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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 2015

The Board of Directors (the "Board") 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 2015, with the comparative figures for the year ended 31 December 2014, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the year ended 31 December 2015
(Expressed in Hong Kong dollars)

	Notes	**2015** *$'000*	2014 *$'000*
Revenue	*4*	**2,176,737**	185,849
Cost of sales		**(915,078)**	(57,245)
Gross profit		**1,261,659**	128,604
Other revenue	*5*	**19,789**	13,114
Other net (loss)/gain	*5*	**(269,990)**	94,727
Net valuation gain/(loss) on investment properties		**15,433**	(121,173)
Selling expenses		**(107,098)**	(112,429)
Administrative expenses		**(155,399)**	(124,941)
Gain on revaluation of convertible bonds redemption options		**—**	11,050
Impairment loss on goodwill		**—**	(12,433)
Profit/(loss) from operations		**764,394**	(123,481)
Finance costs	*7*	**(236,361)**	(65,956)
Share of losses of a joint venture		**(26,666)**	(979)
Profit/(loss) before tax	*6*	**501,367**	(190,416)
Income tax (expense)/credit	*8*	**(522,199)**	73,322
Loss for the year		**(20,832)**	(117,094)

	Notes	**2015**	2014
		$'000	*$'000*
Attributable to:			
Owners of the parent		**(262,693)**	(176,026)
Non-controlling interests		**241,861**	58,932
		(20,832)	(117,094)
Loss per share attributable to ordinary equity holders of the parent (HK cents)	*9*		
Basic and diluted		**(5.6)**	(4.3)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2015
(Expressed in Hong Kong dollars)

	2015	2014
	$'000	*$'000*
Loss for the year	**(20,832)**	(117,094)
Other comprehensive loss		
Other comprehensive loss to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(564,590)**	(357,124)
Other comprehensive loss for the year, net of tax	**(564,590)**	(357,124)
Total comprehensive loss for the year	**(585,422)**	(474,218)
Attributable to:		
Owners of the parent	**(580,216)**	(385,120)
Non-controlling interests	**(5,206)**	(89,098)
	(585,422)	(474,218)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
at 31 December 2015
(Expressed in Hong Kong dollars)

	Notes	2015 $'000	2014 $'000
Non-current assets			
Property, plant and equipment		**3,469,052**	619,547
Freehold land		**1,029,952**	1,129,596
Investment properties		**3,847,765**	3,161,737
Prepaid land lease payments		**18,976**	20,432
Goodwill		**16,714**	17,469
Investments in a joint venture		**509,988**	601,747
Deferred tax assets		**156,798**	123,708
Total non-current assets		**9,049,245**	5,674,236
Current assets			
Properties under development		**2,501,950**	3,006,613
Completed properties held for sale		**312,128**	182,414
Trade and other receivables	*11*	**575,603**	1,073,992
Prepaid tax		**87**	60,324
Restricted bank deposits		**10,737**	83,208
Cash and cash equivalents		**2,958,264**	2,103,615
Total current assets		**6,358,769**	6,510,166
Current liabilities			
Trade and other payables	*12*	**1,860,468**	1,003,422
Bills payable		**2,148**	—
Receipts in advance		**568,861**	1,445,354
Loans from financial institutions		**1,539,783**	119,916
Loans from related parties		**141,553**	225,026
Current taxation		**486,272**	448,557
Total current liabilities		**4,599,085**	3,242,275
Net current assets		**1,759,684**	3,267,891
Total assets less current liabilities		**10,808,929**	8,942,127
Non-current liabilities			
Loans from financial institutions		**1,350,612**	1,463,642
Loans from an intermediate holding company		**5,629,832**	3,451,423
Loans from related parties		**189,194**	—
Interest payable to an intermediate holding company	*12*	**220,298**	77,755
Deferred tax liabilities		**519,866**	470,958
Total non-current liabilities		**7,909,802**	5,463,778
NET ASSETS		**2,899,127**	3,478,349

