the exact impact of any prolonged global economic slowdown on the economy and, accordingly, the property markets in the PRC. Any economic downturn in China generally or, in particular, in the regions where we operate could adversely affect our business, financial condition and results of operations.

Regulatory environment and measures affecting the property industry, in particular, the commercial property sector, in China

Our business has been, and will continue to be, affected by the regulatory environment in China, including, specifically, policies and measures taken by the PRC government with regard to property operation, development and related industries, including the retail and hotel industries. In recent years, the PRC government has implemented a series of measures to constrain the perceived overheating in the property market. The PRC government has taken various restrictive measures to discourage speculation. From time to time, the PRC government adjusts or introduces macroeconomic policies to encourage or restrict development in the property sector through regulating, amongst other things, land grants, pre-sales of properties, bank financing, mortgages and taxation. These policies have led, and may continue to lead, to changes in market conditions, including changes in price stability, costs of ownership, costs of development and the balance of supply and demand with respect to commercial and residential properties. Measures taken by the PRC government to control the money supply, credit availability and fixed asset investment also have a direct impact on our business. The PRC government may further introduce initiatives which may affect our access to financing.

Since the first half of 2016, China's property market has become highly polarised. Continual surges in land and property prices were witnessed in popular first and second-tier cities, while serious problems caused by reductions in inventory still lingered in certain second-tier cities and in third- and fourth-tier cities in general. In view of the complex market environment, the PRC government has announced policies and adopted measures to curtail speculation and control inventory in the property market, and focused on addressing regional and structural problems by adopting a differentiated control policy. These policies include the abolition of certain preferential treatment with respect to business taxes payable upon transfer of residential properties, increased minimum downpayments for mortgage loans and more stringent requirements with respect to the payment of land grant premiums by property developers. Since the end of 2016, new property control measures have been introduced in the PRC. Regulatory measures in the PRC real estate industry will continue to impact our business. See *“Risk Factors – Risks relating to conducting business in the PRC”* and *“PRC Regulations”* for more details on the relevant PRC laws and regulations.

Access to and cost of financing

Interest-bearing bank and other borrowings and bonds and notes are important sources of funding for our business operations. As at 31 December 2016, 2017 and 2018 and 30 June 2019, our outstanding interest-bearing bank and other borrowings amounted to CNY142,715 million, CNY114,604 million, CNY101,676 million and CNY106,155 million, respectively. Our outstanding bonds and notes amounted to CNY81,741 million, CNY94,411 million, CNY90,619 million and CNY92,556 million, respectively, as at the same dates. For the years ended 31 December 2016, 2017 and 2018 and the six months ended 30 June 2019, our total interest expenses on bank loans, other loans and bonds and notes (including capitalisation of interest) were CNY11,228 million, CNY12,241 million, CNY9,788 million and CNY5,085 million, respectively. The interest rates of our bank borrowings are generally floating with reference to the benchmark interest rate set by the PBOC, and any increase in this rate will increase our finance costs. See *“Risk Factors – Risks relating to our business – Our profitability and results of operations are affected by changes in interest rates”* for more details. Moreover, from time to time the PRC government has imposed restrictions on bank lending for property development. To the extent the PRC government slows the development of the private property sector, either by restricting loans to the sector or by increasing lending rates to the sector, our access to capital and cost of financing may be adversely affected. As such, any increase in interest rates offered to us, together with the general reduced availability of credit, may significantly and adversely impact our business.

In addition, during the years ended 31 December 2016, 2017 and 2018 and the six months ended 30 June 2019, we obtained trust financing from various trust financing providers. As at 31 December 2016, 2017 and 2018 and 30 June 2019, we had a total principal amount of CNY12,141 million, CNY2,222 million, nil and CNY950 million, respectively, of trust financing outstanding. While trust financing providers generally do not link their interest rates to the PBOC benchmark lending rates, they typically charge higher interest rates than those charged by commercial banks. The PRC government may implement more stringent measures to control the risks associated with loan growth, which may include more stringent review procedures that trust financing providers are required to adopt when considering applications for trust financing, and remedial actions that trust financing providers are required to take in the event of any non-compliance with applicable laws and regulations. Any such further measures that the PRC government may implement could limit the amount that trust financing providers can make available for ourselves and the PRC property industry as a whole.

Fair value of our investment properties

Property values are affected by, among other factors, supply of, and demand for, comparable properties, the rate of economic growth, interest rates, inflation, political and economic developments, construction costs and the timing of the development of properties. We state our investment properties at fair value on our consolidated statements of financial position as non-current assets as at each financial statements date based on the valuations prepared by DTZ Debenham Tie Leung Limited, an independent property valuer, and record changes in fair value of investment properties in our consolidated statements

of profit or loss. Property valuation involves the exercise of professional judgement and requires the use of certain bases and assumptions. The fair value of our investment properties may be higher or lower if the valuer uses a different set of bases and assumptions or if the valuation is conducted by another qualified independent professional valuer using the same, or a different, set of bases and assumptions.

Gains or losses arising from changes in the fair value of our investment properties may have a substantial effect on our profits. As at 31 December 2016, 2017 and 2018 and 30 June 2019, the fair value of our investment properties amounted to CNY383,050 million, CNY379,003 million, CNY407,412 million and CNY419,089 million, respectively. For the years ended 31 December 2016, 2017 and 2018 and the six months ended 30 June 2019, we recorded a net increase in fair value of investment properties of CNY20,162 million, CNY19,099 million, CNY15,603 million and CNY3,331 million, respectively. The fair value of each of our investment properties has fluctuated, and is likely to continue to fluctuate, in accordance with the prevailing property market conditions.

Any decrease in the fair value of our investment properties will adversely affect our profitability. In addition, increases in the fair value of investment properties are unrealised and do not generate any cash inflow to us until such investment properties are disposed of at considerations similar to the valuations. We may therefore experience higher profitability through increases in the fair value of investment properties without a corresponding improvement to our liquidity position. We cannot assure you that levels of increases in the fair value of investment properties similar to those recognised for the years ended 31 December 2016, 2017 and 2018 and the six months ended 30 June 2019 can be sustained in the future.

Revenue mix

Our revenue and results of operations may vary from period to period depending on the type of the source of our income.

For the years ended 31 December 2016, 2017 and 2018 and the six months ended 30 June 2019, we derived our income primarily from sale of properties and retained a significant portion of our properties as investment properties to generate rental income and enjoy the benefit of any appreciation in property value. For 2017 and 2018, the income from sale of properties, amounting to CNY98,272 million and CNY70,441 million, respectively, was classified as “Other Revenue” rather than “Revenue” from the “sale of properties” segment as we decided to phase out our property sale business by the end of 2019 and focus our efforts on project execution and commercial management. For the six months ended 30 June 2019, the income from sale of properties amounting to CNY13,882 million was classified as “Revenue from Sale of Properties”. We also generate significant revenue from our hotel operation, sale of yachts and others. See “– Description of selected components of consolidated statements of profit or loss – Revenue” for more details. As a result, our results of operations, including, in particular, our gross margins, and the sources and amount of cash from operations, have varied and may continue to vary significantly from period to period depending on the mix of our revenues from investment property leasing and management, hotel operation and sale of properties. Our gross profit margin may improve with proportionally more revenue from property leasing and management, as our investment property leasing and management business generally has higher gross margins than our other business. We proactively and closely plan and manage the relative growth of our investment property leasing and management and hotel operation in order to achieve and maintain a desirable revenue mix from these three businesses.

Furthermore, our revenue and profitability are affected by the development and structure of China’s economy. As major trends in China, the PRC government has been focused on the promotion of domestic consumer spending and the improvement of development prospects of the service industry.

Consequently, China’s economic structure has experienced, and will continue to experience, changes and adjustments. These changes and adjustments may result in changes in the revenue mix and profitability of our business, which, in turn, could impact our results of operations.

Rental rates, daily room rates and occupancy trends

Our rental income depends principally on our rental rates and occupancy rates. Factors affecting our rental rates include the supply of comparable properties, the overall demand in the market, the floor area occupied by individual tenants, the trade sectors in which tenants operate, general macroeconomic conditions (including inflation rates) and occupancy rates. In addition, occupancy rates largely depend on rental rates at competing properties, the supply of, and demand for, comparable properties and the ability to minimise the intervals between lease expiries (or terminations) and the entry into new leases. In addition, occupancy rates of a new property tend to be lower during the initial ramp-up and subsequent renovation period.

Lease terms of anchor and sub-anchor tenants in our principal investment properties generally range from 10 to 15 years, while the lease terms of other tenants generally range from three to five years. Subject to our consideration of a variety of factors, including the brand name and preference of our tenants, the nature and profitability of their business and their business relationships with us, we typically use the following rental pricing methods: (i) fixed rates during a predetermined period with an increase in rental by a certain number of percentage points annually thereafter for the remaining lease terms; (ii) rental rates calculated based on a predetermined percentage of the retail gross income of the tenants; and (iii) rental rates calculated using the rental pricing method set out in (i) above or the rent pricing method set out in (ii) above, whichever is higher. Our ability to lease expiring space and the terms we achieve has an impact on our results of operations.

The daily room rates of our hotels are influenced by daily room rates charged by our competitors, the supply of hotel rooms in the market, the attractiveness of our hotels' locations, the breadth and quality of services provided, hotel industry trends, seasonality and general economic conditions. A shortage of rooms in the market will often have the effect of increasing achievable daily room rates as hotels increase their rates in response to demand, whereas an oversupply of rooms will often have the opposite effect. The occupancy rates of our hotels will be, in part, determined by the level of our daily room rates and our ability to minimise the period of time between customers during which rooms are unoccupied.

Critical accounting policies and estimates

The preparation of the consolidated financial statements of the Group requires selecting accounting policies and making judgements and estimates that affect items reported in the consolidated financial statements. The determination of these accounting policies and the making of these judgements and estimates are fundamental to our results of operations and financial condition and require our management to make subjective and complex judgements about matters that are inherently uncertain, based on information and data that may change in future periods. As a result, determinations regarding these items necessarily involve the use of assumptions and subjective judgements as to future events and are subject to change, and the use of different assumptions or data could produce materially different results. In addition, actual results could differ from estimates and may have a material adverse effect on our business, financial condition, results of operations or cash flows. We also have other policies and make other judgements and estimates that we consider to be key accounting policies, judgements and estimates, which are set forth in detail in notes 2 and 3 to our audited consolidated financial statements as at and for the years ended 31 December 2017 and 2018 and note 2 to our unaudited interim condensed consolidated financial statements as at and for the six months ended 30 June 2019 attached to this Offering Circular.

Revenue recognition

Revenue recognition (applicable from 1 January 2018)

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which we expect to be entitled in exchange for those goods or services.

When the contract contains a financing component which provides the customer a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between us and the customer at contract inception. When the contract contains a financing component which provides us a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

Revenue from the sale of properties in the ordinary course of business is recognised when the control of properties is transferred to customers.

Property management fee income derived from the provision of property maintenance and management services is recognised when the relevant services are rendered.

Hotel operating income including room rental and service fee income from the provision of other ancillary services is recognised when the services are rendered.

Revenue from other sources

Rental income derived from the lease of our properties is recognised on a time proportion basis over the lease terms.

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Dividend income is recognised when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to us and the amount of the dividend can be measured reliably.

Revenue recognition (applicable before 1 January 2018)

Revenue from the sale of properties in the ordinary course of business is recognised when all the following criteria are met:

- (a) the significant risks and rewards of ownership of the properties have been transferred to the buyers;
- (b) neither continuing managerial involvement to the degree usually associated with ownership, nor effective control over the properties is retained;
- (c) the amount of revenue can be measured reliably;

- (d) it is probable that the economic benefits associated with the transaction will flow to us; and
- (e) the cost incurred or to be incurred in respect of the transaction can be measured reliably.

The above criteria for sale of properties are met when construction of the relevant properties has been completed and we have obtained the project completion report issued by the relevant government authorities, the properties have been delivered to the buyers, and the collectability of related receivables is reasonably assured. Payments received on properties sold prior to the date of revenue recognition are included in the consolidated statement of financial position under current liabilities.

Rental income derived from the lease of our properties is recognised on a time proportion basis over the lease terms.

Property management fee income derived from the provision of property maintenance and management services is recognised when the relevant services are rendered.

Hotel operating income, including room rental and service fee income from the provision of other ancillary services, is recognised when the services are rendered.

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Dividend income is recognised when the shareholders' right to receive payment has been established.

Investment properties

Investment properties are interests in land and buildings (including the leasehold interest under an operating lease for a property which would otherwise meet the definition of an investment property) held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Investment properties comprise completed investment properties and investment properties under construction. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period.

Gains or losses arising from changes in the fair values of investment properties are included in the statement of profit or loss in the year in which they arise. Any gains or losses on the retirement or disposal of an investment property are recognised in the statement of profit or loss in the year of the retirement or disposal.

For a transfer from investment properties to owner-occupied properties or inventories, the deemed cost of a property for subsequent accounting is its fair value at the date of change in use. If a property occupied by us as an owner-occupied property becomes an investment property, we account for such property in accordance with our accounting policy for property, plant and equipment and depreciation up to the date of change in use, and any difference at that date between the carrying amount and the fair value of the property is accounted for as a revaluation reserve. For a transfer from inventories to investment properties, any difference between the fair value of the property at that date and its previous carrying amount is recognised in the statement of profit or loss.

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost or valuation less accumulated depreciation and any impairment losses. When an item of property, plant and equipment is classified as held for sale or when it is part of a disposal group classified as held for sale,

it is not depreciated and is accounted for in accordance with IFRS 5, as further explained in the accounting policy for “Non-current assets and disposal groups held for sale” as set out in note 2.4 to our consolidated financial statements as at and for the year ended 31 December 2018 attached to this Offering Circular. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, we recognise such parts as individual assets with specific useful lives and depreciate them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The main property, plant and equipment’s estimated residual values and useful lives for this purpose are as follows:

	<u>Useful lives</u>	<u>Residual values</u>
Buildings	35-40 years	5%
Machinery	10 years	5%
Motor vehicles	5 years	5%
Electronic equipment	5 years	5%
Others	5 years	5%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately.

Residual value, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment, including any significant part initially recognised, is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents construction work in progress and is stated at cost less any impairment losses, and is not depreciated. Cost mainly comprises the direct costs of construction and capitalised borrowing cost on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Properties under development

Properties under development are stated at the lower of cost and net realisable value. Cost comprises land costs, construction costs, capitalised borrowing costs, professional fees and other costs directly attributable to such properties incurred during the development period.

Properties under development are classified as current assets unless the construction period of the relevant property development project is expected to complete beyond the normal operating cycle. Upon completion, the properties are transferred to completed properties held for sale.

Completed properties held for sale

Completed properties held for sale are stated at the lower of cost and net realisable value. Cost is determined by an apportionment of the total land and building costs attributable to unsold properties. The net realisable value is determined by reference to the sales proceeds of properties sold in the ordinary course of business, less applicable variable selling expenses, or by management's estimates based on the prevailing market conditions, on an individual property basis.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Our financial liabilities include trade and bills payables, financial liabilities included in other payables and accruals, interest-bearing bank and other borrowings, dividend payables, obligation under finance leases and bonds and notes.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Loans and borrowings: After initial recognition, interest-bearing bank and other borrowings and bonds and notes are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

Borrowing costs

Borrowing costs are directly attributable to the acquisition, construction or production of qualifying assets, that is, assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Income tax

Income tax comprises current tax and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each reporting period, taking into consideration interpretations and practices prevailing in the countries in which we operate.

Deferred tax is provided, using the liability method, on all temporary differences at the end of each reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carry forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and our Group's business model for managing them.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Our Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

Financial assets designated at fair value through other comprehensive income (equity investments)

Upon initial recognition, our Group can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the statement of profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to our Group and the amount of the dividend can be measured reliably, except when our Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through other comprehensive income, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

Estimation uncertainty

Fair value of investment properties

The investment properties are measured at fair value. The fair value 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 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 interests to be incurred from the valuation date to completion as well as a reasonable margin. The determination of the fair value for completed investment properties requires us to estimate reversionary potential of the properties, while for investment properties under development, estimates on costs to be incurred and future margin are required in the valuation.

LAT

LAT in Mainland China is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sale of properties less deductible expenditures including land costs, capitalised borrowing costs, and other property development expenditures.

When calculating the LAT, we need to estimate the deductible expenditures and make a judgement regarding the relevant tax rate on an individual property basis under the relevant applicable tax laws and regulations. Given uncertainties regarding the basis for calculating LAT as determined by the local tax bureau, the actual outcomes may be higher or lower than those estimated. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the LAT expense and LAT provision in the period in which the differences are realised.

Description of selected components of consolidated statements of profit or loss

Revenue

Our revenue comprises (i) revenue from investment property leasing and management income, hotel operation, sale of yachts and others, and (ii) revenue from sale of properties (for the years ended 31 December 2016 and the six months ended 30 June 2019). The following table sets out a breakdown of our revenue (and Other Revenue (for the years ended 31 December 2017 and 2018) for illustration) for the periods indicated:

	For the year ended 31 December						For the six months ended 30 June			
	2016		2017		2018		2018		2019	
							(unaudited)		(unaudited)	
	(CNY million)	(%)	(CNY million)	(%)	(CNY million)	(%)	(CNY million)	(%)	(CNY million)	(%)
Revenue										
Revenue from investment property leasing and management, hotel operation, sale of yachts and others	26,959	21.7	32,988	100.0	34,447	100.0	16,185	30.9	19,255	58.1
Investment property leasing and management	17,587	14.2	24,284	73.6	30,007	87.1	14,191	27.1	17,092	51.6
Hotel operation	6,241	5.0	5,857	17.8	1,466	4.3	826	1.6	728	2.2
Others (including sale of yachts)	3,131	2.5	2,847	8.6	2,974	8.6	1,168	2.2	1,435	4.3
Revenue from sale of properties	97,038	78.3	–	–	–	–	36,127	69.1	13,882 ⁽²⁾	41.9
Total	123,997	100.0	32,988	100.0	34,447	100.0	52,312	100	33,137	100.0
Other Revenue	–	–	98,272 ⁽¹⁾	–	70,441 ⁽¹⁾	–	–	–	–	–

Notes:

- (1) For the years ended 31 December 2017 and 2018, the income from sale of properties amounting to CNY98,272 million and CNY70,441 million, respectively, was classified as “Other Revenue” rather than “Revenue” from the “sale of properties” segment as we decided to phase out our property sale business by the end of 2019 and focus our efforts on project execution and commercial management.
- (2) For the six months ended 30 June 2019, the income from sale of properties amounting to CNY13,882 million was classified as “Revenue from Sale of Properties”.

Revenue from investment property leasing and management income, hotel operation, sale of yachts and others

Investment property leasing and management

Revenue from investment property leasing and management is primarily generated as rental income from the shopping centres, retail properties and offices and management fees from management of such properties. For the years ended 31 December 2016, 2017 and 2018 and the six months ended 30 June 2019, our revenue from investment property leasing and management was CNY17,587 million, CNY24,284 million, CNY30,007 million and CNY17,092 million, respectively. Our results of operations from investment property leasing and management are primarily dependent upon the total amount of our leasable GFA and the rent levels for our investment properties.

Hotel operation

Revenue from hotel operation is primarily generated from hotel rooms, food and beverage businesses and ancillary services. For the years ended 31 December 2016, 2017 and 2018 and the six months ended 30 June 2019, our revenue from hotel operation was CNY6,241 million, CNY5,857 million, CNY1,466 million and CNY728 million, respectively.

Others (including sale of yachts)

Revenue of this segment comprises primarily income from yacht sales, management of properties sold, leasing of advertisement space and other services.

Revenue from sale of properties

For the year ended 31 December 2016, we derived most of our revenue from sale of properties. For the year ended 31 December 2016, revenue from sale of properties amounted to CNY97,038 million.

For the years ended 31 December 2017 and 2018, the income from sale of properties amounting to CNY98,272 million and CNY70,441 million, respectively, was classified as “Other Revenue” from the “sale of properties” segment as we decided to phase out our property sale business by the end of 2019 and focus our efforts on project execution and commercial management.

For the six months ended 30 June 2019, the income from sale of properties amounting to CNY13,882 million was classified as “Revenue from Sale of Properties”.

Our revenue from sale of properties for the year ended 31 December 2016 and the six months ended 30 June 2019 and Other Revenue for the years ended 31 December 2017 and 2018 are recognised upon delivery of properties to the purchasers pursuant to the sale agreements. As such, our results of operations from sale of properties are primarily dependent upon the amount of total saleable GFA, the location and type of properties we completed and delivered during the relevant period, market conditions and the contracted sales price of our properties.

Cost of sales

Our cost of sales comprises (i) cost of investment property leasing and management, hotel operation, sale of yachts and others, and (ii) cost of properties sold (for the year ended 31 December 2016 and the six months ended 30 June 2019). The following table sets out a breakdown of our cost of sales (and Other Cost (for the years ended 31 December 2017 and 2018) for illustration) for the periods indicated:

	For the year ended 31 December						For the six months ended 30 June			
	2016		2017		2018		2018		2019	
							(unaudited)		(unaudited)	
	(CNY million)	(%)	(CNY million)	(%)	(CNY million)	(%)	(CNY million)	(%)	(CNY million)	(%)
Cost of sales										
Cost of investment property leasing and management, hotel operation, sale of yachts and others	12,662	16.6	14,005	100.0	12,281	100.0	5,417	19.7	6,830	43.7
Cost of investment property leasing and management	5,506	7.2	7,293	52.1	8,919	72.6	3,873	14.1	5,193	33.2
Cost of hotel operation	4,408	5.8	4,099	29.3	795	6.5	410	1.5	400	2.6
Others (including sale of yachts)	2,748	3.6	2,613	18.6	2,567	20.9	1,134	4.1	1,237	7.9
Cost of properties sold	63,429	83.4	–	–	–	–	21,975	80.3	8,833 ⁽²⁾	56.3
Total	76,091	100.0	14,005	100.0	12,281	100.0	27,392	100.0	15,663	100.0
Other Cost	–	–	65,354⁽¹⁾	–	43,372⁽¹⁾	–	–	–	–	–

Notes:

- (1) For the years ended 31 December 2017 and 2018, the cost from sales of properties amounting to CNY65,354 million and CNY43,372 million, respectively, was classified as “Other Cost” rather than “Cost of sales” from the “sale of properties” segment as we decided to phase out our property sale business by the end of 2019 and focus our efforts on project execution and commercial management.
- (2) For the six months ended 30 June 2019, the cost from sales of properties amounting to CNY8,833 million was classified as “Cost of Properties Sold”.

Cost of investment property leasing and management, hotel operation, sale of yachts and others

Cost of investment property leasing and management

Our cost of investment property leasing and management primarily includes property maintenance costs, salaries for employees in our investment property leasing and management business and real estate taxes paid on the relevant investment properties.

Cost of hotel operation

Our cost of hotel operation primarily comprises depreciation of hotels we operate, hotel maintenance costs, salaries for employees in our hotel operation and other miscellaneous expenses.

Others (including sale of yachts)

Cost of sales of this segment primarily comprises the direct costs arising from the generation of income of this segment.

Cost of properties sold

Cost of properties sold (for the year ended 31 December 2016 and the six months ended 30 June 2019) represents the costs we incur directly in connection with our property development activities, which primarily include land acquisition costs, construction costs, capitalised interests and other costs. We recognise the cost of sales of our properties for a given period to the extent that revenue from such properties has been recognised in the same period.

- *Land acquisition costs.* Land acquisition costs represent costs relating to the acquisition of the rights to occupy, use and develop land. Such costs primarily include the land grant premium incurred in connection with a land grant from the PRC government. Our land acquisition costs are affected by a number of factors, such as the location of the underlying property, regional real estate market conditions, the timing of the land acquisition, the project’s plot ratios, the method of acquisition and changes in PRC regulations.

- *Construction costs.* Construction costs include all of the costs for the design and construction of a project, including payments to third-party designers and contractors and costs of construction materials. Our construction costs are affected by a number of factors, including the type and geological condition of the properties being constructed, the investment in ancillary facilities and the type and amount of construction materials used. Historically, construction material costs, particularly the cost of steel and cement, and construction labour costs have been the primary contributing factors to the fluctuations in our construction costs.
- *Capitalised interest.* We capitalise a portion of our finance costs to the extent that such costs are directly attributable to the acquisition and construction of a particular property development project. Finance costs that are not directly attributable to the development of a property development project are expensed and recorded as finance costs in our consolidated statements of profit or loss in the period in which they are incurred.
- *Miscellaneous costs.* We also incur other miscellaneous costs associated with our property development business.

For the year ended 31 December 2016, the cost of properties sold accounted for most of our cost of sales and amounted to CNY63,429 million.

For the years ended 31 December 2017 and 2018, the cost of properties sold amounting to CNY65,354 million and CNY43,372 million, respectively, was classified as “Other Cost” as we decided to phase out our property sale business by the end of 2019 and focus our efforts on project execution and commercial management.

For the six months ended 30 June 2019, the cost of properties sold amounting to CNY8,833 million was classified as “Cost of properties sold”.

Other Revenue

Other Revenue represents income from sale of properties for the years ended 31 December 2017 and 2018, net of VAT and other sales-related taxes and discounts allowed. We recorded income from sale of properties for the year ended 31 December 2016 and the six months ended 30 June 2019 under the “sale of properties” segment of “Revenue” and “Revenue from sale of properties”, respectively.

Other Cost

Other Cost represents cost from sales of properties for the year ended 31 December 2017 and 2018. We recorded cost from sales of properties for the year ended 31 December 2016 and the six months ended 30 June 2019 under the “sale of properties” segment of “Cost of Sales” and “Cost of Properties Sold”, respectively.

Other income and gains

Other income and gains primarily include government grants, bank interest income, gain on disposals of subsidiaries, gain on entrusted loan, gain on financial products, foreign exchange gain, net and others.

Increase in fair value of investment properties, net

For the years ended 31 December 2016, 2017 and 2018 and the six months ended 30 June 2019, we recorded a net increase in fair value of investment properties of CNY20,162 million, CNY19,099 million, CNY15,603 million and CNY3,331 million, respectively.

Substantially all of our investment properties are situated in the PRC. The fair value of each of our investment properties is primarily affected by supply of, and demand for, comparable properties, the rate of economic growth, interest rates, inflation and political and economic developments in the areas where

the investment properties are located. In addition, the fair value of each of our investment properties under development is also affected by construction costs and the schedule of the development of properties.

Selling and distribution expenses

Selling and distribution costs primarily include advertising and promotional expenses, salary of our sales staff, depreciation and amortisation, general office expenses and other costs relating to our sales and marketing activities. Our selling and distribution expenses in any period may be affected by the number of newly introduced property development projects in that period.

Administrative expenses

Administrative expenses primarily include salary of administrative personnel, depreciation and amortisation, general office expenses, other tax expenses (including property tax derived from the properties which are not investment properties and stamp duty), auditing and consulting expenses, business entertainment expenses, travel expenses, legal expenses and other expenses relating to our administrative activities.

Other expenses

Other expenses primarily include loss on disposal of subsidiaries, assets impairment loss, non-operating expenses, foreign exchange loss, net and other expenses.

Finance costs

Finance costs primarily include (i) interest on bank loans and other loans (net of interest capitalised); (ii) interest on bonds and notes (net of interest capitalised); (iii) fund possession cost on advance from customers (net of fund possession cost capitalised); and (iv) other finance expense.

The following table sets out an analysis of finance costs for the periods indicated:

	For the year ended 31 December			For the six months ended 30 June	
	2016	2017	2018	2018	2019
	(CNY million)	(CNY million)	(CNY million)	(unaudited) (CNY million)	(unaudited) (CNY million)
Interest on bank loans and other loans	8,980	8,248	5,550	2,564	3,068
Interest on bonds and notes	2,248	3,993	4,238	2,071	2,017
Less: Interest capitalised	(3,756)	(3,174)	(1,075)	(418)	(313)
	<u>7,472</u>	<u>9,067</u>	<u>8,713</u>	<u>4,217</u>	<u>4,772</u>
Fund possession cost on advance from customers	–	–	2,594	2,037	638
Less: fund possession cost capitalised	–	–	(2,217)	(1,703)	(536)
	<u>–</u>	<u>–</u>	<u>377</u>	<u>334</u>	<u>102</u>
Add: Other finance expense	96	82	252	20	409
Total	<u><u>7,568</u></u>	<u><u>9,149</u></u>	<u><u>9,342</u></u>	<u><u>4,571</u></u>	<u><u>5,283</u></u>

Share of profits and losses of joint ventures

This line item represents our share of profits or losses of our material joint ventures. Our recognition of losses is limited to our interest in such joint ventures.

Income tax expense

Our income tax expense primarily comprises current corporate income tax and LAT in the PRC as well as deferred tax. Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Our effective tax rate was 35.8%, 48.5%, 36.8% and 32.5% for the

years ended 31 December 2016, 2017 and 2018 and the six months ended 30 June 2019, respectively. Effective tax rates are derived by dividing total tax charge for the relevant period by profit before tax for that period.

Corporate income tax

The provision for corporate income tax for the years ended 31 December 2016, 2017 and 2018 and for the six months ended 30 June 2019 was primarily based on the applicable rate of 25%, except for some of our PRC subsidiaries which enjoyed preferential corporate income tax rates or were entitled to exemption from corporate income tax as approved by the relevant tax authorities in the PRC or qualified for certain exceptions under applicable laws and regulations of the PRC.

LAT

Under PRC laws and regulations, we are subject to LAT at the progressive rates in a range of 30% to 60% of the appreciation in land value arising from the sale or transfer of land use rights and buildings and their attached facilities, which is measured as the proceeds from the sales of properties less deductible expenditures, including land costs, borrowing costs and other property development expenditures as provided in the relevant tax laws. The LAT provision is subject to final review and approval by the local authorities in the area where each property is located. Certain exemptions are available for the sale of ordinary residential properties, as defined by the local authorities, if the appreciation values do not exceed 20% of the total deductible items as defined in the relevant tax laws. Sales of commercial properties such as high-class apartment, villas and holiday resorts are not eligible for such exemptions. When calculating the LAT potentially payable, we measure our deductible expenditures according to our future costs, and we prepay LAT based on our best estimate according to the prevailing tax laws and regulations and pursuant to the applicable LAT rates in respect of our different projects. Because the local tax authorities may exercise discretion in determining the basis of calculation for LAT, they may disagree that our provisions are sufficient to cover all actual LAT obligations as at each balance sheet date in respect of our past LAT liabilities. We made a LAT provision of CNY6,380 million, CNY8,892 million, CNY5,927 million and CNY1,771 million for the years ended 31 December 2016, 2017 and 2018 and the six months ended 30 June 2019, respectively.

Discontinued operations

We disposed of some subsidiaries during the years ended 31 December 2016, 2017 and 2018 and the six months ended 30 June 2019. Such disposed subsidiaries were classified as discontinued operations. For further information, see note 11 to our audited consolidated financial statements as at and for the years ended 31 December 2017 and 2018 and note 9 to our unaudited interim condensed consolidated financial statements as at and for the six months ended 30 June 2019 attached to this Offering Circular.

As part of our efforts to implement our asset-light strategy, we decided to phase out our property sale business by transferring our entire residential property development business and sale of commercial and residential property business outside of our Group and had completed the phase-out of our property sale business by the end of 2019. Therefore, the income generated from sales of properties will cease to be a major source of our revenue in the future.

Discussion of results of operations

You should read the selected historical financial information set forth below in conjunction with our consolidated financial statements, together with the accompanying notes, attached to this Offering Circular.

	For the year ended 31 December			For the six months ended 30 June	
	2016	2017	2018	2018	2019
	(CNY in millions)	(CNY in millions)	(CNY in millions)	(unaudited) (CNY in millions)	(unaudited) (CNY in millions)
Continuing operations					
Revenue	123,997	32,988	34,447	52,312	33,137
Revenue from investment property leasing and management, hotel operation, sale of yachts and others . . .	26,959	32,988	34,447	16,185	19,255
Revenue from sale of properties	97,038	—	—	36,127	13,882
Cost of sales	(76,091)	(14,005)	(12,281)	(27,392)	(15,663)
Cost of investment property leasing and management, hotel operation, sale of yachts and others	12,662	(14,005)	(12,281)	(5,417)	(6,830)
Cost of properties sold	63,429	—	—	(21,975)	(8,833)
Gross profit	47,906	18,983	22,166	24,920	17,474
Other Revenue ⁽¹⁾	—	98,272	70,441	—	—
Other Cost ⁽¹⁾	—	(65,354)	(43,372)	—	—
Other income and gains	4,414	3,804	5,725	4,084	3,915
Increase in fair value of investment properties, net	20,162	19,099	15,603	4,307	3,331
Selling and distribution expenses . .	(5,071)	(4,902)	(2,930)	(1,146)	(861)
Administrative expenses	(7,476)	(7,576)	(5,708)	(2,365)	(2,390)
Other expenses	(1,210)	(10,163)	(3,685)	(1,611)	(1,217)
Finance costs	(7,568)	(9,149)	(9,342)	(4,571)	(5,283)
Share of profits and losses of joint ventures	28	—*	(68)	—*	(82)
Profit before tax/Profit before tax from continuing operations . . .	51,185	43,014	48,830	23,618	14,887
Income tax expense	(18,301)	(20,693)	(18,439)	(8,550)	(4,844)
Profit for the year/period from continuing operations	32,833	22,321	30,391	15,068	10,043
Discontinued operations					
Profit/(loss) for the year/period from discontinued operations . . .	51	(329)	1,275	399	—
Profit for the year/period	32,884	21,992	31,666	15,467	10,043
Attributable to:					
Owners of the parent	30,336	20,011	29,367	14,195	9,509
Non-controlling interests	2,548	1,981	2,299	1,272	534
	<u>32,884</u>	<u>21,992</u>	<u>31,666</u>	<u>15,467</u>	<u>10,043</u>

* The amounts are rounded to the nearest million and presented as zero.

Note:

- (1) For the years ended 31 December 2017 and 2018, the income from sale of properties and cost from sale of properties were classified as “Other Revenue” and “Other Cost” as we decided to phase out our property sale business by the end of 2019 and focus our efforts on project execution and commercial management. We made no such classification for the other year/period presented in this Offering Circular.

Six months ended 30 June 2019 and 2018

Revenue from investment property leasing and management, hotel operation, sale of yachts and others

Our revenue from investment property leasing and management, hotel operation, sale of yachts and others increased by CNY3,070 million, or 19.0%, to CNY19,255 million for the six months ended 30 June 2019 from CNY16,185 million for the six months ended 30 June 2018, primarily due to an increase in revenue from investment property leasing and management.

Our revenue from investment property leasing and management increased by CNY2,901 million, or 20.4%, to CNY17,092 million for the six months ended 30 June 2019 from CNY14,191 million for the six months ended 30 June 2018, primarily due to (i) an increase in the leasable space as 45 Wanda Plazas commenced operation during the 12 months ended 30 June 2019; (ii) the high occupancy rate of our investment properties which has gradually remained stable; (iii) an increase in the rental levels for our shopping centres that have entered maturity stage; and (iv) an increase in fees from management and operation of an increased number of commercial properties.

Our revenue from hotel operation decreased by CNY98 million, or 11.9%, to CNY728 million for the six months ended 30 June 2019 from CNY826 million for the six months ended 30 June 2018, primarily because we completed the disposal of a hotel to a third party during the second half of 2018.

Our revenue from the “others” segment increased by CNY267 million, or 22.9%, to CNY1,435 million for the six months ended 30 June 2019 from CNY1,168 million for the six months ended 30 June 2018, primarily due to increases in the revenue from sale of yachts and construction management consulting service.

Revenue from sale of properties

Our revenue from sale of properties decreased by CNY22,245 million, or 61.6%, to CNY13,882 million for the six months ended 30 June 2019 from CNY36,127 million for the six months ended 30 June 2018, primarily due to a decrease in saleable property development projects as we disposed of 11 subsidiaries to the real estate group of Wanda Group during the six month ended 30 June 2019 in line with our plan to phase out our property sale business.

Cost of investment property leasing and management, hotel operation, sale of yachts and others

Our cost of investment property leasing and management, hotel operation, sale of yachts and others increased by CNY1,413 million, or 26.1%, to CNY6,830 million for the six months ended 30 June 2019 from CNY5,417 million for the six months ended 30 June 2018, primarily due to an increase in cost of investment property leasing and management.

Our cost of investment property leasing and management increased by CNY1,320 million, or 34.1%, to CNY5,193 million for the six months ended 30 June 2019 from CNY3,873 million for the six months ended 30 June 2018, primarily due to the expansion of completed investment property portfolio owned and/or managed by us to include 45 Wanda Plazas that commenced operation during the 12 months ended 30 June 2019.

Our cost of hotel operation decreased by CNY10 million, or 2.4%, to CNY400 million for the six months ended 30 June 2019 from CNY410 million for the six months ended 30 June 2018, primarily because we completed the disposal of a hotel to a third party during the second half of 2018.

Our cost of sales for the “others” segment increased by CNY103 million, or 9.1%, to CNY1,237 million for the six months ended 30 June 2019 from CNY1,134 million for the six months ended 30 June 2018.

Cost of properties sold

Our cost of properties sold decreased by CNY13,142 million, or 59.8%, to CNY8,833 million for the six months ended 30 June 2019 from CNY 21,975 million for the six months ended 30 June 2018, primarily due to a decrease in saleable property development projects mainly as a result of our disposal of 11 subsidiaries to the real estate group of Wanda Group during the six month ended 30 June 2019 as referred to above.

Gross profit

As a result of the foregoing, our gross profit decreased by CNY7,446 million, or 29.9%, to CNY17,474 million for the six months ended 30 June 2019 from CNY24,920 million for the six months ended 30 June 2018. However, our gross profit margin increased to 52.7% for the six months ended 30 June 2019 from 47.6% for the six months ended 30 June 2018.

Other income and gains

Our other income and gains decreased by CNY169 million, or 4.1%, to CNY3,915 million for the six months ended 30 June 2019 from CNY4,084 million for the six months ended 30 June 2018, primarily due to: (i) a decrease in gain on disposal of subsidiaries; and (ii) a decrease in bank interest income; partially offset by: (x) an increase in gain on financial products; and (y) an increase in interest.

Increase in fair value of investment properties, net

Our net increase in fair value of investment properties decreased by CNY976 million, or 22.7%, to CNY3,331 million for the six months ended 30 June 2019 from CNY4,307 million for the six months ended 30 June 2018, primarily due to the increase in the fair value of our investment properties located in less developed PRC cities as a proportion of the total fair value of our investment properties portfolio, as investment properties located in less developed PRC cities generally appreciate less in fair value than investment properties located in more developed cities.

Selling and distribution expenses

Our selling and distribution expenses decreased by CNY285 million, or 24.9%, to CNY861 million for the six months ended 30 June 2019 from CNY1,146 million for the six months ended 30 June 2018, primarily due to decreases in staff costs and advertising and promotional expenses mainly as a result of the decrease in saleable property development projects attributable to our efforts to phase out our property sale business.

Administrative expenses

Our administrative expenses remained relatively stable at CNY2,390 million for the six months ended 30 June 2019 and CNY2,365 million for the six months ended 30 June 2018.

Other expenses

Our other expenses decreased by CNY394 million, or 24.5%, to CNY1,217 million for the six months ended 30 June 2019 from CNY1,611 million for the six months ended 30 June 2018, primarily due to decreases in assets impairment loss and foreign exchange loss.

Finance costs

Our finance costs increased by CNY712 million, or 15.6%, to CNY5,283 million for the six months ended 30 June 2019 from CNY4,571 million for the six months ended 30 June 2018, primarily due to increases in the amount of interest on bank loans and other loans and other finance expense; partially offset by the decrease in fund possession cost on advance from customers (net of fund possession cost capitalized).

Share of profits and losses of joint ventures

Our share of losses of joint ventures amounted to CNY82 million for the six months ended 30 June 2019, while our share of losses of joint ventures amounted to less than CNY1 million for the six months ended 30 June 2018.

Income tax expense

Our income tax expense decreased by CNY3,706 million, or 43.3%, to CNY4,844 million for the six months ended 30 June 2019 from CNY8,550 million for the six months ended 30 June 2018, primarily due to: (i) a decrease in revenue from sale of properties; (ii) a decrease in corporate income tax attributable to our disposal of certain subsidiaries in 2018; (iii) a decrease in provision for LAT resulting from the decrease in our income recognised from sale of properties; and (iv) a decrease in deferred tax as a result of adjustment of fair value of investment properties. Our effective tax rate decreased to 32.5% for the six months ended 30 June 2019 from 35.7% for the six months ended 30 June 2018.

Profit for the period

As a result of the foregoing, our profit for the period decreased by CNY5,424 million, or 35.1%, to CNY10,043 million for the six months ended 30 June 2019 from CNY15,467 million for the six months ended 30 June 2018. Our net profit margin increased to 30.3% for the six months ended 30 June 2019 from 29.6% for the six months ended 30 June 2018.

Years ended 31 December 2018 and 2017

Revenue

Our revenue increased by CNY1,459 million, or 4.4%, to CNY34,447 million for the year ended 31 December 2018 from CNY32,988 million for the year ended 31 December 2017, primarily due to an increase in revenue from investment property leasing and management, partially offset by a decrease in revenue from hotel operation.

Our revenue from investment property leasing and management increased by CNY5,723 million, or 23.6%, to CNY30,007 million for the year ended 31 December 2018 from CNY24,284 million for the year ended 31 December 2017, primarily due to: (i) an increase in the leasable space as 49 Wanda Plazas commenced operation during the year ended 31 December 2018; (ii) the high occupancy rate of our investment properties which has generally remained stable; and (iii) an increase in the rental levels for our shopping centres that have entered maturity stage; and (iv) an increase in fees from management and operation of an increased number of commercial properties.

Our revenue from hotel operation decreased by CNY4,391 million, or 75.0%, to CNY1,466 million for the year ended 31 December 2018 from CNY5,857 million for the year ended 31 December 2017, primarily due to the decrease in the number of hotels held by our Group as a result of our disposal of our hotels to R&F. For details of these disposal transactions, see “*Description of the Company – Business Strategies – We intend to further explore and enhance our asset-light development strategy to strengthen our competitive advantage and market position in commercial property management*”.

Our revenue from the “others” segment increased by CNY127 million, or 4.5%, to CNY2,974 million for the year ended 31 December 2018 from CNY2,847 million for the year ended 31 December 2017.

Cost of sales

Our cost of sales decreased by CNY1,724 million, or 12.3%, to CNY12,281 million for the year ended 31 December 2018 from CNY14,005 million for the year ended 31 December 2017, primarily due to a decrease in cost of hotel operation, partially offset by an increase in cost of investment property leasing and management.

Our cost of investment property leasing and management increased by CNY1,626 million, or 22.3%, to CNY8,919 million for the year ended 31 December 2018 from CNY7,293 million for the year ended 31 December 2017, primarily due to the expansion of completed investment property portfolio owned and/or managed by us to include 49 Wanda Plazas that commenced operation during the year ended 31 December 2018.

Our cost of hotel operation decreased by CNY3,304 million, or 80.6%, to CNY795 million for the year ended 31 December 2018 from CNY4,099 million for the year ended 31 December 2017, primarily due to the decrease in the number of hotels held by our Group as a result of our disposal of our hotels to R&F.

Our cost of sales for the “others” segment decreased by CNY46 million, or 1.8%, to CNY2,567 million for the year ended 31 December 2018 from CNY2,613 million for the year ended 31 December 2017.

Gross profit

As a result of the foregoing, our gross profit increased by CNY3,183 million, or 16.8%, to CNY22,166 million for the year ended 31 December 2018 from CNY18,983 million for the year ended 31 December 2017. Our gross profit margin also increased to 64.3% for the year ended 31 December 2018 from 57.5% for the year ended 31 December 2017.

Other Revenue

Other Revenue, or income from sale of properties, decreased by CNY27,831 million, or 28.3%, to CNY70,441 million for the year ended 31 December 2018 from CNY98,272 million for the year ended 31 December 2017, primarily due to a decrease in saleable property development projects as a result of our efforts to phase out our property sale business. In line with our plan to phase out our property sale business, we disposed of 14 subsidiaries to the real estate group of Wanda Group and four subsidiaries to third parties in 2018.

Other Cost

Other Cost, or cost from sale of properties, decreased by CNY21,982 million, or 33.6%, to CNY43,372 million for the year ended 31 December 2018 from CNY65,354 million for the year ended 31 December 2017, primarily due to a decrease in saleable property development projects as a result of our efforts to phase out our property sale business. In line with our plan to phase out our property sale business, we disposed of 14 subsidiaries to the real estate group of Wanda Group and four subsidiaries to third parties in 2018.

Other income and gains

Our other income and gains increased by CNY1,921 million, or 50.5%, to CNY5,725 million for the year ended 31 December 2018 from CNY3,804 million for the year ended 31 December 2017, primarily due to: (i) the completion of disposal of 91% equity interest in Chongqing Wanda City to Sunac; (ii) the disposal of 14 subsidiaries to the real estate group of Wanda Group and four subsidiaries to third parties; and (iii) an increase in interest attributable to a larger amount of entrusted loans made to third parties, which loans were made according to the relevant agreements among the Company, the lending institutions and the borrowers.

Increase in fair value of investment properties, net

Our net increase in fair value of investment properties decreased by CNY3,496 million, or 18.3%, to CNY15,603 million for the year ended 31 December 2018 from CNY19,099 million for the year ended 31 December 2017, primarily because fewer investment properties were completed in 2018 than in 2017.

Selling and distribution expenses

Our selling and distribution expenses decreased by CNY1,972 million, or 40.2%, to CNY2,930 million for the year ended 31 December 2018 from CNY4,902 million for the year ended 31 December 2017, primarily due to decreases in staff costs and advertising and promotional expenses mainly as a result of the decrease in saleable property development projects attributable to our efforts to phase out our property sale business.

Administrative expenses

Our administrative expenses decreased by CNY1,868 million, or 24.7%, to CNY5,708 million for the year ended 31 December 2018 from CNY7,576 million for the year ended 31 December 2017, primarily due to decreases in salaries and allowances, depreciation and amortisation and tax expenses mainly as a result of: (i) our disposal of our equity interest in 14 project companies holding 13 cultural and tourism projects to Sunac; (ii) our completion of disposal of 70 hotels and an office building of Dalian Wanda Commercial Centre to R&F; and (iii) our disposal of 14 subsidiaries to the real estate group of Wanda Group and four subsidiaries to third parties.

Other expenses

Our other expenses decreased by CNY6,478 million, or 63.7%, to CNY3,685 million for the year ended 31 December 2018 from CNY10,163 million for the year ended 31 December 2017, primarily because we did not recognise any losses on disposal of subsidiaries for the year ended 31 December 2018 while we recognised losses on disposal of subsidiaries of CNY7,728 million for the year ended 31 December 2017.

Finance costs

Our finance costs increased by CNY193 million, or 2.1%, to CNY9,342 million for the year ended 31 December 2018 from CNY9,149 million for the year ended 31 December 2017, primarily due to: (i) the recognition of fund possession cost on advance from customers (net of fund possession cost capitalised) of CNY377 million for the year ended 31 December 2018 due to the adoption of IFRS 15; and (ii) an increase in the amount of interest on bonds and notes; partially offset by a decrease in the amount of interest on bank loans and other loans.

Share of profits and losses of joint ventures

Our share of losses of joint ventures amounted to CNY68 million for the year ended 31 December 2018, while our share of profits of joint ventures amounted to less than CNY1 million for the year ended 31 December 2017.

Income tax expense

Our income tax expenses decreased by CNY2,254 million, or 10.9%, to CNY18,439 million for the year ended 31 December 2018 from CNY20,693 million for the year ended 31 December 2017, primarily due to: (i) a decrease in corporate income tax due to our disposal of our equity interest in 14 project companies holding 13 cultural and tourism projects to Sunac; and (ii) a decrease in provision for LAT resulting from the decrease in our income recognised from sale of properties; partially offset by an increase in deferred tax as a result of a decrease in deferred tax assets recognised in connection with our decreased advance from customers. Our effective tax rate decreased to 36.8% for the year ended 31 December 2018 from 48.5% for the year ended 31 December 2017.

Profit for the year

As a result of the foregoing, our profit for the year increased by CNY9,674 million, or 44.0%, to CNY31,666 million for the year ended 31 December 2018 from CNY21,992 million for the year ended 31 December 2017. Our net profit margin increased to 91.9% for the year ended 31 December 2018 from 66.7% for the year ended 31 December 2017.

Years ended 31 December 2017 and 2016

Revenue

Our revenue decreased by CNY91,009 million, or 73.4%, to CNY32,988 million for the year ended 31 December 2017 from CNY123,997 million for the year ended 31 December 2016, primarily because we classified the income from sale of properties amounting to CNY98,272 million as “Other Revenue” for the year ended 31 December 2017.

Our revenue from investment property leasing and management increased by CNY6,697 million, or 38.1%, to CNY24,284 million for the year ended 31 December 2017 from CNY17,587 million for the year ended 31 December 2016, primarily due to: (i) an increase in the leasable GFA of our investment properties as a result of the expansion of our completed investment property portfolio, mainly attributable to the 49 Wanda Plazas opened for the year ended 31 December 2017; (ii) the high occupancy rate of our investment properties which has remained stable; and (iii) an increase in the rental levels for our shopping centres that have entered maturity stage.

Our revenue from sale of properties was nil for the year ended 31 December 2017, as compared with CNY97,038 million for the year ended 31 December 2016, primarily because we classified the income from sale of properties amounting to CNY98,272 million as “Other Revenue” for the year ended 31 December 2017 as we decided to phase out our property sale business by the end of 2019 and focus our efforts on project execution and commercial management.

Our revenue from hotel operation decreased by CNY384 million, or 6.2%, to CNY5,857 million for the year ended 31 December 2017 from CNY6,241 million for the year ended 31 December 2016, primarily due to the decrease in the number of hotels held by our Group as a result of our disposal of our hotels to R&F pursuant to the agreements made with R&F in 2017.

Our revenue from the “others” segment decreased by CNY284 million, or 9.1%, to CNY2,847 million for the year ended 31 December 2017 from CNY3,131 million for the year ended 31 December 2016.

