Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

萬達酒店發展有限公司

WANDA HOTEL DEVELOPMENT COMPANY LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code : 169)

ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2017

The board (the "Board") of directors (the "Directors") of Wanda Hotel Development Company Limited (the "Company") announces the consolidated financial results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2017, with the comparative figures for the year ended 31 December 2016, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the year ended 31 December 2017
(Expressed in Hong Kong dollars)

	Notes	**2017**	2016
		$'000	*$'000*
			(Restated)
Continuing operations			
Revenue	*4*	**213,440**	250,129
Cost of sales		**(61,189)**	(111,230)
Gross profit		**152,251**	138,899
Other revenue	*5*	**8,424**	12,553
Other net (loss)/gain	*5*	**(99,488)**	78,745
Net valuation (loss)/gain on investment properties		**(9,310)**	225,959
Selling expenses		**(98,688)**	(47,653)
Administrative expenses		**(62,407)**	(63,092)
(Loss)/profit from continuing operations		**(109,218)**	345,411
Finance costs	*7*	**(211,216)**	(203,789)
(Loss)/profit before tax from continuing operations	*6*	**(320,434)**	141,622
Income tax expense	*8*	**(139,033)**	(124,640)
(Loss)/profit for the year from continuing operations		**(459,467)**	16,982
Discontinued operations			
(Loss)/profit for the year from discontinued operations	*10*	**(379,669)**	59,087
(Loss)/profit for the year		**(839,136)**	76,069
(Loss)/profit attributable to:			
Owners of the parent	*9*	**(470,335)**	(60,663)
Non-controlling interests		**(368,801)**	136,732
		(839,136)	76,069
Loss per share attributable to ordinary equity holders of the parent(HK cents)	*9*		
Basic and diluted			
— For loss for the year		**(10.0)**	(1.3)
— For loss from continuing operations		**(5.2)**	(2.0)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2017
(Expressed in Hong Kong dollars)

	2017	2016
	$'000	*$'000*
(Loss)/profit for the year	**(839,136)**	76,069
Other comprehensive income/(loss)		
Other comprehensive income/(loss) item to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**480,038**	(280,331)
Reclassification adjustments for a foreign operation disposed of during the year	**540,235**	—
Other comprehensive income/(loss) for the year, net of tax	**1,020,273**	(280,331)
Total comprehensive income/(loss) for the year	**181,137**	(204,262)
Attributable to:		
Owners of the parent	**135,658**	(205,922)
Non-controlling interests	**45,479**	1,660
	181,137	(204,262)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31 December 2017

(Expressed in Hong Kong dollars)

	Notes	**2017** **$'000**	2016 *$'000*
Non-current assets			
Property, plant and equipment		**366,062**	985,638
Freehold land		**158,794**	1,310,682
Investment properties		**3,934,631**	3,795,711
Prepaid land lease payments		**18,036**	17,313
Goodwill		**4,636**	15,654
Investment in a joint venture		**—**	506,752
Deferred tax assets		**38,104**	139,665
Total non-current assets		**4,520,263**	6,771,415
Current assets			
Properties under development		**1,878,000**	4,357,658
Completed properties held for sale		**239,665**	250,227
Trade and other receivables	*12*	**36,670**	43,976
Prepaid tax		**—**	752
Other current assets		**8,374**	—
Restricted bank deposits		**202,833**	502,856
Cash and cash equivalents		**2,087,969**	2,680,562
		4,453,511	7,836,031
Assets classified as held for sale	*10, 13*	**10,277,000**	2,032,755
Total current assets		**14,730,511**	9,868,786
Current liabilities			
Trade and other payables	*14*	**5,822,486**	4,138,078
Receipts in advance		**58,750**	78,003
Loans from financial institutions		**183,849**	1,627,784
Loans from an intermediate holding company		**3,608,449**	684,380
Loans from related parties and other borrowings		**213,518**	231,964
Current taxation		**245,943**	208,014
		10,132,995	6,968,223
Liabilities directly associated with the assets classified as held for sale	*10*	**3,007,294**	2,043
Total current liabilities		**13,140,289**	6,970,266
Net current assets		**1,590,222**	2,898,520
Total assets less current liabilities		**6,110,485**	9,669,935

	Notes	**2017**	2016
	Notes	***$'000***	*$'000*
Non-current liabilities			
Loans from financial institutions		**1,631,087**	1,743,994
Loans from an intermediate holding company		**757,929**	4,109,095
Loans from related parties and other borrowings		**73,565**	34,332
Interest payable to an intermediate holding company	*14*	**—**	344,712
Deferred tax liabilities		**594,018**	520,982
Total non-current liabilities		**3,056,599**	6,753,115
NET ASSETS		**3,053,886**	2,916,820
Equity			
Equity attributable to owners of the parent			
Share capital	*15*	**469,735**	469,735
Accumulated losses		**(741,425)**	(267,965)
Other reserves		**2,390,357**	1,781,239
		2,118,667	1,983,009
Non-controlling interests		**935,219**	933,811
TOTAL EQUITY		**3,053,886**	2,916,820

NOTES

(Expressed in Hong Kong dollars unless otherwise indicated)

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. These financial statements also comply with applicable disclosure provisions of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

They have been prepared under the historical cost convention, except for investment properties which have been measured at fair value. Disposal groups held for sale are stated at the lower of their carrying amounts and fair values less costs to sell. These financial statements are presented in Hong Kong dollars ("$") and all values are rounded to the nearest thousand ("$'000") except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2017. 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 assessing 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.

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 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 interest 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 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to HKAS 7	*Disclosure Initiative*
Amendments to HKAS 12	*Recognition of Deferred Tax Assets for Unrealised Losses*
Amendments to HKFRS 12 included in *Annual Improvements to HKFRSs 2014-2016 Cycle*	*Disclosure of Interests in Other Entities*: *Clarification of the Scope of HKFRS 12*

The nature and the impact of the amendments are described below:

(a) Amendments to HKAS 7 require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

(b) Amendments to HKAS 12 clarify that an entity, when assessing whether taxable profits will be available against which it can utilise a deductible temporary difference, needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount. The amendments have had no impact on the financial position or performance of the Group as the Group has no deductible temporary differences or assets that are in the scope of the amendments.