	Notes	**2015** **$'000**	2014 $'000
Equity			
Equity attributable to owners of the parent			
Share capital	*13*	**469,735**	469,735
Retained earnings		**(205,246)**	92,613
Other reserves		**1,924,442**	2,206,799
		2,188,931	2,769,147
Non-controlling interests		**710,196**	709,202
TOTAL EQUITY		**2,899,127**	3,478,349

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. 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 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 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 in the accounting policy for subsidiaries below. 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 standards for the first time for the current year's financial statements:

Amendments to HKAS 19 *Defined Benefit Plans: Employee Contributions*
Annual Improvements to HKFRSs 2010-2012 Cycle
Annual Improvements to HKFRSs 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.

(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 management 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 impact on the Group.

- HKAS 16 *Property, Plant and Equipment* and HKAS 38 *Intangible Assets:* Clarifies the treatment of 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.

- HKAS 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.

- HKAS 40 *Investment Property:* Clarifies that HKFRS 3, instead of the description of ancillary services 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 impact on the Group as the acquisition of investment properties during the year was not a business combination and so this amendment is not applicable.

In addition, the Company has adopted the amendments to the Listing Rules 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.

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 most 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 Peoples'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.

(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/(loss) is "profit/(loss) before tax".

	The PRC		Overseas		Total	
	2015	2014	**2015**	2014	**2015**	2014
	$'000	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*
For the years ended 31 December 2015 and 2014						
Revenue from external customers	**2,078,406**	185,849	**98,331**	—	**2,176,737**	185,849
Reportable segment profit/(loss)	**1,432,728**	(81,066)	**(1,077,267)**	(134,437)	**355,461**	(215,503)
At 31 December 2015 and 2014						
Reportable segment assets	**5,815,932**	6,208,636	**9,501,661**	5,643,077	**15,317,593**	11,851,713
Reportable segment liabilities	**3,191,858**	4,092,551	**5,186,583**	2,429,506	**8,378,441**	6,522,057

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

	2015	2014
	$'000	*$'000*
Revenue		
Reportable segment and consolidated revenue	**2,176,737**	185,849
Profit/(loss) before tax		
Reportable segment profit/(loss)	**355,461**	(215,503)
Unallocated head office and corporate results	**145,906**	25,087
Consolidated profit/(loss) before tax	**501,367**	(190,416)

	2015	2014
	$'000	*$'000*
Assets		
Reportable segment assets	**15,317,593**	11,851,713
Unallocated head office and corporate assets	**90,421**	332,689
Consolidated total assets	**15,408,014**	12,184,402
Liabilities		
Reportable segment liabilities	**8,378,441**	6,522,057
Unallocated head office and corporate liabilities	**4,130,446**	2,183,996
Consolidated total liabilities	**12,508,887**	8,706,053

(iii) Geographical information

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

	Revenue from external customers		**Specified non-current assets**	
	2015	2014	**2015**	2014
	$'000	*$'000*	***$'000***	*$'000*
The PRC (including Hong Kong)	**2,078,406**	185,849	**3,899,461**	3,866,775
Overseas	**98,331**	—	**4,992,986**	1,683,753
	2,176,737	185,849	**8,892,447**	5,550,528

(iv) Information about major customers

The Group had no customer with whom transactions exceeded 10% of the Group's revenue for the year ended 31 December 2015 (2014: one). During the year ended 31 December 2014, revenue from the major customer amounted to $78,036,000.