Cost of sales

Our cost of sales decreased by CNY62,086 million, or 81.6%, to CNY14,005 million for the year ended 31 December 2017 from CNY76,091 million for the year ended 31 December 2016, primarily because we classified the cost of properties sold amounting to CNY65,354 million as “Other Cost” for the year ended 31 December 2017.

Our cost of investment property leasing and management increased by CNY1,787 million, or 32.5%, to CNY7,293 million for the year ended 31 December 2017 from CNY5,506 million for the year ended 31 December 2016, primarily due to the increases in real estate taxes, staff costs, facility maintenance costs and utilities expenses in respect of our investment properties as a result of the expansion of our completed investment property portfolio.

Our cost of properties sold was nil for the year ended 31 December 2017, as compared with CNY63,429 million for the year ended 31 December 2016, primarily because we classified the cost of properties sold amounting to CNY65,354 million as “Other Cost” for the year ended 31 December 2017 as we decided to phase out our property sale business by the end of 2019 and focus our efforts on project execution and commercial management.

Our cost of hotel operation decreased by CNY309 million, or 7.0%, to CNY4,099 million for the year ended 31 December 2017 from CNY4,408 million for the year ended 31 December 2016, primarily due to the decrease in the number of hotels held by our Group as a result of our disposal of our hotels to R&F pursuant to the agreements made with R&F in 2017.

Our cost of sales for the “others” segment decreased by CNY135 million, or 4.9%, to CNY2,613 million for the year ended 31 December 2017 from CNY2,748 million for the year ended 31 December 2016.

Gross profit

As a result of the foregoing, our gross profit decreased by CNY28,923 million, or 60.4%, to CNY18,983 million for the year ended 31 December 2017 from CNY47,906 million for the year ended 31 December 2016. However, our gross profit margin increased to 57.5% for the year ended 31 December 2017 from 38.6% for the year ended 31 December 2016, primarily because our cost of sales decreased to a larger degree as compared to the decrease in our revenue resulting from reclassification of the revenue and costs in relation to our sale of properties in 2017.

Other Revenue

Other Revenue, or previously revenue from the sale of properties segment, increased by CNY1,234 million, or 1.3%, to CNY98,272 million for the year ended 31 December 2017 from CNY97,038 million for income from sale of properties for the year ended 31 December 2016, primarily due to an increase in the GFA of our properties delivered as per contract by us and the favourable real estate market conditions in 2017.

Other Cost

Other Cost, or cost of sales from the sale of properties segment, increased by CNY1,925 million, or 3.0%, to CNY65,354 million for the year ended 31 December 2017 from CNY63,429 million for cost of properties sold for the year ended 31 December 2016, primarily due to the increase in the GFA of our properties delivered.

Other income and gains

Our other income and gains decreased by CNY610 million, or 13.8%, to CNY3,804 million for the year ended 31 December 2017 from CNY4,414 million for the year ended 31 December 2016, primarily because we did not recognise any gain on disposal of subsidiaries, net for the year ended 31 December 2017 while we recognised gain on disposal of subsidiaries, net of CNY2,087 million for the year ended 31 December 2016.

Increase in fair value of investment properties, net

Our net increase in fair value of investment properties decreased by CNY1,063 million, or 5.3%, to CNY19,099 million for the year ended 31 December 2017 from CNY20,162 million for the year ended 31 December 2016, primarily due to the increase in the fair value of our investment properties located in less developed PRC cities as a proportion of the total fair value of our investment properties portfolio, as investment properties located in less developed PRC cities generally appreciate less in fair value than investment properties located in more developed cities.

Selling and distribution expenses

Our selling and distribution expenses decreased by CNY169 million, or 3.3%, to CNY4,902 million for the year ended 31 December 2017 from CNY5,071 million for the year ended 31 December 2016, primarily due to decreases in staff costs and depreciation and amortisation as a result of the decrease in saleable property development projects attributable to our adjustment of business strategy.

Administrative expenses

Our administrative expenses increased by CNY100 million, or 1.3%, to CNY7,576 million for the year ended 31 December 2017 from CNY7,476 million for the year ended 31 December 2016, primarily due to the increases in taxes and surcharges and general office expenses.

Other expenses

Our other expenses increased by CNY8,953 million, or 739.9%, to CNY10,163 million for the year ended 31 December 2017 from CNY1,210 million for the year ended 31 December 2016, primarily due to the losses from the disposal of subsidiaries.

Finance costs

Our finance costs increased by CNY1,581 million, or 21.9%, to CNY9,149 million for the year ended 31 December 2017 from CNY7,568 million for the year ended 31 December 2016, primarily due to an increase in the amount of interest on bonds and notes, partially offset by a decrease in the amount of interest on bank loans and other loans.

Share of profits and losses of joint ventures

Our share of profits of joint ventures amounted to less than CNY1 million for the year ended 31 December 2017, while our share of profits of joint ventures amounted to CNY28 million for the year ended 31 December 2016.

Income tax expense

Our income tax expenses increased by CNY2,392 million, or 13.1%, to CNY20,693 million for the year ended 31 December 2017 from CNY18,301 million for the year ended 31 December 2016, primarily due to the increase in provision for LAT resulting from the increase in our income recognised from sale of properties. Our effective tax rate increased to 48.5% for the year ended 31 December 2017 from 35.8% for the year ended 31 December 2016.

Profit for the year

As a result of the foregoing, our profit for the year decreased by CNY10,892 million, or 33.1%, to CNY21,992 million for the year ended 31 December 2017 from CNY32,884 million for the year ended 31 December 2016. Our net profit margin increased to 66.7% for the year ended 31 December 2017 from 26.5% for the year ended 31 December 2016.

Liquidity and capital resources

Net current assets

The following table sets forth our current assets and current liabilities as at the dates indicated:

	As at 31 December			As at 30 June
	2016	2017	2018	2019
	(CNY million)	(CNY million)	(CNY million)	(unaudited) (CNY million)
Current assets				
Inventories	165,360	89,265	47,211	30,170
Prepaid taxes	8,757	8,104	6,548	5,603
Trade and bills receivables	766	610	810	803
Contract incremental costs	—	—	231	84
Prepayments, other receivables and other assets	15,571	10,770	10,899	12,039
Financial assets at fair value through profit or loss	—	—	8,630	6,595
Derivative financial instrument	—	—	—*	1
Other current assets	294	32,102	23,100	43,803
Restricted cash	5,503	5,783	5,917	6,370
Cash and cash equivalents	94,735	113,702	77,362	56,249
	290,986	260,336	180,708	161,717
Assets of disposal groups classified as held for sale	1,818	21,348	3,289	6,870
Total current assets	292,804	281,684	183,997	168,587
Current liabilities				
Trade and bills payables	81,800	57,711	34,695	23,268
Other payables and accruals	171,357	115,426	79,074	64,170
Derivative financial instrument	3	1	—	—
Interest-bearing bank and other borrowings	24,450	23,857	10,793	9,185

	As at 31 December			As at 30 June
	2016	2017	2018	2019
	(CNY million)	(CNY million)	(CNY million)	(unaudited) (CNY million)
Deferred income	297	251	117	40
Dividend payables	24	30	35	154
Obligation under finance leases	17	35	–	–
Tax payable	6,120	4,926	4,217	1,350
Bonds and notes	–	3,926	11,986	27,079
	284,068	206,163	140,917	125,246
Liabilities directly associated with the assets classified as held for sale	2	10,419	–	870
Total current liabilities	284,070	216,582	140,917	126,116
Net current assets	8,734	65,102	43,080	42,471

* The amounts are rounded to the nearest million and presented as zero.

As at 30 June 2019, our net current assets amounted to CNY42,471 million, or decreased by CNY609 million, as compared with net current assets of CNY43,080 million as at 31 December 2018.

Our current assets amounted to CNY168,587 million as at 30 June 2019, or decreased by CNY15,410 million, as compared with current assets of CNY183,997 million as at 31 December 2018, primarily due to: (i) a decrease in cash and cash equivalents of CNY21,113 million; (ii) a decrease in inventories of CNY17,041 million; (iii) a decrease in financial assets at fair value through profit or loss of CNY2,035 million; partially offset by (x) an increase in other current assets of CNY20,703 million; and (y) an increase in assets of a disposal group classified as held for sale of CNY3,581 million. The disposal group classified as held for sale primarily includes subsidiaries that were to be disposed of within a financial year or period pursuant to the relevant transfer or purchase agreements or subsidiaries the sale of which was highly probable. For example, the disposal group held for sale as at 30 June 2019 included two subsidiaries engaged in hotel operation, the disposal of which was expected to be completed in 2019.

- Cash and cash equivalents decreased primarily due to: (i) net cash of CNY15,037 million used in investing activities, primarily due to a larger amount of entrusted loans made to third parties, purchase of financial products and payment for additions to investment properties; (ii) net cash of CNY8,516 million used in financing activities, primarily due to our repayment of bank loans, payment of interest, bank charges and dividends.
- Inventories decreased primarily due to a decrease in properties under development attributable to our disposal of 11 subsidiaries in line with our efforts to phase out our property sale business.
- Financial assets at fair value through profit or loss decreased primarily because certain financial products were classified as other current assets.
- Other current assets increased primarily because: (i) certain financial products which used to be classified as financial assets as at 31 December 2018 were classified as other current assets as at 30 June 2019; and (ii) a larger amount of entrusted loans were made to third parties.
- Assets of a disposal group classified as held for sale increased primarily because Parcel C LLC held by Wanda Chicago Real Estate LLC was classified as disposal group held for sale as at 30 June 2019.

Our current liabilities amounted to CNY126,116 million as at 30 June 2019, or decreased by CNY14,801 million, as compared with current liabilities of CNY140,917 million as at 31 December 2018, primarily due to: (i) a decrease in other payables and accruals of CNY14,904 million; (ii) a decrease in trade and bills payables of CNY11,427 million; (iii) a decrease in tax payable of CNY2,867 million; and (iv) a decrease in interest-bearing bank and other borrowings of CNY1,608 million; partially offset by an increase in bonds and notes of CNY15,093 million.

- Other payables and accruals decreased primarily due to (i) a decrease in our contract liabilities as payments received from pre-sale of properties decreased as a result of our disposal of 11 subsidiaries to a related party; and (ii) a decrease in other payables due to our settlement of LAT.
- Trade and bills payables decreased primarily due to: (i) our disposal of several subsidiaries during the period; and (ii) a lower amount of payables for construction in progress as a result of completion of several construction projects and settlement of the relevant accounts.
- Tax payable decreased primarily due to: (i) our disposal of several subsidiaries during the period; and (ii) payment of corporate income tax and LAT by the relevant project companies as such taxes became due.
- Bonds and notes increased because certain unguaranteed mid-term notes due 2020 became payable within one year and the 2019 (March) Issuer issued the 2019 (March) Guaranteed Bonds.

Cash flows

We fund our working capital requirements mainly through cash flow from operations and bank and other borrowings. As at 31 December 2016, 2017 and 2018 and 30 June 2019, we had cash and cash equivalents, comprising bank balances and cash, of CNY94,735 million, CNY114,945 million, CNY77,353 million and CNY56,291 million, respectively, as stated in the consolidated statements of cash flows. These sources of funding, and our ability to fund our capital expenditure needs, could be adversely affected by any decrease in cash received from our leasing and management of investment properties or an inability to obtain funds from external sources on acceptable terms or in a timely manner.

The following table presents selected cash flow data from our consolidated cash flow statements for the periods indicated:

	For the year ended 31 December			For the six months ended 30 June	
	2016	2017	2018	2018	2019
	(CNY million)	(CNY million)	(CNY million)	(unaudited) (CNY million)	(unaudited) (CNY million)
Summary Cash Flow Information					
Net cash flows from operating activities	37,976	25,584	29,114	9,408	2,558
Net cash flows used in investing activities	(41,034)	(8,967)	(27,142)	(18,560)	(15,037)
Net cash flows from/(used in) financing activities	30,983	3,804	(39,510)	(23,707)	(8,516)
Net increase/(decrease) in cash and cash equivalents	27,925	20,421	(37,538)	(32,859)	(20,995)
Cash and cash equivalents at beginning of year/period	66,606	94,735	114,945	114,945	77,362
Effect of foreign exchange rate changes, net	204	(211)	(54)	2	(76)
Cash and cash equivalents at end of year/period	94,735	114,945	77,353	82,088	56,291

Net cash flows from operating activities

Our cash used in operating activities primarily comprises payments for purchases of goods and services and other operating activities. Our cash generated from operating activities primarily comprises proceeds from sales of our properties and income from leasing and management of commercial properties.

For the six months ended 30 June 2019, our net cash flow generated from operating activities was CNY2,558 million, which was primarily the result of cash generated from operations of CNY8,010 million and interest received of CNY331 million on our bank savings, partially offset by corporate income tax and LAT paid of CNY5,783 million.

For the year ended 31 December 2018, our net cash flow generated from operating activities was CNY29,114 million, which was primarily the result of cash generated from operations of CNY38,541 million and interest received of CNY991 million, partially offset by corporate income tax and LAT paid of CNY10,418 million. Cash generated from operations primarily comprised: (i) profit before tax (from continuing operations and discontinued operations) of CNY50,132 million, adjusted for the net increase in fair value of investment properties in the amount of CNY15,603 million, finance costs of CNY9,357 million and net gain on disposal of subsidiaries of CNY3,361 million; and (ii) a decrease in inventories of CNY52,508 million, partially offset by (x) a decrease in other payables and accruals in the amount of CNY34,517 million; and (y) a decrease in trade and bills payables in the amount of CNY19,042 million.

For the year ended 31 December 2017, our net cash flow generated from operating activities was CNY25,584 million, which was primarily the result of cash generated from operations of CNY38,468 million and interest received of CNY1,103 million, partially offset by corporate income tax and LAT paid of CNY13,987 million. Cash generated from operations primarily comprised: (i) profit before tax (from continuing operations and discontinued operations) of CNY42,681 million, adjusted for the net increase in fair value of investment properties in the amount of CNY19,099 million, finance costs of CNY9,160 million and the net loss on disposal of subsidiaries of CNY8,013 million; and (ii) a decrease in inventories in the amount of CNY14,218 million, partially offset by a decrease in other payables and accruals of CNY18,316 million.

For the year ended 31 December 2016, our net cash flow generated from operating activities was CNY37,976 million, which was primarily the result of cash generated from operations of CNY53,774 million and interest received of CNY619 million, partially offset by corporate income tax and LAT paid of CNY16,417 million. Cash generated from operations primarily comprised: (i) profit before tax of CNY51,185 million, adjusted for the net increase in fair value of investment properties in the amount of CNY20,162 million and finance costs of CNY7,568 million; (ii) an increase in other payables and accruals of CNY12,141 million; and (iii) a decrease in inventories in the amount of CNY2,751 million, partially offset by an increase in restricted cash of CNY1,039 million.

Net cash flows used in investing activities

Cash used in our investing activities primarily reflects cash used for additions to investment properties, purchases of items of property, plant and equipment, purchase of joint ventures, and cash used in other current assets and other non-current assets. Cash generated from our investing activities primarily reflects proceeds from disposals of subsidiaries and net proceeds from financial assets at fair value through profit or loss.

For the six months ended 30 June 2019, our net cash used in investing activities was CNY15,037 million, primarily comprising: (i) cash used in other current assets and other non-current assets in the amount of CNY10,750 million, mainly for providing entrusted loans to third parties and purchasing financial products; and (ii) payment for additions to investment properties in the amount of CNY4,372 million.

For the year ended 31 December 2018, our net cash flow used in investing activities was CNY27,142 million, primarily comprising: (i) cash used in providing entrusted loans in the amount of CNY16,377 million; (ii) payment for additions to investment properties in the amount of CNY11,570million; and (iii) payment for purchase of a joint venture in the amount of CNY2,346 million, partially offset by net proceeds from financial assets at fair value through profit or loss in the amount of CNY6,263 million.

For the year ended 31 December 2017, our net cash flow used in investing activities was CNY8,967 million, primarily comprising: (i) loss incurred from disposal of other current assets in the amount of CNY28,308 million; (ii) payment for additions to investment properties in the amount of CNY21,636 million; (iii) cash used in financial products in the amount of CNY4,211 million; and (iv) payment for purchases of items of property, plant and equipment in the amount of CNY2,703 million, partially offset by proceeds from disposal of subsidiaries in the amount of CNY51,006 million.

For the year ended 31 December 2016, our net cash flow used in investing activities was CNY41,034 million, primarily comprising: (i) payment for additions to investment properties in the amount of CNY36,807 million; and (ii) payment for purchases of items of property, plant and equipment in the amount of CNY5,599 million, partially offset by proceeds from disposal of subsidiaries in the amount of CNY2,450 million.

Net cash flows from/used in financing activities

Cash generated from our financing activities primarily reflects the proceeds from new bank loans, net proceeds from issue of bonds and notes and capital contributions by non-controlling interests. Cash used in our financing activities primarily reflects the repayment of bank loans, interest and bank charges paid and dividends paid.

For the six months ended 30 June 2019, our net cash flow used in financing activities was CNY8,516 million, primarily comprising: (i) repayment of bank loans in the amount of CNY8,368 million; (ii) interest and bank charges paid in the amount of CNY7,293 million; and (iii) dividends paid in the amount of CNY4,634 million, partially offset by new bank loans in the amount of CNY10,476 million.

For the year ended 31 December 2018, our net cash flow used in financing activities was CNY39,510 million, primarily comprising: (i) repayment of bank loans in the amount of CNY35,906 million; (ii) interest and bank charges paid in the amount of CNY10,785 million; (iii) dividends paid in the amount of CNY4,742 million; and (iv) repayment of bond and notes in the amount of CNY4,133 million, partially offset by new bank loans in the amount of CNY19,272 million.

For the year ended 31 December 2017, our net cash flow generated from financing activities was CNY3,804 million, primarily comprising: (i) new bank loans in the amount of CNY69,622 million; (ii) net proceeds from issue of bonds and notes in the amount of CNY13,000 million; and (iii) capital contributions from non-controlling shareholders in the amount of CNY1,836 million, partially offset by (x) repayment of bank loans in the amount of CNY62,687 million, (y) interest and bank charges paid in the amount of CNY12,196 million and (z) dividends paid in the amount of CNY4,754 million.

For the year ended 31 December 2016, our net cash flow generated from financing activities was CNY30,983 million, primarily comprising: (i) new bank loans in the amount of CNY57,163 million; (ii) net proceeds from issue of bonds and notes in the amount of CNY49,000 million; and (iii) capital contributions from non-controlling shareholders in the amount of CNY8,832 million, partially offset by (x) repayment of bank loans in the amount of CNY68,844 million, (y) interest and bank charges paid in the amount of CNY10,425 million and (z) dividends paid in the amount of CNY4,743 million.

Indebtedness

Interest-bearing bank and other borrowings

Our interest-bearing bank and other borrowings primarily comprise bank loans and other loans, including trust loans and entrusted loans from others.

We had interest-bearing bank and other borrowings of CNY142,715 million, CNY114,604 million, CNY101,676 million and CNY106,155 million as at 31 December 2016, 2017 and 2018 and 30 June 2019, respectively. For the years ended 31 December 2016, 2017 and 2018 and the six months ended 30 June 2019, the borrowed funds were primarily used to finance our property development and general working capital and repay existing bank loans, other loans and bonds and notes. Subsequent to 30 June 2019, we have, from time to time, in the ordinary course of business, incurred additional loans and borrowings to finance our property developments or for general working capital purposes. As at 31 December 2016, 2017 and 2018 and 30 June 2019, our gearing ratio (calculated by dividing interest-bearing bank and other borrowings plus bonds and notes plus obligation under finance leases less cash and cash equivalents and restricted cash by total equity and multiplying the resulting value by 100%) was 56.4%, 38.1%, 41.2% and 50.5%, respectively.

Our bank and other borrowings bear interest at fixed rates and floating rates. The table below sets forth the effective interest rates of our bank and other borrowings as at the dates indicated:

	As at 31 December			As at 30 June
	2016	2017	2018	2019
				(unaudited)
Effective interest rates	1.1%-9.5%	1.1%-8.5%	1.1%-12%	1.1%-8.5%

Certain of our banks and other borrowings are secured by pledges over our pledged bank deposits, inventories, prepaid land lease payments and permanent land, investment properties, property, plant and equipment and assets and liabilities classified as held for sale.

Certain of our PRC subsidiaries have entered into fund arrangements with certain financial institutions, which act in the capacity as trustees, pursuant to which such trustees raised trust funds and injected the funds to these subsidiaries. All such funds bear interest at fixed interest rates, have fixed repayment terms, and are secured by equity interests of these PRC subsidiaries. The share of net assets in connection with the secured equity interests of these PRC subsidiaries was approximately CNY15,175 million, CNY87 million, CNY79 million and CNY67 million as at 31 December 2016, 2017 and 2018 and 30 June 2019, respectively.

Bonds and Notes

The following table sets forth our outstanding bonds and notes as at 31 December 2016, 2017 and 2018 and 30 June 2019, respectively.

	As at 31 December			As at 30 June
	2016	2017	2018	2019
	(CNY million)	(CNY million)	(CNY million)	(unaudited) (CNY million)
Current				
Guaranteed bonds due 2018	–	3,926	–	–
Guaranteed bonds due 2020	–	–	–	2,101
Unguaranteed notes due 2019	–	–	11,986	11,995
Unguaranteed notes due 2020	–	–	–	12,983
Subtotal	–	3,926	11,986	27,079
Non-current				
Guaranteed bonds due 2018	4,080	–	–	–
Guaranteed bonds due 2024	4,093	3,856	4,050	4,061
Unguaranteed notes due 2019	11,950	11,968	–	–
Unguaranteed notes due 2020	14,830	27,826	27,892	14,942

	As at 31 December			As at 30 June
	2016	2017	2018	2019
				(unaudited)
	(CNY million)	(CNY million)	(CNY million)	(CNY million)
Unguaranteed bonds due 2020	9,962	9,972	9,788	9,793
Unguaranteed notes due 2021	11,922	11,939	11,957	11,966
Unguaranteed bonds due 2021	24,904	24,924	24,946	24,715
Subtotal	81,741	90,485	78,633	65,477
Total	81,741	94,411	90,619	92,556

See “Description of Material Indebtedness and Other Obligations” for more details.

Capital expenditure

For the years ended 31 December 2016, 2017 and 2018 and the six months ended 30 June 2019, we incurred capital expenditures in the amount of CNY66,046 million, CNY41,944 million, CNY14,978 million and CNY8,485 million, respectively, primarily due to expenditures in connection with the development, construction and periodic renovation of investment properties and hotels.

Commitments

Our commitments primarily comprise capital commitments. Our capital commitments primarily relate to the acquisition of land, buildings, plant and machinery. We also have certain operating lease commitments primarily relating to our leases of office premises, plant and warehouses under operating lease arrangements, which are of small amounts.

The following table sets out our capital commitments as at the dates indicated:

	As at 31 December			As at 30 June
	2016	2017	2018	2019
				(unaudited)
	(CNY million)	(CNY million)	(CNY million)	(CNY million)
Contracted but not provided for:				
Land, buildings, plant and machinery	112,939	82,503	28,283	20,283
Total	112,939	82,503	28,283	20,283

Contingent liabilities

Our contingent liabilities primarily comprise guarantees we provided in respect of the mortgage facilities granted by commercial banks to the purchasers of our properties. Pursuant to the terms of the guarantee arrangements, in the case of a default on the mortgage payments by the purchasers, we are responsible for repaying the outstanding mortgage loans together with any accrued interest and penalties owed by the defaulting purchasers to the banks. We are then entitled to take over the legal titles of the related properties. Our guarantee periods commence from the dates that the relevant mortgage loans are granted and end upon the earlier of (i) the satisfaction of the relevant mortgage loans by the purchasers of the properties and (ii) the issuance of property ownership certificates for the relevant mortgaged properties, which is generally available within six months to one year after the purchasers have taken possession of the relevant properties. As at 31 December 2016, 2017 and 2018 and 30 June 2019, we had provided an aggregate CNY55,603 million, CNY61,071 million, CNY38,456 million and CNY28,631 million in guarantees given to the banks for mortgage facilities granted to purchasers of our properties, respectively.

Qualitative and quantitative disclosure about market risk

We are exposed to various types of market risks in the normal course of business, primarily including credit risk, interest rate risk, foreign exchange risk and liquidity risk. The following discussion summarises our exposure to different market risks:

Credit risk

We have no concentration of credit risk. Our cash and cash equivalents are mainly deposited with reputable overseas banks and state-owned banks and overseas banks in the PRC. The carrying amounts of the trade and bill receivables, other receivables, restricted cash and cash and cash equivalents included in our consolidated statement of financial position represent our maximum exposure to credit risk in relation to our financial assets. We have no other financial assets which carry significant exposure to credit risk. We have arranged bank financing for certain purchasers of our properties and have provided guarantees to secure the obligations of such purchasers for repayment.

Interest rate risk

Our exposure to the risk of changes in market interest rates relates primarily to our long-term debt obligations with floating interest rates.

Liquidity risk

We monitor our risk to a shortage of funds by using a recurring liquidity planning tool. This tool considers the maturity of both our financial instruments and financial assets (e.g., trade and bill receivables) and projected cash flows from operations.

Our objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans.

Capital management

The primary objectives of our capital management are to safeguard our ability to continue as a going concern and to maintain healthy capital ratios in order to support our business and maximise shareholders' value.

We manage our capital structure and makes adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust our capital structure, we may adjust our dividend payments to Shareholders, return capital to Shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2016, 2017 and 2018 or the six months ended 30 June 2019.

Off-balance sheet arrangements

During the years ended 31 December 2016, 2017 and 2018 and the six months ended 30 June 2019, aside from the capital commitments, operating lease commitments and contingent liabilities discussed above, we had no material off-balance sheet arrangements.

Non-GAAP financial measures

We use EBITDA to provide additional information about our operating performance. EBITDA refers to our gross profit less selling and distribution expenses and administrative expenses, plus depreciation, amortisation of prepaid land lease payments and permanent land, amortisation of other intangible assets and amortisation of right-of-use assets.

EBITDA is not a standard measure under IFRS, but is a widely used financial indicator of a company's ability to service and incur debt. As our business is capital intensive, capital expenditure requirements and levels of debt and interest expenses may have a significant impact on net profit of companies with similar operating results. Therefore, we believe the investor community commonly uses this type of financial measure to assess the operating performance of companies in its market sector.

We operate in a capital-intensive industry. We use EBITDA in addition to operating profit because operating profit includes many accounting items associated with capital expenditures, such as depreciation, as well as non-operating items, such as amortisation of intangible assets and investment

income. These accounting items may vary between companies depending on the method of accounting adopted by a company. By minimising differences in capital expenditures and the associated depreciation expenses as well as reported tax positions, intangible assets amortisation and investment income, EBITDA provides further information about our operating performance and an additional measure for comparing our operating performance with other companies' results.

EBITDA should not be considered in isolation or construed as an alternative to cash flows, net income or any other measure of performance or as an indicator of our operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities. Funds depicted by this measure may not be available for debt service due to covenant restrictions, capital expenditure requirements and other commitments.

The following table shows our calculation of EBITDA for the year/period indicated:

	For the year ended 31 December			For the six months ended 30 June	
	2016	2017	2018	2018	2019
	(CNY million)	(CNY million)	(CNY million)	(unaudited) (CNY million)	(unaudited) (CNY million)
Revenue	123,997	32,988	34,447	52,312	33,137
Gross profit	47,906	18,983	22,166	24,920	17,474
Other Revenue ⁽¹⁾	—	98,272	70,441	—	—
Other Cost ⁽¹⁾	—	(65,354)	(43,372)	—	—
Selling and distribution expenses	(5,071)	(4,902)	(2,930)	(1,146)	(861)
Administrative expenses	(7,476)	(7,576)	(5,708)	(2,365)	(2,390)
Add:					
Depreciation	1,664	1,925	514	233	283
Amortisation of prepaid land lease payments and permanent land	162	167	29	13	—
Amortisation of other intangible assets	221	237	180	91	87
Amortisation of right-of-use assets	—	—	—	—	50
EBITDA	37,406	41,752	41,320	21,746	14,643
EBITDA margin ⁽²⁾	30.2%	31.8%	39.4%	41.6%	44.2%

Notes:

- (1) For the years ended 31 December 2017 and 2018, the income from sale of properties and cost from sale of properties were classified as “Other Revenue” and “Other Cost” as we decided to phase out our property sale business by the end of 2019 and focus our efforts on project execution and commercial management. We made no such classification for the other year/period presented in this Offering Circular. For presentation purposes, we include our Other Revenue and Other Cost in our calculation of EBITDA for the years ended 31 December 2017 and 2018.
- (2) EBITDA margin is calculated by dividing EBITDA by the sum of revenue and Other Revenue, as applicable, for the relevant period, expressed as a percentage.

TERMS AND CONDITIONS OF THE BONDS

The following other than the words in italics is the text of the terms and conditions of the Bonds which will appear on the reverse of each of the definitive certificates evidencing the Bonds:

The issue of US\$400,000,000 6.875 per cent. guaranteed bonds due 2023 (the “**Bonds**”, which term shall include, unless the context requires otherwise, any additional Bonds issued in accordance with Condition 15 and consolidated and forming a single series therewith) was authorised by a resolution of the board of Directors of Wanda Properties Overseas Limited (萬達地產海外有限公司)(the “**Issuer**”) passed on 16 January 2020. The Bonds are jointly and severally guaranteed by the Subsidiary Guarantors (as defined in Condition 3). The giving of the Guarantee (as defined in Condition 3(b)) was authorised by a resolution of the board of directors of each of the Subsidiary Guarantors on 16 January 2020. Each of the Issuer and the Subsidiary Guarantors is, directly or indirectly, a subsidiary of Dalian Wanda Commercial Management Group Co., Ltd. (大連萬達商業管理集團股份有限公司)(the “**Company**”). The Bonds are constituted by a Trust Deed (the “**Trust Deed**”) dated on or about 23 January 2020 (the “**Issue Date**”) between the Issuer, the Company, the Subsidiary Guarantors and The Bank of New York Mellon, London Branch (the “**Trustee**” which expression shall, where the context so permits, include all persons for the time being the trustee or trustees under the Trust Deed) as trustee for the holders of the Bonds. These terms and conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Bonds, and the Agency Agreement. Copies of the Trust Deed and of the Agency Agreement (the “**Agency Agreement**”) dated on or about 23 January 2020 relating to the Bonds between the Issuer, the Subsidiary Guarantors, the Trustee, The Bank of New York Mellon SA/NV, Luxembourg Branch as registrar (the “**Registrar**”) and as transfer agent (the “**Transfer Agent**”), The Bank of New York Mellon, London Branch as initial principal paying agent (the “**Principal Paying Agent**”) and any other agents named in it, are available for inspection following prior written request and satisfactory proof of holding during usual business hours at the registered office of the Trustee (presently at One Canada Square, London E14 5AL, United Kingdom) and at the specified office of the Principal Paying Agent. The “**Agents**” means the Principal Paying Agent, the Registrar, the Transfer Agent and any other agent or agents appointed from time to time with respect to the Bonds. The Bonds also have the benefit of (i) a keepwell deed dated on or about 23 January 2020 (the “**Keepwell Deed**”) entered into by the Issuer, the Company, Wanda Commercial Properties (Hong Kong) Co. Limited (萬達商業地產(香港)有限公司)(“**Wanda HK**”) and the Trustee; and (ii) a deed of equity interest purchase undertaking dated on or about 23 January 2020 (the “**Deed of Equity Interest Purchase Undertaking**”) entered into by the Company and the Trustee, both deeds being executed in favour of the Trustee. The entering into the Keepwell Deed was authorised by a resolution of the board of directors of each of Wanda HK and the Issuer on 16 January 2020. The entering into the Keepwell Deed and the Deed of Equity Interest Purchase Undertaking was authorised by a resolution of the board of directors of the Company on 12 March 2019. The Bondholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and are deemed to have notice of those provisions applicable to them of the Agency Agreement, the Keepwell Deed and the Deed of Equity Interest Purchase Undertaking.

All capitalised terms that are not defined in these terms and conditions (“**these Conditions**”) shall have the meanings given to them in the Trust Deed.

1. Form, Specified Denomination and Title

The Bonds are issued in the specified denomination of US\$200,000 and integral multiples of US\$1,000 in excess thereof (each, an “**Authorised Denomination**”).

The Bonds are represented by registered certificates (“**Certificates**”) and, save as provided in Condition 2(a), each Certificate shall represent the entire holding of Bonds by the same holder.

Title to the Bonds shall pass by registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the “**Register**”). Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any Bond shall be deemed to be and may be treated as its absolute owner for all purposes whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on the Certificate representing it or the theft or loss of such Certificate and no person shall be liable for so treating the holder.

In these Conditions, “**Bondholder**” and (in relation to a Bond) “**holder**” means the person in whose name a Bond is registered.

*Upon issue, the Bonds will be represented by a global certificate (the “**Global Certificate**”) deposited with a common depositary for, and representing Bonds registered in the name of a nominee of such common depositary for, Euroclear and Clearstream. These Conditions are modified by certain provisions contained in the Global Certificate. See “Summary of Provisions relating to the Bonds while in Global Form”.*

2. Transfers of Bonds

- (a) *Transfer:* A holding of Bonds may, subject to Condition 2(c), be transferred in whole or in part upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate(s) representing such Bonds to be transferred, together with the form of transfer endorsed on such Certificate(s) (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer), duly completed and executed and any other evidence as the Registrar or such Transfer Agent may require. In the case of a transfer of part only of a holding of Bonds represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. In the case of a transfer of Bonds to a person who is already a holder of Bonds, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding. All transfers of Bonds and entries on the Register will be made in accordance with the detailed regulations concerning transfers of Bonds scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Registrar and the Trustee, or by the Registrar, with the prior written approval of the Trustee. A copy of the current regulations will be made available for inspection by the Registrar to any Bondholder upon prior written request and satisfactory proof of holding.

Transfers of interests in the Bonds evidenced by the Global Certificate will be effected in accordance with the rules of the relevant clearing systems.

- (b) *Delivery of New Certificates:* Each new Certificate to be issued pursuant to Condition 2(a) shall be available for delivery within seven business days of receipt of a duly completed form of transfer and surrender of the existing Certificate(s). Delivery of the new Certificate(s) shall be made at the specified office of any Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such form of transfer and Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Transfer Agent or the Registrar (as the case may be) the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(b), “**business day**” means a day, other than a Saturday or Sunday or public holiday, on which banks are open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).

- (c) *Transfer or Exercise Free of Charge*: Certificates, on transfer, exercise of an option or redemption, shall be issued and registered without charge by or on behalf of the Issuer, the Registrar or any Transfer Agent, but upon payment of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity and/or security and/or prefunding as the Registrar or the relevant Transfer Agent may require).
- (d) *Closed Periods*: No Bondholder may require the transfer of a Bond to be registered (i) during the period of 15 days ending on (and including) the due date for redemption of that Bond, (ii) after any Bond has been put for redemption, or (iii) during the period of seven days ending on (and including) any Record Date (as defined in Condition 7(a)(ii)).

3. Status and Guarantee

- (a) *Status*: The Bonds constitute direct, unsubordinated, unconditional and (subject to Condition 4(a)) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 4(a), at all times rank at least equally with all the Issuer's other present and future unsecured and unsubordinated obligations.
- (b) *Guarantee*: The Subsidiary Guarantors have unconditionally and irrevocably guaranteed, on a joint and several basis, the due payment of all sums expressed to be payable by the Issuer under the Bonds and the Trust Deed. Each Subsidiary Guarantor's obligations in respect of the Bonds and the Trust Deed (the "**Guarantee**") are contained in the Trust Deed (and any supplement thereto). The obligations of the Subsidiary Guarantors under the Guarantee shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 4(a), at all times rank at least equally with all their respective other present and future unsecured and unsubordinated obligations.

In these Conditions:

"**Subsidiary Guarantors**" means Wanda HK, Wanda Real Estate Investments Limited (萬達地產投資有限公司) and Wanda Commercial Properties Overseas Limited (萬達商業地產海外有限公司).

4. Covenants

- (a) *Negative Pledge*: So long as any Bond remains outstanding (as defined in the Trust Deed), neither the Issuer nor the Subsidiary Guarantors shall, and each of the Issuer and the Subsidiary Guarantors shall procure that none of their respective Subsidiaries (other than Wanda Hotel Development Company Limited (萬達酒店發展有限公司) and its Subsidiaries) will, create or permit to subsist any mortgage, charge, lien, pledge or other security interest upon the whole or any part of its present or future undertaking, assets or revenues to secure (A) any Relevant Indebtedness outside the PRC or (B) any guarantee or indemnity in respect of any Relevant Indebtedness outside the PRC without (i) at the same time or prior thereto securing the Bonds or guaranteeing or indemnifying the Bondholders equally and rateably therewith or (ii) providing such other security for the Bonds as may be approved by an Extraordinary Resolution (as defined in the Trust Deed) of Bondholders;
- (b) *Financial Covenants*: Each of the Issuer and Wanda HK undertakes that from the Issue Date and for so long as any Bonds are outstanding, Wanda HK shall at all times maintain its Total Equity at not less than HK\$800,000,000 or its equivalent.

The financial covenant set out in this Condition 4(b) (and the compliance of the Issuer and Wanda HK with the same) shall be tested solely by reference to the Wanda HK Audited Financial Reports or, as the case may be, the Wanda HK Unaudited Financial Reports as at the end of each Relevant Period.

The Trustee is under no obligation or duty to monitor compliance by the Issuer or Wanda HK with this Condition 4(b) and shall not be responsible or liable to any Bondholder or any other person for not doing so.

(c) *Financial Information*: For so long as any Bond remains outstanding:

- (i) the Company will furnish the Trustee with (A) a Compliance Certificate of the Company (on which the Trustee may rely as to such compliance) and a copy of the relevant Company Audited Financial Reports within 120 days of the end of each Relevant Period prepared in accordance with the International Financial Reporting Standards issued by the International Accounting Standards Board (audited by an internationally recognised firm of independent accountants) of the Company and its Subsidiaries and, if such statements shall be in the Chinese language, together with an English translation of the same translated by (aa) an internationally recognised firm of accountants or (bb) a professional translation service provider and checked by an internationally recognised firm of accountants, together with a certificate signed by a director of the Company certifying that such translation is complete and accurate; and (B) a copy of the Company Unaudited Financial Reports within 60 days of the end of each Relevant Period prepared on a basis consistent with audited consolidated financial statements of the Company and its Subsidiaries and, if such statements shall be in the Chinese language, together with an English translation of the same translated by (aa) an internationally recognised firm of accountants or (bb) a professional translation service provider and checked by an internationally recognised firm of accountants, together with a certificate signed by a director of the Company certifying that such translation is complete and accurate; *provided that*, (if at any time the capital stock of the Company is listed for trading on a recognised stock exchange,) the Company may furnish to the Trustee, as soon as they are available but in any event not more than 10 calendar days after any financial or other reports of the Company are filed with the exchange on which the Company's capital stock is at such time listed for trading, true and correct copies of any financial or other report filed with such exchange in lieu of the reports identified in Condition 4(c)(i)(A) and Condition 4(c)(i)(B) above; and
- (ii) the Issuer and the Subsidiary Guarantors will furnish the Trustee with (A) a Compliance Certificate of each of the Issuer and the Subsidiary Guarantors (on which the Trustee may rely as to such compliance) and a copy of the relevant Wanda HK Audited Financial Reports within 120 days of the end of each Relevant Period; and (B) a copy of the Wanda HK Unaudited Financial Reports within 60 days of the end of each Relevant Period.

(d) *Notification to NDRC*: The Company undertakes to:

- (i) file or cause to be filed with the NDRC the requisite information and documents within the prescribed time period after the Issue Date in accordance with the Circular on Promoting the Reform of the Administrative System on the Issuance by Enterprises of Foreign Debt Filings and Registrations (國家發展改革委關於推進企業發行外債備案登記制管理改革的通知(發改外資[2015] 2044 號)) issued by the NDRC and which came into effect on 14 September 2015, and any relevant implementation rules, reports, certificates, approvals or guidelines as issued by the NDRC from time to time (the “**NDRC Post-issue Filing**”);

- (ii) comply with all applicable PRC laws and regulations in connection with the Bonds (including, without limitation, to comply with the Enterprise Foreign Debt Pre-Issuance Registration Certificate (企業借用外債備案登記證明) from the NDRC dated 20 March 2019); and
 - (iii) within 15 PRC Business Days after submission of such NDRC Post-issue Filing (x) provide the Trustee with a certificate (substantially in the form scheduled to the Trust Deed) signed by an authorised signatory of the Company confirming the completion of the NDRC Post-issue Filing, together with any document(s) evidencing due filing with the NDRC (if any) and (y) give notice to the Bondholders in accordance with Condition 16 (*Notices*) of the same.
- (e) *Issuer Activities:* So long as any Bond remains outstanding, the Issuer shall not, and the Subsidiary Guarantors and the Company will procure that the Issuer will not, carry on any business activity whatsoever other than in connection with (i) the Bonds and (ii) the issuance of other Relevant Indebtedness (together with the Bonds) up to an aggregate principal amount not exceeding US\$2,000,000,000. Such activities in connection with the Bonds or the issuance of other Relevant Indebtedness shall, for the avoidance of doubt, include the on-lending of the proceeds of the issue of the Bonds or such other Relevant Indebtedness to any of the Subsidiary Guarantors or the Company or as any of them may direct.
- (f) *Deed of Equity Interest Purchase Undertaking:* Upon the occurrence of any Event of Default (as defined under Condition 9), the Trustee shall give to the Company (with a copy to the Issuer) a notice in writing in accordance with the Trust Deed notifying the Company of its obligations to purchase under the Deed of Equity Interest Purchase Undertaking. Upon the completion of any equity purchase made in accordance with the Deed of Equity Interest Purchase Undertaking, each of the Issuer and the Subsidiary Guarantors undertakes to (i) direct the Company promptly to pay or procure to be paid an amount (being an amount no less than the amount sufficient to enable the Issuer and the Subsidiary Guarantors to discharge their respective obligations under the Bonds and the Trust Deed and those other payment obligations described under the Deed of Equity Interest Purchase Undertaking) from the proceeds to be received by the relevant Subsidiary Guarantor or Subsidiary Guarantors and/or any other relevant Subsidiaries of the Company incorporated outside the PRC in relation to such equity purchase made in accordance with the Deed of Equity Interest Purchase Undertaking to or to the order of the Trustee and (ii) promptly do all such things (including entering into and executing any agreements or arrangements required) and take all actions necessary for the proceeds received in accordance with the Deed of Equity Interest Purchase Undertaking to be applied solely towards the payment in accordance with the Trust Deed of any outstanding amounts under the Trust Deed and the Bonds (including any interest accrued but unpaid on the Bonds) prior to any other use, disposal or transfer of the proceeds received.
- (g) *Irrevocable Cross-Border Standby Facility:* In the event that (i) the Issuer fails to provide a Liquidity Notice to each of the Company and the Trustee at least 30 Facility Business Days prior to an Interest Payment Date in accordance with the Keepwell Deed, or (ii) an Event of Default has occurred, the Company shall, among other things, (x) as soon as practicable grant to the Issuer a standby facility, (y) remit an amount to the Issuer in order for it to discharge its obligations under the Bonds, the Trust Deed, the Agency Agreement, the Deed of Equity Interest Purchase Undertaking and the Keepwell Deed, and (z) cause the Issuer to use the amount received to discharge its obligations under the Bonds and Trust Deed, in each case in accordance with and as set out in the Keepwell Deed.

- (h) *Rating Maintenance*: So long as any Bond remains outstanding, save with the approval of an Extraordinary Resolution of Bondholders, each of the Issuer, the Subsidiary Guarantors and the Company shall use all reasonable endeavours to maintain a rating on the Bonds by at least a Rating Agency.

In these Conditions:

“Company Audited Financial Reports” means annual audited consolidated statement of comprehensive income, statement of financial position and statement of cashflow of the Company together with any statements, reports (including any Directors’ and auditors’ reports) and notes attached to or intended to be read with any of them;

“Company Unaudited Financial Reports” means semi-annual (or any other interim reporting period required by applicable law or regulations) unaudited consolidated statement of comprehensive income, statement of financial position and statement of cashflow of the Company together with any statements, reports (including any Directors’ and auditors’ review reports, if any) and notes attached to or intended to be read with any of them. For the avoidance of doubt, such reports shall not be required to be reviewed by an independent accountant;

“Compliance Certificate” means a certificate of each of the Company, the Issuer and the Subsidiary Guarantors (as the case may be) signed by their respective directors (in the case of the Company, signed by two of its directors, and in the case of the Issuer or any of the Subsidiary Guarantors, signed by one director) that, having made all reasonable enquiries, to the best of the knowledge, information and belief of the Company, the Issuer or the Subsidiary Guarantors (as the case may be) as at a date (the **“Certification Date”**) not more than five days before the date of the certificate:

- (i) no Event of Default (as defined in Condition 9) or Potential Event of Default had occurred since the Certification Date of the last such certificate or (if none) the date of the Trust Deed or, if such an event had occurred, giving details of it; and
- (ii) each of Company, the Issuer and the Subsidiary Guarantors (as the case may be) has complied with all its obligations under the Trust Deed and the Bonds or, if non-compliance had occurred, giving details of it.

“Facility Business Day” means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are generally open for business in New York City, Beijing, London and Hong Kong;

“Fitch” means Fitch Ratings Limited;

“Hong Kong” means the Hong Kong Special Administrative Region of the PRC;

“Liquidity Notice” means the notice to be given by the Issuer to the Company and the Trustee no later than 30 Facility Business Days before each Interest Payment Date certifying, as at the date of such notice, that it has sufficient liquidity (including external resources available to it outside of the PRC) to meet its payment obligations under the Bonds and the Trust Deed as they may fall due (together with evidence of available funding outside the PRC) on or prior to such Interest Payment Date and that no Event of Default or Potential Event of Default has occurred;

“Moody’s” means Moody’s Investors Service Hong Kong Limited;

“**NDRC**” means the National Development and Reform Commission of the PRC or its local counterparts;

“**Potential Event of Default**” means an event or circumstance which could with the giving of notice, lapse of time, issue of a certificate and/or fulfilment of any other requirement of similar nature provided for in Condition 9 become an Event of Default;

“**PRC**” means the People’s Republic of China which, for the purposes of these Conditions, shall not include Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan;

“**PRC Business Day**” means a day (other than a Saturday or Sunday or other public holiday in the PRC) on which commercial banks are generally open for business in the PRC;

“**Rating Agency**” means (i) any of Fitch, Moody’s or S&P, or any of their respective successors or (ii) if one or more of Fitch, Moody’s or S&P shall not make a rating of the Bonds publicly available, any internationally recognised securities rating agency selected by the Issuer, the Subsidiary Guarantors and the Company, which shall be substituted for Fitch, Moody’s or S&P or any combination thereof;

“**Relevant Indebtedness**” means any present or future indebtedness which is in the form of or represented by any bond, note, debenture, debenture stock, loan stock, or other securities which is, or is capable of being, listed, quoted or traded on any stock exchange or in any securities market (including, without limitation, any over-the-counter market) (which for the avoidance of doubt does not include bi-lateral loans, syndicated loans or club deal loans);

“**Relevant Period**” means, in relation to each of the Company Audited Financial Reports and the Wanda HK Audited Financial Reports, each period of twelve months ending on the last day of their respective financial year (being December 31 of that financial year) and, in relation to each of the Company Unaudited Financial Reports and the Wanda HK Unaudited Financial Reports, each period of six months ending on the last day of their respective first half financial year (being June 30 of that financial year);

a “**Subsidiary**” of any person means (a) any company or other business entity of which that person owns or controls (either directly or through one or more other Subsidiaries) more than 50 per cent. of the issued share capital or other ownership interest having ordinary voting power to elect directors, managers or trustees of such company or other business entity, or (b) any company or other business entity which at any time has its accounts consolidated with those of that person or which, under the law, regulations or generally accepted accounting principles of the jurisdiction of incorporation of such person from time to time, should have its accounts consolidated with those of that person;

“**S&P**” means S&P Global Ratings;

“**Total Equity**” means the line item with the corresponding caption in the consolidated statement of financial position of Wanda HK in the Wanda HK Audited Financial Reports and the Wanda HK Unaudited Financial Reports, as the case may be, comprising the aggregate of:

- (i) the amount paid up or credited as paid up on the issued ordinary share capital of Wanda HK;
- (ii) the amount standing to the credit of the consolidated reserve of Wanda HK and its Subsidiaries; and

(iii) the amount attributable to the non-controlling interests;

“**Wanda HK Audited Financial Reports**” means annual audited consolidated statement of comprehensive income, statement of financial position and statement of cashflow of Wanda HK together with any statements, reports (including any Directors’ and auditors’ reports) and notes attached to or intended to be read with any of them; and

“**Wanda HK Unaudited Financial Reports**” means semi-annual (or any other interim reporting period required by applicable law or regulations) unaudited consolidated statement of comprehensive income, statement of financial position and statement of cashflow of Wanda HK together with any statements, reports (including any Directors’ and auditors’ review reports, if any) and notes attached to or intended to be read with any of them. For the avoidance of doubt, such reports shall not be required to be reviewed by an independent accountant.

5. Interest

The Bonds bear interest on their outstanding principal amount from and including 23 January 2020 at the rate of 6.875 per cent. per annum (the “**Rate of Interest**”), payable semi-annually in arrear on 23 January and 23 July in each year (each an “**Interest Payment Date**”), commencing on 23 July 2020.

Each Bond will cease to bear interest from the due date for redemption unless, upon surrender of the Certificate representing such Bond, payment of principal or premium (if any) in respect of such Bond is improperly withheld or refused. In such event it shall continue to bear interest at such rate (both before and after judgment) until whichever is the earlier of (a) the day on which all sums due in respect of such Bond up to that day are received by or on behalf of the relevant Bondholder, and (b) the day seven days after the Trustee or the Principal Paying Agent has notified Bondholders of receipt of all sums due in respect of all the Bonds up to that seventh day (except to the extent that there is failure in the subsequent payment to the relevant holders under these Conditions).

