# 萬達酒店發展有限公司
# WANDA HOTEL DEVELOPMENT COMPANY LIMITED

*(formerly known as Wanda Commercial Properties (Group) Co., Limited 萬達商業地產(集團)有限公司)*

*(Incorporated in Bermuda with limited liability)*

**(Stock Code : 169)**

## ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2014

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 2014 as follows:

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS**

*for the year ended 31 December 2014*

*(Expressed in Hong Kong dollars)*

| | *Notes* | **2014** **$'000** | 2013 $'000 |
|---|---|---|---|
| **Revenue** | *4* | **185,849** | 1,347,995 |
| Cost of sales | | **(57,245)** | (754,612) |
| **Gross profit** | | **128,604** | 593,383 |
| Other revenue | *5* | **13,114** | 8,137 |
| Other net gain/(loss) | *5* | **94,727** | (6,805) |
| Net valuation (loss)/gain on investment properties | | **(121,173)** | 93,116 |
| Selling expenses | | **(112,429)** | (5,220) |
| Administrative expenses | | **(124,941)** | (77,828) |
| Gain on redemption of convertible bonds | | **—** | 39,370 |
| Gain on revaluation and cancellation of convertible bonds redemption options | | **11,050** | 32,946 |
| Net loss on disposal of subsidiaries | | **—** | (45,326) |
| Impairment loss on goodwill | | **(12,433)** | (57,574) |
| **(Loss)/profit from operations** | | **(123,481)** | 574,199 |
| Finance costs | *7* | **(65,956)** | (89,916) |
| Share of loss of a joint venture | | **(979)** | — |
| **(Loss)/profit before tax** | *6* | **(190,416)** | 484,283 |
| Income tax credit/(expense) | *8* | **73,322** | (250,382) |
| **(Loss)/profit for the year** | | **(117,094)** | 233,901 |
| **Attributable to:** | | | |
| Owners of the parent | | **(176,026)** | 190,879 |
| Non-controlling interests | | **58,932** | 43,022 |
| | | **(117,094)** | 233,901 |
| **(Loss)/earnings per share attributable to ordinary equity holders of the parent (HK cents)** | *9* | | (Restated) |
| Basic | | **(4.3)** | 7.0 |
| Diluted | | **(4.3)** | 2.9 |

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*for the year ended 31 December 2014*
*(Expressed in Hong Kong dollars)*

| | 2014 | 2013 |
|---|---|---|
| | *$'000* | *$'000* |
| **(Loss)/profit for the year** | **(117,094)** | 233,901 |
| **Other comprehensive (loss)/income** | | |
| Other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods: | | |
| Exchange differences on translation of foreign operations | **(357,124)** | 54,842 |
| Exchange reserve realised on disposal of subsidiaries | — | (26,927) |
| **Other comprehensive (loss)/income for the year, net of tax** | **(357,124)** | 27,915 |
| **Total comprehensive (loss)/income for the year** | **(474,218)** | 261,816 |
| **Attributable to:** | | |
| Owners of the parent | **(385,120)** | 204,793 |
| Non-controlling interests | **(89,098)** | 57,023 |
| | **(474,218)** | 261,816 |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*at 31 December 2014*
*(Expressed in Hong Kong dollars)*

