



大连万达商业地产股份有限公司

DALIAN WANDA COMMERCIAL PROPERTIES CO., LTD.

(Stock code: 3699.HK)



Balanced Growth

Annual Report 2015



Corporate Profile

Wanda Commercial is committed to building China's largest network of urban consumption facilities and commercial platform.

We lead the consumption trends through constant product **innovations**. We leverage cutting-edge **technologies** to enhance consumer experiences and tenant services. And we consistently improve the business **ecosystem** in markets where we operate to achieve harmony and win-win results among communities, residents, merchants and other relevant parties.

Wanda Commercial is in constant pursuit of **sustainable development**. Through our development over the past years, we have not only created an urban complex product catering to the Chinese market, but also quickly and successfully replicated this product and occupied the largest city center commercial areas in China based on our unique financial model and standardized operations. Wanda Commercial seeks optimization and balance among high return on equity, stable cash flow and prudent capital structure amid sound and rapid expansion.

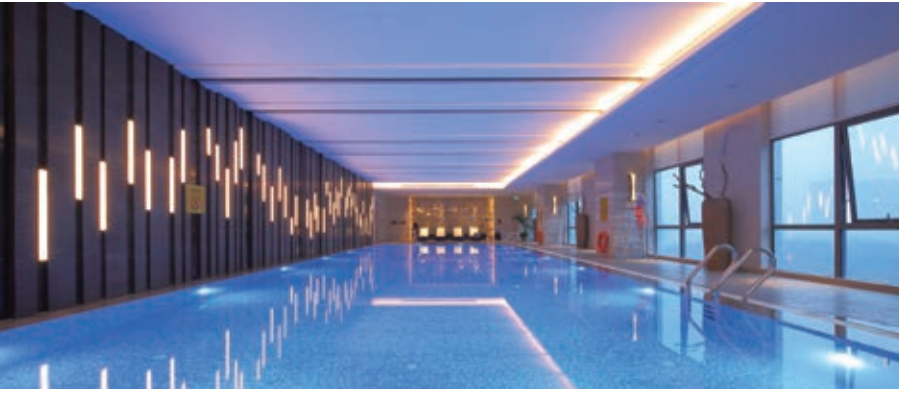
Leveraging our industry-leading operating advantages and economy of scale, we will continue to focus on mass consumer market and strengthen our commercial networks. We believe Wanda Commercial is able to play a unique and important role in China's urbanization development, economic transformation and drive to increase domestic consumption, while creating values for our shareholders.



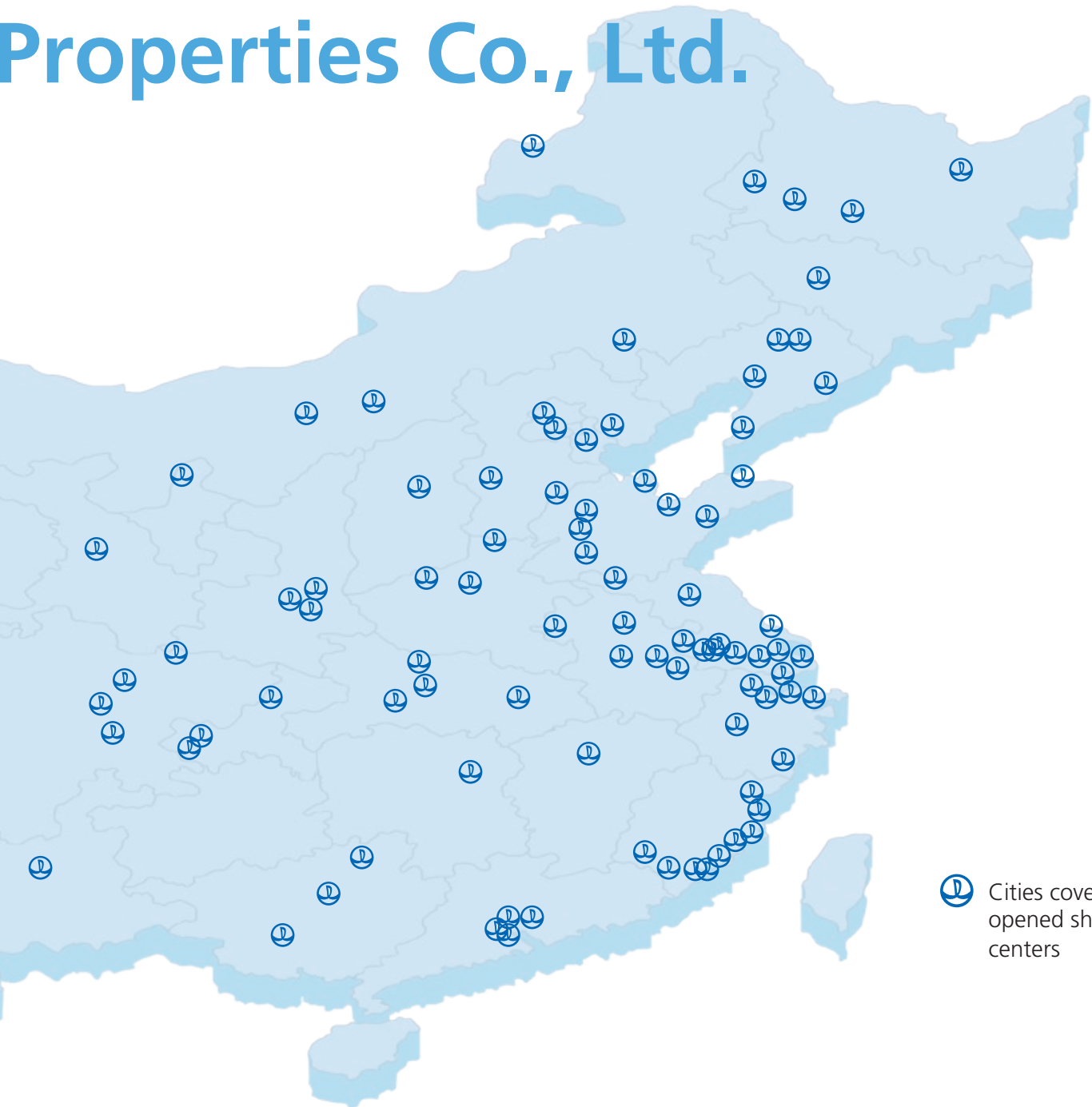
Dalian Wanda Commercial

Wanda Commercial is China's largest owner and operator of shopping centers, largest developer and seller of commercial properties and largest owner and operator of luxury hotels.

Through development over the past decade, we have successfully developed a series of products for the Chinese market, so that all of our projects have become core commercial centers or urban centers in where they are located. We have accumulated significant advantages in scale of commercial operations, strong brand followings, superior product maturity, and sound execution advantages in areas such as quality and cost control system.



Properties Co., Ltd.

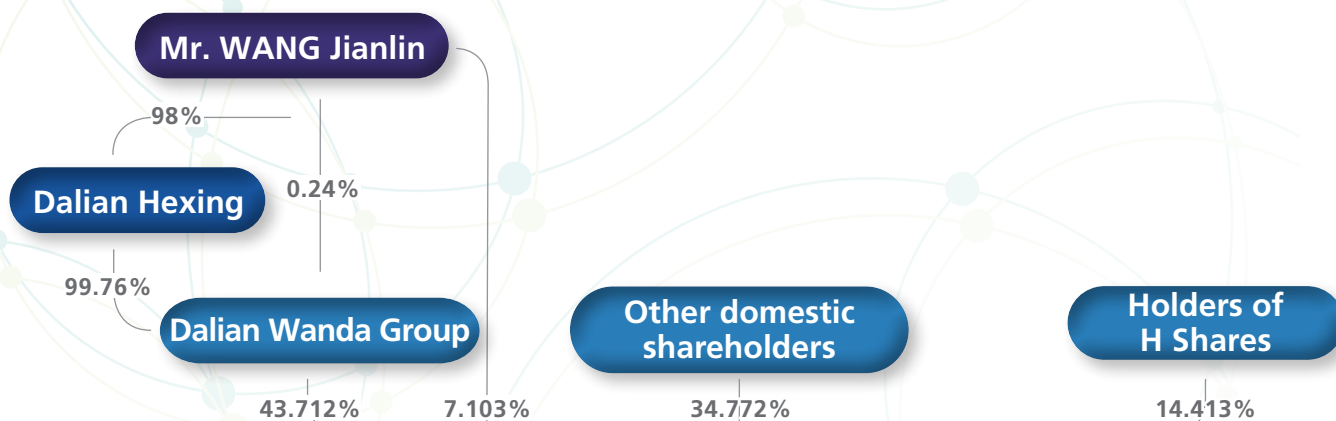


 Cities coverage of opened shopping centers



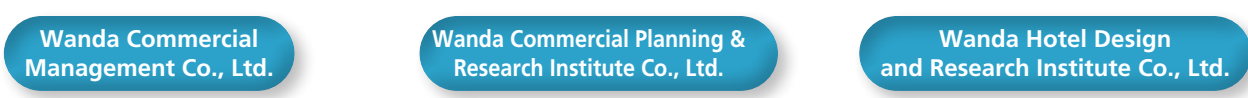
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Corporate Structure



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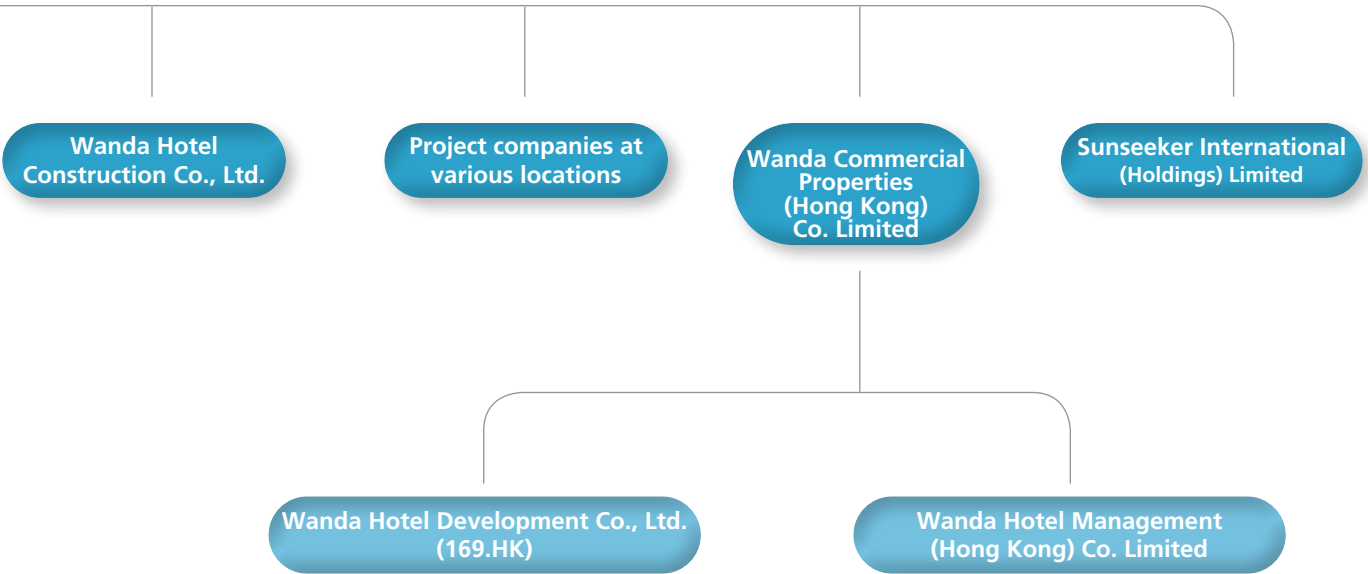
Note: shareholding percentage as at December 31, 2015

Guangzhou —
Nansha Wanda Plaza



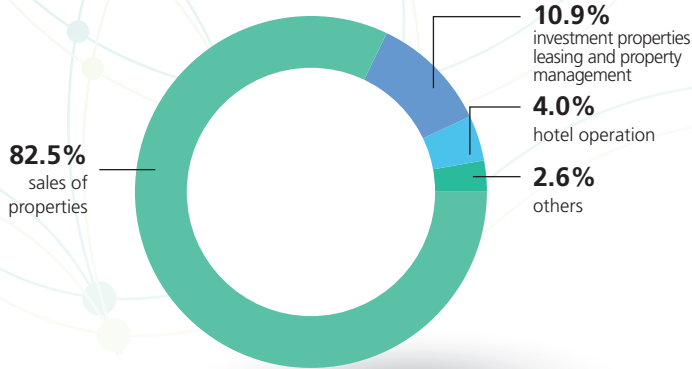


Hohhot —
Wanda Vista Hotel

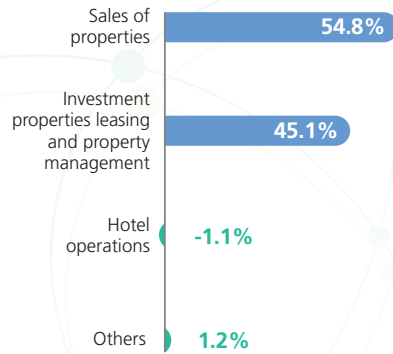


Business Overview

Revenue contribution from each of the three business segments



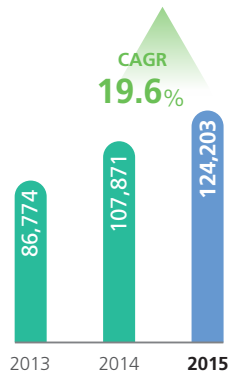
EBIT contribution of the three business segments



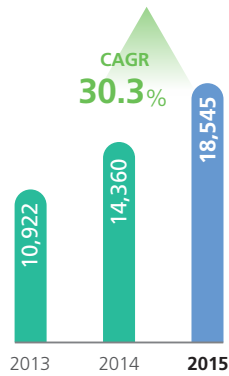
Note: the EBIT for investment property leasing and property management includes gains or losses arising from changes in fair value

Key Financial Indicators for 2013-2015

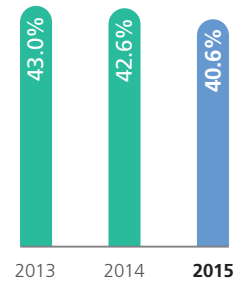
Revenue
(RMB million)



Sustainable revenue¹
(RMB million)



Gross profit margin



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



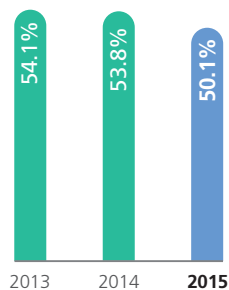
Fair value gains or losses of investment properties
(RMB million)



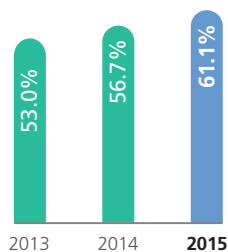
1. Sustainable revenue = revenue from investment property leasing and management + revenue from hotel operation

Debt Ratio

Total debts/
Total capital



Net gearing ratio



Earnings per share for 2015

RMB **6.62** per share

Proposed Dividend for 2015

RMB **1.05** per share

Investment properties and property leasing

Wanda Commercial holds an investment property portfolio mainly comprising Wanda Plazas, all of which are located in core areas of cities and the average number of permanent residents within a 5-km radius is more than 300,000. Based on the motto of "Wanda Plazas are city centers" and our brand and our scale advantages accumulated over the past decade, properties held by Wanda Commercial have indeed become centers in the cities where they are located.

Main data

Total number of
Wanda Plazas:

133

Total area of properties held:

26.32 million sq.m.

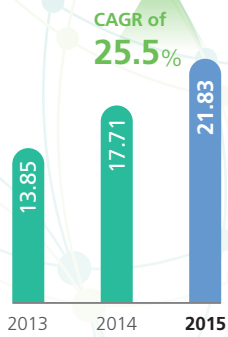
Foot traffic

>2.0 billion visits

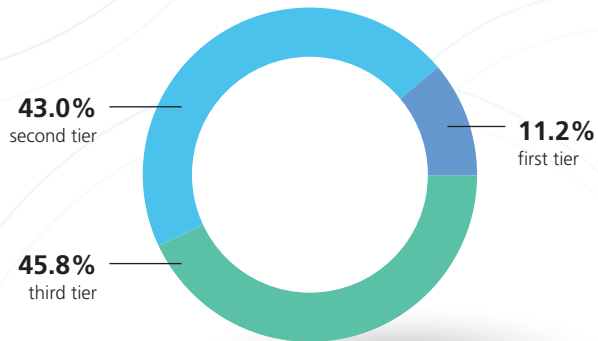
Business Overview

Total GFA of shopping centers

(million sq.m.)

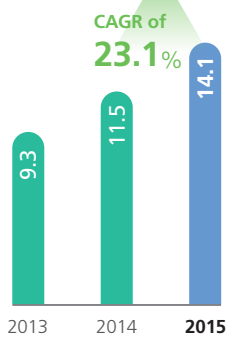


Distribution of total GFA of shopping centers by city tier

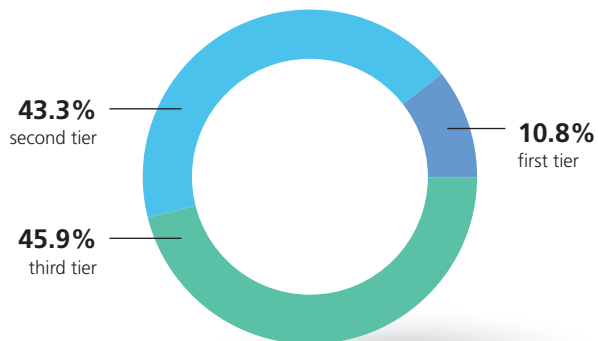


Total LFA of shopping centers

(million sq.m.)

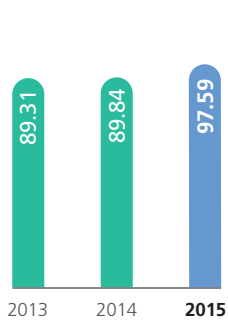


Distribution of LFA of shopping centers by city tier

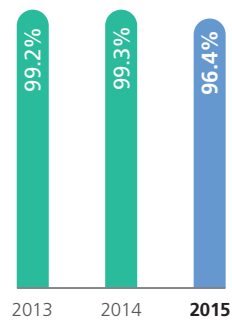


Average rent of shopping centers

(RMB/month/sq.m.)



Average occupancy rate of shopping centers

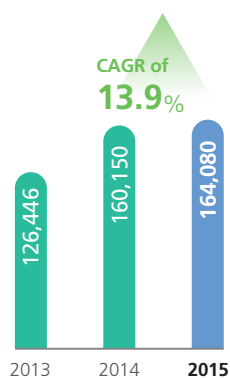


Property sales:

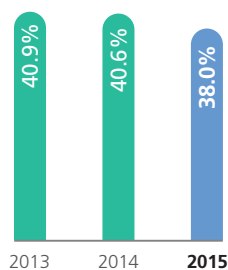
Wanda Commercial is China's largest developer and seller of commercial properties. Our main properties for sale are residential properties, office spaces, SOHO and the shops on the pedestrian street ("Gold Street") launched as part of our shopping center. We have managed to see quick sales with a high profit margin for our residential properties, leveraging the geographical locations, convenient living environment and modern urban lifestyles.

2015 Main data

Contracted sales (RMB million)



Gross profit margins of sales



Total land reserves at the end of 2015

73.95 million sq.m.

GFA of acquired land in 2015

17.73 million sq.m.

Average land acquisition cost in 2015

RMB **1,547** /sq.m.

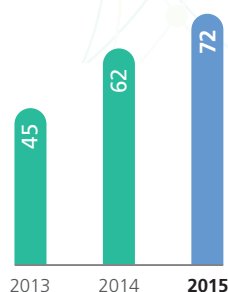
Business Overview

Hotel operations:

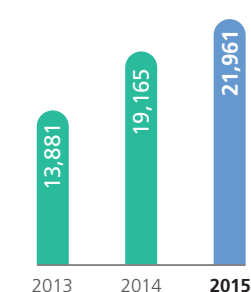
Wanda Commercial is China's largest owner of luxury hotels and operator of self-owned branded hotels. Our portfolio of luxury hotels has become the top upscale hotels for business travels, meetings and catering in the places where they operate, attracting customers and boosting the sales of our shopping centers.

Number of Hotels & Rooms

Number of Hotels



Number of Hotel Rooms
(units)



2015 Hotel owners' profit

707.08 million

2014 Hotel owners' profit

577.77 million
Growth **22.4%**

Self-owned Brand

Luxury Hotel



Super 5-star Hotel



5-star Hotel



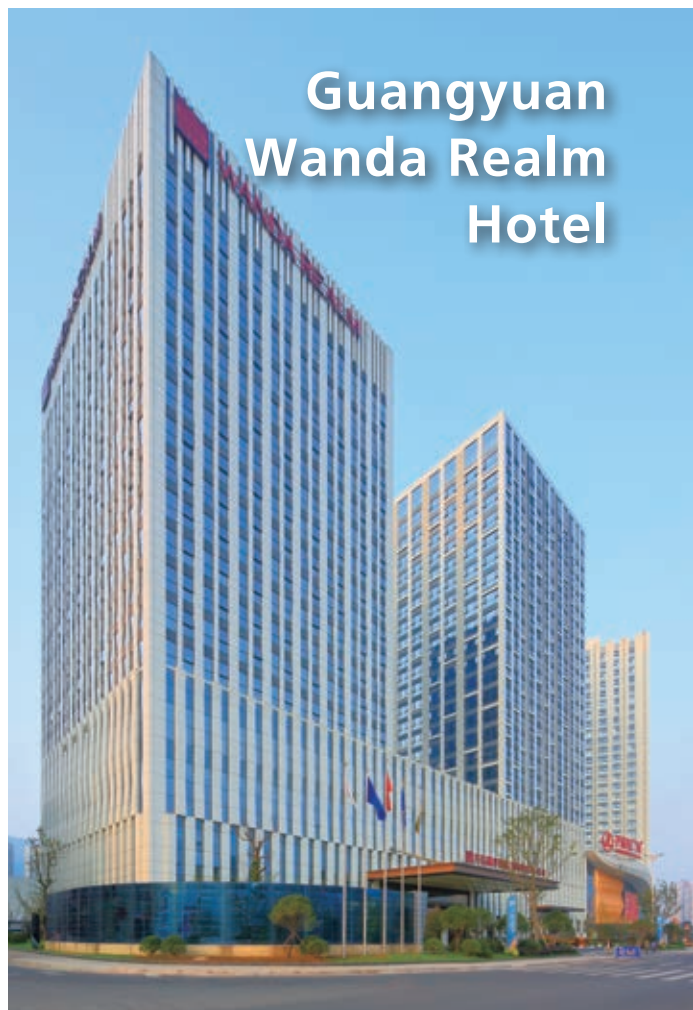
Liuzhou
Wanda Realm
Hotel



Fuyang Wanda
Realm Hotel



Guangyuan
Wanda Realm
Hotel



CHAIRMAN'S STATEMENT



Mr. DING Benxi
Chairman of the Board

Dear Shareholders,

2015 was a complex and difficult year for both the Chinese and global economies. Wanda Commercial managed to deliver brilliant results in spite of the challenges, thanks to the prudent decisions of its board of directors, excellent performance of its management team and the joint efforts of all employees. It was a hard-earned accomplishment, indeed. Going forward, Wanda Commercial's forward-looking strategic planning process, strong brand followings and core competitiveness developed through our team's efforts over the past decade, and world-leading execution capability will enable the company to reach its long term goals, exceed expectations, and achieve superior return to our shareholders.

All Annual Targets Accomplished

In 2015, Wanda Commercial accomplished all its annual targets and delivered brilliant results to its Shareholders.

Steady growth in revenue and profit. In 2015, Wanda Commercial recorded a revenue of RMB190.45 billion, representing a year-on-year increase of 4.4%. The contracted sales revenue from properties business amounted to RMB164.08 billion, representing a year-on-year increase of 2.5%, with 26 new Wanda Plazas increased during the year.

Drastic increase in rental profits. Rental income of Wanda Plazas amounted to RMB14.4 billion, representing a year-on-year increase of 30.7%. Profit from investment properties accounted for over 35% of the overall pre-tax profit of Wanda Commercial, up by 5 percentage points as compared with 2014. Wanda Commercial Management achieved 100% rent collection and property management fee collection for three consecutive years. For the hotel segment, 10 new hotels were opened during the year with a total hotel rooms of 21,961. Revenue from hotel business amounted to RMB5.24 billion, representing a year-on-year increase of 22.5%. Hotel owner's profits amounted to RMB707 million, representing a year-on-year increase of 22.4%. We added 4.755 million sq.m. to our investment properties held and maintained our leading position in the world as the owner of investment property portfolio with total area of 26.321 million sq.m..

Expanding advantage in our platform. Annual foot traffic in Wanda Plazas continued to grow steadily and recorded 2.03 billion visitors in 2015. Through cooperation with Feifan Technology, Wanda Plazas have turned into intelligent malls, which featured integration of online and offline operations and significantly enhanced consumer experience.



“Light & Heavy”, A Balanced Growth Strategy

In 2015, Wanda Commercial unveiled its asset light strategy, indicating that Wanda Commercial entered a new phase in its development, where it could capitalize from its capabilities in development, operation and management and brand followings. Wanda Commercial’s venture into asset light products followed the natural development cycle in the real estate industry and represented a necessary progression to the next phase of development. It was also driven by Wanda Group’s corporate culture of constantly seeking improvement and striving for excellence. Introducing asset light products was a proactive and forward-looking move that could lay a solid commercial foundation for the sustainable development of Wanda Commercial in the coming decades. Wanda Commercial is determined to achieve our goals and highly confident of success. In 2015, our asset light products achieved initial success in its first year of implementation and exceeded our expectation.

Partnership model for Wanda Plaza: Wanda Commercial initiated a partnership model for Wanda plazas. Since the launch of our light-asset products in 2015, which was very well-received by the market, a large number of potential investors expressed interests in leveraging on Wanda’s expertise and brand. They would provide land and capital required for the development of Wanda Plazas whereas Wanda Commercial would be responsible for design, construction, leasing and operation. The investors and Wanda Commercial would share the rental income based on a reasonable ratio. In 2015, Wanda Commercial signed three partnership commercial real estate projects in Beijing and Dalian, etc. The partnership model would not only reduce Wanda Commercial’s leverage ratio, but also enhance our competitive advantage in obtaining land in first and second-tier cities.

Partnership model projects will be the main focus of Wanda Commercial’s light-asset initiative in the future.

Chairman's Statement

Third party financing for some of the Wanda Plazas in the form of asset-light packages: Leveraging third party funds for some of the newly constructed/under construction Wanda Plazas as assets packages allowed us to recycle our capital investment rapidly. Wanda Commercial would still manage those Wanda Plazas while the investors and Wanda Commercial would share the rental income based on a reasonable ratio. Asset-light Wanda Plazas were scarce resources in the Chinese capital market. They offered stable income with lower risk and were therefore highly sought-after by investors. Some of the Wanda Plazas scheduled to open in 2016 had already entered into asset packages management agreement with investors.

Proactively lowered the proportion of properties sales: Under the Board's strategic direction, Wanda Commercial lowered the 2016 revenue target to about RMB130 billion. Properties sales target would be about RMB100 billion, representing an intended decrease of RMB64 billion as compared with 2015. Notwithstanding the lowered contracted sales target, Wanda Commercial aimed to maintain steady growth in net profit. Wanda Commercial's initiative to adjust its properties sales targets was a sign of its determination to achieve a balance between growth in investment properties and scale of properties sales, and a testimony of Wanda Commercial's forward looking strategy and strong executive capability. Despite the downward adjustment, Wanda Commercial would still be one of the largest developers in the country with RMB100 billion properties sales target. Currently Wanda Commercial had sufficient land bank for properties sales, most of which were centrally located in the cities, and costs were much lower than the industry average. Going forward Wanda Commercial intended to selectively acquire land banks in first tier and targeted second tier cities for mixed-use project developments. The balanced growth strategy would ensure Wanda Commercial's profit margin from properties sales and Wanda Commercial's long-term, sustainable development.

Management expertise continued to improve

Enterprises with outstanding management will survive the competition in the end. New technologies and great concepts will go nowhere without practical management ability. Wanda Commercial continued its management innovation by combining the most advanced concepts and technologies with practical management, so as to forge a world-leading management system.

Technology management with BIM: In order to ensure the full-scale development of its asset-light projects, Wanda Commercial integrated BIM technology into the "General Turnkey Contracting Mode" to create the innovative "BIM General Subcontracting Management Mode" in 2015, which enables management via a platform with integrated project information. The core of the platform was to allow the developer (Wanda), design contractor, engineering contractor and engineering supervisor to manage the projects on the same platform in an innovative mode known as "led by management, coordinated and synchronized, uniform management mode". BIM is a unique proprietary technology in the manufacturing field, and we are the first in the world to transplant it into a real estate development project, to ensure intelligent management throughout the project cycle. It would be a revolution in the global real estate industry and would significantly reduce Wanda Commercial's management cost.

Hui Yun System: Hui Yun System enables centralized control in a single management interface over the five major targets i.e. fire control, security control, equipment management, operation management and energy management, which are subdivided into 16 subsystems. Through a mobile phone APP, the user can easily manage any Wanda Plaza anywhere in the world at any time. This enables full-scale real time monitoring and greatly reduces management costs. The Hui Yun Management System of Wanda Commercial is a world class commercial property management software.

Despite the complex and difficult general environment in 2016, Wanda Commercial is capable of and confident in achieving its targets through our balanced growth strategy, and generating good returns to its shareholders with our forward-looking strategic decision-making process and world-leading management and execution capability.

DING, BENXI

Chairman of the Board

Beijing, March 2016

Business and Management Discussion and Analysis

1. Results Overview

The urban complex named “Wanda Plaza” is the Group’s core product as well as Wanda’s innovative model for commercial property. The urban complex includes facilities such as large commercial centers, luxury hotels, urban pedestrian streets, office buildings and apartments which form a large independent business hub by integrating various functions such as shopping, food and beverages, culture and recreation. These core business segments of investment properties, sales of properties and luxury hotels complement one another. Shopping centers and luxury hotels can boost the sales of properties while residential and office buildings and luxury hotels can drive foot traffic and enhance the value of shopping centers.

Corresponding with our core products, our Group’s businesses comprise three major segments:

1) development, leasing and management of commercial properties held for long-term investment, mainly including shopping centers; 2) development and sales of properties, including retail spaces, office spaces, SOHOs and residential buildings, etc; 3) development and operation of luxury hotels.

As China’s largest developer, owner and operator of commercial properties as well as China’s largest owner and operator of luxury hotels, the Group continued to maintain a sound performance record in the operation of large-scale multi-function complex properties and achieved rapid growth in every aspect of our operating results in 2015. The Group maintained its leading position in those fields either in terms of enterprise scale or business profitability.

As at 31 December 2015:

- Total number of Wanda Plazas in operation was 133, among which, 26 were newly added in 2015.
- Total Gross Floor Area (“GFA”) of properties held and in operation amounted to 26.32 million square meters, representing an increase of 22.1% compared to 21.56 million square meters at the end of 2014.
- Total GFA of shopping centers in operation amounted to 21.83 million square meters, representing an increase of 23.3% compared to 17.71 million square meters at the end of 2014.
- Total Leasable Floor Area (“LFA”) of shopping centers in operation amounted to 14.13 million square meters, representing an increase of 23.0% compared to 11.49 million square meters at the end of 2014.
- Total GFA of hotels in operation, offices, cultural and other properties amounted to 4.49 million square meters, representing an increase of 16.6% compared to 3.85 million square meters at the end of 2014.
- Total amount of contracted sales of the year was RMB164,080 million, representing an increase of 2.5% over 2014; contracted sales area was 16.72 million square meters, representing an increase of 13.1% over 2014.
- Total number of hotels in operation amounted to 72, among which, 10 hotels were newly opened in 2015.
- Total number of hotel rooms in operation was 21,961, among which, 2,796 rooms were newly added in 2015.

In 2015, the Group’s businesses were carried out as scheduled and achieved remarkable financial results. The Group’s total revenue amounted to RMB124,203 million, up by 15.14% as compared with 2014. The Group achieved core profit (net of fair value gains of investment properties) of RMB17,016 million in 2015, representing an increase of 14.79% compared to 2014,

and the core profit margin was 13.70%. The increase in core profit was mainly attributable to the increase in profit of our investment property leasing and property management business as well as sales of properties. In 2015, the Group realized net earnings per share of RMB6.62.

Business and Management Discussion and Analysis

The key financial results of each business segment of the Group in 2015 are presented in the table below:

Unit: (RMB million)

	Investment Property Leasing and Property Management			Sales of Properties			Hotel Operations			Other			Segment Total		
	2015	2014	Change	2015	2014	Change	2015	2014	Change	2015	2014	Change	2015	2014	Change
Revenue	13,582	10,352	31.20%	102,515	91,748	11.74%	4,963	4,008	23.83%	3,143	1,763	78.28%	124,203	107,871	15.14%
Cost	3,784	2,703	39.99%	63,611	54,532	16.65%	3,637	2,868	26.81%	2,804	1,842	52.23%	73,836	61,945	19.20%
Gross profit	9,798	7,649	28.10%	38,904	37,216	4.54%	1,326	1,140	16.32%	339	-79	-529.11%	50,367	45,926	9.67%
Gross profit-margin (%)	72.14	73.89	-1.75	37.95	40.56	-2.61	26.72	28.44	-1.72	10.79	-4.48	15.27	40.55	42.57	-2.02
Profit before interest and tax	25,449	19,963	27.48%	30,908	29,253	5.66%	-602	-605	-0.50%	684	501	36.53%	56,439	49,112	14.92%
Increase in fair value of investment properties	17,230	13,455	28.06%	-	-	-	-	-	-	-	-	-	17,230	13,455	28.06%
LAT	-	-	-	8,490	7,286	16.52%	-	-	-	-	-	-	8,490	7,286	16.52%
Profit before interest and tax (excluding changes in fair value and LAT)	8,219	6,508	26.29%	22,418	21,967	2.05%	-602	-605	-0.50%	684	501	36.53%	30,719	28,371	8.28%
Finance cost (not available for allocation)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Profit before tax (excluding change in fair value and LAT)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
													7,400	7,312	1.20%
													23,319	21,059	10.73%

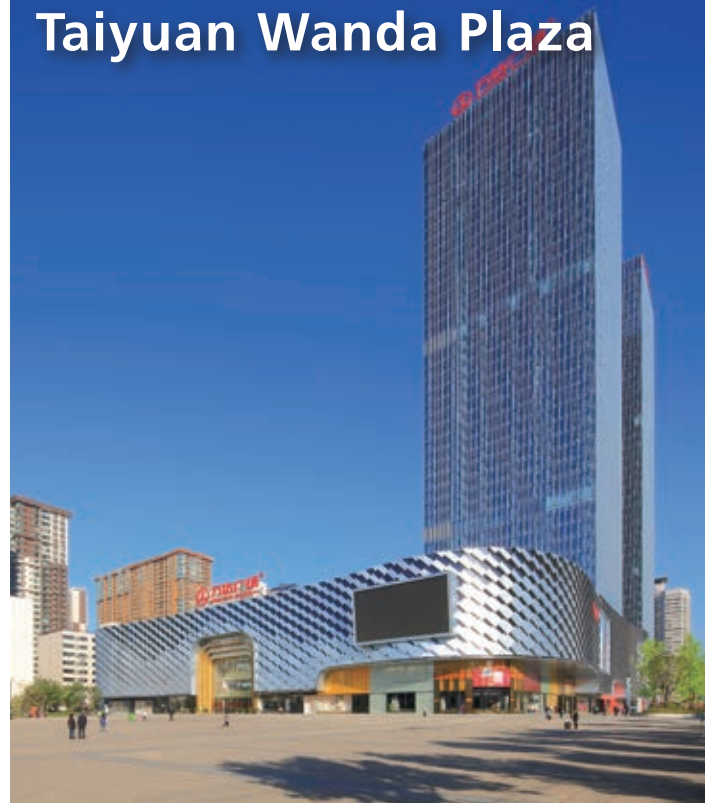
In 2015, the Group's revenue is mainly derived from three major business segments, namely investment property leasing and property management, sales of properties and hotel operations, accounting for approximately 10.94%, 82.54% and 4.00%, respectively. In 2015, revenue from investment property leasing and property management segment amounted to RMB13,582 million, representing an increase of 31.20% as compared with 2014; revenue from sales of properties amounted to RMB102,515 million, representing an increase of 11.74% as compared with 2014; revenue from hotel operations segment amounted to RMB4,963 million, representing an increase of 23.83% as compared with 2014.

In 2015, facing downward economic pressure and the decelerating growth rate of the real estate industry, the Group's overall gross profit margin of 40.55% was lowered by approximately 2.02 percentage points as compared to 2014, mainly due to the decrease in profit margin of sales of properties as a result of the changes in revenue structure that more revenue from residential products was recognized in the year. Nevertheless, the Group's overall gross profit margin remained at above 40%, demonstrating our Group's strong ability to withstand cyclic risks, outstanding business administration expertise and ability to achieve sustainable profitability.

Hubei Huangshi
Wanda Plaza



Taiyuan Wanda Plaza



Guilin Gaoxin Wanda Plaza



Business and Management Discussion and Analysis

In 2015, the Group continued its business adjustment strategy of expanding the contribution percentage of investment property leasing and property management segments to our businesses. In 2015, the investment property leasing and property management segment's profit before interest and tax amounted to RMB25,449 million, which accounts for 45.09% of the total profit before interest and tax, representing a further increase of 4.44 percentage points as compared with 2014. Meanwhile, the profit before interest and tax from sales of property accounts for RMB30,908 million or 54.76% of the total amount, representing a decrease of 4.80 percentage points as compared with 2014. Loss before tax and interest from hotel operations segment was RMB602 million, representing a 0.50% decrease in loss as compared with 2014.

Contribution of profit before tax (excluding LAT)

In 2015, the Group's profit before tax (excluding LAT) is mainly derived from sales of properties, investment property leasing and property management segments. Among which, profit before tax and interest (after deducting LAT and excluding gains or losses arising from changes in fair value) from investment property leasing and property management segment amounted to RMB8,219 million, representing an increase of 26.29% as compared with 2014. The profit accounts for 35.25% of profit before tax (after deducting LAT and excluding gains or losses arising from changes in fair value), representing an increase of 4.34 percentage points as compared with 2014, demonstrating the Group's achievement in expanding the contribution percentage of investment property leasing and property management. Looking forward, with the increasing contribution percentage of investment property leasing and property management segment, the Group's profitability will be further enhanced and our profit will increase steadily.

2. Business Segments Analysis

2.1 Investment property

2.1.1 Operation analysis

The investment properties of the Group mainly include Wanda Plaza shopping centers, along with a small

number of office building properties (Dalian Wanda Center, Wuhan Wanda Center and Beijing CBD Office) and cultural properties (The Han Show and Movie Park in Wuhan).

In 2015, we further expanded our portfolio of investment properties, adding a total of 26 new shopping centers. As at 31 December 2015, the Group owned a total of 133 shopping centers in operation in 89 cities with a total GFA of approximately 21.83 million square meters and a total LFA of approximately 14.13 million square meters.

As at the end of 2015, the rental income of comparable plazas (Note 1) of Wanda Plazas recorded a year-on-year increase of approximately 10%. Accumulated total foot traffic of the year was approximately 2.03 billion visitors and each plaza recorded an average of approximately 50,000 visitors per day, representing an increase of approximately 25% of total foot traffic as compared with 2014. This was benefited from Wanda Plazas' strong adaptability to the economic development trend and changing market scenario.

New shopping centers were all rented out when opening in 2015. In 2015, the Group carried out a series of well-planned and focused adjustment to anchor stores of our trade mix and the average occupancy rate of our shopping centers in operation was 96.37%.

In 2015, revenue from investment property leasing and property management segment amounted to RMB13,582 million, representing an increase of 31.20% as compared with 2014. The contribution from the investment property leasing and property management segment to the Group's revenue further increased and accounted for 10.94% of the revenue, representing an increase of 1.34 percentage points as compared with 2014. In 2015, gross profit margin of our investment property leasing and property management segment was 72.14%, representing a decrease of 1.75 percentage points as compared with 2014, which was mainly due to more new shopping centers were opened during the year and hence more shopping centers were still in early operation period.

Note 1: comparable plazas: Wanda Plazas which have been in operation for a full two-year period or more (i.e. opened in 2013 or before) as at the period end.

Major operating information of shopping centers:

	2015	2014	Change
Total GFA (million sq.m.)	21.83	17.71	23.3%
Total LFA (million sq.m.) ⁽¹⁾	14.13	11.49	23.0%
Occupancy rate	96.37%	99.32%	2.95 percentage points
Average Rent (RMB/sq.m./month) ⁽²⁾	97.59	89.84	8.6%

Notes:

(1) Total LFA represents total leasable GFA of shopping centers.

(2) Average rent = Revenue from investment property leasing and property management/total leased area.

The table below sets out certain information in respect of our shopping centers in operation as at 31 December 2015:

	GFA (million sq.m.)	LFA (million sq.m.)	Average Occupancy Rate in 2015
First-tier cities	2.44	1.52	97.89%
Second-tier cities	9.38	6.12	96.93%
Third-tier cities	10.01	6.49	95.47%
Total	21.83	14.13	96.37%

In regards to commercial operation, we mainly took the following initiatives:

1. Adjusted our trade mix and switched our investment attracting model.

We implemented various strategic plans such as the adjustment of department store/KTV trades, the establishment of Wanda Kids Place and the introduction of Kidswant. We explored new models for attracting investment, extended our forms of cooperation with brands and hosted brand conferences in various forms and themes. In 2015, Wanda Commercial streamlined and adjusted its management and control model for attracting investment, standardized and optimized our trade mix, brand introduction, rental management and evaluation, and clarified the roles and duties of each department in the adjustments to investment attraction, while a series of specific adjustments were made in respect of the surrender of tenancy by anchor stores, including Wanda Department Store, Dagexing and

GOME Electrical Appliances. During the year, the leased area of Wanda Plazas in operation under the investment attracting adjustments was approximately 2 million square meters, of which anchor stores accounted for a leased area of approximately 1.19 million square meters under the investment attracting adjustments and pedestrian streets accounted for a leased area of approximately 810,000 square meters under the investment attracting adjustments, with an increase of approximately 11% in rent for the adjusted area.

2. Reinforced our brand development and enriched our brand resources.

On the basis of traditional retail brands, we introduced experiential trades, such as children, education, training and fitness, to diversify our trade mix with a greater focus on children's trade, and increased the area for children's entertainment and retail in 79 Wanda Plazas. We explored new models for brand management, set up a joint conference at the brand

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headquarters and introduced specialty stores, to enhance customer experience and create selling points for our plazas. Through in-depth communication with senior management of various brands, we successfully facilitated the integration of brand resources and set up stores of new living concepts and innovations, which improved our operation stability. Cooperation with overseas brands was actively explored to expand our brand resources. In 2015, we participated in The Global Retail Real Estate Convention in Las Vegas (ICSC) and the International Retail Real Estate Show in Cannes, which facilitated our cooperation with various international fast fashion brands and attracted over 30 international brands to the 2015 Wanda Group Annual Commercial Convention, significantly boosting its international influence. In addition to the Wanda Group Annual Commercial Convention held annually in September, we also held the Spring Investment Promotion Convention to improve the efficiency of attracting investment. Through the two investment promotion conventions held in 2015, we attracted more than 3,000 brands and signed approximately 6,600 letters of intent for cooperation, with approximately 85% of them were signed on site. In 2015, the Wanda Group Annual Commercial Convention gave full expression to the "Internet +" thinking and was transformed and upgraded into a full-open platform for industrial and online/offline cooperation.

3. Adjusted to new situations and innovated our marketing and promotion campaigns.

In 2015, with the depressing overall domestic consumer market, Wanda Commercial actively coped with the market situations and the changes in consumption trends, using internet thinking and new technology to promote online and offline integration with an aim to support the operations of physical stores.

The following are the four highlights during Wanda's unified marketing activities:

(1) Integrated external resources and conducted transboundary marketing. Cooperated with UBER, SF-Express and Didi Taxi to launched characteristic activities and services including "Wanda Hundred

Cities, a Safe SF-Express for a Penny", "Didi Taxi Send you to Wanda" and "Close Encounter with the UberCHOPPER", providing a speedy, convenient and plentiful customer experience.

(2) Established the new media matrix of WeChat and Weibo for brand resources of Wanda Plazas to create a hot topic by expanding our marketing topic propagation and promoting our activities through online-offline topic stream diversion.

(3) Fully utilized the e-commerce platform to keep track of the consumption habits. Launched online discount events with e-commerce platforms such as ffan.com, nuomi.com, dianping.com, JD.com and meituan.com.

(4) Launched the Co-launch brands Customized by Wanda campaign to support the operations of brands. Aiming to boost the operations of the plazas and enhance sales for our tenants, we collaborated with, among others, Bestseller, Watsons, Vanguard, Mark Fairwhale, I DO and GXG to launch events customized by Wanda, including the "Wanda-Mark Fairwhale Men's Clothing Shopping Festival (萬達•馬克華菲男裝購物節)" and "Wanda-Cabbeen: A Love Confession (萬達•卡賓•愛表白)". During the events, sales of the brands achieved a year-on-year increase of more than 150%, which was a remarkable result showing our support for tenants.

4. Adjusted our management model timely in coordination with market changes.

To adapt to rapid developments in commercial real estate industry, enhance system management and improve the resource integration for projects in the operation period and preparation period, Wanda Commercial re-optimized the organizational structure of its business management system and adjusted regional management model in 2015 by integrating original regional companies into 18 regional companies, refining accounting unit and lowering business focus. The new regional management model correspondingly adjusted the regional functions to allow a more direct

and effective management by regional companies on a single store. Hence, resources and advantages in the region could be integrated and complemented among each other, which significantly enhanced the comprehensive management ability of the business management system.

5. Attached great importance to safety management and improved our operation quality.

In 2015, Wanda Commercial regarded fire safety control as a priority, promoted standardization of safety management, reformed the air-conditioning system and carpark environment in order to provide customers with a safe and comfortable shopping environment. In 2015, we achieved zero security accidents with a potential hazard rectification rate of 100% and a safety plan completion rate of 100%. The documentation for the three standards management system was 100% established as scheduled and each goals of safety management and control for the year were satisfyingly accomplished.

2.1.2 Financial analysis

Revenue

In 2015, revenue from the Group's investment property leasing and property management amounted to RMB13,582 million, representing an increase of 31.20% as compared with 2014, mainly due to the increase in leasable area and average rents during the year. The increase in leasable area was mainly due to the 26 shopping malls opened during the year; the increase in average rents from RMB89.84/sq.m./month in 2014 to RMB97.59/sq.m./month in 2015 was mainly due to the natural increase in rent according to contract terms for the shopping centers opened before 2015, certain tenants agreed to have their rents raised when renewing their contracts, and the rent increment resulting from the Group's adjustment made to certain tenants.

Cost

Direct operating expenses in relation to investment property leasing and property management mainly include property maintenance costs, salaries of employees in the investment property leasing and property management segment and the property tax in respect of the relevant investment properties. In 2015, our costs of investment property leasing and property management amounted to RMB3,784 million, representing an increase of 39.99% as compared with 2014, higher than the increase in revenue, which was mainly due to the increase in operating costs resulting from the opening of more new shopping centers and the registration of more new business management companies during the year.

Gross Profit

Investment property leasing and property management realized a gross profit of RMB9,798 million in 2015, representing an increase of 28.10% as compared with 2014, with a gross profit margin of 72.14%, representing a decrease of 1.75 percentage points as compared with 2014. The main reason for the decrease was attributable to more new shopping centers were opened during the year and hence more shopping centers were still in early operation period.

Selling and Distribution Expenses

Selling and distribution expenses for investment property leasing and property management mainly include promotional expenses and advertising expenses, the amount of which was RMB489 million in 2015, representing an increase of 6.54% as compared with 2014. The selling and distribution expenses accounted for 3.60% of the revenue from investment property leasing and property management in 2015, representing a decrease of 0.83 percentage point as compared with 2014, mainly due to the Group's strict control in expenses and enhancement of efficiency during the year.

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Administrative Expenses

Administrative expenses for investment property leasing and property management mainly include the management's salaries, travel expenses, office expenses and rents, the amount of which was RMB1,355 million in 2015, representing an increase of 44.46% as compared with 2014; such expenses accounted for 9.98% of the revenue from investment property leasing and property management, representing an increase of 0.92 percentage point as compared with 2014. The increase was mainly due to more new shopping malls were opened by the Group during the year.

Fair value gains on investment properties

As at 31 December 2015, total book value of the Group's investment properties amounted to RMB309,481 million, accounting for 48.39% of the Group's total assets. During the year, as per the requirements of the relevant accounting standards, the Group engaged DTZ, an independent third party, to carry out a valuation on our investment properties including both completed projects and the projects under construction, and realised a valuation gain of RMB17,230 million.

2.2 Sales of properties

2.2.1 Operation analysis

As the economy of China is still facing downward pressure with the rate of industry growth slowing down, local governments have implemented a series of policies relating to the real estate industry in 2015, covering a cut in interest rates and a reduction of the reserves that certain banks must hold, a reduction of down payment for Accumulation Fund Loan, tax incentive and lift of home buying restrictions. These helped the real estate industry to gradually recover from depression. Sales area of commodity housing units was 1.28 billion square meters, representing an increase of 6.5% over the last year, while sales of commodity housing units was RMB8.7 trillion, representing an increase of 14.4% over the last year. Both sales area and sales increase rates had returned to positive in 2015 from the contraction in 2014. However, inventory level of commodity housing units had shown an increase rather than a decline as at the end of 2015.