Interest in respect of any Bond shall be calculated per US\$1,000 in principal amount of the Bonds (the “**Calculation Amount**”). The amount of interest payable on each Interest Payment Date shall be US\$34.375 per Calculation Amount. If interest is required to be paid in respect of a Bond on any other date, the amount of interest payable in respect of each Bond for any period shall be calculated by applying the Rate of Interest to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest cent (half a cent being rounded upwards) and multiplying such rounded figure by a fraction equal to the Authorised Denomination of such Bond divided by the Calculation Amount, where “**Day Count Fraction**” means, in respect of the calculation of an amount for any period of time (the “**Calculation Period**”), the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“**Y₁**” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“**Y₂**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**M₁**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“**M₂**” is the calendar month, expressed as number, in which the day immediately following the last day included in the Calculation Period falls;

“**D₁**” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case **D₁** will be 30; and

“**D₂**” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and **D₁** is greater than 29, in which case **D₂** will be 30.

6. Redemption and Purchase

- (a) *Final Redemption*: Unless previously redeemed or purchased and cancelled, the Bonds will be redeemed at their principal amount on 23 July 2023 (the “**Maturity Date**”). The Bonds may not be redeemed at the option of the Issuer other than in accordance with this Condition 6.
- (b) *Redemption for Tax Reasons*: The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days’ notice to the Bondholders (which notice shall be irrevocable), at their principal amount, (together with accrued and unpaid interest to (but excluding) the date fixed for redemption), if (i) the Issuer (or, if the Guarantee was called, any of the Subsidiary Guarantors) satisfies the Trustee immediately prior to the giving of such notice that it has or will become obliged to pay additional amounts as provided or referred to in Condition 8 as a result of any change in, or amendment to, the laws or regulations of the British Virgin Islands, Hong Kong or the PRC (each, a “**Relevant Jurisdiction**”) or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after 20 January 2020, and (ii) such obligation cannot be avoided by the Issuer (or the relevant Subsidiary Guarantor, as the case may be) taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer (or the relevant Subsidiary Guarantor, as the case may be) would be obliged to pay such additional amounts were a payment in respect of the Bonds then due. Prior to the giving of any notice of redemption pursuant to this Condition 6(b), the Issuer (or the relevant Subsidiary Guarantor, as the case may be) shall deliver to the Trustee a certificate signed by a director of the Issuer (or of the relevant Subsidiary Guarantor, as the case may be) stating that the obligation referred to in (i) above of this Condition 6(b) cannot be avoided by the Issuer (or the relevant Subsidiary Guarantor, as the case may be) taking reasonable measures available to it, and the Trustee shall be entitled to accept such certificate as sufficient evidence of the satisfaction of the condition precedent set out in (ii) above of this Condition 6(b) without further enquiry and without liability to any Bondholder, in which event it shall be conclusive and binding on the Bondholders.
- (c) *Redemption for Change of Control Event*: At any time following the occurrence of a Change of Control Event, the holder of any Bond will have the right, at such holder’s option, to require the Issuer to redeem all but not some only of that holder’s Bonds on the Put Settlement Date at 101 per cent. of their principal amount, together with accrued and unpaid interest to (but excluding) such Put Settlement Date. To exercise such right, the holder of the relevant Bond must deposit at the specified office of any Paying Agent a duly completed and signed notice of redemption, in the form for the time being current, obtainable from the specified office of any Paying Agent (a “**Put Exercise Notice**”), together with the Certificates evidencing the Bonds to be redeemed, by not later than 30 days following the occurrence of, a Change of Control Event or, if later, 30 days following the date upon which

notice thereof is given to Bondholders by the Issuer in accordance with Condition 16. The **“Put Settlement Date”** shall be the 14th day after the expiry of such period of 30 days as referred to above.

A Put Exercise Notice, once delivered, shall be irrevocable and the Issuer shall redeem the Bonds subject to the Put Exercise Notices delivered as aforesaid on the Put Settlement Date.

The Issuer shall give notice to Bondholders in accordance with Condition 16 and the Trustee and the Principal Paying Agent in writing by not later than 14 days following the first day on which it becomes aware of the occurrence of a Change of Control Event, which notice shall specify the procedure for exercise by holders of their rights to require redemption of the Bonds pursuant to this Condition 6(c).

The Trustee and the Agents shall not be required to take any steps to monitor, verify, ascertain whether a Change of Control Event has occurred and shall not be responsible for or liable to Bondholders, the Issuer, the Subsidiary Guarantors or the Company for any loss arising from any failure to do so.

In this Condition 6(c):

a **“Change of Control Event”** occurs when:

- (i) Mr. WANG Jianlin, together with the Permitted Persons, acting together, ceases to Control the Company;
- (ii) Wanda HK ceases to be a directly or indirectly wholly-owned Subsidiary of the Company; or
- (iii) the Issuer ceases to be a directly or indirectly wholly-owned Subsidiary of Wanda HK;

“Control” means (where applicable): (i) the ownership, acquisition or control of more than **50 per cent.** of the voting rights of the issued share capital of a person or (ii) the right to appoint and/or remove all or the majority of the members of a person’s board of directors or other governing body, whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of voting rights, contract or otherwise and the terms “controlling” and “controlled” have meanings correlative to the foregoing; and

“Permitted Persons” means any or all of the following: (i) any estate, spouse or any person cohabiting as a spouse, child or step-child, parent or step-parent, brother, sister, step-brother or step-sister, parent in law, grandchild, grandparent, uncle, aunt, nephew or niece of Mr. Wang Jianlin, or (ii) any legal representative of any of the foregoing (including Mr. Wang Jianlin) (including, for purposes of this definition, any trust for which Mr. Wang Jianlin or any such other person specified in clause (i) is a settlor or a beneficiary).

References to **“principal”** in these Conditions shall, unless the context otherwise requires, include the premium referred to in this Condition 6(c).

- (d) *Notice of Redemption*: All Bonds in respect of which any notice of redemption is given under this Condition 6 shall be redeemed on the date specified in such notice in accordance with this Condition 6. If there is more than one notice of redemption given in respect of any Bond (which shall include any notice given by the Issuer pursuant to Condition 6(b) and any Put Exercise Notice given by a Bondholder pursuant to Condition 6(c)), the notice given first in time shall prevail and in the event of two notices being given on the same date, the first to be given shall prevail.

- (e) *Purchase*: The Company, the Subsidiary Guarantors, the Issuer and their respective Subsidiaries may at any time purchase Bonds in the open market or otherwise at any price. The Bonds so purchased, while held by or on behalf of the Company, the Subsidiary Guarantors, the Issuer or any such Subsidiary, shall not entitle the holder to vote at any meetings of the Bondholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Bondholders or for the purposes of Conditions 9, 12(a) and 13.
- (f) *Cancellation*: All Certificates representing Bonds purchased by or on behalf of the Issuer, the Company, the Subsidiary Guarantors or their respective Subsidiaries shall be surrendered for cancellation to the Registrar and, upon surrender thereof, all such Bonds shall be cancelled forthwith. Any Certificates so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer and the Subsidiary Guarantors in respect of any such Bonds shall be discharged.

7. Payments

(a) *Method of Payment*:

- (i) Payments of principal and premium (if any) shall be made (subject to surrender of the relevant Certificates at the specified office of any Paying Agent or of the Registrar if no further payment falls to be made in respect of the Bonds represented by such Certificates) in the manner provided in Condition 7(a)(ii) below.
- (ii) Interest on each Bond shall be paid to the person shown on the Register at the close of business on the fifth Payment Business Day before the due date for payment thereof (the “**Record Date**”). Upon application by the holder to the specified office of the Registrar or any Paying Agent before the Record Date, such payment of interest may be made by transfer to an account in US dollars maintained by the payee with a bank.
- (iii) If the amount of principal being paid upon surrender of the relevant Certificate is less than the outstanding principal amount of such Certificate, the Registrar will annotate the Register with the amount of principal so paid and will (if so requested in writing by the Issuer or a Bondholder) issue a new Certificate with a principal amount equal to the remaining unpaid outstanding principal amount. If the amount of premium (if any) or interest being paid is less than the amount then due, the Registrar will annotate the Register with the amount of premium (if any) or interest so paid.

*Notwithstanding the foregoing, so long as the Global Certificate is held on behalf of Euroclear, Clearstream or any other clearing system, each payment in respect of the Global Certificate will be made to the person shown as the Holder in the Register at the close of business of the relevant clearing system on the Clearing System Business Day before the due date for such payments, where “**Clearing System Business Day**” means a weekday (Monday to Friday, inclusive) except 25 December and 1 January.*

- (b) *Payments subject to Fiscal Laws*: All payments are subject in all cases to (i) any applicable fiscal or other laws, regulations and directives in the place of payment, but without prejudice to the provisions of Condition 8 and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the “**Code**”) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 8) any law implementing an intergovernmental approach thereto. No commission or expenses shall be charged to the Bondholders in respect of such payments.

- (c) *Payment Initiation:* Where payment is to be made by transfer to an account in US dollars, payment instructions (for value on the due date or, if that is not a Payment Business Day, for value on the first following day which is a Payment Business Day) will be initiated, or, in the case of payments of principal and premium (if any) where the relevant Certificate has not been surrendered at the specified office of any Transfer Agent or of the Registrar, on a day on which the Principal Paying Agent is open for business and on which the relevant Certificate is surrendered.
- (d) *Appointment of Agents:* The Principal Paying Agent, the Registrar and the Transfer Agent initially appointed by the Issuer and their respective specified offices are listed below. The Principal Paying Agent, the Registrar and the Transfer Agent act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any Bondholder. The Issuer reserves the right at any time with the prior written approval of the Trustee to vary or terminate the appointment of the Principal Paying Agent, the Registrar, any Transfer Agent or any of the other Agents and to appoint additional or other Agents, provided that the Issuer shall at all times maintain (i) a Principal Paying Agent, (ii) a Registrar, (iii) a Transfer Agent and (iv) such other agents as may be required by any other stock exchange on which the Bonds may be listed.

Notice of any such termination or appointment or any change of any specified office of an Agent shall promptly be given by the Issuer to the Bondholders.

- (e) *Delay in payment:* Bondholders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due on a Bond if the due date is not a Payment Business Day or if the Bondholder is late in surrendering or cannot surrender its Certificate (if required to do so).
- (f) *Non-Payment Business Days:* If any date for payment in respect of any Bond is not a Payment Business Day, the holder shall not be entitled to payment until the next following Payment Business Day nor to any interest or other sum in respect of such postponed payment. In this Condition 7, “**Payment Business Day**” means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in New York City, Hong Kong and the place in which the specified office of the Principal Paying Agent is located and where payment is to be made by transfer to an account maintained with a bank in US dollars, the place on which foreign exchange transactions may be carried on in US dollars in the principal financial centre of the country of such currency.

8. Taxation

All payments of principal, premium (if any) and interest by or on behalf of the Issuer or the Subsidiary Guarantors in respect of the Bonds or under the Guarantee shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within a Relevant Jurisdiction (as defined in Condition 6(b)) or any political subdivision or authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In such event the Issuer or, as the case may be, the relevant Subsidiary Guarantor shall pay such additional amounts as will result in receipt by the Bondholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Bond:

- (a) *Other connection:* to a holder (or to a third party on behalf of a holder) who is liable to such taxes, duties, assessments or governmental charges in respect of such Bond by reason of his having some connection with the British Virgin Islands, Hong Kong or the PRC other than the mere holding of the Bond; or

- (b) *Surrender more than 30 days after the Relevant Date*: in respect of which the Certificate representing it is presented for payment more than 30 days after the Relevant Date except to the extent that the holder of it would have been entitled to such additional amounts on surrendering the Certificate representing such Bond for payment on the last day of such period of 30 days; or
- (c) *Declaration*: to a holder (or to a third party on behalf of a holder) who would not be liable for or subject to such withholding or deduction by making a declaration of identity, non-residence or other similar claim for exemption to the relevant tax authority if, after having been requested to make such declaration or claim, such holder fails to do so within any applicable period prescribed by such relevant tax authority.

“**Relevant Date**” in respect of any Bond means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Bondholders that, upon further surrender of the Certificate representing such Bond being made in accordance with these Conditions, such payment will be made, provided that payment is in fact made upon such surrender.

Neither the Trustee nor any Agent shall be responsible for paying any tax, duty, charges, withholding or other payment referred to in this Condition 8 or for determining whether such amounts are payable or the amount thereof, and none of them shall be responsible or liable for any failure by the Issuer, any Bondholder or any third party to pay such tax, duty, charges, withholding or other payment in any jurisdiction or to provide any notice or information to the Trustee or any Agent that would permit, enable or facilitate the payment of any principal, premium (if any), interest or other amount under or in respect of the Bonds without deduction or withholding for or on account of any tax, duty, charge, withholding or other payment imposed by or in any jurisdiction.

9. Events of Default

If any of the following events (each an “**Event of Default**”) occurs the Trustee at its discretion may, and if so requested by holders of at least 25 per cent. of the aggregate principal amount of the Bonds then outstanding or if so directed by an Extraordinary Resolution shall, (provided in any such case that the Trustee shall first have been indemnified and/or secured and/or prefunded to its satisfaction), give written notice to the Issuer and the Subsidiary Guarantors declaring that the Bonds are, and they shall immediately become, due and payable at their principal amount together (if applicable) with accrued and unpaid interest:

- (a) *Non-Payment*: there is a failure to pay (i) the principal of or any premium on any of the Bonds when due; or (ii) any interest on the Bonds when due and such failure to pay interest continues for ten days after the due date for such payment; or
- (b) *Breach of Other Obligations*: the Company, the Issuer or any of the Subsidiary Guarantors does not perform or comply with any one or more of its other obligations in the Bonds, the Keepwell Deed, the Deed of Equity Interest Purchase Undertaking, the Trust Deed, (other than those referred to in Condition 9(a) and other than where it gives rise to a redemption pursuant to Condition 6(c)) which default is incapable of remedy or, if capable of remedy, is not remedied within 30 days after notice of such default shall have been given to the Issuer and Wanda HK by the Trustee; or
- (c) *Cross-Default*: (i) any other present or future indebtedness of the Company, the Issuer, any Subsidiary Guarantor or any of their respective Subsidiaries for or in respect of moneys borrowed or raised becomes (or becomes capable of being declared) due and payable prior to

its stated maturity by reason of any actual default, event of default or the like (howsoever described), or (ii) any such indebtedness is not paid when due or, as the case may be, within any originally applicable grace period, or (iii) the Company, the Issuer, any Subsidiary Guarantor or any of their respective Subsidiaries fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised provided that the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this Condition 9(c) have occurred equals or exceeds US\$30,000,000 or its equivalent (on the basis of the middle spot rate for the relevant currency against the US dollar as quoted by any leading bank on the day on which this Condition 9(c) operates); or

- (d) *Enforcement Proceedings*: a distress, attachment, execution or other legal process is levied, enforced or sued out on or against a material part of the property, assets or revenues of the Company, the Issuer, any Subsidiary Guarantor or any of their respective Principal Subsidiaries and is not discharged or stayed within 45 days; or
- (e) *Security Enforced*: any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Company, the Issuer, any Subsidiary Guarantor or any of their respective Principal Subsidiaries over all or a material part of the assets of the Company, the Issuer, the relevant Subsidiary Guarantor or the relevant Principal Subsidiary, as the case may be, becomes enforceable and any step is taken to enforce it (including the taking of possession or the appointment of a receiver, manager or other similar person) and is not discharged within 45 days; or
- (f) *Insolvency*: the Company, the Issuer, any Subsidiary Guarantor or any of their respective Principal Subsidiaries is (or is deemed by law or declared by a court to be) insolvent or bankrupt or unable to pay its debts, stops, suspends or threatens to stop or suspend payment of all or a material part of its debts, proposes or makes any agreement for the deferral, rescheduling or other readjustment of all of its debts, proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of all or a material part of its debts or a moratorium is agreed or declared in respect of or affecting all or a material part of the debts of the Company, the Issuer, any Subsidiary Guarantor, or any of their respective Principal Subsidiaries, as the case may be; or
- (g) *Winding-up*: an administrator is appointed, an order of a court of competent jurisdiction is made or an effective resolution passed for the winding-up or dissolution or administration of the Company, the Issuer, any Subsidiary Guarantor or any of their respective Principal Subsidiaries, or the Company, any Subsidiary Guarantor, the Issuer or any of their respective Principal Subsidiaries ceases or threatens to cease to carry on all or substantially all of its business or operations, except for (A) the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation (i) on terms approved by an Extraordinary Resolution of the Bondholders, or (ii) whereby the undertaking and assets of a Principal Subsidiary are transferred to or otherwise vested in the Company or any of its Subsidiaries; or (B) a solvent winding up of any Principal Subsidiary of the Company other than the Subsidiary Guarantors and the Issuer; or (C) a disposal on an arm's length basis where the assets resulting from such disposal are vested in the Company or any of its Principal Subsidiaries; or
- (h) *Authorisation and Consents*: any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done in order (i) to enable the Issuer, the Company and the Subsidiary Guarantors lawfully to enter into, exercise their respective rights and perform and comply with their respective obligations under the Bonds, the Trust Deed, the Keepwell Deed (other than with regard to the performance and

compliance with the obligations thereunder) and the Deed of Equity Interest Purchase Undertaking (other than with regard to the performance and compliance with the obligations thereunder), (ii) to ensure that those obligations are legally binding and enforceable and (iii) to make the Bonds, the Trust Deed, the Keepwell Deed and the Deed of Equity Interest Purchase Undertaking admissible in evidence in the courts of Hong Kong is not taken, fulfilled or done; or

- (i) *Illegality*: it is or will become unlawful for any of the Company, the Issuer and the Subsidiary Guarantors to perform or comply with any one or more of their respective obligations under any of the Bonds or the Trust Deed, the Keepwell Deed or the Deed of Equity Interest Purchase Undertaking; or
- (j) *Unenforceability of Guarantee*: except as permitted under the Trust Deed, any part of the Guarantee is unenforceable or invalid or shall for any reason cease to be in full force and effect or is claimed to be unenforceable, invalid or not in full force and effect by the Issuer or any Subsidiary Guarantor; or
- (k) *Keepwell Deed and Deed of Equity Interest Purchase Undertaking*: the Keepwell Deed or the Deed of Equity Interest Purchase Undertaking is not or is claimed by the Company not to be in full force and effect, or the Keepwell Deed or the Deed of Equity Interest Purchase Undertaking is modified, amended or terminated other than strictly in accordance with its respective terms; or
- (l) *Analogous Events*: any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in any of Condition 9(d) to Condition 9(g) (both inclusive).

In this Condition 9, “**Principal Subsidiary**” means any Subsidiary of the Issuer, a Subsidiary Guarantor or the Company:

- (a) whose revenue or (in the case of a Subsidiary which itself has Subsidiaries) consolidated revenue, as shown by its latest audited income statement are at least 5 per cent. of the consolidated revenue as shown by the latest audited consolidated income statement of the Company and its Subsidiaries including, for the avoidance of doubt, the Company and its consolidated Subsidiaries’ share of profits of Subsidiaries not consolidated and of jointly controlled entities and after adjustments for minority interests; or
- (b) whose gross profits or (in the case of a Subsidiary which itself has Subsidiaries) consolidated gross profit, as shown by its latest audited income statement are at least 5 per cent. of the consolidated gross profit as shown by the latest audited consolidated income statement of the Company and its Subsidiaries including, for the avoidance of doubt, the Company and its consolidated Subsidiaries’ share of profits of Subsidiaries not consolidated and of jointly controlled entities and after adjustments for minority interests; or
- (c) whose total assets or (in the case of a Subsidiary which itself has Subsidiaries) total consolidated assets, as shown by (or measured based on) its latest audited balance sheet are at least 5 per cent. of the consolidated total assets of the Company and its Subsidiaries as shown by (or measured based on) the latest audited consolidated balance sheet of the Company and its Subsidiaries, including, for the avoidance of doubt, the investments of the Company in each Subsidiary whose accounts are not consolidated with the consolidated audited accounts of the Company and after adjustment for minority interests; or
- (d) to which is transferred the whole or substantially the whole of the assets of a Subsidiary which immediately prior to such transfer was a Principal Subsidiary, provided that the Principal Subsidiary which so transfers its assets shall forthwith upon such transfer cease to

be a Principal Subsidiary and the Subsidiary to which the assets are so transferred shall cease to be a Principal Subsidiary at the date on which the first audited accounts (consolidated, if appropriate), of the Company prepared as of a date later than such transfer are issued unless such Subsidiary would continue to be a Principal Subsidiary on the basis of such accounts by virtue of the provisions of paragraphs (a), (b) or (c) above of this definition;

provided that, in relation to paragraphs (a), (b) and (c) above of this definition:

- (i) in the case of a corporation or other business entity becoming a Subsidiary after the end of the financial period to which the latest consolidated audited accounts of the Company relate, the reference to the then latest consolidated audited accounts of the Company for the purposes of the calculation above shall, until consolidated audited accounts of the Company for the financial period in which the relevant corporation or other business entity becomes a Subsidiary are available be deemed to be a reference to the then latest consolidated audited accounts of the Company adjusted to consolidate the latest audited accounts (consolidated in the case of a Subsidiary which itself has Subsidiaries) of such Subsidiary in such accounts;
- (ii) if at any relevant time in relation to the Company or any Subsidiary which itself has Subsidiaries no consolidated accounts are prepared and audited, revenue, gross profit or total assets of the Company and/or any such Subsidiary shall be determined on the basis of pro forma consolidated accounts prepared for this purpose by the Company;
- (iii) if at any relevant time in relation to any Subsidiary, no accounts are audited, its revenue, gross profit or total assets (consolidated, if appropriate) shall be determined on the basis of pro forma accounts (consolidated, if appropriate) of the relevant Subsidiary prepared for this purpose by the Company; and
- (iv) if the accounts of any Subsidiary (not being a Subsidiary referred to in proviso (i) above) are not consolidated with those of the Company, then the determination of whether or not such subsidiary is a Principal Subsidiary shall be based on a pro forma consolidation of its accounts (consolidated, if appropriate) with the consolidated accounts (determined on the basis of the foregoing) of the Company.

In addition, for purposes of this Condition 9, any Subsidiary of the Issuer, a Subsidiary Guarantor or the Company which is not itself a Principal Subsidiary as of the relevant date of determination shall nevertheless be treated as a Principal Subsidiary if the revenue (or consolidated revenue if the Subsidiary itself has subsidiaries), gross profit (or consolidated gross profit if the Subsidiary itself has subsidiaries) or total assets (or consolidated total assets if the Subsidiary itself has subsidiaries) attributable to such Subsidiary when aggregated with the revenue (or consolidated revenue if appropriate), gross profit (or consolidated gross profit if appropriate) or total assets (or consolidated total assets if appropriate) attributable to any other Subsidiary of the Issuer, a Subsidiary Guarantor or the Company which is not itself a Principal Subsidiary and with respect to which any of the events referred to in this Condition 9 has occurred and is continuing at such date of determination, exceeds 5 per cent. of the consolidated revenue, consolidated gross profit or consolidated total assets of the Company and its Subsidiaries as shown in the latest audited financial statements.

10. Prescription

Claims against the Issuer and/or any of the Subsidiary Guarantors for payment in respect of the Bonds shall be prescribed and become void unless made within 10 years (in the case of principal or premium) or five years (in the case of interest) from the appropriate Relevant Date in respect of them.

11. Replacement of Certificates

If any Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations or other relevant regulatory authority regulations, at the specified office of the Registrar or any Transfer Agent, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security, indemnity and otherwise as (a) the Issuer may require (provided that the requirement is reasonable in light of prevailing market practice) and (b) the Registrar or the relevant Transfer Agent may require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

12. Meetings of Bondholders, Modification and Waiver

- (a) *Meetings of Bondholders:* The Trust Deed contains provisions for convening meetings of Bondholders to consider matters affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions or any provisions of the Trust Deed, the Agency Agreement, the Keepwell Deed or the Deed of Equity Interest Purchase Undertaking. Such a meeting may be convened by the Issuer, the Subsidiary Guarantors or the Trustee and shall be convened by the Trustee if requested to do so by Bondholders holding not less than 10 per cent. in principal amount of the Bonds for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution will be two or more persons holding or representing more than 50 per cent. in principal amount of the Bonds for the time being outstanding, or at any adjourned meeting two or more persons being or representing Bondholders whatever the principal amount of the Bonds held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to modify the maturity of the Bonds or the dates on which interest is payable in respect of the Bonds, (ii) to reduce or cancel the principal amount of, any premium payable in respect of, or interest on, the Bonds, (iii) to change the currency of payment of the Bonds, (iv) to modify the provisions concerning the quorum required at any meeting of Bondholders or the majority required to pass an Extraordinary Resolution, or (v) to cancel or amend the Keepwell Deed, the Deed of Equity Interest Purchase Undertaking or the Guarantee other than in accordance with Condition 12(b), in which case the necessary quorum will be two or more persons holding or representing not less than 66 per cent., or at any adjourned meeting not less than 33 per cent., in principal amount of the Bonds for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Bondholders (whether or not they were present at the meeting at which such resolution was passed).

The Trust Deed provides that a resolution in writing signed by or on behalf of the holders of not less than 90 per cent. in principal amount of the Bonds outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Bondholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Bondholders.

So long as the Bonds are represented by the Global Certificate, Extraordinary Resolution includes a consent given by way of electronic consents through the relevant clearing system(s) (in a form satisfactory to the Trustee) by or on behalf of all the Holders of not less than 90 per cent. in aggregate principal amount of the Bonds for the time being outstanding.

- (b) *Modification of Agreements and Deeds:* The Trustee may (but shall not be obliged to) agree, without the consent of the Bondholders, to (i) any modification of any of these Conditions or any of the provisions of the Trust Deed, the Agency Agreement, the Keepwell Deed or the Deed of Equity Interest Purchase Undertaking that is in its opinion of a formal, minor or technical nature or is made to correct a manifest error or an error established as such to the satisfaction of the Trustee or is to comply with any mandatory provision of applicable law,

and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of these Conditions or any of the provisions of the Trust Deed, the Agency Agreement, the Keepwell Deed or the Deed of Equity Interest Purchase Undertaking that is in the opinion of the Trustee not materially prejudicial to the interests of the Bondholders. Any such modification, authorisation or waiver shall be binding on the Bondholders and, unless the Trustee otherwise agrees, such modification, authorisation or waiver shall be notified by the Issuer to the Bondholders as soon as practicable thereafter.

- (c) *Entitlement of the Trustee:* In connection with the exercise of its functions, rights, powers and discretions (including but not limited to those referred to in this Condition 12) the Trustee shall have regard to the interests of the Bondholders as a class and shall not have regard to the consequences of such exercise for individual Bondholders, and the Trustee shall not be entitled to require on behalf of any Bondholders, nor shall any Bondholder be entitled to claim, from the Issuer or the Subsidiary Guarantors any indemnification or payment in respect of any tax consequence of any such exercise upon individual Bondholders.

13. Enforcement

At any time after the Bonds become due and payable, the Trustee may, at its discretion and without further notice, institute such proceedings against the Company, the Issuer and/or the Subsidiary Guarantor(s) as it may think fit to enforce the terms of the Trust Deed, the Agency Agreement, the Keepwell Deed, the Deed of Equity Interest Purchase Undertaking and the Bonds, but it need not take any such proceedings unless (a) it shall have been so directed by an Extraordinary Resolution or so requested in writing by Bondholders holding at least 25 per cent. in principal amount of the Bonds then outstanding, and (b) it shall first have been indemnified and/or secured and/or pre-funded to its satisfaction. No Bondholder may proceed directly against the Company, the Issuer and/or the Subsidiary Guarantor(s) unless the Trustee, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing.

14. Indemnification of the Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking proceedings to enforce payment unless first indemnified and/or secured and/or pre-funded to its satisfaction. The Trustee is entitled to enter into business transactions with the Company, the Issuer, any Subsidiary Guarantor and/or any entity related (directly or indirectly) to the Company, the Issuer or any Subsidiary Guarantor without accounting for any profit.

None of the Trustee or any of the Agents shall be responsible for the performance by the Issuer, the Company, the Subsidiary Guarantors and any other person appointed by the Issuer in relation to the Bonds of the duties and obligations on their part expressed in respect of the same and, unless it has express written notice from the Issuer, the Company or the Subsidiary Guarantors to the contrary, the Trustee and each Agent shall assume that the same are being duly performed. None of the Trustee or any Agent shall be liable to any Bondholder or any other person for any action taken by the Trustee or such Agent in accordance with the instructions of the Bondholders. The Trustee shall be entitled to rely on any direction, request or resolution of Bondholders given by holders of the requisite principal amount of Bonds outstanding or passed at a meeting of Bondholders convened and held in accordance with the Trust Deed. Whenever the Trustee is required or entitled by the terms of the Trust Deed, the Keepwell Deed, the Deed of Equity Interest Purchase Undertaking or these Conditions to exercise any discretion or power, take or refrain from taking any action, make any decision or give any direction, the Trustee is entitled, prior to its exercising any such discretion or power, taking or refraining from taking any such action, making any such decision, or giving any such direction, to seek directions or clarification of any directions from the Bondholders by way of an Extraordinary Resolution, and the Trustee is not responsible

for any loss or liability incurred by any person as a result of any delay in it exercising such discretion or power, taking such action, making such decision, or giving such direction where the Trustee is seeking such directions or clarification of such directions or in the event that no such directions or clarifications are received.

The Trustee shall not be under any obligation to monitor compliance with the provisions of the Trust Deed, the Agency Agreement, the Keepwell Deed, the Deed of Equity Interest Purchase Undertaking or these Conditions.

The Trustee may rely without liability to Bondholders on any report, confirmation or certificate or any advice of any legal advisers, accountants, financial advisers, financial institution or any other expert, whether or not addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee or any other person or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee may accept and shall be entitled to rely on any such report, confirmation or certificate or advice and, in such event, such report, confirmation or certificate or advice shall be binding on the Bondholders and, if delivered by or on behalf of the Issuer, the Company or any Subsidiary Guarantor pursuant to any provisions of these Conditions, the Trust Deed, the Agency Agreement, the Keepwell Deed or the Deed of Equity Interest Purchase Undertakings, then it shall be binding on the Bondholders, the Issuer, the Company and the Subsidiary Guarantors.

15. Further Issues

The Issuer may from time to time without the consent of the Bondholders and in accordance with the Trust Deed create and issue further securities either having the same terms and conditions as the Bonds in all respects (or in all respects except for the first payment of interest on them and the timing to submit the NDRC Post-issue Filing and the making of consequential notices thereof) and so that such further issue shall be consolidated and form a single series with the outstanding securities of any series (including the Bonds) or upon such terms as the Issuer may determine at the time of their issue. However, such further bonds may only be issued if (i) the Rating Agency which has provided credit ratings in respect of the securities has been informed of such issue; and (ii) such issue will not result in any adverse change in the then credit rating of the Bonds.

References in these Conditions to the Bonds include (unless the context requires otherwise) any such other securities issued pursuant to this Condition 15 and forming a single series with the Bonds. Any further securities forming a single series with the outstanding securities of any series (including the Bonds) constituted by the Trust Deed or any deed supplemental to it shall, and any other securities may (with the consent of the Trustee), be constituted by a deed supplemental to the Trust Deed. The Trust Deed contains provisions for convening a single meeting of the Bondholders and the holders of securities of other series where the Trustee so decides.

16. Notices

Notices to the holders of Bonds shall be mailed to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing. The Issuer shall also ensure that notices are duly published in a manner that complies with the rules and regulations of any stock exchange or other relevant authority on which the Bonds are for the time being listed. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once, on the first date on which publication is made.

So long as the Global Certificate is held on behalf of Euroclear and Clearstream any notice to the holders of the Bonds shall be validly given by the delivery of the relevant notice to Euroclear and Clearstream, for communication by the relevant clearing system to entitled accountholders in substitution for notification as required by the Conditions and shall be deemed to have been given on the date of delivery to such clearing system.

17. Governing Law and Jurisdiction

- (a) *Governing Law:* The Trust Deed, the Agency Agreement, the Guarantee, the Keepwell Deed, the Deed of Equity Interest Purchase Undertaking and the Bonds and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law.
- (b) *Jurisdiction:* The courts of Hong Kong are to have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Bonds, the Guarantee, the Keepwell Deed, the Deed of Equity Interest Purchase Undertaking, the Agency Agreement and the Trust Deed and accordingly any legal action or proceedings arising out of or in connection with any Bonds, the Guarantee, the Keepwell Deed, the Deed of Equity Interest Purchase Undertaking, the Agency Agreement or the Trust Deed (“**Proceedings**”) may be brought in the courts of Hong Kong. Pursuant to the Trust Deed, each of the Issuer, the Subsidiary Guarantors and the Company has irrevocably submitted to the jurisdiction of the courts of Hong Kong.
- (c) *Agent for Service of Process:* Each of the Issuer, the Subsidiary Guarantors (other than Wanda HK) and the Company has irrevocably agreed to receive service of process at Wanda HK’s principal place of business at Unit 3007, 30th Floor, Two Exchange Square, 8 Connaught Place, Central, Hong Kong in any Proceedings in Hong Kong.
- (d) *Waiver of Immunity:* To the extent the Issuer, any of the Subsidiary Guarantors or the Company may in any jurisdiction claim for itself or its assets or revenues immunity from suit, execution, attachment (whether in aid of execution, before judgment or otherwise) or other legal process, and to the extent that such immunity (whether or not claimed) may be attributed in any such jurisdiction to the Issuer, any of the Subsidiary Guarantors or the Company or their respective assets or revenues, each of the Issuer, the Subsidiary Guarantors and the Company has agreed not to claim and irrevocably waived such immunity to the fullest extent permitted by the laws of such jurisdiction.

DESCRIPTION OF THE KEEPWELL DEED

The following contains summaries of certain key provisions of the Keepwell Deed. Such statements do not purport to be complete and are qualified in their entirety by reference to the Keepwell Deed. Unless otherwise defined herein, defined terms used in this section shall have the meanings given to them in the Keepwell Deed.

Ownership of the Issuer, Wanda HK

Pursuant to the Keepwell Deed, the Company will undertake with the Issuer, Wanda HK and the Trustee that it shall, directly or indirectly, own and hold all the outstanding shares of each of the Issuer and Wanda HK and will not directly or indirectly pledge, grant a security interest, or in any way encumber or otherwise dispose of any such shares unless required to encumber or dispose of any or all such shares by applicable law or regulation or pursuant to a court decree or order of any government authority which, in the opinion of a legal adviser to the Company, may not be successfully challenged.

Pursuant to the Keepwell Deed, the Company will undertake with the Issuer, Wanda HK and the Trustee that it shall maintain Wanda HK as the flagship overseas investment holding Subsidiary of the Company for its real estate business.

Maintenance of Consolidated Net Worth; Liquidity

In addition, pursuant to the Keepwell Deed, the Company will undertake that it shall cause:

- (a) each of the Issuer and Wanda HK to have a Consolidated Net Worth of at least US\$1.00 (or its equivalent in any other currency) at all times;
- (b) each of the Issuer and Wanda HK to have sufficient liquidity to ensure timely payment by each of the Issuer and Wanda HK of any amounts payable under or in respect of the Bonds and the Guarantee, as the case may be, in accordance with the terms and conditions of the Bonds and/or the Trust Deed and otherwise under the Trust Deed and the Agency Agreement;
- (c) Wanda HK to have an aggregate Total Equity of at least HK\$800,000,000 at all times; and
- (d) each of the Issuer and Wanda HK to remain solvent and a going concern at all times under the laws of their respective jurisdictions of incorporation or applicable accounting standards.

If the Issuer or Wanda HK at any time determines that it will have insufficient liquidity to meet its payment obligations under the Bonds or the Guarantee, as the case may be, and otherwise under the Trust Deed or the Agency Agreement as they fall due, pursuant to the Keepwell Deed, the Issuer and/or Wanda HK will undertake to promptly notify the Company of the shortfall and the Company will make available to the Issuer or Wanda HK, before the due date of the relevant payment obligations, funds sufficient by means permitted by applicable laws and regulations to enable the Issuer or Wanda HK, as the case may be, to pay such payment obligations in full as they fall due. The Issuer or Wanda HK shall use any funds made available to it by the Company in accordance with the Keepwell Deed solely for the payment when due of such payment obligations under the Bonds, the Guarantee or the Trust Deed, as the case may be.

For the purposes of the Keepwell Deed:

“**Consolidated Net Worth**” means, in respect of the Issuer or Wanda HK, the excess of total assets of the Issuer or Wanda HK and its consolidated Subsidiaries over total liabilities of the Issuer or Wanda HK and its consolidated Subsidiaries, total assets and total liabilities each to be determined in accordance with the Hong Kong Financial Reporting Standards consistently applied; and

“Total Equity” means the line item with the corresponding caption in the consolidated statement of financial position of Wanda HK in its financial reports, comprising the aggregate of:

- (a) the amount paid up or credited as paid up on the issued ordinary share capital of Wanda HK;
- (b) the amount standing to the credit of the consolidated reserve of Wanda HK and its Subsidiaries; and
- (c) the amount attributable to non-controlling interests.

Irrevocable Cross-Border Standby Facility

Pursuant to the Keepwell Deed, no later than 30 Facility Business Days before each Interest Payment Date (the **“Liquidity Notice Date”**), the Issuer shall send to each of the Company and the Trustee a notice in writing (the **“Liquidity Notice”**) certifying, as at the date of the Liquidity Notice, that it has sufficient liquidity (including external resources available to it outside of the PRC) to meet its payment obligations under the Bonds and the Trust Deed as they may fall due (together with evidence of available funding outside the PRC) on or prior to the immediately following Interest Payment Date and that no Event of Default or Potential Event of Default has occurred.

In the event that (i) the Issuer does not provide a Liquidity Notice in accordance with and by the time specified above or (ii) an Event of Default has occurred, the Company shall:

- (a) as soon as practicable grant to the Issuer a standby facility (the **“Standby Facility”**) pursuant to which the Company will remit an amount which (upon conversion, if applicable) will be sufficient to satisfy the payment obligations set out below (the **“Remittance Amount”**);
- (b) as soon as practicable open with a PRC commercial bank (the **“Settlement Bank”**) a special account for the transfer and remittance of the Remittance Amount to the Issuer according to the relevant PRC laws;
- (c) remit the Remittance Amount to a specified account of the Issuer in Hong Kong through the special account (i) in the case of a failure to provide a Liquidity Notice in (i) above at least two Facility Business Days prior to the next Interest Payment Date or (ii) in the case of an occurrence of an Event of Default in (ii) above as soon as practicable; and
- (d) cause the Issuer to use the Remittance Amount to discharge its obligations under the Bonds, the Trust Deed, the Agency Agreement, the Deed of Equity Interest Purchase Undertaking and the Keepwell Deed on the due date therefor,

provided that the Company’s obligations to do so shall be subject to prevailing laws, regulations and government policies at such time and if required, regulatory approvals.

The Remittance Amount to be remitted must (after taking into account exchange rate movements) be sufficient to enable the Issuer to purchase US dollars in an amount sufficient to discharge in full:

- in the case of a failure to provide a Liquidity Notice in (i) above, the Issuer’s obligations under the Bonds and the Trust Deed which will become due on the immediate next Interest Payment Date; or
- in the case of an occurrence of an Event of Default in (ii) above, the Issuer’s obligations under or in respect of the Bonds and the Guarantee in accordance with the terms and conditions of the Bonds and/or the Trust Deed and otherwise under the Trust Deed and the Agency Agreement (including, without limitation, the principal amount of the Bonds then outstanding and any interest due and unpaid and/or accrued but unpaid),

plus all costs, fees and expenses and other amounts payable to the Trustee and/or the Agents under or in connection with the Bonds, the Trust Deed, the Agency Agreement, the Deed of Equity Interest Purchase Undertaking and/or the Keepwell Deed as at the date of the Liquidity Notice Date (including without limitation all foreign exchange conversion expenses) plus provisions for costs, fees and expenses and other amounts which may be incurred after the Liquidity Notice Date as notified by the Trustee.

Pursuant to the Keepwell Deed, each of the Company and the Issuer agrees and acknowledges that the terms of the Standby Facility shall be at arm's length (or more favourable to the Issuer) and shall not require any security from the Issuer. This Standby Facility is not, and nothing therein contained and nothing done pursuant thereto by the Company shall be deemed to constitute, or shall be construed as, or shall be deemed an evidence of, a guarantee by or any legal binding obligation of the Company of the payment of any obligation, responsibility, indebtedness or liability, of any kind or character whatsoever, of the Issuer or Wanda HK under the laws of any jurisdiction, including the PRC.

Other Covenants

The Company will further undertake pursuant to the Keepwell Deed:

- to procure that the articles of association of each of the Issuer and Wanda HK shall not be amended in a manner that is, directly or indirectly, adverse to holders of the Bonds;
- to cause each of the Issuer and Wanda HK to remain in full compliance with the Terms and Conditions of the Bonds, the Guarantee, the Trust Deed and all applicable rules and regulations in Hong Kong and the British Virgin Islands;
- to promptly take any and all action necessary to comply with its obligations under the Keepwell Deed and the Deed of Equity Interest Purchase Undertaking;
- to cause each of the Issuer and Wanda HK to take all action necessary in a timely manner to comply with its obligations under the Keepwell Deed, the Bonds, the Guarantee and the Trust Deed; and
- to procure that the Issuer will not carry on any business activity whatsoever other than in connection with (i) the Bonds and (ii) the issuance of other Relevant Indebtedness (together with the Bonds) up to an aggregate principal amount not exceeding US\$2,000,000,000. Such activities in connection with the Bonds or the issuance of other Relevant Indebtedness shall, for the avoidance of doubt, include the on-lending of the proceeds of the issue of the Bonds or such other Relevant Indebtedness to any of the Subsidiary Guarantors or the Company or as any of them may direct. In this provision, “**Relevant Indebtedness**” means any present or future indebtedness which is in the form of or represented by any bond, note, debenture, debenture stock, loan stock, or other securities which is, or is capable of being, listed, quoted or traded on any stock exchange or in any securities market (including, without limitation, any over-the-counter market) (which for the avoidance of doubt does not include bi-lateral loans, syndicated loans or club deal loans).

General

The Keepwell Deed is not, and nothing therein contained and nothing done pursuant thereto by the Company shall be deemed to constitute, or shall be construed as, or shall be deemed an evidence of, a guarantee by or any legal binding obligation of the Company of the payment of any obligation, responsibility, indebtedness or liability, of any kind or character whatsoever, of the Issuer or Wanda HK under the laws of any jurisdiction, including the PRC.

The performance by the Company of its obligations under the Keepwell Deed may be subject to all necessary approvals, consents, licences, orders, permits, registrations, filings, clearances and any other authorisations from the relevant Approval Authorities (as defined in the Keepwell Deed) (“**Regulatory Approvals**”) and the Company will undertake, pursuant to the Keepwell Deed, to use its best endeavours to obtain such Regulatory Approvals.

The Keepwell Deed may be modified, amended or terminated by the written agreement of the parties thereto subject to the provisions of the terms and conditions of the Bonds and the Trust Deed. None of the Issuer, Wanda HK or the Company may assign its rights or transfer its obligations under the Keepwell Deed, in whole or in part, without the prior written consent of the Trustee.

The Keepwell Deed, as to which time shall be of the essence, and any non-contractual obligations arising out of or in connection with it shall be governed by and construed in accordance with English law. The courts of Hong Kong are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Keepwell Deed and accordingly any legal action or proceedings arising out of or in connection with the Keepwell Deed may be brought in such courts.

DESCRIPTION OF THE DEED OF EQUITY INTEREST PURCHASE UNDERTAKING

The following contains summaries of certain key provisions of the Deed of Equity Interest Purchase Undertaking. Such statements do not purport to be complete and are qualified in their entirety by reference to the Deed of Equity Interest Purchase Undertaking. Unless otherwise defined herein, defined terms used in this section shall have the meanings given to them in the Deed of Equity Interest Purchase Undertaking.

The Company intends to assist the Issuer and the Subsidiary Guarantors in meeting their respective obligations under the Bonds and the Guarantee. Pursuant to the terms of the Deed of Equity Interest Purchase Undertaking entered into between the Trustee and the Company, the Company agrees to purchase, either by itself or through a PRC incorporated subsidiary of the Company (the “**Designated Purchaser**”), all or any equity interests upon receiving a written purchase notice (the “**Purchase Notice**”) from the Trustee (the “**Purchase**”). The equity interests comprise the interests held by the Relevant Transferor(s) (the “**Equity Interest**”) of a subsidiary of the Company that is held by such Relevant Transferor.

Obligation to Acquire Equity Interest

Under the Deed of Equity Interest Purchase Undertaking, the Company will undertake to the Trustee that upon receipt of a written Purchase Notice from the Trustee following the Trustee being notified of the occurrence of an Event of Default under the Bonds, the Company will, subject to obtaining all Regulatory Approvals (as defined in the Deed of Equity Interest Purchase Undertaking), purchase (either by itself or through a Designated Purchaser):

- (a) the Equity Interest (as defined in the Deed of Equity Interest Purchase Undertaking) held by any Subsidiary Guarantor and/or any other Subsidiaries of the Company incorporated outside the PRC, as designated by the Company and notified in writing to the Trustee within five Business Days after the date of the Purchase Notice; or
- (b) in the absence of a designation and notification within five Business Days after the date of the Purchase Notice as provided in (a) above, the Equity Interest held by all the Subsidiaries of the Company incorporated outside the PRC,

(each such designated entity or Subsidiary, a “**Relevant Transferor**”) in either such case at the Purchase Price on the relevant Purchase Closing Date (as defined in the Deed of Equity Interest Purchase Undertaking) on the terms set out in the Deed of Equity Interest Purchase Undertaking and the Equity Interest Transfer Agreement.

Determination of Purchase Price

Within 10 Business Days after the date of the Purchase Notice, the Company shall determine (i) the purchase price of the Equity Interest(s) subject to the Purchase (the “**Purchase Price**”) in accordance with any applicable PRC laws and regulations effective at the time of determination; and (ii) the other applicable terms relating to the Purchase, provided that the Purchase Price shall be no less than the aggregate of the following amounts (the “**Shortfall Amount**”):

- (a) the amount in US dollars sufficient to enable the Issuer and the Subsidiary Guarantors to discharge in full their respective obligations under the Bonds, the Guarantee and the Trust Deed (including without limitation the principal amount of the Bonds then outstanding as at the date of such Purchase Notice and any interest due and unpaid and/or accrued but unpaid on the Bonds up to but excluding the date of such Purchase Notice), plus
- (b) an amount equal to US\$13,750,000 equivalent to the interest amount in respect of one interest period on the Bonds, plus

- (c) all costs, fees and expenses and other amounts payable in US dollars to the Trustee and/or the Agents under or in connection with the Bonds, the Trust Deed, the Agency Agreement, the Keepwell Deed and/or the Deed of Equity Interest Purchase Undertaking as at the date of such Purchase Notice plus provisions for fees and expenses which may be incurred after the date of the Purchase Notice, as notified by the Trustee in the Purchase Notice.

Closing in respect of Purchase of Equity Interest

In relation to the Purchase of any Equity Interest relating to a company incorporated in the PRC held by any Relevant Transferor, the Company will agree that:

- (i) within 15 Business Days after the date of the Purchase Notice, the Company shall, and shall procure each Relevant Transferor to, execute, and the Company shall procure the board of directors of each of the companies the Equity Interest in which is subject to the Purchase to execute (where applicable), an Equity Interest Transfer Agreement. Where an Equity Interest to be Purchased relates to a company in the PRC which is subject to the special administrative measures on the market access as prescribed by applicable laws and regulations of the PRC, within 15 days after the date of the Purchase Notice, the Company shall file such agreements and/or documents as required by applicable laws and regulations with relevant Approval Authorities (where applicable), for approval of the transfer of the Equity Interests being the subject of the Purchase;
- (ii) within five Business Days after (i) (if approval from relevant Approval Authorities is required under applicable laws and regulations of the PRC) the receipt of approval from such Approval Authorities or (ii) (if approval is not required) the date of the execution of the Equity Interest Transfer Agreement, the Company shall submit all application documents required by applicable laws and regulations of the PRC to the competent AIC for AIC registration of the transfer of the Equity Interest of each Relevant Transferor;
- (iii) as soon as reasonably practicable after receipt of AIC registration from the competent AIC, the Company shall complete the procedures in respect of withholding tax for the Relevant Transferor required by applicable laws and regulations of the PRC with the competent tax authority to obtain the tax clearance certificate from such tax authority;
- (iv) within five Business Days after completion of the change of AIC registration and the receipt of the tax clearance certificate, the Company shall submit all application documents required by applicable laws and regulations of the PRC to the competent banks designated by SAFE (where applicable) (a) to change the SAFE registration of the companies the Equity Interests in which is or (as the case may be) are subject to the Purchase and (b) for the purchase of US dollar amount of the Purchase Price and the outbound remittance of the Purchase Price; and
- (v) closing of such Purchase shall take place on the fifth Business Day after the date of completion of the registration or the receipt of the approvals from the competent banks designated by SAFE (where applicable) and all other applicable Regulatory Approvals (the “**Onshore Purchase Closing Date**”), and on the Onshore Purchase Closing Date the Company shall pay to or to the order of each Relevant Transferor the Purchase Price payable in immediately available funds in US dollars to such account in Hong Kong as may be designated by such Relevant Transferor.

In relation to the Purchase of any Equity Interest relating to a company incorporated outside the PRC held by any Relevant Transferor, the Company will agree that:

- (i) within 15 Business Days after the date of the Purchase Notice, the Company shall, and shall procure each Relevant Transferor to, execute, and the Company shall procure the board of directors of each of the companies the Equity Interest in which is subject to the Purchase to

execute (where applicable), an Equity Interest Transfer Agreement and all other application documents (including any equity interest transfer agreement in Chinese language and in such form as required by applicable laws and regulations) required by applicable laws and regulations, and shall file such agreements and/or documents as required by applicable laws and regulations with NDRC (where applicable), MOFCOM, and authorities of other jurisdiction in charge of the Purchase (where applicable), for approval, filing or registration of the transfer of the Equity Interests being the subject of the Purchase;

- (ii) within five Business Days after receipt of approval from, or the completion of filings with, NDRC (where applicable) and MOFCOM, the Company shall submit all application documents required by applicable laws and regulations of the PRC to SAFE and/or the competent banks designated by SAFE; and
- (iii) closing of such purchase shall take place on the fifth Business Day after the date of receipt of the approvals or registration from NDRC (where applicable), MOFCOM, SAFE or the competent banks designated by SAFE and authorities of other jurisdiction in charge of the Purchase as referred to in (i) above (the “**Offshore Purchase Closing Date**”), and on the Offshore Purchase Closing Date, the Company shall pay to or to the order of each Relevant Transferor the Purchase Price payable in immediately available funds in US dollars to such account in Hong Kong as may be designated by such Relevant Transferor.

provided that the Company may discharge its obligations either by itself or through the Designated Purchaser.