| | Notes | 2014 $'000 | 2013 $'000 |
|---|---|---|---|
| **Non-current assets** | | | |
| Property, plant and equipment | | **619,547** | 12,860 |
| Freehold land | | **1,129,596** | 321,121 |
| Investment properties | | **3,161,737** | 2,734,384 |
| Prepaid land lease payments | | **20,432** | 21,476 |
| Goodwill | | **17,469** | 30,557 |
| Investments in a joint venture | | **601,747** | — |
| Deferred tax assets | | **123,708** | 52,318 |
| **Total non-current assets** | | **5,674,236** | 3,172,716 |
| **Current assets** | | | |
| Properties under development | | **3,006,613** | 938,177 |
| Completed properties held for sale | | **182,414** | 375,961 |
| Trade and other receivables | *10* | **1,073,992** | 73,549 |
| Prepaid tax | | **60,324** | — |
| Derivative financial instruments | | **—** | 70,010 |
| Restricted bank deposits | | **83,208** | 85,303 |
| Cash and cash equivalents | | **2,103,615** | 106,436 |
| **Total current assets** | | **6,510,166** | 1,649,436 |
| **Current liabilities** | | | |
| Trade and other payables | *11* | **1,003,422** | 594,398 |
| Receipts in advance | | **1,445,354** | 47,435 |
| Loans from financial institutions | | **119,916** | 81,967 |
| Loans from related parties | | **225,026** | 256,268 |
| Current taxation | | **448,557** | 450,910 |
| **Total current liabilities** | | **3,242,275** | 1,430,978 |
| **Net current assets** | | **3,267,891** | 218,458 |
| **Total assets less current liabilities** | | **8,942,127** | 3,391,174 |
| **Non-current liabilities** | | | |
| Convertible bonds | | **—** | 234,906 |
| Loans from financial institutions | | **1,463,642** | 54,993 |
| Loans from an intermediate holding company | | **3,451,423** | 1,202,634 |
| Interest payable to an intermediate holding company | *11* | **77,755** | — |
| Deferred tax liabilities | | **470,958** | 552,324 |
| **Total non-current liabilities** | | **5,463,778** | 2,044,857 |
| **NET ASSETS** | | **3,478,349** | 1,346,317 |

| | Note | 2014 $'000 | 2013 $'000 |
|---|---|---|---|
| **Equity** | | | |
| Equity attributable to owners of the parent | | | |
| Share capital | *12* | **469,735** | 285,591 |
| Retained earnings | | **92,613** | 272,032 |
| Other reserves | | **2,206,799** | (17,124) |
| | | **2,769,147** | 540,499 |
| Non-controlling interests | | **709,202** | 805,818 |
| **TOTAL EQUITY** | | **3,478,349** | 1,346,317 |

## NOTES

*(Expressed in Hong Kong dollars unless otherwise indicated)*

### 1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with all applicable 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") and accounting principles generally accepted in Hong Kong. These financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance relating to the preparation of financial statements, which for this financial year and the comparative period continue to be those of the predecessor Companies Ordinance (Cap. 32 of the Laws of Hong Kong), in accordance with transitional and saving arrangements for Part 9 of the new Companies Ordinance (Cap. 622 of the Laws of Hong Kong), "Accounts and Audit", which are set out in Sections 76 to 87 of Schedule 11 to the new Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities ("Listing Rules") on The Stock Exchange of Hong Kong Limited ("Stock Exchange").

The consolidated financial statements have been prepared under the historical cost convention, except for investment properties and derivative financial instruments, which have been measured at fair value.

These financial statements are presented in Hong Kong Dollar ("$") and all value are rounded to the nearest thousand ("$'000") except when otherwise indicated.

**Basis of consolidation**

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2014. 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. 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 and new interpretation for the first time for the current year's financial statements.

| | |
|---|---|
| Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) | *Investment Entities* |
| Amendments to HKAS 32 | *Offsetting Financial Assets and Financial Liabilities* |
| Amendments to HKAS 36 | *Recoverable Amount Disclosures for Non-Financial Assets* |
| Amendments to HKAS 39 | *Novation of Derivatives and Continuation of Hedge Accounting* |
| HK(IFRIC)-Int 21 | *Levies* |
| Amendment to HKFRS 2 included in *Annual Improvements 2010-2012 Cycle* | *Definition of Vesting Condition*[1] |
| Amendment to HKFRS 3 included *in Annual Improvements 2010-2012 Cycle* | *Accounting for Contingent Consideration in a Business Combination*[1] |
| Amendment to HKFRS 13 included in *Annual Improvements 2010-2012 Cycle* | *Short-term Receivables and Payables* |
| Amendment to HKFRS 1 included in *Annual Improvements 2011-2013 Cycle* | *Meaning of Effective HKFRSs* |