(c) Amendments to HKFRS 12 clarify that the disclosure requirements in HKFRS 12, other than those disclosure requirements in paragraphs B10 to B16 of HKFRS 12, apply to an entity's interest in a subsidiary, a joint venture or an associate, or a portion of its interest in a joint venture or an associate that is classified as held for sale or included in a disposal group classified as held for sale. The amendments have had no impact on the Group's financial statements.

3 OPERATING SEGMENT INFORMATION

The Group manages its businesses by projects in different geographical locations. In a manner consistent with the way in which information is reported internally to the Group's senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following two reportable segments. No operating segments have been aggregated to form the following reportable segments.

- The People's Republic of China (the "PRC"): this segment engages in the development of commercial and residential properties for sales and leasing in the PRC.

- Overseas: this segment engages in the development of overseas property projects.

The Group manages several overseas property projects, which are located in London, Madrid, Chicago, Gold Coast and Sydney, respectively.

On 1 June 2017, the Company disposed of its entire interest in the Madrid property project. On 16 January 2018, the Company entered into a sale and purchase agreement and has conditionally agreed to sell its entire interest in the London property project. On 18 January 2018, Wanda Australia Real Estate Investment Co., Limited ("Wanda Australia RE"), a non-wholly owned subsidiary of the Company, entered into a master agreement and has conditionally agreed to sell its entire interest in the Sydney and Gold Coast property projects.

Over 73.9% of the Group's overseas assets are generated from the project disposed of and the projects to be disposed of as mentioned above, which were classified as discontinued operations during 2017. As such, the Chicago project is the only remaining overseas property project under the Overseas segment.

(i) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following basis:

Segment assets exclude the head office's assets and goodwill and segment liabilities exclude the head office's liabilities as these assets and liabilities are managed on a group basis.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

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

	Continuing operations			Discontinued operations	
	The PRC	**Overseas**	**Total**	**Overseas**	**Total**
	$'000	*$'000*	*$'000*	*$'000*	*$'000*
For the year ended 31 December 2017					
Revenue from external customers	213,440	—	213,440	871	214,311
Reportable segment profit/(loss)	159,123	(101,627)	57,496	(384,084)	(326,588)
For the year ended 31 December 2016 (Restated)					
Revenue from external customers	250,129	—	250,129	124,037	374,166
Reportable segment profit/(loss)	300,549	(95,275)	205,274	59,798	265,072
As at 31 December 2017					
Reportable segment assets	5,367,070	3,611,031	8,978,101	10,239,959	19,218,060
Reportable segment liabilities	2,619,058	6,000,718	8,619,776	3,007,294	11,627,070
As at 31 December 2016 (Restated)					
Reportable segment assets	5,140,655	2,492,229	7,632,884	8,951,531	16,584,415
Reportable segment liabilities	2,534,782	4,543,723	7,078,505	2,352,229	9,430,734

(ii) Reconciliations of reportable segment revenue, profit or loss, assets and liabilities

	2017	2016
	$'000	*$'000*
		(Restated)
Revenue		
Reportable segment from continuing operations	**213,440**	250,129
Revenue from discontinued operations	**871**	124,037
Consolidated revenue	**214,311**	374,166
(Loss)/profit before tax		
Reportable segment profit from continuing operations	**57,496**	205,274
Unallocated head office and corporate results	**(377,930)**	(63,652)
Consolidated (loss)/profit before tax from continuing operations	**(320,434)**	141,622

	2017	2016
	$'000	*$'000*
		(Restated)
Assets		
Reportable segment assets from continuing operations	**8,978,101**	7,632,884
Unallocated head office and corporate assets	**32,714**	55,786
Assets related to discontinued operations	**10,239,959**	8,951,531
Consolidated total assets	**19,250,774**	16,640,201
Liabilities		
Reportable segment liabilities from continuing operations	**8,619,776**	7,078,505
Unallocated head office and corporate liabilities	**4,569,818**	4,292,647
Liabilities related to discontinued operations	**3,007,294**	2,352,229
Consolidated total liabilities	**16,196,888**	13,723,381

(iii) Geographical information

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

	Reportable segment revenue from external customers		**Specified non-current assets**	
	2017	2016	**2017**	2016
	$'000	*$'000*	***$'000***	*$'000*
		(Restated)		(Restated)
The PRC (including Hong Kong)	**213,440**	250,129	**3,966,708**	3,843,375
Overseas	**—**	—	**515,451**	670,831
	213,440	250,129	**4,482,159**	4,514,206

(iv) Information about major customers

The Group had one customer with whom transactions exceeded 10% of the Group's revenue for the year ended 31 December 2017 (2016:Nil). For the year ended 31 December 2017, the revenue from this customer amounted to $ 57,838,000 (2016:Nil).

4 REVENUE

Revenue represents income from the sale of properties, property rental income and property management income during the year, net of sales related taxes and discounts allowed. An analysis of revenue from continuing operations is as follows:

	2017	2016
	$'000	*$'000*
		(Restated)
Sale of properties	**33,748**	149,055
Rental income	**154,443**	74,741
Property management income	**25,249**	26,333
	213,440	250,129

5 OTHER REVENUE AND OTHER NET (LOSS)/GAIN

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

	2017	2016
	$'000	*$'000*
		(Restated)
Other revenue		
Bank interest income	**8,424**	12,553
Other net (loss)/gain		
Exchange (loss)/gain	**(119,406)**	65,024
Impairment of goodwill	**(11,719)**	—
Forfeiture of deposits from purchasers	**823**	794
Gain on disposal of investment properties	**20,496**	—
Others	**10,318**	12,927
	(99,488)	78,745

6 (LOSS)/PROFIT BEFORE TAX FROM CONTINUING OPERATIONS

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

	2017	2016
	$'000	*$'000*
		(Restated)
Cost of properties sold	**29,541**	67,459
Cost of services provided	**31,648**	43,771
Depreciation	**10,706**	12,083
Amortisation of land lease payments	**476**	475
Impairment of goodwill	**11,719**	—
Minimum lease payments under operating leases for land and buildings	**1,604**	1,530
Auditor's remuneration		
— Annual audit services	**1,074**	1,063
— Other services	**1,846**	155
Employee benefit expenses (excluding directors' remuneration):		
— Salaries, wages and other benefits	**27,409**	24,859
— Contributions to defined contribution retirement plans	**4,156**	3,750
	31,565	28,609
Direct operating expenses (including repairs and maintenance) arising on rental-earning investment properties	**17,152**	18,149
Loss/(gain) on disposal of items of property, plant and equipment	**13**	(145)

7 FINANCE COSTS

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

	2017	2016
	$'000	*$'000*
		(Restated)
Interest on loans from financial institutions	**82,849**	77,961
Interest on loans from an intermediate holding company repayable within five years	**125,192**	86,645
Interest on loans from related parties	**—**	39,183
Interest on other borrowings	**34,364**	—
	242,405	203,789
Less: Interest expenses capitalised into properties under development and construction in progress*	**(31,189)**	—
	211,216	203,789

* The borrowing costs have been capitalised at rates ranging from 3.4%-3.8% per annum.