Undertakings upon Completion

Upon the completion of any Purchase, the Company undertakes to:

- in the event that a Relevant Transferor is not the Issuer or the Subsidiary Guarantors, procure such Relevant Transferor to promptly on-lend or distribute in full the relevant portion of the Purchase Price, being an amount no less than the Shortfall Amount, to the Issuer or the Subsidiary Guarantors prior to any other use, disposal or transfer of the proceeds received; and
- promptly do all such things (including entering into and executing any agreements or arrangements required) and take all actions necessary for the Purchase Price received by the Issuer or the Subsidiary Guarantors from the Company or, as the case may be, the relevant Purchaser or pursuant to any on-loan or distribution referred to in the preceding paragraph to be applied solely towards the payment in accordance with the Deed of Equity Interest Purchase Undertaking of any outstanding amounts as they fall due under Deed of Equity Interest Purchase Undertaking, the Guarantee, the Bonds and the Trust Deed, prior to any other use, disposal or transfer of the proceeds received.

General

The Company shall, and shall procure each Relevant Transferor to, use their respective best efforts to do all such things and take all such actions as may be necessary or desirable to (i) procure the completion of the Purchase on the relevant Purchase Closing Date within three months from the date of the Purchase Notice; and (ii) procure the remittance of the sum of the Purchase Price to or to the order of the Relevant Transferor(s) in accordance with the Deed of Equity Interest Purchase Undertaking.

The Purchase obligation under the Deed of Equity Interest Purchase Undertaking shall be suspended if, prior to the relevant Purchase Closing Date, each of the Company and the Issuer receives a notice in writing from the Trustee stating that all of the respective payment obligations of the Issuer and

the Subsidiary Guarantors under the Bonds, the Guarantee and the Trust Deed have been satisfied as at the date of that notice, or that the Event of Default leading to the service of the Purchase Notice has been waived in accordance with the terms of the Trust Deed.

The Deed of Equity Interest Purchase Undertaking will not, and nothing therein contained and nothing done pursuant thereto by the Company (whether by itself or through the Designated Purchaser) shall be deemed to constitute, or shall be construed as, or shall be deemed an evidence of, a guarantee by or any legal binding obligation of the Company of the payment of any obligation, responsibility, indebtedness or liability, of any kind or character whatsoever, of the Issuer or the Subsidiary Guarantors under the laws of any jurisdiction, including the PRC.

The Deed of Equity Interest Purchase Undertaking may be modified, amended or terminated by the written agreement of the parties thereto subject to the provisions of the Conditions and the Trust Deed. The Company may not assign its rights or transfer its obligations under the Deed of Equity Interest Purchase Undertaking, in whole or in part, without the prior written consent of the Trustee.

The Deed of Equity Interest Purchase Undertaking, as to which time shall be of the essence, and any non-contractual obligations arising out of or in connection with it shall be governed by and construed in accordance with English law. The courts of Hong Kong are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Deed of Equity Interest Purchase Undertaking and accordingly any legal action or proceedings arising out of or in connection with the Deed of Equity Interest Purchase Undertaking may be brought in such courts.

SUMMARY OF PROVISIONS RELATING TO THE BONDS WHILE IN GLOBAL FORM

The Global Certificate contains provisions which apply to the Bonds while they are in global form, some of which modify the effect of the Terms and Conditions of the Bonds set out in this Offering Circular. The following is a summary of certain of those provisions. Terms defined in the terms and conditions of the Bonds (the “Conditions” or “Terms and Conditions of the Bonds”) set out in this Offering Circular have the meanings in the paragraphs below.

The Bonds will be represented by a Global Certificate which will be registered in the name of a nominee of, and deposited with, a common depositary on behalf of Euroclear and Clearstream.

Under the Global Certificate, the Issuer, for value received, will promise to pay such principal, interest and premium (if any) on the Bonds to the holder of the Bonds on such date or dates as the same may become payable in accordance with the Terms and Conditions of the Bonds.

Owners of interests in the Bonds in respect of which the Global Certificate is issued will be entitled to have title to the Bonds registered in their names and to receive individual definitive Certificates if either Euroclear or Clearstream or any other clearing system (an “**Alternative Clearing System**”) is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so. In such circumstances, the Issuer will cause sufficient individual definitive Certificates to be executed and delivered to the Registrar for completion, authentication and dispatch to the relevant holders of the Bonds. A person with an interest in the Bonds in respect of which the Global Certificate is issued must provide the Registrar not less than 30 days’ notice at its specified office of such holder’s intention to effect such exchange and a written order containing instructions and such other information as the Issuer and the Registrar may require to complete, execute and deliver such individual definitive Certificates.

In addition, the Global Certificate will contain provisions which modify the Terms and Conditions of the Bonds as they apply to the Bonds evidenced by the Global Certificate. The following is a summary of certain of those provisions:

Notices: So long as the Bonds are represented by the Global Certificate and the Global Certificate is held on behalf of Euroclear or Clearstream or any Alternative Clearing system, notices to holders of the Bonds shall be given by delivery of the relevant notice to Euroclear or Clearstream or such Alternative Clearing System, for communication by it to accountholders entitled to an interest in the Bonds in substitution for notification as required by the Terms and Conditions of the Bonds.

Meetings: For the purposes of any meeting of Bondholders, the holder of the Bonds represented by the Global Certificate shall (unless the Global Certificate represents only one Bond) be treated as two persons for the purposes of any quorum requirements of a meeting of Bondholders and as being entitled to one vote in respect of each US\$1,000 in principal amount of Bonds for which the Global Certificate is issued.

Bondholder’s Redemption: The Bondholder’s redemption option in Condition 6(c) may be exercised by the holder of the Global Certificate giving notice to the Principal Paying Agent of the principal amount of Bonds in respect of which the option is exercised within the time limits specified in the Conditions.

Issuer’s Redemption: The option of the Issuer provided for in Conditions 6(b) shall be exercised by the Issuer giving notice to the Bondholders within the time limits set out in and containing the information required by that Conditions except that the notice shall not be required to contain the certificate numbers of Bonds drawn for redemption in the case of a partial redemption of Bonds and accordingly no drawing of Bonds for redemption shall be required.

Transfers: Transfers of interests in the Bonds will be effected through the records of Euroclear and Clearstream (or any Alternative Clearing System) and their respective participants in accordance with the rules and procedures of Euroclear and Clearstream (or any Alternative Clearing System) and their respective direct and indirect participants.

Cancellation: Cancellation of any Bond by the Issuer following its redemption or purchase by the Issuer will be effected by a reduction in the principal amount of the Bonds in the register of Bondholders.

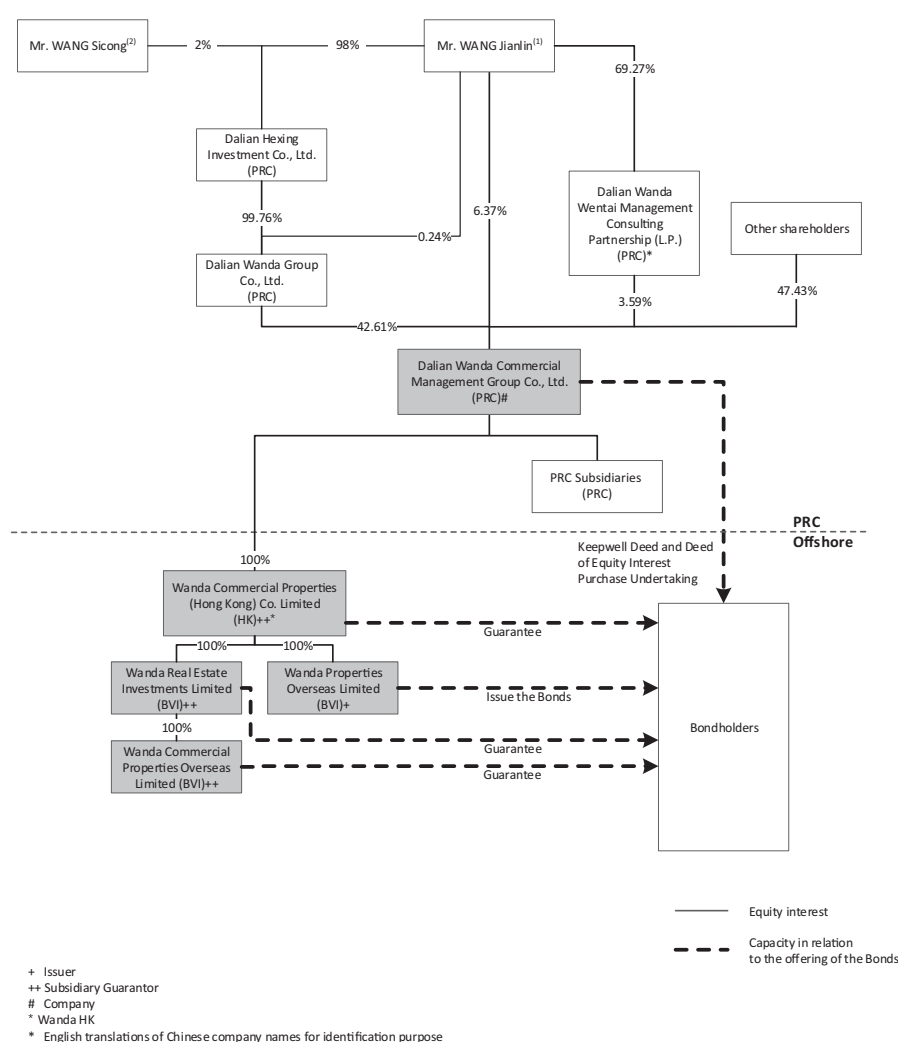
Trustee's Powers: In considering the interests of Bondholders while the Global Certificate is registered in the name of a nominee for a clearing system, the Trustee may, to the extent it considers it appropriate to do so in the circumstances, but without being obligated to do so, (a) have regard to any information as may have been made available to it by or on behalf of the relevant clearing system or its operator as to the identity of its accountholders (either individually or by way of category) with entitlements in respect of the Bonds and (b) consider such interests on the basis that such accountholders were the holders of the Bonds in respect of which the Global Certificate is issued.

CORPORATE STRUCTURE

Our Company was incorporated with limited liability in the PRC in 2002.

We undertake our business primarily through our subsidiaries. Our interests in property development and property investment projects are primarily held through our subsidiaries in the PRC.

The following chart is a simplified organisation chart showing our principal shareholders, our corporate holding structure and our significant operating subsidiaries as at 30 June 2019, and indicates the Issuer and the Subsidiary Guarantors under the Bonds. We have prepared and provided this chart solely for the convenience of the reader and the chart necessarily omits certain details of our corporate structure. For more details on our subsidiaries, see note 1 to our financial statements as at and for the years ended 31 December 2017 and 2018, which are included elsewhere in this Offering Circular. Shaded boxes indicate the Company, which is the provider of relevant undertaking and support under the Keepwell Deed and the Deed of Equity Interest Purchase Undertaking, the Subsidiary Guarantors and the Issuer of the Bonds.



Notes:

- (1) As at 30 June 2019, Mr. WANG Jianlin together with his son, Mr. WANG Sicong, directly and indirectly held a combined 100% equity interest in Dalian Wanda Group Co., Ltd., which in turn held 42.61% equity interest in our Company, and held 69.27% equity interest in Dalian Wanda Wentai Management Consulting Partnership (L.P.)*, which in turn held 3.59% equity interest in our Company. Mr. Wang Jianlin also directly held 6.37% equity interest in our Company.
- (2) Mr. WANG Sicong is the son of Mr. WANG Jianlin.

DESCRIPTION OF THE ISSUER

History and Introduction

The Issuer was incorporated under the laws of the BVI on 15 October 2013. As at the date of this Offering Circular, it is authorised to issue a maximum of 10,000 shares of a single class each with a par value of US\$1.00 and has one share in issue. The Issuer is a wholly-owned subsidiary of Wanda HK and, as at the date of this Offering Circular, carries on no business other than entering into arrangements for the issue of the 2019 (December) Guaranteed Bonds and the Bonds and the lending of the net proceeds thereof to us. As at the date of this Offering Circular, the Issuer has no outstanding borrowings and has no contingent liabilities other than the issue of the 2019 (December) Guaranteed Bonds and the Bonds. The Issuer is not required under the laws of the BVI to file, and does not propose to file, any of its interim or annual accounts. As at the date of this Offering Circular, the Issuer has no subsidiaries.

Management

The sole director of the Issuer as at the date of this Offering Circular is Mr. DING Benxi.

The registered office of the Issuer is at Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands.

The Issuer has no employees.

DESCRIPTION OF WANDA HK

History and introduction

Wanda HK was incorporated under the laws of Hong Kong on 6 February 2013. As at the date of this Offering Circular, Wanda HK has one share in issue. Wanda HK is a direct wholly-owned subsidiary of the Company.

Wanda HK is an offshore investment and financing platform for the Company. It focuses on developing overseas financing channels, identifying profitable property development and investment opportunities that are in line with its development strategy, and steadily co-investing together with the Company in the commercial property sector.

As at the date of this Offering Circular, the key assets of Wanda HK were:

- its approximately 65% indirect equity interest in the Hong Kong Listco; and
- its 40% direct equity interest in the joint venture company which holds 90% equity interest in the Chicago Project.

Wanda HK also owns 100% direct equity interest in the holding company that used to hold the Los Angeles Project, which was disposed of on 16 November 2018. That holding company currently carries on no business and is under liquidation procedures.

Management

The sole director of Wanda HK as at the date of this Offering Circular is Mr. DING Benxi.

The registered office of Wanda HK is at Unit 606, 6th Floor, Alliance Building, 133 Connaught Road Central, Hong Kong.

Wanda HK has four employees.

Acquisition and holding of the Hong Kong Listco

As at the date of this Offering Circular, Wanda HK, through its indirectly wholly owned subsidiary Wanda Commercial Properties Overseas Limited 萬達商業地產海外有限公司, held an approximately 65% indirect equity interest in the Hong Kong Listco. The Hong Kong Listco is a company incorporated in Bermuda with limited liability and its shares are listed at the Hong Kong Stock Exchange (HKSE Stock Code: 169). Following the acquisition by Wanda HK of the Hong Kong Listco, the Hong Kong Listco changed its name from Hengli Commercial Properties (Group) Limited to Wanda Commercial Properties (Group) Co., Limited on 15 July 2013. In terms of positioning and development strategy, the Company, Wanda HK and the Hong Kong Listco entered into a memorandum of understanding under which the Company and Wanda HK pledged to continue to support the Hong Kong Listco and its subsidiaries, and to establish the Hong Kong Listco and its subsidiaries as a platform for the investment and operation of hotels under Wanda's brand names in overseas markets. Accordingly, the Hong Kong Listco changed its name to "Wanda Hotel Development Company Limited" on 19 September 2014.

The Hong Kong Listco and its subsidiaries are principally engaged in property development, property investment and property management, development and operation of hotel, hotel management, hotel design and hotel construction management in the PRC and abroad. The Hong Kong Listco's main assets are its 51% indirect equity interest in Guilin Wanda Plaza Project and its 60% direct equity interest in a joint venture company that holds 90% interest in the Chicago Project. See *"– The Hong Kong Listco's property projects in the PRC"* and *"– The Hong Kong Listco's property project abroad."*

The Hong Kong Listco's property projects in the PRC

Guilin Wanda Plaza Project

In February 2014, the Hong Kong Listco acquired a piece of state-owned land in Guilin, Guangxi Zhuang Autonomous Region, PRC with Wanda HK in the form of a joint venture, in which the Hong Kong Listco holds 51% and Wanda HK holds 49%. The Guilin Wanda Plaza Project is located in the central area of the Guilin High-tech Zone, with planned total GFA of approximately 330,000 sq.m., including 153,000 sq.m. of the shopping mall and 177,000 sq.m. of retail, residential and other properties for sale. The construction work of the Guilin Wanda Plaza Project has been completed, and the shopping mall opened in September 2015. With satisfactory commercial leases and operating conditions, the shopping mall has become a landmark business centre in Guilin. For the sales of properties, approximately 99% of the saleable area was sold as at 30 June 2019, and transfer of the properties started from December 2015.

Disposal of Hengli City Project (恆力城)

Hengli City Project is a residential, office and retail complex located in the financial district of Fuzhou, Fujian province, PRC, with a total GFA of approximately 242,000 sq.m. Hengli City Project was completed in 2012. As at 30 June 2019, the gross floor area of its remaining properties was approximately 76,148 sq.m., and the majority of the office and car park units were leased. The commercial portion was fully leased to Wangfujing Department Store (北京王府井百貨), offering stable cash flow in rental income for the Hong Kong Listco. During the six months ended 30 June 2019, revenue of approximately HK\$5.1 million was generated from the sales of residential units and car park units.

On 13 December 2019, the Hong Kong Listco entered into a sale and purchase agreement to dispose of its interest in Amazing Wise Limited, which indirectly holds 100% interest in Hengli City Project. Pursuant to the sale and purchase agreement, the Hong Kong Listco agreed to sell approximately 53% of the issued share capital of Amazing Wise Limited to Zhizun Holdings Limited, holder of the remaining 47% of the issued share capital of Amazing Wise Limited, for a consideration of HK\$2,000,000. The disposal was completed on 27 December 2019, upon which the Hong Kong Listco no longer holds any interest in any of Amazing Wise Limited and Hengli City Project.

The Hong Kong Listco's property project abroad

Chicago Project

On 8 July 2014, the Hong Kong Listco formed a joint venture with Wanda HK to establish a joint venture platform in the Americas with a total capital commitment of HK\$10 billion, in which the Hong Kong Listco 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 Hong Kong Listco 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 (the "**Chicago Project**") in which Wanda Chicago holds 90% and Magellan holds 10% of such joint venture.

The planned total GFA of the Chicago Project is approximately 176,000 sq.m. It is located in the heart of Chicago, adjacent to Millennium Park and Chicago CBD. The project is expected to be developed into a 361-metre, 101-story 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 the high-end condominiums portion commenced in September 2015, and

approximately 56% of the total saleable area was pre-sold as at 30 June 2019. The Chicago Project obtained planning approvals and completed settlement in April 2016, and commenced construction work in August 2016. The development of the Chicago Project is expected to be completed by 2020.

Depending on market condition, we may dispose of the Chicago Project in the future.

The Hong Kong Listco's acquisition of Wanda Hotel Management

On 26 September 2017, the Hong Kong Listco and Wanda HK entered into a sale and purchase agreement, pursuant to which the Hong Kong Listco agreed to acquire the entire equity interest in Wanda Hotel Management (Hong Kong) Co. Limited (“**Wanda Hotel Management**”) from Wanda HK at a consideration of HK\$878 million (subject to downward adjustment) (the “**Acquisition**”). The Acquisition was completed on 31 December 2018. 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.

DESCRIPTION OF THE COMPANY

Overview

We are a market leader in commercial property management and hotel operation with a strong market recognition of our brand name “Wanda” (“萬達”). Over the years, we have accumulated a wealth of project execution experience and strong management capabilities, which have led to the steady expansion of our commercial management business. We are

- the world’s largest owner of commercial properties in terms of the total leasable floor area owned and managed by us, with 289 Wanda Plazas in operation and an aggregate GFA of approximately 42.6 million sq.m., including 28.9 million sq.m. of leasable floor area of shopping centres under our management as at 30 June 2019; and
- one of China’s leading operators of luxury hotels in terms of the number of hotels operated in the PRC, operating 75 self-owned or third-party owned hotels as at 30 June 2019.

Our Wanda Plazas received approximately 2.5 billion, 3.1 billion, 3.8 billion and 2.1 billion guest visits for 2016, 2017, 2018 and the six months ended 30 June 2019, which highlighted Wanda Plaza as a well-known brand with strong consumer recognition in China. Our rental collection rate has maintained at above 99.0% for 14 consecutive years from 2006 to 2019. We anticipate increasing rental income and management fees from management and operation of commercial properties.

As at the date of this Offering Circular, we conduct primarily three businesses, namely:

- (i) development, leasing and management of investment properties held by the Group for long-term investment or commercial properties owned by third parties;
- (ii) operation of third-party owned and self-owned hotels; and
- (iii) other business, primarily sale of yachts and operation of the Group’s research and design centres and institutes. During the relevant periods prior to 2020, we were also engaged in development of properties, including commercial and residential properties, for sale. To implement our asset-light strategy, we decided to phase out our property sale business by transferring our residential property development business and sale of commercial and residential property business outside of our Group and had completed the phase-out of our property sale business by the end of 2019.

Our success is, to a large extent, attributable to our ability in business innovation which allows us to be proactive in responding to trends in the commercial property management, hotel operation and real estate markets. In light of the changing market conditions, we adopted an asset-light development strategy and have transformed ourselves from a property developer into an operator focusing on project execution and commercial management. Under this asset-light model, we introduced co-investors to collaborate on the development of Wanda Plazas. Depending on the pre-negotiated mode of collaboration, our co-investors will fund the capital required for the construction of Wanda Plazas and acquisition of the land or, in certain cases, provide land, whereas we will be responsible for design, construction, leasing and operation of the relevant properties, as well as land acquisition where the co-investors do not provide land. We and our co-investors will also share rental income based on a negotiated ratio. As at 30 June 2019, we operated 59 Wanda Plazas developed under this asset-light model, including 34 Wanda Plazas developed as asset-light projects and 25 Wanda Plazas developed as cooperative projects, with an aggregate GFA of approximately 7.5 million sq.m., out of a total of 289 Wanda Plazas with an aggregate GFA of approximately 42.6 million sq.m. being operated by us.

In line with our asset-light strategy, as at 30 June 2019, we had transferred to Sunac our entire interests in 14 project companies holding 13 cultural and tourism projects in China and to R&F our entire interests in 71 hotels and an office building, Dalian Wanda Commercial Centre, in China, with

two more hotels to be transferred to R&F. In addition, we also transferred to third parties our interests in all of our overseas projects except for the Chicago Project, which, depending on market condition, we may also dispose of in the future. We further disposed of 14 domestic subsidiaries to Wanda Real Estate Group Co., Ltd. and four domestic subsidiaries to independent third parties in 2018, 11 more domestic subsidiaries to Wanda Real Estate Group Co., Ltd., and our entire interest in one domestic subsidiary and 70% interest in another domestic subsidiary to independent third parties during the six months ended 30 June 2019. Through these strategic disposals, we expect to be able to substantially reduce our leverage ratio and focus on, and generate stable and recurring income from, our commercial management and hotel operation business.

The table below sets forth a breakdown of our revenue by business segment for the periods indicated:

	For the year ended 31 December						For the six months ended 30 June	
	2016		2017		2018		2019	
	(CNY million)	Percentage (%)	(CNY million)	Percentage (%)	(CNY million)	Percentage (%)	(unaudited) (CNY million)	Percentage (%)
Revenue								
Investment property leasing and management ⁽¹⁾	17,587 ⁽¹⁾	14.2	24,284	73.6	30,007	87.1	17,092	51.6
Hotel operations	6,241	5.0	5,857	17.8	1,466	4.3	728	2.2
Other Business								
Sale of properties	97,038	78.3	— ⁽²⁾	—	— ⁽²⁾	—	13,882	41.9
Others, including sale of yachts	3,131	2.5	2,847	8.6	2,974	8.6	1,435	4.3
Total	123,997	100.0	32,988	100.0	34,447	100.0	33,137	100.0
Other Revenue	—	—	98,272 ⁽²⁾	—	70,441 ⁽²⁾	—	—	—

Notes:

- (1) For 2016, one single line item “investment property leasing and management,” was used but for 2017, 2018 and the six months ended 30 June 2019, two separate line items “investment property leasing” and “investment property management” were used to account for the income from our commercial management business. For comparison purpose, the numbers under these two separate line items for 2017, 2018 and the six months ended 30 June 2019 are added up and presented under “investment property leasing and management” in this table.
- (2) For 2017 and 2018, the income from sale of properties, amounting to CNY98,272 million and CNY70,441 million, respectively, was classified as “Other Revenue” rather than income under “sales of properties,” as we decided to phase out our property sale business by the end of 2019 and focus our efforts on project execution and commercial management. We made no such classification for the other year/period presented in this Offering Circular.

Competitive Strengths

We believe that the following competitive strengths have contributed to our success in the PRC commercial property management and hotel operation markets and will continue to secure our leading market position in these markets and lay a solid foundation for our commercial management and hotel operation business:

We have a leading position in the PRC commercial property management sector and enjoy substantial scale benefits and strong brand name recognition.

We are the world’s largest owner of commercial properties in terms of the total leasable floor area owned and managed by us, with 289 Wanda Plazas in operation and an aggregate GFA of approximately 42.6 million sq.m., including 28.9 million sq.m. of leasable floor area of shopping centres under our management as at 30 June 2019. In 2018 and the six months ended 30 June 2019, 49 and nine new Wanda Plazas commenced business, respectively. We are also one of China’s leading operators of luxury hotels in terms of the number of hotels operated in the PRC, operating 75 self-owned or third-party

owned hotels as at 30 June 2019, including three opened in 2018 and four opened during the six months ended 30 June 2019. The total number of our hotel rooms in operation reached 28,294, 19,989 and 20,796 as at 31 December 2016, 2017 and 2018, respectively.

Our extensive operations and strong presence in a large number of cities throughout China have provided us with a well-versed familiarity with the markets and business conditions in the regions where we operate, while our industry expertise has enabled us to design and develop products that satisfy local market demand and effectively manage our own investment properties and third-party owned properties. We believe our large operational scale also provides us with in-depth insight and understanding about market trends and greater control over rental pricing of our investment properties. Our Wanda Plazas received an aggregate of 2.5 billion, 3.1 billion, 3.8 billion and 2.1 billion guest visits for 2016, 2017, 2018 and the six months ended 30 June 2019, respectively, which highlighted Wanda Plaza as a well-known brand with strong consumer recognition in China.

Our investment properties generate a significant amount of rental income which serves as a stable source of our revenue and cash flows.

Our commercial management business has been a stable contributor of our revenue growth and also generates a significant amount of rental income and stable cash flows. Revenue from our commercial management business, which was recorded under the “investment property leasing and management” segment in our consolidated financial statements as at and for the year ended 31 December 2017 but under “investment property leasing” and “investment property management” segments in our consolidated financial statements as at and for the year ended 31 December 2018 and six months ended 30 June 2019, increased from CNY17,587 million for 2016 to CNY24,284 million for 2017 to CNY30,007 million for 2018 and from CNY14,191 million for the six months ended 30 June 2018 to CNY17,092 million for the six months ended 30 June 2019.

In light of the changing dynamics of the PRC real estate market, we adjusted our strategy in 2014 and gradually increased the revenue contribution by our commercial management business and improved our income quality. For 2016, 2017 and 2018 and the six months ended 30 June 2019, our average rental rate was approximately CNY103.0/sq.m./month, CNY104.3/sq.m./month, CNY110.6/sq.m./month and CNY110.2/sq.m./month, respectively. Our investment properties have also consistently achieved a high average occupancy rate of 98.70%, 99.95%, 99.39%, and 99.36% for 2016, 2017 and 2018 and the six months ended 30 June 2019, respectively. Our rent collection rate has maintained at over 99.0% for 14 consecutive years from 2006 to 2019. We believe the continuous growth of our commercial management business will enable us to improve our overall profitability and achieve sustainable development.

We possess strong and effective commercial management capabilities.

We have a prominent commercial management team responsible for managing our large-scale investment properties. Our core commercial management team possesses a wealth of experience and strong management capabilities, which have led to the steady expansion of our commercial management business.

We have developed an innovative order-driven management model (訂單模式), under which we typically begin to obtain preleasing commitments prior to the commencement of construction of a shopping centre. We collaborate with our tenants to seek their input and learn about their technical requirements in order to produce a detailed blueprint laying out the strategic positioning of individual stores and the overall tenant mix. In particular, we customise store designs based on our anchor tenants’ specific needs. We apply such pre-agreed designs when constructing a Wanda Plaza, which not only satisfies our anchor tenants’ technical requirements for their stores, but also reduces the time required by the anchor tenants to modify and renovate their stores and ensures that our project will be developed on schedule. By fully understanding our tenants’ needs and allowing them to customise their rental spaces in our shopping centres during the preleasing stage, we have been able to maintain consistently high

occupancy rates at 98.70%, 99.95%, 99.39%, and 99.36% for 2016, 2017 and 2018 and the six months ended 30 June 2019, respectively. After commencement of operations, we continue to support our tenants by actively attracting foot traffic to our shopping centres through various promotional programmes. These tenant-oriented services and mutually-beneficial promotional activities serve to instill confidence in our current and potential tenants for our properties and enable us to develop mutually supportive relationships and the business dynamics between us and our tenants.

We have built a high-quality and diverse tenant pool of domestic and international brands, with whom we enjoy long standing relationships. Among our strategic partners are over 2,000 of the world's most influential brands, including globally recognised names such as H&M, UNIQLO, ZARA, Watsons, Starbucks and Nike. We are also a top offline partnership choice for domestic brands such as GXG (慕尚), Peace Bird (太平鳥) and Heilan Home (海瀾之家). We are also one of the largest domestic partners of approximately 100 Chinese food and beverage enterprises. We believe that the scale and brand-recognition of our Wanda Plazas and tenants enable us to attract a significant amount of consumer traffic and that our ability to attract high-quality tenants across a wide spectrum of industries not only enhances the attractiveness of Wanda Plazas but also provides us with a competitive advantage when tendering for new sites, as local governments typically prefer developers that can demonstrate a track record of introducing prominent tenants and brands to the area.

We have outstanding execution capabilities in terms of commercial property development and management, which facilitates our successful transformation to an asset-light commercial management company.

We have established a comprehensive operation system to ensure prudent business planning and effective execution in terms of developing and managing commercial property projects, which lays the foundation for our successful transformation to an asset-light commercial management company. Our outstanding commercial management expertise, strong in-house planning and design ability, outstanding execution capacity, stringent quality control procedures, sophisticated brand bank management model and comprehensive know-how base enable us to rapidly expand and grow our business operations throughout China. Such ability is particularly attributable to our unique modular management system, which centralises control over the entire development process at the headquarters level. Supported by our operational know-how and proprietary information technology, our modular management system is equipped with 318 checkpoints that regulate key deliverables at each stage of development, thus allowing management to exercise a high degree of control over the entire development process. This modular system enables us to effectively achieve consistency in project management for multiple projects across various cities and regions and carry out comprehensive development and management functions on a timely basis.

Supported by our systematic and disciplined development and management approach, we have been able to maintain a consistent pace of expansion by effectively adhering to development schedules and thus being able to attract partners or co-investors to enter into cooperation with us in developing projects under the asset-light model. For each Wanda Plaza project, we seek to commence operation of a shopping centre within 24 months from the time of the land acquisition, and to commence hotel operations within 36 months from the land acquisition.

For 2016, 2017 and 2018 and the six months ended 30 June 2019, we completed and commenced operation of 50, 49, 49 and nine Wanda Plazas, respectively, of which 16, 23, 18 and 2 Wanda Plazas were completed under our asset-light model, respectively. As at 31 December 2016, 2017 and 2018, we operated 182, 231 and 280 Wanda Plazas in total, respectively. As at 30 June 2019, we operated 289 Wanda Plazas in total, with an aggregate GFA of approximately 42.6 million sq.m., of which 59 Wanda Plazas were developed under our asset-light model, including 34 Wanda Plazas developed as light-asset projects and 25 Wanda Plazas developed as cooperative projects, with an aggregate GFA of approximately 7.5 million sq.m.

Our proven track record of successful execution and our ability to deliver properties on a timely basis are well recognised by our customers, suppliers and government authorities, and as a result, forms the basis for our ability to maintain strong and long-term relationships with these parties and further accelerate the expansion of our investment properties portfolio under our asset-light model.

We have developed a synergistic relationship with, and benefit from support from, our parent company.

We benefit from synergies generated from the various business lines of, or affiliated to, our parent company, Wanda Group, which is indirectly controlled by Mr. WANG Jianlin, the chairman of Wanda Group. Wanda Group operates different business lines, including cinema lines, department stores and entertainment and recreational business. We and Wanda Group are able to enjoy a synergistic relationship where both parties are able to leverage on their respective strengths in order to achieve mutual support and growth. Our property products provide prime venues for Wanda Group to operate its cinema lines, department store business, entertainment and recreational businesses such as karaoke bars and children's entertainment centres. By integrating products and services offered by Wanda Group, we will be able to enhance the overall attractiveness of our properties as well as meet consumers' needs. Benefiting from the synergistic relationship, Wanda Group's department stores, cinemas and karaoke bars have become anchor tenants in Wanda Plazas and serve as stable sources of our rental income. Wanda Group also maintains a "Wanda" membership system to allow us and its other businesses to share customer resources. Our Directors believe that the synergistic effects achieved through the businesses operated by Wanda Group will support our long-term growth and consistent development.

We have a strong cash position and diversified financing channels.

We have a strong cash position. As at 31 December 2016, 2017 and 2018, we had cash and cash equivalents of CNY94,735 million, CNY113,702 million and CNY77,362 million, respectively. As at 30 June 2019, we had cash and cash equivalents of CNY56,249 million. We have established diversified financing channels, including issuance of corporate bonds, medium-term notes and commercial mortgage-backed securities, which enable us to optimise our debt structure and decrease our financing costs. For example, we completed four bond offerings in the offshore markets in 2013, 2014, March 2019 and December 2019, respectively, raising a total of US\$1.9 billion. As at 31 December 2016, 2017 and 2018 and 30 June 2019, the aggregate principal amount of our medium term notes issued in the PRC bond markets amounted to CNY38.7 billion, CNY51.7 billion, CNY51.8 billion and CNY51.9 billion, respectively, with interest rates ranging from 3.4% to 5.3% per annum. Our Group has maintained long-standing business relationships with most of the major commercial banks in China, such as Bank of China. As at 30 June 2019, the Group had a total credit facility of not less than CNY372.9 billion from major domestic banks. In addition, after the disposal of selected asset-heavy projects in 2017, 2018 and the six months ended 30 June 2019, we substantially improved our cash position and reduced our leverage ratio, which has strengthened our ability to pay our debts when they are due and the sustainability of our business.

Prominent ultimate substantial shareholder and excellent management team – Mr. WANG Jianlin, our ultimate substantial shareholder, is an influential industry leader, and we have an experienced and visionary management team.

Our ultimate substantial shareholder, Mr. WANG Jianlin, is an influential industry leader with years of experience in the PRC real estate industry. With a strong entrepreneurial spirit and foresight, Mr. WANG Jianlin is committed to reshaping management professionalism and dynamics and cultivating the core of workplace culture that encourages dedication and collaboration in China.

Our senior management team has many years of experience in commercial management and real estate development. Many members of our senior management team also have extensive experience and expertise in other industries, including, but not limited to, financial services, construction, hotel operation, financing and consulting. This diversity of knowledge and expertise has helped us form a

broad strategic vision to further our growth. We believe that, with leadership of an experienced and highly effective management team and support from our ultimate substantial shareholder, we are well-positioned to achieve sustainable long-term growth.

We have adopted multiple information technology systems to effectively manage our large-scale business operations and improve our operational efficiency.

We have adopted highly sophisticated and modularised IT systems that were tailored to support our business needs and rapid development. For example, our Huiyun management system is instrumental in managing our large-scale commercial property leasing business. It provides a centralised platform for monitoring, controlling and managing various aspects of our business operations, which has resulted in overall increased operational stability and dependable performance of our investment properties. Our Huiyun system is also able to collect and process the store performance data (such as transaction volumes and amounts) and analyse and determine the popularity of each store and spending patterns of consumers in our shopping centres, which allows us to evolve our property products and adjust our tenant mix. We have also adopted a technological advanced office automation system capable of multiple functions in our daily business operations, which greatly improved our operational efficiency. Since 2012, we have utilised an online tender process to select suppliers in connection with our direct procurement of materials and equipment. More recently, in order to support development of our asset-light Wanda Plaza projects, we integrated BIM technology into our “General Turnkey Contracting Mode” in 2015, which allows the developer, the design contractor, the engineering contractor and the engineering supervisor to manage the projects on the same platform in an innovative mode known as “led by management, coordinated and synchronised, uniform management mode”. We believe these advanced technology systems enable us to effectively monitor and manage every aspect of our large-scale business operations, reduce our operational costs and significantly improve our operational efficiency.

Business Strategies

We will continue our effort to be or remain the largest operator of commercial properties in terms of the aggregate GFA managed and operated by us, and we will also continue to implement our asset-light strategy. We intend to utilise the following key strategies to grow our business and expand our operations:

We intend to expand our commercial property portfolio and aim to build China’s largest network of urban consumption facilities and urban commercial platforms.

Leveraging our nationwide coverage of Wanda Plazas and our early mover advantages in the commercial property sector, we plan to continue to capitalise on China’s economic growth and expand our operations in economically developed cities and in third- and fourth-tier cities with growth potential. To capture market opportunities, we will conduct market research and monitor government policies to ensure that our development plans are in line with market demand and industry development trends. We will also continue to utilise our standardised and replicable development and management methodologies to effectively and rapidly expand our business and enter into new cities as attractive opportunities arise. Moreover, by chiming with the development of China’s finance market and drawing on international experiences, we intend to continue to deploy the asset-light development model, so as to further accelerate the expansion of our commercial property portfolio and enlarge our market share in China’s key retail markets. We actively seek potential opportunities in new cities for building Wanda Plazas and Wanda Cities, which we believe will increase the barriers to entry of other commercial properties owners and operators and enhance our competitiveness in local markets. We aim to make 50 or more Wanda Plazas commence operation every year with the majority of them being asset-light, provided that we can acquire adequate land supply to sustain this planned growth. Further, we seek our expansion in hotel operations that aligns with the market demand in upscale or above hotels in second- and third-tier cities in China.

Through continuous expansion of our commercial property portfolio, we aim to build China's largest network of urban consumption facilities and urban commercial platforms which provide consumers with one-stop shopping, entertainment and leisure experiences based on a series of services, including catering, retail, entertainment and other lifestyle-related services. By implementing this expansion strategy, we expect to generate long-term and stable recurring income, balance our investment property portfolio, reduce the pressure of replenishing our land reserves, and strengthen our resilience against market and policy volatilities.

We intend to further explore and enhance our asset-light development strategy to strengthen our competitive advantage and market position in commercial property management.

We initiated an asset-light development strategy in 2015 and introduced an asset-light model for the development of Wanda Plaza projects by capitalising on our capabilities in development, operation and management of commercial properties and our strong brand followings. Under this co-investment model, depending on the pre-negotiated mode of collaboration, our co-investors will fund the capital required for the construction of Wanda Plazas and acquisition of the land or, in certain cases, provide land, whereas we will be responsible for land acquisition, design, construction, leasing and operation, as well as land acquisition where the co-investors do not provide land. We and our co-investors will also share rental income based on a negotiated ratio. Asset-light Wanda Plaza projects are well received by our business partners or co-investors.

We believe this asset-light model not only reduces our leverage ratio, but also enhances our competitive advantage in obtaining land in our target cities. Of the 49 new Wanda Plazas that opened for business in 2018, 18 were completed under the asset-light model. During the six months ended 30 June 2019, nine new Wanda Plazas opened for business, of which two were completed under the asset-light model. As at 30 June 2019, we operated 59 Wanda Plazas developed under this asset-light model, including 34 Wanda Plazas developed as asset-light projects and 25 Wanda Plazas developed as cooperative projects, with an aggregate GFA of approximately 7.5 million sq.m.

We have also undertaken a series of corporate restructuring activities to further our development strategy. For example, as at 30 June 2019, we had disposed of to Sunac our equity interest in our 14 project companies holding 13 cultural and tourism projects in China and to R&F 71 hotels and an office building of Dalian Wanda Commercial Centre in China, with two more hotels to be transferred to R&F. Pursuant to our agreement with R&F, our Group's hotel management companies continue to provide hotel management services with respect to certain hotels operating under our Wanda brand and charge R&F management fees. R&F also agreed to give priority to our hotel management companies on the renewal of the hotel management agreements of these hotels operating under our Wanda brand before their expiry. In addition, we also transferred to third parties our interests in all of our overseas projects except for the Chicago Project, which, depending on market condition, we may also dispose of in the future. In 2018, we further disposed of 14 domestic subsidiaries to Wanda Real Estate Group Co., Ltd. and four domestic subsidiaries to independent third parties, and during the six months ended 30 June 2019, we disposed of 11 more domestic subsidiaries to Wanda Real Estate Group Co., Ltd., and our entire interest in one domestic subsidiary and 70% interest in another domestic subsidiary to independent third parties. We believe that, through these strategic disposal transactions, we will be able to substantially reduce our leverage ratio and focus on, and generate stable and recurring income from, our commercial management and operation services and hotel management services.

We intend to further explore and enhance our asset-light development strategy in order to optimise and balance a number of key business objectives, including a high return on equity, stable cash flow and prudent capital structure amid sound and rapid expansion. We had phased out our property sale business by the end of 2019, and expect to further reduce our leverage ratio and derive the majority of our income from operation and management of Wanda Plazas and other commercial properties. Moreover, through the asset-light development strategy, we will be able to diversify our sources of financing and

alleviate our funding pressure. Furthermore, with the implementation of this strategy, we are also able to greatly capitalise on our advantages in management of commercial properties and continue to strengthen our leading market position in commercial property management.

We intend to continue to proactively enhance our commercial management capabilities.

In addition to expanding our business operations and geographic coverage, we will continue to strengthen and enhance our commercial management capabilities. In this regard, we will continue to fine-tune our performance assessment system to improve our investment decision-making process and will also establish performance indicators to analyse our rates of return on rental income and investments. We will renovate our existing properties in order to increase the property value as well as their appeal to potential tenants and customers. Such asset enhancement efforts will also strengthen our brand image and enable us to maintain our reputation as an operator of high-quality properties. Lastly, we will utilise data analysis to analyse the performance of individual tenants in order to optimise our tenant mix and will make any adjustments to our leasing strategy accordingly. We also analyse consumer behaviour through the data we generate from our technology system as an additional parameter to determine our optimal commercial management strategy. For example, we collect data on the overall consumer traffic flow at each Wanda Plaza as well as the number of visitors at each individual store in order to better determine store positioning and design layout strategies for optimal store performance. By actively enhancing our commercial management capabilities, we will ensure that our products are aligned with market demand and are relevant to consumer demand, which will, in turn, enable us to achieve sustainable and long-term growth and development and lay a solid foundation for the implementation of our asset-light development strategy.

We also aim to provide more value-added services and tools to customers, such as online movie ticket booking and Wanda consumer cards that can be used in all Wanda department stores nationwide. We employ top talents specialised in shopping centre management, commercial properties management, electromechanical equipment management and safety management. We are researching and developing more innovative management methods and will continue to place more emphasis on operations and management moving forward.

We intend to continue to attract, motivate and cultivate management talent and personnel to support our operations.

We believe that proper talent management is the foundation for our successful long-term development. We greatly value our employees and will continue to attract, cultivate and retain talent through our internal training programmes. We recruit both domestic and international talent, with an emphasis on recruiting top international talent, in order to create a well-rounded work force with a diversity of backgrounds. Our Wanda Institute provides training programmes and essential learning tools with a view to cultivating top-tier management talent in the real estate industry. Similarly, we also seek to diversify and enhance our incentive mechanisms to better align the interests of management, employees and the Company. We believe that with a strong reputation for excellence and a talented and dedicated workforce, we are well-positioned to grow our operations rapidly and smoothly.

We intend to utilise advanced network technologies to develop O2O business.

Leveraging our nationwide coverage of Wanda Plazas, we believe we possess unique resources and advantages in developing online to offline (“O2O”) business. We jointly established Wanda E-commerce with our parent company, Wanda Group, in 2014 with an ambition to build the biggest O2O business platform and promote integration of online and offline shopping experience. Our information infrastructure provides WIFI in our shopping centres as well as online services relating to consumers’ offline shopping experience such as parking, store locating, queueing and movie ticketing services. Moreover, it also provides a shared membership system for all shopping centres operated by us, allowing consumers to collect member points when they go shopping in any of our shopping centres. With the support of this e-commerce platform, we believe that we can exploit insights into consumer

behaviour and collect in-depth customer intelligence to form an informed basis for our continuous optimisation of business operations and improvement of our operational efficiency. Furthermore, we expect that tenants of our investment properties will be able to further explore consumer resources and better understand customer needs to enhance the consumer consumption experiences, which will, in turn, strengthen our business relationships with our tenants and further solidify customer loyalty. We build our own smart cloud to integrate technology and information, develop our own store management systems, such as our proprietary fire alarm system and facial recognition system, and facilitate strategic cooperation with our major business partners, such as Suning, both online and offline. We also intend to explore new business modes to combine offline commercial platforms with internet finance. In January 2018, we entered into strategic cooperation agreements with four large PRC-based companies, including Tencent Technology (Shenzhen) Co., Ltd. (騰訊科技(深圳)有限公司), Beijing Jingdong Century Trade Co., Ltd. (北京京東世紀貿易有限公司), Suning Commerce Group Co., Ltd. (蘇寧雲商集團股份有限公司)(currently Suning.com Group Co., Ltd. (蘇寧易購集團股份有限公司)) and Sunac to collaboratively build an integrated offline and online “New Consumption” business model in the PRC. In May 2019, the first “Smart Square” pilot project in the PRC jointly undertaken by Wanda and Tencent debuted at the Wanda Plaza in Beijing Fengtai Science and Technology Park. As our first project to implement plaza digitization, it has integrated our strong intellectual properties, interaction among multiple intelligent devices and analysis of underlying shopping data to provide more precise and comfortable shopping experience to our customers. We believe our O2O business platform and “physical commerce + internet” strategy can boost the upgrade of our business model, enhance our customer loyalty and further consolidate our market position in the real estate industry.

We intend to reduce the environmental impact of our operations and increase our energy conservation and other environmental protection efforts.

We are committed to reducing the environmental impact of our operations and promoting environmental sustainability. Many of our properties were granted “Green Label” by the Ministry of Housing and Urban-Rural Development in recognition of their environmentally friendly design and functions. We intend to increase our efforts to expand our business with minimal environmental impact going forward by designing and developing our projects based on long-term energy savings and efficiencies. In addition, we will continue to take action to reduce our energy consumption and carbon emissions with a commitment to a more sustainable growth environment. We believe that our environmental protection efforts will increase the competitiveness of our properties as global environmental awareness grows and as more consumers begin to realise the benefits of energy-efficient homes and buildings.

History and Development

The Company is the sole commercial management platform of its parent company, Wanda Group, which is indirectly controlled by Mr. WANG Jianlin, the chairman of Wanda Group. Wanda Group is a conglomerate with diversified businesses in commercial property management, cultural industry-related business, real estate and investment. Wanda Group’s cultural industry-related business includes cinema operation, film and television productions, stage performing arts, film technology and entertainment, theme parks, entertainment chain, newspapers and media. We are expected to increase rental income and management fees from operation of commercial properties and perform the primary responsibility of sustaining Wanda Group’s profit growth.