4 REVENUE

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

	2015	2014
	$'000	*$'000*
Sales of properties	**1,922,762**	58,422
Rental income	**229,722**	107,481
Property management income	**24,253**	19,946
	2,176,737	185,849

5 OTHER REVENUE AND OTHER NET (LOSS)/GAIN

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

	2015	2014
	$'000	*$'000*
Other revenue		
Bank interest income	**19,789**	13,114
Other net (loss)/gain		
Exchange gain	**136,200**	109,531
Forfeiture of deposits from purchasers	**2,728**	3,714
Other receivables written off as uncollectable	**—**	(19,578)
Write-down of inventories to net realisable value	**(216,585)**	—
Impairment of construction in progress	**(216,585)**	—
Others	**24,252**	1,060
	(269,990)	94,727

6 PROFIT/(LOSS) BEFORE TAX

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

	2015	2014
	$'000	*$'000*
Cost of properties sold	**858,608**	41,085
Cost of services provided	**56,470**	16,160
Depreciation	**6,915**	11,957
Amortisation of land lease payments	**590**	519
Minimum lease payments under operating leases for land and buildings	**18,826**	9,220
Auditor's remuneration		
— Audit services	**1,021**	900
— Other services	**587**	722
Employee benefit expenses (excluding directors' remuneration):		
— Salaries, wages and other benefits	**71,683**	63,584
— Contributions to defined contribution retirement plan	**6,029**	5,892
	77,712	69,476
Direct operating expenses (including repairs and maintenance) arising on rental-earning investment properties	**15,059**	10,814
Loss on disposal of items of property, plant and equipment	**12**	3

7 FINANCE COSTS

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

	2015	2014
	$'000	*$'000*
Interest on loans from financial institutions	**139,376**	63,841
Interest on convertible bonds	**—**	9,602
Interest on loans from an intermediate holding company repayable within five years	**150,273**	69,797
Interest on loans from related parties	**37,275**	38,258
Deemed interest on advance from lessee	**—**	24
	326,924	181,522
Less: Interest expenses capitalised into properties under development and construction in progress*	**(90,563)**	(115,566)
	236,361	65,956

* The borrowing costs have been capitalised at rates ranging from 4%-6% per annum (2014: 3%-6% per annum).

8 INCOME TAX

	2015	2014
	$'000	*$'000*
Current tax		
Corporate Income Tax *(note (iii))*		
— Charge for the year	**159,468**	48,576
— Overprovision in prior years	**—**	(10,056)
PRC Land Appreciation Tax *(note (iv))*	**334,069**	18,700
	493,537	57,220
Deferred tax		
Origination and reversal of temporary differences:		
— Revaluation of properties	**(23,267)**	(56,234)
— Deductibility of PRC Land Appreciation Tax	**2,501**	(2,745)
— Pre-sale properties in PRC	**47,666**	(50,143)
— Tax losses	**1,762**	(21,420)
	28,662	(130,542)
Total tax charge/(credit) for the year	**522,199**	(73,322)

Notes:

(i) Pursuant to the rules and regulations of the Bermuda and British Virgin Islands ("BVI"), the Group is not subject to any income tax in the Bermuda and 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 (2014: Nil).

(iii) Corporate Income Tax ("CIT")

The provision for the PRC CIT has been provided at the applicable income tax rate of 25% on the assessable profits of the Group's subsidiaries in Mainland China (2014: 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

The calculation of basic loss per share is based on the loss attributable to owners of the parent of $262,693,000 (2014: $176,026,000) and the weighted average number of ordinary shares of 4,697,347,000 (2014: 4,139,285,000) in issue.

(b) Diluted earnings per share

The Group had no potentially dilutive ordinary shares in issue during the year ended 31 December 2015. For the year ended 31 December 2014, no adjustment has been made to the basic loss per share amount presented in respect of a dilution as the impact of the convertible bonds outstanding during that year had an anti-dilutive effect on the basic loss per share amount presented.

10 DIVIDEND

The Directors of the Company did not recommend the payment of a final dividend for the year ended 31 December 2015 (2014: Nil).