This illustrated that the real estate industry becomes highly fragmented following adjustment and reshuffle of the industry. It is mainly reflected in widening gap between transaction volumes of housing units in urban and rural areas, uneven development in transaction structure of housing units and intensified competition among industry players. While developed cities benefited from advantages following regional integration with a rapidly expanding market, third and fourth tier cities are facing the problems of high level of inventory, low demand and low growth rate.

In a volatile and complicated market environment, and in light of adjustments to market policies, the Group adopted a balanced growth strategy as its development policy and benefited from our efforts to optimize project positioning and product mixtures as well as the strong execution capability of our team. The Company has coordinated developments in a scientific manner and has made efforts to optimize our new projects, adhering to the principle of "Cash is King" and "quick response to market" in conducting sales. Accordingly, The sales target of the year was fulfilled.

Our total contracted sales area for 2015 was approximately 16.72 million sq.m., representing an increase of 13.1% as compared with 2014, while our total contracted sales was approximately RMB164,080 million, representing an increase of 2.5% as compared with 2014. Our total contracted sales area and total contracted sales overfulfilled our sales target as set at the beginning of the year.

Our contracted sales area in first-tier and second-tier cities accounted for 45.2%, third-tier accounted for 54.5% and sales overseas accounted for 0.3%.

Our contracted sales in first-tier and second-tier cities accounted for 53.6%, third-tier accounted for 43.3% and sales overseas accounted for 3.1%.

The table below sets out information in respect of contracted sales by the cities where the properties located during the reporting period:

	Contracted sales (RMB million)	Contracted sales area (million sq.m.)
First-tier cities	14,721	0.96
Second-tier cities	73,306	6.60
Third-tier cities	70,992	9.11
Overseas	5,061	0.05
Total	164,080	16.72

2.2.2 Financial analysis

Revenue

In 2015, the Group's sales of properties recognized a revenue of RMB102,515 million, representing an increase of 11.74% as compared with 2014, mainly due to the increase in the sales area for which the properties have been delivered as per contract by the Company and the revenue has been recognized during the year. In 2015, the Group's sales of properties recognized an area of 10.3216 million sq.m., representing an increase of approximately 36.62% as compared with 2014.

Costs

The costs of property sales mainly include the land acquisition costs, construction costs, capitalized interest and other costs. In 2015, our costs of property sales amounted to RMB63,611 million, representing an increase of 16.65% as compared with 2014, mainly due to the increase in the area for which the revenue was recognized.

Gross profit

In 2015, sales of properties realized a gross profit of RMB38,904 million, representing an increase of 4.54% as compared with 2014. In 2015, the Company's gross profit margin of property sales was 37.95%, representing a decrease of 2.61 percentage points as compared with 2014, which was mainly due to more revenue from residential products was recognized in the year.

Selling and distribution expenses

Selling and distribution expenses for sales of properties, which mainly include the promotional expenses, costs for sales and marketing staff, decreased by 8.50% from 2014 to RMB4,691 million in 2015, accounting for 2.86% of the contracted sales, representing a decrease of 0.34 percentage point as compared with 2014. The decrease in selling and distribution expenses was mainly due to the efficient control and reasonable use of expenses by the Group during the year.

Administrative expenses

Administrative expenses for sales of properties mainly include the management's salaries, travel expenses and office expenses, the amount of which was RMB3,824 million in 2015, accounting for 3.73% of the revenue from sales of properties, representing a decrease of 0.51 percentage point as compared with 2014. The decrease was mainly due to the enhancement in the control on administrative expenses and the use efficiency of each expenses.

2.2.3 Wanda City

The Group has developed Wanda City in first-tier and second-tier cities that are transport hubs with abundant tourism resources. Wanda City encompassed theme park, tourism, leisure, sight-seeing, hotel, retail and residential uses in an integrated complex. Wanda City, using local cultural or tourism themes as characteristic and overall planning, is developed by phase as a multifunction complex and highlighting culture and

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tourism concepts with an aim to build itself into a landmark of urban lifestyle, cultural center, commercial center, tourism center and world-class tourist spot by providing rich entertainment and retail services. Generally, Wanda City is comprised of mega Wanda Mall, large scale outdoor theme park, top class stage shows, hotel complex and bar street.

Since 2015, as one of the six consumption-related sectors promoted by the central government, tourism consumption had recorded a new high in a downward economy and became a new driver of China's economic growth. A number of first-tier and second-tier cities in China do have conditions and resources for further development in terms of culture, sight-seeing, leisure and conventions. Therefore, certain local governments have made upgrading cultural tourism the top investment strategy.

Wanda City has been enjoying the bonus generated from the cultural tourism industry. With progression in projects and maturation of the surrounding environment, sales of properties were further accelerated and profit margin of sales has been growing:

- Located in first-tier and second-tier cities: most of these cities are provincial capital, sub-provincial city or city specifically designated in the state plan with large population, easy transportation, large market, affordable price and large coverage of retail enterprises, and are leading cities of a province or an economic zone.

- Mega cultural tourism project is the main pillar of Wanda City: theme park, top stage show, Wanda Mall and other cultural tourism facilities are the pillars of Wanda City that would attract tourists and visitors from China and all parts of the world.
- Projects with large area can integrate and supplement different kind of businesses: Total GFA of our Wanda Cities are usually 3-5 million sq.m.. Among them, GFA of our residential properties have an area of approximately 1-3 million sq.m.. Based on per-capita area of 35 sq.m., Wanda Cities will have a total population of approximately 30,000 to 90,000 upon completion, which would be the foundation for other businesses in Wanda City such as commercial and entertainment.

As at 31 December 2015, the Group has eight Wanda Cities under construction, which are respectively located in 8 cities, including Wuhan, Hefei, Harbin, Nanchang, Qingdao, Wuxi, Guangzhou and Chengdu. Among them, Chengdu Wanda City is the new investment project for 2015. So far, the construction of the Group's Wanda Cities has been in steady progress.

2.2.4 Overseas Properties

In 2015, we continued our expansion in overseas business through further enlarging the geographic coverage of our property portfolio into selected strategic cities overseas in accordance with our established overseas expansion strategy. Our goal is to build landmarks in core regions of the world's hub cities and focus on building an international brand for Wanda's hotels. For projects development, we achieved overall cash flow balance of the projects by building and holding luxury hotels using the cash proceeds from sales of properties. Wanda Commercial's new overseas properties project in the future will be developed in the established direction.

Among the six overseas property development projects, the projects in London and Gold Coast have been under construction. We have filed the Los Angeles Project for approval. The Chicago Project has fulfilled the requirements relating to planning change and Lakefront Protection Ordinance. The Sydney Project has passed the examination by the Town Planning Board. London Project, Golden Coast Project and Chicago Project have commenced pre-sale.

Project in London, the UK

In September 2013, through a Hong Kong listed company Wanda Hotel Development Company Limited ("**Wanda Hotel Development**", a company controlled by us), we acquired a project at 1 Nine Elms Lane, London SW8 5NQ, the United Kingdom with Wanda Commercial Properties Development (HK) Co., Limited ("**Wanda HK**", our wholly-owned company) in form of a joint venture, in which Wanda Hotel Development holds 60% and Wanda HK holds 40% of its shareholding, respectively. The planned total gross floor area of London Project is approximately 110,000 sq.m., and is expected to be developed into a high-end complex comprising residential and hotel units. The pre-sale of London Project has commenced in October 2014 with outstanding results achieved. As at 31 December 2015, 339 units with a total area of approximately 34,000 sq.m. had been pre-sold. We completed the demolition work of the existing property in April 2015 and commenced pile foundation engineering in May 2015. The development of this project is expected to be completed in 2020.

Joint Venture in European Continent and Project in Madrid, Spain

In June 2014, Wanda Hotel Development formed a joint venture with Wanda HK to establish a joint venture platform in Continental Europe with total capital commitment of HK\$12.5 billion, in which Wanda Hotel Development holds 60% and Wanda HK holds 40% of its shareholding, respectively, for the joint acquisition and development of suitable real property projects in Continental Europe. In the same month, we acquired Edificio Espana, a historic building in Madrid of Spain, through this joint venture platform. The planned total gross floor area of the project is approximately 90,000 sq.m., and is under an overall assessment conducted by the Company and Wanda HK.

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Joint Venture in American Continent and Project in Chicago, the U.S

In July 2014, Wanda Hotel Development formed a joint venture with Wanda HK to establish a joint venture platform in the Americas with total capital commitment of HK\$10 billion, in which Wanda Hotel Development holds 60% and Wanda HK holds 40% of its shareholding, respectively, for the joint acquisition and development of suitable real property projects in the Americas. In the same month, we, through Wanda Chicago, a wholly owned subsidiary of this joint venture platform in the Americas, 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 the Chicago Project, in which Wanda Chicago holds 90% and Magellan holds 10% of such project company. The planned total gross floor area of the Chicago Project is approximately 176,000 sq.m. It is located in the heart of Chicago, adjacent to Millennium Park and Chicago CBD, and many of the well known destinations are within walking distance, such as the Theatre District, Museum Campus and Michigan Avenue. This is the last unbuilt site within the Lakeshore East area with excellent geographic location. The project is expected to be developed into a 350-meter, 93-story super five-star hotel (with estimated 193 rooms) and high-end condominiums, which will be Chicago's third highest building upon completion and become a new landmark in Chicago.

Project in Chicago commenced pre-sale in September 2015. As at 31 December 2015, 130 units with an area of approximately 28,000 sq.m. had been pre-sold. The project is expected to obtain planning approvals and be delivered in first half of 2016. Construction work is commenced in July 2016 and the development of this project is expected to be completed in 2020.

Los Angeles Projects

In September 2014, a wholly-owned subsidiary of Wanda Hong Kong, acquired a parcel of land located in No.9900 Wilshire Boulevard in the city of Beverly Hills in Los Angeles County. The land area is about 32,000 square meters, with a total planned construction area of about 145,000 square meters, of which approximately 90,000 square meters are above ground. The project is located in a prime location in Beverly Hills, close to the upscale residential area of the city, next to Rodeo Drive, one of the nation's most famous shopping street which is just a 10-minute walk away. The Peninsula Hotel and Beverly Hilton are just across the street. To its west is the famous West Coast Los Angeles Country club, which has a 36-hole golf course and beautiful scenery. The Los Angeles boutique project is planned to build two high-end residential and super five-star hotel complexes. The project is expected to obtain planning approvals and commence construction in first half of 2017. The project is scheduled to be completed and commence sale by 2020.

Joint Venture in Australia and Jewel Three Pagodas Project of Gold Coast, Australia

In August 2014, Wanda Hotel Development formed a joint venture with Wanda HK to establish a joint venture platform in Australia with total capital commitment of HK\$12.5 billion, in which Wanda Hotel Development holds 60% and Wanda HK holds 40% of its shareholding, respectively, for the joint acquisition and development of suitable real property projects in Australia. In the same month, we, through Wanda Australia Commercial, a wholly owned subsidiary of this joint venture platform in Australia, subscribed 55% shareholding in Jewel Three Pagodas Project Company, for the joint development of the Gold Coast Jewel Project with a independent third party. The planned

total gross floor area of the Gold Coast Jewel Three Pagodas Project is approximately 144,000 sq.m. It is located in the heart of the Gold Coast city center – the Surfers Paradise, which is the one and only five-star hotel and apartment project approved to be erected directly adjacent to beaches in the Gold Coast. It comprises of three high-rise tower buildings, of which one will be a five-star hotel and high-end apartments, and the other two will be luxury apartments for sales. The project will become a city landmark of the Gold Coast upon completion. The project obtained planning approvals in December 2014 and the demolition work has completed in March 2015. The construction work has commenced and the bid for general contractor has been completed. The project has commenced pre-sale since September 2015. As at 31 December 2015, 92 units with a total area of approximately 10,000 sq.m. had been pre-sold. The development of this project is expected to be completed in 2019.

Sydney Project in Australia

On 23 January 2015 and 4 March 2015, through Wanda Sydney, a wholly-owned subsidiary of the above joint venture platform in Australia, we and Wanda HK entered into an agreement to acquire the Sydney Project in Australia according the joint venture master agreement. The project is planned to develop into a new high-end multipurpose complex of hotel, residential property and retail with a planned total gross floor area of approximately 98,000 sq.m. and a 185-metre-tall tower. The project is located in Circular Quay, the core area of Sydney, and adjacent Sydney Cove, with the famous Sydney Opera House and Harbour Bridge in close proximity and a spectacular view in possession. With five-star hotels, Grade A office buildings and financial institutions in the surrounding area, the project is expected to become another landmark of Sydney when completed. The project is expected to obtain planning approvals in early 2017 and commence pre-sale in 2017. The demolition work will commence in first half of 2017. The project is expected to commence construction in 2018 and is expected to be completed in 2021.

2.3 Hotel operations

2.3.1 Operation analysis

As at 31 December 2015, we had 72 luxury hotels in operation in 63 cities, and the total number of rooms was 21,961, including 45 self-operated hotels and 27 hotels operated by world-known third-party hotel managers, all of which are situated in urban centers and travel hotspots.

During the reporting period, we newly opened 10 hotels, with 2,796 hotel rooms in total.

In 2015, our hotel operations realized owner's profit of RMB707 million, representing an increase of 22.4% as compared with RMB578 million in 2014, of which owner's profit for hotels opened before 1 January 2015 amounted to RMB728 million and owner's profit for hotels opened during 2015 amounted to RMB-21 million. Owner's profit margin was 13.51% in 2015, representing a decrease of 0.99 percentage point as compared with 14.50% in 2014. The decrease in owner's profit margin was due to the fact that the newly opened hotels are still in the stage of trial operation, resulting in lower revenue while related operating costs were incurred normally which led to lowered owner's profit and reduced owner's profit margin.

As at the end of 2015, we have already acquired land for the development of overseas hotel projects in global hot spots such as London, Los Angeles, Chicago, Madrid, Sydney and Gold Coast, which would lay a solid foundation for Wanda Hotel's expansion into international market, and significantly improve the brand influence of Wanda hotels.

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In 2015, our hotel segment maintained a healthy development in the backdrop of certain adverse conditions such as slower domestic economic growth and decline in business and tourist consumptions.

- We have formulated and established the pattern for brand development. In 2015, the Company conducted systematic refining and planning to its self-owned brands (Wanda Reign, Wanda Vista, Wanda Realm and Wanda Jinhua). By precisely capturing the demand from niche markets, we formulated our differentiated multi-brand strategy, brand positioning and coverage planning. We have also developed brand standards that integrated personalize and humanize services and formulated a customer loyalty plan in an effort to motivate customers and employees, which established a unique brand management model for Wanda Hotels.
- First step towards our “light-asset” model. At the end of 2015, the Company successfully launched Wanda Realm Wuzhishan Baicheng, our first project under the brand of “Wanda Realm”, which marked the market recognition of our Wanda hotel brands since its establishment in 2012 and an important milestone in the development progress of the Company.
- We have developed an international and exceptional hotel management team. The Company strives to develop a high standard and quality operation and management team with international level. As at the end of 2015, the Company recruited talents who have accumulated extensive experience through serving global hotel management groups as general managers. The number of general managers from overseas accounted for 45% of the total number of general managers. Meanwhile, the Company established training and development plan for hotels’ general manger to facilitate the promotion channel of existing management team members, which lays a solid foundation for our future talent pool and succession planning.
- We have implemented the “Internet+” marketing model. In 2015, the Company upgraded the synchronization capabilities between the intelligent booking function of its official website and smartphone terminals, which achieved a comprehensive enhancement in the application efficiency of our centralized booking system and recorded a higher sales for our online-booking channel. We have effectively connected with the marketing platform of third party online travel agency and established cross-platform function while significantly boosted the O2O (online to offline) sales conversion rate through the use of innovative incentives mechanism. In addition, the Company has developed and launched a mobile operating system, by which we record information relating to the daily operation of the hotels through mobile terminals and conduct rectification timely. That helped us to achieve effective data collection, data analysis and reporting for the purpose of operating assets evaluation of the hotels, which makes us the pioneer in the industry.
- Enhancement in catering philosophy. In 2015, aiming at the promotion of influence and popularity of each restaurant in the local market, the Company made overall repositioning and concept innovation to various self-owned food and beverage brands and developed a business philosophy of adapting to local catering features. We also focus on developing different unique dishes and launching featured dishes regularly to enhance customer preference and loyalty. Through festival promotional campaigns, we provided our customers with a unique and joyful dining experience. We have developed a customized ordering system and improved our online food and beverage management system. By applying the “Wei” catering concept and various social media and booking channels, we have connected online foot traffic and offline food and beverage platform to provide our customers with a smooth one-stop consumption circle consisting of e-booking, dining and commenting.

- In 2015, the Wanda Hotel Management Co., Ltd. have been awarded “2015 Asia Hotels Award – Best Hotel Groups of Asia”, “2015 The Most Popular Hotel Group Brand” and “Hurun Report Best of the Best Awards”, which shown that we have received wide recognition in the industry and from customers.

2.3.2 Financial analysis

Revenue

In 2015, revenue from the Group’s hotel operations amounted to RMB4,963 million, representing an increase of 23.83% as compared with 2014, mainly due to the increase in the revenue in line with the increase in the number of hotels newly opened and hotels growing to maturity in operations during the year.

Revenues from the Group’s self-operated hotels and hotels managed by third parties during the year are as follows:

Item	2015		2014	
	Amount (RMB million)	Percentage	Amount (RMB million)	Percentage
Self-operated hotels	2,525	50.87%	1,548	38.62%
Hotels managed by third parties	2,438	49.13%	2,460	61.38%
Total	4,963	100.00%	4,008	100.00%

Costs

Costs for hotel operations mainly include depreciation of our hotels, hotel maintenance costs, and employees’ salaries and other miscellaneous expenses of our hotel operations. In 2015, costs of the Group’s hotel operations amounted to RMB3,637 million, representing an increase of 26.81% as compared with 2014, mainly due to the increase in depreciation and maintenance costs resulting from more new hotels were opened during the second half of 2014 and 2015.

Gross profit

In 2015, our hotel operations realized a gross profit of RMB1,326 million, representing an increase of 16.32% as compared with 2014, with a gross profit margin of 26.72%, representing a decrease of 1.72 percentage points as compared with 2014, mainly due to the fact that more new hotels were opened during the second half of 2014 and 2015 and the corresponding increase in depreciation, while these newly opened hotels have not reached maturity in operations and their revenue has not reached normal level, which leads to a smaller increase in revenue than in costs, resulting in the decrease in gross profit margin.

Selling and distribution expenses

Selling and distribution expenses for our hotel operations mainly include the marketing and promotional expenses, the amount of which was RMB354 million in 2015, representing a decrease of 3.54% as compared with 2014, mainly due to the stricter control and rational optimization on expenses.

Administrative expenses

Administrative expenses for hotel operations mainly include the management’s salaries, travel expenses, office expenses and rents, the amount of which was RMB1,399 million in 2015, representing a decrease of 5.79% as compared with 2014. The decrease was mainly due to the fact that the Company carried out optimization arrangement on each administrative expenses and implemented reasonable control to enhance efficiency.

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3. Network Finance

In 2015, the Company invested by way of equity participation in the network finance business which comprises five sections: big data application, credit investigation service, network credit and loan, mobile payment and ffan card. Wanda Network Finance has set three goals for itself: firstly is Wanda Network Finance to cover all large-scale shopping malls in major cities nationwide and all Wanda Plazas by 2020, secondly is to expand the loan scale of Wanda Network Finance and thirdly is Wanda Network Finance to achieve IPO within 3 years and creates immense commercial value.

Currently, the network finance company has acquired an online microcredit licence from Shanghai Free Trade Zone and is able to engage in online credit business at Wanda commercial centers and will be able to gradually expand to the entire business ecosystem of Wanda in the future. Wanda Commercial owns the largest offline

commercial resource in the world and receives a huge volume of visitors on a daily basis, based on which our internet finance business will make subversive differences to the network finance mode.

Ffan.com is a provider of “physical commerce + internet” scenario-based services who establishes a comprehensive open internet platform for operators, merchants and consumers of physical commerce. By combing online and offline marketing, it provides informationized infrastructure including Wi-Fi and Beacon to shopping centers and enhances the consumers’ offline shopping experience through parking, searching, queueing and movie services. Meanwhile, it provides the shopping centers with shared membership, points, big data and more online resources of ffan.com, to promote substantial developments to the physical commerce with a more expanded open internet platform.

4. Land acquisitions and land reserves

In 2015, the Group took a more prudent approach by selectively investing in first-tier and second-tier cities and certain third-tier cities with good fundamentals, as well as controlling the overall land acquisition cost, to further optimize the land reserve structure of the Company. As at 31 December 2015, the Group had land reserves with an aggregate GFA of approximately 73.95 million sq.m.. We have 52 newly acquired land projects in 2015 (including the land acquired in phases for future development of Wanda Plaza and Wanda City) with an aggregate GFA of approximately 17.73 million sq.m..

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

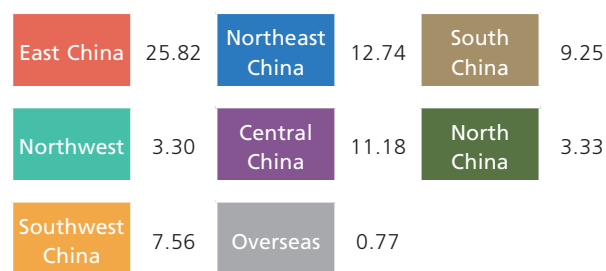
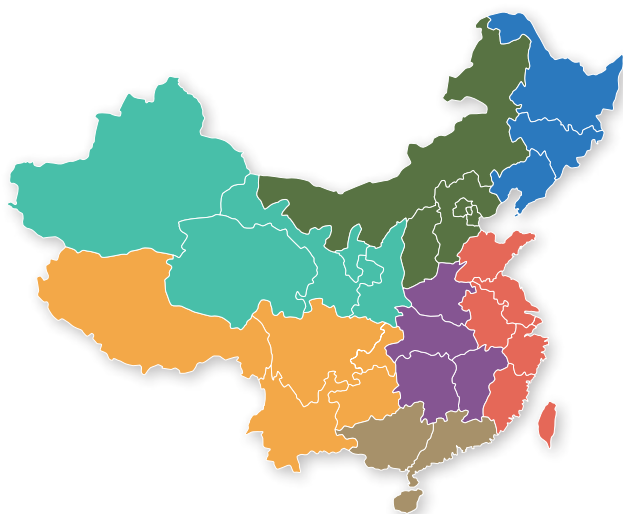
	Total GFA as at 31 December 2015 (Million sq.m.)
Completed properties but not yet recognize revenue	5.71
Of which: pre-sold	3.06
Properties under construction	47.96
Properties held for future development	20.28
Total	73.95

Breakdown of Land Reserves by Region

Region	Total GFA (Million sq.m.)	Percentage
East China	25.82	34.92%
Northeast China	12.74	17.23%
South China	9.25	12.51%
Northwest China	3.30	4.46%
Central China	11.18	15.12%
North China	3.33	4.50%
Southwest China	7.56	10.22%
Overseas	0.77	1.04%
Total	73.95	100.00%

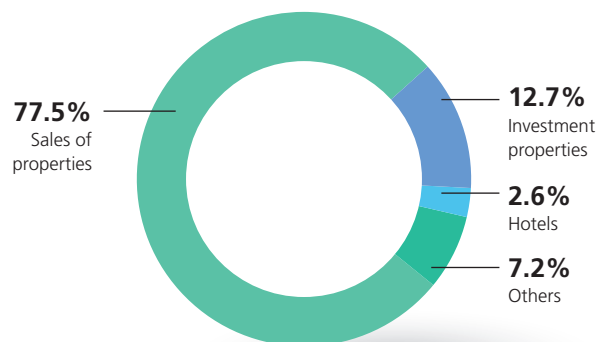
The distribution of land reserves by regions and by types are as follows:

Distribution of land reserves by regions

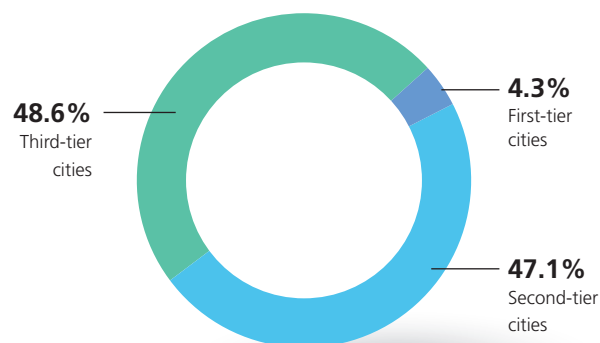


Total GFA (million sq.m.)

Distribution of land reserves by usage



Land reserves for sales of properties



Land reserve allocation by usage

Usage	Total GFA (Million sq.m.)	Percentage
Sales of properties	57.34	77.53%
Investment properties	9.38	12.68%
Hotels	1.94	2.63%
Others	5.29	7.16%
Total	73.95	100.00%

In 2015, the average land acquisition cost of the Group's newly acquired land reserves was RMB1,547 per sq.m..

Business and Management Discussion and Analysis

5. Subsequent Events

On 12 January 2016, the Company has published the Offering Circular of Dalian Wanda Commercial Properties Co., Ltd. 2016 Corporate Bonds (First Tranche) on the Website of the Shanghai Stock Exchange. The Company would issue the corporate bonds totaling no more than RMB15 billion. On 15 January 2016, the issuance of the First Tranche was completed, totaling RMB5 billion, with par value of RMB100 per unit, an interest rate of 3.2% and a maturity period of 5 years. The amount raised will be used by the Group to repay the borrowings and loans, improve the liquidity and for other purposes permitted by the relevant law and legislation.

6. Analysis on Other Financial Items

Other income and gains

In 2015, our other income and gains were mainly interest income, gains from disposal of subsidiaries and government grants. The Group's interest income (mainly interest on bank deposit), gains from disposal of subsidiaries and government grants in 2015 were RMB588 million, RMB752 million and RMB1,647 million, respectively.

Financing costs

Our overall financing costs (including the capitalized interest) increased from RMB12,235 million in 2014 to RMB12,577 million in 2015, representing a slight increase of mere 2.80%, mainly due to the fact that the Group effectively controlled debts scale and made use of the favorable domestic interest rate environment during the year by utilizing financing channels with lower costs, such as medium-term notes and corporate bonds, to optimize debt structure and reduce financing costs effectively. In 2015, the financial costs of the Group was 6.73%, representing a decrease of 0.78 percentage point, or a decrease of 10.39% as compared with 2014.

Income tax expenses

Our income taxes include current and deferred corporate income tax and LAT in China. In 2015, our income tax expenses amounted to RMB18,931 million, representing an increase of 13.37% as compared with 2014. Of which, corporate income tax amounted to RMB10,441 million, representing an increase of 10.92% as compared with 2014, and LAT amounted to RMB8,490 million, representing an increase of 16.52%.

Our effective corporate income tax rate (calculated using the sum of current corporate income tax and deferred tax divided by profits before tax minus LAT) was 25.75% in 2015, representing a decrease of 1.52 percentage points as compared with 2014.

Capital expenditure

In 2015, the Group's capital expenditure amounted to RMB54,605 million, representing a decrease of 4.31% as compared with 2014, which mainly consists of the expenditure on the purchase and construction of investment properties, fixed assets and intangible assets.

Debts

As at 31 December 2015, the Group's total debts amounted to RMB186,646 million, representing an increase of 3.14% as compared with 2014. The overall debts amount remained stable. The Group's debts are set out as follows:

Item	2015		2014	
	Amount (RMB million)	Percentage	Amount (RMB million)	Percentage
Domestic Bank loans				
Loans for development	44,042	23.60%	63,490	35.08%
Loans for operation	65,395	35.04%	55,734	30.80%
Trust loans	29,777	15.95%	42,463	23.46%
Entrusted loans	4,007	2.15%	7,690	4.25%
Overseas borrowings	10,774	5.77%	4,382	2.42%
Bonds and notes	32,651	17.49%	7,210	3.99%
Total	186,646	100.00%	180,969	100.00%

In 2015, the Group optimized and adjusted the debts structure. As at the end of 2015, the loans for development of the Group accounted for 23.60%, representing a decrease of 11.48 percentage points as compared with the end of 2014. Loans for operation accounted for 35.04%, representing an increase of 4.24 percentage points as compared with the end of 2014. Trust loans accounted for 15.95%, representing a decrease of 7.51 percentage points as compared with the end of 2014. Bonds and notes accounted for 17.49%, representing an increase of 13.50 percentage points as compared with the end of 2014. In 2015, the Group fully utilized the favorable domestic financing environment with downward adjustment on interest rate to issue domestic corporate bonds for the repayment of loans from financial institutions and replenishment of

liquidity, and issue medium-term notes for repayment of bank loans, which effectively broadened the financing channel, optimized the debts structure and lowered the financing costs. In addition, the Group's operational loans were secured by the properties held, with rental income as the source of fund for repayment of principal and interest. The average term of the loans was about 10 years and on revolving basis. The rental income and property value of the investment properties in correspondence with the operational loans are constantly rising, the Group therefore enjoys greater credit limit under the revolving operational loans. The Group's operational loans are secured by sufficient and stable operating cashflow, property value and credit limit, thus ensuring risk-free repayment of principal and interest.

As at 31 December 2015, the terms of maturity of the Group's bank loans are as follows

Term	2015		2014	
	(RMB million)	Percentage	(RMB million)	Percentage
Within one year	41,930	27.23%	36,464	20.99%
1-2 years	24,577	15.96%	48,276	27.78%
2-5 years	33,766	21.93%	42,028	24.19%
Over 5 years	53,722	34.88%	46,991	27.04%
Total	153,995	100.00%	173,759	100.00%

Business and Management Discussion and Analysis

Net gearing ratio

As at 31 December 2015, the Group's net gearing ratio was 61.05%, representing an increase of 4.37 percentage points as compared with 56.68% in the end of 2014. The net gearing ratio was calculated by dividing interest bearing bank and other borrowings plus bonds and notes less cash, cash equivalents and restricted cash by total equity.

Cash flow analysis

In 2015, the Group's cash flows are as follows:

	2015	2014
Net cash flow generated from operating activities	31,910	8,832
Net cash flow used in investment activities	(46,739)	(45,699)
Net cash flow generated from financing activities	(5,324)	53,801
Net cash flow (excluding the effect of changes in exchange rate)	(20,153)	16,934

Unit: RMB million

In 2015, the Group's net cash inflow generated from operating activities amounted to RMB31,910 million, representing an increase of 261.30% or RMB23,078 million as compared with 2014, mainly due to satisfactory result in the collection of sales receivables together with the increased cash received for sales of properties. At the same time, the Group optimized the construction progress according to market condition which led to the decrease of operating cash outflow relating to sales of properties.

In 2015, the Group's net cash outflow used in investment activities amounted to RMB46,739 million, representing an increase of 2.28% as compared with 2014, the overall expenditure scale remained stable.

In 2015, the Group's net cash outflow generated from financing activities amounted to RMB5,324 million, representing a decrease of RMB59,125 million as compared with 2014, mainly due to the fact that the Company optimized financing structure and controlled debts scale, of which new bank loans reduced by RMB79,318 million as compared with 2014.

Foreign exchange risk

Most of the Group's investment properties and property sales projects are located in mainland China and the relevant transactions were dominated in RMB, with a small number of overseas projects settled in foreign currencies, and some deposits in banks, loans and bonds settled in foreign currencies such as Hong Kong

dollars and US dollars. As at 31 December 2015, the Group's operating cash flow and liquidity were not obviously affected by the changes in exchange rate.

Contingent liabilities

As at 31 December 2015, the Group's guarantees provided in respect of the mortgage facilities granted to the purchasers of our properties were RMB45,756 million.

Major disposals/acquisition

- (1) On 23 January 2015, Wanda One Sydney Pty Ltd, an overseas subsidiary of the Group, entered into an agreement with Valad Commercial Management Limited and 31 Pitt Street Pty Ltd, pursuant to which the Group acquired the investment properties, namely 1 ALFRED and 19-31 Pitt Street; On 4 March 2015, Wanda One Sydney Pty Ltd entered into an agreement with Rugby Club Limited and 31 Pitt Street Pty Ltd, pursuant to which the Group acquired the investment property, namely Pitt Street 31a. The total consideration for the three investment properties was approximately RMB2,416 million.
- (2) On 28 February 2015, the Group entered into an agreement with Beijing Wanfang Property Co., Ltd, pursuant to which the Group acquired Tongzhou Wanda Plaza from Beijing Wanfang Property Co., Ltd for a total consideration of RMB2,000 million on 1 June 2015.

- (3) In August 2015, the Group entered into an agreement with Tianjin Tiansheng Investment Management Co., Ltd. for the Tianjin Yujiabao Wanda Plaza project, pursuant to which the Group acquired 85% equity interest of Tianjin Pilot Free Trade Zone Wanda Real Estate Co., Ltd. by additional capital contribution of RMB175 million.
- (4) In November 2015, Xi'an Jinsheng Real Estate Co., Ltd. ("**Xi'an Jinsheng**"), a subsidiary of the Group, reached an agreement with Shaanxi Coal and Chemical Group Co., Ltd. ("**Shaanxi Coal and Chemical**"), pursuant to which Xi'an Jinsheng acquired from Shaanxi Coal and Chemical its 20% equity interest in Shaanxi Jinshida Real Estate Co., Ltd. ("**Jinshida**"). In December 2015, Xi'an Jinsheng entered into an agreement with Shaanxi Jincheng Xinyuan Property Co., Ltd. ("**Jincheng Xinyuan**"), pursuant to which Xi'an Jinsheng acquired from Jincheng Xinyuan its 40% equity interest in Jinshida. The consideration for the acquisition of 60% equity interest of Jinshida was RMB2,911 million in total.
- (5) In December 2015, the Group transferred the entire equity interests in Wanda Information Technology Co., Ltd. to Wanda Network Finance Services (Shanghai) Company Limited for a cash consideration of RMB60 million.
- (6) On 25 August 2015, the Group entered into an equity transfer agreement with Wanda Wensheng (Shanghai) Investment Partnership ("**Wanda Wensheng**") to transfer the entire equity interests of the project companies for Changde Wanda Plaza, Meizhou Wanda Plaza, Sanmenxia Wanda Plaza, Yichun Wanda Plaza and Zhengzhou Huiji Wanda Plaza to Wanda Wensheng for a consideration of RMB1,035 million. Details are set out on the announcement dated 26 August 2015.
- (7) On 10 September 2015, the Group entered into an equity transfer agreement with Wanda Wenyu (Shanghai) Investment Partnership ("**Wanda Wenyu**") to transfer the entire equity interests of the project companies for Deyang Wanda Plaza, Chongqing Yongchuan Wanda Plaza, Leshan Wanda Plaza, Chengdu Shuangliu Wanda Plaza and Shaoxing Shangyu Wanda Plaza to Wanda Wenyu for a consideration of RMB558.83 million. Details are set out on the announcement dated 11 September 2015.
- (8) On 18 December 2015, the Group entered into an equity transfer agreement with Dalian Wanda Group Co., Ltd. for the acquisition of 15% equity interest in the Wanda Network Finance Services (Shanghai) Company Limited (currently named as "Shanghai Wanda Network Finance Services Company Limited") for nil consideration. Pursuant to the equity transfer agreement, the Company paid RMB0.75 billion to Shanghai Wanda Network Finance Services Company Limited as the corresponding contribution to the registered capital based on the shareholding interest before 31 December 2015. Details are set out on the announcement dated 18 December 2015.

7. Employees, remuneration policies and training

As at 31 December 2015, the Group had a total of 63,881 full-time employees. The salary expense was RMB10,260 million.

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

Business and Management Discussion and Analysis

8. Business Outlook

China has transformed into a consumption-driven society. The consumption power and willingness of consumption of the public are both rapidly increasing. As China continues with its economic structural adjustments as well as economic restructuring and upgrading, the expansion of domestic consumer market is supported by government policies and provides great business opportunities. The cornerstone of future commerce lies in the ability to provide consumers with more premium, diverse and convenient products and experience. Our next step is to uphold our long-standing corporate philosophy carried forward over the past decade to undergo extensive exploration. In respect of consumer service, we are further improving consumer experience through strengthening the attractiveness and appeal of our plazas and increasing our contribution to the society. In respect of asset operation, by chiming with the development of China's finance market and drawing on international experiences, we will continue to actively explore and implement "asset recycling" and a balanced growth strategy, so as to further accelerate the expansion of properties held and further enlarge our market share in China's key retail markets. In doing so, we can ensure a healthy balance sheet and better returns for Shareholders.

Report of the Board of Directors

The Board of Directors now presents the annual report and the audited financial statements of the Group (the “**Financial Statements**”) for the year ended December 31, 2015 to the Shareholders.

SHARE CAPITAL

On January 21, 2015, the Company issued 52,547,600 H Shares pursuant to the partial exercise of over-allotment option. For details, please refer to the Company’s announcement dated January 14, 2015.

As at December 31, 2015, the total share capital of the Company was RMB4,527,347,600, divided into 4,527,347,600 Shares of RMB1.00 each, including 3,874,800,000 Domestic Shares and 652,547,600 H Shares. Details of movements in the share capital of the Company during the year are set out in note 31 to the Financial Statements.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor its subsidiaries had purchased, sold or redeemed any listed securities of the Company for the year ended December 31, 2015.

PROPOSED A SHARE OFFERING

The Shareholders have approved the proposed A Share offering of not more than 250,000,000 A Shares of the Company at the extraordinary general meeting, domestic Shareholders’ class meeting and H Shareholders’ class meeting of the Company held on August 18, 2015.

It is estimated that the funds raised from the proposed A Share offering, after deducting relevant offering expenses, will be not more than RMB12 billion and will be deposited into a special account designated by the Board, and prioritized to be used in developing the relevant investment projects.

The Company has submitted the A Share prospectus to the CSRC in connection with its application to proceed with the proposed A Share issue.

As at the date of this annual report, the proposed A Share offering of the Company is under the review of CSRC.

DEBENTURES IN ISSUE

Details of debentures in issue of the Company for the year ended December 31, 2015 are set out in note 30 to the Financial Statements.

EQUITY-LINKED AGREEMENT

The Company did not enter into any equity-linked agreement for the year ended December 31, 2015.

PERMITTED INDEMNITY PROVISION

The Company has maintained appropriate liability insurance for its Directors, Supervisors and senior management. The permitted indemnity provisions are set out in such liability insurance.

PLEDGING OF SHARES BY THE CONTROLLING SHAREHOLDER

The controlling Shareholder didn’t pledge any of its shares in the Company to secure the Company’s debts or to secure guarantees or other support of the Company’s obligations for the year ended December 31, 2015.

LOAN AGREEMENTS OR FINANCIAL ASSISTANCE OF THE COMPANY

The Company didn’t provide any financial assistance nor guarantee to its affiliated companies for the year ended December 31, 2015. The Company didn’t enter into any loan agreement with covenants relating to specific performance of its controlling shareholder nor breach the terms of any loan agreements for the year ended December 31, 2015.

SHARE OPTION SCHEME

The Company did not adopt any share option scheme for the year ended December 31, 2015.

PRE-EMPTIVE RIGHTS

Pursuant to the Articles of Association and the laws of the PRC, the Company is not subject to any pre-emptive rights requiring it to propose new issues to its existing Shareholders in proportion to their shareholdings.

PRINCIPAL BUSINESS

The Company is the largest commercial property developer, owner and operator in China. The Company is also the largest luxury hotel owner in China. In addition, the Company is engaged in developing properties for sale to maintain a balanced development structure. The Company has established a track record of bringing to market large-scale, mixed-use property projects that encompass retail, office, hotel, residential, restaurant, entertainment and/or leisure uses in an integrated architectural complex.

Report of the Board of Directors

The principal business segments of the Company comprise: (i) development, leasing and management of commercial properties held for long-term investment; (ii) development and sale of properties, including primarily commercial and residential properties; and (iii) development and operation of hotels.

RESULTS

The audited results of operations of the Group for the year ended December 31, 2015 are set out in the Consolidated Statement of Profit or Loss on page 93 of this annual report. The financial condition of the Group for the year ended December 31, 2015 is set out in the Consolidated Statement of Financial Position on pages 95 to 96 of this annual report. The consolidated cash flow of the Company and its subsidiaries for the year ended December 31, 2015 is set out in the Consolidated Statement of Cash Flows on pages 99 to 100 of this annual report. Discussion and analysis about the operating performance and significant elements affecting the results of operations and financial condition of the Company during the year are set out in Business and Management Discussion and Analysis of this annual report from page 13 to page 34.

BUSINESS REVIEW

A review of the business of the Group during the year and a discussion on the Group's future business development are provided on pages 13 to 34 of this Annual Report. Description of possible risks and uncertainties that the Group may be facing can be found on page 32 of this annual report. Particulars of important events affecting the Group that have occurred since the end of the financial year are provided on page 30 of this annual report. An analysis of the Group's performance during the year using financial key performance indicators is provided on pages 19 to 20, 21, 27 and 30 to 31 of this annual report.

FINAL DIVIDEND

The Board resolved to propose to the Shareholders on the forthcoming annual general meeting (the "AGM") to be held on May 25, 2016 for the payment of a final dividend of RMB1.05 per Share (tax inclusive) for the year ended December 31, 2015 (for the year ended December 31, 2014: RMB0.95) payable to the Shareholders whose names appeared on the register of members of the Company on June 5, 2016, in

an aggregate amount of approximately RMB4,754 million (the "2015 Final Dividend"). Dividends will be denominated and declared in RMB. Dividends on Domestic Shares will be paid in RMB and dividends on H Shares will be paid in Hong Kong dollars. The exchange rate shall be the average median foreign exchange rate announced by the People's Bank of China for seven days before and including the date of the AGM. The proposal for the payment of the 2015 Final Dividend above is subject to the approval of the Shareholders at the AGM.

The Company has established a sound decision-making procedures and profit distribution mechanism. Emphasis is placed on shareholder returns and cash dividends are distributed to shareholders regularly. In formulating the profit distribution scheme, the Board has fully considered the opinions and demands of Shareholders to safeguard the statutory interests of minority Shareholders, and has submitted the profit distribution plan at the general meeting for approval. Also, the independent non-executive Directors have properly carried out their duties in regards to the decision making process of the profit distribution scheme.

Pursuant to the PRC Individual Income Tax Law (《中華人民共和國個人所得稅法》), the Implementation Regulations of the PRC Individual Income Tax Law (《中華人民共和國個人所得稅法實施條例》), the Notice of the State Administration of Taxation in relation to the Administrative Measures on Preferential Treatment Entitled by Nonresidents under Tax Treaties (Tentative) (Guo Shui Fa [2009] No. 124) (《國家稅務總局關於印發〈非居民享受稅收協定待遇管理辦法(試行)〉的通知》(國稅發[2009]124號)), the Notice of the State Administration of Taxation on the Questions Concerning the Levy and Administration of Individual Income Tax After the Repeal of Guo Shui Fa [1993] No. 45 (Guo Shui Han [2011] No. 348) (《國家稅務總局關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知》(國稅函[2011]348號)), other relevant laws and regulations and other regulatory documents, the Company shall, as a withholding agent, withhold and pay individual income tax for the individual holders of H Shares in respect of the dividend to be distributed to them. However, the individual holders of H Shares may be entitled to certain tax preferential treatments pursuant to the tax treaties between the PRC and the countries (regions) in which the individual holders

of H Shares are domiciled and the tax arrangements between Mainland China and Hong Kong (or Macau). For individual holders of H Shares in general, the Company will withhold and pay individual income tax at the rate of 10% on behalf of the individual holders of H Shares in the distribution of the dividend. However, the tax rates applicable to individual holders of H Shares overseas may vary depending on the tax treaties between the PRC and the countries (regions) in which the individual holders of H Shares are domiciled, and the Company will withhold and pay individual income tax on behalf of the individual holders of H Shares in the distribution of the dividend accordingly.

For non-resident enterprise holders of H Shares, i.e., any shareholders who hold the Company's shares in the name of non-individual shareholders, including but not limited to HKSCC Nominee Limited, other nominees, trustees, or holders of H Shares registered in the name of other groups and organisations, the Company will withhold and pay enterprise income tax at the tax rate of 10% for such holders of H Shares pursuant to the Notice of the State Administration of Taxation on the Issues Concerning Withholding the Enterprises Income Tax on the Dividends Paid by Chinese Resident Enterprises to H Share Holders Who Are Overseas Non-resident Enterprises (Guo Shui Han [2008] No. 897) (《國家稅務總局關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》(國稅函[2008]897號)).

CLOSURE OF REGISTER OF MEMBERS

In order to ascertaining Shareholders' entitlement to attend and vote at the AGM, the registers of members of the Company will be closed from Monday, April 25, 2016 to Wednesday, May 25, 2016, both days inclusive, during which no transfer of shares will be registered. Shareholders whose names appear on the registers of members of the Company on Wednesday, May 25, 2016 shall be entitled to attend and vote at the AGM. In order to qualify the Shareholders for attending and voting at the AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Board office at Block B Wanda Plaza, No. 93, Jianguo Road, Chaoyang District, Beijing, the PRC, for

holders of Domestic Shares, or the Company's H Share Registrar at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for holders of H Shares, no later than 4:30 p.m. on Friday, April 22, 2016 for registration.

In order to ascertaining Shareholders' entitlement to the 2015 Final Dividend, subject to the approval by Shareholders at the AGM, the registers of members of the Company will be closed from Tuesday, May 31, 2016 to Sunday, June 5, 2016, both days inclusive, during which no transfer of shares will be registered. In order to qualify the Shareholders for receiving the 2015 Final Dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Board office at Block B Wanda Plaza, No. 93, Jianguo Road, Chaoyang District, Beijing, the PRC, for holders of Domestic Shares, or the Company's H Share Registrar at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for holders of H Shares, no later than 4:30 p.m. on Monday, May 30, 2016 for registration.

PROPERTY, PLANT AND EQUIPMENT

Details of movement in property, plant and equipment of the Company and its subsidiaries during the year are set out in note 13 to the Financial Statements.

RESERVES

Details of movements in the reserves of the Company during the year are set out in Consolidated Statement of Changes in Equity, of which details of reserves available for distribution to Shareholders are set out in Consolidated Statement of Changes in Equity. The Company's reserves available for distribution to shareholders as at December 31, 2015 represents the retained profits of approximately RMB149,115 million (2014: RMB123,720 million).

DONATIONS

During the year, the Company and its subsidiaries made external donations of approximately RMB295 million (excluding personal donations of employees).

Report of the Board of Directors

BANK BORROWINGS AND OTHER BORROWINGS

Details of bank borrowings and other borrowings of the Company and its subsidiaries as at December 31, 2015 are set out in note 27 to the Financial Statements.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Part of the information of the Directors during the year and as of the date of this report and Supervisors and senior management of the Company as at the date of this report is illustrated below.

Name	Title in the Company	Date of Appointment/Re-election for the current term of office
Executive Directors		
Mr. DING Benxi	Chairman and Executive Director	January 2016
Mr. QI Jie	Executive Director	January 2016
Mr. WANG Zhibin	Executive Director	January 2016
Non-executive Directors		
Mr. QU Dejun	Non-executive Director	January 2016
Mr. YIN Hai	Non-executive Director	January 2016
Mr. LIU Zhaohui	Non-executive Director	January 2016
Independent non-executive Directors		
Dr. HU, Fred Zuliu	Independent non-executive Director	January 2016
Mr. QI Daqing	Independent non-executive Director	January 2016
Mr. LI Guinian	Independent non-executive Director	January 2016
Supervisors		
Mr. ZHAO Deming	Chairman of the Supervisory Committee and Independent Supervisor	January 2016
Mr. LIU Chee Ming	Independent Supervisor	January 2016
Mr. Hou Hongjun	Employee representative Supervisor	February 2016
Senior Management		
Mr. QI Jie	President	January 2016
Mr. NING Qifeng	Senior vice president	January 2016
Mr. QIAN Jin	Senior vice president	January 2016
Mr. CHEN Ping	Vice president	January 2016
Mr. SUN Jiquan	Vice president	January 2016
Mr. QU Xiaodong	Vice president	January 2016
Mr. YU Xiuyang	Vice president	January 2016
Mr. LIU Haibo	Vice president	January 2016
Mr. LAI Jianyan	Vice president	January 2016
Mr. LV Zhengtao	Vice president	January 2016
Mr. WANG Zhibin	Vice president	January 2016
Mr. CHEN Guocai	Vice president	February 2016
Mr. CHEN Deli	Vice president	January 2016
Mr. GAO Xiaojun	Chief financial officer	February 2016
Mr. HUI Yung Chris	Company secretary	January 2016

Notes:

- (1) On March 13, 2015, Mr. LIU Zhaohui resigned as the company secretary of the Company due to other work arrangement and commitments.
- (2) On March 13, 2015, Mr. WANG Jian was appointed by the Board as the company secretary of the Company and he resigned such position on October 28, 2015.
- (3) On March 14, 2015, Mr. LIU Xiaobin was appointed as chief financial officer of the Company. He resigned such position in February 2016.