The following are the significant business developments and milestones of our businesses:

Year	Key Events
1988	<ul style="list-style-type: none"> • Our business commenced through participation in the redevelopment of urban areas in the PRC, which laid down a solid foundation for our business
1993	<ul style="list-style-type: none"> • One of the earliest real estate companies engaged in cross-region operations in China
2002	<ul style="list-style-type: none"> • The first generation Wanda Plaza opened, which was a single commercial building • Our predecessor was established, which provided a clear and independent platform for the future development of our business
2003	<ul style="list-style-type: none"> • The second generation of Wanda Plaza opened, which was a mixed-use commercial complex which typically comprises three to five buildings connected via an outdoor pedestrian street
2006	<ul style="list-style-type: none"> • The third generation of Wanda Plaza opened, which was a large-scale, mixed-use integrated complex which typically comprises a shopping centre with indoor walkways, office buildings and residential buildings, and often includes hotels • Our business expanded into the development and operation of luxury hotels
2008	<ul style="list-style-type: none"> • Our headquarters were relocated to Beijing, the capital city of China 2009 • Our Company was incorporated
2012	<ul style="list-style-type: none"> • We opened six self-operated hotels under our own brand
2013	<ul style="list-style-type: none"> • We acquired an approximately 65% interest in the HK Listco • We acquired a property in London, our first overseas property project • Construction of the first “Wanda City” commenced in Harbin • We first tapped into the international financial markets via the issuance of US\$600 million bonds due 2018
2014	<ul style="list-style-type: none"> • We became listed on the Hong Kong Stock Exchange • We established Wanda E-commerce with the ambition to build the biggest O2O business platform
2015	<ul style="list-style-type: none"> • We initiated the asset-light strategy and asset-light model to accelerate the development of Wanda Plazas and to extend coverage to all cities in China

Year	Key Events
	<ul style="list-style-type: none"> We successfully issued the first 5-year (3+2) CNY5 billion corporate bonds in China, which laid a solid foundation for our fund-raising within the onshore capital market
2016	<ul style="list-style-type: none"> Wanda Group successfully completed a voluntary conditional general offer to acquire all its issued shares listed on the Hong Kong Stock Exchange and we became delisted from the Hong Kong Stock Exchange
2017	<ul style="list-style-type: none"> In line with our asset-light strategy, we entered into agreements to dispose of 91% equity interest in our 14 project companies holding 13 cultural and tourism projects in the PRC and 100% equity interest in our 73 hotels and an office building of Dalian Wanda Commercial Centre
2018	<ul style="list-style-type: none"> In line with our asset-light strategy, we entered into agreements to dispose of our interests in London Project and an Australian company holding interests in Gold Coast Project and Sydney Project. The disposals were completed on 6 July 2018 and 18 May 2018, respectively We entered into strategic cooperation agreements with four large PRC-based companies, including Tencent Technology (Shenzhen) Co., Ltd. (騰訊科技(深圳)有限公司), Beijing Jingdong Century Trade Co., Ltd. (北京京東世紀貿易有限公司), Suning Commerce Group Co., Ltd. (蘇寧雲商集團股份有限公司, currently Suning.com Group Co., Ltd. (蘇寧易購集團股份有限公司)) and Sunac to collaboratively build an integrated offline and online “New Consumption” business model in the PRC In light of our repositioning and development strategy to transform from a property developer into an operator focusing on project execution and commercial management, the Company changed its name from Dalian Wanda Commercial Properties Co., Ltd. (大連萬達商業地產股份有限公司) to Dalian Wanda Commercial Management Group Co., Ltd. (大連萬達商業管理集團股份有限公司). The registration with the relevant State Administration for Market Regulation of the PRC in relation to such change of name was completed on 22 February 2018 On 31 May 2018, we entered into an agreement with Linzhi Tencent Technology Co., Ltd. (林芝騰訊科技有限公司) and Hainan Fapiaoer Science and Technology Co., Ltd. (海南高燈科技有限公司) to launch an internet technology joint venture to integrate both online and offline consumption and drive online traffic through Tencent’s social platforms, including We Chat. The joint venture, Shanghai Beyond Science Co., Ltd. (上海丙晟科技有限公司), was incorporated on 8 June 2018 To phase out our property sale business, we disposed of 14 domestic subsidiaries to Wanda Real Estate Group Co., Ltd. and four domestic subsidiaries to independent third parties

Year	Key Events
	<ul style="list-style-type: none"> In October 2018, in line with our asset-light strategy, we disposed of our remaining 9% equity interest in 14 project companies holding 13 cultural and tourism projects and no longer operate or manage any of the project companies for Sunac
2019	<ul style="list-style-type: none"> We disposed of 11 more domestic subsidiaries to Wanda Real Estate Group Co., Ltd., and our entire interest in one domestic subsidiary and 70% interest in another domestic subsidiary to independent third parties Our first “Smart Square” pilot project in the PRC jointly undertaken by the Group and Tencent debuted at the Wanda Plaza in Beijing Fengtai Science and Technology Park The 2019 Wanda Annual Commercial Convention, jointly organized by the Group and Tencent, was held in Beijing Wanda Commercial Research Institute was invited by the Ministry of Industry and Information Technology to participate in the research and development of the national major special project “Industry Internet Innovation and Development Project in 2019 – BIM Platform Construction”. Wanda Commercial Research Institute undertakes the work of “Development of Digital Standards and Application Tools in the Construction Industry” in this project On 13 December 2019, the Hong Kong Listco entered into an agreement to dispose of its interest in Amazing Wise Limited, which indirectly holds 100% interest in Hengli City Project, to Zhizun Holdings Limited, the other shareholder of Amazing Wise Limited. The disposal was completed on 27 December 2019 In December 2019, we entered into agreements with China South City Group (華南城集團) to design, build and operate the Shenzhen Longgang Wanda Plaza (深圳龍崗萬達廣場), which is expected to become the first next-generation Wanda Plaza upon its completion We had completed the phase-out of our property sale business by the end of 2019 and transformed ourselves from a property developer into an operator focusing on project execution and commercial management

General Description of Our Major Product Lines

Wanda Plaza

Our core product line is Wanda Plaza, which has gone through three generations of upgrading over the past decade or so. A third-generation Wanda Plaza is generally located in urban centres and central areas of newly developed districts and districts with urbanisation potential and typically consists of one shopping centre operated by us, office buildings, SOHO and residential buildings, and often includes a luxury hotel. Core tenants of shopping centres in Wanda Plazas usually include high-end commercial stores, supermarkets, electronic stores, cinemas, chain restaurants and children’s playgrounds to meet shopping and entertainment needs and accordingly generate and maintain foot traffic. These Wanda

Plazas are located in 168 prefecture-level cities, or approximately 50% of the cities at this level in China. We expect to further expand the operation of Wanda Plazas to the rest areas of the country, including approximately 1,370 districts and counties where no Wanda Plazas are in operation.

As at 31 December 2016, 2017 and 2018, we operated 182, 231 and 280 Wanda Plazas, respectively, and received an aggregate of 2.5 billion, 3.1 billion and 3.8 billion guest visits for 2016, 2017 and 2018, respectively, representing a CAGR of 22%. Sales for 2016, 2017 and 2018 amounted to CNY130.6 billion, CNY169.8 billion and CNY216.3 billion, respectively, representing a CAGR of 29%. Foot traffic for the six months ended 30 June 2019 was 2.1 billion guest visits.

In 2016, 2017 and 2018 and the six months ended 30 June 2019, we completed and commenced operation of 50, 49, 49 and nine Wanda Plazas, respectively. As at 30 June 2019, we operated 289 Wanda Plazas, with an aggregate GFA of 42.6 million sq.m., of which 59 Wanda Plazas, with an aggregate GFA of 7.5 million sq.m., were developed under our asset-light model, including 34 Wanda Plazas developed as asset-light projects and 25 Wanda Plazas developed as cooperative projects.

Wanda City

In 2013, we pioneered the development of a new product line, Wanda City. Wanda City features local cultural or tourism themes with the aim of developing itself into a tourist spot by providing rich entertainment and retail services. Wanda Cities are generally located in areas with distinct natural features, tourism resources or cultural heritage in selected strategic cities and tourist hot spots. In addition to the commercial, residential and hotel components and entertainment facilities generally available in Wanda Plazas, the Wanda City product line includes cultural or tourism components such as buildings with traditional architectural style of the local area, live show theatres, movie studio complexes, amusement arcades with local cultural and historical characteristics or vacation facilities such as ski resorts. We aim to transform Wanda Cities into activity hubs for the local population with these attractions and features. Ultimately, we aim for Wanda Cities to become symbols of urban life, centres for cultural enrichment and world-class tourist destinations. In line with our asset-light strategy, as at 30 June 2019, we had transferred to Sunac our entire interests in 14 project companies holding 13 cultural and tourism projects in China.

Our Principal Business Segments

Our operations comprise three principal business segments:

- (i) development, leasing and management of investment properties held by the Group for long-term investment and commercial properties owned by third parties;
- (ii) operation and management of self-owned or third-party owned hotels; and
- (iii) other business, primarily sale of yachts and operation of the Group's research and design centres and institutes. During the relevant periods prior to 2020, we were also engaged in development of properties, including commercial and residential properties, for sale. To implement our asset-light strategy, we decided to phase out our property sale business by transferring our residential property development business and sale of commercial and residential property business outside of our Group and had completed the phase-out of our property sale business by the end of 2019.

For 2016, we generated the majority of revenue from our property development and sale business and the relevant income was recorded under the line item of “sale of properties”. For 2017 and 2018, income from property development and sale business was recorded under the line item of “Other Revenue” instead in our consolidated financial statements and still accounted for a significant part of our comprehensive income. For the six months ended 30 June 2019, income from property development and sale business was recorded back under the line item of “sale of properties”, which is under the category of “revenue from contracts with customers” in our consolidated financial statements as at and for the six months ended 30 June 2019.

In light of our repositioning and development strategy to transform from a property developer into an operator focusing on project execution and commercial property development management, we had phased out our property sale business by the end of 2019 to focus our efforts on commercial management.

We also derive small amounts of revenue from miscellaneous businesses in the “others” segment in our consolidated financial statements, which mainly comprise sale of yachts and operation of the Group’s research and design centres and institutes.

The table below sets forth a breakdown of our revenue by business segment for the periods indicated:

	For the year ended 31 December						For the six months ended 30 June	
	2016		2017		2018		2019	
	(CNY million)	Percentage (%)	(CNY million)	Percentage (%)	(CNY million)	Percentage (%)	(unaudited) (CNY million)	Percentage (%)
Revenue								
Investment property leasing and management ⁽¹⁾	17,587 ⁽¹⁾	14.2	24,284	73.6	30,007	87.1	17,092	51.6
Hotel operations	6,241	5.0	5,857	17.8	1,466	4.3	728	2.2
Other business								
Sale of properties	97,038	78.3	— ⁽²⁾	—	— ⁽²⁾	—	13,882	41.9
Others, including sale of yachts	3,131	2.5	2,847	8.6	2,974	8.6	1,435	4.3
Total	123,997	100.0	32,988	100.0	34,447	100.0	33,137	100.0
Other Revenue	—	—	98,272 ⁽²⁾	—	70,441 ⁽²⁾	—	—	—

Notes:

- (1) For 2016, one single line item “investment property leasing and management,” but for 2017, 2018 and the six months ended 30 June 2019, two separate line items “investment property leasing” and “investment property management” were used to account for the income from our commercial management business. For comparison purpose, the numbers under these two separate line items for 2017, 2018 and the six months ended 30 June 2019 are added up and presented under “investment property leasing and management” in this table.
- (2) For 2017 and 2018, the income from sale of properties, amounting to CNY98,272 million and CNY70,441 million, respectively, was classified as “Other Revenue” rather than income under “sale of properties,” as we decided to phase out our property sale business by the end of 2019 and focus our efforts on project execution and commercial management. We made no such classification for the other year/period presented in this Offering Circular.

As at 30 June 2019, the GFA of our self-owned properties amounted to approximately 36.9 million sq.m., including 35.1 million sq.m. of Wanda Plazas, 0.3 million sq.m. of hotel spaces and 1.4 million sq.m. of other properties such as office spaces, theme parks, overseas properties, self-owned shopping malls and underground parking spaces. The GFA of the asset-light projects we were undertaking amounted to 4.2 million sq.m. and cooperative projects amounted to 3.3 million sq.m. The total GFA of hotel spaces owned by third parties but operated by us amounted to 2.9 million sq.m. The total GFA of the properties we operated amounted to 47.2 million sq.m.

Commercial Management – Investment Properties Leasing and Management

We hold and operate a large portion of the properties developed by us under the traditional heavy-asset model for long-term investment purposes. We primarily lease and manage retail spaces in our shopping centres at Wanda Plazas and an insignificant portion of office spaces. As at 31 December 2016, 2017 and 2018 and 30 June 2019, the total GFA of our operating investment properties was approximately 29.4 million sq.m., 36.0 million sq.m., 41.5 million sq.m. and 42.6 million sq.m., and the total leasable floor area of our operating investment properties was approximately 18.9 million sq.m., 23.9 million sq.m., 28.1 million sq.m. and 28.9 million sq.m., respectively. In addition, we have been exploring an asset-light model and introduced co-investors to collaboratively develop Wanda Plazas since 2015. Depending on the pre-negotiated mode of collaboration, our co-investors will fund the capital required for the construction of Wanda Plazas and land acquisition or, in certain cases, provide land, whereas we will be responsible for design, construction, leasing and operation, as well as land acquisition where the co-investors do not provide land. We and our co-investors will also share rental income based on a negotiated ratio. As at 30 June 2019, we operated 59 Wanda Plazas developed under such asset-light model, including 34 Wanda Plazas developed as light-asset projects and 25 Wanda Plazas developed as cooperative projects, with an aggregate GFA of approximately 7.5 million sq.m.

The following table sets out certain operating data of our operating investment properties portfolios for the periods indicated:

	For the year ended 31 December			For the six months ended 30 June
	2016	2017	2018	2019
Total GFA ('000 sq.m.)	29,423.9	35,997.2	41,476.3	42,643.3
Total leasable floor area ('000 sq.m.)	18,922.8	23,921.9	28,109.3	28,900.8
Average Rent (CNY/sq.m./month) ⁽¹⁾	103.03	104.29	110.60	110.15

Note:

- (1) Average rent = revenue from investment property leasing and property management/(number of operating days × total leased area) × 365 days/12 months (before business tax).

Our operating investment properties primarily comprise shopping centres. The table below sets forth a summary of the shopping centres operated by us as at 30 June 2019:

No	Project Name ⁽¹⁾	Date of commencement of business	GFA ('000 sq.m.)
Asset-heavy projects⁽²⁾			
1	Changchun Chongqing Road Wanda Plaza (長春重慶路萬達廣場)	January 2003	47.1
2	Nanchang Bayi Wanda Plaza (南昌八一萬達廣場)	August 2003	36.3
3	Qingdao Taidong Wanda Plaza (青島台東萬達廣場)	September 2003	38.6
4	Ningbo Yinzhou Wanda Plaza (寧波鄞州萬達廣場)	December 2006	260.6
5	Shanghai Wujiaochang Wanda Plaza (上海五角場萬達廣場)	December 2006	250.3
6	Beijing CBD Wanda Plaza (北京CBD萬達廣場)	December 2006	103.3
7	Harbin Xiangfang Wanda Plaza (哈爾濱香坊萬達廣場)	October 2007	120.5
8	Chengdu Jinhua Road Wanda Plaza (成都錦華路萬達廣場)	December 2007	228.5
9	Xi'an Lijiacun Wanda Plaza (西安李家村萬達廣場)	May 2008	131.4
10	Beijing Shijingshan Wanda Plaza (北京石景山萬達廣場)	December 2008	136.7
11	Suzhou Pingjiang Wanda Plaza (蘇州平江萬達廣場)	September 2009	157.4
12	Shanghai Zhoupu Wanda Plaza (上海周浦萬達廣場)	September 2009	163.1
13	Shenyang Taiyuan Street Wanda Plaza (瀋陽太原街萬達廣場一期)	November 2009	68.7
14	Qingdao CBD Wanda Plaza (青島CBD萬達廣場)	November 2009	159.8
15	Chongqing Nanping Wanda Plaza (重慶南坪萬達廣場)	December 2009	126.8
16	Nanjing Jianye Wanda Plaza (南京建邺萬達廣場)	December 2009	204.0
17	Xi'an Minleyuan Wanda Plaza (西安民樂園萬達廣場)	December 2009	145.7
18	Luoyang Wanda Plaza (洛陽萬達廣場)	December 2009	96.2
19	Shenyang Tiexi Wanda Plaza (瀋陽鐵西萬達廣場)	August 2010	156.9
20	Wuxi Binhu Wanda Plaza (無錫濱湖萬達廣場)	September 2010	162.9
21	Changchun Hongqi Street Wanda Plaza (長春紅旗街萬達廣場)	October 2010	152.0
22	Baotou Qingshan Wanda Plaza (包頭青山萬達廣場)	November 2010	171.0
23	Huhot Wanda Plaza (呼和浩特萬達廣場)	November 2010	162.0
24	Jinan Weijiazhuang Wanda Plaza (濟南魏家莊萬達廣場)	November 2010	166.8

No	Project Name ⁽¹⁾	Date of commencement of business	GFA ('000 sq.m.)
25	Tianjin Hedong Wanda Plaza (天津河東萬達廣場)	November 2010	220.6
26	Xiangyang Wanda Plaza (襄陽萬達廣場)	November 2010	157.3
27	Yichang Wanda Plaza (宜昌萬達廣場)	November 2010	145.8
28	Ningbo Jiangbei Wanda Plaza (寧波江北萬達廣場)	December 2010	159.4
29	Guangzhou Baiyun Wanda Plaza (廣州白雲萬達廣場)	December 2010	171.6
30	Shaoxing Keqiao Wanda Plaza (紹興柯橋萬達廣場)	December 2010	172.2
31	Wuhan Lingjiao Lake Wanda Plaza (武漢菱角湖萬達廣場)	December 2010	161.2
32	Fuzhou Financial Street Wanda Plaza (福州金融街萬達廣場)	December 2010	165.6
33	Hefei Baohe Wanda Plaza (合肥包河萬達廣場)	December 2010	179.0
34	Huai'an Wanda Plaza (淮安萬達廣場)	January 2011	128.2
35	Shanghai Jiangqiao Wanda Plaza (上海江橋萬達廣場)	June 2011	213.9
36	Zhenjiang Wanda Plaza (鎮江萬達廣場)	August 2011	168.8
37	Wuhan Jinghai Wanda Plaza (武漢經開萬達廣場)	August 2011	169.1
38	Xiamen Huli Wanda Plaza (廈門湖里萬達廣場)	September 2011	178.1
39	Yinchuan Jinfeng Wanda Plaza (銀川金鳳萬達廣場)	September 2011	166.3
40	Shijiazhuang Yuhua Wanda Plaza (石家莊裕華萬達廣場)	September 2011	191.9
41	Wuhan Central Culture District Phase 1 Chu River Han Street (武漢中央文化區一期楚河漢街)	September 2011	187.2
42	Zhengzhou Zhongyuan Wanda Plaza (鄭州中原萬達廣場)	October 2011	164.6
43	Langfang Wanda Plaza (廊坊萬達廣場)	November 2011	178.0
44	Daqing Sartu Wanda Plaza (大慶薩爾圖萬達廣場)	November 2011	141.6
45	Fuzhou Cangshan Wanda Plaza (福州倉山萬達廣場)	December 2011	185.6
46	Taizhou Wanda Plaza (泰州萬達廣場)	December 2011	111.4
47	Changzhou Xinbei Wanda Plaza (常州新北萬達廣場)	December 2011	159.8
48	Tangshan Lunan Wanda Plaza (唐山路南萬達廣場)	December 2011	191.8
49	Shanghai Baoshan Wanda Plaza (上海寶山萬達廣場)	June 2012	169.0
50	Hefei Swan Lake Wanda Plaza (合肥天鵝湖萬達廣場)	July 2012	175.7
51	Jinjiang Wanda Plaza (晉江萬達廣場)	August 2012	202.7
52	Ningde Wanda Plaza (寧德萬達廣場)	August 2012	164.7
53	Nanchang Honggutan Wanda Plaza (南昌紅谷灘萬達廣場)	August 2012	184.1
54	Shenyang Beiyi Road Wanda Plaza (瀋陽北一路萬達廣場)	August 2012	176.0
55	Wuhu Jinghu Wanda Plaza (蕪湖鏡湖萬達廣場)	September 2012	158.3
56	Qingdao Licang Wanda Plaza (青島李滄萬達廣場)	September 2012	182.3
57	Wuxi Jiangyin Wanda Plaza (無錫江陰萬達廣場)	September 2012	194.2
58	Quanzhou Puxi Wanda Plaza (泉州浦西萬達廣場)	September 2012	210.3
59	Zhengzhou Erqi Wanda Plaza (鄭州二七萬達廣場)	October 2012	172.0
60	Zhangzhou Bihu Wanda Plaza (漳州碧湖萬達廣場)	October 2012	212.9
61	Wenzhou Longwan Wanda Plaza (溫州龍灣萬達廣場)	November 2012	241.4
62	Jiangsu Taicang Wanda Plaza (江蘇太倉萬達廣場)	December 2012	170.0
63	Putian Wanda Plaza (莆田萬達廣場)	December 2012	186.8
64	Mianyang Fucheng Wanda Plaza (綿陽涪城萬達廣場)	December 2012	167.5
65	Chengdu Jinniu Wanda Plaza (成都金牛萬達廣場)	December 2012	222.4
66	Dalian High-Tech Park Wanda Plaza (大連高新萬達廣場)	May 2013	172.3
67	Yixing Wanda Plaza (宜興萬達廣場)	May 2013	215.3
68	Xiamen Jimei Wanda Plaza (廈門集美萬達廣場)	June 2013	134.6
69	Wuxi Huishan Wanda Plaza (無錫惠山萬達廣場)	June 2013	172.0
70	Chongqing Wanzhou Wanda Plaza (重慶萬州萬達廣場)	July 2013	139.5
71	Dongguan Chang'an Wanda Plaza (東莞長安萬達廣場)	July 2013	176.3
72	Shenyang Olympic Stadium Wanda Plaza (瀋陽奧體萬達廣場)	July 2013	162.5
73	Changchun Kuancheng Wanda Plaza (長春寬城萬達廣場)	August 2013	164.3
74	Harbin Haxi Wanda Plaza (哈爾濱哈西萬達廣場)	September 2013	210.3
75	Changsha Kaifu Wanda Plaza (長沙開福萬達廣場)	September 2013	212.7
76	Wuhan Central Culture District Phase 2 Hanjie Wanda Plaza (武漢中央文化區(二期)漢街萬達廣場)	September 2013	132.8
77	Fushun Wanda Plaza (撫順萬達廣場)	October 2013	179.3
78	Ningbo Yuyao Wanda Plaza (寧波余姚萬達廣場)	November 2013	174.2
79	Xi'an Daming Palace Wanda Plaza (西安大明宮萬達廣場)	November 2013	187.6
80	Bengbu Wanda Plaza (蚌埠萬達廣場)	November 2013	164.2
81	Xuzhou Wanda Plaza (徐州萬達廣場)	December 2013	148.9
82	Dandong Wanda Plaza (丹東萬達廣場)	December 2013	161.3
83	Nanjing Jiangning Wanda Plaza (南京江寧萬達廣場)	December 2013	195.7
84	Guangzhou Zengcheng Wanda Plaza (廣州增城萬達廣場)	May 2014	197.0
85	Weifang Wanda Plaza (濰坊萬達廣場)	May 2014	161.2
86	Shanghai Songjiang Wanda Plaza (上海松江萬達廣場)	May 2014	181.5
87	Chifeng Wanda Plaza (赤峰萬達廣場)	June 2014	171.6
88	Manzhouli Wanda Plaza (滿洲里萬達廣場)	June 2014	67.9
89	Jining Taibai Road Wanda Plaza (濟寧太白路萬達廣場)	July 2014	158.3
90	Yinchuan Xixia Wanda Plaza (銀川西夏萬達廣場)	July 2014	140.4
91	Jinhua Wanda Plaza (金華萬達廣場)	July 2014	173.6
92	Changzhou Wujin Wanda Plaza (常州武進萬達廣場)	August 2014	120.1
93	Foshan Nanhai Wanda Plaza (佛山南海萬達廣場)	August 2014	174.0
94	Dongguan Dongcheng Wanda Plaza (東莞東城萬達廣場)	September 2014	169.9
95	Ma'anshan Wanda Plaza (馬鞍山萬達廣場)	September 2014	162.9
96	Jingzhou Wanda Plaza (荊州萬達廣場)	September 2014	159.9

No	Project Name ⁽¹⁾	Date of commencement of business	GFA ('000 sq.m.)
97	Lanzhou Chengguan Wanda Plaza (蘭州城關萬達廣場)	October 2014	178.0
98	Kunming CBD Wanda Plaza (昆明CBD萬達廣場)	October 2014	181.4
99	Longyan Wanda Plaza (龍岩萬達廣場)	November 2014	160.1
100	Guangzhou Panyu Wanda Plaza (廣州番禺萬達廣場)	November 2014	199.3
101	Yantai Zhifu Wanda Plaza (煙臺芝罘萬達廣場)	November 2014	185.9
102	Jiangmen Wanda Plaza (江門萬達廣場)	November 2014	202.5
103	Beijing Tongzhou Wanda Plaza (北京通州萬達廣場)	November 2014	120.9
104	Fuqing Wanda Plaza (福清萬達廣場)	December 2014	145.8
105	Wenzhou Pingyang Wanda Plaza (溫州平陽萬達廣場)	December 2014	148.5
106	Hangzhou Gongshu Wanda Plaza (杭州拱墅萬達廣場)	December 2014	196.8
107	Nanning Qingxiu Wanda Plaza (南寧青秀萬達廣場)	December 2014	196.6
108	Guangyuan Wanda Plaza (廣元萬達廣場)	June 2015	154.0
109	Jiaxing Wanda Plaza (嘉興萬達廣場)	June 2015	144.4
110	Yingkou Wanda Plaza (營口萬達廣場)	June 2015	138.1
111	Neijiang Wanda Plaza (內江萬達廣場)	June 2015	140.8
112	Huangshi Wanda Plaza (黃石萬達廣場)	July 2015	150.0
113	Guangzhou Luogang Wanda Plaza (廣州蘿崗萬達廣場)	July 2015	191.5
114	Shanghai Jinshan Wanda Plaza (上海金山萬達廣場)	July 2015	168.2
115	Anyang Wanda Plaza (安陽萬達廣場)	July 2015	144.1
116	Qiqihar Wanda Plaza (齊齊哈爾萬達廣場)	August 2015	149.6
117	Weinan Wanda Plaza (渭南萬達廣場)	August 2015	125.8
118	Dongying Wanda Plaza (東營萬達廣場)	August 2015	155.1
119	Tai'an Wanda Plaza (泰安萬達廣場)	August 2015	209.2
120	Dalian Development Zone Wanda Plaza (大連開發區萬達廣場)	August 2015	224.1
121	Fuyang Yingzhou Wanda Plaza (阜陽潁州萬達廣場)	August 2015	148.4
122	Guilin High-tech Wanda Plaza (桂林高新萬達廣場)	September 2015	152.4
123	Jiamusi Wanda Plaza (佳木斯萬達廣場)	September 2015	138.7
124	Taiyuan Wanda Plaza (太原萬達廣場)	September 2015	202.2
125	Chongqing Banan Wand Plaza (重慶巴南萬達廣場)	October 2015	173.4
126	Dongguan Hou Street Wanda Plaza (東莞厚街萬達廣場)	November 2015	154.2
127	Dezhou Wanda Plaza (德州萬達廣場)	November 2015	163.8
128	Liuzhou Chengzhong Wanda Plaza (柳州城中萬達廣場)	November 2015	164.4
129	Nanning Anji Wanda Plaza (南寧安吉萬達廣場)	December 2015	174.9
130	Suzhou Wuzhong Wanda Plaza (蘇州吳中萬達廣場)	December 2015	155.4
131	Nantong Gangzha Wanda Plaza (南通港閘萬達廣場)	December 2015	136.6
132	Guangzhou Nansha Wanda Plaza (廣州南沙萬達廣場)	December 2015	164.1
133	Chengdu Shudu Wanda Plaza (成都蜀都萬達廣場)	April 2016	177.6
134	Jingmen Wanda Plaza (荊門萬達廣場)	June 2016	144.8
135	Xiangtan Wanda Plaza (湘潭萬達廣場)	June 2016	159.0
136	Taizhou Jingkai Wanda Plaza (台州經開萬達廣場)	June 2016	156.9
137	Ziyang Wanda Plaza (資陽萬達廣場)	June 2016	132.0
138	Jinan High-tech Wanda Plaza (濟南高新萬達廣場)	June 2016	169.8
139	Wuhai Wanda Plaza (烏海萬達廣場)	June 2016	155.1
140	Zhanjiang Wanda Plaza (湛江萬達廣場)	June 2016	170.8
141	Siping Wanda Plaza (四平萬達廣場)	July 2016	112.9
142	Jixi Wanda Plaza (雞西萬達廣場)	July 2016	123.6
143	Mudanjiang Wanda Plaza (牡丹江萬達廣場)	July 2016	132.8
144	Tongliao Wanda Plaza (通遼萬達廣場)	July 2016	158.0
145	Xining Haihu Wanda Plaza (西寧海湖萬達廣場)	July 2016	188.1
146	Shiyan Wanda Plaza (十堰萬達廣場)	August 2016	150.4
147	Bozhou Wanda Plaza (亳州萬達廣場)	August 2016	146.6
148	Urumqi Jingkai Wanda Plaza (烏魯木齊經開萬達廣場)	August 2016	173.9
149	Yiwu Wanda Plaza (義烏萬達廣場)	September 2016	209.7
150	Hefei Yaohai Wanda Plaza (合肥瑤海萬達廣場)	September 2016	151.6
151	Yanji Wanda Plaza (延吉萬達廣場)	September 2016	130.3
152	Panjin Wanda Plaza (盤錦萬達廣場)	September 2016	133.4
153	Chongqing Yongchuan Wanda Plaza (重慶永川萬達廣場)	September 2016	130.2
154	Deyang Wanda Plaza (德陽萬達廣場)	September 2016	129.9
155	Leshan Wanda Plaza (樂山萬達廣場)	September 2016	130.7
156	Suining Wanda Plaza (遂寧萬達廣場)	October 2016	157.0
157	Xuzhou Tongshan Wanda Plaza (徐州銅山萬達廣場)	October 2016	150.5
158	Shangrao Wanda Plaza (上饒萬達廣場)	November 2016	175.0
159	Shaoxing Shangyu Wanda Plaza (紹興上虞萬達廣場)	November 2016	122.7
160	Chaoyang Wanda Plaza (朝陽萬達廣場)	November 2016	97.0
161	Suzhou Wanda Plaza (宿州萬達廣場)	December 2016	154.8
162	Chengdu Qingyang Wanda Plaza (成都青羊萬達廣場)	December 2016	174.7
163	Dongguan Humen Wanda Plaza (東莞虎門萬達廣場)	December 2016	146.1
164	Chengdu Shuangliu Wanda Plaza (成都雙流萬達廣場)	December 2016	126.0
165	Beijing Fengtai Wanda Plaza (北京豐台萬達廣場)	December 2016	190.7
166	Qingyuan Wanda Plaza (清遠萬達廣場)	December 2016	126.6
167	Zhangzhou Taishang Wanda Plaza (漳州台商萬達廣場)	January 2017	144.7
168	Nanning Jiangnan Wanda Plaza (南寧江南萬達廣場)	June 2017	135.9
169	Guangzhou Jinshazhou Wanda Plaza (廣州金沙洲萬達廣場)	June 2017	112.1
170	Nanning Wanda Mao (南寧萬達茂)	June 2017	151.7

No	Project Name ⁽¹⁾	Date of commencement of business	GFA ('000 sq.m.)
171	Kunshan Wanda Plaza (昆山萬達廣場)	July 2017	167.3
172	Jinzhou Wanda Plaza (錦州萬達廣場)	September 2017	125.5
173	Changshu Wanda Plaza (常熟萬達廣場)	July 2017	187.1
174	Dalian Pulandian Wanda Plaza (大連普蘭店萬達廣場)	July 2017	87.8
175	Dalian Zhuanghe Wanda Plaza (大連莊河萬達廣場)	August 2017	87.6
176	Zhuji Wanda Plaza (諸暨萬達廣場)	August 2017	154.9
177	Changchun Checheng Wanda Plaza (長春車城萬達廣場)	September 2017	130.2
178	Jinzhong Wanda Plaza (晉中萬達廣場)	August 2017	106.8
179	Hushu Huiminqu Wanda Plaza (呼市回民區萬達廣場)	August 2017	149.8
180	Chongqing Beibei Wanda Plaza (重慶北碚萬達廣場)	August 2017	133.1
181	Jilin Changyi Wanda Plaza (吉林昌邑萬達廣場)	September 2017	130.1
182	Hengyang Wanda Plaza (衡陽萬達廣場)	September 2017	120.1
183	Qujing Wanda Plaza (曲靖萬達廣場)	October 2017	114.9
184	Chongqing Qijiang Wanda Plaza (重慶綦江萬達廣場)	October 2017	108.3
185	Tongling Wanda Plaza (銅陵萬達廣場)	November 2017	118.2
186	Jiuquan Wanda Plaza (酒泉萬達廣場)	November 2017	96.0
187	Huizhou Dayawan Wanda Plaza (惠州大亞灣萬達廣場)	November 2017	139.3
188	Xi'an High-tech Wanda Plaza (西安高新萬達廣場)	November 2017	116.6
189	Yangzhou Hanjiang Wanda Plaza (揚州邗江萬達廣場)	December 2017	155.2
190	Liupanshui Wanda Plaza (六盤水萬達廣場)	December 2017	110.4
191	Shanghai Minhang Zhuanqiao Wanda Plaza (上海閔行顧橋萬達廣場)	December 2017	146.3
192	Tianjin Tanggu Wanda Plaza (天津塘沽萬達廣場)	December 2017	134.3
193	Guiyang Guanshanhu Wanda Plaza (貴陽觀山湖萬達廣場)	May 2018	158.7
194	Nanjing Xianlin Wanda Mao (南京仙林萬達茂)	June 2018	304.0
195	Luzhou Wanda Plaza (瀘州萬達廣場)	June 2018	113.5
196	Changzhou Liyang Wanda Plaza (常州溧陽萬達廣場)	June 2018	100.9
197	Huanggang Wanda Plaza (黃岡萬達廣場)	June 2018	101.8
198	Hebi Qibin Wanda Plaza (鶴壁淇濱萬達廣場)	June 2018	102.0
199	Xuancheng Xuanzhou Wanda Plaza (宣城宣州萬達廣場)	June 2018	106.0
200	Shizuishan Wanda Plaza (石嘴山萬達廣場)	July 2018	98.4
201	Shangqiu Suiyang Wanda Plaza (商丘睢陽萬達廣場)	July 2018	100.5
202	Dongying Dongcheng Wanda Plaza (東營東城萬達廣場)	July 2018	96.7
203	Meishan Wanda Plaza (眉山萬達廣場)	July 2018	116.9
204	Fuxin Wanda Plaza (阜新萬達廣場)	August 2018	125.0
205	Baotou Jiuyuan Wanda Plaza (包頭九原萬達廣場)	August 2018	108.4
206	Jiangmen Xinhui Wanda Plaza (江門新會萬達廣場)	August 2018	126.1
207	Urumqi High-tech Wanda Plaza (烏魯木齊高新萬達廣場)	September 2018	133.3
208	Huaibei Wanda Plaza (淮北萬達廣場)	September 2018	100.6
209	Nanjing Lishui Wanda Plaza (南京溧水萬達廣場)	September 2018	162.8
210	Wuwei Wanda Plaza (武威萬達廣場)	October 2018	103.4
211	Chengdu Longquanyi Wanda Plaza (成都龍泉驛萬達廣場)	October 2018	120.2
212	Xingtai Wanda Plaza (邢臺萬達廣場)	November 2018	119.4
213	Hefei Chaohu Wanda Plaza (合肥巢湖萬達廣場)	November 2018	110.4
214	Xuchang Wanda Plaza (許昌萬達廣場)	November 2018	115.4
215	Chongqing Shapingba Wanda Plaza (重慶沙坪壩萬達廣場)	November 2018	158.2
216	Fujian Nanping Wanda Plaza (福建南平萬達廣場)	November 2018	109.4
217	Suqian Wanda Plaza (宿遷萬達廣場)	December 2018	122.0
218	Yibin Wanda Plaza (宜賓萬達廣場)	December 2018	143.4
219	Mianyang CBD Wanda Plaza (綿陽CBD萬達廣場)	December 2018	193.1
220	Nanchang Qingshanhu Wanda Plaza (南昌青山湖萬達廣場)	December 2018	118.1
221	Yulin Wanda Plaza (榆林萬達廣場)	December 2018	129.9
222	Quanzhou Anxi Wanda Plaza (泉州安溪萬達廣場)	December 2018	141.9
223	Weifang Shouguang Wanda Plaza (濰坊壽光萬達廣場)	December 2018	96.8
224	Yuncheng Wanda Plaza (運城萬達廣場)	January 2019	108.9
225	Guigang Wanda Plaza (貴港萬達廣場)	January 2019	104.1
226	Shantou Jinping Wanda Plaza (汕頭金平萬達廣場)	May 2019	141.8
227	Chongqing Dadukou Wanda Plaza (重慶大渡口萬達廣場)	June 2019	134.9
228	Shangluo Wanda Plaza (商洛萬達廣場)	June 2019	116.8
229	Yulin Wanda Plaza (玉林萬達廣場)	May 2019	111.2
230	Shanghai Qingpu Wanda Mao (上海青浦萬達茂)	June 2019	237.0
Total			35,132.8

No	Project Name ⁽¹⁾	Date of commencement of business	GFA ('000 sq.m.)
Asset-light projects⁽³⁾			
231	Changde Wanda Plaza (常德萬達廣場)	September 2016	130.2
232	Meizhou Wanda Plaza (梅州萬達廣場)	September 2016	130.0
233	Sanmenxia Wanda Plaza (三門峽萬達廣場)	October 2016	110.6
234	Yichun Wanda Plaza (宜春萬達廣場)	October 2016	129.0
235	Foshan Sanshui Wanda Plaza (佛山三水萬達廣場)	November 2016	130.0
236	Zhengzhou Huiji Wanda Plaza (鄭州惠濟萬達廣場)	November 2016	190.5
237	Lianyungang Wanda Plaza (連雲港萬達廣場)	November 2016	117.9
238	Yingkou Bayuquan Wanda Plaza (營口鮫魚圈萬達廣場)	November 2016	97.2
239	Yantai Development Zone Wanda Plaza (煙臺開發區萬達廣場)	December 2016	129.9
240	Haikou Xiuying Wanda Plaza (海口秀英萬達廣場)	December 2016	149.7
241	Huzhou Wanda Plaza (湖州萬達廣場)	December 2016	139.5
242	Binzhou Wanda Plaza (濱州萬達廣場)	December 2016	96.2
243	Fujian Sanming Wanda Plaza (福建三明萬達廣場)	December 2016	130.6
244	Lu'an Wanda Plaza (六安萬達廣場)	December 2016	145.2
245	Liuzhou Liunan Wanda Plaza (柳州柳南萬達廣場)	December 2016	130.7
246	Beihai Wanda Plaza (北海萬達廣場)	May 2017	108.1
247	Fuyang Yingquan Wanda Plaza (阜陽潁泉萬達廣場)	June 2017	130.1
248	Fuzhou Wanda Plaza (撫州萬達廣場)	June 2017	140.2
249	Nanchang Xihu Wanda Plaza (南昌西湖萬達廣場)	June 2017	139.9
250	Yiyang Wanda Plaza (益陽萬達廣場)	June 2017	131.3
251	Zaozhuang Wanda Plaza (棗莊萬達廣場)	June 2017	114.8
252	Yancheng Wanda Plaza (鹽城萬達廣場)	June 2017	145.3
253	Jiaozuo Wanda Plaza (焦作萬達廣場)	June 2017	115.8
254	Jiujiang Wanda Plaza (九江萬達廣場)	July 2017	130.1
255	Ya'an Wanda Plaza (雅安萬達廣場)	July 2017	97.0
256	Liaoyang Wanda Plaza (遼陽萬達廣場)	July 2017	129.7
257	Chengdu Chongzhou Wanda Plaza (成都崇州萬達廣場)	September 2017	94.3
258	Datong Wanda Plaza (大同萬達廣場)	October 2017	112.8
259	Guilin Diecai Wanda Plaza (桂林疊彩萬達廣場)	November 2017	111.1
260	Pingdingshan Wanda Plaza (平頂山萬達廣場)	November 2017	130.2
261	Chengdu Jintang Wanda Plaza (成都金堂萬達廣場)	December 2017	102.8
262	Nantong Tongzhou Wanda Plaza (南通通州萬達廣場)	December 2017	111.3
263	Quzhou Kecheng Wanda Plaza (衢州柯城萬達廣場)	December 2017	125.0
264	Xinxiang Muye Wanda Plaza (新鄉牧野萬達廣場)	December 2017	121.4
Total			4,248.3
Cooperative projects⁽⁴⁾			
265	Beijing Huaifang Wanda Plaza (北京槐房萬達廣場)	December 2016	188.8
266	Xianyang Licai Wanda Plaza (咸陽麗彩萬達廣場)	January 2017	88.8
267	Dalian Ganjingzi Wanda Plaza (大連甘井子萬達廣場)	September 2017	121.3
268	Beijing Fengtai Xitieying Wanda (北京豐台西鐵營萬達廣場)	December 2017	108.3
269	Chengdu Wuhou Wanda Plaza (成都武侯萬達廣場)	December 2017	157.4
270	Beijing Huairou Wanda Plaza (北京懷柔萬達廣場)	January 2018	90.0
271	Urumqi Dehui Wanda Plaza (烏魯木齊德匯萬達廣場)	January 2018	123.6
272	Yan'an Wanda Plaza (延安萬達廣場)	February 2018	76.8
273	Jiaxing Longding Wanda Plaza (嘉興龍鼎萬達廣場)	May 2018	161.6
274	Ningbo Fenghua Wanda Plaza (寧波奉化萬達廣場)	May 2018	104.2
275	Wuzhong Wanda Plaza (吳忠萬達廣場)	June 2018	123.9
276	Huainan Wanda Plaza (淮南萬達廣場)	September 2018	114.2
277	Changzhi Wanda Plaza (長治萬達廣場)	September 2018	130.0
278	Kaifeng Wanda Plaza (開封萬達廣場)	September 2018	157.8
279	Suihua Wanda Plaza (綏化萬達廣場)	September 2018	114.2
280	Shanghai Jiading CITIC Pacific Wanda Plaza (上海嘉定中信泰富萬達廣場)	October 2018	193.1
281	Taizhou Taixing Wanda Plaza (泰州泰興萬達廣場)	October 2018	121.1
282	Heze Wanda Plaza (荷澤萬達廣場)	November 2018	146.5
283	Benxi Wanda Plaza (本溪萬達廣場)	December 2018	103.7
284	Quanzhou Xingguangyao Wanda Plaza (泉州星光耀萬達廣場)	December 2018	156.9
285	Zhangjiagang Wanda Plaza (張家港萬達廣場)	December 2018	119.9
286	Guangzhou Xintang Wanda Plaza (廣州新塘萬達廣場)	December 2018	157.7
287	Chongqing Tongliang Wanda Plaza (重慶銅梁萬達廣場)	December 2018	161.4
288	Duyun Wanda Plaza (都勻萬達廣場)	January 2019	95.1
289	Shijiazhuang Chang'an Wanda Plaza (石家莊長安萬達廣場)	June 2019	145.9
Total			3,262.4

Notes:

- (1) English names are for identification only.
- (2) Represented the projects in which we own the fixed assets that are utilized to generate income for us. Property development under our asset-heavy model usually requires substantial capital investment during the construction period. We acquire land and construct Wanda Plazas with our own funds.
- (3) Represented the projects for which our co-investors will fund the capital required for the construction of Wanda Plazas and acquisition of the land, whereas we will be responsible for land selection, design, construction, leasing and operation. We and our co-investors will share rental income based on a negotiated ratio.
- (4) Represented the projects for which our co-investors will fund the capital required for the construction of Wanda Plazas and provide land, whereas we will be responsible for design, construction, leasing and operation. We and our co-investors will share rental income based on a negotiated ratio.

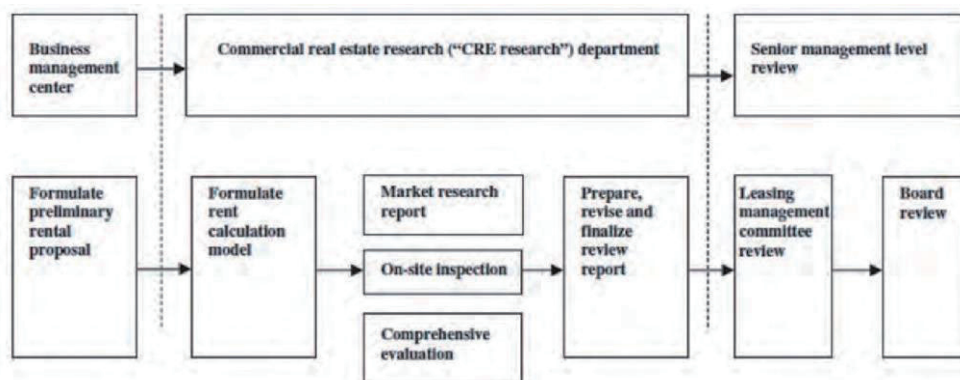
Leasing operation and management of investment properties

Order-driven management model and pre-leasing

We have developed an order-driven management model (訂單模式). We typically begin to obtain pre-leasing commitments prior to the commencement of construction of a shopping centre. This model allows tenants to customise their rental spaces during the construction of projects. In order to satisfy the tenants' needs, our planning and design team and property leasing team work together to ensure that the products we deliver are aligned with such needs. Our order-driven management model has allowed us to effectively secure a significant amount of leasing commitments before commencement of operation. During 2016, 2017 and 2018 and the six months ended 30 June 2019, we achieved full or nearly full occupancy upon commencement of operation in substantially all of the shopping centres owned and operated by us.

Rental pricing process

We have developed a systematic rental pricing process based on our operating experience. The initial rental pricing process for our investment properties normally starts from the feasibility study stage before the land acquisition decision is made. At this stage, we estimate the range of rental rates for the proposed project in order to evaluate the prospect of investment return. The formal rental pricing process begins after the land acquisition. We follow a rent proposal review process to formulate a proposed rental plan for the project. The chart below summarises the major stages typically involved in the process of our rental proposal review:



Marketing and brand management

We carry out a variety of marketing initiatives to promote our commercial properties and source potential tenants. For example, we have hosted the "Wanda Group Annual Commercial Convention" ("萬達商業年會") every year for 11 years, which is a major marketing platform for us to promote our commercial properties and source potential tenants. In addition, from time to time, we also organise

Wanda China Tour (萬達中國行) promotional event for selected projects that have recently commenced construction, whereby potential tenants can experience the commercial features of Wanda Plaza in person.

To maintain a high-quality tenant base, we have established and maintained a brand bank which consists of quality brands selected from marketing events and historical business relationships and which serves as the primary source of our tenant choice. Our brand bank evaluation committee (品牌庫評審委員) is responsible for managing our brand bank, including conducting the annual evaluation, grading, addition and removal of brands. We seek to select tenants with a balanced mix of brands for each Wanda Plaza. Our brand bank contains a large number of brands. Many brands in each category are internationally and nationally renowned brands.

Tenants and tenant management

Lease terms of anchor and sub-anchor tenants in our principal investment properties generally range from 10 to 15 years, while the lease terms of other tenants generally range from three to five years. Subject to our consideration of a variety of factors, including the brand name and preference of our tenants, the nature and profitability of their business and their business relationships with us, we typically use the following rental pricing methods: (i) fixed rates during a predetermined period with an increase in rental by certain percentage points annually thereafter for the remaining lease terms; (ii) rental rates calculated based on a pre-determined percentage of the retail gross income of the tenants; and (iii) rental rates calculated using the rental pricing method set out in (i) above or the rent pricing method set out in (ii) above, whichever is higher.

To maintain the competitiveness and profitability of our investment property operations, we closely monitor the operation and performance of individual stores to assess their appeal to customers and their ability to pay rent on schedule. In addition, we normally conduct rental rate reviews eight months prior to the expiry of the respective leasing contracts, together with an evaluation of the overall condition of the complex. We will propose a rental adjustment during the negotiations for the renewal of lease contracts with our tenants based on the outcome of the rental review procedure.

When selecting tenants, we will take into account various factors, including: (i) the proposed rent, which should be fair and reasonable; (ii) the tenancy term; (iii) satisfaction of the required quality standard; and (iv) whether it is in line with our business strategy, based on which we will decide if we wish to enter into, on terms similar to those entered into with our connected persons, the lease agreements with alternative tenants.

Our Hotel Operations

Our hotel brands

We began to operate hotels under the Wanda brand in 2012 and established our own hotel brands comprising Wanda Reign, Wanda Vista, Wanda Realm, Wanda Jin and Wanda Moments, of which Wanda Reign, Wanda Vista and Wanda Realm are positioned as luxury hotel brands.

Our hotel portfolio

In line with our asset-light strategy, we entered into a strategic agreement and a series of supplemental agreements with R&F, pursuant to which we agreed to dispose of 73 hotels and an office building of Dalian Wanda Commercial Centre in China. As at the date of this Offering Circular, 71 hotels and the office building have been transferred to R&F. Subsequent to the transfer of these hotels to R&F, our hotel management companies continue to provide hotel management services with respect to the disposed hotels that operate under our Wanda brand until the expiration of the relevant management contracts. We charge R&F management fees for providing hotel management services with respect to the disposed hotels that are still under our management. R&F also agreed to give priority to our hotel management companies for renewal of the hotel management agreements of these hotels operating under

our Wanda brand before their expiry. As at 30 June 2019, we operated 68 hotels owned by third parties with a total GFA of approximately 2.9 million sq.m. and owned 7 hotels, including two hotels under the third-party management, with a total GFA of approximately 0.3 million sq.m.