11 TRADE AND OTHER RECEIVABLES

	2015	2014
	$'000	*$'000*
Trade receivables *(note (a))*	**65,253**	70,590
Prepayments	**2,847**	4,010
Deposits and other receivables	**497,515**	988,294
Amounts due from related parties	**8,118**	9,262
Amounts due from an intermediate holding company	**1,870**	1,836
	575,603	1,073,992

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 sales of properties, the Group manages the credit risk by fully receiving cash before delivery of property. 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 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:

	2015	2014
	$'000	*$'000*
Within 3 months	**64,994**	27,557
Over 3 months but within 6 months	**—**	22,465
Over 6 months but within 12 months	**—**	20,266
Over 12 months	**259**	302
	65,253	70,590

At 31 December 2015, no impairment allowance is necessary in respect of the Group's trade receivables as the management considers that the balance is fully recoverable. The Group does not hold any collateral over the balance (2014: Nil).

12 TRADE AND OTHER PAYABLES

	2015	2014
	$'000	*$'000*
Trade payables *(note (a))*	**451,826**	368,559
Other payables	**177,365**	126,442
Accruals	**1,857**	5,010
Interest payable to related parties *(note (b))*	**59,454**	23,586
Interest payable to an intermediate holding company *(note (b))*	**220,298**	77,755
Interest payable to financial institutions	**23,757**	22,307
Amounts due to intermediate holding companies *(note (c))*	**1,127,430**	290,213
Amounts due to related parties *(note (c))*	**18,779**	167,305
	2,080,766	1,081,177
Portion classified as current liabilities	**(1,860,468)**	(1,003,422)
Non-current portion	**220,298**	77,755

Notes:

(a) None of the Group's trade payables are expected to be settled after more than one year (2014: Nil).

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

	2015	2014
	$'000	*$'000*
Within 3 months	**434,259**	330,026
Over 3 months but within 6 months	**7,015**	6,532
Over 6 months but within 12 months	**37**	13,859
Over 12 months	**10,515**	18,142
	451,826	368,559

(b) The amount of $220,298,000 in interest payable to an intermediate holding company is repayable after more than one year (2014: $77,755,000), while the interest payable to related parties is repayable on demand or within one year. These interest payables are unsecured and are not subject to compound interests.

(c) 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.

13 CAPITAL

Share capital

	2015		2014	
	No. of shares	**Amount**	No. of shares	Amount
	'000	***$'000***	*'000*	*$'000*
Authorised:				
Ordinary shares of $0.1 each	**10,000,000**	**1,000,000**	10,000,000	1,000,000
Issued and fully paid:				
Ordinary shares of $0.1 each				
At 1 January	**4,697,347**	**469,735**	2,855,911	285,591
Issued shares	—	—	856,773	85,677
Conversion of convertible bonds	—	—	984,663	98,467
At 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

London Project, UK

In September 2013, the Company acquired a project at 1 Nine Elms Lane, London SW8 5NQ, in the UK with Wanda Commercial Properties Development (Hong Kong) Co., Limited ("Wanda HK") in the form of a joint venture, in which the Company holds 60% and Wanda HK 40%. The planned total gross floor area of the project is approximately 110,000 sq.m., and is expected to be developed into a high-end complex comprising residential and hotel units. Pre-sale of residential portion commenced in 2014 with outstanding results achieved, and a total of 339 residential units were pre-sold up to the end of December 2015.

The London Project completed the demolition work of the existing structure in April 2015 and commenced construction work in May 2015. The foundation works are in progress now, and the development of this project is expected to be completed in 2020.

Joint Venture Platform in Continental Europe and Madrid Project, Spain

In June 2014, the Company formed a joint venture with Wanda HK to establish a joint venture platform in Continental Europe with a total capital commitment of HK$12.5 billion, in which the Company holds 60% and Wanda HK 40%, for the joint acquisition and development of suitable real property projects in Continental Europe.

On the same day, the Company and Wanda HK acquired the Madrid Project in Spain through this joint venture platform. The planned total gross floor area of the project is approximately 90,000 sq.m.. Currently, the Company and Wanda HK are making a comprehensive assessment of the project plan.

Joint Venture Platform in the Americas and Chicago Project, America

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

On the same day, through 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 the 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 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 130 units were pre-sold up to the end of 2015. The Chicago Project is expected to obtain the planning approvals and complete settlement in the first half of 2016, and commence construction work in July 2016. The development of this project is expected to be completed in 2020.