- (4) On May 26, 2015, Ms. GAO Qian and Mr. WANG Yunan resigned as Supervisors of the Company due to other work arrangement and commitments.
- (5) On May 26, 2015, Mr. ZHAO Deming and Mr. LIU Chee Ming were appointed as the independent Supervisors.
- (6) On October 28, 2015, Mr. WANG Jian resigned as company secretary of the Company due to other work arrangement and commitments.
- (7) On October 28, 2015, Mr. HUI Yung Chris was appointed by the Board as the company secretary of the Company.
- (8) On November 5, 2015, Mr. QU Dejun was re-designated from an executive Director to a non-executive Director.
- (9) On January 29, 2016, Mr. ZHANG Lin and Mr. WANG Guiya retired as non-executive Directors due to the expiry of their term of office. Mr. LIU Zhaohui and Mr. WANG Zhibin were appointed as the non-executive Director and executive Director, respectively.
- (10) On January 29, 2016, Mr. LIU Jipeng and Mr. XUE Yunkui retired as independent non-executive Directors due to the expiry of their term of office. Mr. QI Daqing and Mr. LI Guinian were appointed as the independent non-executive Directors, respectively.
- (11) On February 29, 2016, Mr. GAO Xiaojun resigned as the employee representative Supervisor.
- (12) On February 29, 2016, Mr. HOU Hongjun was elected as the employee representative Supervisor.

The Company has received an annual confirmation of independence from each of the independent non-executive Directors pursuant to Rule 3.13 of the Listing Rules, and considers all the independent non-executive Directors to be independent from the Company.

BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

The biographical details of Directors, Supervisors and senior management of the Company are set out on pages 54 to 60 of this annual report. There are no relationships among the Directors, Supervisors and senior management of the Company, including financial, business, family or other material relationships.

SERVICE CONTRACTS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

The Company has entered into a service contract with each of Directors, Supervisors and senior management containing terms relating to, among other things, compliance with relevant laws and regulations, observation of the Articles of Association and provision on arbitration. The service contracts may be renewed under the Articles of Association and applicable rules.

Save as disclosed above, none of the Directors or Supervisors has entered into a contract of service with the Company during the year ended December 31, 2015 which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

EMOLUMENTS OF DIRECTORS AND SUPERVISORS

Details of the emoluments of the Directors and Supervisors are set out in note 8 to the Financial Statements.

DIRECTORS' AND SUPERVISORS' INTERESTS IN TRANSACTION, ARRANGEMENT OR CONTRACTS

At the end of the year 2015 or at any time during the year, there were no transaction, arrangement or contracts of significance subsisting in relation to the Group's business to which the Company or any of its subsidiaries was a party, directly or indirectly, and in which any Director or Supervisor nor any entity connected with the Director or Supervisor had a material interest.

ARRANGEMENT TO PURCHASE SHARES OR DEBENTURES

At no time during the year was the Company, its holding company, any of its subsidiaries or fellow subsidiaries a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Report of the Board of Directors

DIRECTORS' INTERESTS IN COMPETING BUSINESS

For the year 2015, save as disclosed below, none of the Directors or their associates had any competing interests in any business that constitutes or may constitute direct or indirect competition with the Company's businesses:

Name	Positions in the Company	Other interests
Mr. DING Benxi	Executive Director and chairman of the Board	Director and president of Dalian Wanda Group
Mr. QI Jie	Executive Director and president	Director of Dalian Wanda Group
Mr. ZHANG Lin ^{note}	Former non-executive Director	Director of Dalian Wanda Group
Mr. WANG Guiya ^{note}	Former non-executive Director	Former Director and senior vice president of Dalian Wanda Group
Mr. YIN Hai	Non-executive Director	Director and senior vice president of Dalian Wanda Group

Note:

On January 29, 2016, Mr. ZHANG Lin and Mr. WANG Guiya retired as non-executive Directors of the Company. On 1 February 2016, Mr. WANG Guiya retired as director and senior vice president of Dalian Wanda Group.

INTERESTS AND SHORT POSITIONS OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVES IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at December 31, 2015, save as disclosed below, no Director, Supervisor or chief executives of the Company had any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO, which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including those taken or deemed as their interests and short position in accordance with such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code as set out in Appendix 10 to the Listing Rules, to be notified to the Company and the Stock Exchange.

Name of the Directors, Supervisors and Senior Management	Class of Shares	Capacity	Number of shares/ underlying shares held (shares)		Approximate percentage of relevant class of share capital (%) (Note 1)		Approximate percentage of total share capital (%) (Note 1)	
			Long position	Short position	Long position	Short position	Long position	Short position
Directors								
Mr. DING Benxi (Chairman)	Domestic Shares	Beneficial owner	50,000,000	–	1.29	–	1.10	–
Mr. QI Jie (President)	Domestic Shares	Beneficial owner	10,000,000	–	0.26	–	0.22	–
Mr. QU Dejun	Domestic Shares	Beneficial owner	6,000,000	–	0.15	–	0.13	–
Mr. ZHANG Lin (Note 2)	Domestic Shares	Beneficial owner	10,000,000	–	0.26	–	0.22	–
Mr. WANG Guiya (Note 2)	Domestic Shares	Beneficial owner	8,000,000	–	0.21	–	0.18	–
Mr. YIN Hai	Domestic Shares	Beneficial owner	12,000,000	–	0.31	–	0.27	–
Supervisor								
Mr. GAO Xiao Jun (Note 3)	Domestic Shares	Beneficial owner	1,600,000	–	0.04	–	0.04	–

Notes:

- As at December 31, 2015, the number of total issued Shares of the Company are 4,527,347,600 Shares, including 3,874,800,000 Domestic Shares and 652,547,600 H Shares.
- Mr. ZHANG Lin and Mr. WANG Guiya retired as Directors on January 29, 2016.
- Mr. GAO Xiaojun resigned as Supervisor on February 29, 2016.

Save as disclosed above, as at December 31, 2015, the interests or short positions of the Directors, Supervisors or chief executives of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which any such Directors, Supervisors or chief executives is taken or deemed to have under such provisions of the SFO) or which was required to be entered in the register required to be kept by the Company pursuant to Section 352 of the SFO or which was otherwise required to be notified to the Company and the Stock Exchange pursuant to Model Code as set out in Appendix 10 to the Listing Rules.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS IN SHARES AND UNDERLYING SHARES

As at December 31, 2015, to the knowledge of the Directors, the persons (other than a Director, Supervisor or the chief executives of the Company) who have an interest or short position in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept under section 336 of the SFO were as follows:

Name of shareholders	Class of shares	Capacity	Number of shares/ underlying shares held (shares)			Approximate percentage of relevant class of share capital (%) (Note 1)			Approximate percentage of total share capital (%) (Note 1)		
			Long Position	Short Position	Lending Pool	Long Position	Short Position	Lending Pool	Long Position	Short Position	Lending Pool
Mr. WANG Jianlin (Note 2)	Domestic Shares	Beneficial owner	321,600,000	-	-	-	-	-	-	-	-
		Interest of controlled corporation	1,979,000,000	-	-	-	-	-	-	-	-
		Interest of spouse	144,000,000	-	-	-	-	-	-	-	-
		Total	2,444,600,000	-	-	63.09	-	-	54.00	-	-
Ms. LIN Ning (Note 3)	Domestic Shares	Beneficial owner	144,000,000	-	-	-	-	-	-	-	-
		Interest of spouse	2,300,600,000	-	-	-	-	-	-	-	-
		Total	2,444,600,000	-	-	63.09	-	-	54.00	-	-
Dalian Hexing (Note 4)	Domestic Shares	Interest of controlled corporation	1,979,000,000	-	-	51.07	-	-	43.71	-	-
Dalian Wanda Group	Domestic Shares	Beneficial owner	1,979,000,000	-	-	51.07	-	-	43.71	-	-
China Life Insurance Company Limited	H Shares	Beneficial owner	48,445,000	-	-	7.42	-	-	1.07	-	-
China Life Insurance (Group) Company	H Shares	Interest of controlled corporation	48,445,000	-	-	7.42	-	-	1.07	-	-
Kuwait Investment Authority Citigroup Inc.	H Shares	Beneficial owner	48,445,000	-	-	7.42	-	-	1.07	-	-
		Interest of controlled corporation	4,786,388	3,271,503	-	-	-	-	-	-	-
		Custodian	38,197,781	-	38,197,781	-	-	-	-	-	-
		Total	42,984,169	3,271,503	38,197,781	6.58	0.50	5.85	0.95	0.07	0.84
BlackRock, Inc.	H Shares	Interest of controlled corporation	39,093,823	269,500	-	5.99	0.04	-	0.86	0.00	-

Notes:

- As at December 31, 2015, the number of total issued Shares of the Company are 4,527,347,600 Shares, including 3,874,800,000 Domestic Shares and 652,547,600 H Shares.
- Mr. WANG Jianlin directly holds 7.10% of the total issued shares capital of the Company and 0.24% of the issued share capital of Dalian Wanda Group, and indirectly holds 97.77% of the issued share capital of Dalian Wanda Group through his 98% direct interest in Dalian Hexing and is deemed to be interested in the shares held by Dalian Wanda Group for the purpose of the SFO.
- Ms. LIN Ning is the spouse of Mr. WANG Jianlin and therefore she and Mr. WANG Jianlin are deemed to be interested in each other's interests in shares under the SFO. Ms. LIN Ning directly holds 3.18% of the total issued shares capital of the Company.
- Dalian Hexing directly holds 99.76% of the total issued share capital of Dalian Wanda Group and is deemed to be interested in the shares held by Dalian Wanda Group.

Report of the Board of Directors

Save as disclosed above, as at December 31, 2015, none of other substantial Shareholders or persons have an interest or short position in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO and as recorded in the register required to be kept under section 336 of the SFO.

MANAGEMENT CONTRACT

No contract concerning the management and administration of all or any substantial part of the Company's business was entered into by the Company or existed in 2015.

CONTRACT OF SIGNIFICANCE

Save as disclosed in this annual report, at no time during the year had the Company or any of its subsidiaries entered into any contract of significance with the Controlling Shareholder (as defined in the Listing Rules) or any of its subsidiaries, nor had any contract of significance been entered into for the services provided by the Controlling Shareholder or any of its subsidiaries to the Company or any of its subsidiaries.

CONNECTED TRANSACTIONS

The Group has conducted certain non-exempt connected transactions during the year.

Acquisition of 15% Equity Interest in Wanda Network Finance Services (Shanghai) Company Limited

On December 18, 2015, the Company (as purchaser) entered into the equity transfer agreement with Dalian Wanda Group (as vendor) for the acquisition of 15% of the equity interest in Wanda Network Finance Services (Shanghai) Company Limited (the "**Target Company**") with nil consideration. However, the Company will be obligated under the equity transfer agreement to pay RMB750 million, being the corresponding proportion of the Target Company's registered capital based on the Company's shareholding interest in the Target Company, to the Target Company. The transaction in respect of Acquisition of 15% Equity Interest in the Target Company contemplated under the equity transfer agreement constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

The Board has resolved and approved the equity transfer agreement and the transaction contemplated thereunder. Please refer to the announcement of the Company dated December 18, 2015 for detail information of the transaction.

Equity Transfer Agreements and Light Asset Cooperation Framework Agreements

The Company has been actively exploring the light-asset business model and dedicated to the long-term stable development of property management so as to avoid the risks of the uncertain fluctuations of the real estate market. During the year 2015, the Company entered into the following equity transfer agreements and light asset cooperation framework agreements as an important step to achieve its light asset strategy:

On August 25, 2015, September 10, 2015 and October 15, 2015, the Company entered into equity transfer agreements with Wanda Wensheng, Wanda Wenyu and Wanda Wenpu (the "**Partnerships**") (all of their general partner is KuaiQian Financial, a connected person of the Company) for the transfer of all the equity interest in several project companies of the Company (the "**Transferred Project Companies**"). On the same dates, the Company entered into light asset cooperation framework agreements with KuaiQian Financial and Wanda Wensheng, KuaiQian Financial and Wanda Wenyu, KuaiQian Financial and Wanda Wenpu, respectively. Pursuant to the light asset cooperation framework agreements, among others, the Group shall provide construction management and operation management services and license certain intellectual property rights to the Partnerships and the Transferred Project Companies.

The Board has resolved and approved the equity transfer agreements, the light asset cooperation framework agreements and the transactions contemplated thereunder. Please refer to the announcements of the Company dated August 26, 2015, September 11, 2015 and October 15, 2015 for detail information of the transactions.

CONTINUING CONNECTED TRANSACTIONS

The Group has conducted non-exempt continuing connected transactions during the year. The Company has obtained approval from the Hong Kong Stock Exchange in respect of the annual caps for the non-exempt continuing connected transactions upon the Listing and was exempted from the independent shareholders' approval requirement. The table below shows the annual caps and actual transaction value of such continuing connected transactions:

Connected Transactions	Connected Persons	(RMB million)	
		Annual Caps for 2015	Actual Transaction Value in 2015
Provision of headquarters leasing services	Dalian Wanda Group (including Beijing Dagexing Group)	18.90	7.09
	Wanda Cinemas Group	7.00	6.82
	Wanda Department Store Group	7.00	5.03
Provision of headquarters management services	Dalian Wanda Group (including Beijing Dagexing Group)	1.40	0.73
	Wanda Cinemas Group	0.65	0.65
	Wanda Department Store Group	0.65	0.47
Provision of commercial property leasing services	Dalian Wanda Group (including Beijing Dagexing Group)	175.00	120.69
	Wanda Cinemas Group	500.00	419.32
	Wanda Department Store Group	1,600.00	1,112.93
	Wanda Kidsland Group	43.50	28.69
Provision of commercial property management services	Dalian Wanda Group (including Beijing Dagexing Group)	71.00	57.06
	Wanda Cinemas Group	190.00	159.42
	Wanda Department Store Group	220.00	140.39
	Wanda Kidsland Group	13.00	8.48
Design consultancy and operation consultancy services provided by the Connected Person	Wanda Cultural Group	700	534.64

Report of the Board of Directors

Note:

Due to the strategic planning of Wanda Kidsland Group to increase its market share and scale of expansion, the Group has leased additional commercial properties to Wanda Kidsland Group for the purpose of operating its children entertainment and playground business. Therefore, on December 30, 2015, the Board has revised the annual caps for the provision of commercial property leasing services and provision of commercial property management services to Wanda Kidsland Group contemplated under the Wanda Kidsland Framework Agreement, for the years ended December 31, 2015 and 2016, respectively.

Due to the expected development of new projects, it is expected that the Group will receive additional design and operation consultancy services to be rendered by Wanda Cultural Group in the year ending December 31, 2016. Therefore, on December 30, 2015, the Board has revised the annual cap for the design consultancy and operation consultancy services provided by Wanda Cultural Group under the Design Consultancy and Operation Consultancy Services Framework Agreement for the year ended December 31, 2016.

Please refer to the announcement of the Company dated December 30, 2015 for detail information regarding revision of annual caps under Wanda Kidsland Framework Agreement and Design Consultancy and Operation Consultancy Services Framework Agreement.

(a) Provision of Leasing and Property Management Services for Headquarters and Commercial Property to Dalian Wanda Group

The Company entered into a property lease and management services framework agreement with Dalian Wanda Group for a term of 3 years (for itself and on behalf of its subsidiaries) on December 23, 2014, with respect to (i) the leasing of commercial properties owned by us to Dalian Wanda Group and its subsidiaries (excluding Wanda Cinemas Group) for use as headquarter offices, (ii) the leasing of commercial properties owned by us to Beijing Dagexing Group for operating Wanda Cultural Group's karaoke entertainment business under the name of "“大歌星”量贩式KTV", and (iii) the provision of commercial property management services by us in respect of such leased properties.

Price Determination:

The pricing terms of the Wanda Group Framework Agreement are as follows:

- **Headquarter Leases:** The rent, excluding property management fee, payable for the office leases entered into or to be entered into under the Wanda Group Framework Agreement shall be calculated based on the benchmark monthly rental price of RMB200 to RMB400 per sq.m. (GFA) and is subject to annual rental adjustment having regard to the then prevailing market rate. The monthly rental benchmark price was determined at arm's length, by reference to prevailing market rates and being not less than the rental rates we offer to independent third parties and on normal commercial terms.
- **Leases of Commercial Property to Beijing Dagexing Group:** The rent (excluding property management fee) payable for the leases of commercial properties to Beijing Dagexing Group entered into or to be entered into under the Wanda Group Framework Agreement shall be calculated based on the benchmark monthly rental price of RMB30 to RMB50 per sq.m. (GFA) and is subject to annual rental adjustment having regard to the then prevailing market rate. The monthly rental benchmark price was determined at arm's length, by reference to prevailing market rates and being not less than the rental rates we offer to independent third parties and on normal commercial terms.
- **Property Management Fee:** The property management fee payable for the leases entered into or to be entered into under the Wanda Group Framework Agreement shall be calculated based on the benchmark monthly property management fee of (i) RMB25 to RMB40 per sq.m. (GFA) for office leases and (ii) RMB10 to RMB20 per sq.m. (GFA) for leases of commercial properties to Beijing Dagexing Group. The monthly property management benchmark prices were determined at arm's length, by reference to prevailing market rates and being not less than the rates we offer to independent third parties and on normal commercial terms.

(b) Provision of Leasing and Property Management Services for Headquarter and Commercial Property to Wanda Cinema

(I) Wanda Cinemas Framework Agreement

The Company entered into a property lease and management services framework agreement for a term of 20 years with Wanda Cinema on July 1, 2012, with respect to leasing of commercial properties owned by us to Wanda Cinemas Group for the purpose of operating its cinemas business and the provision of commercial property management services by us in respect of such leased properties.

Price Determination:

The pricing terms of the Wanda Cinemas Framework Agreement are as follows:

- The rent, excluding property management fee, payable for the leases entered into or to be entered into under the Wanda Cinemas Framework Agreement shall be an amount calculated based on a pre-agreed percentage currently at 11% (with a range adjustable periodically between 9% to 13%) of the net cinema box office income generated from the movie screenings at the relevant premises which are subject to the leases.
- The rental for leases under the Wanda Cinemas Framework Agreement calculated by a pre-agreed percentage of net cinema box office income was determined based on the average rent-to-box office income ratios for cinemas operated by independent third parties and is consistent with prevailing market and industry practice in China.
- The property management fee payable for the leases entered into or to be entered into under the Wanda Cinemas Framework Agreement shall be calculated based on the benchmark monthly property management fee of RMB10 to RMB20 per sq.m. (GFA), which was determined at arm's length, by reference to prevailing market rates and the rates we offered to independent third parties and on normal commercial terms.

(II) Wanda Cinemas Headquarter Lease Agreement

The Wanda Cinemas Headquarter Lease Agreement was entered into in November 2011 supplemented by a supplemental agreement on July 27, 2012 for a term of 3 years.

Price Determination:

The pricing terms of the Wanda Cinemas Headquarter Lease Agreement are as follows:

- The rent, excluding property management fee, payable under the Wanda Cinemas Headquarter Lease Agreement shall be calculated based on the benchmark monthly rental price of RMB200 to RMB400 per sq.m. (GFA), which was determined at arm's length, by reference to prevailing market rates and the rental rates we offered to independent third parties and on normal commercial terms.
- The property management fee payable for the leases entered into or to be entered into under the Wanda Cinemas Headquarter Lease Agreement shall be calculated based on the benchmark monthly property management fee of RMB25 to RMB40 per sq.m. (GFA), which was determined at arm's length, by reference to prevailing market rates and the rates we offered to independent third parties and on normal commercial terms.

(c) Provision of Leasing and Management Services for Headquarters and Commercial Property to Wanda Department Store

The Company entered into a property lease and management service framework agreement for a term of 3 years with Wanda Department Store on December 23, 2014, with respect to leasing of commercial properties owned by the Company to Wanda Department Store Group for the purpose of (i) operating the department store and retail business owned by Mr. WANG Jianlin, (ii) for use as headquarter offices and (iii) the provision of commercial property management services by us in respect of such leased properties.

Report of the Board of Directors

Price Determination:

The pricing terms of the Wanda Department Stores Framework Agreement are as follows:

- **Headquarter Leases:** The rent, excluding property management fee, payable for the headquarter office leases entered into or to be entered into under the Wanda Department Stores Framework Agreement shall be calculated based on the benchmark monthly rental price of RMB200 to RMB400 per sq.m. (GFA) and subject to annual rental adjustment having regard to the then prevailing market rate. The monthly rental benchmark price was determined at arm's length, by reference to prevailing market rates and is not less than the rental rates we offered to independent third parties and on normal commercial terms.
- **Leases of Commercial Properties:** The rents (excluding property management fee) payable for the leases entered into or to be entered into under the Wanda Department Stores Framework Agreement shall be calculated based on the benchmark monthly rental price of RMB30 to RMB40 per sq.m. (GFA) and is subject to annual rental adjustment having regard to the then prevailing market rate. The monthly rental benchmark price was determined at arm's length, by reference to prevailing market rates and no less than the rental rates we offered to independent third parties and on normal commercial terms.
- **Property Management Fee:** The property management fee payable for the leases entered into or to be entered into under the Wanda Department Stores Framework Agreement shall be calculated based on the benchmark monthly property management fee of (i) RMB25 to RMB40 per sq.m. (GFA) for headquarter office leases and (ii) for commercial properties, RMB5 to RMB10 per sq.m. (GFA). The monthly property management benchmark prices were determined at arm's length, by reference to prevailing market rates and no less than the rates we offered to independent third parties and on normal commercial terms.

(d) Provision of Leasing and Management Service for Commercial Property to Wanda Kidsland

The Company entered into a property lease and management services framework agreement with Wanda Kidsland Group for a term of 3 years on December 23, 2014, with respect to leasing of commercial properties owned by us to Wanda Kidsland Group for the purpose of operating the children entertainment and playground business of Wanda Kidsland Group and the provision of commercial property management services by the Company in respect of such leased properties.

Price Determination:

The pricing terms of the Wanda Kidsland Framework Agreement are as follows:

- The rents (excluding property management fee) payable for the leases entered into or to be entered into under the Wanda Kidsland Framework Agreement shall be calculated based on the benchmark monthly rental price of RMB45 to RMB65 per sq.m. (GFA) and are subject to annual rental adjustment having regard to the then prevailing market rate. The monthly rental benchmark price was determined at arm's length, by reference to prevailing market rates and no less than the rental rates we offered to independent third parties and on normal commercial terms.
- The property management fee payable for the leases entered into or to be entered into under the Wanda Kidsland Framework Agreement shall be calculated based on the benchmark monthly property management fee of RMB5 to RMB10 per sq.m. (GFA). The monthly property management benchmark prices were determined at arm's length, by reference to prevailing market rates and the rates we offered to independent third parties and on normal commercial terms.

(e) Design Consultancy and Operation Consultancy Services provided by Wanda Cultural Group

The Company entered into a design consultancy and operation consultancy services framework agreement with Wanda Cultural Group for a term of 3 years on December 23, 2014, with respect to the provision of the design consultancy and operation consultancy services, including, but not limited to (i) engaging third party design company, review and modification of, and supervising the implementation of, relevant design plan for the projects during the construction phase; and (ii) overall services relating to the preparation for opening during the period from the completion of construction to commencing operation, such as materials procurement, recruitment, building up management team and the design of opening plan in connection with businesses of Wanda City.

Price Determination:

The pricing terms of the Design Consultancy and Operation Consultancy Services Framework Agreement are as follows:

- The Company will pay reasonable fees for the design consultancy and operation consultancy services provided to the Company by the Wanda Cultural Group calculated based on an actual costs incurred basis plus a margin in line with market standard.
- The relevant subsidiaries of both parties will enter into separate design consultancy and operation consultancy services agreements in connection with individual projects after arm's-length negotiations which will set out the specific terms and conditions according to the principles provided in the Design Consultancy and Operation Consultancy Services Framework Agreement.

- The fee basis for the design and consultancy services rendered under the Design Consultancy and Operation Consultancy Services Framework Agreement was determined taking into consideration the expected quality and comprehensive management services to be rendered by Wanda Cultural Group, the initial investment made by Wanda Cultural Group, and by reference to the market price in respect of design consultancy services at the relevant time or as agreed by parties after arm's-length negotiations.

Review by and Confirmation of Independent Non-executive Directors

The Independent Non-executive Directors have reviewed the above continuing connected transactions, and confirmed that such transactions were:

- (1) carried out in the ordinary and usual course of business of the Group;
- (2) made on normal commercial terms or better (as defined in the Listing Rules); and
- (3) carried out according to the terms in the relevant transaction agreements, which are fair and reasonable, and in the interests of the Shareholders as a whole.

Confirmation of the Auditors

The auditors of the Company have performed the relevant agreed-upon procedures regarding the above continuing connected transactions, and confirmed by way of a letter to the Board that for the year ended December 31, 2015 these transactions:

- (1) nothing has come to their attention that causes them to believe that the disclosed continuing connected transactions have not been approved by the Board;

Report of the Board of Directors

- (2) for transactions involving the provision of goods or services by the Group, nothing has come to their attention that causes them to believe that the transactions were not, in all material respects, in accordance with the pricing policies of the Company;
- (3) nothing has come to their attention that causes them to believe that the transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and
- (4) with respect to the aggregate amount of each of the continuing connected transactions set out in the above, nothing has come to their attention that causes them to believe that the disclosed continuing connected transactions have exceeded the maximum aggregate annual value disclosed in the prospectus dated December 10, 2014 (or as amended) made by the Company in respect of each of the disclosed continuing connected transactions.

Save as disclosed above, the Directors confirmed that the Company has complied with the requirements under Chapter 14A of the Listing Rules with regard to the above connected transactions.

Details of the related party transactions of the Group are set out in note 40 to the Financial Statements. Apart from the connected transactions and continuing connected transactions as disclosed in this annual report, none of the related party transactions constituted connected transactions or continuing connected transactions under Chapter 14A of the Listing Rules, which are subject to announcement or independent Shareholders' approval requirements.

COMPLIANCE WITH THE NON-COMPETITION UNDERTAKING

Each of the Controlling Shareholders signed a Non-competition Undertaking on December 4, 2014, in favour of the Company. Pursuant to the Non-competition Undertaking, each of the Controlling Shareholders has irrevocably undertaken that it will not and will procure that its associates (except the Company) will not compete with the business of

the Company from time to time. Pursuant to the Non-competition Undertaking, each of the Controlling Shareholders has irrevocably undertaken that it will not and will procure that its associates (except the Company) will not, directly or indirectly, whether as principal or agent, either on its own account or in conjunction with or on behalf of any person, firm or company, whether inside or outside the PRC, among other things, carry on, engage, participate or hold any right or interest in or render any services to or otherwise be involved in any business which is in competition with the business of the Company from time to time ("**Restricted Business**"). Each of the Controlling Shareholders has also undertaken to the Company that, if there is any new business opportunity in the Restricted Business, it shall within a reasonable period of time refer such new business opportunities to the Company on a pre-emptive basis.

In October 2014, the Company entered into an equity transfer agreement pursuant to which the Company transferred the entire equity interests in Xishuangbanna International Resort Development Co., Ltd., Qingdao Wanda Yacht Industry Investment Co., Ltd., Dalian Jinshi Cultural Tourism Investment Co., Ltd. (collectively the "**Excluded Companies**") to Wanda Cultural. The principal business activities of the Excluded Companies compete with, or are likely to compete with, the business of the Company, whether directly or indirectly (the "**Excluded Business**").

Changbaishan International Tourism is owned by Dalian Wanda Group and other joint venture partners, who are independent third parties, for the purpose of developing and operating a cultural and natural scenic tourism project in Songjianghe town, Baishan City, Jilin Province. As Changbaishan International Tourism has a different customer base, being tourists that are principally interested in the unique scenic attractions particular to the location and skiers. Accordingly, the Company is of the view that there is no significant competition between Changbaishan International Tourism and the Company.

Other than Changbaishan International Tourism and the Excluded Business, the Controlling Shareholders will not engage in any business which competes with those of the Company.

No proposal to acquire or dispose any new business opportunity relating to the Restricted Business, or the Changbaishan International Tourism or any of the Excluded Business has been proposed by the Company or the Controlling Shareholders (as applicable) during the year ended December 31, 2015.

During the year, the independent non-executive Directors have reviewed the implementation of the Non-Competition Undertaking and confirmed that each of the Controlling Shareholders has fully observed the Non-Competition Undertaking without any case of violation.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended December 31, 2015, the total amount of procurement from the five largest suppliers of the Company accounted for 45.18% of the total amount of procurement of the year. The purchase from the largest supplier accounted for 41.98% of the total amount of procurement during the year.

For the year ended December 31, 2015, the total amount of sales to the five largest customers of the Company accounted for 3.40% of the total revenue of sales of the year. The sales to the largest customers accounted for 1.60% of the total revenue of sales of the year.

Among the five largest customers of the Company, Wanda Department Store is 100% owned by Mr. Wang Jianlin, the ultimate controlling shareholder of the Company, Wanda Cinema is 60.41% indirectly owned by Mr. Wang Jianlin. Save as disclosed above, during the year, to the knowledge of the Directors, none of the Directors, their associates, or shareholders of the Company (which, to the knowledge of the Directors, owned more than 5% of the Company's share capital) had interests in the five largest suppliers or customers of the Company.

RETIREMENT AND EMPLOYEE BENEFITS SCHEME

Please refer to the note 2.4 to the Financial Statements for detailed information on the retirement and employee benefits scheme.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company was in compliance with all the code provisions as set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules during the year ended December 31, 2015.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the knowledge of the Directors, the Company has maintained a public float of 14.06% of the issued shares as at the date of this annual report. The Company will continue to satisfy the minimum percentage as described in the section headed "Waivers from Strict Compliance with the Listing Rules" in the prospectus of the Company dated December 10, 2014.

USE OF PROCEEDS

The proceeds from initial public offering totalling approximately RMB24.2 billion (net of issue expenses) after exercise of over-allotment option. The Shareholders have approved the change of use of part of the proceeds from the issuance of H Shares and to authorize the Board and its authorized persons to do such other matters relating to the change at the extraordinary general meeting of the Company held on January 29, 2016.

As at December 31, 2015, approximately RMB17,223 million has been used in accordance with the approved plan for use of proceeds.

Report of the Board of Directors

SIGNIFICANT LEGAL PROCEEDINGS

For the year ended December 31, 2015, the Company was not engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened against the Company.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Company is committed to the sustainable development of the environment and our society. In recognition of the potential climate impact due to building development and operation, the Company strives to enhance the environmental performance of its properties development and management through eco-friendly building design and operational measures as well as supporting a number of external charters with regard to energy efficiency and carbon reduction. Further information of the Company's environmental policies, performance and initiatives can be found on pages 77 to 78 of the Corporate Social Responsibility Report of this annual report.

COMPLIANCE WITH LAWS AND REGULATIONS

The Group recognises the importance of compliance with regulatory requirements and the risk of non-compliance with such requirements could lead to the termination of operating licences. The Group has been allocating system and staff resources to ensure ongoing compliance with rules and regulations and to maintain cordial working relationships with regulators effectively through effective communications. During the year under review, the Group has complied, to the best of our knowledge, with all relevant rules and regulations that have a significant impact on the Company, including but not limited to, the Law of the People's Republic of China on Urban Real Estate Administration (《中華人民共和國城市房地產管理法》) and Regulations on Administration of Development and Operation of Urban Real Estate (《城市房地產開發經營管理條例》).

RELATIONSHIP WITH STAKEHOLDERS

The Company recognizes that our employees, customers and business associates are keys to our sustainability journey. We strive to achieve corporate sustainability through engaging our employees, providing quality services for our customers, collaborating with business partners and supporting our community.

The Company places significant emphasis on human capital. The Company provides a fair workplace, promoting non-discrimination and diversity to our staff, together with competitive remuneration and benefits, as well as a range of opportunities for career advancement based on employees' merits and performance. The Company administers its employee health and safety management system and ensures the adoption of the principles across the Group. The Company provides regular trainings for staff to keep them abreast of the latest developments in the market and industry, in the form of both internal trainings and trainings provided by experts from external organizations.

To enhance customer satisfaction and promote a customer-oriented culture within the Company, we take 'Customer First' as one of our core values. We value the feedback from customers through daily communication, regular inspections and etc. We have also established the mechanism about customer service, support and complaints. When dealing with a customer complaint, we treat it as an opportunity to improve our relationship with the customer, addressing the concern in a timely manner and in accordance with international standards.

We believe that our suppliers are equally important in driving quality delivery of our project developments. We proactively collaborate with our business partners (including suppliers and contractors) to deliver quality sustainable products and services. We have developed included certain requirements in our standard tender documents. These requirements include regulatory compliance, labour practices, anti-corruption and other business ethics. We assure the performance of our suppliers through supplier approval process and by conducting factory audits/site visits and spot checks on the delivered goods at site during the contractual periods.

AUDIT COMMITTEE

The audit committee of the Company has reviewed the Company's annual results and the financial statements of the Company for the year ended December 31, 2015.

AUDITORS

Ernst & Young was appointed as auditors for the financial statements prepared in accordance with HKFRS for the year ended December 31, 2015. The Company's financial statements for the year 2015 prepared in accordance with HKFRS have been audited by Ernst & Young. The Company has retained the services of Ernst & Young since 2014.

A resolution to re-appoint Ernst & Young as the auditors of the Company for the year of 2016 will be proposed at the AGM.

FINANCIAL HIGHLIGHTS

Summary of results of operation and the assets and liabilities of the Group for the last five financial years is set out on page 90 in this annual report.

By order of the board

Dalian Wanda Commercial Properties Co.,Ltd.

DING Benxi

Chairman

Beijing, the PRC
March 23, 2016

Report of the Supervisory Committee

Dear Shareholders,

The works for the year 2015 of the second session of the Supervisory Committee and the work plan for the year 2016 of the third session of the Supervisory Committee of Dalian Wanda Commercial Properties Co., Ltd. (the "Company") are as follows:

1. Works performed during the reporting period

On 30 March 2015, the Company held the sixth meeting of the second session of the Supervisory Committee, and the Resolution in relation to the Consideration of the Report of the Supervisory Committee of Dalian Wanda Commercial Properties Co., Ltd. for the Year 2014, the Resolution in relation to the Consideration of the Financial Accounts of Dalian Wanda Commercial Properties Co., Ltd. for the Year 2014 and the Resolution in relation to the Dividend Distribution Plan for the Year 2014 were considered and approved at the meeting.

On 14 May 2015, the Company held the seventh meeting of 2015 of the second session of the Supervisory Committee, and the Resolution in relation to Nominate Mr. ZHAO Deming as an Independent Supervisor of the Second Session of the Supervisory Committee of the Company and the Resolution in relation to Nominate Mr. LIU Cheeming as an Independent Supervisor of the Second Session of the Supervisory Committee of the Company were considered and approved at the meeting.

On 26 May 2015, the Company held the eighth meeting of 2015 of the second session of the Supervisory Committee, and the Resolution in relation to Elect Mr. ZHAO Deming as the Chairman of the Second Session of the Supervisory Committee was considered and approved at the meeting.

On 3 July 2015, the Company held the ninth meeting of 2015 of the second session of the Supervisory Committee, and the Resolution in relation to the Initial Public Offering of Renminbi Ordinary Shares (A Shares) and its Listing, the Resolution in relation to the Dividend Return Plan for the Future Three Years and the Resolution in relation to the Undertakings to be Disclosed in the Prospectus of the Initial Public Offering of Renminbi Ordinary Shares (A Shares) were considered and approved at the meeting.

On 14 December 2015, the Company held the tenth meeting of 2015 of the second session of the Supervisory Committee, and the Resolution in relation to the Election of the New Session of the Supervisory Committee was considered and approved at the meeting.

In 2015, the work of the second session of the Supervisory Committee also includes:

- (1) attended the meetings of the Board of the Company to understand the operation of the Board;
- (2) reviewed the financial report of the Company and the audit report submitted by the auditor.

2. Independent opinion expressed during the reporting period

(1) Compliance of the operation

The members of the Board and management of the Company regulated the operation pursuant to the relevant regulations of the Company Law of the People's Republic of China ("Company Law") and the articles of association of Dalian Wanda Commercial Properties Co., Ltd. ("Articles of Association"), diligently performed their duties with a scientific and reasonable decision-making process, earnestly implemented each resolutions approved by the general meetings and no illegal action and behavior that would harm the interests of the Company was found.

(2) Internal Control

The Company established a comprehensive internal management and internal control system based on the relevant regulation of the Company Law and Articles of Association together with its actual condition, which ensures the normal operation of the Company. The Company has a complete internal control organization and an internal audit department with enough staff, ensuring full and effective implementation and supervision of the key internal control activities of the Company.

The Supervisory Committee considered that the internal control system of the Company is sound and the implementation of internal control is effective.

(3) Honesty and self-discipline

The Directors and senior management of the Company strictly regulated themselves, honestly complied with the laws and no violation due to personal interests was found.

3. Working plan for the year 2016

The third session of the Supervisory Committee will further regulate the works of the Supervisory Committee and strengthen supervision pursuant to the Company Law, Articles of Association and relevant laws and regulations to protect the interests of the Company and Shareholders:

- (1) Attends Board meetings of the Company, actively participates various work meetings held by the Company and understands the operation of the Board and the development of the operation of the Company to ensure the standard operation of the Company.
- (2) Further strengthens the supervision on major projects and major controlled subsidiaries.
- (3) Supervises the compliance and diligence of the Directors and senior management of the Company.

The Supervisory Committee of Dalian Wanda Commercial Properties Co., Ltd.

23 March 2016

Biographies of Directors, Supervisors and Senior Management

Executive Directors

Mr. DING Benxi, aged 61, is an executive Director and chairman of the Board of the Company. He is also the chairman of the Strategy Committee of the Company. He concurrently serves as a director and president of Dalian Wanda Group and the chairman of Wanda Cultural Group. He serves as a non-executive director and chairman of the board of Wanda Hotel Development since July 2013. He formerly worked as the president of the Company from December 2009 to December 2012. Prior to joining the Company in 2009, he served as various roles in Dalian 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 and 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 50, is an executive Director and concurrently a member of the Strategy Committee and the president of the Company. He also serves as the director of Dalian Wanda Group. Mr. Qi serves as a non-executive director of Wanda Hotel Development since July 2013. Mr. Qi joined Dalian Wanda Group in April 2000 and formerly served in various positions in the Company, including the executive president, the vice president and the general manager of the southern project management centre, an assistant to the president and the general manager of the cost control department. He graduated with a bachelor's degree in engineering from Dalian University of Technology (大連理工大學) in July 1988 and with a master's degree in philosophy from Dalian University of Technology in April 1991. Mr. Qi was authorized 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) granted by the Dalian Bureau of Human Resources (大連市人事局, now known as 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. WANG Zhibin, aged 43, is an executive Director of the Company. He serves as a vice president of the Company since August 2015. He serves as a president of Wanda Commercial Management since November 2015. Upon joining Dalian Wanda Group in 2007, he held various positions, including deputy general manager of Wanda Commercial Management; general manager of Wanda Commercial Management, Ningbo Branch; assistant to president of the Company and deputy general manager, general manager of the management centre of Wanda Commercial Management; assistant to president of the Company and deputy general manager and general manager of the investment centre of Wanda Commercial Management; senior assistant to the president of the Company and executive deputy general manager and general manager of integrated management centre of Wanda Commercial Management; and executive vice president of Wanda Commercial Management. He has 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) since 1996, 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) since 2002, head of northwestern properties, head of northern China market, head of Tianjin properties and 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) since 2004. He 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.

Non-executive Directors

Mr. QU Dejun, aged 52, is a non-executive Director of the Company. He served as the executive Director of the Company from December 2012 to November 2015. He was the executive president of the Company and the president of Wanda Commercial Management from January 2015 to November 2015. He also serves as a non-executive director of Wanda Hotel Development since July 2013. He formerly worked as the vice president of the Company from November 2010 to December 2012. He also served as the assistant to the president of the Company and the vice president of Dalian Wanda Group. He has been the president of Wanda Finance Group Co., Ltd. (萬達金融集團有限公司) and the chairman of Wanda Internet Financial Services (Shanghai) Co., Ltd. (萬達互聯網金融服務(上海)有限公司) since October 2015. Prior to joining the Company in September 2002, he worked as the chief financial officer of Dalian Fortune Investment Co., Ltd. (大連華晟外經貿投資有限公司) and a chief officer of Dalian Bureau of Foreign Trade and Economy (大連市對外經濟貿易委員會). He graduated with a bachelor's degree in economics from Dongbei University of Finance and Economics (東北財經大學) in July 1986 and a master's degree in management from Dongbei University of Finance and Economics in November 1999.

Mr. YIN Hai, aged 53, is a non-executive Director, and concurrently a member of the remuneration and evaluation committee and nomination committee of the Company. He also serves as a director and the senior vice president of Dalian Wanda Group. He formerly worked as a vice president of the Company from December 2009 to November 2010. He served in various positions in Dalian Wanda Group since January 1993, including the vice president, chief financial officer and deputy chief financial officer. He graduated by correspondence courses in accounting from Fudan University (復旦大學) in July 1997. Mr. Yin was qualified as a senior accountant by Liaoning Bureau of Human Resources (遼寧省人事廳, now known as the Liaoning Provincial Department of Human Resources and Social Security (遼寧省人力資源和社會保障廳)) in September 1999.

Mr. LIU Zhaohui, aged 44, is a non-executive Director of the Company, and concurrently a member of the audit committee of the Company. He served as the secretary to the Board and the company secretary of the Company from December 2009 to March 2015. He has been the vice president of Dalian Wanda Group since March 2015 and the executive director of Wanda Hotel Development since July 2013. He served as the director of AMC Entertainment Holdings, Inc. (美國AMC娛樂控股公司) (a company listed on the New York Stock Exchange, stock code: AMC) from August 2012 to September 2015. He formerly served as an assistant to the president of the Company and the general manager of the investment department of the Company. He joined Dalian Wanda Group in October 2002 and served in various positions in Dalian Wanda Group, including as the general manager of the investment department, assistant to the president and the general manager of the investment department, senior assistant to the president and the general manager of the investment management centre and the chief officer of the finance department. He graduated with a bachelor's degree in engineering from Chongqing University (重慶大學) in July 1993, a master's degree in economics from Xiamen University (廈門大學) in July 1996 and a Ph.D. in management from Xiamen University in June 2004. He was qualified as a non-practicing certified accountant by the Ministry of Finance of the PRC in December 1997.

Independent non-executive Directors

Dr. HU, Fred Zuli, aged 53, is an independent non-executive Director of the Company and concurrently the chairman of Remuneration and Evaluation Committee of the Company. He is currently the co-chairman of the Nature Conservatory's Asia-Pacific Board (大自然保護協會亞太理事會), a trustee of the China Medical Board (美國中華醫學基金會), a trustee of the Yale-China Association (雅理協會), a member of the Advisory Committees for Harvard University (哈佛大學諮詢委員會), a consultant of the Stanford Center for International Development (斯坦福大學國際經濟發展研究所) and the Jerome A. Chazen Institute of International Business at Columbia University (哥倫比亞大學Chazen國際商業研究所). He founded Primavera Capital Group (春華資本集團) in 2011.

Biographies of Directors, Supervisors and Senior Management

Prior to this, he was the managing director of Greater China at Goldman Sachs Group Inc. (高盛集團大中華區) and held various positions, including serving on the Goldman Sachs Partnership Committee. He formerly worked as a member of the HKSAR Commission on Strategic Development (香港特別行政區策略發展委員會), a member of the Advisory Committee of the Securities and Futures Commission (香港證券及期貨事務監察委員會), and served on the International Monetary Fund (國際貨幣基金組織). He also serves as the external supervisor of Shanghai Pudong Development Bank Co., Ltd. (上海浦東發展銀行股份有限公司, a company listed on the Shanghai Stock Exchange, stock code: 600000), an independent non-executive director of Hang Seng Bank Limited (a company listed on the Hong Kong Stock Exchange, stock code: 00011), an independent non-executive director of SCMP Group Limited (a company listed on the Hong Kong Stock Exchange, stock code: 00583) and an independent non-executive director of Hong Kong Exchanges and Clearing Limited (a company listed on the Hong Kong Stock Exchange, stock code: 00388). He graduated with a master's degree in engineering science from Tsinghua University (清華大學) in July 1986, and a master's degree and a Ph.D. in economics, respectively, from Harvard University (哈佛大學).

Mr. QI Daqing, aged 52, is an independent non-executive Director of the Company, and concurrently 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 Cheung Kong Graduate School of Business (長江商學院). He previously served as head and deputy dean of the executive master of business administration department. Mr. QI Daqing worked at The Chinese University of Hong Kong (香港中文大學) and the Feature Syndicate of the Department of Home News for Overseas, Xinhua News Agency (新華社對外部特稿社) prior to joining Cheung Kong Graduate School of Business in 2002. He currently serves as independent director of Sohu.com Inc. (搜狐網絡有限公司) (NASDAQ: SOHU), iKang Guobin Healthcare Group, Inc. (愛康國賓健康體檢管理集團有限公司) (NASDAQ: KANG) and Momo Inc. (陌陌

科技公司) (NASDAQ: MOMO), all of which are listed on NASDAQ; and an independent non-executive director of Honghua Group Limited (宏華集團有限公司) (stock code: 00196); SinoMedia Holding Limited (中視金橋國際傳媒控股有限公司) (stock code: 00623) and Jutal Offshore Oil Services Limited (巨濤海洋石油服務有限公司) (stock code: 03303), all of which are listed on the Hong Kong Stock Exchange. During the past three years, he was an independent director of Focus Media Holding Limited (分眾傳媒控股有限公司) (NASDAQ: FMCN) and Auto Navi Holdings Ltd. (高德軟件有限公司) (NASDAQ: AMAP), all of which were listed on NASDAQ, and an independent director of China Vanke Co., Ltd. (萬科企業股份有限公司) (a company listed on the Shenzhen Stock Exchange; stock code: 000002) and DAQO New Energy Corp. (大全新能源有限公司) (a company listed on the New York Stock Exchange; stock code: DQ). He graduated with a doctoral degree in accounting from The Eli Broad Graduate School of Management of Michigan State University (美國密西根州立大學) in 1996. He also obtained a master's degree in management from University of Hawaii (美國夏威夷大學) in 1992 and dual bachelor's degrees (in biophysics and international news) from Fudan University (復旦大學) in 1985 and 1987 respectively.

Mr. LI Guinian, aged 63, is an independent non-executive Director of the Company, and concurrently the chairman of Nomination Committee of the Company and a member of Audit Committee and Remuneration and Evaluation Committee of the Company. He is a senior engineer and currently the general manager of SPP Investment Funds Co., Ltd. (上海浦江正宜投資管理有限公司), vice chairman of Anhui New Energy Association (安徽省新能源協會) and director of Capital Finance Research Institute of China University of Political Science and Law (中國政法大學資本金融研究院). During the period from March 2008 to August 2014, he served as the director of Guoyuan Agricultural Insurance Co., Ltd. (國元農業保險股份有限公司). Since September 2013, he has served as the independent non-executive director of MOBI Development Co., Ltd. (摩比發展有限公司) (a company listed on the Hong Kong Stock Exchange; stock code: 00947). Since May 2014, he has served as

the independent director of Beijing Creative Distribution Automation Co., Ltd. (北京科銳配電自動化股份有限公司) (a company listed on the Shenzhen Stock Exchange; stock code: 002350). He graduated from Hefei University of Technology (合肥工業大學) majoring in Chemistry and obtained an a master's degree in business administration from Honolulu University (美國檀香山大學).

Supervisors

Mr. ZHAO Deming, aged 50, is an independent Supervisor and the chairman of the Supervisors Committee of the Company. He is a lawyer and the senior partner of Haoliwen Partners (上海昊理文律師事務所). He obtained his bachelor of laws, master of laws and juris doctor degrees from Xiamen University (廈門大學) and master of laws in Commercial and Corporate law from University College London (英國倫敦大學學院). He has been a PRC licensed lawyer since 1994. He had been a senior consultant of Hong Kong and Shanghai Offices of PAUL HASTINGS (美國普衡律師事務所香港、上海辦公室高級顧問), partner of Richard Wang & Co. (上海小耘律師事務所合夥人), legal counsel of Greater China Region of KODAK (伊士曼-柯達大中華區法律顧問) and associate professor of School of Law of Xiamen University (廈門大學法學院副教授). In addition, he is concurrently an arbitrator of Xiamen Arbitration Commission (廈門仲裁委員會仲裁員), part-time professor of School of Law of Xiamen University (廈門大學法學院兼職教授) and Xi'an Jiaotong University (西安交通大學法學院兼職教授) and an instructor for postgraduate students in practice of Shanghai Customs College and Shanghai University of International Business and Economics (上海海關學院研究生實務導師、上海對外經貿大學研究生實務導師). He was awarded "Client Choice – Top 20 Lawyers in China", ALB, 2012 (based on the results of the first such survey).