8 INCOME TAX

	2017	2016
	$'000	*$'000*
		(Restated)
Current tax		
Corporate Income Tax *(note (iii))*		
— Charge for the year	**49,625**	38,010
PRC Land Appreciation Tax *(note (iv))*	**46,081**	41,502
	95,706	79,512
Deferred tax		
Origination and reversal of temporary differences:		
— Revaluation of properties	**35,386**	34,986
— Deductibility of PRC Land Appreciation Tax	**6,884**	6,350
— Pre-sale properties in the PRC	**—**	1,514
— Others	**1,057**	2,278
	43,327	45,128
Total tax charge for the year from continuing operations	**139,033**	124,640
Total tax (credit)/charge for the year from discontinued operations	**(4,415)**	711
Total tax charge for the year	**134,618**	125,351

Notes:

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

(ii) No provision for Hong Kong profits tax or overseas corporate tax has been made in the consolidated financial statements as the Group did not have assessable profits in Hong Kong or overseas for the year (2016: Nil).

(iii) Corporate Income Tax ("CIT")

The provision for the PRC CIT has been made at the applicable income tax rate of 25% on the assessable profits of the Group's subsidiaries in Mainland China (2016: 25%). Taxes on profits assessable elsewhere have been calculated at the rate of tax prevailing in the countries in which the Group operates.

(iv) PRC Land Appreciation Tax ("LAT")

LAT is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sale of properties less deductible expenditures including land costs, 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 PRC tax laws and regulations. Prior to the actual cash settlement of the LAT liabilities, the LAT liabilities are subject to the final review/approval by the tax authorities.

9 LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

(a) Basic loss per share

Basic loss per share is calculated by dividing the (loss)/profit attributable to ordinary equity holders of the parent over the weighted average number of ordinary shares in issue during the year.

	2017	2016
	$'000	*$'000*
		(Restated)
(Loss)/profit attributable to ordinary equity holders of the parent		
– From continuing operations	**(242,534)**	(96,116)
– From discontinued operations	**(227,801)**	35,453
	(470,335)	(60,663)

	Number of Shares	
	2017	2016
	'000	*'000*
Weighted average number of ordinary shares in issue during the year used in the basic and diluted loss per share calculations	**4,697,347**	4,697,347

(b) Diluted loss per share

The Group had no potentially dilutive ordinary shares in issue during the year ended 31 December 2017 (2016: Nil).

10 DISCONTINUED OPERATIONS

On 3 November 2016, Wanda Europe Real Estate Investment Co., Limited ("Wanda Europe"), a non-wholly-owned subsidiary of the Company, entered into an agreement with Baraka Global Invest, S.L.U. ("Baraka"), pursuant to which Wanda Europe has conditionally agreed to sell, and Baraka has conditionally agreed to acquire the entire issued share capital of Wanda Madrid Development, S.L.U. ("Wanda Madrid", a wholly-owned subsidiary of Wanda Europe) at a consideration of EUR272 million, subject to adjustments to be made to the consideration by taking into account the amount of cash, cash equivalents and amount of indebtedness of Wanda Madrid as at the date of completion. The disposal of Wanda Madrid has been completed on 1 June 2017.

On 16 January 2018, the Company as vendor and R&F Properties (HK) Company Limited ("R&F") as purchaser entered into a sale and purchase agreement in respect of the disposal of 60% of the entire issued share capital of Wanda International Real Estate Investment Co. Limited ("Wanda International") at a consideration of GBP35,609,277.96, and the Company, R&F and Wanda International entered into the relevant shareholder loan repayment agreement, pursuant to which R&F has agreed to repay the debt for and on behalf of Wanda International to the Company, which is currently expected to be GBP159,526,879.25. As the consideration is expected to exceed the net carrying amounts of the relevant assets and liabilities attributable to the disposal group, no impairment loss has been recognised. The disposal has not yet been completed as at the date of this announcement.

On 18 January 2018, Wanda Australia RE, AWH Investment Group Pty Ltd. ("AWH") and Wanda Australia Commercial Properties Pty Ltd. ("Wanda Australia CP") entered into a master agreement in respect of the proposed disposal of the entire equity interest in Wanda Australia CP subject to the terms contained therein, at the consideration of AUD315,044,422 and repayment of the debt in the amount of AUD815,107,691 in instalments. As the consideration is expected to exceed the net carrying amounts of the relevant assets and liabilities attributable to the disposal group, no impairment loss has been recognised. The disposal has not yet been completed as at the date of this announcement.

As at 31 December 2017, Wanda International and its subsidiaries ("Wanda International Group") and Wanda Australia CP and its subsidiaries ("Wanda Australia CP Group") were classified as disposal groups held for sale, and Wanda International Group, Wanda Australia CP Group and Wanda Madrid were classified as discontinued operations.