Joint Venture Platform in Australia and Gold Coast Jewel Project, Australia

In August 2014, the Company formed a joint venture with Wanda HK to establish a joint venture platform in Australia with a total capital commitment of HK$12.5 billion, in which the Company holds 60% and Wanda HK 40%, for the joint acquisition and development of suitable real property projects in Australia.

On the same day, through Wanda Australia Commercial, a wholly owned subsidiary of this joint venture platform, the Company and Wanda HK entered into the Subscription and Shareholders Agreement with Dalian Wanda Commercial Properties Co., Ltd ("DWCP"), Mr. Li (a shareholder of Jewel Project company) and Jewel Project company. After completion of the subscription under the agreement, the Jewel Project company is now owned by Wanda Australia Commercial and Mr. Li, as to 55% and 45% respectively, for the joint development of the Jewel Project in the Gold Coast.

The planned total gross floor area of the Jewel Project is approximately 144,000 sq.m.. It is located in the heart of the Gold Coast city center — the Surfers Paradise, and is the only five-star hotel and apartment project approved to be erected directly adjacent to beaches in the Gold Coast. It is comprised of three high-rise tower buildings of which one will be a five-star hotel, and the other two luxury apartments for sales. The project will become a city landmark in the Gold Coast upon completion.

The project obtained the approval for the development plan in December 2014, completed the demolition work of the existing structure and commenced construction work in March 2015. Pre-sale of luxury apartments portion commenced in September 2015, and 92 units were pre-sold up to the end of 2015. The development of this project is expected to be completed in 2019.

Sydney Project, Australia

After the acquisition of the Jewel Project, on 23 January 2015 and 4 March 2015, the Company and Wanda HK, through Wanda One, a wholly owned subsidiary of the joint venture platform in Australia under the Master Australia JV Agreement, entered into agreements to acquire the second premium project in Australia — the Sydney Project.

The Sydney Project is located in Sydney's Central Business District, a key commercial center and a prime area for development. The project is expected to be redeveloped into a 185 meter high tower mixed-used complex comprising hotel, residential and retail areas, with a planned total gross floor area of approximately 98,300 sq.m.. The project will become a new city landmark in Sydney upon completion. It is expected that the approval for the development plan will be obtained in early 2017 and demolition of the existing structure will commence in the first half of the year. Pre-sale will commence in 2017 and construction work will commence in 2018. The development of this project is expected to be completed in 2021.

Wanda Plaza, Guilin, the PRC ("Guilin Project")

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 49% of the joint venture company, respectively. The 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 this project commenced in May 2014. The shopping mall obtained various procedures of government acceptance in August 2015, and opened on 12 September 2015. With satisfactory commercial leases and operating conditions, the shopping mall has become a supreme landmark business centre in Guilin. Various government acceptance for sales of properties were obtained in November 2015, and properties were delivered to owners since early December.

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 2015, the floor area of its remaining properties was approximately 87,200 sq.m., and the majority of the office and car park units were leased. The commercial portion was fully leased to Wangfujing Department Store. In 2015, total rental income at Hengli City amounted to approximately HK$103,575,000, providing stable cash flow to the Company. At the same time, revenue of approximately HK$54,247,000 was generated from the sales of residential units and car park units.

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 for the year ended 31 December 2015 was approximately HK$2,176.7 million. Compared to the revenue of HK$185.8 million for the corresponding period in 2014, the significant increase was mainly due to i) an increase in property sales revenue predominantly from the Guilin Project, which generated revenue of approximately HK$1,868.5 million for 2015; and ii) an increase in rental income of approximately HK$98.3 million from the Sydney Project, which was acquired in 2015.

Revenue of HK$1,922.7 million, HK$229.7 million and HK$24.3 million was derived from the sales of properties, property leasing and property management service for the year ended 31 December 2015 respectively.