Mr. LIU Chee Ming, aged 65, is an independent Supervisor of the Company. He founded Platinum Holdings Company Limited (百德能控股有限公司) in 1996. He had more than 35 years of experience within the Asian financial services sector. He holds a Bachelor's

Degree in Business Administration from the University of Singapore (新加坡大學) (now known as the National University of Singapore (新加坡國立大學)) and is also a member of President's Advancement Advisory Council of the National University of Singapore (新加坡國立大學校長發展諮詢委員會) since March 2010. He is a non-executive director of Kader Holdings Company Limited (開達集團有限公司) (a company listed on the Hong Kong Stock Exchange, stock code: 00180) since December 2013, an independent non-executive director of Haitong Securities Co., Ltd. (海通證券股份有限公司) (a company listed on both the Hong Kong Stock Exchange and the Shanghai Stock Exchange, stock codes: 06837 and 600837) since November 2011 and an independent non-executive director of Founder BEA Trust Co., Ltd. (方正東亞信託有限責任公司) (a company regulated by the China Banking Regulatory Commission (中國銀行業監督管理委員會) and domiciled in Wuhan, China) since November 2013. He is also an independent non-executive director of Japfa Ltd. (a company listed on the Singapore Stock Exchange) since July 2014 and an independent non-executive director of StarHub Ltd. (星和有限公司) (a company listed on the Singapore Stock Exchange) since August 2004. He is also an independent non-executive director in STT GDC Pte. Ltd. since October 2015. Mr. Liu is an independent non-executive director of OUE Hospitality REIT Management Pte. Ltd. (華聯酒店房地產信託管理有限公司) and OUE Hospitality Trust Management Pte. Ltd. (華聯酒店信託管理有限公司), which are the REIT Manager and Trustee-Manager respectively of OUE Hospitality Trust (華聯酒店信託) (a company listed on the Singapore Stock Exchange) since June 2013. He is a member of the Takeovers Appeal Committee of the Securities and Futures Commission in Hong Kong (香港證券及期貨事務監察委員會的收購上訴委員會) since May 1995 and a deputy chairman of the Takeovers and Mergers Panel (收購及合併委員會) since April 2008. Currently, he is also a governor of Singapore International School (Hong Kong) (新加坡國際學校(香港)) since 2006.

Biographies of Directors, Supervisors and Senior Management

Mr. HOU Hongjun, aged 48, an employee representative Supervisor of the Company. He has served as the general manager of the audit department of the Company since December 2015. He worked for the cost control department of the Company and Wanda Cultural Group from April 2013 to December 2015. Between February 2001 and March 2013, he worked for the audit department of Dalian Wanda Group, project companies under the Company and the cost control department of the Company. He worked in China Construction Bank Dalian Branch (中國建設銀行大連市分行) from July 1990 to February 2001. He received a bachelor's degree in materials and products profession from Shenyang Jianzhu University (沈陽建築工程學院) in July 1990 and he holds the qualification of certified cost engineer.

Senior Management

Mr. QI Jie is the president of the Company. For Mr. Qi's biography, please refer to "Executive Directors" in this section.

Mr. NING Qifeng, aged 51, the senior vice president of the Company. He formerly served as a vice president and an assistant to the president of Dalian Wanda Group, and the general manager of Wanda Hotel Construction Co., Ltd. Prior to joining the Company in 2002, he worked as the dean of Xi'an Jingye Architecture Design Institute (西安敬業設計事務所) and a lecturer at the architecture department of Xi'an Jiaotong University (西安交通大學). He obtained his bachelor's degree in engineering from Northwest Architecture Engineering Institute (西北建築工程學院) in July 1986, a master's degree in engineering from Northwest Metallurgical Construction Institute (西北冶金建築學院) in July 1992 and a Ph.D in engineering from Tongji University (同濟大學) in May 2004.

Mr. QIAN Jin, aged 59, the senior vice president of the Company and president of Wanda Hotel Management Co., Ltd. He has served as the chief translator of Shanghai branch of China International Travel Services (中國國際旅行社上海分社) since 1978, the resident

manager of Sheraton Fiji Resort (斐濟喜來登度假酒店) since 1986, the general manager of Shanghai Sheraton Hua Ting Hotel And Towers (上海喜來登華亭賓館酒店) since 1990, the general manager of Sheraton Langkawi Beach Resort in Malaysia (馬來西亞喜來登蘭卡威海灘度假酒店) since 1996, the regional managing director of China, Asia-Pacific of Starwood Hotels & Resorts Group (喜達屋酒店集團) since 2000, the senior vice president of Greater China region of Starwood Hotels & Resorts Group since 2001 and president of Greater China region of Starwood Hotels & Resorts Group since 2012. Mr. Qian obtained Ph.D. from Victoria University, Switzerland (瑞士維多利亞大學).

Mr. CHEN Ping, aged 53, is a vice president of the Company and the dean of Wanda Academy (萬達學院). He joined Dalian Wanda Group in June 2001 and formerly worked as a vice president of Dalian Wanda Group and the general manager of project company in Nanjing. Mr. Chen graduated with a bachelor's degree in engineering from South China Institute of Technology (華南工學院, now renamed as South China University of Technology (華南理工大學)) in July 1985.

Mr. SUN Jiquan, aged 51, a vice president and the general manager of the culture and tourism project management centre of the Company. He joined Dalian Wanda Group in May 2009 and formerly served as a vice president of Wanda Cultural Group. He also served as the vice president and the general manager of the northern project management centre of the Company. He graduated in industrial statistics from Northern University of Technology (北方工業大學) in July 1987 and a master's degree in architecture and real estate management from The Hong Kong Polytechnic University (香港理工大學) in November 2003. He was qualified as a senior engineer with China State Construction Engineering Corporation in September 2001 and an International Certified Real-estate Investment Member with the Certified Commercial Investment Member Institute (美國註冊商業投資人員協會) in October 2005.

Mr. QU Xiaodong, aged 42, is a vice president and the general manager of the southern project management centre of the Company. He joined Dalian Wanda Group in November 2002 and formerly served in various positions in the Company, including an assistant to the president, the general manager of the marketing centre, and the deputy general manager of the project management centre. He received his bachelor's degree in economics from Liaoning University (遼寧大學) in July 1997.

Mr. YU Xiuyang, aged 43, is a vice president and the general manager of the northern project management centre of the Company. He joined the Company in December 2009 and formerly served in various positions in the Company, including an assistant to the president, the general manager of the cost-control department and the general manager of project company in Huai'an. He 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. (大連市城建開發集團有限公司) in November 2000.

Mr. LIU Haibo, aged 46, a vice president of the Company. He formerly served various positions in the Company, including an assistant to the president, the general manager of the development department, the deputy general manager of the development department and the regional general manager. Prior to joining the Company in June 2010, he worked as the deputy general manager of Eton Properties (Xiamen) Co., Ltd. (裕景興業(廈門)有限公司) from February 1994 to June 2010, and the teacher in electronic engineering in Beijing University of Aeronautics and Astronautics (北京航空航天大學) from July 1991 to February 1994. He graduated with a bachelor's degree in engineering from Beijing University of Aeronautics and Astronautics in July 1991 and a Master degree of Business Administration from Xiamen University in June 2005.

Mr. LAI Jianyan, aged 52, a vice president of the Company. He formerly served as a senior assistant to the president of the Company and the dean of Wanda Commercial Planning and Research Institute Co., Ltd (萬達商業規劃研究院有限公司). Prior to joining Dalian Wanda Group in July 2007, Mr. Lai held a position in KSP Engel and Zimmermann Architects (Shanghai) Co., Ltd. (卡斯帕建築設計諮詢(上海)有限公司), and served as the head of the Architecture Institute of China Academy of Urban Planning and Design (中國城市規劃設計研究院建築所), and the director of Zhongwei construction office of China Academy of Building Research (中國建築技術研究院中緯所建築室). He graduated with a bachelor's degree in engineering from Beijing University of Civil Engineering and Architecture (北京建築大學) (formerly known as Beijing Architecture and Engineering College (北京建築工程學院)) in July 1986. Mr. Lai was qualified as a senior architect with China Academy of Building Research (中國建築技術研究院) in December 1999 and a first class registered architect by National Administration Board of Architectural Registration (全國註冊建築師管理委員會) in July 2000.

Mr. LV Zhengtao, aged 43, is a vice president and general manager of the central project management centre of the Company. He joined the Company in 2002 and formerly served in various positions in the Company, including the general manager of project company in Shanghai, a deputy general manager of the north project management centre, the general manager of the marketing department of the project management centre, a deputy general manager of project companies in Ningbo and Harbin. He graduated from Shanghai Normal University (上海師範大學) in July 1995.

Mr. WANG Zhibin is the vice president of the Company and president of Wanda Commercial Management. For Mr. Wang's biography, please refer to "Executive Directors" in this section.

Biographies of Directors, Supervisors and Senior Management

Mr. CHEN Guocai, aged 56, a vice president of and general manager of overseas properties center of the Company. He served successively as the general manager of Jordan manager department (約旦經理部), the general manager of Singapore Nanyang company, the general manager of international engineering division, group president assistant and president of overseas business division, group vice president and chairman of the board of Singapore Nanyang company of China State Construction Engineering Corporation Limited (中國建築股份有限公司). He obtained a bachelor's degree from Harbin University of Civil Engineering and Architecture in 1982 and a master's degree in business administration from the University of Chicago, United States in 2005.

Mr. CHEN Deli, aged 42, a vice president of the Company and executive vice president of Wanda Commercial Management. Mr. Chen has served as the president of Wuhan branch of Singapore Yi-lai Group (新加坡誼來集團) since 1997, the general manager of Sichuan Huali Group Shun Yuan Commercial Properties Company (四川華立集團舜苑商業地產公司) since 2001 and China regional general manager of Capitaland Retail of Singapore Capitaland Ltd. (新加坡嘉德置地凱德商用) since 2006. Since joining Wanda in August 2010, he served successively as the executive deputy general manager of the operation center of Wanda Commercial Management, vice president and general manager of investment center of Wanda Commercial Management, executive deputy vice president and general manager of operating center of Wanda Commercial Management.

Mr. GAO Xiaojun, aged 47, the senior assistant to the president and the chief financial officer of the Company. He has previously served as the employee representative Supervisor of the Company from December 2012 to February 2016, and also as the assistant to the president of the Company and a vice president of Wanda Commercial Management, a deputy general manager of the finance department of the Company, a deputy general manager of Beijing Dagexing, a deputy general manager of our project companies in Taiyuan, Xi'an and Jilin, and a deputy general manager of the finance department of our project company in Nanjing.

Company Secretary

Mr. Hui Yung Chris, aged 48, the company secretary of the Company. He joined the Company in September 2015. Prior to joining the Company, he had served as a partner of J&Partners from December 2010 to September 2015. From August 2001 to July 2010, he worked for Barclays Investment Bank (巴克萊投資銀行) where he served as a managing director and head of its Investment Banking Division in China and Hong Kong. He also served as a director of Xinhua Trust (新華信託) from 2009 to 2010; a director of Deutsche Bank (德意志銀行) and head of its multinational corporations and department of structural finance products in Asia Pacific from March 1996 to July 2001; and a vice president of Merrill Lynch Capital Markets (美林證券資本市場) from April 1993 to February 1996. He has more than 20 years of solid experience in investment and capital markets. He graduated from the Chinese University of Hong Kong with a bachelor's degree in Business Administration.

Corporate Governance Report

The Board is pleased to present the corporate governance report of the Company for the year ended 31 December 2015.

Corporate Governance Practice

As a company listed on the Stock Exchange, the Company strives to maintain high standards of corporate governance to enhance shareholder value and safeguard shareholder interests. The Company's corporate governance principles emphasize the importance of a quality Board, effective risk management and internal controls system and accountability to shareholders.

The Board reviews and improves its corporate governance practices regularly to ensure its compliance with the Corporate Governance Code.

The Company was in compliance with all the code provisions as set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules during the year.

Securities Transactions by Directors and Supervisors

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

The Company has made specific enquiry to all of the Directors and Supervisors and all of the Directors and Supervisors have confirmed that they have complied with the Administrative Measures during the year. The Company was not aware of any violation with the provisions of the Administrative Measures by the relevant employees during the year.

Board of Directors

Board composition

As at the date of this annual report, the third session of the Board consists of three executive Directors, three non-executive Directors and three independent non-executive Directors. The Directors who held office during the year and up to the date of this annual report are:

Executive Directors

Mr. DING Benxi (Chairman)

Mr. QI Jie

Mr. WANG Zhibin (*appointed on January 29, 2016*)

Non-executive Directors

Mr. ZHANG Lin* (*retired on January 29, 2016*)

Mr. QU Dejun (*re-designated from executive Director to non-executive Director on November 5, 2015*)

Mr. WANG Guiya* (*retired on January 29, 2016*)

Mr. YIN Hai

Mr. LIU Zhaohui (*appointed on January 29, 2016*)

Independent Non-executive Directors

Mr. LIU Jipeng* (*retired on January 29, 2016*)

Dr. XUE Yunkui* (*retired on January 29, 2016*)

Dr. HU, Fred Zulu

Mr. QI Daqing (*appointed on January 29, 2016*)

Mr. LI Guinian (*appointed on January 29, 2016*)

* Mr. ZHANG Lin and Mr. WANG Guiya, the non-executive Directors of the second session of the Board, and Mr. LIU Jipeng and Dr. XUE Yunkui, the independent non-executive Directors of the second session of the Board, were retired as Directors with effect from the time of conclusion of the extraordinary general meeting of the Company held on January 29, 2016.

There were no relationship, including financial, business, family or other material/relevant relationships, between the members of the Board, especially between the Chairman and the President.

Corporate Governance Report

The biographies of the Directors are set out in the section headed “Biographies of Directors, Supervisors and Senior Management” of this annual report.

The Company has entered into a service contract with each of the Directors (including non-executive Directors and independent non-executive Directors) containing terms relating to, among other things, compliance with relevant laws and regulations, observation of the Articles of Association and provision on arbitration.

Pursuant to Article 123 of the Articles of Association, director shall be elected at the general meeting and serve a term of three years for each session. A director may serve consecutive terms if re-elected upon the expiry of his term, unless otherwise stipulated by the relevant laws, administrative regulations, department rules, the Articles of Association and listing rules of the place(s) in which the shares of the Company are listed. A director's term of service commences from the date he takes up the appointment, until the current term of service of Board ends. If a director's term of service expires but a new director is not yet appointed, the original director shall continue to carry out the director's duties according to the laws, administrative regulations, department rules and the Articles of Association until the newly elected director's appointment comes into effect.

In the extraordinary general meeting of the Company held on January 29, 2016, (i) Mr. DING Benxi, Mr. QI Jie and Mr. WANG Zhibin were elected as executive Directors of the third session of the Board; (ii) Mr. QU Dejun, Mr. YIN Hai and Mr. LIU Zhaohui were elected as non-executive Directors of the third session of the Board; and (iii) Dr. HU, Fred Zulu, Mr. QI Daqing and Mr. LI Guinian were elected as independent non-executive Directors of the third session of the Board. Their term of office commences from the time of conclusion of such extraordinary general meeting until the expiry of the three-year term of office of the third session of the Board.

During the year, the Board at all times complied with the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors (at least one-third of the Board) with at least one independent non-executive Director possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has received written confirmation from each of the independent non-executive Directors on his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all independent non-executive Directors to be independent in accordance with the independence guidelines as set out in the Listing Rules.

All Directors, including non-executive Directors and independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning.

Each newly appointed Director receives formal, comprehensive and tailored induction on his appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of Director's responsibilities under the Listing Rules, laws and other regulatory requirements together with the businesses and governance policies of the Company.

Responsibilities of the Board

Pursuant to Article 137 of the Articles of Association, the responsibilities of the Board includes the exercise of the following functions and powers:

- (1) to be responsible for the convening of general meetings and report its work to the general meetings;
- (2) to implement resolutions of the general meetings;
- (3) to decide on the Company's business plans and investment plans;

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|---|--|
| <p>(4) to formulate the annual financial budgets and final accounts of the Company;</p> | <p>(14)to formulate proposals to amend these Articles of Association;</p> |
| <p>(5) to formulate the Company's profit distribution plans and plans on making up losses;</p> | <p>(15)to formulate the stock option incentive plan of the Company;</p> |
| <p>(6) to formulate proposals for the Company to increase or decrease its registered capital, issue corporate bonds or other securities and pursue any listing thereof;</p> | <p>(16)to manage information disclosure of the Company;</p> |
| <p>(7) to formulate plans for mergers, demergers, dissolution and alteration of corporate form of the Company;</p> | <p>(17)to propose to the general meeting the appointment or replacement of the accounting firms which provide audit services to the Company;</p> |
| <p>(8) to formulate plans for the Company's substantial acquisitions and purchase of shares of the Company;</p> | <p>(18)to listen to work reports of the president and review his work;</p> |
| <p>(9) within the scope authorized by the general meeting, to decide, among others, the Company's external investment, purchase and sale of assets, provision of security on the Company's assets, matters on external guarantees, wealth management entrustment, related party transactions;</p> | <p>(19)to decide on other major matters and administrative affairs other than those specified in the laws, administrative regulations, department rules and the Articles of Association to be decided at the general meeting and sign other important agreements; and</p> |
| <p>(10)to decide on establishment of internal management organizations of the Company;</p> | <p>(20)other powers and duties authorized by the laws, administrative regulations, department rules, listing rules of the place(s) in which the shares of the Company are listed, the Articles of Association and other duties entrusted at the general meetings.</p> |
| <p>(11)to determine the composition and the chairman (convener) of the specialized committees under the Board;</p> | <p>The above matters of authority exercised by the Board or any transaction or arrangement of the Company which shall be considered at the general meeting according to laws and regulations within and outside China, the Articles of Association and listing rules of the place(s) in which the shares of the Company are listed, shall be submitted to the general meeting for consideration.</p> |
| <p>(12)to appoint or dismiss president, secretary to the Board and Company secretary; to appoint or dismiss senior management including vice president(s) and the person in charge of finance of the Company in accordance with the nominations by president, and to decide on their remunerations;</p> | <p>Except for the Board resolutions in respect of the matters specified in paragraphs (6), (7) and (14) which shall be passed by more than two-thirds of the Directors, the Board resolutions in respect of all other matters set out in the preceding paragraph may be passed by more than one half of the Directors.</p> |
| <p>(13)to formulate the basic management system of the Company;</p> | |

Corporate Governance Report

Corporate Governance Functions

The Board is responsible for formulating the corporate governance policies and performing the corporate governance duties:

- (1) to develop and review the policies and practices of the Company on corporate governance and make recommendations;
- (2) to review and monitor the training and continuous professional development for Directors and senior management;
- (3) to review and monitor the policies and practices of the Company on compliance with legal and regulatory requirements;
- (4) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to the employees and Directors; and
- (5) to review the compliance with the Corporate Governance Code by the Company and its disclosure in the corporate governance report.

During the year, the Board had amended the Articles of Association, monitored and organized the training of Directors and senior management, reviewed the compliance of domestic and foreign regulatory requirements by the Company and the implementation of various internal corporate governance systems and policies of the Company in accordance with the requirements of the relevant laws, regulations and regulatory rules (as amended from time to time) and the actual needs of the Company. Meanwhile, the Board had also reviewed the compliance with the Corporate Governance Code by the Company and its disclosure in this corporate governance report.

Operation of the Board

Meetings of the Board comprised of regular Board meetings and extraordinary Board meeting.

Regular meetings of the Board shall be held at least four times a year. Regular meetings shall be convened by the Chairman and notice of and documents for such meetings shall be sent to all Directors and Supervisors 14 days before the meeting is held.

The Chairman, any Shareholder(s) holding more than one-tenth voting rights, more than one-third of the Directors, or the Supervisory Committee or more than one-half of independent non-executive Directors or the President may propose the holding of an extraordinary meeting of the Board. The Chairman shall convene and preside over the extraordinary meeting of the Board within ten days upon receipt of the proposal, and shall give written notice to all Directors and Supervisors five days before the meeting is held. In case of urgency, the extraordinary Board meeting may be held upon approval by the Chairman, not subject to the requirement of meeting notice as set out in the Articles of Association, provided that reasonable notice shall be given to Directors, Supervisors and the President.

During the year, the Board held 11 meetings. The Board meetings mainly considered the annual report for 2014, the interim report for 2015, the dividend distribution plan, appointment of international auditors, the re-election and/or appointment of Directors and senior management, connected transactions and/or continuing connected transactions and the proposed A shares offering, etc.

During the year, the attendance of the Directors of the second session of the Board at the Board meetings, Board committees meetings and general meetings were as follows:

Directors	Meetings attended/held during term of service			
	Board Meetings	Nomination Committee	Audit Committee	General Meetings
Mr. DING Benxi	11/11	N/A	N/A	4/4
Mr. QI Jie	11/11	N/A	N/A	4/4
Mr. QU Dejun	11/11	N/A	N/A	4/4
Mr. ZHANG Lin	11/11	N/A	N/A	4/4
Mr. WANG Guiya	11/11	N/A	3/3	4/4
Mr. YIN Hai	11/11	3/3	N/A	4/4
Mr. LIU Jipeng	11/11	3/3	3/3	4/4
Dr. XUE Yunkui	11/11	3/3	3/3	4/4
Dr. HU, Fred Zuli	11/11	N/A	N/A	4/4

During the year, the Chairman held one meeting with the non-executive Directors (including independent non-executive Directors) without the presence of the executive Directors.

Nomination, Appointment and Removal of Director

The Company has formulated a formal and transparent procedure for the appointment of new Directors to the Board. Nomination of new Director is first considered by the Nomination Committee and then be recommended to the Board for consideration. All newly nominated Directors are subject to the approval of the Shareholders at the general meetings of the Company. Removal of members of the Board is also subject to the approval of the Shareholders at the general meetings of the Company.

Director's Continuous Professional Development

The Directors are continually updated on the statutory and regulatory regime and the business environment to facilitate the discharge of their responsibilities. Continuing professional development for Directors will be arranged by the Company where necessary. Individual Directors also participated in the courses relating to the roles, functions and duties of a listed company director or further enhancement of their professional development by way of attending training courses or via online aids or reading relevant materials. The Directors developed and updated their knowledge and skills through participation in the training programmes, which in turn ensures that they could make suitable contribution to the Board.

Corporate Governance Report

All the Directors of the second session of the Board had submitted their training records during the year to the Company and the training taken by them are summarized as follow:

Corporate business, market performance, administration, directors' responsibility and governance duties

Directors	Reading materials	Attend seminar/ briefing organized by professional organizations	Attend company events or interviews	Explanation of compliance knowledge by the company secretary at the Board meetings
Mr. DING Benxi	✓	✓	✓	✓
Mr. QI Jie	✓	✓	✓	✓
Mr. QU Dejun	✓	✓	✓	✓
Mr. ZHANG Lin	✓	✓	✓	✓
Mr. WANG Guiya	✓	✓	✓	✓
Mr. YIN Hai	✓	✓	✓	✓
Mr. LIU Jipeng	✓	✓	✓	✓
Dr. XUE Yunkui	✓	✓	✓	✓
Dr. HU, Fred Zuliu	✓	✓	✓	✓

Liability Insurance of Directors, Supervisors and Senior Management

The Company has arranged appropriate liability insurance to indemnify all Directors, Supervisors and senior management for their liabilities arising out of corporate activities and the insurance coverage is reviewed regularly.

Chairman and President

Currently, Mr. DING Benxi, an executive Director, held the position of the Chairman and Mr. QI Jie, an executive Director, held the roles of the President. The roles and duties of the Chairman and the President are separate and held by different persons and have been clearly defined in the Articles of Association.

Pursuant to Article 142 of the Articles of Association, the Chairman is responsible for the following functions and powers:

- (1) to preside over general meetings and to convene and preside over Board meetings;
- (2) to procure and check the implementation of resolutions of the Board;

- (3) to sign share certificates, bond certificates and other marketable securities issued by the Company;
- (4) organize the formulation of various rules and coordinate operation of the Board;
- (5) to sign important documents of the Board and legally binding documents on behalf of the Company;
- (6) to exercise the powers and functions as the legal representative;
- (7) to nominate candidates for secretary to the Board, members and chairman of the specialized committee under the Board;
- (8) to listen to regular or provisional work reports of senior management, and provide guiding opinions on the implementation of the Board resolutions;
- (9) in case of emergency of catastrophic natural disasters and other force majeure, exercise the special privilege over the Company's affairs that is in compliance with the requirements of laws and is in the interests of the Company, and report to the Board and the general meeting afterwards; and

(10) other functions and powers authorized by the laws, administrative regulations, department rules, listing rules of the place(s) in which the shares of the Company are listed or these Article of Association and conferred by the Board.

The management of the Company comprises of one President, certain vice presidents, one chief financial officer and a secretary to the Board. Pursuant to Article 158 of the Articles of Association, the President is responsible to the Board and exercises the following functions and powers:

- (1) lead the Company's production, operation and management, organize the implementation of Board resolutions, and report to the Board;
- (2) organize the implementation of the Company's annual business plan and investment plan;
- (3) draft plans for the establishment of the Company's internal management structure;
- (4) formulate the structure scheme for any branch(es) of the Company;
- (5) draft the basic management system of the Company;
- (6) formulate detailed rules and regulations of the Company;
- (7) propose to the Board the appointment or dismissal of the Company's senior management including vice presidents and the person in charge of finance;
- (8) appoint or dismiss other senior management other than those required to be appointed or dismissed by the Board;
- (9) propose the convening extraordinary Board meetings; and
- (10) exercise other powers conferred by these Articles of Association or the Board.

The Chairman is responsible for the operation of the Board while the President is responsible for the business operation of the Company. The Chairman and the President maintain communication with all the Directors to ensure their full understanding of all the significant business developments and affairs of the Company, and are responsible for the establishment and maintenance of a high efficiency administrative team to support their duties.

The functions and powers of the Board and the management have been clearly defined with an aim to provide an adequately balanced mechanism of sound corporate governance and internal control.

The Board is responsible for deciding the business plan and investment plan of the Company, deciding the establishment of the Company's internal management structure, drafting the basic management system of the Company, deciding on other major businesses and administrative matters of the Company and overseeing the implementation by the management.

The management of the Company is responsible to the Board and for executing the resolutions approved by the Board and co-ordinating the daily operation and management of the Company under the president.

Board Committees

The Board had delegated certain responsibilities to various committees. The Company had established four Board committees, being the Nomination Committee, the Remuneration and Evaluation Committee, the Audit Committee and the Strategy Committee.

Corporate Governance Report

Nomination Committee

During the year, the Nomination Committee consists of Mr. YIN Hai, a non-executive Director, and Mr. LIU Jipeng (chairman of the Nomination Committee) and Dr. XUE Yunkui, independent non-executive Directors. On January 29, 2016, Mr. LIU Jipeng and Dr. XUE Yunkui ceased to be the chairman and member of the Nomination Committee respectively upon the expiry of term of office of the second session of the Board, and Mr. LI Guinian and Mr. QI Daqing, independent non-executive Directors, were appointed as the chairman and member of the Nomination Committee respectively on the same day.

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 President and vice president, chief financial officer and secretary to the Board, 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 structure; and other matters that the Board has authorized it to deal with.

The Company had adopted a Board diversity policy aims to set out the approach to achieve the diversity of the Board. The Company recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance. It endeavours to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business. All Board appointments will continue to be made on a merit basis with due regard for the benefits of diversity of the Board members. The Board reviews the Board diversity policy regularly to ensure its efficiency.

The Nomination Committee will follow a range of diversified perspectives when selecting candidates for the Board, including but not limited to gender, age, cultural and educational background, race, professional experience, skills, knowledge and length of service. The ultimate decision will be made upon the strengths and the possible contribution that the selected candidates will bring to the Board.

For the nomination procedures of Directors and senior management, please refer to the detailed working rules of the Nomination Committee of the Board.

During the year, the Nomination Committee held 3 meetings. The Nomination Committee meetings mainly considered the proposal for re-appointment and/or appointment of Directors and senior management of the Company, etc.

Remuneration and Evaluation Committee

During the year, the Remuneration and Evaluation Committee consists of Mr. YIN Hai, a non-executive Director, and Dr. HU, Fred Zulu (chairman of the Remuneration and Evaluation Committee) and Dr. XUE Yunkui, independent non-executive Directors. On January 29, 2016, Dr. XUE Yunkui ceased to be the member of the Remuneration and Evaluation Committee upon the expiry of term of office of the second session of the Board, and Mr. QI Daqing, an independent non-executive Director, was appointed as the member of the Remuneration and Evaluation Committee on the same day.

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 make recommendation to the Board and other matters that the Board has authorized it to deal with.

No extra meeting was held by the Remuneration and Evaluation Committee during the year as the Board had discussed and implemented the matters related to the Remuneration and Evaluation Committee during the year.

Remuneration of Directors and senior management

The Company has established a formal and transparent procedure for formulating policies on remuneration of senior management of the Group. Details of the remuneration of each of the Directors for the year ended December 31, 2015 are set out in Note 8 to the consolidated financial statements.

Remuneration paid to the senior management by bands for the year ended December 31, 2015 is set out below:

Remuneration bands (RMB)	Number of individuals
Less than \$7 million	5
\$7 million – \$9 million	9
More than \$9 million	4

Audit Committee

During the year, the Audit Committee consists of Mr. WANG Guiya, a non-executive Director, and Dr. XUE Yunkui (chairman of the Audit Committee) and Mr. LIU Jipeng, independent non-executive Directors. On January 29, 2016, Mr. WANG Guiya, Mr. LIU Jipeng and Dr. XUE Yunkui ceased to be the members and chairman of the Audit Committee respectively upon the expiry of term of office of the second session of the Board, and Mr. LIU Zhaohui, a non-executive Director, and Mr. LI Guinian and Mr. QI Daqing, independent non-executive Directors, were appointed as the members and chairman of the Audit Committee respectively on the same day. Mr. QI Daqing is the chairman of the Audit Committee and possesses appropriate professional qualifications and accounting or related financial management expertise as required by the Rule 3.10(2) of the Listing Rules.

The principal responsibilities of the Audit Committee include reviewing and supervising the 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; reviewing and monitoring the

financial information and its disclosure; reviewing the Company's internal control system and auditing the significant Connected Transactions; other matters that the Board has authorized it to deal with.

During the year, the Audit Committee held 3 meetings. The Audit Committee meetings mainly considered the financial statements of the Company for the year 2014 and the interim period of 2015, the annual and interim report, listened to the report on audit works of external auditor and discussed on the candidates of external auditor for the year, etc.

Strategy Committee

During the year, the Strategy Committee consists of Mr. DING Benxi (chairman of the Strategy Committee) and Mr. QI Jie, executive Directors, and Mr. LIU Jipeng, an independent non-executive Director. On January 29, 2016, Mr. LIU Jipeng ceased to be the member of the Strategy Committee upon the expiry of term of office of the second session of the Board, and Mr. LI Guinian, an independent non-executive Director, was appointed as the member of the Strategy Committee on the same day.

The principal responsibilities of the Strategy Committee include conducting research and making proposals on the 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; other matters that the Board has authorized it to deal with.

No extra meeting was held by the Strategy Committee during the year as the Board had discussed the matters related to the strategic development and investment and financing operation of the Company during the year.

Corporate Governance Report

Supervisory Committee

The Supervisors during the year up to the date of this annual report are as follow:

Mr. ZHAO Deming (*appointed on May 26, 2015*)

Mr. LIU Chee Ming (*appointed on May 26, 2015*)

Ms. GAO Qian* (*resigned on May 26, 2015*)

Mr. WANG Yunan* (*resigned on May 26, 2015*)

Mr. GAO Xiaojun* (*resigned on February 29, 2016*)

Mr. HOU Hongjun (*appointed on February 29, 2016*)

* Ms. GAO Qian and Mr. WANG Yunan, shareholder representative Supervisors of the second session of the Supervisory Committee, resigned as shareholder representative Supervisors respectively on May 26, 2015, and Mr. ZHAO Deming and Mr. LIU Cheeming were elected as independent Supervisors of the second session of the Supervisory Committee at the Company's extraordinary general meeting held on May 26, 2015.

* As Mr. GAO Xiaojun was appointed as the chief financial officer of the Company and in accordance with the Company Law of the PRC and the Articles of Association, a supervisor of a company shall not serve concurrently as a senior management of that company, accordingly, Mr. GAO resigned as the employee representative Supervisor on February 29, 2016. Mr. HOU Hongjun was elected as the employee representative Supervisor at the Company's employee representatives meeting held on February 29, 2016. Mr. ZHAO Deming, the current independent Supervisor, is the chairman of the Supervisory Committee.

At the Company's extraordinary general meeting held on January 29, 2016, Mr. ZHAO Deming and Mr. LIU Chee Ming were elected as the independent Supervisors of the third session of the Supervisory Committee. At the Company's employee representatives meeting held on January 29, 2016, Mr. GAO Xiaojun was elected as the employee representative Supervisor of the third session of the Supervisory Committee.

The biographies of the Supervisors are set out in the section headed "Biographies of Directors, Supervisors and Senior Management" of this annual report.

The Company has entered into a service contract with each of the Supervisors containing terms relating to, among other things, compliance with relevant laws and regulations, observation of the Articles of Association and provision on arbitration. Pursuant to Article 162 of the Articles of Association, the term of office of a Supervisor shall be three years, renewable upon re-election and re-appointment.

During the year, the Supervisory Committee held 5 meetings and the attendance of the Supervisors at the Supervisory Committee meetings are as follow:

Supervisor	Meetings attended/ held during term of service
Mr. ZHAO Deming (<i>appointed on May 26, 2015</i>)	3/3
Mr. LIU Chee Ming (<i>appointed on May 26, 2015</i>)	3/3
Ms. GAO Qian (<i>resigned on May 26, 2015</i>)	2/2
Mr. WANG Yunan (<i>resigned on May 26, 2015</i>)	2/2
Mr. GAO Xiaojun	5/5

Accountability and Audit

Each Director acknowledges their responsibility for preparing the consolidated financial statements of the Company for the year ended December 31, 2015. The Directors consider that the Group has adequate resources to continue in business for the foreseeable future and are not aware of material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern.

The Board is responsible for presenting a balanced, clear and understandable assessment of annual and interim reports, inside information announcements and other disclosures required under the Listing Rules and other statutory and regulatory requirements.

The management has provided to the Board such explanation and information as are necessary to enable the Board to carry out an informed assessment of the Company's consolidated financial statements, which are put to the Board for approval.

Risk Management and Internal Controls System

The Board is responsible for maintaining an adequate risk management and internal control system of the Group to safeguard the Shareholder's investments and the Company's assets and with the support of the Audit Committee, reviewing the effectiveness of the risk management and internal control system on an annual basis.

Through a customized internal control system and risk management system, the Board oversees the Company's overall financial and operational conditions and legal compliance to manage any risks of the Company and to avoid substantial losses due to failure in internal control. The management, with the authorization of the Board, has established a series of policies, rules and processes in relation to financial management, operation and legal compliance, which are being monitored on a daily basis for ongoing improvements. The Internal Audit Department of the Company is established to, through the application of professional approaches that are independent, objective and systematic, monitor and assess the Company's operating activities and appropriateness of its internal control system pursuant to the instruction of the management of Company and ensures the effective implementation of the guidelines, standards and management system established by the Company.

During the year, the Board, through the Audit Committee, also conducted a review of the effectiveness of the risk management and internal control system of the Group, including the adequacy of resources, qualifications and experience of staff of the Company's accounting, internal audit and financial reporting function, and their training programmes and budget, according to the code provision C.2.1 and C.2.2 of the Corporate Governance Code.

External Auditor and Auditor's Remuneration

The statement of the external auditor of the Company about its reporting responsibilities for the consolidated financial statements is set out in the "Independent Auditors' Report" on pages 91 to 92.

During the year ended December 31, 2015, the service fee paid/payable to the Company's external auditors is set out below:

	Amount (RMB million)
Audit services	10
Non-audit services	1
Total fees	11

Relation and Communication with Shareholders and Investors

The Board has established an investor relation management system. The Company considers that effective communication with Shareholders and investors is essential for enhancing Shareholder and investor relations and their understanding of the Group's business performance and strategies. The Company also recognizes the importance of transparency and timely disclosure of corporate information, which will enable Shareholders and investors to make the best investment decisions. The general meetings of the Company provide a forum for face-to-face communication between the Board and the Shareholders.

Corporate Governance Report

Shareholder's Rights

Convening of an extraordinary general meeting or a class meeting of shareholders upon shareholders' requisition

Pursuant to Article 71 of the Articles of Association, Shareholders holding more than 10% of Shares (individually or together with others) of the Company shall be entitled to request for an extraordinary general meeting or class meeting according to the following procedures:

- (1) Upon signing one or several written requests with the same content and format, and stating the subject of the meeting, the aforesaid Shareholders may request the Board to convene an extraordinary general meeting or class meeting. Concerning the above request, the Board shall, in accordance with the law, administrative regulations and the Articles of Association, reply with a written opinion to state whether it agrees or disagrees to convene an extraordinary general meeting within 10 days upon receipt of the proposal. Shares held by the above Shareholders shall be calculated as at the date of submitting the written request.
- (2) If the Board agrees to convene an extraordinary general meeting or class meeting, it shall issue a notice of general meeting within 5 days upon making the Board decision. Any changes made to the original request in the notice shall be agreed by the relevant Shareholders.
- (3) If the Board disagrees to convene the extraordinary general meeting or class meeting, or does not reply within 10 days upon receipt of the proposal, Shareholders individually or together holding more than 10% of the shares of the Company are entitled to request the Supervisory Committee in writing to hold an extraordinary general meeting or class meeting.

- (4) If the Supervisory Committee agrees to convene the extraordinary general meeting or class meeting, it shall issue a notice of general meeting within 5 days upon making the decision. Any changes made to the original request in the notice shall be agreed by the relevant Shareholders.
- (5) If the Supervisory Committee does not issue the notice of general meeting within the prescribed period, it shall be deemed as the Supervisory Committee not convening and not holding the general meeting. Then the Shareholders who individually or together hold more than 10% of the Shares for more than 90 consecutive days may convene and hold the meeting themselves. Before publicly announcing the resolution(s) of the general meeting, the convening Shareholders shall hold no less than 10% of the Shares of the Company. When the convening Shareholder issues the notice for general meeting and publicly announces the resolution(s) of the general meeting, they shall submit the relevant proof materials to the securities regulatory authority where the Company is located and relevant stock exchange.

Putting forward resolutions to the general meetings

Pursuant to Article 74 of the Articles of Association, when a general meeting is held by the Company, the Board, Supervisory Committee or Shareholders who individually or together holding more than 3% of the Shares of the Company may propose resolutions to the Company. Shareholders who individually or together holding more than 3% of the Shares of the Company may submit ad hoc proposals in writing to the convener of the general meeting 10 days before the holding of the general meeting. The convener shall issue a supplementary notice of the general meeting within 2 days upon receipt of the proposals and announce the contents of the ad hoc proposals.

Information about general meetings

During the year, the Company held a total of 4 general meetings.

The Company held an annual general meeting on May 26, 2015 and the followings were considered and approved at the meeting:

1. the report of the board of directors of the Company for the year ended 31 December 2014;
2. the report of the supervisory committee of the Company for the year ended 31 December 2014;
3. the final financial accounts of the Company for the year ended 31 December 2014;
4. the annual report of the Company for the year 2014;
5. the re-appointment of Ernst & Young as the auditor of the Company to hold office until the conclusion of the next annual general meeting of the Company, and to authorise the Board to fix its remunerations;
6. the profit distribution plan and declaration of a final dividend for the year ended 31 December 2014;
7. the granting of a general mandate to the Board to issue, allot and deal with additional shares in the capital of the Company (whether Domestic Shares or H Shares), and to make or grant offers, agreements and options in respect thereof;
8. the resolution on issuing domestic corporate bonds in the PRC;
9. the resolution on issuing domestic debt financing instruments in the PRC;
10. the appointment of Mr. ZHAO Deming as an independent supervisor of the second session of the supervisory committee of the Company;

11. the appointment of Mr. LIU Cheeming as an independent supervisor of the second session of the supervisory committee of the Company; and

12. the proposed amendments to the Articles of Association of the Company.

For the resolutions passed at and details of the annual general meeting, please refer to the notices of the Company dated April 9, 2015 and May 15, 2015.

The Company held an extraordinary general meeting on August 18, 2015 and the followings were considered and approved at the meeting:

1. the future dividend return plan for the future 3 years;
2. the stabilization of the Company's share price for the 3 years following the A share offering;
3. the undertakings to be disclosed in the prospectus of the A share offering;
4. the dilution of immediate return and its recovery after the A share offering;
5. the appointment of domestic auditors of the Company and the authorization to the Board to determine its remuneration;
6. the amendments to the Rules for the Management of Proceeds of Dalian Wanda Commercial Properties Co., Ltd.;
7. the amendments to the Decision Making System of Connected Transaction of Dalian Wanda Commercial Properties Co., Ltd.;
8. the special report in relation to the use of proceeds raised by previous H Share offering as of 30 June 2015;
9. the self-assessment report in relation to the land and residential property sales matters involved in the real estate development projects;

Corporate Governance Report

10. the undertaking in relation to the land and residential property sales matters involved in the real estate development projects;
11. the plan for the A share offering;
12. the distribution of the accumulated undistributed profits before the A share offering;
13. the proposal on the use of proceeds to be raised through the A share offering and the feasibility analysis;
14. the authorization to the Board to deal with all matters in relation to the A share offering;
15. the amendments to the Articles of Association; and
16. the amendments to the General Meeting's Rules of Procedure of Dalian Wanda Commercial Properties Co., Ltd.

For the resolutions passed at and details of the extraordinary general meeting, please refer to the notices of the Company dated July 3, 2015 and August 3, 2015.

The Company held a domestic shareholders' class meeting on August 18, 2015 and the followings were considered and approved at the meeting:

1. the future dividend return plan for the three years following the A share offering;
2. the stabilization of the Company's share price for the 3 years following the A share offering;
3. the undertakings to be disclosed in the prospectus of the A share offering;
4. the dilution of immediate return and its recovery after the A share offering;
5. the plan for the A share offering;

6. the distribution of the accumulated undistributed profits before the A share offering;
7. the proposal on the use of proceeds to be raised through the A share offering and the feasibility analysis; and
8. the authorization to the Board to deal with all matters in relation to the A share offering.

For the resolutions passed at and details of the domestic shareholders' class meeting, please refer to the notice of the Company dated July 3, 2015.

The Company held a H shareholders' class meeting on August 18, 2015 and the followings were considered and approved at the meeting:

1. the future dividend return plan for the three years following the A share offering;
2. the stabilization of the Company's share price for the 3 years following the A share offering;
3. the undertakings to be disclosed in the prospectus of the A share offering;
4. the dilution of immediate return and its recovery after the A share offering;
5. the plan for the A share offering;
6. the distribution of the accumulated undistributed profits before the A share offering;
7. the proposal on the use of proceeds to be raised through the A share offering and the feasibility analysis; and
8. the authorization to the Board to deal with all matters in relation to the A share offering.

For the resolutions passed at and details of the H shareholders' class meeting, please refer to the notice of the Company dated July 3, 2015.

Inquiries and opinions by the shareholders

The Shareholders may direct enquiries and express opinions to the Company through the following means:

Fax number: 86 10 8585-3222
Telephone number: 86 10 8585-3988
E-mail address: ir@wanda.com.cn
Correspondence address: 21/F, Block B, Wanda Plaza,
No. 93 Jianguo Road,
Chaoyang District, Beijing, the PRC

Amendments to the Articles of Association

1. The Board was authorized by the Shareholders at the general meeting of the Company held on August 13, 2014 and the Board approved on the twelfth Board meeting of the second session of the Board held on March 13, 2015 to amend the Articles of Association, with effect from March 13, 2015.

For the details of the amendments to the Articles of Association, please refer to the announcement of the Company dated March 13, 2015.

2. The amendments to the Articles of Association by the Company were approved at the extraordinary general meeting, the domestic shareholders' class meeting and the H shareholders' class meeting of the Company held on August 18, 2015, with effect from the date of completion of the A share offering.

For the details of the amendments to the Articles of Association, please refer to the circular of the Company dated July 3, 2015.

Company Secretary

Mr. LIU Chaohui resigned as the company secretary of the Company on March 13, 2015, and Mr. WANG Jian was appointed as the company secretary of the Company on the same day. Mr. WANG Jian resigned as the company secretary of the Company on October 28, 2015, and Mr. HUI Yung Chris was appointed as the company secretary of the Company on the same day.

Ms. LAM Wai Yee Sophie resigned as the assistant company secretary of the Company on July 6, 2015, and Ms. NG Wing Shan, an assistant vice president of SW Corporate Services Group Limited, was appointed as the assistant company secretary of the Company on the same day to assist Mr. HUI Yung Chris. In compliance with Rule 3.29 of the Listing Rules, each of Mr. HUI Yung Chris and Ms. NG Wing Shan has undertaken no less than 15 hours of relevant professional training during the year.

Currently, Ms. NG Wing Shan's primary contact person at the Company is Mr. HUI Yung Chris, the company secretary of the Company.

Corporate Governance Report

Non-Competition Undertaking

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

The Controlling Shareholders have confirmed in writing to the Company of their full compliance with the terms of the Non-competition Undertaking during the year.

No proposal to acquire or dispose any new business opportunity relating to the Restricted Business, or the Changbaishan International Tourism or any of the Excluded Business has been proposed by the Company or the Controlling Shareholders during the year. Please refer to the prospectus of the Company dated December 10, 2014 for the definition of "Restricted Business", "Changbaishan International Tourism", "Excluded Business" and "Controlling Shareholder".

The independent non-executive Directors have reviewed the Non-competition Undertaking and had determined that the Controlling Shareholders have not been in breach of the Non-competition Undertaking during the year.

Corporate Social Responsibility Report

The year 2015 saw outstanding presentation of social responsibility of Wanda Commercial among enterprises in China in various aspects of job creation, charity donation and environmental protection.

1. Job Creation

In 2015, Wanda Commercial had 26 new Wanda Plazas and 10 new hotels. All of these opened Wanda Plazas and hotels produced a large number of stable jobs in the urban services sector. In addition, all subsidiaries of Wanda Commercial have established active communication with local authorities and communities in an effort to promote local employment. In 2015, Wanda Commercial held a number of job seminars which built a platform to bring enterprises, merchants and talents together.

2. Environmental Protection

Committing to domestic green building and energy saving requirements and following the international development of green building, Wanda Commercial implemented green building and energy saving as its strategic objective through its efforts in planning and self-discipline for the past 5 years.

On 2 December 2015, our research results on energy saving technology of Wanda Water Park passed the experts review. That helps complement Wanda Commercial's expertise in developing energy saving technology relating to Wanda Water Park. The assessment focused on cool/thermo-recycling, dehumidification and anti-sweat functions and ventilation, so as to achieve optimized energy saving system with energy saving alternatives as reasonably practicable, according to the requirements of our business operations.



■ Research results on energy saving technology of Wanda Water Park passed experts review

On 24 September 2015, Huiyun management system for Kunming Xishan Wanda Plaza was awarded "2015 Innovative Intelligent Building Technology Award" ("智慧建築創新工程"獎). The system developed an integrated and centralized information management platform equipped with an upgraded equipment strategy control system based on historical data, and a full set of cooling stations and air-conditioning equipment energy saving strategy with the principles of practicability, completeness and efficiency. With the system, we have made a ground-breaking innovation in the area of integrated intelligent management system for large commercial complex.

Huiyun management system for Kunming Xishan Wanda Plaza was awarded the Innovative Intelligent Building Technology Award



■ Kunming Xishan Wanda Plaza

Huiyun management system for Guangzhou Zengcheng Wanda Plaza passed the examination this January and has been put into operation by commercial property management companies. With an integrated system that comprises of 16 subsystems which realized the genuine intelligent control of the Plaza and overall upgraded the security monitoring and energy efficient operating system of the Plaza.

Corporate Social Responsibility Report

3. Charity Donation

Wanda Commercial has always been devoted to serve and contribute to the society. Each employee of Wanda Commercial is encouraged to volunteer at least once a year and experience the power, as well as, develop the concept of charity during the process. The management of Wanda Commercial has also participate in charity events leading employees at all levels.

During 2015, Wanda Commercial and its Project companies at various locations launched various coordinated national volunteer events aimed at "Caring for Children of Migrant Workers", "Caring for Autistic Children", "Caring for disabled", "Caring for elderly", and "Caring for Environment". During these events, Wanda Commercial had proven our strong commitment to social services.

Milestones of 2015

Jan

- **The comprehensive launch of “general turnkey” model**

On January 5, the Company held the launching ceremony of the “general turnkey” management model in Beijing and announced that all the newly-commenced Wanda Plaza complex projects of Wanda Commercial Properties will implement the “general turnkey” management model starting from 2015. Wanda is the first enterprise in the engineering and construction industry of China to adopt such model systemically.

- **USD1 billion landmark project in Sydney**

On January 23, the Company acquired the 1 Alfred House and the adjacent Fairfax House in Sydney, Australia with a plan to invest approximately USD1 billion for the development of an integrated landmark project. The project, which will be named as Sydney One (悉尼1號), located in the core area of Sydney and will include a super five-star Wanda Vista Hotel, apartments and commercial spaces, of which the main building of Wanda Vista Hotel will be 185 meters high and will become the new landmark of Sydney upon completion.



■ Construction of USD1 billion's Sydney Landmark Project by Wanda

Apr

- **Wanda Institute was named as the best corporate business school**

On April 29, as approved by the State council, the Wanda Institute was named as the Most Influential Corporate Business School at the 13th Conference of International Exchange of Professionals jointly hosted by the State Administration of Foreign Experts Affairs and Shenzhen Municipal People's Government. The Wanda Institute won such an honor by standing out from nearly a hundred well-known corporate institutions selected by the expert panel of the conference.



■ Wanda Institute was named as the Most Influential Corporate Business School

Milestones of 2015

Jul

• Successful issuance of the first tranche of 10 billion medium-term notes

On July 31, Wanda Commercial Properties successfully issued the first 10 billion 5-years medium-term notes on the inter-bank market with a coupon rate of 4.6%. Such medium-term notes not only renewed the single maximum issuance size record of private enterprise, but also achieved the lowest interest rate level compared with products of private enterprise with a same credit rating and term.