(i) Wanda International Group:

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

	2017	2016
	$'000	*$'000*
Other revenue	**7**	47
Other net gain/(loss)	**18,633**	(36,522)
Selling expenses	**(15,811)**	(22,188)
Administrative expenses	**(27,512)**	(26,786)
Finance costs	**(12,191)**	—
Loss before tax from the discontinued operation	**(36,874)**	(85,449)
Income tax expense	**(13,281)**	—
Loss for the year from the discontinued operation	**(50,155)**	(85,449)

(b) The major classes of assets and liabilities of Wanda International Group classified as held for sale as at 31 December are as follows:

	2017	2016
	$'000	*$'000*
Property, plant and equipment	**288**	—
Construction in progress	**632,011**	—
Freehold land	**249,182**	—
Long-term prepayment	**315,078**	—
Properties under development	**2,792,561**	—
Trade and other receivables	**18,746**	—
Cash and cash equivalents	**303,793**	—
Assets classified as held for sale	**4,311,659**	—
Trade and other payables	**(522,040)**	—
Loans from an intermediate holding company	**(862,670)**	—
Loans from financial institutions	**(1,575,390)**	—
Liabilities directly associated with the assets classified as held for sale	**(2,960,100)**	—
Net assets directly associated with Wanda International Group	**1,351,559**	—
Exchange reserve on translation of foreign operations	**23,473**	—

(c) The net cash flows incurred by Wanda International Group are as follows:

	2017	2016
	$'000	*$'000*
Operating activities	**(814,527)**	(176,265)
Investing activities	**(280,580)**	(158,480)
Financing activities	**480,370**	488,488
Effect of foreign exchange rate changes	**59,021**	(163,142)
Net cash flow	**(555,716)**	(9,399)

(d) Certain assets of Wanda International Group pledged to secure the loans from financial institutions and bank facilities as follows:

	2017	2016
	$'000	*$'000*
Construction in progress	**632,011**	—
Freehold land	**249,182**	—
Properties under development	**2,792,561**	—
	3,673,754	—

(ii) Wanda Australia CP Group:

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

	2017	2016
	$'000	*$'000*
Revenue	**871**	124,037
Cost of sales	**(1,176)**	(72,955)
Other revenue	**53,372**	847
Other net loss	**(126)**	—
Selling expenses	**(42,550)**	(4,646)
Administrative expenses	**(16,836)**	(15,115)
(Loss)/profit before tax from the discontinued operation	**(6,445)**	32,168
Income tax credit	**17,696**	1,427
Profit for the year from the discontinued operation	**11,251**	33,595

(b) The major classes of assets and liabilities of Wanda Australia CP Group classified as held for sale as at 31 December are as follows:

	2017	2016
	$'000	*$'000*
Property, plant and equipment	**28,868**	—
Construction in progress	**123,052**	—
Freehold land	**975,649**	—
Investment in a joint venture	**2,208,807**	—
Deferred tax assets	**109,442**	—
Properties under development	**2,336,038**	—
Trade and other receivables	**56,699**	—
Pledged deposits	**48,852**	—
Cash and cash equivalents	**40,893**	—
Assets classified as held for sale	**5,928,300**	—
Trade and other payables	**(47,194)**	—
Liabilities directly associated with the assets classified as held for sale	**(47,194)**	—
Net assets directly associated with Wanda Australia CP Group	**5,881,106**	—
Exchange reserve on translation of foreign operations	**34,456**	—

(c) The net cash flows incurred by Wanda Australia CP Group are as follows:

	2017	2016
	$'000	*$'000*
Operating activities	**(182,134)**	(9,773)
Investing activities	**(1,754,639)**	(44,794)
Financing activities	**1,961,524**	—
Effect of foreign exchange rate changes	**2,231**	(262)
Net cash flow	**26,982**	(54,829)

(iii) Wanda Madrid:

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

	Period from 1 January 2017 to 1 June 2017 (date of disposal)	Year ended 31 December 2016
	$'000	*$'000*
Other revenue	—	265
Other net gain	—	160,910
Selling expenses	—	(3,344)
Loss on disposal of a subsidiary	**(329,707)**	—
Administrative expenses	**(11,058)**	(44,752)
(Loss)/profit before tax from the discontinued operation	**(340,765)**	113,079
Income tax expense	—	(2,138)
(Loss)/profit for the year from the discontinued operation	**(340,765)**	110,941

(b) The major classes of assets and liabilities of Wanda Madrid classified as held for sale as at 31 December are as follows:

	2017	2016
	$'000	*$'000*
Property, plant and equipment	—	8,296
Construction in progress	—	206,254
Freehold land	—	718,123
Properties under development	—	1,082,327
Trade and other receivables	—	2,888
Cash and cash equivalents	—	14,867
Assets classified as held for sale	—	2,032,755
Trade and other payables	—	(2,043)
Liabilities directly associated with the assets classified as held for sale	—	(2,043)
Net assets directly associated with Wanda Madrid	—	2,030,712
Exchange reserve on translation of foreign operations	—	(698,404)

(c) The net cash flows incurred by Wanda Madrid are as follows:

	2017	2016
	$'000	*$'000*
Operating activities	**6,038**	(86,324)
Investing activities	**—**	(103)
Financing activities	**(384,090)**	—
Effect of foreign exchange rate changes	**25,173**	(14,543)
Net cash flow	**(352,879)**	(100,970)

(iv) (Loss)/earning per share of Wanda International Group, Wanda Australia CP Group and Wanda Madrid (HK cents)

	2017	2016
Basic and diluted, from discontinued operations	**(4.8)**	0.8

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

	2017	2016
	$'000	*$'000*
Loss attributable to ordinary equity holders of the parent from the discontinued operation — Wanda International Group	**(30,093)**	(51,270)
Profit attributable to ordinary equity holders of the parent from the discontinued operation — Wanda Australia CP Group	**6,751**	20,158
(Loss)/profit attributable to ordinary equity holders of the parent from the discontinued operation — Wanda Madrid	**(204,459)**	66,565
	(227,801)	35,453

	Number of Shares	
	2017	2016
	$'000	*$'000*
Weighted average number of ordinary shares in issue during the year used in the basic and diluted loss per share calculation *(note 15)*	**4,697,347**	4,697,347

11 DIVIDEND

The Directors of the Company did not recommend the payment of a final dividend for the year ended 31 December 2017 (2016: Nil).

12 TRADE AND OTHER RECEIVABLES

	2017	2016
	$'000	*$'000*
Trade receivables *(note (a))*	**6,121**	4,026
Prepayments	**567**	310
Deposits and other receivables	**26,134**	34,569
Amounts due from related parties	**10**	3,201
Amounts due from an intermediate holding company	**3,838**	1,870
	36,670	43,976

The amounts due from related parties and an intermediate holding company are unsecured, interest-free and repayable on demand.

For the trade receivables arising from the sale of properties, the Group manages the credit risk by fully receiving cash before delivery of properties. The Group has set out policies to ensure follow-up action is taken to recover overdue debts. The Group also reviews regularly the recoverable amount of each individual trade receivable balance to ensure that adequate provisions for impairment losses are made for irrecoverable amounts. The maximum exposure to credit risk without taking account of any collateral held is represented by the carrying amount of each financial asset in the statement of financial position after deducting any impairment allowance.