[1] Effective from 1 July 2014

Except for the amendment to HKFRS 1 which is only relevant to an entity's first HKFRS financial statements, the nature and the impact of each amendment and interpretation is described below:

(a) Amendments to HKFRS 10 include a definition of an investment entity and provide an exception to the consolidation requirement for entities that meet the definition of an investment entity. Investment entities are required to account for subsidiaries at fair value through profit or loss rather than consolidate them. Consequential amendments were made to HKFRS 12 and HKAS 27 (2011). The amendments to HKFRS 12 also set out the disclosure requirements for investment entities. The amendments have had no impact on the Group as the Company does not qualify as an investment entity as defined in HKFRS 10.

(b) The HKAS 32 Amendments clarify the meaning of "currently has a legally enforceable right to set off" for offsetting financial assets and financial liabilities. The amendments also clarify the application of the offsetting criteria in HKAS 32 to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The amendments have had no impact on the Group as the Group does not have any offsetting arrangement.

(c) The HKAS 39 Amendments provide an exception to the requirement of discontinuing hedge accounting in situations where over-the-counter derivatives designated in hedging relationships are directly or indirectly, novated to a central counterparty as a consequence of laws or regulations, or the introduction of laws or regulations. For continuance of hedge accounting under this exception, all of the following criteria must be met: (i) the novations must arise as a consequence of laws or regulations, or the introduction of laws or regulations; (ii) the parties to the hedging instrument agree that one or more clearing counterparties replace their original counterparty to become the new counterparty to each of the parties; and (iii) the novations do not result in changes to the terms of the original derivative other than changes directly attributable to the change in counterparty to achieve clearing. The amendments have had no impact on the Group as the Group has not novated any derivatives during the current and prior years.

(d) HK(IFRIC)-Int 21 clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. The interpretation also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be recognised before the specified minimum threshold is reached. The interpretation has had no impact on the Group as the Group applied, in prior years, the recognition principles under HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets* which for the levies incurred by the Group are consistent with the requirements of HK(IFRIC)-Int 21.

(e) The HKFRS 2 Amendment clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including (i) a performance condition must contain a service condition; (ii) a performance target must be met while the counterparty is rendering service; (iii) a performance target may relate to the operations or activities of an entity, or to those of another entity in the same group; (iv) a performance condition may be a market or non-market condition; and (v) if the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied. The amendment has had no impact on the Group.

(f) The HKFRS 3 Amendment clarifies that contingent consideration arrangements arising from a business combination that are not classified as equity should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of HKFRS 9 or HKAS 39. The amendment has had no impact on the Group.

(g) The HKFRS 13 Amendment clarifies that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial. The amendment has had no impact on the Group.

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

| | The PRC | | Overseas | | Total | |
|---|---|---|---|---|---|---|
| | **2014** | 2013 | **2014** | 2013 | **2014** | 2013 |
| | ***$'000*** | *$'000* | ***$'000*** | *$'000* | ***$'000*** | *$'000* |
| **For the years ended 31 December 2014 and 2013** | | | | | | |
| Revenue from external customers | **185,849** | 1,347,995 | **—** | — | **185,849** | 1,347,995 |
| Reportable segment (loss)/profit | **(81,066)** | 391,831 | **(134,437)** | (5,126) | **(215,503)** | 386,705 |
| **At 31 December 2014 and 2013** | | | | | | |
| Reportable segment assets | **6,208,636** | 3,391,136 | **5,643,077** | 1,299,174 | **11,851,713** | 4,690,310 |
| Reportable segment liabilities | **4,092,551** | 1,326,939 | **2,429,506** | 1,104,363 | **6,522,057** | 2,431,302 |