Aug

• Proposed A Share listing of Wanda Commercial

On August 18, the Company convened the 2015 extraordinary general meeting and the class meeting of Shareholders which considered and approved the listing of A share of Wanda Commercial and the related matters.

• The successful issuance of the first 5 billion corporate bonds

On August 28, Wanda Commercial successfully issued the first 5-years (3+2) 5 billion corporate bonds. The coupon rate of 4.09% renewed the lowest rate level of corporate bonds with a same issuance scale of real estate enterprises in history. Such issuance laid a solid foundation for the utilization of the domestic capital market by Wanda Commercial.



■ Successful issuance of the first 5 billion corporate bonds by Wanda Commercial

Sept

• Wanda Annual Commercial Convention displayed successful transformation of Wanda

On September 10-11, the 9th Wanda Annual Commercial Convention was held in Beijing which attracted over 10,000 participants from nearly 3,000 brands, with more than 400 renowned brands set up booths and nearly 5,000 agents commenced negotiations, which fully reflected the "internet+" ideology and, at the same time, transformed and upgraded the industry cooperation and online-offline cooperation to an open platform.



■ Wanda Annual Commercial Convention

• The Wanda Hotel Construction Co., Ltd. (萬達酒店建設有限公司) was awarded the Golden Pillow Award of China Hotels

On September 21, the 12th awards ceremony of "Golden Pillow Award of China Hotels" was grandly held at the Grand Hyatt Shanghai and the Wanda Hotel Construction Co., Ltd. was awarded the "Best Owners Award". "Golden Pillow Award of China Hotels" is the most reputable campaign for hotel industry in the Asia region.



■ The Wanda Hotel Construction Co., Ltd. was awarded the "Golden Pillow Award"

- **The Commencement of the construction of Chengdu Wanda City**

On September 23, the Chengdu Wanda Culture & Tourism City held a showroom opening and construction commencing ceremony. The Chengdu Wanda City is the 8th cultural tourism projects initiated by Wanda Commercial nationwide and also a culture & tourism project with the largest investment scale and highest standard. The project comprises of a mega Wanda Mall, world-class stage show, large scale outdoor theme park, resort complex and lakeside bar street.



■ The Commencement of the construction of Chengdu Wanda City

Dec

- **Approval of The Sydney One's conceptual design proposal**

On December 10, the conceptual design proposal of Wanda's Sydney One project was approved by the Sydney Planning Commission. The project's conceptual design proposal was submitted on July 10 and has obtained the approval 80 days earlier than the schedule with the support of the Sydney government and the hard-work of all members, which set a new record for real estate development approval in Sydney.



■ Approval of Sydney One's conceptual design proposal

- **Wanda Commercial Planning & Research Institute obtained 12 Intellectual Property Rights**

In 2015, Wanda Commercial Planning & Research Institute obtained 12 intellectual property rights, including 1 software copyright, 3 utility model patents and 8 design patents. The Research and Development of Huiyun Intelligent Management System of Wanda Plaza V2.0 obtained the software copyright certificate issued by the National Copyright Administration.



■ Business Planning Institute obtained 12 Intellectual Property Rights

- **Initial success of the transformation of Wanda Commercial**

In early 2015, Wanda Commercial initiated the light-asset strategy to accelerate the development of Wanda Plaza and to extend the coverage to all cities in China including third and fourth-tier cities. During the year, Wanda has signed strategic cooperation agreements with provinces and cities such as Guizhou, Guangxi, Liaoning, Sichuan, Chongqing, Henan, Yunnan and Shandong etc..

Particulars of Properties Held by the Group

Particulars of Shopping Centers Properties Held by the Group

No.	Project	Province	Date of commencement (Month-Year)	Total GFA (‘000 sq.m.)	Total leasable GFA (‘000 sq.m.)	Occupancy rate for 2015
1	Changchun Chongqinglu Wanda Plaza (長春重慶路萬達廣場)	Jilin (吉林)	January 2003	47.1	36.4	100.0%
2	Nanchang Bayi Wanda Plaza (南昌八一萬達廣場)	Jiangxi (江西)	August 2003	36.3	27.9	100.0%
3	Qingdao Taidong Wanda Plaza (青島台東萬達廣場)	Shandong (山東)	September 2003	38.6	27.6	100.0%
4	Tianjin Hepingjinjie Wanda Plaza (天津和平金街萬達廣場) ⁽¹⁾	Tianjin (天津)	December 2003	28.5	25.4	0.0%
5	Ningbo Yinzhou Wanda Plaza (寧波鄞州萬達廣場)	Zhejiang (浙江)	December 2006	260.6	200.3	99.6%
6	Shanghai Wujiaochang Wanda Plaza (上海五角場萬達廣場)	Shanghai (上海)	December 2006	250.3	181.2	99.2%
7	Beijing CBD Wanda Plaza (北京CBD萬達廣場)	Beijing (北京)	December 2006	103.3	58.7	100.0%
8	Harbin Xiangfang Wanda Plaza (哈爾濱香坊萬達廣場)	Heilongjiang (黑龍江)	October 2007	132.9	80.8	100.0%
9	Chengdu Jinhualu Wanda Plaza (成都錦華路萬達廣場)	Sichuan (四川)	December 2007	228.5	141.8	100.0%
10	Xi'an Lijiacun Wanda Plaza (西安李家村萬達廣場)	Shaanxi (陝西)	May 2008	131.4	101.0	100.0%
11	Beijing Shijingshan Wanda Plaza (北京石景山萬達廣場)	Beijing (北京)	December 2008	144.3	100.3	100.0%
12	Suzhou Pingjiang Wanda Plaza (蘇州平江萬達廣場)	Jiangsu (江蘇)	September 2009	150.5	92.1	72.5%
13	Shanghai Zhoupu Wanda Plaza (上海周浦萬達廣場)	Shanghai (上海)	September 2009	163.1	117.9	100.0%
14	Shenyang Taiyuanjie Wanda Plaza (沈陽太原街萬達廣場)	Liaoning (遼寧)	November 2009	68.7	68.7	100.0%
15	Qingdao CBD Wanda Plaza (青島CBD萬達廣場)	Shandong (山東)	November 2009	159.8	116.1	96.5%
16	Chongqing Nanping Wanda Plaza (重慶南坪萬達廣場)	Chongqing (重慶)	December 2009	126.8	100.7	85.5%
17	Nanjing Jianye Wanda Plaza (南京建邺萬達廣場)	Jiangsu (江蘇)	December 2009	204.0	140.8	100.0%
18	Xi'an Minleyuan Wanda Plaza (西安民樂園萬達廣場)	Shaanxi (陝西)	December 2009	145.7	114.5	100.0%
19	Luoyang Wanda Plaza (洛陽萬達廣場)	Henan (河南)	December 2009	96.2	65.8	100.0%
20	Shenyang Tiexi Wanda Plaza (沈陽鐵西萬達廣場)	Liaoning (遼寧)	August 2010	156.9	109.7	93.6%
21	Wuxi Binhu Wanda Plaza (無錫濱湖萬達廣場)	Jiangsu (江蘇)	September 2010	162.9	115.0	100.0%
22	Changchun Hongqijie Wanda Plaza (長春紅旗街萬達廣場)	Jilin (吉林)	October 2010	151.0	103.5	100.0%
23	Baotou Qingshan Wanda Plaza (包頭青山萬達廣場)	Inner Mongolia (內蒙古)	November 2010	171.0	128.1	99.4%
24	Hohhot Wanda Plaza (呼和浩特萬達廣場)	Inner Mongolia (內蒙古)	November 2010	162.0	113.1	100.0%
25	Jinan Weijiazhuang Wanda Plaza (濟南魏家莊萬達廣場)	Shandong (山東)	November 2010	166.8	111.6	97.6%
26	Tianjin Hedong Wanda Plaza (天津河東萬達廣場)	Tianjin (天津)	November 2010	220.6	120.5	100.0%
27	Xiangyang Wanda Plaza (襄陽萬達廣場)	Hubei (湖北)	November 2010	157.2	108.2	100.0%
28	Yichang Wanda Plaza (宜昌萬達廣場)	Hubei (湖北)	November 2010	145.8	101.1	100.0%
29	Ningbo Jiangbei Wanda Plaza (寧波江北萬達廣場)	Zhejiang (浙江)	December 2010	159.4	103.8	95.2%
30	Shaoxing Keqiao Wanda Plaza (紹興柯橋萬達廣場)	Zhejiang (浙江)	December 2010	172.2	122.8	88.1%
31	Guangzhou Baiyun Wanda Plaza (廣州白雲萬達廣場)	Guangdong (廣東)	December 2010	171.6	107.9	100.0%
32	Wuhan Lingjiaohu Wanda Plaza (武漢菱角湖萬達廣場)	Hubei (湖北)	December 2010	161.2	116.3	100.0%
33	Fuzhou Jinrongjie Wanda Plaza (福州金融街萬達廣場)	Fujian (福建)	December 2010	174.0	108.1	100.0%
34	Hefei Baohu Wanda Plaza (合肥包河萬達廣場)	Anhui (安徽)	December 2010	179.0	117.4	100.0%
35	Huai'an Wanda Plaza (淮安萬達廣場)	Jiangsu (江蘇)	January 2011	128.2	127.5	96.4%
36	Shanghai Jiangqiao Wanda Plaza (上海江橋萬達廣場)	Shanghai (上海)	June 2011	213.9	133.2	93.8%
37	Zhenjiang Wanda Plaza (鎮江萬達廣場)	Jiangsu (江蘇)	August 2011	167.4	104.9	100.0%
38	Wuhan Jingkai Wanda Plaza (武漢經開萬達廣場)	Hubei (湖北)	August 2011	169.1	105.1	98.9%
39	Xiamen Huli Wanda Plaza (廈門湖裡萬達廣場)	Fujian (福建)	September 2011	178.1	117.7	100.0%
40	Yinchuan Jinfeng Wanda Plaza (銀川金鳳萬達廣場)	Ningxia (寧夏)	September 2011	166.3	109.9	100.0%
41	Shijiazhuang Yuhua Wanda Plaza (石家莊裕華萬達廣場)	Hebei (河北)	September 2011	191.9	145.3	100.0%
42	Wuhan Central Culture City Chu River and Han Street (武漢中央文化區楚河漢街)	Hubei (湖北)	September 2011	187.2	99.1	100.0%

Notes:

(1) This project is under the preparation of disposal.

Particulars of Shopping Centers Properties Held by the Group

No.	Project	Province	Date of commencement (Month-Year)	Total GFA (‘000 sq.m.)	Total leasable GFA (‘000 sq.m.)	Occupancy rate for 2015
43	Zhengzhou Zhongyuan Wanda Plaza (鄭州中原萬達廣場)	Henan (河南)	October 2011	164.6	118.2	100.0%
44	Langfang Wanda Plaza (廊坊萬達廣場)	Hebei (河北)	November 2011	178.0	108.2	100.0%
45	Daqing Saertu Wanda Plaza (大慶薩爾圖萬達廣場)	Heilongjiang (黑龍江)	November 2011	141.6	113.5	96.3%
46	Fuzhou Cangshan Wanda Plaza (福州倉山萬達廣場)	Fujian (福建)	December 2011	185.6	122.3	100.0%
47	Taizhou Wanda Plaza (泰州萬達廣場)	Jiangsu (江蘇)	December 2011	111.4	111.4	85.2%
48	Changzhou Xinbei Wanda Plaza (常州新北萬達廣場)	Jiangsu (江蘇)	December 2011	166.1	111.6	100.0%
49	Tangshan Lunan Wanda Plaza (唐山路南萬達廣場)	Hebei (河北)	December 2011	191.8	140.7	100.0%
50	Shanghai Baoshan Wanda Plaza (上海寶山萬達廣場)	Shanghai (上海)	June 2012	169.0	105.4	100.0%
51	Hefei Tian’ehu Wanda Plaza (合肥天鵝湖萬達廣場)	Anhui (安徽)	July 2012	175.7	105.1	100.0%
52	Jinjiang Wanda Plaza (晉江萬達廣場)	Fujian (福建)	August 2012	202.7	108.8	87.6%
53	Ningde Wanda Plaza (寧德萬達廣場)	Fujian (福建)	August 2012	164.3	108.2	95.3%
54	Nanchang Honggutan Wanda Plaza (南昌紅谷灘萬達廣場)	Jiangxi (江西)	August 2012	184.1	120.3	100.0%
55	Shenyang Beiyilu Wanda Plaza (沈陽北一路萬達廣場)	Liaoning (遼寧)	August 2012	176.0	120.3	92.7%
56	Wuhu Jinghu Wanda Plaza (蕪湖鏡湖萬達廣場)	Anhui (安徽)	September 2012	158.3	97.9	91.0%
57	Qingdao Licang Wanda Plaza (青島李滄萬達廣場)	Shandong (山東)	September 2012	182.3	123.5	93.4%
58	Jiangyin Wanda Plaza (江陰萬達廣場)	Jiangsu (江蘇)	September 2012	194.2	133.7	94.8%
59	Quanzhou Puxi Wanda Plaza (泉州浦西萬達廣場)	Fujian (福建)	September 2012	210.3	127.6	99.6%
60	Zhengzhou Erqi Wanda Plaza (鄭州二七萬達廣場)	Henan (河南)	October 2012	172.0	116.5	100.0%
61	Zhangzhou Bihu Wanda Plaza (漳州碧湖萬達廣場)	Fujian (福建)	October 2012	212.9	117.9	76.2%
62	Wenzhou Longwan Wanda Plaza (溫州龍灣萬達廣場)	Zhejiang (浙江)	November 2012	241.4	160.2	94.9%
63	Taicang Wanda Plaza (太倉萬達廣場)	Jiangsu (江蘇)	December 2012	170.0	112.0	82.7%
64	Putian Wanda Plaza (莆田萬達廣場)	Fujian (福建)	December 2012	186.8	125.8	87.2%
65	Mianyang Fucheng Wanda Plaza (綿陽涪城萬達廣場)	Sichuan (四川)	December 2012	167.5	116.0	100.0%
66	Chengdu Jinniu Wanda Plaza (成都金牛萬達廣場)	Sichuan (四川)	December 2012	223.3	153.1	100.0%
67	Dalian Gaoxin Wanda Plaza (大連高新萬達廣場)	Liaoning (遼寧)	May 2013	172.3	132.1	100.0%
68	Yixing Wanda Plaza (宜興萬達廣場)	Jiangsu (江蘇)	May 2013	214.8	123.3	100.0%
69	Xiamen Jimei Wanda Plaza (廈門集美萬達廣場)	Fujian (福建)	June 2013	134.6	89.7	98.4%
70	Wuxi Huishan Wanda Plaza (無錫惠山萬達廣場)	Jiangsu (江蘇)	June 2013	172.0	106.3	75.3%
71	Chongqing Wanzhou Wanda Plaza (重慶萬州萬達廣場)	Chongqing (重慶)	July 2013	139.6	93.6	100.0%
72	Dongguan Chang’an Wanda Plaza (東莞長安萬達廣場)	Guangdong (廣東)	July 2013	176.3	119.8	98.1%
73	Shenyang Aoti Wanda Plaza (沈陽奧體萬達廣場)	Liaoning (遼寧)	July 2013	162.5	104.0	95.5%
74	Changchun Kuancheng Wanda Plaza (長春寬城萬達廣場)	Jilin (吉林)	August 2013	164.3	111.0	95.6%
75	Harbin Haxi Wanda Plaza (哈爾濱哈西萬達廣場)	Heilongjiang (黑龍江)	September 2013	210.3	151.1	100.0%
76	Changsha Kaifu Wanda Plaza (長沙開福萬達廣場)	Hunan (湖南)	September 2013	212.7	123.6	84.3%
77	Wuhan Central Culture City Han Street Wanda Plaza (武漢中央文化區漢街萬達廣場)	Hubei (湖北)	September 2013	132.8	92.9	100.0%
78	Fushun Wanda Plaza (撫順萬達廣場)	Liaoning (遼寧)	October 2013	179.3	123.3	87.4%
79	Yuyao Wanda Plaza (余姚萬達廣場)	Zhejiang (浙江)	November 2013	174.2	107.8	90.4%
80	Xi’an Daminggong Wanda Plaza (西安大明宮萬達廣場)	Shaanxi (陝西)	November 2013	187.6	115.6	100.0%
81	Bengbu Wanda Plaza (蚌埠萬達廣場)	Anhui (安徽)	November 2013	164.2	108.6	97.5%
82	Xuzhou Wanda Plaza (徐州萬達廣場)	Jiangsu (江蘇)	December 2013	148.9	117.9	92.7%
83	Dandong Wanda Plaza (丹東萬達廣場)	Liaoning (遼寧)	December 2013	161.3	118.7	93.7%
84	Nanjing Jiangning Wanda Plaza (南京江寧萬達廣場)	Jiangsu (江蘇)	December 2013	195.7	122.9	100.0%
85	Guangzhou Zengcheng Wanda Plaza (廣州增城萬達廣場)	Guangdong (廣東)	May 2014	194.8	100.2	94.5%
86	Weifang Wanda Plaza (濰坊萬達廣場)	Shandong (山東)	May 2014	161.2	95.0	88.5%
87	Shanghai Songjiang Wanda Plaza (上海松江萬達廣場)	Shanghai (上海)	May 2014	181.5	116.5	86.8%
88	Chifeng Wanda Plaza (赤峰萬達廣場)	Inner Mongolia (內蒙古)	June 2014	171.6	109.0	100.0%

Particulars of Properties Held by the Group

Particulars of Shopping Centers Properties Held by the Group

No.	Project	Province	Date of commencement (Month-Year)	Total GFA (‘000 sq.m.)	Total leasable GFA (‘000 sq.m.)	Occupancy rate for 2015
89	Manzhouli Wanda Plaza (滿洲里萬達廣場)	Inner Mongolia (內蒙古)	June 2014	67.9	62.8	100.0%
90	Jining Taibailu Wanda Plaza (濟寧太白路萬達廣場)	Shandong (山東)	July 2014	158.3	93.7	92.3%
91	Yinchuan Xixia Wanda Plaza (銀川西夏萬達廣場)	Ningxia (寧夏)	July 2014	140.4	92.0	98.7%
92	Jinhua Wanda Plaza (金華萬達廣場)	Zhejiang (浙江)	July 2014	173.6	101.1	94.3%
93	Changzhou Wujin Wanda Plaza (常州武進萬達廣場)	Jiangsu (江蘇)	August 2014	120.1	91.8	91.6%
94	Foshan Nanhai Wanda Plaza (佛山南海萬達廣場)	Guangdong (廣東)	August 2014	174.0	102.0	99.7%
95	Dongguan Dongcheng Wanda Plaza (東莞東城萬達廣場)	Guangdong (廣東)	September 2014	169.9	107.4	99.7%
96	Ma'anshan Wanda Plaza (馬鞍山萬達廣場)	Anhui (安徽)	September 2014	162.9	96.1	91.8%
97	Jingzhou Wanda Plaza (荊州萬達廣場)	Hubei (湖北)	September 2014	159.9	100.3	92.9%
98	Lanzhou Chengguan Wanda Plaza (蘭州城關萬達廣場)	Gansu (甘肅)	October 2014	178.0	105.3	100.0%
99	Kunming CBD Wanda Plaza (昆明CBD萬達廣場)	Yunnan (雲南)	October 2014	181.4	105.0	98.7%
100	Longyan Wanda Plaza (龍岩萬達廣場)	Fujian (福建)	November 2014	160.1	91.9	89.5%
101	Guangzhou Panyu Wanda Plaza (廣州番禺萬達廣場)	Guangdong (廣東)	November 2014	199.3	108.7	99.7%
102	Yantai Zhifu Wanda Plaza (煙臺芝罘萬達廣場)	Shandong (山東)	November 2014	185.9	104.7	99.3%
103	Jiangmen Wanda Plaza (江門萬達廣場)	Guangdong (廣東)	November 2014	202.5	97.4	95.3%
104	Beijing Tongzhou Wanda Plaza (北京通州萬達廣場)	Beijing (北京)	November 2014	120.9	118.8	100.0%
105	Fuqing Wanda Plaza (福清萬達廣場)	Fujian (福建)	December 2014	145.8	87.9	84.8%
106	Wenzhou Pingyang Wanda Plaza (溫州平陽萬達廣場)	Zhejiang (浙江)	December 2014	148.5	94.0	85.1%
107	Hangzhou Gongshu Wanda Plaza (杭州拱墅萬達廣場)	Zhejiang (浙江)	December 2014	196.9	99.0	73.4%
108	Nanning Qingxiu Wanda Plaza (南寧青秀萬達廣場)	Guangxi (廣西)	December 2014	196.6	111.8	100.0%
109	Sichuan Guangyuan Wanda Plaza (四川廣元萬達廣場)	Sichuan (四川)	June 2015	152.1	86.6	100.0%
110	Zhejiang Jiaxing Wanda Plaza (浙江嘉興萬達廣場)	Zhejiang (浙江)	June 2015	144.4	98.6	100.0%
111	Yingkou Wanda Plaza (營口萬達廣場)	Liaoning (遼寧)	June 2015	138.1	95.0	100.0%
112	Sichuan Neijiang Wanda Plaza (四川內江萬達廣場)	Sichuan (四川)	June 2015	140.8	89.0	100.0%
113	Hubei Huangshi Wanda Plaza (湖北黃石萬達廣場)	Hubei (湖北)	July 2015	150.0	88.0	100.0%
114	Guangzhou Luogang Wanda Plaza (廣州蘿崗萬達廣場)	Guangdong (廣東)	July 2015	191.5	95.0	99.7%
115	Shanghai Jinshan Wanda Plaza (上海金山萬達廣場)	Shanghai (上海)	July 2015	168.2	88.2	99.0%
116	Anyang Wanda Plaza (安陽萬達廣場)	Henan (河南)	July 2015	144.1	93.1	100.0%
117	Qiqihar Wanda Plaza (齊齊哈爾萬達廣場)	Heilongjiang (黑龍江)	August 2015	147.5	94.3	100.0%
118	Shaanxi Weinan Wanda Plaza (陝西渭南萬達廣場)	Shaanxi (陝西)	August 2015	121.7	79.5	100.0%
119	Dongying Wanda Plaza (東營萬達廣場)	Shandong (山東)	August 2015	155.6	98.6	93.8%
120	Shandong Taian Wanda Plaza (山東泰安萬達廣場)	Shandong (山東)	August 2015	211.4	95.7	99.2%
121	Dalian Development Zone Wanda Plaza (大連開發區萬達廣場)	Liaoning (遼寧)	August 2015	224.8	100.1	100.0%
122	Fuyang Yingzhou Wanda Plaza (阜陽潁州萬達廣場)	Anhui (安徽)	August 2015	148.9	101.0	100.0%
123	Guilin Gaoxin Wanda Plaza (桂林高新萬達廣場)	Guangxi (廣西)	September 2015	152.4	96.8	97.4%
124	Jiamusi Wanda Plaza (佳木斯萬達廣場)	Heilongjiang (黑龍江)	September 2015	138.7	83.9	100.0%
125	Taiyuan Longhu Wanda Plaza (太原龍湖萬達廣場)	Shanxi (山西)	September 2015	203.1	121.9	100.0%
126	Chongqing Banan Wanda Plaza (重慶巴南萬達廣場)	Chongqing (重慶)	October 2015	166.3	98.1	100.0%
127	Dongguan Houjie Wanda Plaza (東莞厚街萬達廣場)	Guangdong (廣東)	November 2015	153.0	89.6	100.0%
128	Dezhou Wanda Plaza (德州萬達廣場)	Shandong (山東)	November 2015	164.5	96.4	100.0%
129	Liuzhou Chengzhong Wanda Plaza (柳州城中萬達廣場)	Guangxi (廣西)	November 2015	164.4	95.4	100.0%
130	Nanning Anji Wanda Plaza (南寧安吉萬達廣場)	Guangxi (廣西)	December 2015	171.4	94.0	100.0%
131	Suzhou Wuzhong Wanda Plaza (蘇州吳中萬達廣場)	Jiangsu (江蘇)	December 2015	166.3	99.1	100.0%
132	Nantong Wanda Plaza (南通萬達廣場)	Jiangsu (江蘇)	December 2015	133.3	98.8	100.0%
133	Guangzhou Nansha Wanda Plaza (廣州南沙萬達廣場)	Guangdong (廣東)	December 2015	165.2	88.6	100.0%

Particulars of Hotel Properties Held by the Group

No.	Hotel Name	Province	Date of commencement (Month-Year)	Number of rooms (Unit)	Total GFA ('000 sq.m.)
1	Sofitel Wanda Beijing (北京萬達索菲特大飯店)	Beijing (北京)	August 2007	419	48.2
2	Sofitel Wanda Harbin (哈爾濱萬達索菲特大飯店)	Heilongjiang (黑龍江)	October 2007	324	43.7
3	Sofitel Wanda Ningbo (寧波萬達索菲特大飯店)	Zhejiang (浙江)	December 2008	291	40.7
4	Beijing Wanda Realm Hotel (北京萬達嘉華酒店)	Beijing (北京)	January 2009	312	35.8
5	Le Meridien Qingdao (青島萬達艾美酒店)	Shandong (山東)	November 2009	349	51.1
6	Le Meridien Chongqing (重慶萬達艾美酒店)	Chongqing (重慶)	December 2009	320	43.7
7	Sheraton Wuxi Hotel (無錫萬達喜來登酒店)	Jiangsu (江蘇)	September 2010	350	46.7
8	Crowne Plaza Hotel Xiangyang (襄陽萬達皇冠假日酒店)	Hubei (湖北)	November 2010	303	43.0
9	Crowne Plaza Hotel Yichang (宜昌萬達皇冠假日酒店)	Hubei (湖北)	November 2010	283	39.1
10	The Westin Fuzhou (福州萬達威斯汀酒店)	Fujian (福建)	December 2010	310	40.9
11	The Westin Hefei (合肥萬達威斯汀酒店)	Anhui (安徽)	December 2010	313	48.5
12	DoubleTree Resort by Hilton Hotel Sanya (三亞萬達希爾頓逸林酒店)	Hainan (海南)	December 2010	475	93.7
13	Conrad Sanya (三亞萬達康萊德酒店)	Hainan (海南)	December 2010	101	
14	The Westin Wuhan (武漢萬達威斯汀酒店)	Hubei (湖北)	July 2011	305	50.4
15	Sheraton Zhenjiang Hotel (鎮江萬達喜來登酒店)	Jiangsu (江蘇)	August 2011	289	43.3
16	Hilton Xi'an (西安萬達希爾頓酒店)	Shaanxi (陝西)	August 2011	311	53.0
17	Hilton Guangzhou (廣州萬達希爾頓酒店)	Guangdong (廣東)	August 2011	311	46.0
18	InterContinental Shijiazhuang Hotel (石家莊萬達洲際酒店)	Hebei (河北)	September 2011	294	37.3
19	Hyatt Regency Jinan (濟南萬達凱悅酒店)	Shandong (山東)	September 2011	344	53.0
20	Langfang Wanda Realm Hotel (廊坊萬達嘉華酒店)	Hebei (河北)	November 2011	295	41.9
21	Hilton Nanjing (南京萬達希爾頓酒店)	Jiangsu (江蘇)	November 2011	357	48.9
22	Sheraton Daqing Hotel (大慶萬達喜來登酒店)	Heilongjiang (黑龍江)	November 2011	290	43.0
23	DoubleTree by Hilton Hotel Taizhou (泰州萬達希爾頓逸林酒店)	Jiangsu (江蘇)	December 2011	253	38.7
24	Sheraton Changzhou Hotel (常州萬達喜來登酒店)	Jiangsu (江蘇)	December 2011	250	31.5
25	InterContinental Tangshan Hotel (唐山萬達洲際酒店)	Hebei (河北)	December 2011	287	47.5
26	Conrad Dalian (大連萬達康萊德酒店)	Liaoning (遼寧)	February 2012	210	99.8
27	Hilton Dalian (大連萬達希爾頓酒店)	Liaoning (遼寧)	February 2012	371	
28	Taiyuan Wanda Vista Hotel (太原萬達文華酒店)	Shanxi (山西)	August 2012	359	52.4
29	Ningde Wanda Realm Hotel (寧德萬達嘉華酒店)	Fujian (福建)	August 2012	291	40.8
30	Quanzhou Wanda Vista Hotel (泉州萬達文華酒店)	Fujian (福建)	September 2012	322	47.8
31	Changsha Wanda Vista Hotel (長沙萬達文華酒店)	Hunan (湖南)	October 2012	425	65.8
32	Zhangzhou Wanda Realm Hotel (漳州萬達嘉華酒店)	Fujian (福建)	October 2012	298	43.8
33	Huai'an Wanda Realm Hotel (淮安萬達嘉華酒店)	Jiangsu (江蘇)	November 2012	230	44.6
34	Le Meridien Yixing (宜興萬達艾美酒店)	Jiangsu (江蘇)	May 2013	280	42.1
35	DoubleTree by Hilton Hotel Wanzhou (萬州萬達希爾頓逸林酒店)	Chongqing (重慶)	July 2013	257	37.4

Particulars of Properties Held by the Group

Particulars of Hotel Properties Held by the Group

No.	Hotel Name	Province	Date of commencement (Month-Year)	Number of rooms (Unit)	Total GFA ('000 sq.m.)
36	Shenyang Wanda Vista Hotel (沈陽萬達文華酒店)	Liaoning (遼寧)	July 2013	300	51.7
37	Fushun Wanda Realm Hotel (撫順萬達嘉華酒店)	Liaoning (遼寧)	August 2013	280	39.5
38	Tianjin Wanda Vista Hotel (天津萬達文華酒店)	Tianjin (天津)	September 2013	297	48.3
39	Wuhan Wanda Realm Hotel (武漢萬達嘉華酒店)	Hubei (湖北)	September 2013	408	40.7
40	Harbin Wanda Realm Hotel (哈爾濱萬達嘉華酒店)	Heilongjiang (黑龍江)	September 2013	345	47.9
41	Nanchang Wanda Realm Hotel (南昌萬達嘉華酒店)	Jiangxi (江西)	December 2013	300	35.0
42	Yinchuan Wanda Realm Hotel (銀川萬達嘉華酒店)	Ningxia (寧夏)	December 2013	305	41.7
43	Dandong Wanda Realm Hotel (丹東萬達嘉華酒店)	Liaoning (遼寧)	December 2013	302	42.1
44	Nanjing Wanda Realm Hotel (南京萬達嘉華酒店)	Jiangsu (江蘇)	December 2013	303	41.6
45	Wuhan Wanda Reign Hotel (武漢萬達瑞華酒店)	Hubei (湖北)	March 2014	417	64.4
46	Guangzhou Zengcheng Wanda Realm Hotel (廣州增城萬達嘉華酒店)	Guangdong (廣東)	May 2014	279	36.2
47	Pullman Weifang Wanda Hotel (濰坊萬達鉅爾曼酒店)	Shandong (山東)	May 2014	284	36.8
48	Chifeng Wanda Realm Hotel (赤峰萬達嘉華酒店)	Inner Mongolia (內蒙古)	June 2014	350	47.4
49	Jining Wanda Realm Hotel (濟寧萬達嘉華酒店)	Shandong (山東)	July 2014	279	36.5
50	Jinhua Wanda Realm Hotel (金華萬達嘉華酒店)	Zhejiang (浙江)	July 2014	330	42.8
51	Changzhou Wanda Realm Hotel (常州萬達嘉華酒店)	Jiangsu (江蘇)	August 2014	250	34.2
52	Dongguan Wanda Vista Hotel (東莞萬達文華酒店)	Guangdong (廣東)	September 2014	306	44.1
53	Ma'anshan Wanda Realm Hotel (馬鞍山萬達嘉華酒店)	Anhui (安徽)	September 2014	286	36.1
54	Jingzhou Wanda Realm Hotel (荊州萬達嘉華酒店)	Hubei (湖北)	September 2014	283	37.0
55	Lanzhou Wanda Vista Hotel (蘭州萬達文華酒店)	Gansu (甘肅)	October 2014	307	41.4
56	Kunming Wanda Vista Hotel (昆明萬達文華酒店)	Yunnan (雲南)	October 2014	302	44.7
57	Longyan Wanda Realm Hotel (龍岩萬達嘉華酒店)	Fujian (福建)	November 2014	306	38.5
58	Yantai Wanda Vista Hotel (煙臺萬達文華酒店)	Shandong (山東)	November 2014	308	44.2
59	Jiangmen Wanda Realm Hotel (江門萬達嘉華酒店)	Guangdong (廣東)	November 2014	360	41.4
60	Wuhu Wanda Realm Hotel (蕪湖萬達嘉華酒店)	Anhui (安徽)	December 2014	281	36.8
61	Bengbu Wanda Realm Hotel (蚌埠萬達嘉華酒店)	Anhui (安徽)	December 2014	286	34.2
62	Nanning Wanda Vista Hotel (南寧萬達文華酒店)	Guangxi (廣西)	December 2014	332	49.8
63	Guangyuan Wanda Realm Hotel (廣元萬達嘉華酒店)	Sichuan (四川)	June 2015	286	34.3
64	Neijiang Wanda Realm Hotel (內江萬達嘉華酒店)	Sichuan (四川)	June 2015	262	32.5
65	Huangshi Wanda Realm Hotel (黃石萬達嘉華酒店)	Hubei (湖北)	July 2015	263	32.5
66	Anyang Wanda Realm Hotel (安陽萬達嘉華酒店)	Henan (河南)	July 2015	289	33.8
67	Dongying Wanda Realm Hotel (東營萬達嘉華酒店)	Shandong (山東)	August 2015	285	37.9
68	Tai'an Wanda Realm Hotel (泰安萬達嘉華酒店)	Shandong (山東)	August 2015	283	43.2
69	Fuyang Wanda Realm Hotel (阜陽萬達嘉華酒店)	Anhui (安徽)	August 2015	286	36.4
70	Liuzhou Wanda Realm Hotel (柳州萬達嘉華酒店)	Guangxi (廣西)	November 2015	285	37.6
71	Hohhot Wanda Vista Hotel (呼和浩特萬達文華酒店)	Inner Mongolia (內蒙古)	November 2015	315	42.9
72	Chengdu Wanda Reign Hotel (成都萬達瑞華酒店)	Sichuan (四川)	December 2015	242	42.2

Particulars of Offices and Cultural Properties Held by the Group

No.	Project	Province	Date of commencement (Month-Year)	Total GFA (‘000 sq.m.)	Total leasable GFA (‘000 sq.m.)	Occupancy rate for 2015
1	Beijing CBD Office (北京CBD寫字樓)	Beijing (北京)	December 2006	84.9	21.7	100.0%
2	Wuhan Wanda Centre (武漢萬達中心)	Hubei (湖北)	December 2011	87.2	70.2	95.6%
3	Dalian Wanda Centre (大連萬達中心)	Liaoning (遼寧)	March 2012	93.1	70.9	95.3%
4	Wuhan Central Culture and Travel City Movie Park (武漢中央文化旅遊區電影樂園)	Hubei (湖北)	December 2014	101.2	101.2	100.0%
5	Wuhan Central Culture and Travel City Han Show (武漢中央文化旅遊區漢秀劇場)	Hubei (湖北)	December 2014	88.4	88.4	100.0%

Particulars of Major Properties Held by the Group for Development and/or for Sales

Name of Property	Address of Property	Usage	Planned Site Area ('0000 sq.m.)	Planned Total GFA ('0000 sq.m.)	Group's interest as a percentage to the Property	Progress as of 31 December 2015 ('0000 sq.m.)	Date of Completion/Expected Completion Date
Wuhan Central Culture City	Zhoujia Wan Station, 171, Zhongbei Road, Wuchang District, Wuhan, Hubei Province	Cultural, tourism, commercial, hotel, residential properties, SOHO, office spaces	61	344	100%	199/344	2020
Hefei Wanda Cultural and Tourism City	Shore of Chaohu Lake, Binhu New District, Hefei, Anhui Province	Cultural, tourism, commercial, hotel, residential properties, SOHO	157	347	100%	75/347	2021
Nanchang Wanda Cultural and Tourism City	Jiulong Lake New District, Nanchang, Jiangxi Province	Cultural, tourism, commercial, hotel, residential properties, SOHO	290	488	100%	125/488	2023
Harbin Wanda Cultural and Tourism City	Harbin, Heilongjiang Province: north to Zhongyuan Road, east to Hongyuan Street, south to Shimao Avenue, west to Guihua Street	Cultural, tourism, commercial, hotel, residential properties, SOHO	164	400	100%	39/400	2021
Qingdao Oriental Cinema	No. 1777 Binhai Avenue, West Coast New Area, Qingdao, Shandong Province	Cultural, tourism, commercial, hotel, residential properties, SOHO	364	493	100%	41/493	2028
Wuxi Wanda Cultural and Tourism City	Binhu District, Wuxi, Jiangsu Province: north from Qingyuan Road, east from Lihu Avenue, south from Nanhu Middle Road and west from Nanhu North Road	Cultural, tourism, commercial, hotel, residential properties, SOHO	241	437	100%	42/437	2025
Guangzhou Wanda Cultural and Tourism City	Junction at Pingbu Avenue and Shuguang Road, Huadu District, Guangdong Province	Cultural, tourism, commercial, hotel, residential properties, SOHO	159	375	100%	0/375	2022
Chengdu Wanda Cultural and Tourism City	Dujiangyan, Chengdu, Sichuan Province	Cultural, tourism, commercial, hotel, residential properties, SOHO	306	421	100%	0/421	2025

Particulars of Major Properties Held by the Group for Investment

Name of Property	Address of Property	Usage	Term of holding	Freehold
Shanghai Wujiaochang Wanda Plaza	No. 600, Handan Road, Yangpu District, Shanghai	Shopping Center	Long term	Yes
Beijing CBD Wanda Plaza and office buildings	No. 93, Jianguo Road, Chaoyang District, Beijing	Shopping Centre and office spaces	Long term	Yes
Ningbo Yinzhou Wanda Plaza	No.999, Siming Middle Road, Yinzhou District, Ningbo, Zhejiang Province	Shopping Centre	Long term	Yes
Sofitel Wanda Beijing Hotel	Tower C, Wanda Plaza, No.93 Jianguo Road, Chaoyang District, Beijing	Hotel	Long term	Yes
Wuhan Central Culture City Chu River and Han Street	Chu River and Han Street, Zhongbei Road, Wuchang District, Wuhan	Shopping Centre	Long term	Yes
Chengdu Jinhualu Wanda Plaza	No.68 Jinhua Road, Jinjiang District, Chengdu, Sichuan Province	Shopping Centre	Long term	Yes
Shanghai Jiangqiao Wanda Plaza	Intersection of Jinshajiang West Road and Huajiang Road, Jiading District, Shanghai	Shopping Centre	Long term	Yes
Chengdu Jinniu Wanda Plaza	No.1,Northern 1st Ring Rd 3rd Section, Jinniu District, Chengdu, Sichuan Province	Shopping Centre	Long term	Yes
Shanghai Zhoupu Wanda Plaza	No. 518, Nianjiabang Road, Zhoupu Town, Pudong New District, Shanghai	Shopping Centre	Long term	Yes
Nanjing Jianye Wanda Plaza	No.98, Jiangdong Middle Road, Jianye District, Nanjing, Jiangsu Province	Shopping Centre	Long term	Yes

Financial Summary

Year ended 31 December (RMB Million)

	2015	2014	2013	2012	2011
Revenue	124,203	107,871	86,774	59,091	50,772
Profit before tax	49,039	41,800	41,492	43,264	30,841
Profit for the year attributable to:	30,108	25,101	24,882	27,821	19,775
– attributable to owners of the parent	29,971	24,839	24,581	27,310	19,779
– attributable to non-controlling interests	137	262	301	511	(4)
Earnings per share attributable to ordinary equity holders of the parent					
– Basic	RMB6.62	RMB6.51	RMB6.58	RMB7.31	RMB5.29
– Diluted	RMB6.62	RMB6.51	RMB6.58	RMB7.31	RMB5.29

As at 31 December (RMB Million)

	2015	2014	2013	2012	2011
Total assets	639,560	564,294	431,044	335,112	250,779
– Non-current assets	374,635	302,958	234,742	186,109	131,599
– Current assets	264,925	261,336	196,302	149,003	119,180
Total liabilities	453,663	409,148	317,172	247,761	190,238
– Current liabilities	274,233	235,461	180,277	157,129	123,879
– Non-current liabilities	179,430	173,687	136,895	90,632	66,359
Net assets	185,897	155,146	113,872	87,351	60,541
Total equity	185,897	155,146	113,872	87,351	60,541
– equity attributable to equity owners of the Company	180,396	152,814	108,286	85,727	60,469
– equity attributable to non-controlling interests	5,501	2,332	5,586	1,624	72

Independent Auditors' Report



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

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

We have audited the consolidated financial statements of Dalian Wanda Commercial Properties Co., Ltd. (the "Company") and its subsidiaries set out on pages 93 to 196, which comprise the consolidated statement of financial position as at 31 December 2015, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the consolidated financial statements

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent Auditors' Report

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Company and its subsidiaries as at 31 December 2015, and of their financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Ernst & Young

Certified Public Accountants

22/F, CITIC Tower

1 Tim Mei Avenue, Central

Hong Kong

23 March 2016

Consolidated Statement of Profit or Loss

Year ended 31 December 2015

	Notes	2015 RMB'million	2014 RMB'million
REVENUE	5	124,203	107,871
Cost of sales		(73,836)	(61,945)
Gross profit		50,367	45,926
Other income and gains	5	3,681	3,206
Increase in fair value of investment properties, net	14	17,230	13,455
Selling and distribution expenses		(5,801)	(6,112)
Administrative expenses		(7,352)	(6,690)
Other expenses		(1,664)	(671)
Finance costs	7	(7,400)	(7,312)
Share of loss of an associate		–	(1)
Share of losses of joint ventures		(22)	(1)
PROFIT BEFORE TAX	6	49,039	41,800
Income tax expense	10	(18,931)	(16,699)
PROFIT FOR THE YEAR		30,108	25,101
Attributable to:			
Owners of the parent		29,971	24,839
Non-controlling interests		137	262
		30,108	25,101
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic	12	RMB6.62	RMB6.51
Diluted	12	RMB6.62	RMB6.51

Consolidated Statement of Comprehensive Income

Year ended 31 December 2015

	2015 RMB'million	2014 RMB'million
PROFIT FOR THE YEAR	30,108	25,101
OTHER COMPREHENSIVE INCOME		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	(507)	(390)
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	(507)	(390)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	29,601	24,711
Attributable to:		
Owners of the parent	29,688	24,715
Non-controlling interests	(87)	(4)
	29,601	24,711

Consolidated Statement of Financial Position

31 December 2015

	Notes	2015 RMB'million	2014 RMB'million
NON-CURRENT ASSETS			
Property, plant and equipment	13	42,923	35,283
Investment properties	14	309,481	248,101
Prepaid land lease payments	15	10,044	9,983
Goodwill	16	2,941	1,745
Other intangible assets	17	2,908	3,054
Investments in joint ventures	18	522	475
Investment in an associate		–	–
Available-for-sale investments	20	35	35
Long-term receivables		10	10
Deferred tax assets	19	5,771	4,272
Total non-current assets		374,635	302,958
CURRENT ASSETS			
Inventories	21	167,256	145,192
Prepaid taxes	29	6,808	5,469
Trade and bills receivables	22	497	848
Prepayments, deposits and other receivables	23	17,156	15,821
Other current assets		60	971
Restricted cash	24	6,542	6,732
Cash and cash equivalents	24	66,606	86,303
Total current assets		264,925	261,336
CURRENT LIABILITIES			
Trade and bills payables	25	64,420	53,743
Other payables and accruals	26	160,201	138,015
Interest-bearing bank and other borrowings	27	41,930	36,464
Deferred income	28	317	395
Dividend payables		13	13
Taxes payable	29	7,352	6,831
Total current liabilities		274,233	235,461
NET CURRENT (LIABILITIES)/ASSETS		(9,308)	25,875
TOTAL ASSETS LESS CURRENT LIABILITIES		365,327	328,833

Consolidated Statement of Financial Position

31 December 2015

	Notes	2015 RMB'million	2014 RMB'million
TOTAL ASSETS LESS CURRENT LIABILITIES		365,327	328,833
NON-CURRENT LIABILITIES			
Bonds and notes	30	32,651	7,210
Interest-bearing bank and other borrowings	27	112,065	137,295
Deferred income	28	1,571	1,359
Deferred tax liabilities	19	33,143	27,821
Other non-current liabilities		-	2
Total non-current liabilities		179,430	173,687
Net assets		185,897	155,146
EQUITY			
Equity attributable to owners of the parent			
Share capital	31	4,527	4,475
Reserves	32	175,869	148,339
Non-controlling interests		180,396	152,814
		5,501	2,332
Total equity		185,897	155,146

DING Benxi
Director

QI Jie
Director

Consolidated Statement of Changes in Equity

Year ended 31 December 2015

	Attributable to owners of the parent								Non-controlling interests	Total equity
	Share capital	Share premium	Capital reserve	Revaluation reserve	Statutory reserve	Exchange fluctuation reserve	Retained profits	Total		
	RMB'million (note 31)	RMB'million (note 32(a))	RMB'million (note 32(b))	RMB'million (note 32(c))	RMB'million (note 32(d))	RMB'million	RMB'million	RMB'million	RMB'million	RMB'million
At 1 January 2014	3,736	7	-	35	1,565	11	102,932	108,286	5,586	113,872
Profit for the year	-	-	-	-	-	-	24,839	24,839	262	25,101
Other comprehensive income for the year	-	-	-	-	-	(124)	-	(124)	(266)	(390)
Total comprehensive income for the year	-	-	-	-	-	(124)	24,839	24,715	(4)	24,711
Capital contribution from non-controlling interests	-	-	-	-	-	-	-	-	721	721
Share-based payments	-	-	252	-	-	-	(185)	67	-	67
Transfer from Retained profits	-	-	-	-	396	-	(396)	-	-	-
Issue of shares	739	22,385	-	-	-	-	-	23,124	-	23,124
Acquisition of a subsidiary (note 35)	-	-	-	-	-	-	-	-	108	108
Acquisition of non-controlling interests	-	-	92	-	-	-	(1,471)	(1,379)	(3,693)	(5,072)
Disposal of subsidiaries	-	-	-	-	-	-	-	-	(386)	(386)
Final 2013 dividend	-	-	-	-	-	-	(1,999)	(1,999)	-	(1,999)
At 31 December 2014	4,475	22,392	344	35	1,961	(113)	123,720	152,814	2,332	155,146

Consolidated Statement of Changes in Equity

Year ended 31 December 2015

	Attributable to owners of the parent								Non-controlling interests	Total equity
	Share capital	Share premium	Capital reserve	Revaluation reserve	Statutory reserve	Exchange fluctuation reserve	Retained profits	Total		
	RMB'million	RMB'million	RMB'million	RMB'million	RMB'million	RMB'million	RMB'million	RMB'million	RMB'million	RMB'million
	(note 31)	(note 32(a))	(note 32(b))	(note 32(c))	(note 32(d))					
At 1 January 2015	4,475	22,392	344	35	1,961	(113)	123,720	152,814	2,332	155,146
Profit for the year	-	-	-	-	-	-	29,971	29,971	137	30,108
Other comprehensive income for the year	-	-	-	-	-	(283)	-	(283)	(224)	(507)
Total comprehensive income for the year	-	-	-	-	-	(283)	29,971	29,688	(87)	29,601
Issue of shares**	52	2,066	-	-	-	-	-	2,118	-	2,118
Acquisition of a subsidiary (note 35)	-	-	-	-	-	-	-	-	1,174	1,174
Acquisition of non-controlling interests	-	-	(5)	-	-	-	-	(5)	(4)	(9)
Capital contribution from non-controlling interests	-	-	47	-	-	-	-	47	2,086	2,133
Transfer from retained profits	-	-	-	-	303	-	(303)	-	-	-
Share-based payments	-	-	7	-	-	-	28	35	-	35
Final 2014 dividend	-	-	-	-	-	-	(4,301)	(4,301)	-	(4,301)
At 31 December 2015	4,527	24,458*	393*	35*	2,264*	(396)*	149,115*	180,396	5,501	185,897

* These reserve accounts comprise the consolidated reserves of RMB175,869 million (2014: RMB148,339 million) in the consolidated statement of financial position.

** On 14 January 2015, the over-allotment option described in the prospectus of the Company dated 10 December 2014 was partially exercised by the underwriter representatives in respect of the over-allotment shares, representing approximately 8.76% of the total number of offer shares initially available under the global offering before exercise of the over-allotment option, to cover over-allocations under the international offering. The over-allotment shares, totally 52 million shares, were issued and allotted by the Company at HK\$48.00 per share.