Note:

(a) The aging analysis of trade receivables based on the invoice date is as follows:

	2017	2016
	$'000	*$'000*
Within 3 months	**5,368**	3,554
Over 3 months but within 6 months	**435**	223
Over 6 months but within 12 months	**103**	25
Over 12 months	**215**	224
	6,121	4,026

At 31 December 2017, no impairment allowance is necessary in respect of the Group's trade receivables as management considers that the balance is fully recoverable. The Group does not hold any collateral over the balance (2016: Nil).

13 ASSETS CLASSIFIED AS HELD FOR SALE

(a) On 27 November 2017, Dalong Industrial Group Limited ("Dalong"), a non-wholly-owned subsidiary of the Company, entered into an agreement with Fujian Zhonglu Group Limited ("Zhonglu Group"), pursuant to which Dalong has agreed to sell and Zhonglu Group agree to acquire certain of investment properties owned by Fujian Henglicheng Real Estate Development Co., Limited (a direct subsidiary of Dalong). The disposal of certain investment properties is expected to be completed in the first half of 2018, and the investment properties have been reclassified as assets classified as held for sale presented in the consolidated statement of financial position.

	2017
	$'000
At 1 January 2017	—
Transfer from investment properties	**37,041**
	37,041

(b) Details of assets and liabilities classified as held for sale from discontinued operations are included in note 10.

14 TRADE AND OTHER PAYABLES

	2017	2016
	$'000	*$'000*
Trade payables *(note (a))*	**500,726**	396,777
Other payables	**54,648**	191,547
Accruals	—	1,882
Interest payable to related parties *(note (b))*	—	96,358
Interest payable of other borrowings *(note (b))*	**96,232**	—
Interest payable to an intermediate holding company *(note (c))*	**463,071**	344,712
Interest payable to financial institutions	**936**	23,891
Amounts due to intermediate holding companies *(note (d))*	**4,699,202**	3,424,850
Amounts due to related parties *(note (d))*	—	2,773
Dividends payables	**7,671**	—
	5,822,486	4,482,790
Portion classified as current liabilities	**(5,822,486)**	(4,138,078)
Non-current portion	—	344,712

Notes:

(a) None of the Group's trade payables are expected to be settled after more than one year (2016: Nil).

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

	2017	2016
	$'000	*$'000*
Within 3 months	**328,753**	142,541
Over 3 months but within 6 months	**44**	16,910
Over 6 months but within 12 months	**114**	15,892
Over 12 months	**171,815**	221,434
	500,726	396,777

(b) These parties represent the entities controlled by a former director of the Company. The interest payable is repayable on demand or within one year and the interest payables are unsecured and are not subject to compound interests.

(c) The amount of $463,071,000 in interest payable to an intermediate holding company is repayable within one year (2016: Nil), none of the Group's interest payable to an intermediate holding company is repayable more than one year (2016: $344,712,000). These interest payables are unsecured and not subject to compound interests.

(d) The amounts due to intermediate holding companies and related parties are repayable on demand or within one year and all these balances are unsecured and interest-free.

15 SHARE CAPITAL

	2017		2016	
	No. of shares	**Amount**	No. of shares	Amount
	'000	***$'000***	*'000*	*$'000*
Issued and fully paid:				
Ordinary shares of $0.1 each				
At 1 January and 31 December	**4,697,347**	**469,735**	4,697,347	469,735

Note:

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

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

CONTINUED OPERATIONS

JOINT VENTURE PLATFORM IN THE AMERICAS AND CHICAGO PROJECT, AMERICA

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

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

The planned total gross floor area of the Chicago Project is approximately 176,000 sq.m.. It is located in the heart of Chicago, adjacent to Millennium Park and the Chicago CBD. Many of the well-known destinations are within walking distance of the project, such as the Theatre District, Museum Campus and Michigan Avenue. 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 five-star hotel (with estimated 193 rooms) and high-end condominiums, which will be Chicago's third highest building upon completion and a new landmark in Chicago. Pre-sale of high-end condominiums portion commenced in September 2015, and approximately 56% of total saleable area were pre-sold up to the end of December 2017. The Chicago Project obtained planning approvals and completed settlement in April 2016. Construction work commenced in August 2016 and the structural works are in progress now. The development of the Chicago Project is expected to be completed in 2020.

GUILIN PROJECT, THE PRC

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

The construction work of the Guilin Project has completed and the shopping mall opened in September 2015. With satisfactory commercial leases and operating conditions, the shopping mall has become a supreme landmark business centre in Guilin. For the sales of properties, approximately 83% of the saleable area were sold up to the end of December 2017, and properties were delivered to owners since December 2015.

HENGLI CITY, FUZHOU, THE PRC

The total gross floor area of Hengli City is approximately 242,000 sq.m.. The project is a residential, office and retail complex located in Fuzhou, the PRC. As of 31 December 2017, the floor area of its remaining properties was approximately 79,100 sq.m., and the majority of the office and car park units were leased. The commercial portion was fully leased to Wangfujing Department Store, offering stable cash flow in rental income for the Company. During 2017, revenue of approximately HK$29,616,000 was generated from the sales of residential units and car park units.

ACQUISITION OF WANDA HOTEL MANAGEMENT

On 26 September 2017, the Company and Wanda HK entered into a sale and purchase agreement in respect of the proposed acquisition of the entire equity interest in Wanda Hotel Management (Hong Kong) Co. Limited ("Wanda Hotel Management") at a consideration of HK$878 million (subject to downward adjustment). The acquisition was approved in the special general meeting convened on 8 December 2017. Further details of the acquisition can be found in the announcement and circular of the Company dated 26 September 2017 and 15 November 2017 respectively. As the acquisition of Wanda Hotel Management has not yet been completed as at the date of this announcement, the business operation of Wanda Hotel Management does not form part of the Group's operations and its financial results were not consolidated into the Group's consolidated financial results for the year ended 31 December 2017.

Wanda Hotel Management is a leading hotel services provider in China and is principally engaged in the business of hotel management and operation, hotel design, hotel construction management and related consultancy and other ancillary business, with comprehensive capabilities in hotel management and operation. The Company considers that the hotel management and operation business of Wanda Hotel Management are in line with the Group's business aspiration and closely related to the existing property development and management business of the Group. The acquisition serves as further development and expansion of the existing business of the Group.