The table below sets forth a summary of the hotels operated by us as at 30 June 2019:

No.	Name ⁽¹⁾	Date of commencement of business	GFA ('000 sq.m)	Occupancy Rate as at 30 June 2019
Self-owned hotels				
1	Wanda Vista Beijing (北京萬達文華酒店)	August 2007	48.2	80%
2	Sanya Wanda A Hotel (三亞萬達A酒店)	December 2010	23.4	67%
3	Sanya Wanda B Hotel (三亞萬達B酒店)	December 2010	57.2	80%
4	Wanda Realm Zhangzhou (漳州萬達嘉華酒店)	October 2012	43.8	66%
5	Wanda Reign Wuhan (武漢萬達瑞華酒店)	March 2014	64.4	58%
6	Wanda Reign Chengdu (成都萬達瑞華酒店)	December 2015	41.9	55%
7	Wanda Reign Shanghai (上海萬達瑞華酒店)	June 2016	36.3	65%
Total			315.2	
Third-party owned and self-managed hotels				
8	Wanda Realm Beijing (北京萬達嘉華酒店)	January 2009	43.5	79%
9	Wanda Realm Langfang (廊坊萬達嘉華酒店)	November 2011	41.9	59%
10	Wanda Realm Taizhou (泰州萬達嘉華酒店)	December 2011	38.7	53%
11	Wanda Vista Taiyuan (太原萬達文華酒店)	August 2012	52.4	55%
12	Wanda Realm Ningde (寧德萬達嘉華酒店)	August 2012	40.8	63%
13	Wanda Vista Quanzhou (泉州萬達文華酒店)	September 2012	47.8	62%
14	Wanda Vista Changsha (長沙萬達文華酒店)	October 2012	65.8	71%
15	Wanda Realm Huaian (淮安萬達嘉華酒店)	November 2012	44.6	71%
16	Wanda Vista Shenyang (瀋陽萬達文華酒店)	July 2013	51.7	70%
17	Wanda Realm Fushun (撫順萬達嘉華酒店)	August 2013	39.5	54%
18	Wanda Realm Wuhan (武漢萬達嘉華酒店)	September 2013	47.2	82%
19	Wanda Realm Harbin (哈爾濱萬達嘉華酒店)	September 2013	47.9	63%
20	Wanda Vista Tianjin (天津萬達文華酒店)	August 2013	48.3	72%
21	Wanda Realm Nanchang (南昌萬達嘉華酒店)	December 2013	41.5	73%
22	Wanda Realm Yinchuan (銀川萬達嘉華酒店)	December 2013	46.3	41%
23	Wanda Realm Dandong (丹東萬達嘉華酒店)	December 2013	48.5	53%
24	Wanda Realm Nanjing (南京萬達嘉華酒店)	December 2013	41.6	67%
25	Wanda Realm Guangzhou Zengcheng (廣州增城萬達嘉華酒店)	May 2014	36.2	57%
26	Weifang Wanda A Hotel (濰坊萬達A酒店)	May 2014	36.8	67%
27	Wanda Realm Chifeng (赤峰萬達嘉華酒店)	June 2014	47.4	33%
28	Wanda Realm Jining (濟寧萬達嘉華酒店)	July 2014	36.5	64%
29	Wanda Realm Jinhua (金華萬達嘉華酒店)	July 2014	42.8	61%
30	Wanda Realm Changzhou (常州萬達嘉華酒店)	August 2014	34.2	56%
31	Wanda Vista Dongguan (東莞萬達文華酒店)	September 2014	44.1	68%
32	Wanda Realm Ma'anshan (馬鞍山萬達嘉華酒店)	September 2014	36.1	58%
33	Wanda Realm Jingzhou (荊州萬達嘉華酒店)	September 2014	37.0	60%
34	Wanda Vista Lanzhou (蘭州萬達文華酒店)	October 2014	41.4	68%
35	Wanda Vista Kunming (昆明萬達文華酒店)	October 2014	44.7	67%
36	Wanda Vista Yantai (煙臺萬達文華酒店)	November 2014	44.2	59%
37	Wanda Realm Longyan (龍岩萬達嘉華酒店)	November 2014	38.5	63%
38	Wanda Realm Jiangmen (江門萬達嘉華酒店)	November 2014	41.4	66%
39	Wanda Realm Wuhu (蕪湖萬達嘉華酒店)	December 2014	36.8	53%
40	Wanda Realm Bengbu (蚌埠萬達嘉華酒店)	December 2014	34.2	75%
41	Wanda Vista Nanning (南寧萬達文華酒店)	December 2014	49.8	64%
42	Wanda Realm Guangyuan (廣元萬達嘉華酒店)	June 2015	34.3	50%
43	Wanda Realm Neijiang (內江萬達嘉華酒店)	June 2015	32.7	53%
44	Wanda Realm Huangshi (黃石萬達嘉華酒店)	July 2015	32.5	58%
45	Wanda Realm Anyang (安陽萬達嘉華酒店)	July 2015	33.8	58%
46	Wanda Realm Dongying (東營萬達嘉華酒店)	August 2015	37.9	57%
47	Wanda Realm Taian (泰安萬達嘉華酒店)	August 2015	41.6	69%
48	Wanda Realm Fuyang Yingzhou (阜陽潁州萬達嘉華酒店)	August 2015	36.4	63%
49	Wanda Realm Liuzhou (柳州萬達嘉華酒店)	November 2015	37.6	54%
50	Wanda Visa Hohhot (呼和浩特萬達文華酒店)	November 2015	42.9	74%
51	Wanda Vista Zhengzhou (鄭州萬達文華酒店)	March 2016	47.6	72%
52	Wanda Vista Nanchang (南昌萬達文華酒店)	May 2016	45.8	41%
53	Wanda Realm Resort Nanchang (南昌萬達嘉華度假酒店)	May 2016	38.6	39%
54	Wanda Realm Siping (四平萬達嘉華酒店)	July 2016	33.5	36%
55	Wanda Realm Xining (西寧萬達嘉華酒店)	July 2016	42.6	51%
56	Wanda Realm Bozhou (亳州萬達嘉華酒店)	August 2016	32.3	65%

No.	Name ⁽¹⁾	Date of commencement of business	GFA ('000 sq.m)	Occupancy Rate as at 30 June 2019
57	Wanda Realm Yiwu (義烏萬達嘉華酒店)	September 2016	37.9	55%
58	Wanda Vista Urumqi (烏魯木齊萬達文華酒店)	August 2016	47.5	59%
59	Wanda Vista Resort Hefei (合肥萬達文華度假酒店)	September 2016	50.3	37%
60	Wanda Realm Resort Hefei (合肥萬達嘉華度假酒店)	September 2016	39.4	55%
61	Wanda Realm Shangrao (上饒萬達嘉華酒店)	November 2016	35.8	64%
62	Wanda Vista Resort Xishuangbanna (西雙版納萬達文華度假酒店)	September 2015	46.5	42%
63	Wanda Realm Resort Nanning (南寧萬達嘉華度假酒店)	June 2017	45.2	46%
64	Wanda Vista Resort Harbin (哈爾濱萬達文華度假酒店)	June 2017	48.4	35%
65	Wanda Realm Resort Harbin (哈爾濱萬達嘉華度假酒店)	June 2017	41.7	43%
66	Wanda Vista Resort Sanya (三亞海棠灣開維萬達文華度假酒店)	May 2016	36.2	73%
67	Wanda Realm Xiamen North Bay (廈門北海灣惠龍萬達嘉華酒店)	December 2016	91.5	61%
68	Wanda Jin Danzhai (丹寨萬達錦華酒店)	July 2017	6.3	41%
69	Wanda Vista Resort Qingdao (青島萬達文華度假酒店)	April 2018	41.6	50%
70	Wanda Realm Resort Qingdao (青島萬達嘉華度假酒店)	April 2018	52.3	49%
71	Wanda Realm Qiqihar (齊齊哈爾萬達嘉華酒店)	June 2018	37.1	34%
72	Wanda City Vista Resort Guangzhou (廣州萬達城文華度假酒店)	June 2019	45.0	13%
73	Wanda City Realm Resort Guangzhou (廣州萬達城嘉華度假酒店)	June 2019	48.0	16%
74	Wanda City Vista Resort Wuxi (無錫萬達城文華度假酒店)	June 2019	36.0	4%
75	Wanda City Realm Resort Wuxi (無錫萬達城嘉華度假酒店)	June 2019	48.0	31%
Total			2,874.9	

Note:

(1) English names are for identification only.

Hotel management

Hotel facilities

We offer a diverse range of food and beverage options at the hotels that we operate, including Western cuisine, Asian cuisine, lounges and lobby bars. The hotels operated by us also offer a comprehensive range of facilities for conferences, meetings as well as for recreational and social events. Many of the hotels operated by us can also accommodate meeting, conference and exhibition activities. These hotels are equipped with wireless Internet technology and general information technology. The meeting rooms also feature audio visual technologies to accommodate our business customers. With respect to social events, we are well-equipped to accommodate the growing demand for wedding banquet services in China.

Marketing of hotels

We promote and advertise the hotels operated by us primarily through the Internet, newspapers, television, radio, promotional materials, press coverage and outdoor billboards. Our sales and marketing departments are responsible for conducting promotional and marketing activities for hotels under the Wanda brand. As part of our sales and marketing strategy, we enter into special arrangements with corporate partners and offer them discounted rates for a given time period. We maintain a centralised online reservation system which allows potential customers to book rooms at any of the hotels operated by us and also manage their existing reservations. Customers can also call our toll-free reservation telephone lines to make reservations.

Other Business – Property Development and Sales

During the relevant periods prior to 2020, our property development and sale business primarily consisted of (i) development of commercial and residential properties, and (ii) sale of commercial and residential properties. In this business segment, we derived revenue primarily from development and sale of office buildings, SOHO, shopping malls and residential units in our building complex projects we developed.

We were one of the top real estate developers in China based on contracted sales and contracted GFA for 2018. Our extensive land reserve is strategically spread across China, which enables us to minimize our exposure to risks related to regional differences in economic development as well as cyclical market fluctuations. As at 30 June 2019, we had land reserves with an aggregate GFA of approximately 9.4 million sq.m., comprising 119 projects. For the six months ended 30 June 2019, our contracted sales amounted to approximately CNY11.7 billion.

In light of our asset-light strategy, we decided to phase out our property sale business by transferring our entire residential property development business and sale of commercial and residential property business outside of our Group and had completed the phase-out of our property sale business by the end of 2019. As a result, we will no longer undertake any residential property development projects or conduct any sale of properties, while we will continue to undertake primarily commercial property development projects, including those under asset-light model, as part of our commercial management business.

We plan to continue to engage in the development, holding and operation of commercial properties, which can be under either asset-light or asset-heavy model. Under the asset-light model, we introduce co-investors to collaboratively develop Wanda Plazas. Depending on the negotiated mode of collaboration, our co-investors will fund the capital required for the construction of Wanda Plazas and acquisition of the land or, in certain cases, provide land themselves, whereas we will be responsible for design, construction, leasing and operation of the relevant commercial properties and may also acquire the land for the projects if the co-investors do not provide the land themselves. We and our co-investors will share rental income from the commercial properties based on a negotiated ratio. This business model allows in third-party investors and funds and significantly minimises our Group's pressure from funding the relevant projects with our own capital. In addition, we can take full advantage of its expertise in commercial property operations and management to expedite our expansion in target cities.

Projects developed under such asset-light model can be classified as cooperative projects or asset-light projects. In both types of projects, the co-investors will fund the capital required for the construction of Wanda Plazas, but (i) in cooperative projects, the co-investors will provide the land, and (ii) in asset-light projects, the co-investors do not provide the land themselves but pay the land acquisition cost and we will acquire the land for the projects.

We have established a comprehensive operation system to ensure prudent business planning and effective execution in terms of developing and managing commercial property projects. Our unique modular management system centralises control over the entire development process at the headquarters level and has 318 checkpoints that are designed to regulate key deliverables at each stage of development, thus allowing management to exercise a high degree of control over the entire development process. This system enables us to achieve consistent project management of multiple projects in China and perform development and management functions on a timely basis.

Property development

We have established a scalable property development model and have maintained a systematic development approach, which incorporates specific standard criteria and operational guidelines that may be replicated across different property projects. The diagram below summarises the major stages typically involved in our development of a property project:

Land Acquisition	Project Planning and Pre-development Issues	Design	Construction	Pre-leasing	Pre-sale and Sale	Delivery and After Sales Services
<ul style="list-style-type: none">• Land identification• Preliminary site analysis and evaluation• Feasibility report• Site selection• Land acquisition	<ul style="list-style-type: none">• Market analysis• Product positioning• Development planning and designing/conceptual design	<ul style="list-style-type: none">• Outline design• Structural design• Construction design• Drawing• Landscape design• Interior design• Property management proposal	<ul style="list-style-type: none">• Contractor selection• Supplies procurement• Construction monitoring• Completion check acceptance• Development project ownership	<ul style="list-style-type: none">• Strategic positioning• Tender process• Leasing commitment	<ul style="list-style-type: none">• Promote to potential purchasers• Application for pre-sale permits• Sale and selling management• Possession of properties• Mortgage and registration support	<ul style="list-style-type: none">• Property ownership certificates• Property management• Client services• Payment arrangement

Modular management system

A systematic and disciplined development management approach is pivotal to our property development process. At the core of development management is our modular (模塊化) management system, which we believe provides us with a distinct competitive advantage and allows us to achieve effective execution throughout the entire property development process. Supported by our operational management know-how, our modular management system subdivides the entire property development process into discrete modules, each of which contains detailed functional elements. Our modular system contains “traffic-light” control features, which are designed to monitor the performance and development at each check point and ensure timely and effective execution in line with the planned development schedule. By integrating data entry and management, development schedule setting and adjustment mechanisms, a responsibility and approval chain and a performance evaluation into a standardised modular interface, our modular management system is scalable and reusable to meet the requirements of each individual project. Our modular system enables us to effectively achieve consistency in project management throughout our projects and carry out comprehensive development functions on a timely basis in multiple projects across various cities and regions.

Site selection

Site selection is the fundamental first step to our project development operation and a major factor in determining the success of a property development project. The key factors we consider in site selection include the following:

- general economic conditions and development prospects of a city;
- income levels and purchasing power of local residents;
- population density of the local areas, particularly the surrounding area within five kilometres from the target site;
- infrastructure, urban planning and the development plan of the local government;
- location in the city, proximity to the city centre and access to transport and public facilities; and

- completeness of the primary land development and suitability for a large-scale property development.

When assessing the development potential of a target site, we also take into consideration the surrounding environment, existing and potential property developments in the area, the overall competitive landscape, the overall cost structure and cash flow estimate and the expected return on investment. Our in-house development department is responsible for conducting research by utilising our internal and external resources on the potential demand for a property development on a target site, determining our market position, calculating certain operational and financial ratios based on our internal benchmarks, such as the target positive cash flow for a project, and formulating a preliminary project feasibility study analysis for the approval of our “Project Information Evaluation Committee”.

Land acquisition

With respect to our asset-heavy projects and certain asset-light projects in which we are responsible for acquisition of land, we primarily acquire land through the listing-for-sale process organised by the relevant government authorities. When deciding to whom the land use rights should be granted, the relevant authorities may consider not only the bidding price, but also the bidder’s real estate experience, development track record, credit history, qualifications and development proposal in connection with their local zoning, urbanisation and development plans. In addition, we also acquire land through auctions and public tenders. When land use rights are granted by way of a tender, an evaluation committee consisting of no fewer than five members (including a representative of the grantor and other experts) evaluates and selects the tenders that have been submitted. We occasionally acquire land from third parties by acquiring equity interests in companies that possess land use rights or by entering into cooperative arrangements with such companies.

Property development financing

Historically, we typically used proceeds from pre-sales, and sales, of our properties to complete existing commercial and residential property developments and to fund part of the construction costs of our investment properties and hotel projects. During 2016, 2017 and 2018 and the six months ended 30 June 2019, we financed our projects through revenue from operation, interest-bearing bank and other borrowings, debt and bond financing and trust financing.

Our policy is to finance our projects through internal resources to the extent practicable, so as to reduce the level of external funding required. However, our financing needs and methods vary from project to project, and we finance select projects partially through bank borrowings and trust financing arrangements, which are subject to limitations imposed by PRC regulations and monetary policies.

In order to optimise and create a balance of high return on equity, stable cash flow and prudent capital structure amid sound and rapid expansion, we also introduced a new method of financing for our Wanda Plaza projects and started to implement an asset-light development strategy in 2015. We rolled out a cooperation model for Wanda Plazas by capitalising on our capabilities in development, operation and management of commercial properties, and our strong brand. Under this cooperation model, investors will share investment costs with us and fund the capital for the construction of Wanda Plazas and acquisition of the land, or in certain cases, provide land, whereas we will be responsible for design, construction, leasing and operation. We and our co-investors will share the rental income based on a negotiated ratio.

Planning and design

We have strong in-house planning and design capabilities. To support our large-scale development platform and product portfolio, we delegate planning and design functions to our business planning and research institute and our hotel design institute. Depending on the property type, our business planning and research institute or hotel design institute formulate the master planning and initial design plans, taking into account local aesthetic preferences, government policies and market conditions. We usually

start planning one year in advance to set our opening schedule, the number of self-owned properties, and operational and sales targets. Based on product positioning, our in-house planning and design staff will prepare the design and specifications, including general space distribution blueprints and construction plans, the strategic positioning of individual stores and detailed blueprints setting out the tenant mix and store positioning. Our planning and design divisions also ensure that the master design concept and design plan meet our internal design philosophy and standards and conform to our cost control and operational requirements. Once the master planning, design concept and specifications are established, we work closely with third-party designers and architects on a project-by-project basis to prepare a more detailed architectural planning and design drawing. We use a tender process in selecting these architectural and design firms and make our selection based on their proposed designs, reputation for reliability and quality, as well as bidding price. The planning and design departments at the respective project companies will, in the manner described above, produce a development and construction blueprint based on our design and submit it to the relevant PRC government authorities for approval.

Procurement and suppliers

Our procurement costs vary depending on the particular project under development. They primarily include the cost of raw materials, labour and machinery. We have established a centralised procurement process that procures supplies to suit the specific needs and designs of each project. We acquire certain building materials and equipment (such as elevators and air conditioners), while other construction materials (such as steel, cement and decoration materials) are generally procured by our contractors and subcontractors. We also maintain records of the standardised features of certain construction materials in our information technology system, which enables us to consistently procure high-quality construction materials.

Our major suppliers comprise construction contractors, construction material suppliers and equipment suppliers. We use a transparent online tender process to select suppliers based on a variety of factors, including their business scale, product quality and certification, sales and customer service quality, technical capabilities and compliance with national standards and requirements. We maintain a bank of suppliers who meet our quality requirements and periodically review and update this list based on our experience in doing business with them. Through our operating history, we have established stable and long-term relationships with our major suppliers, who have provided us with quality services and materials on favourable commercial terms.

Project construction

We outsource all of our construction projects to independent construction companies which are selected by us based on a set of strict criteria through a tender process. We maintain an internal bank of construction companies that meet our criteria and invite them to tender for new projects. Amongst those construction companies that hold all of the required certificates and permits, we select companies with which to contract based on their professional qualifications, reputation in the industry, track record and technical and construction capabilities, as well as the proposed construction schedule and price. Construction contracts we enter into with selected construction companies contain certain warranties provided by the construction companies with respect to quality and safety requirements as mandated by the relevant PRC laws and regulations as well as our internal requirements. The contracts also contain the payment arrangements, which are typically made in instalments. In general, we pay the construction companies 60% to 70% of the full contract price during the construction process. When the construction work is completed, we pay part of the balance of the full contract price (80% to 85%) of the contract price after reviewing and ensuring that the finished product is satisfactory. At closing, we pay a further part of the balance (up to approximately 95% of the contract price). The remaining 5%, as the quality deposit, is paid one to two years after the completion of the project.

Quality control and development supervision

We place significant emphasis on quality control with regard to the construction and management of our projects and have adopted quality control procedures to ensure compliance with relevant laws and regulations. To implement our quality control policies and procedures, we have established a three-tier quality control system that governs each aspect of the development process.

At the headquarters level, our quality control centre is responsible for overseeing the overall construction process for all of our projects. The department conducts a monthly review of the projects under construction and regular on-site inspections. If there are any instances of non-compliance, the quality control centre will report them to senior management and require the non-compliant entity to rectify the issue within a specified time frame.

At the individual project level, the quality control divisions within each of our regional project companies supervise the quality control process for their respective projects. They closely monitor the quality and timetable of the relevant construction project, as well as the selection of construction materials. All of the relevant departments of the project companies are required to strictly abide by our standards and procedures.

We also engage independent certified project supervision companies to monitor certain aspects of our projects. We are highly selective in choosing project supervision companies and maintain a brand bank of independent certified project supervision companies that meet both our internal quality control standards and the applicable national standards. The project supervision companies conduct quality and safety control checks on construction materials and on-site workmanship, and monitor the progress of our construction work.

During the relevant periods prior to 2020, with respect to properties developed for sale, we provided our customers with a warranty for the quality of the structure of the building pursuant to the Measures on the Sales of Commodity Housing (《商品房銷售管理辦法》) and Regulations for the Operations of Urban Property Development (《城市房地產開發經營管理條例》). In addition, we also provided quality warranties for certain fittings and fixtures, if applicable, usually for a period of two years, according to published national standards.

Property sale

Properties for sale

During the relevant periods prior to 2020, as part of our property sale business, we developed for sale various types of commercial and residential properties, primarily residential properties, office spaces, SOHO and retail spaces. For 2016, 2017 and 2018 and the six months ended 30 June 2019, our contracted sales amounted to approximately CNY107.3 billion, CNY71.7 billion, CNY47.5 billion and CNY11.7 billion, respectively. Decreases in contracted sales in 2017, 2018 and the six months ended 30 June 2019 were primarily due to our strategic adjustment. Over the recent years, we have focused on increasing our income from commercial management and hotel operation and transforming to an asset-light commercial management company. To implement our asset-light strategy, we decided to phase out our property sale business by transferring our residential property development business and sale of commercial and residential property business outside of our Group and had completed the phase-out of our property sale business by the end of 2019.

The table below sets forth our land reserve by region as at 30 June 2019:

Region	Land Reserve⁽²⁾ (’000 sq.m.)
Northeastern China ⁽¹⁾	1,793.1
Northern China ⁽¹⁾	762.5
Central China ⁽¹⁾	1,661.6
Eastern China ⁽¹⁾	2,014.0
Southern China ⁽¹⁾	366.4
Northwestern China ⁽¹⁾	1,468.9
Southwestern China ⁽¹⁾	414.1
Wanda Mao	753.2
Others	153.7
Total	9,387.5

Notes:

- (1) Northeastern China includes Heilongjiang, Jilin and Liaoning; Northern China includes Beijing, Tianjin, Hebei, Inner Mongolia and Shanxi; Central China includes Hubei and Henan; Eastern China includes Shandong, Jiangsu, Anhui, Zhejiang, Shanghai, Jiangxi, Fujian and Hunan; Southern China includes Guangdong, Guangxi and Hainan; Northwestern China includes Shaanxi, Ningxia, Gansu, Qinghai, Xinjiang and Tibet; and Southwestern China includes Sichuan, Chongqing, Yunnan and Guizhou.
- (2) Land reserve means the sum of (i) the gross floor area of the properties for sale that have not been transferred to purchasers pursuant to the relevant sales contract, and (ii) the gross floor area of self-owned properties that have not commenced operation (excluding the asset-light projects).

Sales and marketing

In connection with our property sale business, we maintained a sales and marketing department in each of our southern project centre, northern project centre, central project centre, and culture and tourism project centre. These sales and marketing departments were responsible for formulating and implementing marketing and sales strategies and plans for our properties for sale in the regions covered by each respective project centre, while the sales and marketing staff in our local project companies undertook the execution of these strategies and plans. As part of our fully integrated property development process, we managed the sales of our property projects through our internal sales team; we did not engage third-party sales agents. We incentivised our sales staff through performance-based commissions.

Pre-sales

In connection with our property sale business, we pre-sold a portion of our properties prior to their completion, usually within six to eight months of acquiring the relevant land parcel. Under the applicable PRC laws and regulations, there are certain conditions that must be met before our sales and marketing team could commence any pre-selling activities. These conditions include full payment of the land grant premium and acquisition of the relevant land use rights certificate, all construction-related permits and a pre-sale permit for the relevant property. In addition to national requirements, there are also local regulations that govern and restrict the ability of property developers to pre-sell their properties.

Delivery and after-sale services

In connection with our property sale business, we closely monitored construction schedules in order to deliver properties to our customers within the time frame specified in the respective sale and purchase agreements and in a manner compliant with PRC laws and regulations. The time frame for delivery is set out in the sale and purchase agreements entered into with our customers. Once a property project or project phase had passed the requisite inspections and was ready for delivery, our project companies would notify our customers and, together with representatives of the construction contractors and third-party supervisory companies, inspected the properties prior to delivery to ensure quality.

Our local project companies and property management companies were responsible for providing after-sale services to our customers, including helping them obtain property ownership certificates/real estate registration certificates, following up on any warranty issues during the warranty period and performing maintenance services. We followed established internal guidelines and procedures to obtain the property ownership certificates/real estate registration certificates and to provide maintenance and repair services. We are committed to customer satisfaction. We offered multiple communication channels for our customers to provide feedback and complaints about our products or services, including a customer service telephone hotline, designated website and reporting issues to our local offices. We sought to immediately respond to customers' complaint and inquiries, and make timely adjustment to our products and services to meet our customers' needs.

Payment arrangements

In connection with our property sale business, our customers had the option of purchasing our properties by (i) a lump sum payment, (ii) instalment payments, or (iii) mortgage financing.

We typically required a customer to pay a deposit upon signing a sale and purchase agreement. A customer who made payment in a lump sum was typically required to fully settle the total purchase price within one month after execution of the sale and purchase agreement. A customer who paid in instalments was typically required to make payments according to the payment schedule and settle the balance within three months after execution of the sale and purchase agreement. Where customers chose mortgage financing as their payment method, they were typically required to pay 30% to 50% of the total purchase price as a down-payment. The remaining amount was settled by the banks pursuant to the respective mortgage financing agreements.

In accordance with industry practice, we provided guarantees to banks with respect to the mortgage loans they offered to our purchasers. These guarantees are released 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/real estate registration certificate for the mortgaged property, which is generally available within six months to one year after the purchaser takes possession of the relevant property.

Others Business – Miscellaneous

Our business in the "others" segment in our consolidated financial statements mainly comprises sale of yachts and operation of the Group's research and design centres and institutes.

Sale of Yachts

We are engaged in yacht manufacturing and sales through our directly or indirectly held subsidiaries and derive income from the sale of these yachts to dealers or ultimate users. Our yachts fall into three categories, namely small yachts, medium-sized yachts and large yachts, with an offering of 11 different models, sizes ranging from 50 feet to 131 feet in length and sales prices ranging from GBP600,000 to GBP17,000,000 per yacht. Our sales network spreads across 45 countries in five continents. Most of our yachts are sold to European customers.

Institutes

Our Group operates two Wanda institutes.

- *Wanda Hotel Research Institute:* Wanda Hotel Research Institute is a world leading hotel design firm with strong expertise in architectural design, interior design, mechanical and electric equipment, lighting and art work. It has successfully designed hotels for the world's major hotel management brands and has designed and operated over 100 hotel projects.
- *Wanda Commercial Research Institute:* Wanda Commercial Research Institute holds a Class-A Certificate of Engineering Design Integrated Qualification and national high-tech enterprise accreditation and is the only institution in China that specialises in the planning and design

of large shopping centres. During 2016, 2017 and 2018, it managed more than 200 projects annually and was responsible for every step from the overall project planning, design and construction management to completion and acceptance of the projects. Wanda Commercial Research Institute has helped to establish not only the standards for architectural design and technologies for commercial properties, but also the PRC industry standards at the request of the Ministry of Housing and Urban-Rural Development, the Ministry of Commerce and the Ministry of Public Security. Wanda Commercial Research Institute also designed the third generation Wanda commercial centres – Wanda City.

New Consumption Business Model

Strategic cooperation

In January 2018, we entered into strategic cooperation agreements with Tencent Technology (Shenzhen) Co., Ltd. (騰訊科技(深圳)有限公司), Beijing Jingdong Century Trade Co., Ltd. (北京京東世紀貿易有限公司), Suning Commerce Group Co., Ltd. (蘇寧雲商集團股份有限公司, currently Suning.com Group Co., Ltd. (蘇寧易購集團股份有限公司)) and Sunac (collectively, the “**Investor Group**”). Pursuant to the strategic cooperation agreements, the Investor Group planned to invest an aggregate amount of approximately CNY34.0 billion to acquire an approximately 14% equity interest in the Company held by investors who purchased the shares upon the Company’s delisting from the Hong Kong Stock Exchange. Pursuant to these strategic agreements, we also planned to collaborate with the Investor Group to build an integrated offline and online “New Consumption” business model in the PRC by utilising the online resources of the Investor Group and our offline commercial assets resources to provide Chinese consumers with a more intelligent and convenient consumption experience, as well as achieving mutual benefits for both our businesses and those of the members of the Investor Group.

Joint Venture

On 31 May 2018, our Company, Linzhi Tencent Technology Co., Ltd. (林芝騰訊科技有限公司) and Hainan Fapiaoer Science and Technology Co., Ltd. (海南高燈科技有限公司) (“**Gaopeng**”), a Tencent-invested company engaging in electronic invoice business, announced that the three parties would invest CNY4,600 million and launch an internet technology joint venture to integrate both online and offline consumption and build a “New Consumption” business model. The joint venture, Shanghai Beyond Science Co., Ltd. (上海丙晟科技有限公司), incorporated in Shanghai on 8 June 2018, was held as to 51% by the Company, 42.48% by Linzhi Tencent Technology Co., Ltd. (林芝騰訊科技有限公司) and 6.52% by Gaopeng. The Company will inject into the joint venture its internet business previously operated under Ffan.com.

The joint venture aims to leverage the three partners’ strengths and integrate both online and offline businesses by transforming our offline presence into smart shopping malls and driving online traffic through Tencent’s social platforms, including WeChat. Through the joint venture, the Company expects to build digital assets of smart plazas and link shopping centres, shop owners and consumers closely to form an integrated digital system and greatly enhance shopping efficiency and consumer experience. The new model is also expected to transform the consumers visiting Wanda Plazas into members of a larger Wanda system, which provides consumers with a much wider range of products and services such as financial services, and cultural and sporting events.

Customers

Investment properties

In this segment, we primarily target tenants who are oriented towards middle-class consumers. Tenants of our investment properties primarily include well-known international and domestic retailers, cinemas, KTVs, supermarkets, department stores and restaurants.

Hotels

As for all hotels operated by us (including our self-owned hotels), our customers generally include MICE (meetings, incentives, conferences and exhibitions) clients and guests seeking to hold events or stay in up-scale or higher hotels, such as business people and tourists. The hotels we operate fall into those owned by third parties and those owned by ourselves.

For the hotels owned by third parties, we cooperate with premium international brands and target different types of customers according to the market positioning of the relevant brands. The majority of these brands target businesses and individuals with high spending power. After the disposal of our properties to R&F pursuant to the agreements we entered into with R&F in 2017, we have continued to provide hotel management services with respect to certain of the sold hotels that operate under our brand. We charge R&F management fees for providing hotel management services with respect to these hotels.

For the hotels we owned, Wanda Reign, Wanda Vista and Wanda Realm are positioned at the high-end and target business and high-end consumers. The other two, Wanda Jin and Wanda Moments, primarily target leisure-seeking and upper-middle class customers.

Properties for sales

During the relevant periods before 2020, we offered commercial properties of various sizes for sale, including small-sized and large-sized offices. As a result, purchasers of our commercial properties comprised a wide variety of companies and individuals, including small and medium-sized enterprises and high net wealth individuals. Purchasers of our residential units were generally first-time home buyers and upgraders. To implement our asset-light strategy, we decided to phase out our property sale business by transferring our residential property development business and sale of commercial and residential property business outside of our Group and had completed the phase-out of our property sale business by the end of 2019.

Competition

The commercial management and hotel operation markets in China is highly competitive and fragmented. We compete primarily with other commercial property operators and hotel operators in our principal business segments. Some of our competitors may have more financial and other resources than us and may be more sophisticated than us in terms of engineering, technical, marketing and management skills. We face competition from nearby properties in attracting office, retail and individual tenants in order to maintain high occupancy rates. Our hotels compete with other hotels, particularly those that offer a similar levels of service and prices. We believe that the major factors affecting competition in the commercial management and hotel operation markets include the operational and management capabilities of the management team. Other important factors include branding, financial resources, location, pricing and the quality of the properties. For the hotel industry, we believe that the brand name, room rates, availability of business and leisure facilities and service quality are the most important factors in providing a competitive advantage.

Insurance

We maintain insurance policies including (i) property all risk insurance, (ii) machinery damage and loss, (iii) work-related accidents, and (iv) third-party liability insurance. As at the date of this Offering Circular, we have not experienced any significant loss or damage to our properties. We believe we maintain adequate insurance coverage for our operations and that the scope of the coverage is in line with industry norms.

Intellectual Property

We rely on a combination of copyright, trademark and domain name registrations to establish and protect our IT systems, brand names and logos, marketing designs and internet domain names. We have acquired copyrights for the core parts of our unique modularised IT systems that enable us to monitor and manage every aspect of our business operations more efficiently. Our principal brand names are registered trademarks in the PRC, and we have registered several domain names, including www.wanda.com.cn and www.wandaplazas.com.

As at the date of this Offering Circular, we do not believe that any individual property right or related group of intellectual property rights is of such importance that its expiration or termination would materially affect the business of the Company. As at the date of this Offering Circular, we are not aware of any infringement of our intellectual property rights by any third party.

Employees

As at 30 June 2019, we had a total of 44,548 full-time employees. In accordance with the relevant PRC laws and regulations, we contribute to social welfare insurance for our full-time employees in the PRC.

We are committed to recruiting, training and retaining skilled and experienced employees throughout our operations. We intend to achieve this by offering competitive remuneration packages as well as by focusing on training and career development. The comprehensive training system offered by our “Wanda Institute” covers the management, existing employees and new employees, and caters to meet their different training needs. We encourage our employees to grow with us. We make great efforts to provide our employees with a dynamic work environment, active training programmes, varied career development opportunities and a fair reward system that is aligned with their long-term performance.

Environmental and Safety Matters

We are subject to a number of environmental laws and regulations including the Environment Protection Law of the PRC (《中華人民共和國環境保護法》), the Prevention and Control of Noise Pollution Law of the PRC (《中華人民共和國環境噪聲污染防治法》), the Environmental Impact Assessment Law of the PRC (《中華人民共和國環境影響評價法》), and Administrative Regulations on Environmental Protection for Development Projects (《建設項目環境保護管理條例》). Under these regulations, each property developed by us must undergo environmental assessments. As applicable, an environmental impact study report needs to be submitted to the relevant government authorities before a property developer can begin the property development. Upon completion of any development, the relevant governmental authorities will also inspect the site to ensure that applicable environmental standards have been complied with, and the inspection report is presented together with other specified documents to the local property administration authorities for their record. Our operations are also subject to inspections by government authorities with regard to various safety and environmental issues. We believe that we are in compliance in all material respects with applicable PRC environmental laws and regulations.

We are also subject to various PRC laws and regulations in respect of labour, insurance, accidents, health and safety, including the Labour Law of the PRC (《中華人民共和國勞動法》), the Labour Contract Law of the PRC (《中華人民共和國勞動合同法》), the Interim Regulations on Collection and Payment of Social Insurance Premiums (《社會保險費徵繳暫行條例》), the Regulations on Work-related Injury Insurances (《工傷保險條例》), the Regulations on Unemployment Insurance (《失業保險條例》), the Interim Measures for Childbirth Insurance of Enterprise Employees (《企業職工生育保險試行辦法》), Production Safety Law of the PRC (《中華人民共和國安全生產法》) and other related regulations, rules and provisions issued by the relevant governmental authorities from time to time. The construction companies are responsible for quality and safety control during the course of the construction and are required to maintain accident insurance for their construction workers pursuant to PRC laws and regulations, and we generally do not carry insurance against personal injuries that may occur during property construction. To ensure construction quality and safety, we have set up a set of standards and specifications with which construction workers must comply during the property’s construction. We

engage qualified supervision companies to oversee the construction process. Under PRC laws, construction contractors bear civil liability for personal injuries arising out of construction work. However, they shall not be liable if the injury is caused by the wilful conduct of the injured person.

Legal Proceedings

From time to time we are involved in legal proceedings, claims or disputes in the ordinary course of business with our customers. At the date of the Offering Circular, there was no litigation or arbitration or claim pending or threatened against us or our Directors which could be expected to have a material adverse effect on our business, financial conditions and results of operations.

DESCRIPTION OF MATERIAL INDEBTEDNESS AND OTHER OBLIGATIONS

To fund our existing property development projects and to finance our working capital requirements, we and our subsidiaries have entered into loan agreements with various financial institutions and obtained financing through debt offerings. We set forth below a summary of certain of these loans and other indebtedness.

PRC loans

As at 30 June 2019, we had approximately CNY96.9 billion of Renminbi-denominated loans outstanding. Our PRC loans are subject to certain covenants in the loan agreements between us and certain banks. For instance, some of our subsidiaries are subject to covenants that restrict them from carrying out distribution of dividend without the lenders' written consents and/or before the repayment of the outstanding principals of and accrued interests on the relevant loans.

Offshore bank facility

In December 2019, Wanda HK entered into a facility letter with E.Sun Commercial Bank, Ltd., Hong Kong Branch in relation to a medium-term revolving loan facility of US\$20 million, which facility is guaranteed by the Company and has a term of two years. Each drawdown under this facility is for a period of up to 180 days and bears an interest at the rate of the sum of one-, two-, three- and six-month London Interbank Offered Rate (“LIBOR”) plus 1.65% per annum or the sum of LIBOR plus 1.4% per annum if Wanda HK and the Company maintain a monthly average combined checking and savings account balance above a specified amount. As at the date of this Offering Circular, the total amount of the drawdown under this facility was US\$20 million.

Offshore corporate bonds

On 30 January 2014, the 2014 Issuer issued US\$600 million of 2014 Guaranteed Bonds, which are unconditionally and irrevocably guaranteed by Wanda HK, Wanda Real Estate Investments Limited 萬達地產投資有限公司 and Wanda Commercial Properties Overseas Limited 萬達商業地產海外有限公司. The 2014 Guaranteed Bonds bear interest at the rate of 7.25% per annum. The 2014 Guaranteed Bonds are listed on the Hong Kong Stock Exchange and will mature on 29 January 2024. The 2014 Guaranteed Bonds have the benefit of a keepwell deed and a deed of equity interest purchase undertaking entered into by the Company.

On 1 March 2019, the 2019 (March) Issuer issued US\$300 million of 2019 (March) Guaranteed Bonds, which are unconditionally and irrevocably guaranteed by Wanda HK, Wanda Real Estate Investments Limited 萬達地產投資有限公司 and Wanda Commercial Properties Overseas Limited 萬達商業地產海外有限公司. The 2019 (March) Guaranteed Bonds bear interest at the rate of 6.25% per annum. The 2019 (March) Guaranteed Bonds are listed on the Hong Kong Stock Exchange and will mature on 27 February 2020. The 2019 (March) Guaranteed Bonds have the benefit of a keepwell deed and a deed of equity interest purchase undertaking entered into by the Company.

On 5 December 2019, the 2019 (December) Issuer issued US\$400 million of 2019 (December) Guaranteed Bonds, which are unconditionally and irrevocably guaranteed by Wanda HK, Wanda Real Estate Investments Limited 萬達地產投資有限公司 and Wanda Commercial Properties Overseas Limited 萬達商業地產海外有限公司. The 2019 (December) Guaranteed Bonds bear interest at the rate of 6.95% per annum. The 2019 (December) Guaranteed Bonds are listed on the Hong Kong Stock Exchange and will mature on 5 December 2022. The 2019 (December) Guaranteed Bonds have the benefit of a keepwell deed and a deed of equity interest purchase undertaking entered into by the Company.

Keepwell deed

For each of the 2014 Guaranteed Bonds, the 2019 (March) Guaranteed Bonds and the 2019 (December) Guaranteed Bonds, the Company provided a keepwell deed, under which the Company undertook with the 2014 Issuer, the 2019 (March) Issuer or the 2019 (December) Issuer, as the case may

be, Wanda HK and The Bank of New York Mellon, London Branch as trustee that it would, directly or indirectly, own and hold all the outstanding shares of each of the 2014 Issuer, the 2019 (March) Issuer or the 2019 (December) Issuer, as the case may be, and Wanda HK, and would not directly or indirectly pledge, grant a security interest, or in any way encumber or otherwise dispose of any such shares. In addition, the Company also undertook to cause each of the 2014 Issuer, the 2019 (March) Issuer or the 2019 (December) Issuer, as the case may be, and Wanda HK to have a Consolidated Net Worth of at least US\$1.00 at all times; each of the 2014 Issuer, the 2019 (March) Issuer or the 2019 (December) Issuer, as the case may be, and Wanda HK to have sufficient liquidity to ensure timely payment by each of the 2014 Issuer, the 2019 (March) Issuer or the 2019 (December) Issuer, as the case may be, and Wanda HK of any amounts payable in respect of the 2014 Guaranteed Bonds, the 2019 (March) Guaranteed Bonds or the 2019 (December) Guaranteed Bonds, as the case may be, and the guarantee of such bonds; and Wanda HK to have an aggregate Total Equity of at least HK\$1,000,000,000 in respect of the 2014 Guaranteed Bonds or HK\$800,000,000 in respect of the 2019 (March) Guaranteed Bonds and the 2019 (December) Guaranteed Bonds, as the case may be, at all times. The keepwell deed does not constitute a guarantee by the Company of the payment of any obligations of the 2014 Issuer, the 2019 (March) Issuer or the 2019 (December) Issuer, as the case may be, or Wanda HK.

Deed of equity interest purchase undertaking

The Company and The Bank of New York Mellon, London Branch as trustee entered into a deed of equity interest purchase undertaking on 29 January 2014 for the 2014 Guaranteed Bonds, on 1 March 2019 (March) for the 2019 Guaranteed Bonds and on 5 December 2019 for the 2019 (December) Guaranteed Bonds, respectively, pursuant to which the Company agreed to purchase, either by itself or through a PRC incorporated subsidiary of the Company, all or certain equity interests held by a guarantor of the 2014 Guaranteed Bonds, the 2019 (March) Guaranteed Bonds or the 2019 (December) Guaranteed Bonds, as the case may be, or any offshore subsidiary of the Company upon receiving a written purchase notice from The Bank of New York Mellon, London Branch as trustee.

Interest reserve account

The 2014 Issuer entered into an interest reserve account agreement with The Bank of New York Mellon, London Branch as trustee and the account bank, pursuant to which the 2014 Issuer deposited US\$43,500,000, equivalent to the interest amount in respect of two interest periods on the 2014 Guaranteed Bonds, into the interest reserve account on 29 January 2014. For the life of the 2014 Guaranteed Bonds, subject to certain exceptions, the 2014 Issuer is required to maintain a credit balance in the interest reserve account that is equal to the prescribed amount.

Unlike the 2014 Guaranteed Bonds, the 2019 (March) Guaranteed Bonds, the 2019 (December) Guaranteed Bond and the Bonds do not have the benefit of an interest reserve account agreement.

PRC corporate bonds, medium-term notes and commercial mortgage-backed securities

PRC non-guaranteed corporate bonds

On 26 August 2015, the Company issued CNY5 billion of the first tranche of 2015 non-guaranteed corporate bonds, which bear interest at the rate of 4.09% per annum. The first tranche of 2015 non-guaranteed corporate bonds are listed on the Shanghai Stock Exchange and will mature on 27 August 2020. At the end of the third year, the Company has a right to adjust the interest rate, and the investors can exercise an option to sell back the bonds. On 30 July 2018, the Company announced adjustment of interest rate to 6.80% per annum, effective from 27 August 2018. The principal amount of the outstanding bonds was CNY4.85 billion.

On 13 October 2015 the Company issued CNY5 billion of the second tranche of 2015 non-guaranteed corporate bonds, which bear interest at the rate of 3.93% per annum. The second tranche of 2015 non-guaranteed corporate bonds are listed on the Shanghai Stock Exchange and will mature on 14 October 2020. At the end of the third year, the Company has a right to adjust the interest rate, and the

investors can exercise an option to sell back the bonds. On 7 September 2018, the Company announced adjustment of interest rate to 6.60% per annum, effective from 14 October 2018. The principal amount of the outstanding bonds was CNY4.95 billion.

On 13 January 2016 the Company issued CNY5 billion of the first tranche of 2016 non-guaranteed corporate bonds, which bear interest at the rate of 3.20% per annum. The first tranche of 2016 non-guaranteed corporate bonds are listed on the Shanghai Stock Exchange and will mature on 14 January 2021. At the end of the third year, the Company has a right to adjust the interest rate, and the investors can exercise an option to sell back the bonds. On 13 December 2018, the Company announced adjustment of interest rate to 5.50% per annum, effective from 14 January 2019. The principal amount of the outstanding bonds was CNY4.89 billion.

On 6 May 2016, the Company issued CNY8 billion of the second tranche of 2016 non-guaranteed corporate bonds, which bear interest at the rate of 3.95% per annum. The second tranche of 2016 non-guaranteed corporate bonds are listed on the Shanghai Stock Exchange and will mature on 6 May 2021. At the end of the third year, the Company has a right to adjust the interest rate, and the investors can exercise an option to sell back the bonds. On 2 April 2019, the Company announced adjustment of interest rate to 4.90% per annum, effective from 6 May 2019. The principal amount of the outstanding bonds was CNY8 billion.

On 24 May 2016, the Company issued CNY5 billion of the third tranche of 2016 non-guaranteed corporate bonds, which bear interest at the rate of 3.95% per annum. The third tranche of 2016 non-guaranteed corporate bonds are listed on the Shanghai Stock Exchange and will mature on 24 May 2021. At the end of the third year, the Company has a right to adjust the interest rate, and the investors can exercise an option to sell back the bonds. On 23 April 2019, the Company announced adjustment of interest rate to 4.80% per annum, effective from 24 May 2019. The principal amount of the outstanding bonds was CNY4.87 billion.

On 13 June 2016, the Company issued CNY3 billion of the fourth tranche of 2016 non-guaranteed corporate bonds, which bear interest at the rate of 3.88% per annum. The fourth tranche of 2016 non-guaranteed corporate bonds are listed on the Shanghai Stock Exchange and will mature on 13 June 2021. At the end of the third year, the Company has a right to adjust the interest rate, and the investors can exercise an option to sell back the bonds. On 15 May 2019, the Company announced adjustment of interest rate to 4.75% per annum, effective from 13 June 2019. The principal amount of the outstanding bonds was CNY3 billion.

On 12 July 2016, the Company issued CNY2 billion of the fifth tranche of 2016 non-guaranteed corporate bonds, which bear interest at the rate of 3.45% per annum. The fifth tranche of 2016 non-guaranteed corporate bonds are listed on the Shanghai Stock Exchange and will mature on 12 July 2021. At the end of the third year, the Company has a right to adjust the interest rate, and the investors can exercise an option to sell back the bonds. On 14 June 2019, the Company announced adjustment of interest rate to 4.70% per annum, effective from 12 July 2019. The principal amount of the outstanding bonds was CNY2.00 billion.

On 27 July 2016, the Company issued CNY2 billion of the sixth tranche of 2016 non-guaranteed corporate bonds, which bear interest at the rate of 3.36% per annum. The sixth tranche of 2016 non-guaranteed corporate bonds are listed on the Shanghai Stock Exchange and will mature on 27 July 2021. At the end of the third year, the Company has a right to adjust the interest rate, and the investors can exercise an option to sell back the bonds. On 1 July 2019, the Company announced adjustment of interest rate to 4.70% per annum, effective from 27 July 2019. The principal amount of the outstanding bonds was CNY2 billion.

PRC non-guaranteed medium-term notes

On 30 July 2015, the Company issued CNY10 billion of the first tranche of 2015 non-guaranteed medium-term notes, which bear interest at the rate of 4.60% per annum. The first tranche of 2015 non-guaranteed medium-term notes will mature on 31 July 2020.

On 13 November 2015, the Company issued CNY5 billion of the second tranche of 2015 non-guaranteed medium-term notes, which bear interest at the rate of 4.25% per annum. The second tranche of non-guaranteed medium-term notes will mature on 16 November 2020.

On 28 March 2016, the Company issued CNY6 billion of the first tranche of 2016 non-guaranteed medium-term notes, which bear interest at the rate of 3.70% per annum. The first tranche of 2016 non-guaranteed medium-term notes will mature on 29 March 2021.

On 26 April 2016, the Company issued CNY6 billion of the second tranche of 2016 non-guaranteed medium-term notes, which bear interest at the rate of 4.00% per annum. The second tranche of 2016 non-guaranteed medium-term notes will mature on 28 April 2021.

On 8 March 2017, the Company issued CNY5 billion of the first tranche of 2017 non-guaranteed medium-term notes, which bear interest at the rate of 4.80% per annum. The first tranche of 2017 non-guaranteed medium-term notes will mature on 10 March 2020.

On 17 April 2017, the Company issued CNY6 billion of the second tranche of 2017 non-guaranteed medium-term notes, which bear interest at the rate of 5.20% per annum. The second tranche of 2017 non-guaranteed medium-term notes will mature on 19 April 2020.

On 1 June 2017, the Company issued CNY2 billion of the third tranche of 2017 non-guaranteed medium-term notes, which bear interest at the rate of 5.30% per annum. The third tranche of 2017 non-guaranteed medium-term notes will mature on 5 June 2020.

PRC commercial mortgage-backed securities

On 31 July 2019, the Company issued CNY2.7 billion of the first tranche of Wanda Plaza Yangtze River Economic Belt Commercial Mortgage-Backed Securities (the “**CMBS**”). The CMBS are secured by the property assets of two Wanda Plazas, namely Shanghai Songjiang Wanda Plaza (上海松江萬達廣場) and Ningbo Jiangbei Wanda Plaza (寧波江北萬達廣場), and the rights to receive rental income generated from the two Wanda Plazas. The CMBS are listed on the Shanghai Stock Exchange and are expected to mature on 23 January 2037.

The CMBS comprise Senior CMBS and Subordinated CMBS. The Senior CMBS had an issuance size of CNY2.6 billion with a rate of return of 6% per annum and were subscribed for by qualified investors, while the Subordinated CMBS had an issuance size of CNY0.1 billion with no return and were held by the Company. The Senior CMBS rank senior in right of payment to the Subordinated CMBS. The Company may adjust the rate of return in respect of the Senior CMBS every three years after the year the CMBS were issued and has the preferential right to repurchase the CMBS.

In connection with the CMBS, the Company entered into a shortfall payment undertaking letter (差額支付承諾函), pursuant to which the Company undertook to make up the shortfall if the relevant payment accounts have insufficient capital to cover the amounts due and payable under the CMBS.

Customer guarantees

In line with industry practice, we provide guarantees to mortgagee banks in respect of mortgage loans taken out by purchasers of our properties. Our guarantee periods commence from the dates that the relevant mortgage loans are granted and end upon the earlier of (i) the satisfaction of the relevant

mortgage loans by the purchasers of the properties and (ii) the issuance of property ownership certificates for the relevant mortgaged properties. As at 30 June 2019, we had provided an aggregate CNY28,631 million in guarantees to our customers.

DIRECTORS AND MANAGEMENT

Directors

The Board currently consists of six Directors and three independent Directors.

The following table sets out certain information regarding the Directors.

Name	Age
<i>Directors</i>	
Mr. DING Benxi (丁本錫)	64
Mr. QI Jie (齊界)	53
Mr. XIAO Guangrui (肖廣瑞)	49
Mr. WANG Zhibin (王志彬)	46
Mr. LI Zhaohui (李朝輝)	44
Mr. JIANG Yong (蔣勇)	48
<i>Independent Directors</i>	
Dr. CHEN Hanwen (陳漢文)	51
Mr. LIU Jipeng (劉紀鵬)	63
Dr. XUE Yunkui (薛雲奎)	55

Mr. DING Benxi, aged 64, is a Director of the Company and the chairman of the Board, the positions he has held since December 2009 and December 2012, respectively. He is also the chairman of the Strategy Committee of the Company. He concurrently serves as a director and the president of Wanda Group, the chairman of Wanda Cultural Group and a director of Wanda Properties Group Co., Ltd. Mr. Ding has also served as a non-executive director and the chairman of the Hong Kong Listco since July 2013. Mr. Ding formerly worked as the president of the Company from December 2009 to December 2012. Prior to joining the Company in December 2009, Mr. Ding served in various positions in Wanda Group, such as the president, executive president and vice president.