Consolidated Statement of Cash Flows

Year ended 31 December 2015

	Notes	2015 RMB'million	2014 RMB'million
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax:		49,039	41,800
Adjustments for:			
Finance costs	7	7,400	7,132
Share-based payments	33	35	67
Share of loss of an associate		–	1
Share of losses of joint ventures	18	22	1
Bank interest income	5	(588)	(546)
Depreciation	6	1,730	1,314
Impairment on items of property, plant and equipment	13	177	–
Impairment of trade receivables	6	6	(4)
Impairment of other receivables	6	47	70
Impairment of inventories	6	1,055	46
Amortisation of prepaid land lease payments	15	134	122
Amortisation of other intangible assets	17	228	97
(Gain)/loss on disposal of items of property, plant and equipment, net	6	(1)	1
Gain on bargain purchase	35	(1)	(2)
Gain on disposal of a subsidiary	36	(752)	(1,112)
Gain on disposal of available-for-sale investments		(234)	(40)
Remeasurement loss of equity interest in an associate		–	8
Increase in fair value of investment properties, net	14	(17,230)	(13,455)
Fair value gain from derivative financial instruments, net		–	(1)
		41,067	35,499
Increase in inventories		(18,038)	(45,372)
Decrease/(increase) in trade and bills receivables		345	(704)
(Increase)/decrease in prepayments, deposits and other receivables		(1,328)	6,185
Decrease in long-term receivables		–	1
Decrease/(increase) in restricted cash		190	(1,425)
Increase in trade and bills payables		10,770	11,419
Increase in other payables and accruals		11,874	18,691
Increase in deferred income		134	1,107
Cash generated from operations		45,014	25,401
Interest received		588	546
Corporate income tax and land appreciation tax paid		(13,692)	(17,115)
Net cash flows from operating activities		31,910	8,832

Consolidated Statement of Cash Flows

Year ended 31 December 2015

	Notes	2015 RMB'million	2014 RMB'million
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		(5,436)	(7,533)
Additions to investment properties		(38,626)	(31,768)
Additions to prepaid land lease payments		(695)	(3,646)
Additions to other intangible assets		(148)	(857)
Acquisitions of subsidiaries	35	(2,790)	(3,317)
Proceeds from disposal of items of property, plant and equipment		9	57
Net proceeds from available-for-sale investments		1,326	(1,050)
Investment in a joint venture		(98)	(476)
Disposal of a subsidiary	36	(281)	2,628
Dividend received from a former subsidiary		-	263
Net cash flows used in investing activities		(46,739)	(45,699)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net proceeds from issue of bonds and notes		25,000	3,662
New bank loans		49,941	129,259
Repayment of bank loans		(68,454)	(84,180)
Interest and bank charge paid		(11,684)	(12,304)
Dividends paid		(4,301)	(1,999)
Capital contributions from non-controlling shareholders		2,190	680
Issue of shares		1,993	23,755
Acquisition of non-controlling interests		(9)	(5,072)
Net cash flows (used in)/from financing activities		(5,324)	53,801
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at beginning of year		86,303	69,525
Effect of foreign exchange rate changes, net		456	(156)
CASH AND CASH EQUIVALENTS AT END OF YEAR		66,606	86,303
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and cash equivalents as stated in the consolidated statement of financial position		66,606	86,303
Cash and cash equivalents as stated in the consolidated statement of cash flows		66,606	86,303

Notes to Financial Statements

31 December 2015

1. Corporate information

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

The Company and its subsidiaries (together, the “Group”) are principally engaged in property leasing and management, property development and hotel operation. There were no significant changes in the nature of the Group’s principal activities during the year.

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

Particulars of the Company’s principal subsidiaries are as follows:

English Name	Chinese Name	Place and date of incorporation/ registration and business	Issued ordinary/ registered share capital RMB’000	Percentage of equity attributable to the Company as at 31 December 2015		Principal activities
				Direct	Indirect	
Shaanxi Huayuan Real Estate Development Co., Ltd.***	陝西華源房地產開發有限公司	PRC 26 November 1992	100,000	100%	–	Property development
Beijing Wanda Plaza Real Estate Development Co., Ltd.***	北京萬達廣場房地產開發有限公司	PRC 10 October 1999	200,000	100%	–	Property development
Dalian Mingzhu Real Estate Development Co., Ltd.***	大連明珠房地產開發有限公司	PRC 15 January 2001	150,000	100%	–	Property development
Nanjing Wanda Real Estate Development Co., Ltd.***	南京萬達房地產開發有限公司	PRC 8 August 2001	115,000	100%	–	Property development
Beijing Jingzang Jiankang Property Co., Ltd.***	北京景藏健康置業有限公司	PRC 12 March 2002	60,000	100%	–	Property development
Nanchang Wanda Real Estate Development Co., Ltd.***	南昌萬達房地產開發有限公司	PRC 23 April 2002	50,000	100%	–	Property development
Shanghai Wanda Commercial Plaza Property Co., Ltd.***	上海萬達商業廣場置業有限公司	PRC 13 December 2002	80,000	100%	–	Property development
Ningbo Wanda Commercial Plaza Co., Ltd.***	寧波萬達商業廣場有限公司	PRC 16 February 2004	50,000	100%	–	Property development
Ningbo Wanda Property Co., Ltd.***	寧波萬達置業有限公司	PRC 1 September 2004	50,000	100%	–	Property development
Xi’an Wanda Commercial Plaza Co., Ltd.***	西安萬達商業廣場有限公司	PRC 2 September 2005	50,000	100%	–	Property development
Suzhou Wanda Plaza Investment Co., Ltd.***	蘇州萬達廣場投資有限公司	PRC 19 January 2006	90,000	100%	–	Property development
Harbin Wanda Commercial Investment Co., Ltd.***	哈爾濱萬達商業投資有限公司	PRC 15 March 2006	50,000	100%	–	Property development
Chengdu Wanda Commercial Plaza Investment Co., Ltd.***	成都萬達商業廣場投資有限公司	PRC 20 March 2006	100,000	100%	–	Property development
Chongqing Wanda Commercial Plaza Co., Ltd.***	重慶萬達商業廣場有限公司	PRC 10 May 2006	200,000	100%	–	Property development

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1. Corporate information (continued)

English Name	Chinese Name	Place and date of incorporation/ registration and business	Issued ordinary/ registered share capital RMB'000	Percentage of equity attributable to the Company as at 31 December 2015		Principal activities
				Direct	Indirect	
Wuxi Wanda Commercial Plaza Investment Co., Ltd.***	無錫萬達商業廣場投資有限公司*	PRC 19 October 2006	100,000	100%	-	Property development
Shenyang Wanda Real Estate Co., Ltd.***	沈陽萬達房地產有限公司	PRC 26 October 2006	1,600,000	100%	-	Property development
Wanda Commercial Planning Research Institute Co., Ltd.***	萬達商業規劃研究院有限公司	PRC 9 January 2007	50,000	100%	-	Commercial planning and research
Wanda Hotel Investment and Development Co., Ltd.***	萬達酒店建設有限公司	PRC 13 April 2007	50,000	100%	-	Hotel management service
Wanda Commercial Management Co., Ltd.***	萬達商業管理有限公司	PRC 8 February 2007	50,000	100%	-	Business and hotel management services
Taiyuan Wanda Plaza Co., Ltd.***	太原萬達廣場有限公司	PRC 8 February 2007	100,000	100%	-	Property development
Chongqing Wanda Hotel Management Co., Ltd.***	重慶萬達酒店管理有限公司	PRC 30 March 2007	10,000	100%	-	Hotel operation
Beijing Yinhe Wanda Property Co., Ltd.***	北京銀河萬達置業有限公司*	PRC 29 May 2007	28,000	100%	-	Hotel operation
Sanya Wanda Hotel Co., Ltd.***	三亞萬達大酒店有限公司	PRC 17 July 2007	50,000	100%	-	Hotel operation
Nanjing Wanda Plaza Investment Co., Ltd.***	南京萬達廣場投資有限公司	PRC 16 August 2007	300,000	100%	-	Property development
Qingdao Wanda Plaza Property Co., Ltd.***	青島萬達廣場置業有限公司	PRC 24 September 2007	50,000	100%	-	Property development
Jilin Diwang Property Development Co., Ltd.***	吉林省地王置業開發有限公司	PRC 29 September 2007	1,050,000	100%	-	Property development
Jinan Wanda Commercial Plaza Property Co., Ltd.***	濟南萬達商業廣場置業有限公司	PRC 30 October 2007	100,000	100%	-	Property development
Shanghai Wanda Plaza Property Co., Ltd.***	上海萬達廣場置業有限公司	PRC 20 November 2007	100,000	100%	-	Property development
Huai'an Wanda Plaza Investment Co., Ltd.***	淮安萬達廣場投資有限公司	PRC 28 December 2007	170,000	100%	-	Property development
Shaanxi Yinfengminle Property Co., Ltd.***	陝西銀豐民樂置業有限公司	PRC 30 May 2008	50,000	100%	-	Property development
Tangshan Wanda Plaza Investment Co., Ltd.***	唐山萬達廣場投資有限公司	PRC 12 November 2008	2,400,000	100%	-	Property development
Luoyang Wanda Jianye Property Co., Ltd.***	洛陽萬達建業置業有限公司	PRC 19 December 2008	50,000	100%	-	Property development
Shijiazhuang Wanda Plaza Investment Co., Ltd.***	石家莊萬達廣場投資有限公司	PRC 29 December 2008	3,125,000	100%	-	Property leasing and hotel operation
Shanghai Jiading Wanda Investment Co., Ltd.***	上海嘉定萬達投資有限公司	PRC 11 February 2009	50,000	100%	-	Property leasing
Baotou Wanda Plaza Investment Co., Ltd.***	包頭萬達廣場投資有限公司	PRC 3 April 2009	100,000	100%	-	Property development
Hohhot Wanda Plaza Investment Co., Ltd.***	呼和浩特萬達廣場投資有限公司	PRC 7 April 2009	100,000	100%	-	Property development

1. Corporate information (continued)

English Name	Chinese Name	Place and date of incorporation/ registration and business	Issued ordinary/ registered share capital RMB'000	Percentage of equity attributable to the Company as at 31 December 2015		Principal activities
				Direct	Indirect	
Yichang Wanda Plaza Investment Co., Ltd.***	宜昌萬達廣場投資有限公司	PRC 10 April 2009	80,000	100%	-	Property development
Tianjin Hedong Wanda Plaza Investment Co., Ltd.***	天津河東萬達廣場投資有限公司	PRC 16 April 2009	100,000	100%	-	Property development
Wuhan Wanda Plaza Investment Co., Ltd.***	武漢萬達廣場投資有限公司	PRC 28 April 2009	1,224,490	100%	-	Property development
Dalian Yifang Commercial Investment Co., Ltd.***	大連一方商業投資有限公司	PRC 31 May 2009	20,000	100%	-	Commercial management
Fuzhou Wanda Plaza Investment Co., Ltd.***	福州萬達廣場投資有限公司	PRC 10 June 2009	1,100,000	100%	-	Property leasing and hotel operation
Xiangyang Wanda Plaza Investment Co., Ltd.***	襄陽萬達廣場投資有限公司	PRC 10 June 2009	2,080,000	100%	-	Property development
Hefei Wanda Plaza Investment Co., Ltd.***	合肥萬達廣場投資有限公司	PRC 12 June 2009	100,000	100%	-	Property leasing and hotel operation
Shaoxing Keqiao Wanda Plaza Investment Co., Ltd.***	紹興柯橋萬達廣場投資有限公司	PRC 31 July 2009	2,100,000	100%	-	Property development
Ningbo Jiangbei Wanda Plaza Investment Co., Ltd.***	寧波江北萬達廣場投資有限公司	PRC 19 August 2009	100,000	100%	-	Property development
Chengdu Jinniu Wanda Plaza Investment Co., Ltd.***	成都金牛萬達廣場投資有限公司	PRC 27 August 2009	2,040,000	100%	-	Property leasing
Wuhan Wuchang Wanda Plaza Investment Co., Ltd.***	武漢武昌萬達廣場投資有限公司	PRC 11 September 2009	100,000	100%	-	Hotel operation
Zhengzhou Wanda Plaza Investment Co., Ltd.***	鄭州萬達廣場投資有限公司	PRC 14 October 2009	2,050,000	100%	-	Property development
Guangzhou Wanda Plaza Investment Co., Ltd.***	廣州萬達廣場投資有限公司*	PRC 20 October 2009	1,632,650	100%	-	Property development
Daqing Saertu Wanda Plaza Investment Co., Ltd.***	大慶薩爾圖萬達廣場投資有限公司	PRC 3 November 2009	100,000	100%	-	Property development
Zhenjiang Wanda Plaza Investment Co., Ltd.***	鎮江萬達廣場投資有限公司	PRC 25 November 2009	100,000	100%	-	Property development
Yinchuan Jinfeng Wanda Plaza Investment Co., Ltd.***	銀川金鳳萬達廣場投資有限公司	PRC 10 December 2009	100,000	100%	-	Property development
Wuhan Wanda Donghu Property Co., Ltd.***	武漢萬達東湖置業有限公司	PRC 30 December 2009	2,700,000	100%	-	Property development
Xiamen Huli Wanda Plaza Investment Co., Ltd.***	廈門湖里萬達廣場投資有限公司	PRC 11 March 2010	20,000	100%	-	Property leasing
Wuhan Jingkai Wanda Plaza Investment Co., Ltd.***	武漢經開萬達廣場投資有限公司	PRC 23 March 2010	100,000	100%	-	Property development
Taizhou Hailing Wanda Plaza Investment Co., Ltd.***	泰州海陵萬達廣場投資有限公司	PRC 24 March 2010	1,250,000	100%	-	Property development
Changsha Kaifu Wanda Plaza Investment Co., Ltd.***	長沙開福萬達廣場投資有限公司*	PRC 19 April 2010	3,060,000	100%	-	Property development
Langfang Wanda Plaza Investment Co., Ltd.***	廊坊萬達廣場投資有限公司*	PRC 11 May 2010	100,000	100%	-	Property development

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1. Corporate information (continued)

English Name	Chinese Name	Place and date of incorporation/ registration and business	Issued ordinary/ registered share capital RMB'000	Percentage of equity attributable to the Company as at 31 December 2015		Principal activities
				Direct	Indirect	
Quanzhou Puxi Wanda Plaza Investment Co., Ltd.***	泉州浦西萬達廣場投資有限公司	PRC 25 May 2010	311,300	100%	-	Property development
Changzhou Xinbei Wanda Plaza Investment Co., Ltd.***	常州新北萬達廣場投資有限公司	PRC 28 May 2010	1,030,000	100%	-	Property development
Chongqing Wanzhou Wanda Commercial Plaza Co., Ltd.***	重慶萬州萬達商業廣場有限公司	PRC 28 June 2010	200,000	100%	-	Property development
Chongqing Wanzhou Wanda Hotel Management Co., Ltd.***	重慶萬州萬達酒店管理有限公司	PRC 28 June 2010	10,000	100%	-	Hotel operation
Shanghai Baoshan Wanda Investment Co., Ltd.***	上海寶山萬達投資有限公司	PRC 23 July 2010	100,000	65%	-	Property development
Langfang Wanda Xueyuan Investment Co., Ltd.***	廊坊萬達學苑投資有限公司	PRC 13 August 2010	50,000	100%	-	Property development
Hefei Tian'e'hu Wanda Plaza Investment Co., Ltd.***	合肥天鵝湖萬達廣場投資有限公司	PRC 17 September 2010	100,000	100%	-	Property development
Nanchang Honggutan Wanda Plaza Investment Co., Ltd.***	南昌紅谷灘萬達廣場投資有限公司*	PRC 9 October 2010	100,000	100%	-	Property development
Lanzhou Wanda Plaza Investment Co., Ltd.***	蘭州萬達廣場投資有限公司	PRC 15 October 2010	100,000	100%	-	Property development
Jinjiang Wanda Plaza Co., Ltd.***	晉江萬達廣場有限公司	PRC 26 October 2010	100,000	100%	-	Property development
Zhengzhou Erqi Wanda Plaza Co., Ltd.***	鄭州二七萬達廣場有限公司	PRC 15 November 2010	100,000	100%	-	Property leasing
Yantai Zhifu Wanda Plaza Co., Ltd.***	煙台芝罘萬達廣場有限公司	PRC 15 November 2010	50,000	70%	-	Property development
Ningde Wanda Plaza Co., Ltd.***	寧德萬達廣場有限公司	PRC 23 November 2010	100,000	100%	-	Property development
Jiangyin Wanda Plaza Investment Co., Ltd.***	江陰萬達廣場投資有限公司	PRC 26 November 2010	1,300,000	100%	-	Property development
Zhangzhou Wanda Plaza Co., Ltd.***	漳州萬達廣場有限公司	PRC 30 November 2010	100,000	100%	-	Property leasing and hotel operation
Qingdao Licang Wanda Plaza Investment Co., Ltd.***	青島李滄萬達廣場投資有限公司*	PRC 17 December 2010	100,000	100%	-	Property development
Fushun Wanda Plaza Co., Ltd.***	撫順萬達廣場有限公司	PRC 23 December 2010	100,000	100%	-	Property development
Mianyang Fucheng Wanda Plaza Co., Ltd.***	綿陽涪城萬達廣場有限公司	PRC 4 January 2011	100,000	100%	-	Property development
Changchun Kuancheng Wanda Plaza Co., Ltd.***	長春寬城萬達廣場有限公司	PRC 4 January 2011	100,000	100%	-	Property development
Wenzhou Longwan Wanda Plaza Investment Co., Ltd.***	溫州龍灣萬達廣場投資有限公司	PRC 5 January 2011	100,000	100%	-	Property leasing
Harbin Haxi Wanda Plaza Co., Ltd.***	哈爾濱哈西萬達廣場有限公司	PRC 19 January 2011	100,000	100%	-	Property leasing and hotel operation
Wuhu Wanda Plaza Co., Ltd.***	蕪湖萬達廣場有限公司	PRC 21 January 2011	100,000	100%	-	Property development

1. Corporate information (continued)

English Name	Chinese Name	Place and date of incorporation/ registration and business	Issued ordinary/ registered share capital RMB'000	Percentage of equity attributable to the Company as at 31 December 2015		Principal activities
				Direct	Indirect	
Taicang Wanda Plaza Investment Co., Ltd.***	太倉萬達廣場投資有限公司	PRC 23 February 2011	1,630,000	100%	-	Property development
Yixing Wanda Plaza Co., Ltd.***	宜興萬達廣場有限公司	PRC 7 March 2011	930,000	100%	-	Property development
Guangzhou Wannuo Investment Management Co., Ltd.***	廣州市萬諾投資管理有限公司	PRC 13 May 2011	8,000	100%	-	Property development
Wuxi Huishan Wanda Plaza Co., Ltd.***	無錫惠山萬達廣場有限公司	PRC 16 May 2011	960,000	100%	-	Property development
Putian Wanda Plaza Co., Ltd.***	莆田萬達廣場有限公司	PRC 17 May 2011	100,000	100%	-	Property development
Tianjin Wanda Center Investment Co., Ltd.***	天津萬達中心投資有限公司	PRC 19 May 2011	100,000	100%	-	Property development
Dongguan Chang'an Wanda Plaza Co., Ltd.***	東莞長安萬達廣場有限公司	PRC 25 May 2011	100,000	100%	-	Property development
Xiamen Jimei Wanda Plaza Co., Ltd.***	廈門集美萬達廣場有限公司	PRC 19 July 2011	200,000	100%	-	Property development
Jining Taibailu Wanda Plaza Co., Ltd.***	濟寧太白路萬達廣場有限公司	PRC 2 August 2011	100,000	100%	-	Property development
Shenyang Aoti Wanda Plaza Co., Ltd.***	沈陽奧體萬達廣場有限公司	PRC 8 September 2011	300,000	100%	-	Property development
Yuyao Wanda Plaza Investment Co., Ltd.***	余姚萬達廣場投資有限公司	PRC 29 September 2011	250,000	100%	-	Property development
Xuzhou Wanda Plaza Co., Ltd.***	徐州萬達廣場有限公司	PRC 20 October 2011	350,000	100%	-	Property development
Bengbu Wanda Plaza Co., Ltd.***	蚌埠萬達廣場有限公司	PRC 24 October 2011	350,000	100%	-	Property development
Xi'an Daminggong Wanda Plaza Co., Ltd.***	西安大明宮萬達廣場有限公司	PRC 30 November 2011	600,000	100%	-	Property development
Chifeng Wanda Plaza Co., Ltd.***	赤峰萬達廣場有限公司*	PRC 16 December 2011	400,000	100%	-	Property development
Shanghai Songjiang Wanda Plaza Investment Co., Ltd.***	上海松江萬達廣場投資有限公司	PRC 22 December 2011	200,000	100%	-	Property development
Nanjing Jiangning Wanda Plaza Co., Ltd.***	南京江寧萬達廣場有限公司	PRC 29 December 2011	400,000	100%	-	Property development
Dandong Wanda Plaza Co., Ltd.***	丹東萬達廣場有限公司*	PRC 9 February 2012	550,000	100%	-	Property development
Weifang Wanda Plaza Co., Ltd.***	濰坊萬達廣場有限公司	PRC 10 February 2012	400,000	100%	-	Property development
Guangzhou Zengcheng Wanda Plaza Co., Ltd.***	廣州增城萬達廣場有限公司	PRC 12 March 2012	250,000	100%	-	Property development
Dongguan Dongcheng Wanda Plaza Investment Co., Ltd.***	東莞東城萬達廣場投資有限公司	PRC 9 May 2012	500,000	100%	-	Property development
Kunming Wanda Plaza Investment Co., Ltd.***	昆明萬達廣場投資有限公司*	PRC 11 May 2012	600,000	100%	-	Property development

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1. Corporate information (continued)

English Name	Chinese Name	Place and date of incorporation/ registration and business	Issued ordinary/ registered share capital RMB'000	Percentage of equity attributable to the Company as at 31 December 2015		Principal activities
				Direct	Indirect	
Foshan Nanhai Wanda Plaza Co., Ltd.***	佛山南海萬達廣場有限公司	PRC 24 May 2012	600,000	100%	-	Property development
Manzhouli Wanda Plaza Co., Ltd.***	滿洲里萬達廣場有限公司	PRC 30 May 2012	150,000	100%	-	Property development
Yinchuan Wanda Investment Property Co., Ltd.***	銀川萬達投資置業有限公司	PRC 19 June 2012	100,000	100%	-	Property development
Yinchuan Xixia Wanda Plaza Co., Ltd.***	銀川西夏萬達廣場有限公司	PRC 20 June 2012	500,000	100%	-	Property development
Jinhua Wanda Plaza Investment Co., Ltd.***	金華萬達廣場投資有限公司*	PRC 17 August 2012	800,000	100%	-	Property development
Nanning Qingxiu Wanda Plaza Investment Co., Ltd.***	南寧青秀萬達廣場投資有限公司	PRC 14 September 2012	1,000,000	100%	-	Property development
Ma'anshan Wanda Plaza Investment Co., Ltd.***	馬鞍山萬達廣場投資有限公司	PRC 19 September 2012	800,000	100%	-	Property development
Changzhou Wujin Wanda Plaza Investment Co., Ltd.***	常州武進萬達廣場投資有限公司*	PRC 21 September 2012	900,000	100%	-	Property development
Shanghai Wanda Hotel Investment Co., Ltd.***	上海萬達酒店投資有限公司	PRC 9 October 2012	50,000	100%	-	Property development
Mianyang Jingkai Wanda Plaza Investment Co., Ltd.***	綿陽經開萬達廣場投資有限公司	PRC 22 October 2012	800,000	100%	-	Property development
Longyan Wanda Plaza Investment Co., Ltd.***	龍岩萬達廣場投資有限公司	PRC 2 November 2012	800,000	100%	-	Property development
Wanda Hotel Design and Research Institute Co., Ltd.***	萬達酒店設計研究院有限公司	PRC 9 November 2012	50,000	100%	-	Decoration and designing management
Yingkou Wanda Plaza Investment Co., Ltd.***	營口萬達廣場投資有限公司	PRC 3 December 2012	600,000	100%	-	Property development
Qiqihar Wanda Plaza Investment Co., Ltd.***	齊齊哈爾萬達廣場投資有限公司	PRC 6 December 2012	600,000	100%	-	Property development
Fuqing Wanda Plaza Co., Ltd.***	福清萬達廣場有限公司	PRC 18 December 2012	400,000	100%	-	Property development
Jingzhou Wanda Plaza Investment Co., Ltd.***	荊州萬達廣場投資有限公司	PRC 21 December 2012	600,000	100%	-	Property development
Jiangmen Wanda Plaza Investment Co., Ltd.***	江門萬達廣場投資有限公司*	PRC 22 January 2013	600,000	100%	-	Property development
Wenzhou Pingyang Wanda Plaza Investment Co., Ltd.***	溫州平陽萬達廣場投資有限公司	PRC 1 March 2013	600,000	100%	-	Property development
Anyang Wanda Plaza Investment Co., Ltd.***	安陽萬達廣場投資有限公司	PRC 4 March 2013	600,000	100%	-	Property development
Hangzhou Gongshu Wanda Investment Co., Ltd.***	杭州拱墅萬達投資有限公司*	PRC 22 March 2013	800,000	100%	-	Property development
Shanghai Jinshan Wanda Plaza Investment Co., Ltd.***	上海金山萬達廣場投資有限公司	PRC 2 April 2013	700,000	100%	-	Property development
Harbin Wanda City Investment Co., Ltd.***	哈爾濱萬達城投資有限公司	PRC 16 April 2013	2,000,000	100%	-	Property development

1. Corporate information (continued)

English Name	Chinese Name	Place and date of incorporation/ registration and business	Issued ordinary/ registered share capital RMB'000	Percentage of equity attributable to the Company as at 31 December 2015		Principal activities
				Direct	Indirect	
Zhengzhou Jinshui Wanda Investment Co., Ltd.***	鄭州金水萬達投資有限公司*	PRC 18 April 2013	700,000	100%	-	Property development
Jiamusi Wanda Plaza Investment Co., Ltd.***	佳木斯萬達廣場投資有限公司	PRC 19 April 2013	500,000	100%	-	Property development
Jixi Wanda Plaza Investment Co., Ltd.***	雞西萬達廣場投資有限公司	PRC 24 April 2013	300,000	100%	-	Property development
Guangyuan Wanda Plaza Investment Co., Ltd.***	廣元萬達廣場投資有限公司*	PRC 2 May 2013	500,000	100%	-	Property development
Weinan Wanda Plaza Investment Co., Ltd.***	渭南萬達廣場投資有限公司	PRC 29 May 2013	300,000	100%	-	Property development
Dongying Dalian Wanda Plaza Investment Co., Ltd.***	東營大連萬達廣場投資有限公司*	PRC 3 June 2013	500,000	100%	-	Property development
Jiaxing Wanda Plaza Investment Co., Ltd.***	嘉興萬達廣場投資有限公司	PRC 3 June 2013	800,000	100%	-	Property development
Nanchang Wanda City Investment Co., Ltd.***	南昌萬達城投資有限公司	PRC 9 June 2013	2,000,000	100%	-	Property development
Tongliao Wanda Plaza Investment Co., Ltd.***	通遼萬達廣場投資有限公司	PRC 17 June 2013	500,000	100%	-	Property development
Xining Wanda Plaza Investment Co., Ltd.***	西寧萬達廣場投資有限公司	PRC 17 June 2013	800,000	100%	-	Property development
Tai'an Wanda Plaza Investment Co., Ltd.***	泰安萬達廣場投資有限公司	PRC 19 June 2013	500,000	100%	-	Property development
Dezhou Wanda Plaza Investment Co., Ltd.***	德州萬達廣場投資有限公司	PRC 20 June 2013	600,000	100%	-	Property development
Neijiang Wanda Plaza Investment Co., Ltd.***	內江萬達廣場投資有限公司	PRC 1 July 2013	500,000	100%	-	Property development
Huangshi Wanda Plaza Investment Co., Ltd.***	黃石萬達廣場投資有限公司	PRC 2 July 2013	700,000	100%	-	Property development
Wuhai Wanda Plaza Investment Co., Ltd.***	烏海萬達廣場投資有限公司	PRC 12 July 2013	500,000	100%	-	Property development
Guangzhou Luogang Wanda Plaza Co., Ltd.***	廣州蘿崗萬達廣場有限公司*	PRC 25 July 2013	800,000	100%	-	Property development
Siping Wanda Plaza Investment Co., Ltd.***	四平萬達廣場投資有限公司	PRC 6 August 2013	300,000	100%	-	Property development
Qingdao Wanda Oriental Movie Metropolis Investment Co., Ltd.***	青島萬達東方影都投資有限公司	PRC 23 August 2013	3,000,000	100%	-	Property development
Zhanjiang Development Zone Wanda Plaza Investment Co., Ltd.***	湛江開發區萬達廣場投資有限公司	PRC 2 September 2013	800,000	100%	-	Property development
Chongqing Wanda Plaza Property Co., Ltd.***	重慶萬達廣場置業有限公司*	PRC 3 September 2013	700,000	100%	-	Property development
Dongguan Houjie Wanda Plaza Investment Co., Ltd.***	東莞厚街萬達廣場投資有限公司	PRC 5 September 2013	800,000	100%	-	Property development
Fuyang Wanda Plaza Investment Co., Ltd.***	阜陽萬達廣場投資有限公司*	PRC 9 September 2013	700,000	100%	-	Property development

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1. Corporate information (continued)

English Name	Chinese Name	Place and date of incorporation/ registration and business	Issued ordinary/ registered share capital RMB'000	Percentage of equity attributable to the Company as at 31 December 2015		Principal activities
				Direct	Indirect	
Liuzhou Wanda Plaza Investment Co., Ltd.***	柳州萬達廣場投資有限公司	PRC 23 September 2013	800,000	100%	-	Property development
Hefei Wanda City Investment Co., Ltd.***	合肥萬達城投資有限公司	PRC 30 September 2013	2,000,000	100%	-	Property development
Zhangzhou Taiwanese Investment Zone Wanda Plaza Investment Co., Ltd.***	漳州台商投資區萬達廣場投資有限公司	PRC 18 October 2013	500,000	100%	-	Property development
Suzhou Wuzhong Wanda Plaza Investment Co., Ltd.***	蘇州吳中萬達廣場投資有限公司	PRC 27 November 2013	1,000,000	100%	-	Property development
Urumqi Wanda Plaza Investment Co., Ltd.***	烏魯木齊萬達廣場投資有限公司	PRC 3 December 2013	600,000	100%	-	Property development
Xiangtan Wanda Plaza Investment Co., Ltd.***	湘潭萬達廣場投資有限公司	PRC 4 December 2013	500,000	100%	-	Property development
Taizhou Jingkai Wanda Property Co., Ltd.***	台州經開萬達置業有限公司	PRC 16 December 2013	700,000	100%	-	Property development
Nanning Anji Wanda Plaza Investment Co., Ltd.***	南寧安吉萬達廣場投資有限公司*	PRC 17 December 2013	200,000	100%	-	Property development
Chengdu Wanda Hotel Investment Co., Ltd.***	成都萬達酒店投資有限公司	PRC 23 December 2013	100,000	100%	-	Property development
Nantong Wanda Plaza Investment Co., Ltd.***	南通萬達廣場投資有限公司	PRC 23 December 2013	700,000	100%	-	Property development
Dalian Jingkai Wanda Plaza Investment Co., Ltd.***	大連經開萬達廣場投資有限公司	PRC 25 December 2013	900,000	100%	-	Property development
Bozhou Wanda Plaza Investment Co., Ltd.***	亳州萬達廣場投資有限公司	PRC 16 December 2013	500,000	100%	-	Property development
Harbin Hanan Wanda Plaza Investment Co., Ltd.***	哈爾濱哈南萬達廣場投資有限公司	PRC 2 January 2014	900,000	100%	-	Property development
Jingmen Wanda Plaza Investment Co., Ltd.***	荊門萬達廣場投資有限公司	PRC 2 January 2014	400,000	100%	-	Property development
Wuxi Wanda City Investment Co., Ltd.***	無錫萬達城投資有限公司	PRC 3 January 2014	2,000,000	100%	-	Property development
Guangzhou Nansha Wanda Plaza Co., Ltd.***	廣州南沙萬達廣場有限公司	PRC 22 January 2014	900,000	100%	-	Property development
Yiwu Wanda Plaza Investment Co., Ltd.***	義烏萬達廣場投資有限公司	PRC 23 January 2014	1,000,000	100%	-	Property development
Shangrao Wanda Plaza Investment Co., Ltd.***	上饒萬達廣場投資有限公司	PRC 14 March 2014	900,000	100%	-	Property development
Jinan Gaoxin Wanda Plaza Property Co., Ltd.***	濟南高新萬達廣場置業有限公司*	PRC 14 March 2014	1,000,000	100%	-	Property development
Mudanjiang Wanda Plaza Investment Co., Ltd.***	牡丹江萬達廣場投資有限公司	PRC 17 March 2014	500,000	100%	-	Property development
Suzhou Wanda Plaza Investment Co., Ltd.***	宿州萬達廣場投資有限公司	PRC 21 March 2014	500,000	100%	-	Property development
Chengdu Pixian Wanda Plaza Investment Co., Ltd.***	成都郫縣萬達廣場投資有限公司	PRC 31 March 2014	600,000	100%	-	Property development

1. Corporate information (continued)

English Name	Chinese Name	Place and date of incorporation/ registration and business	Issued ordinary/ registered share capital RMB'000	Percentage of equity attributable to the Company as at 31 December 2015		Principal activities
				Direct	Indirect	
Jiujiang Wanda Plaza Investment Co., Ltd.***	九江萬達廣場投資有限公司	PRC 1 April 2014	1,000,000	100%	-	Property development
Dongguan Humen Wanda Plaza Investment Co., Ltd.***	東莞虎門萬達廣場投資有限公司	PRC 15 May 2014	900,000	100%	-	Property development
Hohhot Wanda Plaza Property Co., Ltd.***	呼和浩特萬達廣場置業有限公司	PRC 15 May 2014	600,000	100%	-	Property development
Quanzhou Anxi Wanda Plaza Investment Co., Ltd.	泉州安溪萬達廣場投資有限公司	PRC 16 May 2014	500,000	100%	-	Property development
Ziyang Wanda Plaza Investment Co., Ltd.***	資陽萬達廣場投資有限公司	PRC 23 May 2014	500,000	100%	-	Property development
Yanji Wanda Plaza Investment Co., Ltd.***	延吉萬達廣場投資有限公司	PRC 29 May 2014	400,000	100%	-	Property development
Meizhou Wanda Plaza Investment Co., Ltd.***	梅州萬達廣場投資有限公司	PRC 30 May 2014	600,000	100%	-	Property development
Shaoxing Shangyu Wanda Plaza Investment Co., Ltd.***	紹興上虞萬達廣場投資有限公司	PRC 9 June 2014	800,000	100%	-	Property development
Xuzhou Wanda Plaza Property Co., Ltd.***	徐州萬達廣場置業有限公司	PRC 11 June 2014	700,000	100%	-	Property development
Suining Wanda Plaza Investment Co., Ltd.***	遂寧萬達廣場投資有限公司	PRC 13 June 2014	300,000	100%	-	Property development
Jilin Wanda Plaza Investment Co., Ltd.***	吉林市萬達廣場投資有限公司	PRC 20 June 2014	900,000	100%	-	Property development
Hefei Yaohai Wanda Plaza Investment Co., Ltd.***	合肥瑤海萬達廣場投資有限公司	PRC 25 June 2014	900,000	100%	-	Property development
Kunshan Wanda Plaza Investment Co., Ltd.***	昆山萬達廣場投資有限公司	PRC 3 July 2014	500,000	100%	-	Property development
Changshu Wanda Plaza Investment Co., Ltd.***	常熟萬達廣場投資有限公司	PRC 7 July 2014	1,000,000	100%	-	Property development
Nanning Wanda Mall Investment Co., Ltd.***	南寧萬達茂投資有限公司	PRC 11 July 2014	1,000,000	100%	-	Property management
Guangzhou Wanda Cultural Tourism City Investment Co., Ltd.***	廣州萬達文化旅遊城投資有限公司	PRC 12 August 2014	2,000,000	100%	-	Property management
Zhuji Wanda Plaza Investment Co., Ltd.***	諸暨萬達廣場投資有限公司	PRC 13 August 2014	700,000	100%	-	Property management
Changchun Motor City Wanda Plaza Investment Co., Ltd.***	長春汽車城萬達廣場投資有限公司	PRC 15 August 2014	900,000	100%	-	Property management
Shanghai Qingpu Wanda Mall Investment Co., Ltd.***	上海青浦萬達茂投資有限公司	PRC 23 September 2014	1,000,000	100%	-	Property management
Leshan Wanda Plaza Investment Co., Ltd.***	樂山萬達廣場投資有限公司	PRC 14 October 2014	600,000	100%	-	Property management
Foshan Sanshui Wanda Plaza Investment Co., Ltd.***	佛山三水萬達廣場投資有限公司	PRC 18 November 2014	500,000	100%	-	Property management
Guilin Wanda City Investment Co., Ltd.***	桂林萬達城投資有限公司	PRC 25 November 2014	1,000,000	100%	-	Property development

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1. Corporate information (continued)

English Name	Chinese Name	Place and date of incorporation/ registration and business	Issued ordinary/ registered share capital RMB'000	Percentage of equity attributable to the Company as at 31 December 2015		Principal activities
				Direct	Indirect	
Deyang Wanda Plaza Investment Co., Ltd.***	德陽萬達廣場投資有限公司	PRC 4 December 2014	400,000	100%	-	Property development
Chongqing Yongchuan Wanda Plaza Investment Co., Ltd.***	重慶永川萬達廣場投資有限公司	PRC 15 December 2014	700,000	100%	-	Property management
Nanjing Wanda Mall Investment Co., Ltd.***	南京萬達茂投資有限公司	PRC 24 December 2014	1,000,000	100%	-	Property management
Changde Wanda Plaza Investment Co., Ltd.***	常德萬達廣場投資有限公司	PRC 24 December 2014	600,000	100%	-	Property management
Changchun Wanda Center Investment Co., Ltd.***	長春萬達中心投資有限公司	PRC 16 January 2015	1,000,000	100%	-	Property development
Changchun Wanda Center Property Co., Ltd.***	長春萬達中心置業有限公司	PRC 19 January 2015	100,000	100%	-	Property development
Nanping Wanda Real Estate Co., Ltd.***	南平萬達地產有限公司	PRC 4 February 2015	200,000	100%	-	Property development
Nanping Wanda Plaza Investment Co., Ltd.***	南平萬達廣場投資有限公司	PRC 4 February 2015	100,000	100%	-	Property development
Chengdu Qingyang Wanda Plaza Investment Co., Ltd.***	成都青羊萬達廣場投資有限公司	PRC 6 February 2015	500,000	100%	-	Property development
Beijing Fengke Wanda Plaza Investment Co., Ltd.***	北京豐科萬達廣場有限公司	PRC 9 March 2015	1,000,000	100%	-	Property development
Sanmenxia Wanda Plaza Investment Co., Ltd.***	三門峽萬達廣場投資有限公司	PRC 12 March 2015	200,000	-****	-	Property development
Wanda (Shanghai) Equity Investment Fund Management Co., Ltd.***	萬達(上海)股權投資基金管理有限公司	PRC 18 March 2015	10,000	100%	-	Investment management
Zhengzhou Biyuan Wanda Plaza Investment Co., Ltd.***	鄭州碧源萬達廣場投資有限公司	PRC 19 March 2015	500,000	-****	-	Property development
Yichun Wanda Plaza Investment Co., Ltd.***	宜春萬達廣場投資有限公司	PRC 23 March 2015	100,000	-****	-	Property development
Meizhou Wanda Real Estate Co., Ltd.***	梅州萬達地產有限公司	PRC 30 March 2015	100,010	-****	-	Property development
Sanming Wanda Real Estate Co., Ltd.***	三明萬達地產有限公司	PRC 8 April 2015	200,000	100%	-	Property development
Sanming Wanda Plaza Investment Co., Ltd.***	三明萬達廣場投資有限公司	PRC 8 April 2015	100,000	100%	-	Property development
Dalian Wanda Plaza Property Co., Ltd.***	大連萬達廣場置業有限公司	PRC 14 April 2015	10,000	100%	-	Property development
Deyang Wanda Plaza Industrial Co., Ltd.***	德陽萬達廣場實業有限公司	PRC 17 April 2015	66,675	-****	-	Property development
Chongqing Yongchuan Wanda Plaza Real Estate Co., Ltd.***	重慶永川萬達廣場地產有限公司	PRC 23 April 2015	53,320	100%	-	Property development
Liangyungang Wanda Plaza Investment Co., Ltd.***	連雲港萬達廣場投資有限公司	PRC 4 May 2015	100,000	100%	-	Property development
Wanda Property Management Co., Ltd.***	萬達物業管理有限公司	PRC 8 May 2015	50,000	100%	-	Property management

1. Corporate information (continued)

English Name	Chinese Name	Place and date of incorporation/ registration and business	Issued ordinary/ registered share capital RMB'000	Percentage of equity attributable to the Company as at 31 December 2015		Principal activities
				Direct	Indirect	
Leshan Wanda Plaza Industrial Co., Ltd.***	樂山萬達廣場 實業有限公司	PRC 5 May 2015	80,010	–****	–	Property development
Changde Wanda Property Co., Ltd.***	常德萬達置業 有限公司	PRC 5 May 2015	102,820	–****	–	Property development
Jiujiang Wanda Real Estate Co., Ltd.***	九江萬達地產 有限公司	PRC 18 May 2015	113,000	100%	–	Property development
Nanning Jiangnan Wanda Plaza Investment Co., Ltd.***	南寧江南萬達廣場 投資有限公司	PRC 20 May 2015	100,000	100%	–	Property development
Yingkou Bayuquan Wanda Plaza Investment Co., Ltd.***	營口鹹魚圈萬達廣場 投資有限公司	PRC 27 May 2015	10,000	100%	–	Property development
Shaoxing Shangyu Wanda Plaza Property Co., Ltd.***	紹興上虞萬達廣場 置業有限公司	PRC 2 June 2015	127,736	–****	–	Property development
Liu'an Wanda Real Estate Co., Ltd.***	六安萬達地產 有限公司	PRC 3 June 2015	100,000	100%	–	Property development
Liu'an Wanda Plaza Investment Co., Ltd.***	六安萬達廣場 投資有限公司	PRC 3 June 2015	10,000	100%	–	Property development
Yantai Wanda Real Estate Co., Ltd.***	煙台萬達地產 有限公司	PRC 3 June 2015	100,000	100%	–	Property development
Yantai Wanda Plaza Investment Co., Ltd.***	煙台萬達廣場 投資有限公司	PRC 3 June 2015	10,000	100%	–	Property development
Shuangliu Wanda Plaza Investment Co., Ltd.***	雙流萬達廣場 投資有限公司	PRC 3 June 2015	200,000	–****	–	Property development
Binzhou Wanda Plaza Investment Co., Ltd.***	濱州萬達廣場 投資有限公司	PRC 23 June 2015	10,000	100%	–	Property development
Chengdu Wanda City Investment Co., Ltd.***	成都萬達城投資 有限公司	PRC 23 June 2015	1,000,000	100%	–	Property development
Fuyang Yingquan Wanda Plaza Investment Co., Ltd.***	阜陽穎泉萬達廣場 投資有限公司	PRC 25 June 2015	10,000	100%	–	Property development
Huzhou Wanda Investment Co., Ltd.***	湖州萬達投資 有限公司	PRC 25 June 2015	10,000	100%	–	Property development
Haikou Wanda Plaza Investment Co., Ltd.***	海口萬達廣場 投資有限公司	PRC 29 June 2015	10,000	100%	–	Property development
Haikou Wanda Real Estate Co., Ltd.***	海口萬達地產 有限公司	PRC 29 June 2015	100,000	100%	–	Property development
Fuzhou Wanda Plaza Investment Co., Ltd.***	撫州萬達廣場 投資有限公司	PRC 9 July 2015	10,000	100%	–	Property development
Chaoyang Wanda Plaza Investment Co., Ltd.***	朝陽萬達廣場 投資有限公司	PRC 10 July 2015	10,000	100%	–	Property development
Liaoyang Wanda Plaza Investment Co., Ltd.***	遼陽萬達廣場 投資有限公司	PRC 13 July 2015	10,000	100%	–	Property development
Yiyang Wanda Plaza Investment Co., Ltd.***	益陽萬達廣場 投資有限公司	PRC 31 July 2015	10,000	100%	–	Property development
Qingyuan Qingcheng Wanda Plaza Co., Ltd.***	清遠清城萬達廣場 有限公司	PRC 31 July 2015	10,000	100%	–	Property development

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1. Corporate information (continued)

English Name	Chinese Name	Place and date of incorporation/ registration and business	Issued ordinary/ registered share capital RMB'000	Percentage of equity attributable to the Company as at 31 December 2015		Principal activities
				Direct	Indirect	
Liuzhou Liunan Wanda Plaza Investment Co., Ltd.***	柳州柳南萬達廣場投資有限公司	PRC 10 August 2015	10,000	100%	-	Property development
Liuzhou Liunan Wanda Plaza Property Co., Ltd.***	柳州柳南萬達廣場置業有限公司	PRC 10 August 2015	100,000	100%	-	Property development
Tianjin Pilot Free Trade Zone Wanda Real Estate Co., Ltd.***	天津自貿區萬達置業有限公司	PRC 18 August 2015	200,000	85%	-	Property development
Jilin Wanda Real Estate Development Co., Ltd.***	吉林市萬達房地產開發有限公司	PRC 21 August 2015	173,000	100%	-	Property development
Yangzhou Wanda Plaza Property Co., Ltd.***	揚州萬達廣場置業有限公司	PRC 27 August 2015	100,000	100%	-	Property development
Tongling Wanda Plaza Investment Co., Ltd.***	銅陵萬達廣場投資有限公司	PRC 27 August 2015	10,000	100%	-	Property development
Xi'an Jinsheng Real Estate Co., Ltd.***	西安錦盛置業有限公司	PRC 15 September 2015	200,000	100%	-	Property development
Zaozhuang Wanda Plaza Investment Co., Ltd.***	棗莊萬達廣場投資有限公司	PRC 18 September 2015	10,000	100%	-	Property development
Nanchang Xihu Wanda Plaza Investment Co., Ltd.***	南昌西湖萬達廣場投資有限公司	PRC 24 September 2015	10,000	100%	-	Property development
Dalian Pulandian Wanda Plaza Investment Co., Ltd.***	大連普蘭店萬達廣場投資有限公司	PRC 12 October 2015	10,000	100%	-	Property development
Beihai Wanda Plaza Property Co., Ltd.***	北海萬達廣場置業有限公司	PRC 19 October 2015	10,000	100%	-	Property development
Yancheng Wanda Plaza Investment Co., Ltd.***	鹽城萬達廣場投資有限公司	PRC 2 November 2015	10,000	100%	-	Property development
Dalian Zhuanghe Wanda Plaza Investment Co., Ltd.***	大連莊河萬達廣場投資有限公司	PRC 16 November 2015	10,000	100%	-	Property development
Jinzhou Wanda Plaza Investment Co., Ltd.***	錦州萬達廣場投資有限公司	PRC 20 November 2015	10,000	100%	-	Property development
Jiaozuo Wanda Plaza Investment Co., Ltd.***	焦作萬達廣場投資有限公司	PRC 24 November 2015	10,000	100%	-	Property development
Chongqing Qijiang Wanda Plaza Property Co., Ltd.***	重慶綦江萬達廣場置業有限公司	PRC 25 November 2015	10,000	100%	-	Property development
Baotou Jiuyuan Wanda Plaza Investment Co., Ltd.***	包頭九原萬達廣場投資有限公司	PRC 30 November 2015	10,000	100%	-	Property development
Chengdu Jintang Wanda Plaza Property Co., Ltd.***	成都金堂萬達廣場置業有限公司	PRC 14 December 2015	300,000	100%	-	Property development
Chongqing Beibei Plaza Property Co., Ltd.***	重慶北碚萬達廣場置業有限公司	PRC 24 December 2015	10,000	100%	-	Property development
Chengdu Tianfu Wanda Property Co., Ltd.***	成都天府萬達置業有限公司	PRC 30 December 2015	100,000	100%	-	Property development
Wanda Hotel Development Company Limited	萬達酒店發展有限公司	Bermuda 2 November 2000	-**	-	65%	Investment holding
Sunseeker International (Holdings) Limited		United Kingdom 23 August 2006	GBP100,000	-	94%	Investment management

1. Corporate information (continued)

English Name	Chinese Name	Place and date of incorporation/ registration and business	Issued ordinary/ registered share capital RMB'000	Percentage of equity attributable to the Company as at 31 December 2015		Principal activities
				Direct	Indirect	
Wanda Commercial Properties (Hong Kong) Co., Ltd.	萬達商業地產 (香港) 有限公司	Hong Kong 6 February 2013	-**	100%	-	Investment holding
Wanda Yacht Investment (Jersey) Limited		United Kingdom 23 May 2013	-**	100%	-	Investment holding
Wanda One (UK) Ltd.		United Kingdom 26 September 2013	GBP10,000	-	100%	Investment holding
Wanda Madrid Development, S.L ("Wanda Madrid")*		Spain 13 February 2014	EUR3,000	-	100%	Investment holding
Wanda Beverly Hills Properties LLC		the United States 11 August 2014	-**	-	100%	Property management
Wanda Australia Real Estate Pty Ltd.		Australia 27 October 2014	-**	-	100%	Investment holding

* Certain of the Group's interests in these entities have been pledged as collateral for bank borrowings (note 27).

** The share capital of these subsidiaries is presented as zero rounded to the nearest thousand.

*** The statutory financial statements of these subsidiaries of the Group were audited by Da Hua Certified Public Accountants (Special General Partnership).