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

| | 2014 | 2013 |
|---|---|---|
| | ***$'000*** | *$'000* |
| ***Revenue*** | | |
| Reportable segment and consolidated revenue | **185,849** | 1,347,995 |
| ***(Loss)/profit before tax*** | | |
| Reportable segment (loss)/profit | **(215,503)** | 386,705 |
| Unallocated head office and corporate results | **25,087** | 97,578 |
| Consolidated (loss)/profit before tax | **(190,416)** | 484,283 |

| | 2014 | 2013 |
|---|---|---|
| | ***$'000*** | *$'000* |
| ***Assets*** | | |
| Reportable segment assets | **11,851,713** | 4,690,310 |
| Unallocated head office and corporate assets | **332,689** | 131,842 |
| Consolidated total assets | **12,184,402** | 4,822,152 |
| ***Liabilities*** | | |
| Reportable segment liabilities | **6,522,057** | 2,431,302 |
| Unallocated head office and corporate liabilities | **2,183,996** | 1,044,533 |
| Consolidated total liabilities | **8,706,053** | 3,475,835 |

### (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** | |
|---|---|---|---|---|
| | **2014** | 2013 | **2014** | 2013 |
| | ***$'000*** | *$'000* | ***$'000*** | *$'000* |
| The PRC (including Hong Kong) | **185,849** | 1,347,995 | **3,866,775** | 2,799,277 |
| Overseas | **—** | — | **1,683,753** | 321,121 |
| | **185,849** | 1,347,995 | **5,550,528** | 3,120,398 |

### (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 2014 (2013: one). During the year ended 31 December 2014, revenue from this customer amounted to $78,036,000 (2013: $849,501,000).

## 4 REVENUE

Revenue, which is also the Group's turnover, 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:

| | **2014** | 2013 |
|---|---|---|
| | ***$'000*** | *$'000* |
| Sales of properties | **58,422** | 1,231,746 |
| Rental income | **107,481** | 94,423 |
| Property management income | **19,946** | 21,826 |
| | **185,849** | 1,347,995 |

Included in revenue from sales of properties during the year ended 31 December 2013 was an amount of $875,508,000 generated from subsidiaries disposed in that year.

## 5 OTHER REVENUE AND OTHER NET GAIN/(LOSS)

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

| | **2014** | 2013 |
|---|---|---|
| | ***$'000*** | *$'000* |
| ***Other revenue*** | | |
| Interest income from banks | **13,114** | 8,137 |
| ***Other net gain/(loss)*** | | |
| Exchange gain/(loss) | **109,531** | (13,650) |
| Forfeiture of deposits from purchasers | **3,714** | 6,350 |
| Other receivables written off as uncollectable | **(19,578)** | — |
| Others | **1,060** | 495 |
| | **94,727** | (6,805) |

## 6 (LOSS)/PROFIT BEFORE TAX

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

| | **2014** | 2013 |
|---|---|---|
| | ***$'000*** | *$'000* |
| Cost of properties sold | **41,085** | 740,531 |
| Cost of services provided | **16,160** | 14,081 |
| Depreciation | **11,957** | 1,570 |
| Amortisation of land lease payments | **519** | 477 |
| Minimum lease payments under operating leases for land and building | **9,220** | 2,098 |
| Auditor's remuneration | | |
| — Audit services | **900** | 900 |
| — Other services | **722** | 2,450 |
| Employee benefit expenses (excluding directors' remuneration): | | |
| — Salaries, wages and other benefits | **63,584** | 27,865 |
| — Contributions to defined contribution retirement plan | **5,892** | 1,226 |
| | **69,476** | 29,091 |
| Direct operating expenses (including repairs and maintenance) arising on rental-earning investment properties | **10,814** | 8,422 |
| Loss on disposal of items of property, plant and equipment | **3** | 7 |