Mr. Ding graduated by correspondence courses from Renmin University of China (中國人民大學) in July 1998. He was qualified as a senior engineer with China State Construction Engineering Corporation (中國建築工程總公司) in August 1997.

Mr. QI Jie, aged 53, is a Director and the president of the Company, the positions he has held since December 2012. He is also a member of the Strategy Committee of the Company. He concurrently serves as a director of Wanda Group. From July 2013 to November 2017, Mr. Qi served as a non-executive director of the Hong Kong Listco. After joining Wanda Group in April 2000, Mr. Qi served in various positions in Wanda Group and its subsidiaries, including the executive president and vice president of the Company and the general manager, assistant to the president and general manager of the cost control department of the Southern Project Management Centre (南方項目管理中心).

Mr. Qi graduated with a master's degree in philosophy from Dalian University of Technology (大連理工大學) in April 1991. Mr. Qi was authorised as a Certified Public Accountant (註冊會計師) by the Ministry of Finance of the PRC (中國財政部) in April 1998 and as a Registered Tax Agent (註冊稅務師) by the Dalian Bureau of Human Resources (大連市人事局, now the Bureau of Human Resources and Social Security of Dalian (大連市人力資源和社會保障局)) in May 2000.

Mr. XIAO Guangrui, aged 49, is a Director of the Company. He concurrently serves as a senior vice president and the general manager of the human resources management centre of Wanda Group. Mr. Xiao formerly served in various positions in the Company, including the general manager of the department of human resources, assistant to the president and vice president and was a vice president of Wanda Culture Group. Prior to joining the Company, Mr. Xiao worked for the First Affiliated Hospital

of Dalian Medical University (大連醫科大學附屬第一醫院), Dalian Pharmaceutical Group (大連醫藥集團) and Dalian Sanhuan Group (大連三寰集團) and was responsible for management affairs at these entities.

Mr. Xiao graduated with a bachelor's degree in Chinese language study from Liaoning Normal University (遼寧師範大學) in July 1992 and a master's degree in business administration from Dalian University of Technology (大連理工大學) in July 2000.

Mr. WANG Zhibin, aged 46, is a Director and an executive vice president of the Company. After joining Wanda Group in November 2007, he held various positions in Wanda Group and its subsidiaries, including the president of Wanda Commercial Management and vice president of the Company. Prior to joining Wanda Group, he served as the head of heating, ventilation and air conditioning of BCEGC Wujian Decoration Company (北京建工集團五建裝飾公司), a manager of the engineering department of Beijing Riviera Villas Real Estate Development Co., Ltd. (北京香江花園別墅房產開發有限公司) and the head of northwestern properties, the head of Tianjin properties and an associate director of the facilities and properties department of DTZ Property Management (Beijing) Co., Ltd. (北京戴德梁行物業管理有限公司).

Mr. Wang graduated with a bachelor's degree in heating, ventilation and air conditioning engineering from Tianjin University (天津大學) and was qualified as an intermediate engineer in August 2001.

Mr. LI Zhaohui, aged 44, is a Director of the Company. He joined the merger and acquisition department of Tencent in 2010 and currently serves as a managing partner of Tencent Investment and a general manager of the merger and acquisition department of Tencent. Mr. Li has been a director of Yonghui Yunchuang Science Co., Ltd. (永輝雲創科技有限公司), a subsidiary of Yonghui Superstores Co., Ltd (永輝超市股份有限公司)(a company listed on the Shanghai Stock Exchange, stock code: 601933) since March 2018. Between 2008 and 2010, Mr. Li served as an investment principal at Bertelsmann Asia Investment.

Mr. Li graduated with a bachelor's degree from the Guanghua School of Management of Peking University (北京大學) in 1998 and a master's degree in business administration from Duke University's Fuqua School of Business in 2004.

Mr. JIANG Yong, aged 48, is a Director of the Company. He concurrently serves as an executive vice president of the development headquarters of Suning.Com Co., Ltd. (蘇甯易購集團股份有限公司). After joined Suning in June 1995, Mr. Jiang served in various positions in Suning, including the business manager of Guangzhou Branch and Beijing Branch of Suning Domestic Appliance Co., Ltd. (蘇寧交家電有限公司) and the general manager of Shanghai Branch, vice president of the marketing management centre and president of the chain development centre of Suning Appliance Chain Store (Group) Co., Ltd. (蘇寧電器連鎖集團股份有限公司).

Mr. Jiang graduated from Jiangsu Business Management Cadre College (江蘇省商業管理幹部學院) in June 1995.

Dr. CHEN Hanwen, aged 51, is an independent Director of the Company, and concurrently serves as the chairman of Audit Committee of the Company and a member of Remuneration and Evaluation Committee and Nomination Committee of the Company. He is currently a professor of the University of International Business and Economics (對外經濟貿易大學國際商學院). Dr. Chen concurrently serves as an independent director of Shanghai Fuiou Payment Service Co., Ltd. (上海富友支付服務股份有限公司), an independent director of Xiamen Bank Co., Ltd. (廈門銀行股份有限公司), an independent director of Xiamen International Bank Co., Ltd. (廈門國際銀行股份有限公司), an independent director of Beijing Tri-Prime Gene Pharmaceutical Co., Ltd. (北京三元基因藥業股份有限公司) and an independent director of Yango Group Co., Ltd. (陽光城集團股份有限公司)(a company listed on the Shenzhen Stock Exchange, stock code: 000671). Dr. Chen previously served in several positions at

Xiamen University (廈門大學), including vice dean and dean of the Department of Accounting, vice dean of the Management School, vice dean of the Graduate School and secretary general of the Academic Committee. For the period from 2011 to 2017, Dr. Chen served as an independent director of Industrial Securities Co., Ltd. (興業證券股份有限公司)(a company listed on the Shanghai Stock Exchange, stock code: 601377) and for the period from 2015 to 2017, Dr. Chen served as an independent director of Minsheng Holdings Co., Ltd. (民生控股股份有限公司)(a company listed on the Shenzhen Stock Exchange, stock code: 000416).

Dr. Chen graduated with a doctoral degree in economics and a bachelor's degree in economics from Xiamen University in 1997 and 1990, respectively.

Mr. LIU Jipeng, aged 63, is an independent Director of the Company. He concurrently serves as an independent director of China Oceanwide Holdings Limited (中泛控股有限公司)(a company listed on the HKSE, stock code: 00715), China Minsheng Banking Corp., Ltd. (中國民生銀行股份有限公司)(a company listed on the Shanghai Stock Exchange, stock code: 600016 and the HKSE, stock code: 01988), China Tonghai International Financial Limited (中國通海國際金融有限公司)(a company listed on the HKSE, stock code: 00952), Zhongjin Gold Corporation Limited (中金黃金股份有限公司)(a company listed on the Shanghai Stock Exchange, stock code: 600489) and Chongqing Changan Automobile Company Limited (重慶長安汽車股份有限公司)(a company listed on the Shenzhen Stock Exchange, stock code: 000625). Mr. Liu has served as a vice chairman of China Enterprise Reform and Development Society (中國企業改革與發展研究會) since 2012, a professor, a doctoral supervisor and the dean of the Capital Finance Research Institute of China University of Political Science and Law (中國政法大學) since 2015, a vice director of Independent Director Committee of China Association for Public Companies (中國上市公司協會) since 2016, a second-tier professor and the dean of Faculty of Business of China University of Political Science and Law (中國政法大學) since November 2016 and a legal counsel of the State-Owned Assets Supervision and Administration Commission of the State Council (國務院國有資產監督管理委員會) since 2017. Mr. Liu served as an independent Director of the Company from December 2009 to January 2016 and an independent director of AVIC Capital Co., Ltd. (中航資本控股股份有限公司) from May 2015 to May 2017.

Mr. Liu graduated with a bachelor's degree in economics from Beijing Economics Institute (北京經濟學院) in July 1983 and a master's degree in economics from Chinese Academy of Social Sciences (中國社會科學院) in July 1986.

Dr. XUE Yunkui, aged 55, is an independent Director of the Company, and concurrently serves as the chairman of Nomination Committee of the Company and a member of Strategy Committee and Audit Committee of the Company. Mr. Xue is also an independent director of Midea Group Co., Ltd. (美的集團股份有限公司)(a company listed on the Shenzhen Stock Exchange, stock code: 000333). He currently serves as a professor in accounting of Cheung Kong Graduate School of Business (長江商學院) and was a vice dean of Cheung Kong Graduate School of Business (長江商學院), vice dean of the accounting faculty of Shanghai University of Finance and Economics (上海財經大學) and vice dean of Shanghai National Accounting Institute (上海國家會計學院).

Dr. Xue graduated from the Southwestern University of Finance and Economics (西南財經大學) in July 1980. He received a Ph.D. from the Southwest University (西南大學) in June 1995.

Senior management

The senior management is responsible for the day-to-day operation of the Company's business. The following table sets forth information regarding the senior management:

Name	Age
Mr. QI Jie (齊界)	53
Dr. NING Qifeng (寧奇峰)	54
Mr. LIU Haibo (劉海波)	49
Mr. WANG Zhibin (王志彬)	46
Mr. ZHANG Chunyuan (張春遠)	49
Mr. SHEN Jiaying (沈嘉穎)	49
Mr. LIANG Feijian (梁飛建)	44
Mr. PENG Wangqin (朋汪勤)	50
Mr. QU Xiaodong (曲曉東)	45
Mr. YU Xiuyang (于修陽)	46
Mr. HUANG Guobin (黃國斌)	50
Mr. GAO Xiaojun (高曉軍)	50

Mr. QI Jie is the president of the Company. For Mr. Qi's biography, see "*Directors*" in this section.

Dr. NING Qifeng, aged 54, is the chief vice president of the Company and concurrently serves as an executive director of Hong Kong Listco. He formerly served as an assistant to the president, vice president and senior vice president of the Company, the general manager of Wanda Hotel Construction Co., Ltd. (萬達酒店建設有限公司) and the chairman of Wanda Commercial Planning & Research Institute (萬達商業規劃研究院). Prior to joining the Company, Dr. Ning served as an instructor at Xi'an Jiaotong University (西安交通大學), the chairman of Jingye Design Institute of Xi'an Jingye Group (西安敬業集團) and the chief engineer of Shenzhen Branch of Guangdong Urban Planning and Design Institute (廣東省城市規劃設計院).

Dr. Ning graduated with a bachelor's degree from Northwest Institute of Construction Engineering (西北建築工程學院) in July 1986, a master's degree from Xi'an Institute of Metallurgy and Construction Engineering (西北冶金建築學院) in July 1992 and a Ph.D. from Tongji University (同濟大學) in May 2004.

Mr. LIU Haibo, aged 49, is the chief vice president of the Company. Mr. Liu formerly served in various positions in the Company, including as a vice president, an assistant to the president, the general manager of the development department and the regional general manager. Prior to joining the Company in June 2010, Mr. Liu worked for Eton Properties (Xiamen) Co., Ltd. (裕景興業(廈門)有限公司), acting as the deputy general manager, from February 1994 to June 2010, and served as a teacher in the School of Electronics and Information Engineering of Beijing University of Aeronautics and Astronautics (北京航空航天大學) from July 1991 to February 1994.

Mr. Liu graduated with a bachelor's degree in engineering from Beijing University of Aeronautics and Astronautics (北京航空航天大學) in July 1991 and an executive master's degree in business administration from Xiamen University (廈門大學) in June 2005.

Mr. WANG Zhibin is the senior vice president of the Company. For Mr. Wang's biography, see "*Directors*" in this section.

Mr. ZHANG Chunyuan, aged 49, is a vice president of the Company and general manager of the Human Resources Centre of the Company since December 2017. After joining the Company in September 2008, Mr. Zhang served as deputy general manager, general manager and assistant to president of the human resources department of the Company. He has also served in various positions in

the Group as deputy general manager, senior assistant to the president and vice president of the Human Resources Centre of Wanda Group, and vice president of Wanda Culture Group. Prior to joining the Company in September 2008, Mr. Zhang had served in the management of China National Travel Service Group (中旅集團) and China Communication Group Co., Ltd. (神州通信有限公司).

Mr. Zhang graduated with a bachelor's degree from Beijing Jiaotong University (formerly known as Northern Jiaotong University)(北京交通大學(前稱北方交通大學)) in July 1993.

Mr. SHEN Jiaying, aged 49, is a vice president of the Company. He joined the Company in March 2003. His previous managerial positions include department head of Tianjin Properties Development Co., Ltd. of the Company (天津地產公司), vice president of Tianjin Commercial Management Co., Ltd. (天津商管公司), vice president of Suzhou Investment Co., Ltd. (蘇州投資公司), general manager of the sales department of the project management centre of Wanda Group (萬達集團), general manager of Beijing Superstar Investment Co., Ltd. (大歌星投資公司), senior assistant to the CEO and deputy general manager of operation of the Company, executive vice president and general manager of the operations centre, general manager of Wanda Department Store (萬達百貨), vice president of Wanda Cultural Industry Group (文化集團), general manager of China region of Wanda Sports Holding Company (萬達體育控股中國區), general manager and executive president of Wanda Themed Entertainment (主題娛樂公司) and vice president of Wanda Culture Travel Innovation Group Co., Ltd. (文旅集團). Before joining the Company, he held managerial positions at Shanghai Anrong Business Consulting Co., Ltd. (上海安榮商務諮詢有限公司) and DBS Land (新加坡發展銀行置地集團), respectively.

He received a bachelor's degree from Shanghai Institute of Mechanical Engineering (上海機械學院) in July 1990 and a MBA degree from Donlinks School of Economics and Management, University of Science and Technology Beijing (北京科技大學東凌經濟管理學院) in July 2018.

Mr. LIANG Feijian, aged 44, is a vice president of the Company. After joining the Company in March 2010, Mr. Liang held various positions in the Company, including general manager of Wuhan Wanda Plaza, general manager of Shijiazhuang Regional Company, general manager of Fuzhou Regional Company, general manager of Xiamen Regional Company and Chief Operating Officer of a business management company. Prior to joining the Company in March 2010, he held management positions at China Trust Hotel – Xiamen (廈門中信酒店), Xiamen Yunding Mountain Villa Hotel (廈門雲頂山莊酒店) and Yuzhou Properties Co. Ltd. (禹洲地產股份有限公司).

He graduated from Xi'an Tourism Training Institute (西安旅遊培訓學院) in July 1997 with a college degree.

Mr. PENG Wangqin, aged 50, is a vice president of the Company. After joining the Company in February 2011, Mr. Peng served as general manager of the Hefei Project Company and Fuyang Project Company, assistant to the president and general manager of Hefei Wanda City as well as assistant to the senior president of the Company. Prior to joining the company in February 2011, he held positions in Anhui Province Construction Engineering Group Industrial Equipment Installation Company (安徽省建工集團工業設備安裝公司), Gujing Group Anhui Longcheng Real Estate Development Co., Ltd. (古井集團安徽龍城房地產開發有限公司), Zhejiang Greentown Group Anhui Greentown Real Estate Development Co., Ltd. (浙江綠城集團安徽綠城房地產開發有限公司), and Zhejiang Xiangyuan Group Hefei Xiangyuan Real Estate Development Co., Ltd. (浙江祥源集團合肥祥源房地產開發有限公司).

He graduated from Hefei University of Technology (合肥工業大學) in 1992 with a bachelor's degree.

Mr. QU Xiaodong, aged 45, is a vice president of the Company, a position he has held since December 2012. He concurrently serves as the general manager of the Southern Project Management centre (南方項目管理中心) of the Company, a position he has held since December 2012. Mr. Qu

joined the Company in November 2002 and since then served in various positions, including assistant to the president, general manager of the marketing centre, and deputy general manager of the Project Management Centre (項目管理中心).

Mr. Qu received his bachelor's degree in economics from Liaoning University (遼寧大學) in July 1997.

Mr. YU Xiuyang, aged 46, is a vice president of the Company, a position he has held since December 2013. He concurrently serves as the general manager of the Central Project Management Centre (中區項目管理中心) of the Company, a position he has held since April 2013. Mr. Yu joined the Company in December 2009 and since then served in various positions, including assistant to the president, general manager of the cost-control department and general manager of the project company in Huai'an.

Mr. Yu graduated in industrial engineering from Dongbei University (東北大學) in June 1999. He was qualified as an engineer with Dalian Urban Construction Group Co., Ltd. in November 2000.

Mr. HUANG Guobin, aged 50, is a vice president of the Company. He concurrently serves as the general manager of the Northern Project Management Centre (北區項目管理中心) of the Company. Mr. Huang formerly held various positions in the Company, including vice general manager (vice president level) of the Cultural Tourism Project Management Centre (文旅項目管理中心), assistant to president and leader of the Guilin Wanda City preparation group (桂林萬達城籌建組), assistant to president and vice general manager of the Southern Project Management Centre (南方項目管理中心), general manager of the Southern District sales department (南區行銷部), vice general manager of Jinan Wanda Commercial Plaza Co., Ltd. (濟南萬達商業廣場有限公司) and vice general manager of Kunming Wanda Real Estate Co., Ltd. (昆明萬達房地產有限公司). Prior to joining the Company in April 2003, Mr. Huang served as the manager of sales department in Shanghai Fuxi Company (上海福喜公司) from March 2003 to April 2003, and the general manager of business department of Yunnan Commercial General Company (雲南商業總公司) from August 1990 to March 2003.

Mr. Huang graduated from Zhongshan University (中山大學) with a bachelor's degree in arts in July 1990.

Mr. GAO Xiaojun, aged 50, is a senior assistant to the president and chief financial officer of the Company. From December 2012 to February 2016, he served as the employee representative supervisor and concurrently served as supervisor of Shanghai Xinfeifan E-commerce Co., Ltd. (上海新飛凡電子商務有限公司) and Feifan E-commerce Co., Ltd. (飛凡電子商務有限公司). He had previously served as assistant to the president of the Company and deputy general manager of Wanda Commercial Management, deputy general manager of the Finance Department of the Company, deputy general manager of Beijing Dagexing Investment Co., Ltd. (北京大歌星公司), deputy general manager of Taiyuan, Xi'an and Jilin Project Company, and deputy general manager of the finance department of Nanjing Project Company.

He obtained a bachelor's degree in economics from Dongbei University of Finance and Economics (東北財經大學) in July 1992 and a master's degree in economics from Dongbei University of Finance and Economics in July 1999.

Board committees

The Board delegates certain responsibilities to various committees. We have formed four board committees, being the strategy committee, the audit committee, the nomination committee and the remuneration and evaluation committee.

Strategy committee

The strategy committee consists of two Directors, Mr. DING Benxi and Mr. QI Jie, and one independent Director, Dr. XUE Yunkui. Mr. DING Benxi is the chairman of the committee.

The principal responsibilities of the strategy committee include conducting research and making proposals on the medium- and long-term development strategies and plans; conducting research and making proposals on the significant investment and financing plans; conducting research and making proposals on the significant projects of capital manipulation and assets operation; conducting research and making proposals on the significant matters which affect the development of the Company; monitoring the implementation of the above-mentioned issues; and other matters that the Board of Directors has authorised it to deal with.

Audit committee

The audit committee consists of one Director, Mr. QI Jie, and two independent Directors, Dr. CHEN Hanwen and Dr. XUE Yunkui. Dr. CHEN Hanwen is the chairman of the committee.

The principal responsibilities of the audit committee include reviewing and supervising the Company's financial reporting procedures, including making proposals on appointing or changing the external auditors; supervising the Company's internal audit system and its implementation; communication between the internal auditors and external auditors; auditing the financial information and its disclosure; reviewing the Company's internal control system and auditing the significant Connected Transactions; nominating the heads of the internal audit department; and other matters that the Board has authorised it to deal with.

Nomination committee

The nomination committee consists of one Director, Mr. QI Jie, and two independent Directors, Dr. XUE Yunkui and Dr. CHEN Hanwen. Dr. XUE Yunkui is the chairman of the committee.

The principal responsibilities of the nomination committee include preparing the procedures and criteria for recommending appointments of Directors and senior management of the Company, including general managers and vice general managers and conducting a preliminary review candidates' qualifications and credentials; making recommendations to the Board on size and composition of the Board in accordance with the Company's operating results, assets and shareholding structure; and other matters that the Board has authorised it to deal with.

Remuneration and evaluation committee

The remuneration and evaluation committee consists of one Director, Mr. QI Jie, and two independent Directors, Mr. LIU Jipeng and Dr. CHEN Hanwen. Mr. LIU Jipeng is the chairman of the committee.

The principal responsibilities of the remuneration and evaluation committee include formulating the criteria for assessing and conducting assessments of the Directors and senior management as well as formulating, implementing and reviewing the remuneration, reward and incentive policies and plans for the Directors and senior management in accordance with the terms of reference of the Directors and senior management and the importance of their positions as well as the remuneration benchmarks for the relevant positions in the other comparable companies and other matters that the Board has authorised it to deal with.

Directors' interests in the Company

As at 30 June 2019, the interests of the Directors in the shares of the Company as recorded in the register kept by the Company were as follows:

Name	Nature of interest	Number of shares held	Percentage of holding
Mr. DING Benxi	Beneficial interest	100,000,000	2.21%
Mr. QI Jie	Beneficial interest	10,000,000	0.22%
Mr. WANG Zhibin	Beneficial interest	1,600,000	0.04%

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2019, so far as the Directors are aware, the following persons or institutions have beneficial interests or short positions in any shares or underlying shares of the Company, or who is directly and/or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Company:

Shareholder	Nature of interest	Total number of Ordinary Shares and underlying shares ('000)	Approximate percentage of shareholding in the total share capital of the Company as at 30 June 2019 ⁽²⁾
Mr. WANG Jianlin ⁽¹⁾	Beneficial interest	288,500	6.372%
Dalian Wanda Group Co., Ltd.	Beneficial interest	1,929,000	42.608%

Notes:

(1) This represents direct equity interest in the Company. Mr. WANG Jianlin is deemed to be interested in the shares of the Company through his interest in (i) Dalian Wanda Group Co., Ltd., in which Mr. WANG Jianlin and his son directly and indirectly own a combined 100% equity interest; (ii) Dalian Wanda Wentai Management Consulting Partnership (L.P.), in which Mr. WANG Jianlin owns 69.27% of its equity interests and which holds 3.59% equity interest in the Company; and (iii) his direct equity interest in the Company of 288,500,000 shares.

(2) The percentage in the table was calculated based on 4,527,347,600 shares of the Company in issue as at 30 June 2019.

PRC REGULATIONS

Regulations Overview

PRC property developers must comply with various requirements mandated by PRC laws and regulations, including the policies and procedures established by local authorities designated to implement such laws and regulations.

In particular, the PRC government exerts considerable direct and indirect influence on the development of the PRC property sector by imposing industry policies and other economic measures, such as control over the supply of land for property development, property financing, taxation, foreign exchange and foreign investment. Through these policies and measures, the PRC government may restrict or reduce the land available for property development, raise the benchmark interest rates of commercial banks, place additional limitations on the ability of commercial banks to make loans to property developers and property purchasers, impose additional taxes, such as property tax, impose levies on property sales and restrict foreign investment in the PRC property sector.

Over the past few years, the PRC government has announced a series of measures designed to stabilise the PRC economy and cool down the property market. For example, on 19 May 2010, the PRC government issued policies to enhance the enforcement of the LAT. On 29 September 2010, the PBOC and the CBRC jointly issued the Notice on Relevant Issues Regarding the Improvement of Differential Mortgage Loan Policies, which (i) raised the minimum down-payment to 30 per cent, for all first residential property purchases with mortgage loans and; (ii) required commercial banks in China to suspend mortgage loans to customers for their third and subsequent residential property purchases or to non-local residents who cannot provide documentation certifying payment of local tax or social security for longer than a one-year period. On 26 January 2011, the General Office of the State Council (中華人民共和國國務院辦公廳) issued a new notice to further regulate the property market, which among other measures increased the minimum down-payment for second residential property purchases from 50 per cent, to 60 per cent, and levied business tax on ordinary residential properties transferred within five years from the purchase date. In April 2011, the PBOC further raised the benchmark one-year deposit and lending rates by an additional 0.25 per cent, to 3.25 per cent, and 6.31 per cent., respectively. The reserve requirement ratio for commercial banks was raised six times and reduced once in 2011, with the ratio ranging from 17.5 per cent, to 21 per cent., effective from 5 December 2011. As at the date of this Offering Circular, the benchmark one-year lending rate is 4.35 per cent. The reserve requirement ratio for commercial banks was also reduced several times since 2012, with the ratio ranging from 16.5 per cent, to 20.0 per cent., effective from 18 May 2012. In addition, in 2017, local governments in over 50 cities, such as Beijing, Shanghai, Shenzhen, Suzhou, Wuxi, Haikou, Tianjin, Chengdu and Wuhan, have promulgated a variety of control policies over 160 times, including, among other measures, limiting the maximum number of residential properties which may be purchased by a family, abolishing certain preferential treatment relating to business taxes payable upon transfers of residential properties, requiring higher minimum down-payments, imposing property purchase restrictions on residents, increasing mortgage interest rates. The PRC government has also launched new property tax schemes on a trial basis in Shanghai and Chongqing. Furthermore, the PRC government has commenced to regulate the use of proceeds derived from the foreign bonds issued by the real estate companies. On 27 June 2018, the NDRC made the public announcement to encourage the use of proceeds from the issue of foreign bonds by the real estate companies being limited to the debt repayment.

Intra-Group Lending

According to Section 61 of the General Principles of Loans (《貸款通則》) promulgated by the PBOC in 1996, lending and capital raising among non-financial institutions is prohibited. However, the Supreme People's Court of the PRC issued the Provisions of the Supreme People's Court on Certain Issues Concerning Application of Law in Trial of Cases Involving Private Lending, which became effective on 1 September 2015 and provide that contracts of private lending between legal persons and other organisations for the need of production or business operation shall be generally held to be valid by the people's courts subject to limited exceptions. Where the interest rate agreed upon by the borrower

and the lender does not exceed 24% annually and the lender requests the borrower to pay the interest according to the agreed interest rate, the people's courts shall uphold the request. Where the interest rate agreed upon by the borrower and the lender exceeds 36% annually, the agreement regarding the extra interest shall be invalid. Where the borrower requests the lender to refund the portion of the interest that is already paid and exceeds the annual interest rate of 36%, the people's courts shall uphold the request.

PRC Regulation on Land Supply

PRC government regulations and policies may impair the Company's ability to obtain a sufficient number of sites or retain sites suitable for property developments. The Company derives the majority of its revenue from the sale of properties it developed in China. This revenue stream is dependent on the Company's ability to complete and sell its property developments. To grow or maintain its business in the future, the Company will be required to replenish its land reserve with suitable sites for developments. The Company's ability to identify and acquire a sufficient number of suitable sites is subject to a number of factors that are beyond its control.

The PRC government controls substantially all of the country's land supply, and regulates the means by which property developers, including the Company, obtain land sites for property developments. As a result, the PRC government's land supply policies affect the Company's ability to acquire land use rights for sites that the Company identifies and the costs of land acquisition. Although these regulations do not prevent privately held land use rights from being traded in the secondary market, the PRC government's policy to grant state-owned land use rights through a bidding system has caused an increase in the acquisition cost of land reserves in the PRC. If the Company fails to acquire sufficient land reserves in a timely manner and at acceptable prices, or at all, its business prospects, financial condition and results of operations may be materially and adversely affected.

The PRC government has adopted a number of initiatives to control the growth of China's residential property sector and to promote the development of affordable housing. For example: (1) one of these initiatives requires local governments, when approving new residential projects after 1 June 2006, to ensure that at least 70 per cent, of their annual land supply (in terms of estimated GFA) consists of units that are smaller than 90 sq.m.; (2) an announcement stated that land supply priority shall be given to ordinary commodity houses at middle to low prices and of medium to small sizes (including affordable housing); (3) pursuant to the "Catalogue of Restricted Use of Land (2012 Version)" issued by the MNR and the National Development and Reform Commission on 23 May 2012, the area of a parcel of land granted for commodity housing development shall not exceed seven hectares in small cities and towns, 14 hectares in medium-sized cities or 20 hectares in large cities; (4) pursuant to the Notice on Further Strengthening the Administration and Control of Real Estate Land and Construction jointly issued by the MNR and the MOHURD in September 2010, the development and construction of large low-density residential properties should be strictly restricted, and the plot ratio for residential land is required to be more than 1.0; and (5) On 2 February 2016, the Ministry of Finance, the MNR, the PBOC and the CBRC jointly issued the Notice of Regulating the Relevant Issues of Land Reserve and Fund Management which provides that, among other things, each administrative region shall comprehensively streamline and reorganise its existing land reserve institutions, the operation of land reserves shall only be conducted by the land reserve institutions in the list that is maintained according to the applicable land reserve regulations, and the overall scale of land reserves in each administrative region shall be determined based on a variety of factors, including the level of its local economic development, the local financial condition, the annual amount of supply of lands, the annual debt limitations of the local government, and the capability of the local government to repay its debts.

In addition, the PRC central and local governments have implemented various measures to regulate the means by which property developers obtain land use rights for property development. The PRC government also controls land supply through zoning, land usage regulations and other means.

All of these measures further intensify the competition for land in China among property developers. These policy initiatives and other measures adopted by the PRC government from time to time may limit the Company's ability to acquire suitable land for its development or increase land acquisition costs significantly, which may have a material adverse effect on its business, financial condition and results of operations.

Land Acquisition Laws

The Rules Regarding the Grant of State-Owned Land Use Rights by Way of Tender, Auction and Listing-for-sale (《招標拍賣掛牌出讓國有土地使用權規定》) issued by the MNR (“**Circular 11**”) provide that, from 1 July 2002, land use rights for the purposes of commercial use, tourism, entertainment and commodity residential property development in China may be granted by the government only through public tender, auction or listing-for-sale. When deciding whom to grant land use rights, the relevant authorities will consider not only the tender price, but also the credit history, qualifications and tender proposal of the tenderor. These measures will result in a more transparent land grant process, which will enable developers to compete more effectively.

On 5 June 2003, the PBOC published the Notice on Further Strengthening the Administration of Real Estate Loans (《中國人民銀行關於進一步加強房地產信貸業務管理的通知》). This notice prohibits commercial banks from advancing loans to fund the payments of land premiums. As a result, real estate developers may only use their own funds to pay for land premiums.

In September 2007, the MNR further promulgated the Regulations on the Grant of State-owned Construction Land Use Rights through Public Tender, Auction and Invitation for Bidding (《招標拍賣掛牌出讓國有建設用地使用權規定》) to amend Circular 11, requiring that land for industrial use, except land for mining, must also be granted by public tender, auction and invitation for bidding. Only after the grantee has paid the land premium in full under the land grant contract can the grantee apply for the land registration and obtain the land use right certificates. Furthermore, land use rights certificates may not be issued in proportion to the land premium paid under the land grant contract.

In November 2009, the Ministry of Finance, the MNR, the PBOC, the PRC Ministry of Supervision and the PRC National Audit Office jointly promulgated the Notice on Further Enhancing the Revenue and Expenditure Control over Land Grant (《關於進一步加強土地出讓收支管理的通知》). This Notice raises the minimum down-payment for land premium to 50 per cent, and requires the land premium to be fully paid within one year after the signing of a land grant contract, subject to limited exceptions.

The MNR promulgated the Notice on Problems Regarding Strengthening Control and Monitoring of Real Estate Land Supply (《關於加強房地產用地供應和監管有關問題的通知》)(the “**Notice**”) on 8 March 2010. According to the Notice, the land provision for affordable housing, redevelopment of slum districts and small/medium residential units for occupier owner should be no less than 70 per cent, of total land supply, and the land supply for large residential units will be strictly controlled and land supply for villa projects will be banned. The Notice also requires that the lowest land grant price should not be less than 70 per cent, of the basic land price of the place where the granted land is located and the real estate developer's bid deposit should not be less than 20 per cent, of the lowest grant price. The land grant contract must be executed within ten working days after the land transaction is confirmed. The minimum down-payment of the land premium should be 50 per cent, and must be paid within one month after the execution of the land grant contract. The balance should be paid in accordance with the agreement, but no later than one year. If the land grant contract is not executed in accordance with the requirement above, the land shall not be handed over and the deposit will not be returned. If no grant premium is paid after the execution of the agreement, the land must be withdrawn.

On 21 September 2010, the MNR and the MOHURD issued the Notice on Further Strengthening the Administration and Control of the Lands for Real Estates and the Construction of Real Estates (《國土資源部、住房和城鄉建設部關於進一步加強房地產用地和建設管理調控的通知》) to tighten the

examination of qualifications of land bidders. It specifies that when the bidders take part in the bidding or auction of the transferred land, the competent authority of land and resources shall, in addition to requiring proof of identity documents and payment of the bid security, require an undertaking letter stating that the bid security is not from any bank loan, shareholders' borrowing, on-lending or raised funds and the credit certificate issued by commercial financial institutions. If the bidders are found to have conducted any of the following illegal or irregular activities, the competent authority of land and resources shall forbid the bidders and their controlling shareholders from participating in land bidding activities before such illegal activities being rectified: (1) committing crimes such as forgery of instruments with an aim to embezzle and to illegally sell the land; (2) conducting illegal activities such as illegal transfers of land use right; (3) where the land is idling for a period of more than one year due to the enterprises' reasons; or (4) where the development and construction enterprise develops and takes advantage of the land in contravention of the conditions as agreed in the transfer contract. The relevant authorities of land and resources at all levels are required to strictly implement the regulations.

In order to control and facilitate the procedure of obtaining land use rights, several local governments have stipulated standard provisions for land grant contracts. Such provisions usually include terms such as use of land, land premium and manner of payment, building restrictions including site coverage, total gross floor area and height limitations, construction of public facilities, submission of building plans and approvals, deadlines for completion of construction, town planning requirements, restrictions against alienation before payment of premium and completion of prescribed development and liabilities for breach of contract. Any change requested by the land user in the specified use of land after the execution of a land grant contract will be subject to approvals from the relevant local land bureau and the relevant urban planning department, and a new land use contract may have to be signed and the land premium may have to be adjusted to reflect the added value of the new use. Registration procedures must then be carried out immediately.

Under current regulations, grantees of land use rights are generally allowed to dispose of the land use rights granted to them in the secondary market. Subject to the terms of the land use right grant and relevant registration requirements, the Company may choose to acquire land from such third parties. The availability of privately held land will, however, remain limited and subject to uncertainties.

Government Approvals

A PRC property developer must hold a valid qualification certificate to develop property. In addition, at various stages of project development, a PRC property developer must also obtain or renew various licenses, certificates, permits and approvals from the relevant PRC administrative authorities, including land use right certificates, planning permits, construction permits, pre-sale permits and certificates or confirmation of completion.

According to the Provisions on Administration of Qualifications of Real Estate Developers (《房地產開發企業資質管理規定》) issued by the MOHURD on 29 March 2000 and amended on 13 December 2018, a newly established property developer must first apply for a provisional qualification certificate with a one-year validity, which can be renewed annually for not more than two consecutive years. If, however, the newly established property developer fails to commence a property development project within the one-year period following the issue of the provisional qualification certificate, it will not be allowed to extend the term of its provisional qualification certificate. Developers with longer operating histories must submit their qualification certificates to relevant construction administration authorities for review annually. Government regulations require developers to fulfil all statutory requirements before they may obtain or renew their qualification certificates.

The Company conducts its property developments through project companies. These project companies must hold valid qualification certificates to conduct their businesses. There can be no assurance that the Company's project companies will continue to be able to obtain or renew the necessary qualification certificates in a timely manner, or at all. If any of the Company's project

companies do not obtain or renew the necessary qualification certificates in a timely manner, or at all, the Company's prospects, business, results of operations and financial condition may be materially and adversely affected.

Land Use Rights

The land use rights in respect of the Company's land reserves will not be formally vested in the Company until it has received the relevant formal land use right certificates and failure to obtain or comply with land use rights could lead to confiscation of its land by the PRC government. Under current PRC land grant policies, the relevant authorities generally will not issue formal land use right certificates until the developer (i) has paid the land premium in full; and (ii) is in compliance with other land grant conditions. The land use rights in respect of the projects and the land that the Company may acquire in the future will not be formally vested in it until it has received the corresponding formal land use right certificates.

If a developer fails to develop the project according to the terms of the land grant contract, the relevant government authorities may issue a warning to, or impose a penalty on, the developer or confiscate the land use rights. Any violation of the land grant contract may also restrict a developer's ability to participate, or prevent it from participating, in future land bidding. Specifically, if a developer fails to commence development for more than one year from the commencement date stipulated in the land grant contract, the relevant PRC land bureau may serve a warning notice on such developer and impose an idle land fee of up to 20 per cent, of the land premium. If a developer fails to commence the development for more than two years from the commencement date stipulated in the land grant contract, the land use rights are subject to forfeiture to the PRC government unless the delay in development is caused by government actions or force majeure. On 29 September 2010, the PBOC and the CBRC jointly issued the Notice on Relevant Issues Regarding the Improvement of Differential Mortgage Loan Policies (《關於完善差別化住房信貸政策有關問題的通知》), which required commercial banks to cease to grant loans for new development projects and renewal of loans to property developers that have records of violation of laws and regulations as a result of, among other things, rendering the land idle, changing the use and nature of land, delaying the construction commencement and completion and refusing to sell the properties. On 26 January 2011, the General Office of the State Council promulgated the Notice on Further Improving the Real Estate Market Regulation and Work-related Issues (《關於進一步做好房地產市場調控工作有關問題的通知》), which stipulates that the PRC government will confiscate land use rights and impose an idle land fee of up to 20 per cent, of the land premium if a developer fails to obtain the construction permit and commence development for more than two years from the commencement date stipulated in the land grant contract. There can be no assurance that there will not be delays in the authorities' issuance of the land use right certificates or the construction permits in respect of the Company's projects.

Financing Regulation

The property development business is capital intensive; measures intended to cool the PRC property market could impair the Company's ability to finance the acquisition and development of its properties. The Company finances its property developments primarily through a combination of pre-sales and sales proceeds, borrowings and equity contributions from shareholders. The Company's ability to maintain adequate working capital and external financing for land acquisitions or property developments on commercially acceptable terms depends on a number of factors that are beyond the Company's control. The PRC government has in the past taken a number of policy initiatives to tighten financing to property developers. The PBOC issued the Circular on Further Strengthening the Management of Loans for Property Business (《關於進一步加強房地產信貸業務管理的通知》) on 5 June 2003 to specify the requirements for banks providing loans for the purposes of property development. These requirements include: (1) that loans from commercial banks to real estate enterprises may be granted only as property development loans and it is strictly forbidden to extend such loans as current capital loans for property development projects or other purposes. No lending shall be granted to enterprises which have not obtained the relevant land use right certificates, construction land permits,

construction planning permit and construction work permits; and (2) that commercial banks may not grant loans to property developers to finance land premium payments. Since 2017, the relevant authorities have issued a series of regulations regarding the overall tightening of the PRC's monetary policy and the "de-leverage" policy, which has restricted the traditional financing methods of the real estate industry, including (1) the Notice of the CBRC on Regulating the Bank-Trust Business issued on November 22, 2017, which emphasized that when carrying out bank trust business, commercial banks and trust companies shall not violate relevant provisions to invest trust funds in real estate; (2) the Essential of Trust Companies On-site Check in 2017, which was also issued by China Banking Regulatory Commission, according to which, local banking regulatory commissions should check whether trust companies have circumvented regulatory requirements, or assisted other agencies in violating regulations to provide financing to real estate companies through disguised bonds, partnership enterprise investment and other methods of disguise; (3) Securities and Futures Institutions Private Equity Asset Management Plan Filing Practice No. 4, emphasizing that the financing provided to property developers by private equity management plans shall not be used for land premium payment or liquidity replenishment.

The PBOC determines the benchmark lending rates for CNY-denominated loans in China. In 2010 and 2011, the PRC government tightened bank credit, imposing limits on loans for fixed assets and restrictions on state bank lending, in an effort to combat inflation and control China's overheated economy. The PBOC repeatedly raised interest rates in 2010 and 2011. Although the PBOC lowered interest rates several times from June 2012 to October 2015, any future increase in the PBOC's benchmark interest rates would likely slow economic activity in the PRC, which could, in turn, materially increase the costs of the business operation and also reduce demand for the services and products of the Company, leading to a material adverse effect on the Company's business.

The fiscal and other measures adopted by the PRC government from time to time may limit the flexibility and ability of the Company to use bank loans to finance its property developments and therefore may require the Company to maintain a relatively high level of internally-sourced cash. In November 2009, the PRC government raised the minimum down-payment on land premium to 50 per cent, of the total premium and requires the land premium to be fully paid within one year after the signing of a land grant contract, subject to limited exceptions. In March 2010, the PRC government further tightened this requirement by setting the minimum price for land granted to be equal to at least 70 per cent, of the benchmark price for land in the surrounding locality and the bidding deposit to be equal to at least 20 per cent, of the applicable minimum land grant price. Additionally, a land grant contract is required to be entered into within ten working days after the land grant deal is closed and the down-payment of 50 per cent, of the land premium (including any deposits previously paid) is required to be paid within one month of signing the land grant contract, with the remaining amount to be paid in full within one year of the date of the land grant contract in accordance with provisions of such land grant contract. These new requirements increase the Company's need for cash to facilitate land acquisitions and construction.

Regulation on the Issuance of Foreign Bonds

Pursuant to the Circular on Promoting the Reform of the Administrative System on the Issuance by Enterprises of Foreign Debt Filings and Registrations (《國家發展改革委關於推進企業發行外債備案登記制管理改革的通知(發改外資[2015]2044號)》)(**"NDRC Circular"**), which was promulgated by the NDRC and became effective on 14 September 2015, where domestic enterprises, overseas enterprises controlled by them or their overseas branches issue foreign debts, which are debt instruments of no less than one year of tenor that are denominated in domestic currency or foreign currency with the capital repaid and interest paid as agreed, including bonds issued overseas and long and medium-term international commercial loans, the enterprises shall apply to the NDRC for dealing with the formalities of record-filing and registration before issuance. The NDRC shall decide to accept it or not within five working days upon the receipt of the application and provide the Record-filing and Registration

Certification of Issuance of Foreign Debts by Enterprises (企業發行外債備案登記證明) within seven working days after acceptance. The enterprises shall submit the issuance information to the NDRC within 10 working days after the end of issuance each time.

On 11 May 2018, NDRC and the Ministry of Finance jointly issued the Notice of the National Development and Reform Commission and the Ministry of Finance on Improving the Market Constraint Mechanism and Taking Strict Precautions against Foreign Debt Risks and Local Debt Risks (Fa Gai Wai Zi [2018] No.706)(《國家發展改革委財政部關於完善市場約束機制嚴格防範外債風險和地方債務風險的通知(發改外資[2018]706號)》)(the “**Joint Notice**”), which imposes higher standards on enterprises engaging in offshore debt financings to ensure such enterprises and their financing plans are sufficiently robust and viable. According to the Joint Notice, the assets owned by the companies that intend to incur medium and long-term foreign debts shall be of good quality and clear ownership. The Joint Notice further provides that a market-oriented investment return mechanism should be established for investment projects financially supported by proceeds of foreign debt so as to form sustainable, stable and reasonable financial yields.

Property Development Financing Laws

The State Council issued the Notice on the Adjustment of the Invested Capital Ratio regarding Investment in Fixed Assets (《國務院關於調整固定資產投資項目資本金比例的通知》) and the Notice on the Adjustment and Improvement of Invested Capital Policy regarding Investment in Fixed Assets (《國務院關於調整和完善固定資產投資項目資本金制度的通知》) respectively on 25 May 2009 and 9 September 2015, according to which, for the development of a general commodity housing project, the minimum registered capital shall be no less than 20 per cent, of the total investment of the fixed assets development project, and for other property development projects, the minimum registered capital shall be no less than 25 per cent, of the total investment. Therefore, the Company shall use its own funds to fulfil the requirement of the minimum registered capital and could only get such external funding as bank loans for the financing of the remaining capital needs.

On 7 January 2010, the General Office of the State Council issued the Notice on Promoting the Steady and Healthy Development of the Real Estate Market (《關於促進房地產市場平穩健康發展的通告》). The Notice, among other things, provides that banks are restricted from granting loans to a property development project or property developer which is not in compliance with invested capital ratio requirements under the relevant regulations or policies.

On 29 September 2010, the PBOC and the CBRC jointly issued the Notice on Relevant Issues Regarding the Improvement of Differential Mortgage Loan Policies (《關於完善差別化住房信貸政策有關問題的通知》), which restricts the grant of new project bank loans or extension of credit facilities for all property companies with non-compliance records regarding, among other things, holding idle land, changing the land use for purposes outside the designated scope, postponing construction commencement or completion, or hoarding properties.

Pre-Sale Regulations

The Company faces contractual and legal risks relating to the pre-sale of properties, including the risk that property developments may not be completed and the risk that changes in laws and regulations in relation to the pre-sales of properties may materially and adversely affect its business, cash flow, financial condition and results of operations. The Company faces contractual risks relating to the pre-sales of properties. For example, if the Company fails to meet the completion time as stated in the pre-sale contracts, purchasers of pre-sold units have the right to claim damages under the pre-sale contracts. If the Company still fails to deliver the properties to the purchasers within the grace period stipulated in the pre-sale contracts, the purchasers have the right of termination. If the actual GFA of a completed property delivered to purchasers deviates by more than 3 per cent, from the GFA originally stated in the pre-sale contracts, purchasers have the right of termination or the right to claim damages. There can be no assurance that the Company will not experience delays in the completion and delivery of its projects, nor that the GFA for a delivered unit will not deviate more than 3 per cent, from the GFA set out in the

relevant contract. Any termination of the purchase contract as a result of the Company's late delivery of properties will have a material and adverse effect on its business, financial condition and results of operations.

Proceeds from the pre-sales of the Company's properties are an important source of funds for the Company's property developments and have an impact on its liquidity position. On 5 August 2005, the PBOC recommended in a report entitled "2004 Real Estate Financing Report" that the practice of pre-selling uncompleted properties be discontinued, on the ground that it creates significant market risks and generates transactional irregularities. On 24 July 2007, an economic research company under the NDRC proposed to change the existing system for sale of forward delivery housing into one for sale of completed housing. Such recommendation has not been adopted by any PRC governmental authority and has no mandatory effect. In April 2010, the MOHURD issued the Notice on Further Strengthening the Supervision of Real Estate Market and Improving the Pre-Sale System of Commodity Housing (《關於進一步加強房地產市場監管完善商品住房預售制度有關問題的通知》). The notice urged local governments to enact regulations on the sale of completed residential properties in light of local conditions and encouraged property developers to sell residential properties when they are completed. There can be no assurance that the PRC governmental authorities will not ban or impose material limitations on the practice of pre-selling uncompleted properties in the future. Future implementation of any restrictions on the Company's ability to pre-sell its properties, including any requirements to increase the amount of up-front expenditure the Company must incur prior to obtaining the pre-sale permit, would extend the time required for recovery of its capital outlay and would force it to seek alternative means to finance the various stages of its property developments. This, in turn, could have a material and adverse effect on the business, cash flow, financial condition and results of operations of the Company.

LAT Tax (土地增值稅)

Under PRC tax laws and regulations, the Company's properties developed for sale are subject to LAT, which is collectible by the local tax authorities. All income from the sale or transfer of state-owned land use rights, buildings and their ancillary facilities in the PRC is subject to LAT at progressive rates ranging from 30 per cent, to 60 per cent, on the appreciation of land value, which is calculated based on the proceeds from the sale of properties less deductible expenditures as provided in the relevant tax laws. Certain exemptions may be available for the sale of ordinary residential properties if the appreciation of land value does not exceed 20 per cent, of the total deductible items as provided in the relevant tax laws. However, sales of commercial properties are not eligible for this exemption. Real estate developers are required to prepay LAT monthly, except as otherwise required by relevant taxation authorities, at rates set by local tax authorities after commencement of pre-sales or sales. In May 2010, the SAT issued the Notice on Strengthening the Collection of Land Appreciation Tax (《關於加強土地增值稅徵管工作的通知》) that requires that, except for low-income housing, the minimum LAT prepayment rate must be no less than 2 per cent, for provinces in eastern China, 1.5 per cent, for provinces in central and northeastern China and 1 per cent, for provinces in western China. If the LAT is calculated based on the authorised taxation method (核定徵收), the minimum taxation rate shall be 5 per cent, in principle. There can be no assurance that the local tax authorities will not further increase LAT prepayment rates in the future. In the event that the prepayment rates applicable to the Company increase, its cash flow and financial position will be adversely affected.

The SAT's Notice on the Administration of the Settlement of Land Appreciation Tax of Property Development Enterprises (《關於房地產開發企業土地增值稅清算管理有關問題的通知》) effective on 1 February and amended on 15 June 2018 requires real estate developers to settle the final LAT payable in respect of their development projects that meet certain criteria, such as 85 per cent, of a development project, that has completed acceptance examination, having been pre-sold or sold. Local provincial tax authorities are entitled to formulate detailed implementation rules in accordance with this notice in consideration of local conditions. The Company cannot predict when the PRC tax authorities will require it to settle the full amount of LAT applicable to the Company. If the implementation rules

promulgated in the cities in which the Company's projects are located require the Company to settle all unpaid LAT or if any or all of its LAT provisions are collected by the PRC tax authorities, its business, financial condition, results of operations and prospects could be materially and adversely affected.

In order to further improve the work in collection and administration of LAT after the replacement of business tax with VAT, SAT further issued the Announcement on Certain Collection and Administration Issues Concerning Land Value-added Tax after Replacing Business Tax with Value-added Tax on 10 November 2016, which provides that after the replacement of business tax with VAT, when a taxpayer transfers real property, the taxable income for LAT shall be VAT-exclusive, when a taxpayer to which the general VAT taxation method applies transfers real property, the taxable income for LAT shall not include output VAT; when a taxpayer to which the simplified taxation method applies transfers real property, the taxable income for LAT shall not include taxable amount of VAT, the Announcement further clarifies issues concerning tax deduction relating to real estate transfer.