**** During the year, the Company entered into the Equity Transfer Agreements and the Light Asset Cooperation Framework Agreements (the "Agreements") with Wanda Wensheng (Shanghai) Investment Partnership ("Wanda Wensheng") and Wanda Wenyu (Shanghai) Investment Partnership ("Wanda Wenyu") respectively. Wanda Wensheng and Wanda Wenyu are both established in the PRC with limited liability, and the general partner of these two entities is Kuaiqian (Tianjin) Financial Service Co., Ltd. ("Kuaiqian Financial"), a limited liability company established in the PRC with a 68.7% equity interest held by Mr. WANG Jianlin. Pursuant to the Agreements, (i) the Company had agreed to transfer the equity interests of its five wholly-owned subsidiaries ("the Project Companies") to each of Wanda Wensheng and Wanda Wenyu; (ii) the Company had agreed to provide construction management and operation management services and license certain intellectual property rights to Wanda Wensheng, Wanda Wenyu and the Project Companies; (iii) in consideration of these services provided by, the Company will receive fees of 30% of the net properties income (refers to the gross property income generated from the operation of the Project Companies minus reasonable costs and expenses) generated by the Project Companies each year after the commencement of operation; and (iv) Wanda Wensheng and Wanda Wenyu had agreed to provide funds to the Project Companies for the construction and operation of the Wanda Plazas under the Project Companies. Pursuant to the Agreements, the Company shall (i) have the absolute, exclusive and irrevocable right in the construction management and operation management of the Project Companies; and (ii) have the right to appoint all the directors and senior managements (except the legal representatives) of the Project Companies. In this regard, the Company has the rights to variable returns and retains control over the Project Companies. As a result, the Project Companies were still accounted for in the consolidated financial statement of the Group as the Group's subsidiaries. As at the year end, the equity interests of nine out of a total of ten subsidiaries had been transferred, which are all included in the table above. The total consideration received from Wanda Wensheng and Wanda Wenyu is RMB1,537 million. The equity interest of the remaining subsidiary, Chongqing Yongchuan Wanda Plaza Real Estate Co., Ltd., has not been transferred by the reporting date. Based on the Agreements with Wanda Wensheng, the cash consideration is RMB57 million and the equity interests shall be transferred in 2016. During the current year, Wanda Wensheng and Wanda Wenyu provided additional funds totalling RMB591 million to the Project Companies. The additional funds aim to support long-term growth of the project companies and have neither interest nor fixed term of payment.

The above table lists the subsidiaries of the Company which, in the opinion of the Directors, principally affected the result for the year or form a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the Directors, result in particulars excessive length.

2. Basis of preparation and accounting policies

2.1 Basis of preparation

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties which have been measured at fair value. These financial statements are presented in Renminbi (“RMB”) and all values are rounded to the nearest million except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Group for the year ended 31 December 2015. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in accessing whether it has power over an investee, including:

- a) the contractual arrangement with the other vote holders of the investee;
- b) rights arising from other contractual arrangements; and
- c) the Group’s voting rights and potential voting rights.

2. Basis of preparation and accounting policies (continued)

2.1 Basis of preparation (continued)

Basis of consolidation (continued)

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described in the accounting policy for subsidiaries above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interests and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 Changes in accounting policies and disclosures

The Group has adopted the following revised standards for the first time for the current year's financial statements.

Amendments to HKAS 19 Defined Benefit Plans: Employee Contributions
Annual Improvements to HKFRS 2010-2012 Cycle
Annual Improvements to HKFRS 2011-2013 Cycle

The nature and the impact of each amendment is described below:

- (a) Amendments to HKAS 19 apply to contributions from employees or third parties to defined benefit plans. The amendments simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. If the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction of service cost in the period in which the related service is rendered. The amendments have had no impact on the Group as the Group does not have defined benefit plans.

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31 December 2015

2. Basis of preparation and accounting policies (continued)

2.2 Changes in accounting policies and disclosures (continued)

(b) The *Annual Improvements to HKFRSs 2010-2012 Cycle* issued in January 2014 sets out amendments to a number of HKFRSs. Details of the amendments that are effective for the current year are as follows:

- *HKFRS 8 Operating Segments*: Clarifies that an entity must disclose the judgements made by managements in applying the aggregation criteria in HKFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics used to assess whether the segments are similar. The amendments also clarify that a reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker. The amendments have had no significant impact on the Group.
- *HKFRS 16 Property, Plant and Equipment* and *HKAS 38 Intangible Assets*: Clarifies the treatment of the gross carrying amount and accumulated depreciation or amortisation of revalued items of property, plant, and equipment and intangible assets. The amendments have had no impact on the Group as the Group does not apply the revaluation model for the measurement of these assets.
- *HKFRS 24 Related Party Disclosures*: Clarifies that a management entity (i.e., an entity that provides key management personnel services) is a related party subject to related party disclosure requirements. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. The amendment has had no impact on the Group as the Group does not receive any management services from other entities.

(c) The *Annual improvements to HKFRSs 2011-2013 Cycle* issued in January 2014 sets out amendments to a number of HKFRSs. Details of the amendments that are effective for the current year are as follows:

- *HKFRS 3 Business Combinations*: Clarifies that joint arrangements but not joint ventures are outside the scope of HKFRS 3 and the scope exception applies only to the accounting in the financial statements of the joint arrangement itself. The amendment is applied prospectively. The amendment has had no impact on the Group as the Company is not a joint arrangement and the Group did not form any joint arrangement during the year.
- *HKFRS 13 Fair Value Measurement*: Clarifies that the portfolio exception in HKFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of HKFRS 9 or HKAS 39 as applicable. The amendment is applied prospectively from the beginning of the annual period in which HKFRS 13 was initially applied. The amendment has had no impact on the Group as the Group does not apply the portfolio exception in HKFRS 13.

2. Basis of preparation and accounting policies (continued)

2.2 Changes in accounting policies and disclosures (continued)

(c) The *Annual Improvements to HKFRSs 2011-2013 Cycle* issued in January 2014 sets out amendments to a number of HKFRSs. Details of the amendments that are effective for the current year are as follows: (continued)

- HKAS 40 *Investment Property*: Clarifies that HKFRS 3, instead of the description of ancillary service in HKAS 40 which differentiates between investment property and owner-occupied property, is used to determine if the transaction is a purchase of an asset or a business combination. The amendment is applied prospectively for acquisitions of investment properties. The amendment has had no significant impact on the Group.

In addition, the Group has adopted the amendments to the Listing Rules issued by the Hong Kong Stock Exchange relating to the disclosure of financial information with reference to the Hong Kong Companies Ordinance (Cap. 622) during the current financial year. The main impact to the financial statements is on the presentation and disclosure of certain information in the financial statements.

2.3 Issued but not yet effective Hong Kong Financial Reporting Standards

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

HKFRS 9	<i>Financial Instruments</i> ²
Amendments to HKFRS 10 and HKAS 28 (2011)	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ¹
Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	<i>Investment Entities: Applying the Consolidation Exception</i> ¹
Amendments to HKFRS 11	<i>Accounting for Acquisitions of Interests in Joint Operations</i> ¹
HKFRS 14	<i>Regulatory Deferral Accounts</i> ³
HKFRS 15	<i>Revenue from Contracts with Customers</i> ²
Amendments to HKAS1	<i>Disclosure Initiative</i> ¹
Amendments to HKAS 16 and HKAS 38	<i>Clarification of Acceptable Methods of Depreciation and Amortisation</i> ¹
Amendments to HKAS 16 and HKAS 41	<i>Agriculture: Bearer Plants</i> ¹
Amendments to HKAS 27 (2011)	<i>Equity Method in Separate Financial Statements</i> ¹
Annual Improvements 2012-2014 Cycle	<i>Amendments to a number of HKFRSs</i> ¹

¹ Effective for annual periods beginning on or after 1 January 2016

² Effective for annual periods beginning on or after 1 January 2018

³ Effective for an entity that first adopts HKFRSs for its annual financial statements beginning on or after 1 January 2016 and therefore is not applicable to the Group

2. Basis of preparation and accounting policies (continued)

2.3 Issued but not yet effective Hong Kong Financial Reporting Standards (continued)

Further information about those HKFRSs that are expected to be applicable to the Group is as follows:

In September 2014, the HKICPA issued the final version of HKFRS 9, bringing together all phases of the financial instruments project to replace HKAS 39 and all previous versions of HKFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. The Group expects to adopt HKFRS 9 from 1 January 2018. The Group is currently assessing the impact of the standard.

The amendments to HKFRS 10 and HKAS 28 (2011) address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The Group expects to adopt the amendments from 1 January 2016.

The amendments to HKFRS 11 require that an acquirer of an interest in a joint operation in which the activity of the joint operation constitutes a business must apply the relevant principles for business combinations in HKFRS 3. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to HKFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party. The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 January 2016.

HKFRS 15 establishes a new five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in HKFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The standard will supersede all current revenue recognition requirements under HKFRSs. In September 2015, the HKICPA issued an amendment to HKFRS 15 regarding a one-year deferral of the mandatory effective date of HKFRS 15 to 1 January 2018. The Group expects to adopt HKFRS 15 on 1 January 2018 and is currently assessing the impact of HKFRS 15 upon adoption.

2. Basis of preparation and accounting policies (continued)

2.3 Issued but not yet effective Hong Kong Financial Reporting Standards (continued)

Amendments to HKAS 1 include narrow-focus improvements in respect of the presentation and disclosure in financial statements. The amendments clarify:

- (i) the materiality requirements in HKAS 1;
- (ii) that specific line items in the statement of profit or loss and the statement of financial position may be disaggregated;
- (iii) that entities have flexibility as to the order in which they present the notes to financial statements; and
- (iv) that the share of other comprehensive income of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement of profit or loss. The Group expects to adopt the amendments from 1 January 2016. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKAS 16 and HKAS 38 clarify the principle in HKAS 16 and HKAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through the use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are to be applied prospectively. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 January 2016 as the Group has not used a revenue-based method for the calculation of depreciation of its non-current assets.

2.4 Summary of significant accounting policies

Investments in associates and joint ventures

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investments in associates and joint ventures are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses.

Notes to Financial Statements

31 December 2015

2. Basis of preparation and accounting policies (continued)

2.4 Summary of significant accounting policies (continued)

Investments in associates and joint ventures (continued)

The Group's share of the post-acquisition results and other comprehensive income of associates and joint ventures was included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's investments in the associates or joint ventures, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates or joint ventures is included as part of the Group's investments in associates or joint ventures.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

When an investment in an associate or a joint venture is classified as held for sale, it is accounted for in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

2. Basis of preparation and accounting policies (continued)

2.4 Summary of significant accounting policies (continued)

Business combinations and goodwill (continued)

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Notes to Financial Statements

31 December 2015

2. Basis of preparation and accounting policies (continued)

2.4 Summary of significant accounting policies (continued)

Fair value measurement

The Group measures its investment properties at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

2. Basis of preparation and accounting policies (continued)

2.4 Summary of significant accounting policies (continued)

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, financial assets, investment properties, goodwill and non-current assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises.

Related parties

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and that person
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

Notes to Financial Statements

31 December 2015

2. Basis of preparation and accounting policies (continued)

2.4 Summary of significant accounting policies (continued)

Related parties (continued)

(b) the party is an entity where any of the following conditions applies:

- (i) the entity and the Group are members of the same group;
- (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
- (iii) the entity and the Group are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
- (vi) the entity is controlled or jointly controlled by a person identified in (a);
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. 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, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

2. Basis of preparation and accounting policies (continued)

2.4 Summary of significant accounting policies (continued)

Property, plant and equipment and depreciation (continued)

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:

	Useful lives	Residual values
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 works 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.

Other intangible assets (other than goodwill)

Other intangible assets acquired separately are measured on initial recognition at cost. The cost of other intangible assets acquired in a business combination is the fair value as at the date of acquisition. The useful lives of other intangible assets are assessed to be either finite or indefinite. Other Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the other intangible asset may be impaired. The amortisation period and the amortisation method for the other intangible assets with finite useful lives are reviewed at least at each financial year end.

Other intangible assets acquired in a business combination comprise brands, designs, orders and business relationship, which are amortised on the straight-line basis over their estimated useful lives of 1 to 25 years.

Notes to Financial Statements

31 December 2015

2. Basis of preparation and accounting policies (continued)

2.4 Summary of significant accounting policies (continued)

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 the Group as an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under "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.

Leases

Leases that transfer substantially all the rewards and risks of ownership of assets to the Group, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalised at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing. Assets held under capitalised finance leases are included in property, plant and equipment, and depreciated over the shorter of the lease terms and the estimated useful lives of the assets. The finance costs of such leases are charged to the statement of profit or loss so as to provide a constant periodic rate of charge over the lease terms.

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to the statement of profit or loss on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under the operating leases net of any incentives received from the lessor are charged to the statement of profit or loss on the straight-line basis over the lease terms.

Prepaid land lease payments under operating leases are initially stated at cost and subsequently recognised on the straight-line basis over the lease terms. When the lease payments cannot be allocated reliably between the land and buildings elements, the entire lease payments are included in the cost of the land and buildings as a finance lease in property, plant and equipment.

2. Basis of preparation and accounting policies (continued)

2.4 Summary of significant accounting policies (continued)

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, and available-for-sale financial investments, as appropriate. When financial assets are recognised initially, they are measured at fair value plus transaction costs that are attributable to the acquisition of the financial assets, except in the case of financial assets recorded at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

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

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments as defined by HKAS 39.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with positive net changes in fair value presented as other income and gains and negative net changes in fair value presented as finance costs in the statement of profit or loss. These net fair value changes do not include any dividends or interests earned on these financial assets, which are recognised in accordance with the policies set out for "Revenue recognition" below.

Financial assets designated upon initial recognition as at fair value through profit or loss are designated at the date of initial recognition and only if the criteria in HKAS 39 are satisfied.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated as at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in the statement of profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

Notes to Financial Statements

31 December 2015

2. Basis of preparation and accounting policies (continued)

2.4 Summary of significant accounting policies (continued)

Investments and other financial assets (continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in other income and gains in the statement of profit or loss. The loss arising from impairment is recognised in the statement of profit or loss in finance costs for loans and in other expenses for receivables.

Available-for-sale financial investments

Available-for-sale financial investments are non-derivative financial assets in listed and unlisted equity investments and debt securities. Equity investments classified as available for sale are those which are neither classified as held for trading nor designated as at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in market conditions.

After initial recognition, available-for-sale financial investments are subsequently measured at fair value, with unrealised gains or losses recognised as other comprehensive income in the available-for-sale investment revaluation reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in the statement of profit or loss in other income, or until the investment is determined to be impaired, when the cumulative gain or loss is reclassified from the available-for-sale investment revaluation reserve to the statement of profit or loss in other expenses or other income and gains. Interests and dividends earned whilst holding the available-for-sale financial investments are reported as interest income and dividend income, respectively, and are recognised in the statement of profit or loss as other income in accordance with the policies set out for "Revenue recognition" below.

When the fair value of unlisted equity investments cannot be reliably measured because (a) the variability in the range of reasonable fair value estimates is significant for that investment or (b) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value, such investments are stated at cost less any impairment losses.

2. Basis of preparation and accounting policies (continued)

2.4 Summary of significant accounting policies (continued)

Investments and other financial assets (continued)

Available-for-sale financial investments (continued)

The Group evaluates whether the ability and intention to sell its available-for-sale financial assets in the near term are still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets, the Group may elect to reclassify these financial assets if management has the ability and intention to hold the assets for the foreseeable future or until maturity.

For a financial asset reclassified from the available-for-sale category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on that asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the effective interest rate. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the effective interest rate. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the statement of profit or loss.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the assets.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Notes to Financial Statements

31 December 2015

2. Basis of preparation and accounting policies (continued)

2.4 Summary of significant accounting policies (continued)

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that occurred after the initial recognition of the asset have an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition).

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in the statement of profit or loss. Interest income continues to be accrued on the reduced carrying amount using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to other expenses in the statement of profit or loss.

Assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Impairment losses on these assets are not reversed.

2. Basis of preparation and accounting policies (continued)

2.4 Summary of significant accounting policies (continued)

Impairment of financial assets (continued)

Available-for-sale financial investments

For available-for-sale financial investments, the Group assesses at the end of each reporting period whether there is objective evidence that an investment or a group of investments is impaired.

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the statement of profit or loss, is removed from other comprehensive income and recognised in the statement of profit or loss.

In the case of equity investments classified as available for sale, objective evidence would include a significant or prolonged decline in the fair value of an investment below its cost. "Significant" is evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of profit or loss – is removed from other comprehensive income and recognised in the statement of profit or loss. Impairment losses on equity instruments classified as available for sale are not reversed through the statement of profit or loss. Increases in their fair value after impairment are recognised directly in other comprehensive income.

The determination of what is "significant" or "prolonged" requires judgement. In making this judgement, the Group evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost.

In the case of debt instruments classified as available for sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of profit or loss. Future interest income continues to be accrued based on the reduced carrying amount of the asset using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. Impairment losses on debt instruments are reversed through the statement of profit or loss if the subsequent increase in fair value of the instruments can be objectively related to an event occurring after the impairment loss was recognised in the statement of profit or loss.

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, as appropriate.

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

The Group's financial liabilities include trade and other payables and interest-bearing bank and other borrowings.

Notes to Financial Statements

31 December 2015

2. Basis of preparation and accounting policies (continued)

2.4 Summary of significant accounting policies (continued)

Financial liabilities (continued)

Subsequent measurement

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

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of repurchasing in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by HKAS 39. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the statement of profit or loss. The net fair value gain or loss recognised in the statement of profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities designated upon initial recognition as at fair value through profit or loss are designated at the date of initial recognition and only if the criteria of HKAS 39 are satisfied.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings 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.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

2. Basis of preparation and accounting policies (continued)

2.4 Summary of significant accounting policies (continued)

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Inventories

Inventories other than properties under development and completed properties held for sale are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

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. The net realisable value of properties under development is determined by establishing the market values of the properties on an “as-if” completed basis with appropriate deductions on construction costs, professional fees, applicable various selling expense and interests to be incurred from the valuation date to completion.

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.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group’s cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

Notes to Financial Statements

31 December 2015

2. Basis of preparation and accounting policies (continued)

2.4 Summary of significant accounting policies (continued)

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of each reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

A contingent liability recognised in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of (i) the amount that would be recognised in accordance with the general guidance for provisions above; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with the guidance for revenue recognition.

Other employee benefits

Pension scheme

The employees of the Group in Mainland China are required to participate in a central pension scheme operated by the local municipal government. The Group is required to contribute a certain percentage of its payroll costs to the central pension scheme. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension scheme.

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 the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

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.

2. Basis of preparation and accounting policies (continued)

2.4 Summary of significant accounting policies (continued)

Income tax (continued)

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 carryforward 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 carryforward 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 the reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Notes to Financial Statements

31 December 2015

2. Basis of preparation and accounting policies (continued)

2.4 Summary of significant accounting policies (continued)

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to the statement of profit or loss by way of a reduced depreciation charge.

Revenue recognition

Revenue from the sales 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 the Group; and
- (e) the cost incurred or to be incurred in respect of the transaction can be measured reliably.

The above criteria for sales of properties are met when construction of the relevant properties has been completed and the Group has 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 the Group's 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 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.

2. Basis of preparation and accounting policies (continued)

2.4 Summary of significant accounting policies (continued)

Share-based payments

The Company grants restricted shares to certain employees of the Group and of its parent company for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group and of its parent company receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees for grants after 10 July 2014 is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external professional appraiser using a price-to-book ratio model, further details of which are given in note 33 to the financial statements.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss or to the deemed distribution to the parent company for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

Notes to Financial Statements

31 December 2015

2. Basis of preparation and accounting policies (continued)

2.4 Summary of significant accounting policies (continued)

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., 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.

Foreign currencies

The financial statements are presented in RMB, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of each reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in other comprehensive income until the net investment is disposed of, at which time the cumulative amount is reclassified to the statement of profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

The functional currencies of certain overseas subsidiaries, joint ventures are currencies other than the RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into the RMB at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB at the weighted average exchange rates for the year.

2. Basis of preparation and accounting policies (continued)

2.4 Summary of significant accounting policies (continued)

Foreign currencies (continued)

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the statement of profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of certain overseas subsidiaries which arise throughout the year are translated into RMB at the weighted average exchange rates for each of the year.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. In prior years, final dividends proposed by the directors were classified as a separate allocation of retained profits within the equity section of the statement of financial position, until they have been approved by the shareholders in a general meeting. Following the implementation of the Hong Kong Companies Ordinance (Cap. 622), proposed final dividends are disclosed in the notes to the financial statements.

3. Significant accounting judgements and estimates

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

(i) Operating lease commitments – the Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties which are leased out on operating leases.

Notes to Financial Statements

31 December 2015

3. Significant accounting judgements and estimates (continued)

Judgements (continued)

(ii) *Classification between investment properties and owner-occupied properties*

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group. Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately, the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

(iii) *Classification between investment properties and properties held for sale*

The Group develops properties held for sale and properties held to earn rentals and/or for capital appreciation. Judgement is made by the management on determining whether a property is classified as a property held for sale or an investment property. The Group considers its intention for holding the properties at the early development stage of the related properties. During the course of construction, the properties are accounted for as properties under development included in current assets if the properties are intended for sale after completion of construction, whereas the properties are accounted for as investment properties under construction or development included in non-current assets if the properties are intended to be held to earn rentals and/or for capital appreciation.

(iv) *Determination of assets related government grants*

The Group receives government grants for its project development or as financial assistance for its operation. Judgement is made by the management on determining whether the government grants are relating to assets or income. The Group considers the primary condition for the receipt of the government grants. If the primary condition of the government grants is that the Group purchases, constructs or otherwise acquires long-term assets, the grants acquired are accounted for as government grants related to assets, whereas government grants acquired are related to income.

(v) *Determination of acquisition of business or acquisition of assets*

The Group determines whether an acquisition qualifies as an acquisition of business or acquisition of an asset and has developed criteria in making that judgment. A business consists of inputs and processes applied to those inputs that have the ability to create outputs. Therefore, the Group considers whether a market participant is capable of utilizing the acquired set of activities and assets to produce output. When an acquired set of activities and assets does not include all of the inputs and processes necessary to operate such business, the Group concludes it is an acquisition of business if a market participant is capable of integrating the acquired set with its own inputs and processes, or the missing elements are easily replaced or replicated. If the missing elements are not minor, the Group concludes that it is an acquisition of assets. Judgment is made on each acquisition to determine whether it is an acquisition of business or asset.

3. Significant accounting judgements and estimates (continued)

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below:

(i) Fair value of investment properties

The investment properties of the Group 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 the Group 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.

The carrying amount of investment properties at 31 December 2015 was RMB309,481 million (2014: RMB248,101 million). Further details, including the key assumptions used for fair value measurement, are stated in note 14 to the financial statements.

(ii) Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at 31 December 2015 was RMB2,941 million (2014: RMB1,745 million). Further details are given in note 16 to the financial statements.

(iii) PRC corporate income tax ("CIT")

The Group is subject to CIT in Mainland China. As a result of the fact that certain matters relating to the CIT have not been confirmed by the local tax bureau, objective estimate and judgement based on currently enacted tax laws, regulations and other related policies are required in determining the CIT provision to be made. Where the final tax outcome of these matters is different from the amounts originally recorded, the differences will have an impact on the CIT expense and CIT provision in the period in which the differences are realised.

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31 December 2015

3. Significant accounting judgements and estimates (continued)

Estimation uncertainty (continued)

(iv) PRC land appreciation tax ("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 the sales of properties less deductible expenditures including land costs, capitalised borrowing costs, and other property development expenditures.

When calculating the LAT, the Group needs to estimate the deductible expenditures and make judgement on the relevant tax rate on individual property basis under the relevant applicable tax laws and regulations. Given the uncertainties of the calculation basis of LAT to be interpreted by the local tax bureau, the actual outcomes may be higher or lower than that 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.

(v) Deferred tax assets

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences and tax losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying value of deferred tax assets relating to recognised tax losses at 31 December 2015 was RMB1,178 million (2014: RMB798 million). The amount of unrecognised tax losses at 31 December 2015 was RMB6,951 million (2014: RMB5,038 million). Further details are contained in note 19 to the financial statements.

(vi) Useful lives and impairment of property, plant and equipment

The Group's management determines the estimated useful lives and related depreciation charges for its items of property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of items of property, plant and equipment of similar nature and functions. It could change significantly as a result of technical innovations and competitors' actions. Management will increase the depreciation charge where useful lives are less than previously estimates.

The carrying value of an item of property, plant and equipment is reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable in accordance with the accounting policy as disclosed in note 2.4 of this section. The net realisable value of an item of property, plant and equipment is calculated as the higher of its fair value less costs to sell and value in use, the calculation of which involves the use of estimates.

(vii) The net realisable value for properties under development and completed properties held for sale

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. The net realisable value of properties under development is determined by establishing the market values of the properties on an "as-if" completed basis with appropriate deduction on construction costs, professional fees, applicable various selling expenses and capitalised borrowing costs to be incurred from the valuation date to completion

4. Operating segment information

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

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

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

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

Notes to Financial Statements

31 December 2015

4. Operating segment information (continued)

Year ended 31 December 2015

	Investment properties leasing and management RMB'million	Sales of properties RMB'million	Hotel operation RMB'million	Others RMB'million	Total RMB'million
Segment revenue:					
Sales to external customers	13,582	102,515	4,963	3,143	124,203
Intersegment sales	743	233	11	812	1,799
	14,325	102,748	4,974	3,955	126,002
<i>Reconciliation:</i>					
Elimination of intersegment sales					(1,799)
Revenue					124,203
Cost of goods sold ("COGS")	(3,784)	(63,611)	(3,637)	(2,804)	(73,836)
Other income and gains	265	2,014	1	1,401	3,681
Increase in fair value of investment properties, net	17,230	-	-	-	17,230
Selling and distribution expenses	(489)	(4,691)	(354)	(267)	(5,801)
Administrative expenses	(1,355)	(3,824)	(1,399)	(774)	(7,352)
Other expenses	-	(1,473)	(176)	(15)	(1,664)
Share of losses of joint ventures	-	(22)	-	-	(22)
Segment results	25,449	30,908	(602)	684	56,439
<i>Reconciliation:</i>					
Finance costs					(7,400)
Profit before tax					49,039
Other segment information					
Impairment losses recognised in the statement of profit or loss	-	1,094	176	15	1,285
Depreciation and amortisation	-	(751)	(1,157)	(184)	(2,092)
Investments in joint ventures	-	522	-	-	522
Capital expenditure*	44,508	732	9,323	42	54,605

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

4. Operating segment information (continued)

Year ended 31 December 2014

	Investment properties leasing and management RMB'million	Sales of properties RMB'million	Hotel operation RMB'million	Others RMB'million	Total RMB'million
Segment revenue:					
Sales to external customers	10,352	91,748	4,008	1,763	107,871
Intersegment sales	950	294	14	763	2,021
	11,302	92,042	4,022	2,526	109,892
<i>Reconciliation:</i>					
Elimination of intersegment sales					(2,021)
Revenue					107,871
COGS	(2,703)	(54,532)	(2,868)	(1,842)	(61,945)
Other income and gains	256	1,729	107	1,114	3,206
Increase in fair value of investment properties, net	13,455	–	–	–	13,455
Selling and distribution expenses	(459)	(5,127)	(367)	(159)	(6,112)
Administrative expenses	(938)	(3,892)	(1,485)	(375)	(6,690)
Other expenses	–	(671)	–	–	(671)
Share of losses of associates	–	(1)	–	–	(1)
Share of losses of joint ventures	–	(1)	–	–	(1)
Segment results	19,963	29,253	(605)	501	49,112
<i>Reconciliation:</i>					
Finance costs					(7,312)
Profit before tax					41,800
Other segment information					
Impairment losses recognised in the statement of profit or loss	–	73	–	39	112
Depreciation and amortisation	–	(646)	(908)	(99)	(1,653)
Investments in joint ventures	–	475	–	–	475
Capital expenditure*	37,768	2,011	14,643	2,645	57,067

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

Notes to Financial Statements

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4. Operating segment information (continued)

Geographical information

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

Information about major customers

No sales to a single customer or a group of customers under common control accounted for 10% or more of the Group's revenue for the year (2014: None).

5. Revenue, other income and gains

Revenue represents income from the leasing of properties, property management and related services, sales of properties and hotel operation earned during the year ended, net of business tax and other sales related taxes and discounts allowed.

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

	Notes	2015 RMB'million	2014 RMB'million
Revenue			
Investment properties leasing and management		13,582	10,352
Sales of properties		102,515	91,748
Hotel operation		4,963	4,008
Others		3,143	1,763
		124,203	107,871
Other income			
Bank interest income		588	546
Government grants		1,647	1,198
Others		156	37
		2,391	1,781
Gains			
Gain on disposal of a subsidiary	36	752	1,112
Gain on disposal of items of property, plant and equipment		2	1
Fair value gain from derivative financial instrument		–	1
Foreign exchange gain, net		121	–
Gain on bargain purchase	35	1	2
Others		414	309
		1,290	1,425
		3,681	3,206

6. Profit before tax

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

	Notes	2015 RMB'million	2014 RMB'million
Cost of inventories sold		63,611	54,532
Government grants released*	28	(1,647)	(1,198)
(Gain)/loss on disposal of items of property plant and equipment, net		(1)	1
Depreciation	13	1,730	1,434
Amortisation of prepaid land lease payments	15	134	122
Amortisation of other intangible assets	17	228	97
Impairment of property, plant and equipment	13	177	–
Impairment of inventories	21	1,055	46
Impairment of trade receivables	22	6	(4)
Impairment of other receivables	23	47	70
Minimum lease payments under operating leases in respect of land and buildings		93	121
Auditors' remuneration		11	8
Employee benefit expenses (excluding directors' and chief executive's remuneration)			
Wages, salaries and bonuses		8,069	7,000
Pension scheme contributions		735	604
Social welfare and other costs		1,393	1,380
Share-based payments	33	22	61
		10,219	9,045
Increase in fair value of investment properties, net	14	(17,230)	(13,455)
Foreign exchange (gain)/loss, net		(121)	86
Remeasurement loss of equity interest in an associate		–	8
Direct operating expenses relating to investment properties leasing and management		3,784	2,703

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

Notes to Financial Statements

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7. Finance costs

An analysis of finance costs is as follows:

	2015 RMB'million	2014 RMB'million
Interest on bank loans and other loans	12,577	12,235
Less: Interest capitalised	(5,622)	(5,243)
	6,955	6,992
Add: Other finance expense	445	320
	7,400	7,312

8. Directors' and supervisors' remuneration

Directors' and supervisors' remuneration for the year, disclosed pursuant to the Listing Rules, 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2015 RMB'000	2014 RMB'000
Fees	954	680
Other emoluments:		
Salaries, allowances and share-based payments	33,760	27,406
Performance related bonuses	7,320	7,826
Pension scheme contributions	124	120
	42,158	36,032

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

	2015 RMB'000	2014 RMB'000
Mr. Liu Jipeng	240	240
Mr. Xue Yunkui	240	240
Mr. Ba Shusong*	–	100
Mr. Hu Zulu	240	100
	720	680

* Mr. Ba Shusong resigned as an independent non-executive director in May 2014.

There were no other emoluments payable to the independent non-executive directors during the year (2014: Nil).

8. Directors' and supervisors' remuneration (Continued)

(b) Executive directors and non-executive directors

	Fees RMB'000	Salaries, allowances and share-based payments RMB'000	Performance related bonuses RMB'000	Pension schemes contributions RMB'000	Total RMB'000
2015					
Executive directors:					
Mr. Ding Benxi	-	-	-	-	-
Mr. Qi Jie*	-	10,870	3,685	44	14,599
Mr. Qu Dejun	-	7,081	2,408	36	9,525
	-	17,951	6,093	80	24,124
Non-executive directors:					
Mr. Zhang Lin	-	-	-	-	-
Mr. Wang Guiya	-	12,686	-	-	12,686
Mr. Yin Hai	-	-	-	-	-
	-	30,637	6,093	80	36,810
2014					
Executive directors:					
Mr. Ding Benxi	-	-	-	-	-
Mr. Qi Jie*	-	10,864	4,050	40	14,954
Mr. Qu Dejun	-	7,384	2,745	40	10,169
	-	18,248	6,795	80	25,123
Non-executive directors:					
Mr. Zhang Lin	-	-	-	-	-
Mr. Wang Guiya	-	6,343	-	-	6,343
Mr. Yin Hai	-	-	-	-	-
	-	24,591	6,795	80	31,466

* Mr. Qi Jie was also the chief executive of the Company for the year.

There was no arrangement under which a director waived or agreed to waive any remuneration.

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8. Directors' and supervisors' remuneration (Continued)

(c) Supervisors

	Fees RMB'000	Salaries, allowances RMB'000	Performance related bonuses RMB'000	Pension schemes contributions RMB'000	Total RMB'000
2015					
Ms. Gao Qian	-	-	-	-	-
Mr. Wang Yunan	-	-	-	-	-
Mr. Gao Xiaojun	-	3,123	1,227	44	4,394
Mr. Zhao Deming	117	-	-	-	117
Mr. Liu Chee Ming	117	-	-	-	117
	234	3,123	1,227	44	4,628
2014					
Ms. Gao Qian	-	-	-	-	-
Mr. Wang Yunan	-	-	-	-	-
Mr. Gao Xiaojun	-	2,815	1,031	40	3,886
	-	2,815	1,031	40	3,886

Ms. Gao Qian and Mr. Wang Yunan resigned as supervisors in May 2015, Mr. Zhao Deming and Mr. Liu Chee Ming then took over the position to fill the vacancies so arising in May 2015.

9. Five highest paid employees

The five highest paid employees during the year included two directors (2014: two directors), details of whose remuneration are set out in note 8 above. Details of the remuneration for the year of the remaining three (2014: three) highest paid employees who are not directors of the Company are as follows:

	2015 RMB'000	2014 RMB'000
Salaries, allowances	19,469	18,912
Performance related bonuses	6,678	7,020
Pension scheme contributions	132	119
	26,279	26,051

The number of non-director highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees	
	2015	2014
HK\$7,000,001 to HK\$11,000,000	2	3
HK\$11,000,001 to HK\$13,000,000	1	-

10. Income tax

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

The provision for Mainland China CIT has been provided at the applicable tax rate of 25% on the assessable profits of the Company and its subsidiaries in Mainland China.

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

	2015 RMB'million	2014 RMB'million
Current – Mainland China CIT	6,910	6,533
Current – Mainland China LAT	8,490	7,286
Deferred (note 19)	3,531	2,880
Total tax charge for the year	18,931	16,699

A reconciliation of the tax expense applicable to profit before tax at the statutory rate for Mainland China in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rates, and a reconciliation of the applicable rate (i.e., the statutory tax rate) to the effective tax rate, are as follows:

	2015		2014	
	RMB'million	%	RMB'million	%
Profit before tax	49,039		41,800	
CIT at the statutory tax rate	12,260	25.0	10,450	25.0
Effect of different tax levies enacted by local authorities*	29	0.1	–	0.0
Adjustments in respect of current tax of previous years	(89)	(0.2)	(8)	(0.0)
Losses attributable to an associate and joint ventures	5	0.0	–	0.0
Income not subject for tax	(166)	(0.3)	–	0.0
Expenses not deductible for tax	203	0.4	84	0.2
Tax losses and deductible temporary differences utilised from previous years	(104)	(0.2)	(120)	(0.3)
Deductible temporary differences not recognised and others	67	0.1	217	0.5
Tax losses not recognised	359	0.7	612	1.5
LAT	8,490	17.3	7,286	17.4
CIT effect of LAT	(2,123)	(4.3)	(1,822)	(4.4)
Tax charge at the Group's effective rate	18,931	38.6	16,699	39.9

* The amount includes the effect of lower tax rates for specific provinces and higher tax levies under assessment and collection mode of certain subsidiaries enacted by local authorities.

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11.Dividends

	2015 RMB'million	2014 RMB'million
Proposed final- RMB1.05 (2014:RMB0.95) per ordinary share	4,754	4,301

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

12.Earnings per share attributable to ordinary equity holders of the Parent

The calculation of the basic earnings per share amount is based on the profit attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares of 4,525,476,042 (2014: 3,817,342,466) in issue during the year.

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2015 and 2014.

	2015 RMB'million	2014 RMB'million
Earnings		
Profit attributable to ordinary equity holders of the parent used in the basic earnings per share calculation:	29,971	24,839

	Number of shares	
	2015 Million	2014 Million
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	4,525	3,817

13. Property, plant and equipment

	Buildings RMB'million	Machinery RMB'million	Electronic equipment RMB'million	Motor vehicles RMB'million	Others RMB'million	Construction in progress RMB'million	Total RMB'million
31 December 2015							
At 1 January 2015:							
Cost or valuation	32,587	840	808	607	408	4,427	39,677
Accumulated depreciation	(3,110)	(448)	(392)	(255)	(189)	-	(4,394)
Net carrying amount	29,477	392	416	352	219	4,427	35,283
At 1 January 2015, net of Accumulated depreciation	29,477	392	416	352	219	4,427	35,283
Additions	15	22	203	55	96	7,448	7,839
Acquisition of a subsidiary (note 35)	-	-	-	2	1	-	3
Disposals	-	-	(4)	(1)	(2)	-	(7)
Disposal of a subsidiary (note 36)	(2)	(3)	(94)	-	(1)	(395)	(495)
Depreciation provided during the year	(1,388)	(86)	(122)	(85)	(49)	-	(1,730)
Impairment provided during the year	(1)	-	-	-	-	(176)	(177)
Transfers from investment properties	2,416	-	-	-	-	-	2,416
Transfers to investment properties	(214)	-	-	-	-	-	(214)
Transfers	4,251	-	-	-	-	(4,251)	-
Exchange realignment	1	-*	-*	-*	-	4	5
At 31 December 2015, net of accumulated depreciation and impairment	34,555	325	399	323	264	7,057	42,923
At 31 December 2015:							
Cost or valuation	38,620	860	902	660	499	7,233	48,774
Accumulated depreciation and impairment	(4,065)	(535)	(503)	(337)	(235)	(176)	(5,851)
Net carrying amount	34,555	325	399	323	264	7,057	42,923

* The exchange realignment is presented as zero rounded to the nearest million.

As at 31 December 2015, the Directors appointed a professional appraiser to perform appraisals on the assets of a project located in Madrid for the purpose of determining whether the assets have been impaired. The project has impairment indications, such as changing market and political environment, and the Directors determined that this project was impaired. An impairment loss of RMB1.76 million (2014: Nil) has been recognised in respect of construction in progress for the year.

As at the date of these financial statements, the recoverable amount of the construction in progress of the project was determined based on residual method. The valuation for such project was arrived at by considering the discounted cash flow projections of the completed project based on the project's five-year financial budgets approved by the senior management of the project with appropriate deduction on construction cost and capitalised borrowing costs to be incurred from the valuation date to completion. The net cash flows in the fifth year were used as a basis for future cash flows and were extrapolated at an appropriate rate of 1.8% for the period from sixth to tenth year. The discount rate of 8.75% was applied to the projections of the first 10 years. The cash flows from the eleventh year are capitalised at an assumed capitalisation rate of 6%.

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13. Property, plant and equipment (continued)

	Buildings RMB'million	Machinery RMB'million	Electronic equipment RMB'million	Motor vehicles RMB'million	Others RMB'million	Construction in progress RMB'million	Total RMB'million
31 December 2014							
At 1 January 2014:							
Cost or valuation	23,155	102	442	523	383	4,247	28,852
Accumulated depreciation	(2,179)	(60)	(177)	(194)	(195)	-	(2,805)
Net carrying amount	20,976	42	265	329	188	4,247	26,047
At 1 January 2014, net of accumulated depreciation	20,976	42	265	329	188	4,247	26,047
Additions	506	301	257	65	121	10,133	11,383
Acquisitions of subsidiaries	205	95	9	50	7	-	366
Disposals	(41)	-	(9)	(4)	(5)	-	(59)
Disposals of subsidiaries	(464)	(4)	(14)	(7)	(13)	(635)	(1,137)
Depreciation provided during the year	(1,153)	(33)	(88)	(81)	(79)	-	(1,434)
Transfers	9,318	-	-	-	-	(9,318)	-
Transfers from investment properties	142	-	-	-	-	-	142
Exchange realignment	(12)	(9)	(4)	-	-	-	(25)
At 31 December 2014, net of accumulated depreciation and impairment	29,477	392	416	352	219	4,427	35,283
At 31 December 2014:							
Cost or valuation	32,587	840	808	607	408	4,427	39,677
Accumulated depreciation	(3,110)	(448)	(392)	(255)	(189)	-	(4,394)
Net carrying amount	29,477	392	416	352	219	4,427	35,283

The Group's certain items of property, plant and equipment with a net carrying amount of RMB16,389 million (2014: RMB15,730 million) were pledged to secure banking borrowing granted to the Group (note 27).

As at the date of these financial statements, the Group is in the process of applying for the title certificates for certain buildings with an aggregate net book value of approximately RMB820 million (2014: RMB5,082 million). In the Directors' opinion, the Group is entitled to lawfully and validly occupy and use these buildings.

14. Investment properties

	Completed investment properties RMB'million	Investment properties under construction or development RMB'million	Total RMB'million
At 1 January 2014	172,398	26,141	198,539
Additions	–	37,768	37,768
Net gain from fair value adjustment	12,529	926	13,455
Transfer upon completion	31,924	(31,924)	–
Transfer to property, plant and equipment	(142)	–	(142)
Disposals of subsidiaries	–	(1,519)	(1,519)
At 31 December 2014	216,709	31,392	248,101
Additions	–	39,124	39,124
Acquisitions of investment properties*	4,711	–	4,711
Acquisitions of subsidiaries (note 35)	–	673	673
Net gain from fair value adjustment	14,344	2,886	17,230
Transfer upon completion	27,725	(27,725)	–
Transfer to property, plant and equipment	(2,416)	–	(2,416)
Transfer from property, plant and equipment	214	–	214
Transfer from prepaid land lease payments	–	1,763	1,763
Transfer from inventories	81	–	81
At 31 December 2015	261,368	48,113	309,481

* During the year, the Group acquired 4 investment properties, including Tongzhou Wanda Shopping Mall (“Tongzhou Wanda Plaza”), 1 ALFRED (“1 ALFRED”), 19-31 Pitt Street (“19-31 Pitt Street”) and Pitt Street 31a in Sydney, Australia.

On 28 February 2015, the Group entered into an agreement with Beijing Wanfang Property Co., Ltd. (“Wanfang Property”), pursuant to which the Group acquired from Wanfang Property an investment property, Tongzhou Wanda Plaza, for a total consideration of RMB2,061 million on 1 June 2015 including the consideration of investment property amounting to RMB2,000 million and related taxes amounting to RMB61 million. As at 31 December 2015, the total consideration of RMB2,061 million had been paid.

On 23 January 2015, the Group’s overseas subsidiary, Wanda One Sydney Pty Ltd. (“Wanda One Sydney”), entered into agreements with Valad Commercial Management Limited (“VCML”) and 31 Pitt Street Pty Ltd (“31 PSPL”), pursuant to which the Group acquired investment properties, 1 ALFRED and 19-31 Pitt Street. On 4 March 2015, Wanda One Sydney, entered into agreements with Rugby Club Limited (“Rugby Club”) and 31 PSPL, pursuant to which the Group acquired an investment property, Pitt Street 31a. The total cost of the three investment properties were RMB2,650 million including the consideration of investment properties amounting to approximately RMB2,416 million and related taxes amounting to approximately RMB234 million. The total fair values of 1 ALFRED, 19-31 Pitt Street and Pitt Street 31a at the acquisition date were RMB2,416 million. As at 31 December 2015, all the considerations for the three acquisitions had been paid.

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14. Investment properties (continued)

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

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

The Group's certain investment properties were pledged to secure bank borrowings granted to the Group (note 27).

As at the date of these financial statements, the Group is in the process of applying for the relevant property certificates for certain investment properties. As at 31 December 2015, the carrying amount of the Group's certain investment properties in the process of applying for title certificates was RMB11,184 million (2014: RMB19,055 million). In the Directors' opinion, the Group is entitled to lawfully and validly occupy and use these certain investment properties.

At the end of year, all of the Group's investment properties were within Level 3 of the fair value hierarchy as the valuation was arrived at by reference to certain significant unobservable inputs. There were no transfers between Levels 1, 2 and 3 during the year (2014:Nil).

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

At the end of the year, the Group:

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

14. Investment properties (continued)

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

Description	Valuation technique	Significant unobservable inputs	Range of unobservable inputs	
			2015	2014
Shopping Mall	Investment approach	Prevailing market rents	RMB36 – RMB900 per square metre per month	RMB34 – RMB900 per square metre per month
		Reversionary capitalisation rate	Anchor Stores: 4.5% – 6.0% Standard Retail: 5.0% – 7.0%	Anchor Stores: 4.5% – 6.0% Standard Retail: 5.0% – 7.0%
Office	Investment approach	Prevailing market rents	RMB70 – RMB418 per square metre per month	RMB50 – RMB300 per square metre per month
		Reversionary capitalisation rate	6.0% – 7.5%	5.5% – 7.0%
Carpark	Investment approach	Prevailing market rents	RMB200 – RMB2,000 per lot per month	RMB200 – RMB1,500 per lot per month
		Reversionary capitalisation rate	4.0% – 5.0%	4.0% – 5.0%

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

15. Prepaid land lease payments

	2015 RMB'million	2014 RMB'million
At beginning of year	9,983	6,268
Additions	1,958	4,320
Acquisition of a subsidiary	–	20
Disposals of subsidiaries	–	(503)
Transfer to investment properties	(1,763)	–
Recognised during the year	(134)	(122)
At end of year	10,044	9,983

The Group's certain prepaid land lease payments were pledged to secure bank borrowings granted to the Group as described in note 27.

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16. Goodwill

	RMB'million
Cost and net carrying amount at 1 January 2014	287
Acquisition of a subsidiary	1,458
Cost and net carrying amount at 31 December 2014	1,745
Cost and net carrying amount at 1 January 2015	1,745
Acquisition of a subsidiary (note 35)	1,196
Cost and net carrying amount at 31 December 2015	2,941

The goodwill mainly arose from the business combinations of Wanda Hotel Development Company Limited ("Wanda Hotel"), Wanda Yacht Investment (Jersey) Company Limited ("Wanda Jersey") and Shaanxi Jinshida Real Estate Co., Ltd. ("Jinshida"). The carrying amounts of goodwill allocated to each of the cash-generating units are as follows:

	At 31 December 2015 RMB'million
Wanda Hotel	287
Wanda Jersey	1,458
Jinshida	1,196
	2,941

The recoverable amount of Wanda Hotel has been determined based on its fair value less costs of disposal, which is measured based on the quoted prices of shares of Wanda Hotel on the Hong Kong Stock Exchange. The recoverable amount of Wanda Jersey has been determined based on a value in use calculation using discounted cash flow projections based on Wanda Jersey's six-year financial budgets approved by Wanda Jersey's senior management. The discount rate applied to the cash flow projections is 10.5%. The growth rate used to extrapolate the cash flows beyond the six-year period is descendingly to 2%. Wanda Jersey's senior management believes that this growth rate is justified, given the unique infrastructure and characteristic services developed by Wanda Jersey.

The recoverable amount of Jinshida has been determined based on a value in use calculation using discounted cash flow projections based on Jinshida's five-year financial budgets approved by the Group's senior management. The discount rate of 12% is applied to the projections of cash flow from the activity of sales of properties and 7.5% applied to the projections of cash flow from the activity of investment properties leasing and management. The growth rate used to extrapolate the cash flows beyond the five-year period is descendingly to 2%. The Group's senior management believes that this growth rate is justified, was based on the project located at a prosperous area which developed by Jinshida.

17. Other intangible assets

	2015 RMB'million	2014 RMB'million
Cost at beginning of year	3,054	155
Additions	297	857
Acquisition of a subsidiary	–	2,353
Disposal of a subsidiary (note 36)	(214)	–
Amortisation provided during the year	(228)	(97)
Exchange realignment	(1)	(214)
At end of year	2,908	3,054
Cost	3,389	3,310
Accumulated amortisation	(481)	(256)
Net carrying amount	2,908	3,054

The balance of other intangible assets mainly comprises brands, technology and business relationships and copyright.

18. Investments in joint ventures

	2015 RMB' million	2014 RMB' million
Share of net assets	95	22
Loans to the joint venture	95 427	22 453
	522	475

The loans to a joint venture are unsecured and interest-free.

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18. Investments in joint ventures (continued)

Particulars of the Group's material joint ventures are as follows:

Name	Particulars of issued shares held	Place of registration and business	Percentage of			Principal activities
			Ownership interest	Voting power	Profit sharing	
Ridong (Gold Coast) Development Pty Ltd.	AU\$4,583,622	Australia	55%	55%	55%	Property development
Wanda City (Gold Coast) Development Pty Ltd.	AU\$20,041,771	Australia	65%	65%	65%	Property development

Ridong (Gold Coast) Development Pty Ltd. ("Ridong"), which is considered a material joint venture of the Group, is formed for the development of suitable real property projects in Australia and is accounted for using the equity method. The Group considers that it does not control Ridong though it owns more than 50% of the voting rights. This is because the remaining 45% of the equity shares in Ridong is held by an independent third party while 100% votes are required for passing board resolutions.