DISCONTINUED OPERATIONS

In 2017, the Company strived to execute deleveraging strategy and adopt a more asset-light business model gradually, with satisfactory progress in both strategic initiatives. To this end, the Group has entered into arrangements for the disposal of certain property projects.

MADRID PROJECT, SPAIN

In June 2017, Wanda Europe Real Estate Investment Co., Limited ("Wanda Europe"), a joint venture platform of the Group in Continental Europe, completed the disposal of the entire issued share capital of Wanda Madrid Development, S.L.U. ("Wanda Madrid"), being the holding company of the Madrid project in Spain, which has strengthened the liquidity and financial position of the Group for the development of the existing projects. Further details on the disposal can be found in the circular of the Company dated 16 December 2016 and announcements of the Company dated 28 December 2016, 30 December 2016, 3 April 2017 and 1 June 2017. As a result, the Madrid property project was classified as a disposal group held for sale and as a discontinued operation for the year ended 31 December 2017.

LONDON PROJECT, UK

In September 2013, the Company acquired a project ("London Project") at 1 Nine Elms Lane, London SW8 5NQ, in the UK with Wanda HK in the form of a joint venture, in which the Company holds 60% and Wanda HK holds 40%.

On 16 January 2018, the Company as vendor and R&F Properties (HK) Company Limited ("R&F") as purchaser entered into a sale and purchase agreement in respect of the proposed disposal of 60% of the entire issued share capital of Wanda International Real Estate Investment Co. Limited ("Wanda International"), the project company of the London Project, and the Company, R&F and Wanda International entered into a shareholder loan repayment agreement, pursuant to which the R&F has agreed to repay the debt for and on behalf of Wanda International to the Company. Further details of the disposal can be found in the announcement of the Company dated 16 January 2018, 7 February 2018 and 6 March 2018 and the circular of the Company dated 15 March 2018 respectively. As a result, the London Project was classified as a disposal group held for sale and as a discontinued operation for the year. The disposal has not yet been completed as at the date of this announcement.

JOINT VENTURE PLATFORM IN AUSTRALIA, GOLD COAST PROJECT AND SYDNEY PROJECT, AUSTRALIA

In August 2014, the Company formed a joint venture with Wanda HK to establish a joint venture platform in Australia, namely Wanda Australia Real Estate Investment Co., Limited ("Wanda Australia RE"), with a total capital commitment of HK$12.5 billion, in which the Company holds 60% and Wanda HK holds 40%, for the joint acquisition and development of suitable real property projects in Australia.

On the same day, through Wanda Australia Commercial Properties Pty Ltd. ("Wanda Australia CP"), a wholly owned subsidiary of Wanda Australia RE, the Company and Wanda HK entered into the subscription and shareholders agreement with Dalian Wanda Commercial Management Group Co., Ltd (previously known as Dalian Wanda Commercial Properties Co., Ltd.), Mr. Riyu Li and Ms. Fengliu Wu (collectively, "Li", who were shareholders of Jewel Project Company) and Ridong (Gold Coast) Development Pty Ltd. ("Jewel Project Company"). After completion of the subscription under the agreement, the Jewel Project Company is now owned by Wanda Australia CP and Li, as to 55% and 45% respectively, for the joint development of the a project in the Gold Coast ("Jewel Project").

After the acquisition of the Jewel Project, on 23 January 2015 and 4 March 2015, the Company and Wanda HK, through Wanda One Sydney Pty Ltd, a wholly owned subsidiary of Wanda Australia CP, entered into agreements to acquire the second premium project in Australia ("Sydney Project").

On 18 January 2018, Wanda Australia RE, AWH Investment Group Pty Ltd. ("AWH") and Wanda Australia CP entered into a master agreement in respect of the proposed disposal of the entire equity interest in Wanda Australia CP and repayment of debt in instalments by Wanda Australia CP to Wanda Australia RE. The proposed disposal was approved in the special general meeting convened on 12 March 2018. Further details of the proposed disposal can be found in the announcements of the Company dated 29 January 2018 and 12 March 2018 and circular of the Company dated 22 February 2018 respectively. As a result, the Jewel Project and the Sydney Project were classified as disposal groups held for sale and as discontinued operations for the year. The disposal has not yet been completed as at the date of this announcement.

EVENTS AFTER THE REPORTING PERIOD

Other than the matters outlined elsewhere in this announcement, there have been no matters that have occurred subsequent to the reporting date which have significantly affected, or may significantly affect the Group's operations, results or state of affairs.

FINANCIAL REVIEW

Revenue and results

The Group's revenue from its continuing operations for the year ended 31 December 2017 was approximately HK$213.4 million (2016: HK$250.1 million). The decrease in revenue was mainly due to a decrease in property sales revenue of approximately HK$115.3 million from the PRC segment, which is partially offset by an increase in rental income of approximately HK$79.7 million from the PRC segment. During the year, the Group's property sales revenue mainly came from selling the remaining units in the Hengli City and Guilin Project.

The Group's revenue from its discontinued operations for the year ended 31 December 2017 was approximately HK$0.9 million (2016: HK$124 million). The decrease was mainly due to certain rental agreements in the Sydney Project expired during the year and the existing property structure of the Sydney Project were demolished in the first half of 2017, resulting in a decrease in rental income of approximately HK$123.2 million.

In 2017, the Guilin Project and Hengli City contributed HK$83.8 million (2016: HK$139 million) and HK$129.6 million (2016: HK$111.1 million) to the PRC segment revenue respectively. The PRC segment revenue and profit decreased from HK$250.1 million and HK$300.5 million in 2016 to HK$213.4 million and HK$159.1 million in 2017 respectively. Such decrease in segment revenue and profit was mainly due to both Guilin Project and Hengli City having only a limited amount of the remaining units for sale during the year and net valuation loss on investment properties from Hengli City of approximately HK$9.3 million incurred in 2017.

Segment loss generated from continuing operations of overseas market was approximately HK$101.6 million (2016: HK$95.3 million). No revenue was generated from the overseas markets as all business under the overseas segment from the continuing operations were in development phase during the year. The increase in segment loss was mainly due to an increase in selling expense of Chicago Project.