## 7 FINANCE COSTS

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

| | **2014** | 2013 |
|---|---|---|
| | ***$'000*** | *$'000* |
| Interest on loans from financial institutions | **63,841** | 4,452 |
| Interest on convertible bonds | **9,602** | 53,569 |
| Interest on loans from an intermediate holding company repayable within five years | **69,797** | 12,239 |
| Interest on loans from related parties | **38,258** | 39,942 |
| Deemed interest on advance from lessee | **24** | 1,687 |
| | **181,522** | 111,889 |
| Less: Interest expenses capitalised into properties under development and construction in progress* | **(115,566)** | (21,973) |
| | **65,956** | 89,916 |

* The borrowing costs have been capitalised at rates ranging from 3%-6% per annum (2013: 7%-15% per annum).

## 8 INCOME TAX

| | **2014** | 2013 |
|---|---|---|
| | ***$'000*** | *$'000* |
| **Group:** | | |
| ***Current tax*** | | |
| Corporate Income Tax *(note (iii))* | | |
| — Charge for the year | **48,576** | 193,833 |
| — Overprovision in prior years | **(10,056)** | — |
| PRC Land Appreciation Tax *(note (iv))* | **18,700** | 177,599 |
| | **57,220** | 371,432 |
| ***Deferred tax*** | | |
| Origination and reversal of temporary differences: | | |
| — Revaluation of properties | **(56,234)** | (138,128) |
| — Deductibility of PRC Land Appreciation Tax | **(2,745)** | 17,078 |
| — Presell properties in PRC | **(50,143)** | — |
| — Tax losses | **(21,420)** | — |
| | **(130,542)** | (121,050) |
| **Total tax (credit)/charge for the year** | **(73,322)** | 250,382 |

*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 Islands and BVI.

(ii) No provision for Hong Kong Profits Tax or overseas corporate tax has been made in the consolidated financial statements as the Company and the Group did not have assessable profits in Hong Kong or overseas for the year (2013: 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 (2013: 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)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

### (a) Basic (loss)/earnings per share

The calculation of basic (loss)/earnings per share is based on the loss attributable to owners of the parent of $176,026,000 (2013: profit of $190,879,000) and the weighted average number of ordinary shares of 4,139,285,000 (2013: 2,710,295,000, as restated) in issue, as adjusted retrospectively to reflect the effect of rights issue of the Company during the year.

### (b) Diluted earnings per share

No adjustment has been made to the basic loss per share amount presented for the year ended 31 December 2014 in respect of a dilution as the impact of the convertible bonds outstanding during the year had an anti-dilutive effect on the basic loss per share amount presented.

For the year ended 31 December 2013, the calculation of diluted earnings per share is based on profit attributable to equity shareholders of the Company of $172,132,000 and the weighted average number of 5,882,351,000 shares, as restated, calculated as follows:

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

| | **2014** | 2013 |
|---|---|---|
| | ***$'000*** | *$'000* |
| (Loss)/profit attributable to ordinary equity holders of the parent, used in the basic (loss)/earnings per share calculation | **(176,026)** | 190,879 |
| Interest on convertible bonds | — | 53,569 |
| Gain on redemption of convertible bonds | — | (39,370) |
| Gain on revaluation and cancellation of convertible bonds redemption options | — | (32,946) |
| | **(176,026)** | 172,132 |

***(ii) Weighted average number of ordinary shares (diluted)***

| | **2014** | 2013 |
|---|---|---|
| | ***'000*** | *'000* |
| | | (Restated) |
| Weighted average number of ordinary shares at 31 December | **4,139,285** | 2,710,295 * |
| Effect of deemed conversion of convertible bonds | — | 3,172,056 |
| | **4,139,285** | 5,882,351* |

* Restated by taking into account the retrospective adjustment to the number of shares outstanding before the rights issue completed on 23 January 2014.