The Group's loss attributable to the equity shareholders of the Company was approximately HK$262.7 million (2014: HK$176 million). The increase was mainly due to i) write-down of inventories of approximately HK$216.6 million and impairment of construction in progress of approximately HK$216.6 million in the Madrid Project, ii) an increase in finance costs of approximately HK$170.4 million resulting from financing of overseas projects, iii) an increase in income tax of approximately HK$595.5 million, which was partly set off by iv) an increase in gross profit of HK$1,133.1 million mainly due to the increase in revenue from property sales at the Guilin Project, v) an exchange gain of approximately HK$136.2 million, and vi) a net valuation gain on investment properties of approximately HK$15.4 million in 2015, mainly from a fair value gain on the Guilin Project, as compared to a net valuation loss of approximately HK$121.2 million in 2014.

Net assets and equity attributable to equity shareholders

As at 31 December 2015, the Group recorded total assets and total liabilities of approximately HK$15,408 million and HK$12,508.9 million respectively. The Group had net assets of approximately HK$2,899.1 million as at 31 December 2015 as compared to approximately HK$3,478.3 million as at 31 December 2014. As at 31 December 2015, the equity attributable to equity shareholders of the Company was approximately HK$2,188.9 million as compared to HK$2,769.1 million as at 31 December 2014.

Liquidity and financial ratios

The Group had total cash and bank balances of approximately HK$2,969 million as at 31 December 2015 as compared with HK$2,186.8 million as at 31 December 2014. About 50%, 29% and 2% of the cash and bank balances were denominated in Renminbi ("RMB"), Great British Pound ("GBP") and Hong Kong Dollar ("HK$") respectively. The remaining 19% was denominated in Australian Dollar ("AUD"), Euro ("EUR") and United States Dollar ("USD"). As at 31 December 2015, the current ratio, which is the quotient arrived at by dividing current assets by current liabilities, was 1.38 as compared with 2.01 as at 31 December 2014. The gearing ratio, which is the quotient arrived at by dividing net debts by the aggregate of net debts and total equity, was 67.0% as at 31 December 2015 as compared with 46.9% as at 31 December 2014.

Borrowings and financial resources

The Group had interest-bearing borrowings from financial institutions of approximately HK$2,890.4 million as at 31 December 2015 (31 December 2014: HK$1,583.6 million). These borrowings were denominated in RMB, USD and GBP. Approximately 53% of these borrowings are repayable within one year. The rest represents bank loans of HK$1,350.6 million which are repayable after one year.

The Group had interest-bearing borrowings from related parties of approximately HK$330.7 million as at 31 December 2015 (31 December 2014: HK$225 million). These borrowings were denominated in RMB and HK$. Approximately 43% of these borrowings are repayable within one year. The rest represents borrowings from a related party of HK$189.2 million which are repayable after one year.

The Group had interest-bearing borrowings from an intermediate holding company of approximately HK$2,543.2 million as at 31 December 2015 (31 December 2014: HK$1,276 million). These borrowings were denominated in GBP and AUD and were repayable from 2018 to 2025. The Group also had non-interest-bearing borrowings from the same intermediate holding company of approximately HK$3,086.6 million of which HK$683.8 million were denominated in USD, HK$1,131.6 million in EUR and HK$1,271.2 million in AUD as at 31 December 2015. The borrowings denominated in USD are repayable in 2017 and the borrowings denominated in EUR and AUD are repayable in 2019.

As the Group continues to acquire and develop suitable property projects, different funding venues, including debt, bank loan, and equity, will be explored. As at 31 December 2015, the Group's contracted commitment for capital expenditure is approximately HK$1,712.2 million.

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 GBP, USD, EUR and AUD respectively. The Group maintains a conservative approach on foreign exchange exposure management. During the period, the Group did not use any financial instruments to hedge foreign currency exposure and the Group did not have any hedging instruments outstanding as at 31 December 2015.