	2015 RMB'million	2014 RMB'million
Cash and cash equivalents	44	197
Other current assets	3	54
Current assets	47	251
Non-current assets, excluding goodwill	750	615
Other current liabilities	(26)	(2)
Current liabilities	(26)	(2)
Non-current liabilities	(777)	(824)
Net assets	(6)	40
Reconciliation to the Group's interest in the joint venture:		
Proportion of the Group's ownership	55%	55%
Group's share of net assets of the joint venture	-	22

	2015 RMB'million	2014 RMB'million
Revenue	-*	-
Interest income	3	(1)
Depreciation and amortisation	(3)	-
Profit and total comprehensive income for the year	(46)	1

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

The Group has discontinued the recognition of its share of losses of Ridong because the share of losses of the joint venture exceeded the Group's interest in the joint venture and the Group has no obligation to take up further losses. The amounts of the Group's unrecognised share of losses of this joint venture for the current year and cumulatively were RMB3 million (2014:nil) and RMB3 million (2014:nil), respectively.

18. Investments in joint ventures (continued)

Wanda City (Gold Coast) Development Pty Ltd. (“Wanda City”), which is considered a material joint venture of the Group, is formed for the development of suitable real property projects in Australia and is accounted for using the equity method. The Group considers that it does not control Wanda City though it owns two members in the board of directors. This is because the other member belongs to an independent third party while 100% votes are required for passing board resolutions.

	2015 RMB'million
Cash and cash equivalents	11
Current assets	11
Non-current assets, excluding goodwill	194
Other current liabilities	22
Current liabilities	22
Non-current liabilities	37
Net assets	146
Reconciliation to the Group's interest in the joint venture:	
Proportion of the Group's ownership	65%
Group's share of net assets of the joint venture	95

	2015 RMB'million
Revenue	-*
Interest income	-*
Depreciation and amortisation	-*
Profit and total comprehensive income for the year	-*

* Revenue, Interest income, depreciation and amortisation, profit and comprehensive income for the year are presented as zero rounded to the nearest million.

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19. Deferred tax

Deferred tax asset

	Land appreciation tax RMB'million	Deemed profit for pre-sales RMB'million	Others RMB'million	Total RMB'million
At 1 January 2014	541	1,864	971	3,376
Deferred tax credited to the statement of profit or loss	98	641	151	890
Acquisitions of subsidiaries	–	–	203	203
Disposals of subsidiaries	–	–	(197)	(197)
At 1 January 2015	639	2,505	1,128	4,272
Deferred tax credited to the statement of profit or loss	521	448	524	1,493
Exchange realignment	1	1	4	6
At 31 December 2015	1,161	2,954	1,656	5,771

Deferred tax liabilities

	Revaluation of investment properties RMB'million	Fair value adjustments arising from subsidiaries RMB'million	Others RMB'million	Total RMB'million
At 1 January 2014	23,095	480	37	23,612
Deferred tax charged/(credited) to the statement of profit or loss	3,918	(147)	(1)	3,770
Acquisitions of subsidiaries	–	536	–	536
Disposals of subsidiaries	(29)	(68)	–	(97)
At 1 January 2015	26,984	801	36	27,821
Deferred tax charged/(credited) to the statement of profit or loss	5,157	(169)	36	5,024
Exchange realignment	–	13	–	13
Acquisitions of subsidiaries (note 35)	–	285	–	285
At 31 December 2015	32,141	930	72	33,143

19. Deferred tax (continued)

Deferred tax liabilities (continued)

Deferred tax assets have not been recognised in respect of the following items:

	2015 RMB'million	2014 RMB'million
Tax losses	6,957	5,038

RMB6,210 million and RMB18 million out of the above tax losses arose in Mainland China and the United States, which were available for offsetting against future taxable profits in one to five year, and one to twenty year respectively. The remaining tax losses arose in the United Kingdom, Europe, Hong Kong and Australia for offsetting against future taxable profits which had no restriction years, and the tax losses amounted to RMB608 million, RMB116 million, RMB4 million and RMB1 million respectively. Deferred tax assets have not been recognised in respect of the above items as it is not considered probable that taxable profits will be available against which the above items can be utilised.

20. Available-for-sale investments

	2015 RMB'million	2014 RMB'million
Unlisted equity investment, at cost:	35	35

As at 31 December 2015, certain unlisted equity investments with a carrying amount of RMB35 million (2014: RMB35 million) were stated at cost less impairment because the range of reasonable fair value estimates is so significant that the Directors are of the opinion that their fair value cannot be measured reliably. The Group does not intend to dispose of them in the near future

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21. Inventories

	2015 RMB'million	2014 RMB'million
Properties	167,679	144,585
Hotel merchandise	32	97
Yachts and yachts related	517	477
Others	115	93
Impairment	(1,087)	(60)
	167,256	145,192

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

	2015 RMB'million	2014 RMB'million
At beginning of year	60	–
Acquisition of a subsidiary	–	39
Impairment losses recognised	1,055	46
Write-off of impairment	(23)	(21)
Exchange realignment	(5)	(4)
At end of year	1,087	60

Certain properties under development of the Group was pledged to secure bank borrowings granted to the Group, as further detailed in the note 27 to the financial statements.

22. Trade and bills receivables

	2015 RMB'million	2014 RMB'million
Trade receivables	438	654
Bills receivable	81	210
Impairment	(22)	(16)
	497	848

22. Trade and bills receivables (continued)

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

	2015 RMB'million	2014 RMB'million
Within one year	469	826
Over one year	28	22
	497	848

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

	2015 RMB'million	2014 RMB'million
At beginning of year	16	6
Impairment losses recognised/(reversed), net	6	(4)
Acquisition of a subsidiary	–	15
Exchange realignment	–*	(1)
At end of year	22	16

Included in the above provision for impairment of trade receivables is a provision for individually impaired trade receivables of RMB11 million (2014: RMB9 million) with a carrying amount before provision of RMB111 million (2014: RMB403 million).

The aged analysis of trade receivables that are not individually nor collectively considered to be impaired is as follows:

	2015 RMB'million	2014 RMB'million
Neither past due nor impaired	82	57
	82	57

The Group's trade receivables are mainly due from the tenants whose the credit periods are usually within one year. The Group has a strict credit control policy and seeks to maintain strict control over its outstanding receivables.

* The exchange realignment is presented as zero rounded to the nearest million.

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23. Prepayments, deposits and other receivables

	2015 RMB'million	2014 RMB'million
Other prepaid tax	6,077	5,780
Prepayments	5,515	3,635
Land deposits	1,025	1,585
Entrusted loan	50	200
Other receivables	4,682	4,799
Due from the Parent and the Parent's associates and the Company's fellow subsidiaries	31	–
Impairment	(224)	(178)
	17,156	15,821

None of the above is past due. The financial assets included in the above balances related to receivables for which there was no recent history of default.

The aging of other receivables are mainly within one year.

The aging of an entrusted loan is as follows:

	2015 RMB'million	2014 RMB'million
Within one year	50	–
Over one year	–	200
	50	200

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

	2015 RMB'million	2014 RMB'million
At beginning of year	178	139
Impairment losses recognised	47	70
Disposal of a subsidiary	(1)	(31)
At end of year	224	178

24. Cash and cash equivalents

	2015 RMB'million	2014 RMB'million
Cash and bank balances (a)	73,148	93,035
Less: Restricted cash		
Government regulation fund (b)	(3,889)	(4,164)
Pledged for bank loans (note 27)	(169)	(414)
Pledged for guarantee deposits	(485)	(1,064)
Pledged for mortgage deposits	(783)	(1,003)
Pledged for bank acceptance bill deposits	(1,040)	–
Pledged for others	(176)	(87)
	(6,542)	(6,732)
Cash and cash equivalents	66,606	86,303

- (a) The cash and bank balances of the Group denominated in RMB amounted to RMB67,396 million as at 31 December 2015 (2014: RMB71,226 million). The RMB is not freely convertible into other currencies, however, under the Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business. Cash at banks earns interest at floating rates based on daily bank deposit rates.
- (b) In accordance with the requirement of the local government, certain property development companies are required to place the proceeds received from pre-sale of properties in designated bank accounts for the construction of related property projects. The deposits can only be used for purchases of construction materials and payments of construction fees for the related property projects. These deposits will be released according to the completion status of the related property projects.

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25. Trade and bills payables

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

	2015 RMB'million	2014 RMB'million
Within 1 year	59,319	50,430
1 to 2 years	4,272	2,345
Over 2 years	829	968
	64,420	53,743

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

26. Other payables and accruals

	2015 RMB'million	2014 RMB'million
Advance from customers	133,744	118,914
Staff costs payables	2,007	1,832
Interest payable	814	542
Other taxes payable	561	540
Other payables	23,074	16,005
Others	1	182
	160,201	138,015

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

27. Interest-bearing bank and other borrowings

	2015 RMB'million	2014 RMB'million
Current:		
Bank loans – secured	481	78
Bank loans – unsecured	269	974
Other loans – secured	–	2,009
Other loans – unsecured	800	2,000
Current portion of long term		
Bank loans – secured	20,291	13,778
Bank loans – unsecured	1,830	3,571
Other loans – secured	6,659	9,552
Other loans – unsecured	11,600	4,502
	41,930	36,464
Non-current:		
Bank loans – secured	84,642	91,958
Bank loans – unsecured	12,698	12,743
Other loans – secured	5,858	24,343
Other loans – unsecured	8,867	8,251
	112,065	137,295
	153,995	173,759
	2015 RMB'million	2014 RMB'million
Repayable:		
Within one year or on demand	41,930	36,464
Over one year but within two years	24,577	48,276
Over two years but within five years	33,766	42,028
Beyond five years	53,722	46,991
	153,995	173,759

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27. Interest-bearing bank and other borrowings (continued)

Bank and other borrowings bear interest at fixed rates and floating rates. The Group's bank and other borrowings bear interest at effective interest rates ranging as follows:

	2015	2014
Effective interest rates	1%-12.3%	1.20%-12.3%

Assets that have been pledged as collateral to secure bank and other borrowing are as follows:

	2015 RMB'million	2014 RMB'million
Pledged bank deposits (note 24)	169	414
Inventories	42,010	39,710
Prepaid land lease payments	3,775	4,418
Investment properties	231,997	173,937
Property, plant and equipment	16,389	15,730
	294,340	234,209

Certain subsidiaries in Mainland China which are engaged in the development of real estate projects have entered into fund arrangements with certain financial institutions (the "Trustees"), pursuant to which the Trustees raised trust funds and injected the funds to these subsidiaries. All the funds bear interest at fixed interest rates, have fixed repayment terms, and are secured by equity interests of these subsidiaries. The share of net assets in connection with the secured equity interests was approximately RMB26,622 million as at 31 December 2015 (2014: RMB28,298 million).

28. Deferred income

	2015 RMB'million	2014 RMB'million
Carrying amount at the beginning of year	1,754	756
Additions during the year	1,781	2,305
Recognised as income during the year	(1,647)	(1,198)
Disposal of a subsidiary	-	(109)
Carrying amount at the end of year	1,888	1,754
Current portion	(317)	(395)
Non-current portion	1,571	1,359

Deferred income represents government grants received by the Group as financial subsidies, which were recognised as income over the periods necessary to match the grants on a systematic basis to the costs that they were intended to compensate. There are no unfulfilled conditions or contingencies relating to the grant.

29. Tax payable and prepaid tax

	2015 RMB'million	2014 RMB'million
LAT payable	1,707	1,278
CIT payable	5,645	5,553
	7,352	6,831
Prepaid LAT	(6,402)	(4,974)
Prepaid CIT	(406)	(495)
	(6,808)	(5,469)

30. Bonds and notes

	2015 RMB'million	2014 RMB'million
Guaranteed bonds due 2018, listed	3,819	3,599
Guaranteed bonds due 2024, listed	3,832	3,611
Unguaranteed mid-term notes due 2020, listed	15,000	–
Unguaranteed bonds due 2020, listed	10,000	–
	32,651	7,210

On 21 November 2013, a subsidiary of the Group issued guaranteed bonds with a due date in November 2018 (“GB2018 Bonds”) in an aggregate principal amount of US\$600 million. The GB2018 Bonds were admitted to the Official List of Hong Kong Exchange Securities Trading Limited. The GB2018 Bonds bear interest at a rate of 4.875% per annum, payable in arrears half-yearly on 21 May and 21 November of each year, commencing on 21 May 2014.

On 30 January 2014, a subsidiary of the Group issued guaranteed bonds with a due date in January 2024 (“GB2024 Bonds”) in an aggregate principal amount of US\$600 million. The GB2024 Bonds bear interest at a rate of 7.25% per annum, payable in arrears half-yearly on 29 January and 29 July of each year, commencing on 29 July 2014.

On 30 July 2015, the Company issued unguaranteed mid-term notes with a due date in July 2020 in an aggregate principal of RMB10,000 million. The notes bear interest at a rate of 4.6% per annum, payable in arrears yearly on 31 July.

On 13 November 2015, the Company issued unguaranteed mid-term notes with a due date in November 2020 in aggregate principal of RMB5,000 million. The notes bear interest at a rate of 4.25% per annum, payable in arrears yearly on 16 November.

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30. Bonds and notes (continued)

On 14 October 2015, the Company issued unguaranteed bonds with a due date in November 2020 in an aggregate principal of RMB5,000 million. The bonds bear interest at a rate of 3.93% per annum, payable in arrears yearly on 14 October.

On 27 August 2015, the Company issued unguaranteed bonds with a due date in August 2020 in an aggregate principal of RMB5,000 million. The bonds bear interest at a rate of 4.09% per annum, payable in arrears yearly on 27 August.

31. Share capital

	2015 RMB'million	2014 RMB'million
Registered, issued and fully paid: 4,527,347,600 (2014: 4,474,800,000) ordinary shares	4,527	4,475

The amounts of the Group's issued capital and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity.

32. Reserves

(a) Share premium

Included in share premium are reserves resulting from the amount subscribed for issued capital in excess of nominal value.

(b) Capital reserve

Capital reserve comprises mainly the difference arising from changes in ownership interests in subsidiaries which do not result in change of control.

(c) Revaluation reserve

The property revaluation reserve arose from the transfer of owner-occupied properties to investment properties at the date of change in use.

(d) Statutory reserve

In accordance with the PRC Company Law and the articles of association of the Company, the Company is required to appropriate 10% of its net profits after tax, as determined under the Chinese Accounting Standards, to the statutory surplus reserve until the reserve balance reaches 50% of its registered capital. Subject to certain restrictions set out in the relevant PRC regulations and in the articles of association of the Company, the statutory surplus reserve may be used either to offset losses, or to be converted to increase share capital provided that the balance after this conversion is not less than 25% of the registered capital of the Company. The reserve cannot be used for purposes other than those for which it is created and is not distributable as cash dividends.

33. Share-based payments

In July 2014, the Company issued a total of 138.8 million new shares at an issue price of RMB7.36 per share to 61 individuals, for a total consideration of RMB1,022 million. The issuance of new shares to the 32 individuals who are employees of the Group, the Parent and the Company's fellow subsidiaries, totally 75.2 million shares, was considered as compensations for their services and accounted for as equity-settled share-based payment transactions. The fair value of the shares granted to the employees of the Parent and the Company's fellow subsidiaries was amortized and recognised as deemed distribution over the vesting period. If any of the 32 individuals cease to be employees of the Group, the Parent and the Company's fellow subsidiaries in the vesting period, the shares granted shall be transferred to Mr. Wang Jianlin. Such transfer was considered as right issue to shareholders and was treated as transaction between shareholders.

In 2015, the Group recognised a net share-based payment expense of RMB35 million (2014: RMB67 million), including amortisation of share-based payment expense of RMB68 million (2014: RMB67 million) and a reversal of RMB33 million (2014: nil) for resigned employees of the Group. The Group recognised a net increase in retained profits of RMB28 million (2014: RMB185 million), including a deemed distribution of RMB46 million (2014: RMB185 million) and a reversal of RMB74 million (2014: nil) for resigned employees of the Parent and the Company's fellow subsidiaries. During the year, no share (2014: 6.0 million shares) were exercised due to satisfaction of service conditions, 18.8 million shares (2014: nil) were forfeited because of the resigned employees, and the Company had restricted shares outstanding amounting to 50.4 million, which represented approximately 1% of shares in issue at the end of year.

34. Partly-owned subsidiaries with material non-controlling interests

The following tables illustrate the summarised financial information of the subsidiaries that have material non-controlling interests. The amounts disclosed are before any inter-company eliminations:

Zhengzhou Biyuan Wanda Plaza Investment Co., Ltd.*

	2015 RMB'million
NCI percentage	100.00%
Current assets	38
Non-current assets	495
Current liabilities	(15)
Non-current liabilities	-
Accumulated balances of NCI	518

	2015 RMB'million
Revenue	-
Total expenses	(1)
Loss for the year	(1)
Total comprehensive loss for the year	(1)
Loss for the year allocated to NCI	(1)
Dividends paid to NCI	-

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34. Partly-owned subsidiaries with material non-controlling interests (continued)

Zhengzhou Biyuan Wanda Plaza Investment Co., Ltd.* (continued)

	2015 RMB'million
Net cash flows used in operating activities	(4)
Net cash flows used in investing activities	(481)
Net cash flows from financing activities	520
Net increase in cash and cash equivalents	35

* As set out in note 1, as at the year end, the equity interests of the subsidiary had been transferred to Wanda Wensheng according to the light asset cooperation agreements.

Changde Wanda Property Co., Ltd.*

	2015 RMB'million
NCI percentage	100.00%
Current assets	110
Non-current assets	303
Current liabilities	(123)
Non-current liabilities	-
Accumulated balances of NCI	290

	2015 RMB'million
Revenue	-
Total expenses	1
Profit for the year	1
Total comprehensive income for the year	1
Profit for the year allocated to NCI	1
Dividends paid to NCI	-

	2015 RMB'million
Net cash flows from operating activities	64
Net cash flows used in investing activities	(141)
Net cash flows from financing activities	187
Net increase in cash and cash equivalents	110

* As set out in note 1, as at the year end, the equity interests of the subsidiary had been transferred to Wanda Wensheng according to the light asset cooperation agreements.

34. Partly-owned subsidiaries with material non-controlling interests (continued)

Shuangliu Wanda Plaza Investment Co., Ltd.*

	2015 RMB'million
NCI percentage	100.00%
Current assets	40
Non-current assets	311
Current liabilities	(141)
Non-current liabilities	-
Accumulated balances of NCI	210

	2015 RMB'million
Revenue	-
Total expenses	-
Profit for the year	-
Total comprehensive income for the year	-
Profit for the year allocated to NCI	-
Dividends paid to NCI	-

	2015 RMB'million
Net cash flows from operating activities	132
Net cash flows used in investing activities	(310)
Net cash flows from financing activities	210
Net increase in cash and cash equivalents	32

* As set out in note 1, as at the year end, the equity interests of the subsidiary had been transferred to Wanda Wenyu according to the light asset cooperation agreements.

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34. Partly-owned subsidiaries with material non-controlling interests (continued)

Yichun Wanda Plaza Investment Co., Ltd.*

	2015 RMB'million
NCI percentage	100.00%
Current assets	151
Non-current assets	193
Current liabilities	(105)
Non-current liabilities	-
Accumulated balances of NCI	239

	2015 RMB'million
Revenue	-
Total expenses	(1)
Loss for the year	(1)
Total comprehensive loss for the year	(1)
Loss for the year allocated to NCI	(1)
Dividends paid to NCI	-

	2015 RMB'million
Net cash flows from operating activities	35
Net cash flows used in investing activities	(124)
Net cash flows from financing activities	240
Net increase in cash and cash equivalents	151

* As set out in note 1, as at the year end, the equity interests of the subsidiary had been transferred to Wanda Wensheng according to the light asset cooperation agreements.

34. Partly-owned subsidiaries with material non-controlling interests (continued)

Sanmenxia Wanda Plaza Investment Co., Ltd.*

	2015 RMB'million
NCI percentage	100.00%
Current assets	97
Non-current assets	303
Current liabilities	(162)
Non-current liabilities	-
Accumulated balances of NCI	238

	2015 RMB'million
Revenue	-
Total expenses	(2)
Loss for the year	(2)
Total comprehensive loss for the year	(2)
Loss for the year allocated to NCI	(2)
Dividends paid to NCI	-

	2015 RMB'million
Net cash flows from operating activities	104
Net cash flows used in investing activities	(263)
Net cash flows from financing activities	240
Net increase in cash and cash equivalents	81

* As set out in note 1, as at the year end, the equity interests of the subsidiary had been transferred to Wanda Wensheng according to the light asset cooperation agreements.

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34. Partly-owned subsidiaries with material non-controlling interests (continued)

Wanda Hotel Development Company Limited

	2015 RMB'million	2014 RMB'million
NCI percentage	35.00%	35.00%
Current assets	5,340	5,160
Non-current assets	7,731	4,528
Current liabilities	(6,597)	(2,613)
Non-current liabilities	(3,906)	(4,294)
Accumulated balances of NCI	1,201	1,457

	2015 RMB'million	2014 RMB'million
Revenue	1,871	158
Total expenses	(1,531)	(209)
Profit/(loss) for the year	340	(51)
Total comprehensive income/(loss) for the year	340	(373)
Profit/(loss) for the year allocated to NCI	123	(80)
Dividends paid to NCI	-	-

	2015 RMB'million	2014 RMB'million
Net cash flows from/(used in) operating activities	1,144	(4,275)
Net cash flows used in investing activities	(3,299)	(2,995)
Net cash flows from financing activities	2,873	7,362
Net increase in cash and cash equivalents	718	92

34. Partly-owned subsidiaries with material non-controlling interests (continued)

Jinshida

	2015 RMB'million
NCI percentage	40.00%
Current assets	2,887
Non-current assets	221
Current liabilities	(4)
Non-current liabilities	(246)
Accumulated balances of NCI	1,143

	2015 RMB'million
Revenue	-
Total expenses	-
Profit for the year	-
Total comprehensive income for the year	-
Profit for the year allocated to NCI	-
Dividends paid to NCI	-

	2015 RMB'million
Net cash flows from operating activities	-
Net cash flows from investing activities	-
Net cash flows from financing activities	-
Net increase in cash and cash equivalents	-

* As set out in note 35, on 31 December 2015, the Group acquired an equity interest of 60.0% shares in Jinshida.

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34. Partly-owned subsidiaries with material non-controlling interests (continued)

Shanghai Baoshan Wanda Investment Co., Ltd.

	2015 RMB'million	2014 RMB'million
NCI percentage	35.00%	35.00%
Current assets	222	352
Non-current assets	3,064	2,905
Current liabilities	(239)	(340)
Non-current liabilities	(859)	(890)
Accumulated balances of NCI	766	710

	2015 RMB'million	2014 RMB'million
Revenue	232	232
Total expenses	(46)	(94)
Profit for the year	186	138
Total comprehensive income for the year	186	138
Profit for the year allocated to NCI	65	49
Dividends paid to NCI	-	-

	2015 RMB'million	2014 RMB'million
Net cash flows from/(used in) operating activities	24	(79)
Net cash flows (used in)/from investing activities	(2)	1
Net cash flows used in financing activities	(124)	(130)
Net decrease in cash and cash equivalents	(102)	(208)

34. Partly-owned subsidiaries with material non-controlling interests (continued)

Yantai Zhifu Wanda Plaza Co., Ltd.

	2015 RMB'million	2014 RMB'million
NCI percentage	30.00%	30.00%
Current assets	2,498	4,229
Non-current assets	2,557	2,630
Current liabilities	(3,468)	(6,005)
Non-current liabilities	(725)	(483)
Accumulated balances of NCI	259	111

	2015 RMB'million	2014 RMB'million
Revenue	1,688	1,688
Total expenses	(1,241)	(1,371)
Profit for the year	447	317
Total comprehensive income for the year	447	317
Profit for the year allocated to NCI	134	95
Dividends paid to NCI	-	-

	2015 RMB'million	2014 RMB'million
Net cash flows from operating activities	1,884	558
Net cash flows used in investing activities	(691)	(776)
Net cash flows used in financing activities	(1,278)	(401)
Net decrease in cash and cash equivalents	(85)	(619)

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35. Acquisitions of subsidiaries

(a) Acquisition of Tianjin Pilot Free Trade Zone Wanda Real Estate Co., Ltd. (“Tianjin Pilot Free Trade Zone”)

In August 2015, the Group entered into a cooperation agreement with Tianjin Tiansheng Investment Management Co., Ltd. (“Tianjin Tiansheng”) on the Tianjin Yujiabao Wanda Plaza Project. The Group acquired 85% of equity interest in Tianjin Pilot Free Trade Zone by enlarging the registered capital for a total consideration of RMB175 million, which has been paid by December 31, 2015.

The fair values of the identifiable assets and liabilities of Tianjin Pilot Free Trade Zone as at the date of acquisition were as follows:

	Fair value recognised on acquisition RMB'million
Cash and bank balances	175
Inventories	627
Investment properties	455
Other payables and accruals	(1,011)
Deferred tax liabilities	(39)
Total identifiable net assets at fair value	207
Non-controlling interests at proportionate share of identifiable net assets	(31)
Gain on bargain purchase	(1)
Satisfied by cash	175

An analysis of the net cash flow in respect of the acquisition of Tianjin Pilot Free Trade Zone is as follows:

	RMB'million
Cash consideration	175
Cash and bank balances acquired	(175)
Net cash outflow included in cash flows from investing activities	–

Since the acquisition, Tianjin Pilot Free Trade Zone has contributed nil to the Group's revenue and a loss of RMB10 million to the consolidated profit for the year ended 31 December 2015.

Had the combination taken place on 1 January 2015, the Group's revenue and profit for the year ended 31 December 2015 would have been RMB124,203 million and RMB30,081 million, respectively.

The Group incurred transaction costs of RMB1 million for this acquisition. These acquisition costs have been expensed and included in other expenses in the consolidated statement of profit or loss.

35. Acquisitions of subsidiaries (continued)

(b) Acquisition of Jinshida

In November 2015, the subsidiary of the Group, Xi'an Jinsheng Real Estate Co., Ltd. ("Xi'an Jinsheng") entered into an agreement with Shaanxi Coal and Chemical Group Co., Ltd. ("Shaanxi Coal and Chemical"), pursuant to which Xi'an Jinsheng acquired from Shaanxi Coal and Chemical its 20% equity interest in Jinshida. In December 2015, Xi'an Jinsheng entered into an agreement with Shaanxi Jincheng Xinyuan Property Co., Ltd. ("Jincheng Xinyuan"), pursuant to which Xi'an Jinsheng acquired from Jincheng Xinyuan its 40% equity interest in Jinshida. The total consideration for the acquisition of entire 60% equity interest was RMB2,911 million. As at 31 December 2015, RMB2,791 million out of the total consideration of RMB2,911 million had been paid. The non-controlling interests were measured at their proportionate share of Jinshida's identifiable net assets.

The fair values of the identifiable assets and liabilities of Jinshida at the date of acquisition were as follows:

	Fair value recognised on acquisition RMB'million
Cash and bank balances	1
Inventories	2,886
Property, plant and equipment	3
Investment properties	218
Deferred tax liabilities	(246)
Other payables and accruals	(4)
Total identifiable net assets at fair value	2,858
Non-controlling interests at proportionate share of identifiable net assets	(1,143)
Goodwill on acquisition	1,196
Satisfied by cash	2,911

The goodwill of RMB1,196 million recognised above is due to the new markets entered by the Group to achieve the business diversification. The above factor is neither separable nor contractual and therefore does not meet the criteria for recognition as intangible assets under HKAS 38 *Intangible Assets*. None of the goodwill recognised is expected to be deductible for income tax purposes.

An analysis of the net cash flow in respect of the acquisition of Jinshida is as follows:

	RMB'million
Cash consideration	2,791
Cash and bank balances acquired	(1)
Net cash inflow included in cash flows from investing activities	2,790

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36. Disposal of a subsidiary

Disposal of Wanda Information Technology Co., Ltd. (“Wanda Information Technology”)

In December 2015, the Company disposed of its 100% equity interest in Wanda Information Technology to Wanda Network Finance Services (Shanghai) Company Limited, which is a fellow subsidiary of the Company, for a cash consideration of RMB60 million based on the agreed value of equity interest. The consideration was determined after considering the technologies and customer relationships developed by Wanda Information Technology in its ordinary business, which resulted in a disposal gain accordingly.

	2015 RMB'million
Net assets disposed of:	
Cash and bank balances	341
Prepayments, deposits and other receivables	52
Property, plant and equipment	495
Other intangible assets	214
Trade payables	(93)
Other payables and accruals	(1,701)
Total net liabilities	(692)
Gain on disposal of Wanda Information Technology	752
Satisfied by cash	60

An analysis of the cash flows in respect of the disposal of Wanda Information Technology is as follows:

	RMB'million
Cash consideration received	60
Cash and bank balances disposed of	(341)
Net outflow of cash and cash equivalents in respect of disposal of Wanda Information Technology	(281)

37. Contingent liabilities

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

	2015 RMB'million	2014 RMB'million
Guarantees given to banks for:		
Mortgage facilities granted to purchasers of the Group's properties	45,756	44,406

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

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

38. Operating lease arrangements

(a) As lessor

The Group leases out its investment properties under operating lease arrangements on terms ranging from one to twenty five years and with an option for renewal after the expiry dates, at which time all terms will be renegotiated.

At the end of the reporting period, the Group and the Company had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	2015 RMB'million	2014 RMB'million
Within one year	11,630	9,622
In the second to fifth years inclusive	29,082	28,339
After five years	19,992	18,111
	60,704	56,072

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38. Operating lease arrangements (continued)

(b) As lessee

The Group leases certain of its office premises, plant and warehouses under operating lease arrangements. Leases of the properties are negotiated for terms ranging from one to five years.

At the end of the reporting period, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	2015 RMB'million	2014 RMB'million
Within one year	54	78
In the second to fifth years inclusive	65	90
After five years	2	–
	121	168

39. Commitments

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

	2015 RMB'million	2014 RMB'million
Contracted, but not provided for:		
Land, buildings, plant and machinery	133,834	148,712
Investment in a fellow subsidiary	750	–
	134,584	148,712

In addition, the Group's share of the joint ventures' own capital commitments, which are not included in the above, is as follows:

	2015 RMB'million	2014 RMB'million
Contracted, but not provided for	1,313	1,165
	1,313	1,165

40. Related party transactions

(a) Significant related party transactions

In addition to the transactions detailed elsewhere in the financial statements, the Group had the following transactions with related parties during the year:

	2015 RMB'million	2014 RMB'million
The Parent:		
Acquisitions of equity interests**	–	5,804
Rendering of services*/**	–	1
Rental income**	1	–
Disposal of a subsidiary**	–	94
Fellow subsidiaries:		
Purchase of goods**	10	35
Purchase of services*/**	582	548
Rendering of services*/**	291	210
Rental income**	553	440
Disposal of a subsidiary (note 36)**	60	4,135

	2015 RMB'million	2014 RMB'million
Companies controlled by the ultimate controlling shareholder:		
Purchase of goods**	18	33
Purchase of services*/**	15	50
Rendering of services*/**	162	163
Rental income**	1,147	1,202

Transactions related to goods, services and rental services were made according to the published prices and conditions offered to the major customers of the Group. The disposals of the subsidiaries were made according to either the fair values determined by valuation report or the sales prices agreed by counterparties.

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

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

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40. Related party transactions (continued)

(b) Outstanding balances with related parties

	2015 RMB'million	2014 RMB'million
Trade receivables due from		
Fellow subsidiaries	68	36
Companies controlled by the ultimate controlling shareholder and a close family member	12	2
Other receivables due from		
The Parent	-	-
Fellow subsidiaries	31	-
Trade payables due to		
Fellow subsidiaries	3	8
Companies controlled by the ultimate controlling shareholder	5	28
Other payables due to		
The Parent	303	309
Fellow subsidiaries	63	87
Companies controlled by the ultimate controlling shareholder	88	192
Loans due to		
Fellow subsidiaries	1,000	2,000

The above loan balances are unsecured, have fixed terms of repayment in 2018 and bear interest at annual interest rate ranging from 5.5% to 6.1%.

(c) Guarantees provided by related parties

	2015 RMB'million	2014 RMB'million
Transactions:		
Guarantees provided by the Parent and the ultimate controlling shareholder for the Group's bank and other borrowings	26,953	34,918
Balance:		
Outstanding balances of the guaranteed loans	21,353	29,235

40. Related party transactions (continued)

(d) Compensation of key management personnel of the Group

	2015 RMB'million	2014 RMB'million
Salaries, allowances	102	76
Performance related bonuses	33	29
Pension schemes contributions	1	–*
Share-based payments	39	20
Total compensation paid to key management personnel	175	125

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

41. Financial instruments by category

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

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

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41. Financial instruments by category (continued)

	As at 31 December 2014			
	Derivative financial instruments RMB'million	Loans and receivables RMB'million	Available- for-sale financial assets RMB'million	Total RMB'million
Financial assets:				
Long-term receivables	–	10	–	10
Available-for-sale investments	–	–	35	35
Other current assets	–	–	971	971
Trade and bills receivables	–	848	–	848
Financial assets included in prepayments, deposits and other receivables	–	4,999	–	4,999
Restricted cash	–	6,732	–	6,732
Cash and cash equivalents	–	86,303	–	86,303
	–	98,892	1,006	99,898

	Financial liabilities at amortised cost	
	2015 RMB'million	2014 RMB'million
Financial liabilities:		
Trade and bills payables	64,420	53,743
Financial liabilities included in other payables and accruals	24,449	17,087
Dividend payables	13	13
Bonds and notes	32,651	7,210
Interest-bearing bank and other borrowings	153,995	173,759
	275,528	251,812

42. Fair value and fair value hierarchy of financial instruments

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

Carrying amounts

	2015 RMB'million	2014 RMB'million
Financial liabilities		
Bonds and notes and interest-bearing bank and other borrowings	186,646	180,969

Fair values

	2015 RMB'million	2014 RMB'million
Financial liabilities		
Bonds and notes and interest-bearing bank and other borrowings	188,234	180,969

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

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

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

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43. Financial risk management objectives and policies

The Group's principal financial instruments comprise cash and cash equivalents, restricted cash, bonds and notes and interest-bearing bank and other borrowings. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are credit risk, interest rate risk, foreign currency risk, and liquidity risk. The Group does not hold or issue derivative financial instruments for trading purposes. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below:

(a) Credit risk

The Group has no concentration of credit risk. The Group's cash and cash equivalents are mainly deposited with reputable overseas banks and state-owned banks in Mainland China. The carrying amounts of the trade receivables, other receivables, restricted cash, cash and cash equivalents included in the consolidated statement of financial position represent the Group's maximum exposure to credit risk in relation to its financial assets. The Group has no other financial assets which carry significant exposure to credit risk. The Group has arranged bank financing for certain purchasers of its properties and has provided guarantees to secure the obligations of these purchasers for repayments.

(b) Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long term debt obligations with floating interest rates.

If interest rates had been 100 basis points higher/lower and all other variables are held constant, the Group's interest charge would have increased/decreased by approximately RMB863 million for the year ended 31 December 2015 (2014: RMB753 million). This is mainly attributable to the Group's exposure to interest rates on its variable-rate bank and other borrowings.

(c) Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets (e.g., trade receivables) and projected cash flows from operations.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans.

43. Financial risk management objectives and policies (Continued)

(c) Liquidity risk (Continued)

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

	As at 31 December 2015				
	Less than 1 year RMB'million	1 to 2 years RMB'million	2 to 5 years RMB'million	Over 5 years RMB'million	Total RMB'million
Interest-bearing bank and other borrowings	50,274	30,907	46,606	65,071	192,858
Trade payables	64,420	–	–	–	64,420
Other payables	24,449	–	–	–	24,449
Bonds and notes	1,586	1,586	32,460	4,720	40,352
	140,729	32,493	79,066	69,791	322,079

	As at 31 December 2014				
	Less than 1 year RMB'million	1 to 2 years RMB'million	2 to 5 years RMB'million	Over 5 years RMB'million	Total RMB'million
Interest-bearing bank and other borrowings	48,135	56,448	55,779	58,738	219,100
Trade payables	53,743	–	–	–	53,743
Other payables	17,087	–	–	–	17,087
Bonds and notes	445	445	4,818	4,792	10,500
	119,410	56,893	60,597	63,530	300,430

(d) Capital management

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

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment 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 reporting periods.

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43. Financial risk management objectives and policies (continued)

(d) Capital management (continued)

The Group monitors capital using gearing ratio and the debt-to-asset ratio. The gearing ratio is defined as net debt divided by capital. Net debt represents interest-bearing bank and other borrowings plus bonds and notes less cash and cash equivalents and restricted cash. Capital represents total equity. The debt-to-asset ratio is total liabilities net of advance from customers divided by total assets. The gearing ratios at the end of the reporting period were as follows:

	2015 RMB'million	2014 RMB'million
Interest-bearing bank and other borrowings	153,995	173,759
Bonds and notes	32,651	7,210
Less:		
Cash and cash equivalents	(66,606)	(86,303)
Restricted cash	(6,542)	(6,732)
Net debt	113,498	87,934
Total equity	185,897	155,146
Gearing ratio	61.1%	56.7%

The debt-to-asset ratios at the end of the reporting period were as follows:

	2015 RMB'million	2014 RMB'million
Total liabilities	453,663	409,148
Less:		
Advance from customers	(133,744)	(118,914)
	319,919	290,234
Total assets	639,560	564,294
Debt-to-asset ratio	50.0%	51.4%

44. Events after the reporting period

On 12 January 2016, the Company published the Offering Circular of Dalian Wanda Commercial Properties Co., Ltd. 2016 Corporate Bonds (First Tranche) on the website of the Shanghai Stock Exchange. The Company will issue the corporate bonds totalling no more than RMB15 billion. On 15 January 2016, the issuance of the First Tranche was completed, totalling RMB5 billion, with par value of RMB100 per unit, an interest rate of 3.2% and a maturity period of 5 years. The amount raised will be used by the Group to repay borrowings and loans, improve the liquidity and for other purposes permitted by the relevant law and legislation.

45. Statement of financial position of the Company

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2015 RMB'million	2014 RMB'million
NON-CURRENT ASSETS		
Property, plant and equipment	1,053	1,087
Investment properties	1,428	1,415
Prepaid land lease payments	304	312
Other intangible assets	134	90
Investments in subsidiaries	119,082	113,875
Long-term receivables	10	10
Available-for-sale investments	35	35
Total non-current assets	122,046	116,824
CURRENT ASSETS		
Inventories	109	322
Trade and bills receivables	25	5
Prepayments, deposits and other receivables	56,453	30,228
Restricted cash	361	959
Cash and cash equivalents	11,905	29,913
Total current assets	68,853	61,427
CURRENT LIABILITIES		
Trade and bills payables	45	59
Other payables and accruals	108,758	118,439
Interest-bearing bank and other borrowings	7,400	7,690
Dividend payables	13	13
Tax payable	-	6
Total current liabilities	116,216	126,207
NET CURRENT LIABILITIES	(47,363)	(64,780)
TOTAL ASSETS LESS CURRENT LIABILITIES	74,683	52,044
NON-CURRENT LIABILITIES		
Interest-bearing bank and other borrowings	7,015	13,635
Bonds and notes	25,000	-
Deferred tax liabilities	123	113
Total non-current liabilities	32,138	13,748
Net assets	42,545	38,296
EQUITY		
Share capital	4,527	4,475
Reserves	38,018	33,821
Total equity	42,545	38,296

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45. Statement of financial position of the Company (continued)

A summary of the Company's reserves is as follows:

	Share capital	Share premium	Capital reserve	Revaluation reserve	Statutory reserve	Exchange fluctuation reserve	Retained profits	Total	Total equity
	RMB'million	RMB'million	RMB'million	RMB'million	RMB'million	RMB'million	RMB'million	RMB'million	RMB'million
At 1 January 2014	3,736	-	-	-	1,565	-	7,844	13,145	13,145
Profit for the year	-	-	-	-	-	-	3,959	3,959	3,959
Other comprehensive income for the year	-	-	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-	-	3,959	3,959	3,959
Issue of shares	739	22,385	-	-	-	-	-	23,124	23,124
Transfer from retained profits	-	-	-	-	396	-	(396)	-	-
Final 2013 dividend	-	-	-	-	-	-	(1,999)	(1,999)	(1,999)
Share-based payments	-	-	252	-	-	-	(185)	67	67
At 31 December 2014	4,475	22,385	252	-	1,961	-	9,223	38,296	38,296
At 1 January 2015	4,475	22,385	252	-	1,961	-	9,223	38,296	38,296
Profit for the year	-	-	-	-	-	-	6,397	6,397	6,397
Other comprehensive income for the year	-	-	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-	-	6,397	6,397	6,397
Issue of shares	52	2,066	-	-	-	-	-	2,118	2,118
Transfer from retained profits	-	-	-	-	303	-	(303)	-	-
Final 2014 dividend	-	-	-	-	-	-	(4,301)	(4,301)	(4,301)
Share-based payments	-	-	7	-	-	-	28	35	35
At 31 December 2015	4,527	24,451	259	-	2,264	-	11,044	42,545	42,545

46. Approval of the financial statements

The financial statements were approved and authorised for issue by the board of directors on 23 March 2016.

Definition

“Articles of Association” or “Articles”	the articles of association of the Company
“Beijing Dagexing”	Beijing Dagexing Investment Co., Ltd (北京大歌星投資有限公司), a company established under the laws of the PRC with limited liability on July 6, 2010 and an indirect wholly-owned subsidiary of Dalian Wanda Group, and our Connected Person
“Beijing Dagexing Group”	Beijing Dagexing and its subsidiaries
“Board” or “Board of Directors”	the board of directors of the Company
“China” or “PRC”	the People’s Republic of China, but for the purpose of this annual report only, excluding Hong Kong, Macau and Taiwan
“city(ies)”	cities within PRC and, for the purpose of this annual report and for geographical reference only, prefectural-level cities, sub-provincial cities, county-level cities and sub-prefectural cities
“Company” or “Wanda Commercial”	Dalian Wanda Commercial Properties Co., Ltd. (大連萬達商業地產股份有限公司), a joint stock company with limited liability incorporated in the PRC on December 10, 2009
“Connected Person(s)”	has the meaning ascribed to it under the Listing Rules
“Connected Transaction(s)”	has the meaning ascribed to it under the Listing Rules
“Continuing Connected Transaction(s)”	has the meaning ascribed to it under the Listing Rules
“Controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules and, unless the context requires otherwise, refers to Mr. WANG Jianlin, Dalian Hexing and Dalian Wanda Group
“Corporate Governance Code”	The Corporate Governance Code as set out in Appendix 14 to the Listing Rules
“CSRC”	China Securities Regulatory Commission (中華人民共和國證券監督管理委員會)
“Dalian Hexing”	Dalian Hexing Investment Co., Ltd. (大連合興投資有限公司), a company incorporated in the PRC with limited liability on April 27, 2007 which is directly owned as to 98% by Mr. WANG Jianlin and as to 2% by Mr. WANG Sicong, Mr. WANG Jianlin’s son, and a Controlling Shareholder of the Company
“Dalian Wanda Group”	Dalian Wanda Group Co., Ltd. (大連萬達集團股份有限公司), a joint stock company incorporated in the PRC with limited liability on September 28, 1992, which is a Controlling Shareholder of the Company, holding a 43.712% equity interest in the Company
“Director(s)”	the director(s) of the Company
“Domestic Share(s)”	ordinary shares issued by the Company in the PRC, with a nominal value of RMB1.00 each, which are subscribed for and paid for in RMB

Definition

“DTZ”	DTZ Debenham Tie Leung Limited
“GFA”	GFA the GFA of a building comprise the area contained within the external walls of the building measured at each floor level (including any floor below ground level and the thickness of the external walls of the building). For both above-ground areas and underground areas, the GFA generally include mechanical and electrical service rooms, refuse rooms, water tanks and carparking floors.
“Group” or “we”	the Company and its subsidiaries
“H Share Registrar”	Computershare Hong Kong Investor Services Limited
“H Share(s)”	overseas listed foreign shares in the ordinary share capital of the Company, with a nominated value of RMB1.00 each, which are listed on the Main Board of the Stock Exchange
“HK\$” or “Hong Kong dollars”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong” or “HK”	Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange” or “Stock Exchange”	The Stock Exchange of Hong Kong Limited
“independent third party(ies)”	any party(ies) who is/are not connected (within the meaning of the Listing Rules) with any director, chief executive or Substantial Shareholder of the Company or any of its subsidiaries or an associate of any of them
“LFA”	the aggregate GFA of the leasable portion in the investment property
“Listing”	The listing of the Shares on the Stock Exchange
“Listing Date”	23 December 2014, the date on which dealings in the Shares first commence on the Stock Exchange
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange (as amended from time to time)
“Macau”	the Macau Special Administrative Region of the PRC
“Model Code”	The Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
“Non-competition Undertaking”	The non-competition undertaking dated December 4, 2014 in favour of the Company entered into among Mr. Wang Jianlin, Dalian Hexing and Dalian Wanda Group. Please refer to the Prospectus for details of the Non-Competition Undertaking
“Prospectus”	The prospectus of the Company dated December 10, 2014
“province(s)”	the provinces and, for the purpose of this annual report and for geographical reference only, autonomous regions and municipalities directly administered by the PRC central government

"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC
"SFO" or "Securities and Futures Ordinance"	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise, modified from time to time
"Share(s)"	share(s) in the share capital of our Company, with a nominal value of RMB1.00 each, comprising our Domestic Shares and our H Shares
"Shareholder(s)"	the holder(s) of the shares of our Company
"subsidiary(ies)"	has the meaning ascribed to it under the Listing Rules
"Supervisor(s)"	the supervisor(s) of our Company
"Supervisory Committee"	the Supervisory committee of the Company
"U.K." or "United Kingdom"	the United Kingdom, its territories, its possessions and all areas subject to its jurisdiction
"U.S." or "United States"	the United States of America, its territories and possessions, any State of the United States, and the District of Columbia
"US\$" or "U.S. dollars"	United States dollars, the lawful currency of the United States
"Wanda Cinema"	Wanda Cinema Line Co., Ltd. (萬達電影院線股份有限公司), a company established under the laws of the PRC as a joint stock company on January 20, 2005 and a 60.41% indirectly owned subsidiary of Mr. Wang Jianlin, the ultimate controlling shareholder of the Company, and the Connected Person
"Wanda Commercial Management"	Wanda Commercial Management Co., Ltd., a company established in the PRC with limited liabilities on February 8, 2007 and a wholly-owned subsidiary of the Company
"Wanda Cultural Group"	Beijing Wanda Cultural Industry Group Co., Ltd. (北京萬達文化產業集團有限公司), a company established under the Laws of the PRC with limited liability on September 19, 2012 and which is directly wholly-owned by Dalian Wanda Group, and is the Connected Person
"Wanda Department Store"	Wanda Department Store Co., Ltd. (萬達百貨有限公司), a company established under the laws of the PRC with limited liability on April 17, 2007 and is indirectly wholly-owned by Mr. WANG Jianlin, and the Connected Person
"Wanda Hotel Development"	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, an exempted company incorporated in Bermuda on November 2, 2000 with limited liability whose shares are listed on the Stock Exchange (stock code:169) and a 65.04% owned subsidiary of our Company as of the date of this annual report

Corporate Information

Directors	
Executive Directors	Mr. DING Benxi (<i>Chairman</i>) Mr. QI Jie (<i>President</i>) Mr. WANG Zhibin
Non-executive Directors	Mr. QU Dejun Mr. YIN Hai Mr. LIU Zhaohui
Independent Non-executive Directors	Dr. HU, Fred Zulu Mr. QI Daqing Mr. LI Guinian
Strategic Committee	Mr. DING Benxi (<i>Chairman</i>) Mr. QI Jie Mr. LI Guinian
Audit Committee	Mr. QI Daqing (<i>Chairman</i>) Mr. LIU Zhaohui Mr. LI Guinian
Nomination Committee	Mr. LI Guinian (<i>Chairman</i>) Mr. YIN Hai Mr. QI Daqing
Remuneration and Evaluation Committee	Dr. HU, Fred Zulu (<i>Chairman</i>) Mr. YIN Hai Mr. QI Daqing
Supervisors	Mr. ZHAO Deming (<i>Chairman</i>) Mr. LIU Chee Ming Mr. HOU Hongjun
Company secretary	Mr. Hui Yung Chris
Assistant Company Secretary	Ms. Ng Wing Shan
Authorized Representatives	Mr. QU Dejun Mr. Hui Yung Chris
Registered Office	No. 539, Changjiang Road, Xigang District, Dalian, Liaoning Province, the People's Republic of China

Principal Place of Business in PRC	Block B, Wanda Plaza, No. 93 Jianguo Road, Chaoyang District, Beijing, the People's Republic of China
Principal place of business in Hong Kong	Unit 3007, 30/F, Two Exchange Square, 8 Connaught Place, Central, Hong Kong
Principal Bankers	Bank of China Agricultural Bank of China Industrial and Commercial Bank of China China Merchants Bank China Everbright Bank
Compliance advisor	China International Capital Corporation Hong Kong Securities Limited
International auditors	Ernst & Young
Hong Kong Legal Advisor	Freshfields Bruckhaus Deringer
PRC Legal Advisor	Tian Yuan Law Firm
H Share Registrar	Computershare Hong Kong Investor Services Limited Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong
Company's Website	www.wandaplazas.com
Stock Code	3699
Listing Place	The Stock Exchange of Hong Kong Limited



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