Segment loss generated from discontinued operations of overseas market for the year was approximately HK$384.1 million (2016: segment profit of HK$59.8 million). The change from segment profit to segment loss is due to (i) certain rental agreements in the Sydney Project has been expired and the existing property structure of the project were demolished in the first half of 2017, resulting in a decrease of rental income of approximately HK$123.2 million from Sydney Project; and (ii) a non-recurring loss on disposal of the Madrid Project of approximately HK$329.7 million.

During the year, the Group's loss attributable to the equity holders of the Company from continuing operations was approximately HK$242.5 million (2016: HK$96.1 million). The increase in loss was mainly attributable to: (i) net valuation loss on investment properties recorded for the year of approximately HK$9.3 million, as compared to net valuation gain on investment properties of approximately HK$226 million for the year ended 31 December 2016; (ii) an increase of exchange loss of approximately HK$184.4 million, primarily resulting from the fact that the Group has loans denominated in RMB, GBP, USD, EUR and AUD, and the depreciation of Hong Kong dollars against such functional currencies during the year; (iii) an increase of selling expenses of approximately HK$51 million; and (iv) an impairment loss of goodwill of approximately HK$11.7 million.

During the year, the Group's loss attributable to the equity holders of the Company from discontinued operations was approximately HK$227.8 million (2016: profit of HK$35.5 million). The loss was mainly attributable to (i) a non-recurring loss on the disposal of the Madrid Project of approximately HK$329.7 million; and (ii) a decrease of rental income of approximately HK$123.2 million from Sydney Project.

Net assets and equity attributable to equity holders

As at 31 December 2017, the Group recorded total assets and total liabilities of approximately HK$19,250.8 million and HK$16,196.9 million respectively. The Group had net assets of approximately HK$3,053.9 million as at 31 December 2017 as compared to approximately HK$2,916.8 million as at 31 December 2016. As at 31 December 2017, the equity attributable to equity holders of the Company was approximately HK$2,118.7 million as compared to HK$1,983 million as at 31 December 2016.

Liquidity and financial ratios

The Group had total cash and bank balances of approximately HK$2,290.8 million as at 31 December 2017 as compared with HK$3,183.4 million as at 31 December 2016. The decrease was mainly due to (i) London and Sydney Project were reclassified as disposal groups held for sale, causing the total cash and bank balances from these 2 projects to be reclassified to assets classified as held for sale; and (ii) being used as general working capital of the Group for the year. About 47%, 52% and 1% of the cash and bank balances were denominated in Renminbi ("RMB"), United States Dollar ("USD") and Hong Kong Dollar ("HK$"). As at 31 December 2017, the current ratio, which is the quotient arrived at by dividing current assets by current liabilities, was 1.12 as compared with 1.42 as at 31 December 2016. The gearing ratio, which is the quotient arrived at by dividing net debts by the aggregate of net debts and total equity, was 57.8% as at 31 December 2017 as compared with 64.3% as at 31 December 2016.

Borrowings and financial resources

The Group had interest-bearing loans from financial institutions of approximately HK$1,814.9 million as at 31 December 2017 (31 December 2016: HK$3,371.8 million). The decrease was mainly due to reclassification of bank loans to liabilities directly associated with the assets classified as held for sale, resulting from disposal of London and Sydney Project as abovementioned. These loans were denominated in RMB, USD and GBP. Approximately 10% of these loans are repayable within one year. The rest is repayable after one year.

The Group had interest-bearing other borrowings of approximately HK$287.1 million as at 31 December 2017 (31 December 2016: HK$266.3 million). The above borrowings were obtained from entities controlled by a former director. These borrowings were denominated in RMB and HK$. Approximately 74% of these borrowings are repayable within one year. The rest is repayable after one year.

The Group had interest-bearing loans from an intermediate holding company of approximately HK$3,139.6 million as at 31 December 2017 (31 December 2016: HK$2,586.1 million). These loans were denominated in GBP and AUD and were repayable from 2018 to 2025. The Group also had non-interest-bearing loans from the same intermediate holding company of approximately HK$1,226.8 million of which HK$689.8 million were denominated in USD, HK$68.1 million in EUR and HK$468.9 million in AUD as at 31 December 2017. The loans denominated in USD are repayable in 2020 and the loans denominated in EUR and AUD are repayable in 2019.

As the Group continues to explore opportunities to acquire and develop suitable property projects, different funding venues, including debt, bank loan and equity, will be considered when and if appropriate. As at 31 December 2017, the Group's contracted commitment for capital expenditure is approximately HK$12,627.9 million (31 December 2016: HK$5,651.2 million). The increase was mainly due to the construction works of London Project which are in progress, resulting in increase of commitment of capital expenditure.

Foreign currency and interest rate exposure

The Group's business is principally conducted in RMB, GBP, USD, EUR and AUD. The functional currency of the Group's subsidiaries in the PRC, the United Kingdom, the United States of America (the "USA"), Spain and Australia are RMB, GBP, USD, EUR and AUD respectively and they do not have significant monetary assets or liabilities denominated in currencies other than their respective functional currencies. The functional currency of the Group's other subsidiaries is HK$. The Group is exposed to currency risk primarily through loans that are denominated in RMB, GBP, USD, EUR and AUD respectively. The Group maintains a conservative approach on foreign exchange exposure management. During the year, the Group did not use any financial instruments to hedge foreign currency exposure and the Group did not have any hedging instruments outstanding as at 31 December 2017.

During the year, the Group had interest-bearing loans from financial institutions, third parties and an intermediate holding company. Accordingly, the Group's cost of loans was affected by changes in interest rates. As at 31 December 2017, interest-bearing borrowings of HK$3,028.1 million, being 58% of the total interest-bearing borrowings, were on a floating rate basis, of which HK$1,213.1 million were loans from an intermediate holding company. The remaining interest-bearing borrowings of HK$2,213.5 million were on fixed interest rate basis. During the year, the Group had monitored the suitability and cost efficiency of hedging instruments and had considered a mix of fixed and floating rate loans in order to manage interest rate risks. The Group will prudently consider entering into currency and interest rate hedging arrangements to minimise such exposures if and when appropriate.

PLEDGE OF ASSETS

As at 31 December 2017, the Group pledged certain of its assets to financial institutions in the PRC to secure the loans of approximately HK$1,814.9 million granted by these financial institutions. The aggregate carrying value of these building held for own use, construction in progress, freehold land, prepaid land lease payments, investment properties, assets classified as held for sale, properties under development, completed properties held for sale and restricted bank deposits as at 31 December 2017 amounted to approximately HK$6.2 million, HK$336.2 million, HK$158.8 million, HK$18 million, HK$1,180 million, HK$37 million, HK$1,878 million, HK$8 million and HK$11.5 million respectively.