During the period, the Group had interest-bearing borrowings from financial institutions, related parties and an intermediate holding company. Accordingly, the Group's cost of borrowing was affected by changes in interest rates. As at 31 December 2015, interest-bearing borrowings of HK$5,764.3 million, being 55.3% of the total interest-bearing borrowings were on a floating rate basis, of which HK$1,373.3 million were loans from an intermediate holding company. The remaining interest-bearing borrowings of HK$2,577 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 borrowings in order to manage interest rate risks. The Group will prudently consider entering into currency and interest rate hedging arrangements to minimise such exposures if and when appropriate.

PLEDGE OF ASSETS

As at 31 December 2015, the Group pledged certain of its building held for own use, prepaid land lease payments, investment properties, completed properties for sales and restricted bank deposits to financial institutions in the PRC to secure the loans of approximately HK$502 million granted by these financial institutions. The aggregate carrying value of these building held for own use, prepaid land lease payments, investment properties, completed properties for sales and restricted bank deposits as at 31 December 2015 amounted to approximately HK$8.4 million, HK$19 million, and HK$1,256 million, HK$9.6 million and HK$8.6 million respectively. Besides, the Group also pledged the share of Wanda Madrid Development, S.L. to a financial institution in the PRC to secure a loan of approximately HK$1,240 million granted by this financial institution.

CHANGES IN SHARE CAPITAL

There are no changes in the Company's share capital during the year ended 31 December 2015.

CONTINGENT LIABILITIES

As at 31 December 2015, the Group had provided guarantees in an aggregate amount of approximately HK$652 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 23 January 2015, the Company and Wanda HK entered into a joint venture agreement in relation to the establishment of Wanda One Sydney Pty Ltd, which acquired the Sydney Project in March 2015. By virtue of the terms of the joint venture agreement, Wanda One Sydney Pty Ltd is an indirect 60%-owned subsidiary of the Company. The Group had no disposal of subsidiaries and associated companies during the year ended 31 December 2015.

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 2015, the Group had around 325 full time employees, who are located in the PRC, Hong Kong, the United Kingdom, Spain, 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, subsidized educational and training programs.

DIVIDEND

The Directors of the Company did not recommend the payment of a final dividend for the year ended 31 December 2015 (2014: Nil).

OUTLOOK

Looking forward, with support from our parent, DWCP, the Group will continue to focus on international gateway cities which attract a significant number of tourists, business travellers and a growing trend of international tourists. The Group will actively participate in the investment, development and operation of mixed-use property projects with a focus on hotel assets. The Group will steadily develop the existing projects, whereas the residential component will be sold as scheduled if market conditions are favourable. The Group will continue to hold the commercial component and hotel assets for investment purpose, and have the hotels operated under Wanda brands (the existing brands include but are not limited to Wanda Vista, Wanda Reign and Wanda Realm). 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's previous share option scheme (the "Scheme"), was adopted pursuant to a resolution passed on 15 May 2002 for the primary purpose of providing incentives to directors and eligible employees. The scheme period of the Scheme was ten years commencing on the adoption date. As such, the Scheme had already expired. The Company did not have any effective share option scheme as at 31 December 2015.

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 2015.

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 2015.

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 deviations from Code Provision A.6.7 and E.1.2. Code provision A.6.7 stipulates that independent non-executive directors should attend general meetings. Due to certain important business engagements at the relevant time, not all independent non-executive directors attended the annual general meeting of the Company held on 19 June 2015 (the "2015 AGM"). Code E.1.2 stipulates that the Chairman of the Board should attend the annual general meeting. Due to other important business engagements at the relevant time, the Chairman did not attend the 2015 AGM.

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. The Audit Committee comprised of one non-executive director and two independent non-executive directors, namely Mr. Xue Yunkui, Mr. Qi Jie 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 2015 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 2015 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 2015 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, 16 March 2016

As at the date of this announcement, Mr. Ding Benxi (Chairman), Mr. Qi Jie and Mr. Qu Dejun are the non-executive Directors; Mr. Liu Chaohui is the executive Director; and Mr. Liu Jipeng, Mr. Xue Yunkui and Mr. Zhang Huaqiao are the independent non-executive Directors.