In addition, there can be no assurance that the tax authorities will agree with the Company's estimation or the basis on which the Company calculates its LAT obligations. In the event that the tax authorities assess the Company with LAT in excess of the provisions the Company has made for the LAT and the Company is unable to successfully challenge such assessments, the Company's net profits after tax may be adversely affected. There can be no assurance that the LAT obligations it is to assess and provide for in respect of the properties that it develops will be sufficient to cover the LAT obligations which the local tax authorities ultimately impose on it.

Completion Acceptance Examination (竣工驗收)

The Company's business and property sales may be affected if it fails to obtain records of acceptance examination for its completed projects. According to the Regulation on the Quality Management of Construction Projects (《建設工程質量管理條例》) enacted and enforced by the State Council on 30 January 2000 and amended on 7 October 2017 and 23 April 2019, respectively, the Interim Administrative Measures for Reporting Details Regarding Acceptance Examination Upon Completion of Buildings and Municipal Infrastructure (《房屋建築工程和市政基礎設施工程竣工驗收備案管理暫行辦法》) enacted by the MOHURD on 7 April 2000 and amended on 19 October 2009 and the Provisions on Acceptance Examination Upon Completion of Buildings and Municipal Infrastructure (《房屋建築和市政基礎設施工程竣工驗收規定》) enacted by the MOHURD and effective on 2 December 2013, after completion of work for a project, a real estate developer shall apply to the government property development authority at or above the county level for a record of acceptance examination upon project completion. For a housing estate or other building complex project, an acceptance examination is required to be conducted upon completion of the whole project, and where such a project is developed in phases, separate acceptance examinations may be carried out for each completed phase. A property developer will not be allowed to deliver its development property to the purchasers without the relevant record of acceptance examination.

There can be no assurance that the Company will be able to obtain records of acceptance examination for its completed projects in a timely manner, or at all. In such event, the business, property sales and financial condition of the Company may be materially and adversely affected. The Company may be liable to its customers for damages if it fails to deliver individual property ownership certificates/real estate registration certificates in a timely manner.

Individual Property Ownership Certificate (房產證)/Real Estate Registration Certificate (不動產權證書)

Under PRC law, property developers are required to deliver to purchasers the relevant individual property ownership certificates/real estate registration certificates within 90 days after delivery of the property or within a time frame set out in the relevant sale agreement. Property developers, including the Company, generally elect to specify a deadline for the delivery of the individual property ownership certificates/real estate registration certificates in the sale agreements to allow sufficient time for the application and approval processes.

Under current regulations, the Company is required to submit the requisite governmental approvals in connection with its property developments, including land use rights documents and planning and construction permits, to the local bureau of land resources and housing administration for the relevant properties and apply for the general property ownership certificate/real estate registration certificate in respect of these properties. The Company is then required to submit, within a stipulated period after delivery of the properties, the relevant property sale agreements, identification documents of the purchasers, proof of payment of deed tax, together with the general property ownership certificate/real estate registration certificate, for the bureau's review and the issuance of the individual property ownership certificates/real estate registration certificate in respect of the properties purchased by the purchasers. Delays by the various administrative authorities in reviewing the application and granting approval and certain other factors may affect timely delivery of the general and individual property ownership certificates/real estate registration certificate. Therefore, the Company may not be able to deliver individual property ownership certificates/real estate registration certificate to purchasers on time as a result of delays in the administrative approval processes or for any other reason beyond its control, which may result in it having to pay default payments and, in the case of a prolonged delay, the purchaser terminating the sales agreement. If the Company becomes liable to a significant number of purchasers for late delivery of the individual property ownership certificates/real estate registration certificate, its business, financial condition and results of operations may be materially and adversely affected.

Environmental Laws

Potential liability for environmental problems could result in substantial costs and delay in the development of the Company's projects. The Company is subject to a variety of laws and regulations concerning environmental protection. The local environmental laws and regulations applicable to any development site vary greatly according to the site's location and environmental condition, the present and former uses of the site and the nature of the adjoining properties. Compliance with environmental laws and conditions may result in delays in development schedules, may cause the Company to incur substantial compliance and other costs and may prohibit or severely restrict project development activity in environmentally-sensitive regions or areas.

The PRC environmental regulations provide that each project developed by a property developer is required to undergo an environmental assessment. Unless otherwise provided by the relevant laws, a property developer is required to submit an environmental impact report or an environmental impact analysis table to the relevant government authorities for approval before commencement of construction. Upon the completion of construction, a property developer should conduct acceptance inspection on the environmental protection facilities ancillary to the construction, and compile an acceptance inspection report in line with relevant laws and regulations. If the Company fails to submit the environmental impact report or analysis table of its project for approval pursuant to the relevant laws, and commences construction without authorisation, the local environmental authority may order it to suspend construction of the project until the development environmental impact assessment report or analysis table is submitted to and approved by the local environmental authority. The local environmental authority may also impose on the Company a fine not less than 1% but not more than 5% of the total investment of the construction project if the Company commences construction prior to obtaining such approval. There can be no assurance that the Company will be able to complete environmental assessment procedures for its future projects and that the relevant environmental authorities will not order it to suspend construction of these projects or will not impose a fine on it. In the event that there is a suspension of construction or imposition of a fine, this may adversely affect the business and financial condition of the Company.

SAFE Regulation

The Subsidiary Guarantors' ability to satisfy its obligations under the Bonds and the Guarantee mainly depends upon the ability of the Subsidiary Guarantors' PRC subsidiaries to obtain and remit sufficient foreign currency to pay dividends to them and, if applicable, to repay shareholder loans. The

PRC government imposes controls on the convertibility of Renminbi into foreign currencies and, in certain cases, the remittance of currency to jurisdictions outside China. Under existing PRC foreign exchange regulations, payments of certain current account items can be made in foreign currencies without prior approval from the local branch of the SAFE, by complying with certain procedural requirements. However, approval from the appropriate government authorities is required where Renminbi is to be converted into foreign currency and remitted to a jurisdiction outside China to pay capital expenses such as the repayment of bank loans denominated in foreign currencies. The PRC government may also, at its discretion, restrict access to foreign currencies for current account transactions in the future. The Subsidiary Guarantors' PRC subsidiaries must present certain documents to the SAFE, its authorised branch, or the designated foreign exchange bank, for approval before they can obtain and remit foreign currencies out of China, including, in the case of dividends, evidence that the relevant PRC taxes have been paid and, in the case of shareholder loans, evidence of the registration of the loan with the SAFE. Prior to payment of interest and principal on any shareholder loan that the Subsidiary Guarantors make to their PRC subsidiaries, the relevant PRC subsidiary must also present evidence of payment of the 10 per cent, withholding tax or lower tax treaty rate on the interest payable in respect of such shareholder loan. If the PRC foreign exchange control system prevents the Company from obtaining sufficient foreign currency, or if the Subsidiary Guarantors' PRC subsidiaries for any reason fails to satisfy any of the PRC legal requirements for remitting foreign currency payments, such PRC subsidiary will be unable to pay the Subsidiary Guarantors dividends or interest and principal on shareholder loans, which may affect the Subsidiary Guarantors' ability to satisfy their obligations under the Bonds and the Guarantee.

SAFE Regulation on Current Account CNY Remittance

Under the applicable PRC foreign exchange control regulations, current account items refer to any transaction for international receipts and payments involving goods, services, earnings and other frequent transfers.

Since July 2009, the PRC has commenced a pilot scheme pursuant to which Renminbi may be used for settlement of imports and exports of goods between approved pilot enterprises in five designated cities in the PRC including Shanghai, Guangzhou, Dongguan, Shenzhen and Zhuhai and enterprises in designated offshore jurisdictions including Hong Kong and Macau. On 17 June 2010, the PRC government promulgated the Circular on Issues concerning the Expansion of the Scope of the Pilot Programme of Renminbi Settlement of Cross-Border Trades (Yin Fa (2010) No. 186)(《關於擴大跨境貿易人民幣結算試點有關問題的通知》)(the “**Circular**”), pursuant to which (i) Renminbi settlement of imports and exports of goods and of services and other current account items became permissible, (ii) the list of designated pilot districts were expanded to cover 20 provinces and cities, and (iii) the restriction on designated offshore districts has been uplifted. Accordingly, any enterprises in the designated pilot districts and offshore enterprises are entitled to use Renminbi to settle imports and exports of goods and services and other current account items between them. Renminbi remittance for exports of goods from the PRC may only be effected by approved pilot enterprises in designated pilot districts in the PRC. In August 2011, the PRC government further expanded Renminbi cross-border trade settlement nationwide.

SAFE Regulation on Capital Account CNY Remittance

Under the applicable PRC foreign exchange control regulations, capital account items include cross-border transfers of capital, direct investments, securities investments, derivative products and loans. Capital account payments are generally subject to approval of the relevant PRC authorities.

Settlements for capital account items are generally required to be made in foreign currencies. For instance, foreign investors (including any Hong Kong investors) are required to make any capital contribution to foreign invested enterprises in a foreign currency in accordance with the terms set out in the relevant joint venture contracts and/or articles of association as approved by the relevant authorities. Foreign invested enterprises or relevant PRC parties are also generally required to make capital item

payments including proceeds from liquidation, transfer of shares, reduction of capital, interest and principal repayment to foreign investors in a foreign currency. That said, the relevant PRC authorities may grant approval for a foreign entity to make a capital contribution or a shareholder's loan to a foreign invested enterprise with Renminbi lawfully obtained by it outside the PRC and for the foreign invested enterprise to service interest and principal repayment to its foreign investor outside the PRC in Renminbi on a trial basis. The foreign invested enterprise may be required to complete a registration and verification process with the relevant PRC authorities before such Renminbi remittances.

On 7 April 2011, SAFE promulgated the Circular on Issues Concerning the Capital Account Items in connection with Cross-Border Renminbi (《國家外匯管理局綜合司關於規範跨境人民幣資本項目業務操作有關問題的通知》)(the “**SAFE Circular**”), which became effective on 1 May 2011. According to the SAFE Circular, in the event that foreign investors intend to use cross-border Renminbi (including offshore Renminbi and onshore Renminbi held in the capital accounts of non-PRC residents) to make a contribution to an onshore enterprise or make payment for the transfer of equity interest of an onshore enterprise by a PRC resident, such onshore enterprise shall be required to submit the relevant MOFCOM or its local counterparts' prior written consent to the relevant local branches of SAFE of such onshore enterprise and register for a foreign invested enterprise status. Further, the SAFE Circular clarifies that the foreign debts borrowed, and the external guarantee provided by onshore entities (including financial institutions) in Renminbi shall, in principle, be regulated under the current PRC foreign debt and external guarantee regime.

On 3 December 2013, MOFCOM promulgated the Announcement on Issues Concerning Cross-border RMB Direct Investment (《關於跨境人民幣直接投資有關問題的公告》). In accordance with the Announcement on Issues Concerning Cross-border RMB Direct Investment, the cross-border RMB direct investment and the reinvestment of the invested foreign-funded enterprises shall conform to the requirements of laws, regulations and relevant provisions on foreign investment and abide by relevant provisions of the industrial policy, safety review of foreign capital merger and acquisition and anti-monopoly review on foreign investment of the State. The foreign-funded enterprises shall not use any fund of cross-border RMB direct investment to make any direct or indirect investment in securities, financial derivatives (excluding the strategic investment in listed companies) or entrusted loans within China.

On 13 October 2011, PBOC promulgated the Measures on Administration of Renminbi Settlement for Foreign Direct Investment (《外商直接投資人民幣結算業務管理辦法》)(the “**PBOC Renminbi FDI Measures**”), which was amended on 29 May 2015, pursuant to which, PBOC special approval for Renminbi FDI and shareholder loans which was required by the PBOC Notice concerning Clarification of Certain Issues on Cross-border Renminbi Settlement (《中國人民銀行關於明確跨境人民幣業務相關問題的通知》)(the “**PBOC Notice**”) promulgated on 3 June 2011 is no longer necessary. The PBOC Renminbi FDI Measures provide that, among others, foreign invested enterprises are required to conduct registrations with the local branch of PBOC within ten working days after obtaining the business licenses for the purpose of Renminbi settlement, a foreign investor is allowed to open a Renminbi expense account (人民幣前期費用專用存款賬戶) to reimburse some expenses before the establishment of a foreign invested enterprise and the balance in such an account can be transferred to the Renminbi capital account (人民幣資本金專用存款賬戶) of such foreign invested enterprise when it is established, commercial banks can remit a foreign investor's Renminbi proceeds from distribution (dividends or otherwise) by its PRC subsidiaries out of the PRC after reviewing certain requisite documents, if a foreign investor intends to use its Renminbi proceeds from distribution (dividends or otherwise) by its PRC subsidiaries, the foreign investor may open a Renminbi re-investment account (人民幣再投資專用賬戶) to pool the Renminbi proceeds, and the PRC parties selling stake in domestic enterprises to foreign investors can open Renminbi accounts and receive the purchase price in Renminbi paid by foreign investors. The PBOC Renminbi FDI Measures also state that the foreign debt quota of a foreign invested enterprise constitutes its Renminbi debt and foreign currency debt from its offshore shareholders, offshore affiliates and offshore financial institutions, and a foreign invested enterprise may open a Renminbi account (人民幣一般存款賬戶) to receive its Renminbi proceeds borrowed

offshore by submitting the Renminbi loan contract to the commercial bank and make repayments of principal of and interest on such debt in Renminbi by submitting certain documents as required to the commercial bank.

CIT and Withholding Tax

Under the CIT Law, the Issuer or the Subsidiary Guarantors may be classified as a “resident enterprise” of China. Such classification could result in unfavourable tax consequences to the Issuer or the Subsidiary Guarantors and non-PRC Bondholders. Under the CIT Law, an enterprise established outside of China with a “de facto management organisation” located within China will be considered a “resident enterprise,” and consequently will be treated in a manner similar to a Chinese enterprise for CIT purposes. The implementing rules of the CIT Law define “de facto management” as “substantial and overall management and control over the production and operations, personnel, accounting, and properties” of the enterprise. On 22 April 2009, the SAT issued the Circular Regarding the Determination of Chinese-Controlled Offshore Incorporated Enterprises as PRC Resident Enterprises on the Basis of De Facto Management Bodies (《關於境外註冊中資控股企業依據實際管理機構標準認定為居民企業有關問題的通知》), or Circular 82, which sets out the standards for determining whether the “de facto management body” of an enterprise registered outside of the PRC and controlled by PRC enterprises or PRC enterprise groups is located within the PRC. Under Circular 82, a foreign enterprise controlled by a PRC enterprise or PRC enterprise group is considered a PRC resident enterprise if all of the following conditions are met: (i) the senior management and core management departments in charge of daily operations are located mainly within the PRC; (ii) financial and human resources decisions are subject to determination or approval by persons or bodies in the PRC; (iii) major assets, accounting books, company seals and minutes and files of board and shareholders’ meeting are located or kept within the PRC; and (iv) at least half of the enterprise’s directors with voting rights or senior management customarily reside within the PRC. On 27 July 2011, the SAT formulated Administrative Measures for Income Tax of Chinese-Controlled Resident Enterprise Registered Abroad (For Trial Implement Action)(《境外註冊中資控股居民企業所得稅管理辦法(試行)》), which was amended respectively on 1 June 2015, 1 October 2016 and 15 June 2018, and strengthened the administration of the collection of income tax of Chinese-controlled resident enterprises incorporated overseas. However, it is still unclear how the PRC tax authorities will determine whether an entity will be classified as a “resident enterprise.” If the PRC tax authorities determine that either the Issuer or any of the Subsidiary Guarantors is a “resident enterprise” for PRC enterprise income tax purposes, a number of unfavourable PRC tax consequences could follow. The Issuer or the Subsidiary Guarantors may be subject to CIT at a rate of 25 per cent, on its worldwide taxable income as well as PRC CIT reporting obligations. In the present case, this would mean that income such as interest from any investment of any portion of the offering proceeds and other income sourced from outside the PRC would be subject to PRC CIT at a rate of 25 per cent. If either the Issuer or any Subsidiary Guarantor is considered a “resident enterprise,” interest payable to certain “non-resident enterprise” holders of the Bonds without establishment within the PRC or its incomes have no actual connection to its establishment inside the PRC may be treated as income derived from sources within China and be subject to PRC withholding tax at a rate of 10 per cent, or a lower rate for holders who qualify for the benefits of a double taxation treaty with China, and capital gains realised by such holders of the Bonds may be treated as income derived from sources within China and be subject to a 10 per cent. PRC tax. Furthermore, if the Issuer or any Subsidiary Guarantor is considered a “resident enterprise,” interest or gains earned by nonresident individuals may be subject to PRC income tax at a rate of 20 per cent, or a lower rate for holders who qualify for the benefits of a double-taxation treaty with China.

Under the CIT Law, the profits of a foreign invested enterprise generated in 2008 and onwards which are distributed to its immediate holding company outside the PRC will be subject to a withholding tax rate of 10.0 per cent, or a lower treaty rate as contained in any income tax treaty or agreement to which China is a party. Pursuant to a special arrangement between Hong Kong and the PRC, such rate is lowered to 5.0 per cent, if a Hong Kong resident enterprise owns 25 per cent, or more equity interest in a PRC company. Some of the Company’s PRC subsidiaries are currently wholly-owned by Hong Kong subsidiaries. According to the Announcement of the State Administration of Taxation on

Promulgation of the Administrative Measures on Entitlement of Non-resident Taxpayers to Tax Treaty Benefits (Announcement 2019 No. 35 of the State Administration of Taxation, 《非居民納稅人享受協定待遇管理辦法》), which became effective on 1 January 2020, to enjoy preferential treatment, a non-resident taxpayer shall truthfully fill in the “Information Statement for Entitlement of Non-residents to Tax Treaty Benefits” (the “**Statement**”), and submit the Statement to its withholding agent at the time of declaration, and compile and retain the relevant materials specified in the Announcement for the relevant tax authorities’ future inspection. If the competent tax authorities, during the follow-up management or tax refund verification, find that according to the materials provided by the withholding agent is not sufficient to prove that non-resident taxpayer meets the conditions to enjoy preferential treatment, or that the nonresident taxpayer may have committed evasion of taxes, then the competent tax authorities may require the non-resident taxpayer or its withholding agent to provide additional supplementary information and to cooperate with the investigation. If the non-resident taxpayer or its withholding agent does not cooperate and the competent tax authorities is not able to verify whether the conditions of enjoyment of the preferential treatment are met, then the competent tax authorities may order the non-resident taxpayers to pay relevant taxes.

EXCHANGE RATE INFORMATION

The PBOC sets and publishes daily a base exchange rate with reference primarily to the supply and demand of Renminbi with reference to a basket of currencies in the market during the prior day. The PBOC also takes into account other factors such as general conditions existing in the international foreign exchange markets. On 21 July 2005, the PRC Government introduced a managed floating exchange rate system to allow the value of the Renminbi to fluctuate within a regulated band based on market supply and demand and by reference to a basket of currencies. On 18 May 2007, the PBOC enlarged, effective on 21 May 2007, the floating band for the trading prices in the inter-bank foreign exchange spot market of Renminbi against the US dollar from 0.3% to 0.5% around the central parity rate. This allows the Renminbi to fluctuate against the US dollar by up to 0.5% above or below the central parity rate published by the PBOC. On 20 June 2010, the PBOC announced that it intended to further reform the Renminbi exchange rate regime by allowing greater flexibility in the Renminbi exchange rate and on 16 April 2012, the band was expanded to 1.0%. Such floating band was further enlarged from 1.0 per cent. to 2.0 per cent., effective from 17 March 2014, as announced by the PBOC on 15 March 2014. On 11 August 2015, the PBOC adjusted the mechanism for market makers to form the central parity rate by requiring them to consider such factor as the closing exchange rate of the last trading date, the supply and demand of foreign exchange and the rate change with respect to primary international currencies. On 11 December 2015, the China Foreign Exchange Trade System, a sub-institutional organisation of the PBOC, published the CFETS Renminbi exchange rate index for the first time which weighs the Renminbi based on 13 currencies, so as to guide the market to measure the Renminbi exchange rate from a new perspective. The PRC government has since made and may in the future make further adjustments to the exchange rate system. Since 2016, the exchange rate of Renminbi against the US dollar experienced further fluctuation. Following the gradual appreciation against US dollar in 2017, Renminbi experienced a recent depreciation in value against US dollar followed by a fluctuation in 2018 and early 2019. In August 2019, the PBOC set the RMB's daily reference rate above 7 per U.S. dollar for the first time in over a decade amidst an uncertain trade and global economic climate. See *“Risk Factors – Risks relating to conducting business in the PRC – Fluctuation of the Renminbi, particularly against the US dollar, could materially affect our financial condition and results of operations.”*

The following table sets forth the noon buying rate as set forth in the H.10 statistical release of the Federal Reserve Board for and as at the period ends indicated.

Period	Noon Buying Rate			
	Low	Average ⁽¹⁾	High	Period End
	(Renminbi per US\$1.00)			
2014	6.0402	6.1704	6.2591	6.2046
2015	6.1870	6.2869	6.5932	6.4778
2016	6.4480	6.6549	6.9580	6.8771
2017	6.5063	6.7350	6.9575	6.4773
2018	6.2649	6.6090	6.9737	6.8755
2019	6.6822	6.9014	7.1786	6.9618
2020				
January (through 10 January)	6.9178	6.9488	6.9749	6.9178

- (1) Averages are calculated by averaging the rates on the last business day of each month during the relevant year. Monthly averages are calculated by averaging the daily rates during the relevant monthly period.

TAXATION

The following summary of certain British Virgin Islands and Hong Kong tax consequences of the purchase, ownership and disposition of Bonds is based upon applicable laws, regulations, rulings and decisions in effect as at the date of this Offering Circular, all of which are subject to change (possibly with retroactive effect). This discussion does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Bonds and does not purport to deal with consequences applicable to all categories of investors, some of which may be subject to special rules. Persons considering the purchase of Bonds should consult their own tax advisors concerning the tax consequences of the purchase, ownership and disposition of Bonds.

British Virgin Islands

The following summary contains a description of the principal tax laws of the British Virgin Islands, as in effect on the date hereof, and is subject to any change in the tax laws of the British Virgin Islands that may come into effect after such date (which may have retroactive effect).

Income Tax

As at the date of this Offering Circular, the Issuer is exempt from all provisions of the Income Tax Act of the British Virgin Islands, including with respect to all interest payable by the Issuer to persons who are not persons resident in the British Virgin Islands. No income, capital gain, estate, inheritance, succession or gift tax, rate, duty, levy or other charge is payable by persons who are not persons resident in the British Virgin Islands with respect to any debt obligations or other securities of the Issuer.

Withholding Tax

There are currently no withholding taxes or exchange control regulations in the British Virgin Islands applicable to payments the Issuer or any Subsidiary Guarantor incorporated under the laws of the British Virgin Islands may make under the transaction documents relating to the Bonds or under the Guarantee.

Hong Kong

Withholding Tax

No withholding tax is payable in Hong Kong on payments of principal or interest on the Bonds or in respect of any capital gains arising from the sale of the Bonds.

Profits Tax

Hong Kong profits tax is charged on every person carrying on a trade, profession or business in Hong Kong in respect of assessable profits arising in or derived from Hong Kong from such trade, profession or business.

Under the Inland Revenue Ordinance (Chapter 112 of the Laws of Hong Kong) (the “**Inland Revenue Ordinance**”) as it is currently applied, Hong Kong profits tax may be charged on assessable profits arising on the sale, disposal or redemption of the Bonds where such sale, disposal or redemption is or forms part of a trade, profession or business carried on in Hong Kong.

Interest on the Bonds will be subject to Hong Kong profits tax where such interest has a Hong Kong source, and is received by or accrues to:

- a financial institution (as defined in the Inland Revenue Ordinance) and arises through or from the carrying on by the financial institution of its business in Hong Kong, notwithstanding that the moneys in respect of which the interest is received or accrues are made available outside Hong Kong; or

- a corporation carrying on a trade, profession or business in Hong Kong; or
- a person, other than a corporation, carrying on a trade, profession or business in Hong Kong and such interest is in respect of the funds of the trade, profession or business.

Stamp Duty

No Hong Kong stamp duty will be chargeable upon the issue or transfer of a Bond.

Estate Duty

There is no estate duty in Hong Kong, and thus, no estate duty is payable under the Estate Duty Ordinance in respect of the Bonds.

PRC

The following summary describes the principal PRC tax consequences of ownership of the Bonds by beneficial owners who, or which, are not residents of mainland China for PRC tax purposes. These beneficial owners are referred to as non-PRC Bondholders in this “*Taxation – PRC*” section. In considering whether to invest in the Bonds, investors should consult their individual tax advisors with regard to the application of PRC tax laws to their particular situations as well as any tax consequences arising under the laws of any other tax jurisdiction.

CIT

Pursuant to the CIT Law and its implementation regulations, enterprises that are established under laws of foreign countries and regions (including Hong Kong, Macau and Taiwan) but whose “de facto management body” are within the territory of China are treated as PRC tax resident enterprises for the purpose of the CIT Law and must pay PRC enterprise income tax at the rate of 25% in respect of their taxable income sourced from both within and outside PRC. If relevant PRC tax authorities decide, in accordance with applicable tax rules and regulations, that the “de facto management body” of the Issuer or any of the Subsidiary Guarantors is within the territory of PRC, the Issuer or the Subsidiary Guarantor may be held to be a PRC tax resident enterprise for the purpose of the CIT Law and be subject to PRC enterprise income tax at the rate of 25% on its taxable income sourced from both within and outside PRC. In the event that the Issuer or any of the Subsidiary Guarantors is treated as a non-resident enterprise and it does not have an establishment or place of business within the PRC, it should be subject to PRC enterprise income tax for income derived from or accrued in the PRC, at the tax rate of 10%. If the Issuer or any of the Subsidiary Guarantors has an establishment or place of business within the PRC while the income derived from or accrued in the PRC does not have a de facto relationship with that establishment or place of business, the tax rate of 10% shall also apply. As confirmed by the Issuer and the Subsidiary Guarantors, as at the date of this Offering Circular, neither the Issuer nor any of the Subsidiary Guarantors has been notified or informed by the PRC tax authorities that it is considered as a PRC tax resident enterprise for the purpose of the CIT Law.

However, there is no assurance that the Issuer or the Subsidiary Guarantors will not be treated as a PRC tax resident enterprise under the CIT Law and related implementation regulations in the future. Pursuant to the CIT Law and its implementation regulations, any non-resident enterprise without an establishment within the PRC or whose income has no connection to its establishment within the PRC must pay enterprise income tax on income sourced within the PRC, and such income tax must be withheld at source by the PRC payer acting as a withholding agent, who must withhold the tax amount from each payment. Accordingly, in the event the Issuer or the Subsidiary Guarantor is deemed to be a PRC tax resident enterprise by the PRC tax authorities in the future, the Issuer or any Subsidiary Guarantor may be required to withhold income tax from the payments of interest in respect of the Bonds to any non-PRC Bondholder, and gain from the disposition of the Bonds may be subject to PRC tax, if the income or gain is treated as PRC-source. The tax rate is generally 10% for non-PRC resident enterprise Bondholders without an establishment within the PRC or whose incomes have no connection to its establishment inside the PRC and 20% in the case of non-PRC resident individuals (in each case

unless an applicable treaty provides otherwise). According to the double taxation arrangement between the PRC and Hong Kong, residents of Hong Kong will not be subject to PRC tax on any capital gains from a sale or exchange of the Bonds. For other investors of the Bonds, according to the CIT Law and related implementation regulations, it is unclear whether the capital gains of nonresident enterprises derived from a sale or exchange of the Bonds will be subject to PRC income tax. If such capital gains are determined as income sourced in China by PRC tax authority, those non-resident enterprise holders, other than Hong Kong residents, may be subject to PRC enterprise income tax at a rate of 10 per cent, of the gross proceeds (unless other tax preferential treatments are provided by any special tax arrangements).

VAT

On 23 March 2016, the Ministry of Finance and SAT issued the Circular on Comprehensively Promoting the Pilot Program of the Collection of Value-added Tax in Lieu of Business Tax (《關於全面推開營業稅改徵增值稅試點的通知》)(“**Circular 36**”), which confirms that business tax will be completely replaced by VAT from 1 May 2016. Since then, the income derived from the provision of financial services which attracted business tax will be entirely replaced by, and subject to, VAT. According to Circular 36, entities and individuals providing services within China are subject to VAT. The services are treated as being provided within China where either the service provider or the service recipient is located in the PRC. The services subject to VAT include the provision of financial services such as the provision of loans. It is further clarified under Circular 36 that the “loans” refers to the activity of lending capital for another’s use and receiving the interest income thereon. Based on the definition of “loans” under Circular 36, the issuance of the Bonds may be regarded as financial services by Bondholders that may be subject to VAT if the Issuer is a PRC resident enterprise for PRC tax purposes. Therefore, in the event the Issuer is deemed to be a PRC resident enterprise in the PRC by the PRC tax authorities, the Bondholders may be regarded as providing financial services within the PRC and consequently, the amount of interest payable by the Issuer to any non-PRC resident Bondholders may be subject to withholding VAT at the rate of 6% plus related local surcharges. In addition, if any of the Subsidiary Guarantors is deemed to be a PRC resident enterprise by the PRC tax authorities, it may be required to withhold VAT at the rate of 6% plus related surcharges from any interest it pays under the Guarantee.

It is uncertain whether VAT is applicable to any transfer of the Bonds between entities or individuals outside the PRC, but VAT shall be applicable if either the seller or buyer of Bonds is located inside the PRC. However, where a Bondholder who is an individual resells the Bonds, the VAT may be exempted according to Circular 36 if the resale of Bonds is treated as resale of financial products. For the redemption or repurchase of Bonds by the Issuer or the Subsidiary Guarantor (if it is deemed to be a PRC resident enterprise in the PRC by the PRC tax authorities), the Bondholders may be subject to PRC income taxes and PRC VAT plus the related surcharges (non-PRC resident individuals may be exempted from VAT (as well local surcharges) if the redemption is deemed as transfer of financial products or if the interest amount received by such non-PRC resident individuals is below certain threshold of imposing VAT), depending on whether relevant payment would be regarded as including interest or capital gains (tax treaties may provide preferential treatments if certain criteria are satisfied).

Since Circular 36 together with other laws and regulations pertaining to VAT reform is relatively new, the interpretation and enforcement of such laws and regulations involve uncertainties.

Stamp Duty

No PRC stamp tax will be chargeable upon the issue or transfer of a Bond (for so long as the register of holders of the Bonds is maintained outside the PRC, relevant contracts are signed outside the PRC and their governing law is not PRC law, as is expected to be the case).

The Proposed Financial Transactions Tax (“FTT”)

On 14 February 2013, the European Commission published a proposal (the “**Commission’s Proposal**”) for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the “**participating Member States**”). However, Estonia has since stated that it will not participate.

The Commission’s Proposal has very broad scope and could, if introduced, apply to certain dealings in the Bonds (including secondary market transactions) in certain circumstances.

Under the Commission’s Proposal, the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Bonds where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, “established” in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

Prospective holders of the Bonds are advised to seek their own professional advice in relation to the FTT.

United States’ Foreign Account Tax Compliance Act Tax Provisions

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a “foreign financial institution” may be required to withhold on certain payments it makes (“**foreign passthru payments**”) to persons that fail to meet certain certification, reporting or related requirements. The Issuer may be a foreign financial institution for these purposes. A number of jurisdictions (including Hong Kong and the PRC) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (“**IGAs**”), which modify the way in which FATCA applies in their jurisdictions. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Bonds, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Bonds, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Bonds, such withholding would not apply prior to the date that is two years after the publication of the final regulations defining “foreign passthru payments” and Bonds issued on or prior to the date that is six months after the date on which final regulations defining “foreign passthru payments” are filed with the U.S. Federal Register generally would be “grandfathered” for purposes of FATCA withholding unless materially modified after such date. Holders should consult their own tax advisors regarding how these rules may apply to their investment in the Bonds.

CLEARANCE AND SETTLEMENT

See “*Terms and Conditions of the Bonds*” for the definitions of certain capitalised terms used in this section.

Investors in the Bonds may hold Bonds through Euroclear or Clearstream. Initial settlement and all secondary trades will settle as described below. Although the Issuer understands that Euroclear and Clearstream will comply with the procedures provided below in order to facilitate transfers of Bonds among participants of Euroclear and Clearstream, they are under no obligation to perform or continue to perform such procedures, and such procedures may be modified or discontinued at any time. None of the Issuer, the Subsidiary Guarantors, the Trustee, the Registrar, the Transfer Agents, the Principal Paying Agent, any other Paying Agents, any other Agent or any other agent of any of them will have any responsibility for the performance by Euroclear or Clearstream or their respective participants or indirect participants of their respective obligations under the rules and procedures governing their operations. With respect to clearance and settlement through Euroclear and Clearstream, the Issuer understands as follows:

The clearing systems

Euroclear and Clearstream

Euroclear and Clearstream hold securities for participating organisations and facilitate the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in accounts of such participants. Euroclear and Clearstream provide to their participants, among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream interface with domestic securities markets.

Euroclear and Clearstream participants are financial institutions such as underwriters, securities brokers and dealers, banks, trust companies and certain other organisations. Indirect access to Euroclear or Clearstream is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Euroclear or Clearstream participant, either directly or indirectly.

Initial settlement

The Bonds will be issued initially in the form of a Global Certificate in book-entry form and will be deposited with a common depository for Euroclear and Clearstream. The Global Certificate will be registered in the name of a nominee of the common depository for Euroclear and Clearstream. As necessary, the Registrar will adjust the amount of Bonds on the register for the amounts of Euroclear and Clearstream to reflect the amount of Bonds held through Euroclear and Clearstream, respectively. Investors’ interests in Bonds held in book-entry form by Euroclear or Clearstream, as the case may be, will be represented through financial institutions acting on their behalf as direct and indirect participants in Euroclear or Clearstream, as the case may be. In addition, Euroclear and Clearstream may hold positions in the Bonds on behalf of their participants through their respective depositories.

Investors electing to hold their Bonds through Euroclear or Clearstream accounts will follow the settlement procedures applicable to conventional notes. Book-entry interests in the Bonds will be credited to Euroclear and Clearstream participants’ securities clearance accounts on the business day following the Issue Date against payment for value on the Issue Date. The Issuer will not impose any fees in respect of the Bonds; however, holders of book-entry interests in the Bonds may incur fees normally payable in respect of maintenance and operation of accounts in Euroclear and Clearstream.

Because the purchaser determines the place of delivery, it is important to establish at the time of trading of any Bonds where both the purchaser’s and seller’s accounts are located to ensure that settlement can be made on the desired value date.

Trading between Euroclear and/or Clearstream participants

Secondary market trading between Euroclear participants and/or Clearstream participants will be settled using the procedures applicable to conventional notes in same-day funds.

SUBSCRIPTION AND SALE

The Issuer, the Subsidiary Guarantors and the Company have entered into a subscription agreement with Credit Suisse (Hong Kong) Limited, Orient Securities (Hong Kong) Limited and BOCOM International Securities Limited as the Joint Lead Managers dated 20 January 2020 (the “**Subscription Agreement**”) pursuant to which and subject to certain conditions contained in the Subscription Agreement, the Issuer has agreed to issue the Bonds on 23 January 2020, and the Joint Lead Managers have agreed to subscribe and pay for the aggregate principal amount of the Bonds indicated opposite their respective names in the following table at an issue price of 100.00 per cent. of their principal amount.

Joint Lead Managers	Principal amount of Bonds to be subscribed
Credit Suisse (Hong Kong) Limited	US\$360,000,000
Orient Securities (Hong Kong) Limited.	US\$20,000,000
BOCOM International Securities Limited	US\$20,000,000
Total.	US\$400,000,000

The Subscription Agreement provides that the Issuer, the Company and the Subsidiary Guarantors will jointly and severally indemnify the Joint Lead Managers against certain liabilities in connection with the offer and sale of the Bonds. The Subscription Agreement provides that the obligations of the Joint Lead Managers are subject to certain conditions precedent and entitles the Joint Lead Managers to terminate it in certain circumstances prior to payment being made to the Issuer.

The Joint Lead Managers and their respective subsidiaries and affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. The Joint Lead Managers and certain of their respective subsidiaries and affiliates have, from time to time, performed, and may in the future perform, various financial advisory and investment banking services for, and entered into certain commercial banking transactions with, the Issuer, the Company and the Subsidiary Guarantors, for which they have received or will receive customary fees and expenses.

The Joint Lead Managers and their respective affiliates may purchase the Bonds and be allocated the Bonds for asset management and/or proprietary purposes but not with a view to distribution. In the ordinary course of their various business activities, the Joint Lead Managers and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Issuer, the Company and/or the Subsidiary Guarantors.

General

The Bonds are a new issue of securities with no established trading market. No assurance can be given as to the liquidity of any trading market for the Bonds.

The distribution of this Offering Circular or any offering material and the offering, sale or delivery of the Bonds is restricted by law in certain jurisdictions. Therefore, persons who may come into possession of this Offering Circular or any offering material are advised to consult with their own legal advisers as to what restrictions may be applicable to them and to observe such restrictions. This Offering Circular may not be used for the purpose of an offer or invitation in any circumstances in which such offer or invitation is not authorised.

Accordingly, the Bonds should not be offered or sold, directly or indirectly, and neither this Offering Circular nor any other offering material, circular, prospectus, form of application or advertisement in connection with the Bonds should be distributed or published in or from any jurisdiction, except in circumstances which will result in compliance with any applicable laws and regulations and will not, save as disclosed in this Offering Circular, impose any obligations on the Issuer, the Company, the Subsidiary Guarantors or the Joint Lead Managers.

Neither the Issuer, the Subsidiary Guarantors, the Company nor the Joint Lead Managers make any representation that any action has been or will be taken in any jurisdiction by the Joint Lead Managers or the Issuer or the Subsidiary Guarantors or the Company that would permit a public offering of the Bonds, or possession or distribution of this Offering Circular (in proof or final form) or any other offering or publicity material relating to the Bonds (including roadshow materials and investor presentations), in any country or jurisdiction where action for that purpose is required. The Joint Lead Managers will comply to the best of their respective knowledge and belief in all material respects with all applicable laws and regulations in each jurisdiction in which it acquires, offers, sells or delivers Bonds or has in its possession or distributes this Offering Circular (in proof or final form) or any such other material, in all cases at its own expense. Each of the Joint Lead Managers will obtain any consent, approval or permission required by it for, the acquisition, offer, sale or delivery by it of Bonds under the laws and regulations in force in any jurisdiction to which it is subject or in or from which it makes any acquisition, offer, sale or delivery of the Bonds. The Joint Lead Managers are not authorised to make any representation or use any information in connection with the issue, subscription and sale of the Bonds other than as contained in, or which is consistent with, this Offering Circular (in final form) or any amendment or supplement to it.

United States

The Bonds and the Guarantee have not been and will not be registered under the Securities Act and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Each Joint Lead Manager has represented, warranted and agreed that it has not offered or sold, and agrees that it will not offer or sell, any Bonds and the Guarantee constituting part of its allotment within the United States except in accordance with Rule 903 of Regulation S under the Securities Act. Accordingly, neither it, its affiliates nor any persons acting on its or their behalf has engaged or will engage in any directed selling efforts with respect to the Bonds and the Guarantee. Terms used in this paragraph have the meaning given to them by Regulation S under the Securities Act.

Each Joint Lead Manager has represented, warranted and agreed that neither it nor any of its affiliates (as defined in Rule 501(b) of Regulation D under the Securities Act (“**Regulation D**”)), nor any person acting on its or their behalf has engaged or will engage in any form of general solicitation or general advertising (within the meaning of Regulation D) in connection with any offer and sale of the Bonds and the Guarantees in the United States.

United Kingdom

Each Joint Lead Manager has represented, warranted and agreed that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the “**FSMA**”)) received by it in connection with the issue or sale of the Bonds in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or the Subsidiary Guarantors; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Bonds in, from or otherwise involving the United Kingdom.

Hong Kong

Each Joint Lead Manager has represented, warranted and agreed that:

- (a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Bonds other than (i) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571 of the laws of Hong Kong) (the “SFO”) and any rules made under the SFO; or (ii) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap.32 of the laws of Hong Kong) (the “C(WUMP)O”) or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and
- (b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Bonds, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the Bonds which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the SFO and any rules made under the SFO.

Singapore

Each Joint Lead Manager has acknowledged that this Offering Circular has not been and will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Joint Lead Manager has represented, warranted and agreed that it has not offered or sold any Bonds or caused the Bonds to be made the subject of an invitation for subscription or purchase and will not offer or sell any Bonds or cause the Bonds to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Bonds, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor as defined in Section 4A of the Securities and Futures Act, Chapter 289 of Singapore (as modified or amended from time to time, the “SFA”) pursuant to Section 274 of the SFA, (ii) to a relevant person as defined in Section 275(2) of the SFA pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provisions of the SFA.

Where the Bonds are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries’ rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Bonds pursuant to an offer made under Section 275 of the SFA, except:

- (i) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (ii) where no consideration is or will be given for the transfer;

- (iii) where the transfer is by operation of law;
- (iv) as specified in Section 276(7) of the SFA; or
- (v) as specified in Regulation 37A of the Securities and Futures (Offer of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

The People's Republic of China

Each Joint Lead Manager has represented, warranted and agreed that the Bonds are not being offered or sold and may not be offered or sold, directly or indirectly, in the People's Republic of China (for such purposes, not including Hong Kong and Macau Special Administrative Regions and Taiwan), except as permitted by the securities laws of the People's Republic of China.

Japan

The Bonds have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the “**Financial Instruments and Exchange Act**”). Accordingly, each Joint Lead Manager has represented, warranted and agreed that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Bonds in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and other relevant laws and regulations of Japan.

British Virgin Islands

No invitation has been or will be made directly or indirectly to the public in the British Virgin Islands or any natural person resident or citizen in the British Virgin Islands to subscribe for any of the Bonds. This offering circular does not constitute, and will not be, an offering of the Bonds to any person in the British Virgin Islands.

Taiwan

Each Joint Lead Manager has represented, warranted and agreed that the Bonds are not being offered or sold and may not be offered or sold, directly or indirectly, in Taiwan, except as permitted by the securities laws of Taiwan.

RATINGS

The Bonds are expected to be assigned a rating of “Ba3” by Moody’s and a rating of “BB+” by Fitch. The ratings reflect the rating agencies’ assessment of the likelihood of timely payment of the principal of and the interest on the Bonds. The credit ratings accorded the Bonds are not a recommendation to purchase, hold or sell the Bonds inasmuch as such ratings do not comment as to market price or suitability for a particular investor. There can be no assurance that the ratings will remain in effect for any given period or that the ratings will not be revised by the rating agencies in the future if, in their judgment, circumstances so warrant. Each such rating should be evaluated independently of any other rating on the Bonds, on any of our other securities, or on us. See “*Risk factors – Risks relating to the Bonds, the Guarantee, the Deed of Equity Interest Purchase Undertaking and the Keepwell Deed – The ratings of the Bonds may be downgraded or withdrawn.*”

GENERAL INFORMATION

Authorisations

The Issuer has obtained all necessary consents, approvals and authorisations in connection with the issue and performance of its obligations under the Bonds, the Trust Deed, the Agency Agreement and the Keepwell Deed. The issue of the Bonds was authorised by resolutions of the sole director and the sole shareholder of the Issuer on 16 January 2020.

Wanda HK has obtained all necessary consents, approvals and authorisations in connection with the giving and performance of the Guarantee and the execution of the Keepwell Deed, the Trust Deed and the Agency Agreement. The giving of the Guarantee was authorised by resolutions of the sole director and the sole shareholder of Wanda HK on 16 January 2020.

Each of the Subsidiary Guarantors (other than Wanda HK) has obtained all necessary consents, approvals and authorisations in connection with the giving and performance of the Guarantee and the execution of the Trust Deed and the Agency Agreement. The giving of the Guarantee was authorised by resolutions of the sole director and the sole shareholder of each Subsidiary Guarantor (other than Wanda HK) on 16 January 2020.

The Company has obtained all necessary consents, approvals and authorisations in connection with entry into the Keepwell Deed and the Deed of Equity Interest Purchase Undertaking and the entry into the transaction documents in connection with the Bonds was authorised by resolutions of the Board and the shareholders of the Company on 12 March 2019 and 27 March 2019, respectively.

PRC counsels to the Company and the Joint Lead Managers have advised that under current laws and regulations no approvals or consents are required from any regulatory authorities or other relevant authorities in the PRC for the Company to enter into the Keepwell Deed and the Deed of Equity Interest Purchase Undertaking, except for the post-issue filing of the information relating to the issue of the Bonds with the NDRC in accordance with the NDRC Circular. The Enterprise Foreign Debt Pre-Issuance Registration Certificate in respect of the issue of the Bonds has been obtained from the NDRC and dated 20 March 2019 pursuant to the NDRC Circular which, at the date of this Offering Circular, remains valid and in full force and effect.

Legal Entity Identifier

The legal entity identifier of the Issuer is 549300BJ7FGBP0KHXY31.

Litigation

Except as disclosed in this Offering Circular, there are no material legal or arbitration proceedings against or affecting the Issuer, us, the Subsidiary Guarantors, the Company, any of our subsidiaries or any of our assets, and we are not aware of any pending or threatened proceedings, which are material in the context of this issue of the Bonds or the Guarantee.

No material adverse change

Except as disclosed herein, since 30 June 2019, there has been no material adverse change, nor any development or event involving a prospective material adverse change, in or affecting the general affairs, management, business, condition (financial or otherwise), shareholders' equity, results of operations or prospects of us, the Issuer, the Subsidiary Guarantors and our subsidiaries, taken as a whole.

Documents available

Copies of our latest annual report and consolidated accounts and our latest unaudited interim consolidated accounts may be obtained free of charge, and copies of the Trust Deed, the Agency Agreement, the Keepwell Deed, the Deed of Equity Interest Purchase Undertaking and the Articles of

Association of the Issuer, Wanda HK and the Company will be available for inspection, at our specified office at Unit 3007, 30th Floor, Two Exchange Square, 8 Connaught Place, Central, Hong Kong during normal business hours, so long as any of the Bonds is outstanding.

Clearing system and settlement

The Bonds have been accepted for clearance through the facilities of Euroclear and Clearstream. Certain trading information with respect to the Bonds is set out forth below:

	<u>ISIN</u>	<u>Common Code</u>
Global Certificate representing the Bonds	XS2100658066	210065806

Financial Statements

The audited consolidated financial statements of the Company as at and for the years ended 31 December 2017 and 2018, which are included elsewhere in this Offering Circular, have been audited by E&Y, as stated in its report appearing herein. The audited consolidated financial statements of Wanda HK as at and for the years ended 31 December 2017 and 2018, which are included elsewhere in this Offering Circular, have been audited by E&Y, as stated in its report appearing herein. The unaudited consolidated financial statements of the Company as at and for the six months ended 30 June 2019, and the unaudited consolidated financial statements of Wanda HK as at and for the six months ended 30 June 2019, which are included elsewhere in this Offering Circular, have been reviewed by E&Y, as stated in its report appearing herein.

The consolidated financial statements of the Company are prepared under IFRS and the consolidated financial statements of Wanda HK are prepared under HKFRS. These consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in other countries and jurisdictions.

Listing of the Bonds

Application will be made to The Stock Exchange of Hong Kong Limited for listing of and permission to deal in the Bonds by way of debt issues to Professional Investors only and such permission is expected to become effective on or about 24 January 2020.

INDEX TO FINANCIAL STATEMENTS

	Page
The Company's Consolidated Financial Statements	
Unaudited interim condensed consolidated financial statement as at and for the six months ended 30 June 2019 and the independent auditor's review report	F-2
Independent auditor's report and audited consolidated financial statements as at and for the year ended 31 December 2018	F-62
Independent auditor's report and audited consolidated financial statements as at and for the year ended 31 December 2017	F-200
Wanda HK's Consolidated Financial Statements	
Unaudited interim condensed consolidated financial statement as at and for the six months ended 30 June 2019 and the independent auditor's review report	F-331
Independent auditor's report and audited consolidated financial statements as at and for the year ended 31 December 2018	F-366
Independent auditor's report and audited consolidated financial statements as at and for the year ended 31 December 2017	F-476

Our principal offices

ISSUER	COMPANY	WANDA HK
Wanda Properties Overseas Limited 萬達地產海外有限公司 Vistra Corporate Services Centre Wickhams Cay II, Road Town, Tortola VG1110 British Virgin Islands	Dalian Wanda Commercial Management Group Co., Ltd. (大連萬達商業管理集團股份有限公司) 23/F Block B, Wanda Plaza 93 Jianguo Road Chaoyang District, Beijing PRC	Wanda Commercial Properties (Hong Kong) Co. Limited (萬達商業地產(香港)有限公司) Unit 606, 6th Floor Alliance Building 133 Connaught Road Central Hong Kong

PRINCIPAL PAYING AGENT

The Bank of New York Mellon,
London Branch
One Canada Square
London E14 5AL
United Kingdom

TRUSTEE

The Bank of New York Mellon,
London Branch
One Canada Square
London E14 5AL
United Kingdom

REGISTRAR AND TRANSFER AGENT

The Bank of New York Mellon
SA/NV, Luxembourg Branch
Vertigo Building – Polaris
2-4, rue Eugène Ruppert
L-2453 Luxembourg

OUR LEGAL ADVISORS

As to English and Hong Kong law

Reed Smith Richards Butler
17th Floor, One Island East
Taikoo Place
18 Westlands Road
Quarry Bay
Hong Kong

As to PRC law

Tian Yuan Law Firm
10/F, China Pacific Insurance Plaza
28 Fengsheng Lane, Beijing
PRC

As to British Virgin Islands law

Walkers (Hong Kong)
15th Floor
Alexandra House
18 Chater Road
Hong Kong

LEGAL ADVISORS TO THE JOINT LEAD MANAGERS

As to English law

Clifford Chance
27/F Jardine House
One Connaught Road
Central
Hong Kong

As to PRC law

Haiwen & Partners
20/F Fortune Financial Center
5 Dong San Road, Chaoyang District
Beijing 100020
PRC

LEGAL ADVISOR TO THE TRUSTEE

As to English law

Clifford Chance
27/F Jardine House
One Connaught Road
Central
Hong Kong

INDEPENDENT AUDITOR OF THE COMPANY AND WANDA HK

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22/F, CITIC Tower
1 Tim Mei Avenue, Central
Hong Kong