CHANGES IN SHARE CAPITAL

There are no changes in the Company's share capital during the year ended 31 December 2017.

CONTINGENT LIABILITIES

As at 31 December 2017, the Group had provided guarantees in an aggregate amount of approximately HK$475.9 million to banks in favour of its customers in respect of mortgaged loans provided by the banks to these customers for their purchase of the Group's properties. Each of these guarantees would be released upon the execution of individual purchasers' collateral agreements.

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANY

On 3 November 2016, Wanda Europe and Baraka Global Invest, S.L.U. ("Baraka") entered into an agreement, pursuant to which Wanda Europe has conditionally agreed to sell, and Baraka has conditionally agreed to acquire the entire issued share capital of Wanda Madrid subject to the terms contained therein for the consideration of EUR272 million, subject to adjustments to be made to the consideration by taking into account the amount of cash, cash equivalents and amount of indebtedness of Wanda Madrid as at the date of completion. Further details of the disposal is set out in the circular of the Company dated 16 December 2016 and announcements of the Company dated 28 December 2016, 30 December 2016, 3 April 2017 and 1 June 2017. The disposal has been completed on 1 June 2017.

On 26 September 2017, the Company and Wanda HK entered into a sale and purchase agreement in respect of the proposed acquisition of the entire equity interest in Wanda Hotel Management at a consideration of HK$878 million (subject to downward adjustment). Further details of the acquisition are set out in the announcement of the Company dated 26 September 2017 and the circular of the Company dated 15 November 2017 respectively. The proposed acquisition was approved in the special general meeting convened on 8 December 2017. The acquisition is expected to complete in 2018.

On 16 January 2018, the Company and R&F entered into a sale and purchase agreement in respect of the proposed disposal of 60% of the entire issued share capital of Wanda International at a consideration of GBP35,609,277.96, and the Company, R&F and Wanda International entered into the relevant shareholder loan repayment agreement, pursuant to which the R&F has agreed to repay the debt for and on behalf of Wanda International to the Company, which is currently expected to be GBP159,526,879.25. The Company has received a written approval from Wanda Commercial Properties Overseas Limited, a controlling shareholder of the Company, in respect of the proposed disposal. Further details of the disposal are set out in the announcements of the Company dated 16 January 2018, 7 February 2018 and 6 March 2016 and circular of the Company dated 15 March 2018 respectively. The disposal has not yet been completed as at the date of this announcement.

On 18 January 2018, Wanda Australia RE, AWH and Wanda Australia CP entered into a master agreement in respect of the proposed disposal of the entire equity interest in Wanda Australia CP subject to the terms contained therein for a cash consideration of AUD315,044,422 and repayment of the debt in the amount of AUD815,107,691 in instalments. The proposed disposal was approved in the special general meeting convened in 12 March 2018. Further details of the disposal are set out in the announcements of the Company dated 22 January 2018, 12 March 2018 and circular of the Company dated 22 February 2018 respectively. The disposal has not yet been completed as at the date of this announcement.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2017, the Group had around 267 full time employees, who are located in the PRC, Hong Kong, the United Kingdom, Australia and the USA.

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

DIVIDEND

The Directors did not recommend the payment of a final dividend for the year ended 31 December 2017 (2016: Nil).

OUTLOOK

After the disposal of the London Project, Jewel Project and Sydney Project, the Company's strategies are to focus on fee based businesses, to improve cash flow and to reduce leverage with the following business plans:

1. To realize value of non-cash flow generating assets. All of the overseas projects are still in planning stage or early stage of construction. Potential disposal at current market level which is also at premium to the investment costs can help realize value of the investments and reduce current and future indebtedness (for project construction loans purpose);

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

3. To continue to look for high quality development projects within the Company's financial capability; and

4. To improve the operating efficiencies of Hengli City and the Guilin Project through cost control and targeted marketing to enhance rental return.

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

OTHER INFORMATION

SHARE OPTIONS SCHEME

The Company did not have any effective share option scheme as at 31 December 2017.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2017.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors. Following specific enquiry by the Company, all Directors have confirmed that they have complied with the provisions of the Model Code during the year ended 31 December 2017.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE AND LISTING RULES

The Company has complied with the Corporate Governance Code (the "Code") as contained in Appendix 14 of the Listing Rules, except for deviation from Code Provision A.6.7. Code Provision A.6.7 of the Code stipulates that independent non-executive Directors and other non-executive Directors should attend general meetings. Due to certain important business engagements at the relevant time, not all independent non-executive Directors and non-executive Directors attended the annual general meeting of the Company held on 17 May 2017.

REVIEW OF ANNUAL RESULTS BY THE AUDIT COMMITTEE

The Company has established the Audit Committee with written terms of reference in accordance with the requirements of the Code. Its primary function is to assist the Board in fulfilling its oversight responsibilities by reviewing the Group's financial information, systems of risk management, internal controls and the external audit process. As at the date of this announcement, the Audit Committee comprises one non-executive director and two independent non-executive directors, namely Dr. Xue Yunkui, Mr. Hui Yung, Chris and Mr. Zhang Huaqiao.

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

The Audit Committee has reviewed the Group's financial statements for the year ended 31 December 2017 and discussed the financial related matters with the Company's management and external auditors.

SCOPE OF WORK OF AUDITOR ON THE PRELIMINARY ANNOUNCEMENT

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2017 have been agreed by the Group's independent auditors, Ernst & Young, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by Ernst & Young in this respect did not constitute an audit, review or other assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Ernst & Young on the preliminary announcement.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement will be published on both the websites of the Company (www.wanda-hotel.com.hk) and of the Stock Exchange (www.hkexnews.hk). The annual report of the Company for the year ended 31 December 2017 will be dispatched to shareholders and published on the aforesaid websites in due course.

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

Hong Kong, 28 March 2018

As at the date of this announcement, Mr. Ding Benxi (Chairman), Mr. Zhang Lin and Mr. Hui Yung, Chris are the non-executive Directors; Mr. Ning Qifeng is the executive Director; and Mr. Liu Jipeng, Dr. Xue Yunkui and Mr. Zhang Huaqiao are the independent non-executive Directors.