## 10 TRADE AND OTHER RECEIVABLES

| | **2014** | 2013 |
|---|---|---|
| | ***$'000*** | *$'000* |
| Trade receivables | **70,590** | 4,567 |
| Prepayments | **4,010** | 3,158 |
| Deposits and other receivables | **988,294** | 65,095 |
| Amounts due from related parties | **9,262** | 729 |
| Amounts due from an intermediate holding company | **1,836** | — |
| | **1,073,992** | 73,549 |

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.

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

| | **2014** | 2013 |
|---|---|---|
| | ***$'000*** | *$'000* |
| Within 3 months | **27,557** | 3,357 |
| Over 3 months but within 6 months | **22,465** | 1,210 |
| Over 6 months but within 12 months | **20,266** | — |
| Over 12 months | **302** | — |
| | **70,590** | 4,567 |

At 31 December 2014, 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 (2013: Nil).

## 11 TRADE AND OTHER PAYABLES

| | **2014** | 2013 |
|---|---|---|
| | ***$'000*** | *$'000* |
| Trade payables *(note (a))* | **368,559** | 95,692 |
| Other payables | **126,442** | 195,649 |
| Accruals | **5,010** | 1,639 |
| Interest payable to related parties *(note (b))* | **23,586** | 121,706 |
| Interest payable to an intermediate holding company *(note (b))* | **77,755** | 12,320 |
| Interest payable to financial institutions | **22,307** | — |
| Amounts due to an intermediate holding company *(note (b))* | **290,213** | 27,833 |
| Amounts due to related parties *(note (b))* | **167,305** | 122,491 |
| Amounts due to non-controlling shareholders *(note (b))* | **—** | 17,068 |
| | **1,081,177** | 594,398 |
| Portion classified as current liabilities | **(1,003,422)** | (594,398) |
| Non-current portion | **77,755** | — |

(a) None of the Group's trade payables are expected to be settled after more than one year (2013: Nil).

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

| | **2014** | 2013 |
|---|---|---|
| | ***$'000*** | *$'000* |
| Within 3 months | **330,026** | 8,097 |
| Over 3 months but within 6 months | **6,532** | 3,218 |
| Over 6 months but within 12 months | **13,859** | 2,484 |
| Over 12 months | **18,142** | 81,893 |
| | **368,559** | 95,692 |

(b) Except for the amount of $77,755,000 in interest payable to an intermediate holding company which is repayable more than one year (2013: Nil), the amounts due to an intermediate holding company, related parties and non-controlling equity holders are repayable on demand or within one year and all these balances are unsecured and interest free.

## 12 CAPITAL

### (a) Share capital

| | **2014** | | 2013 | |
|---|---|---|---|---|
| | **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 | **2,855,911** | **285,591** | 2,352,917 | 235,292 |
| Issued shares *(note (ii))* | **856,773** | **85,677** | — | — |
| Conversion of convertible bonds *(note (iii))* | **984,663** | **98,467** | 502,994 | 50,299 |
| At 31 December | **4,697,347** | **469,735** | 2,855,911 | 285,591 |

*Notes:*

(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.

(ii) On 23 January 2014, the Company completed a rights issue at a subscription price of $2.88 per rights share. Accordingly, 856,773,210 shares with a par value of $0.1 each were issued by the Company and a share premium of $2,364,643,000 arose.

(iii) Convertible bonds with principal amount of $321,000,000 were converted to ordinary shares of the Company on 9 July 2014. Accordingly, 984,662,575 shares with a par value of $0.1 each were issued by the Company and a share premium of $83,681,000 arose.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

In 2014, the Company and the controlling shareholders entered into a memorandum of understanding under which the controlling shareholders pledged to continue to support the Group, and to promote the establishment and positioning of the Group as a platform for the investment, development and operation of hotels under Wanda's brandnames in overseas markets.

In 2014, the Group and the parent Dalian Wanda Commercial Properties Co., Ltd ("DWCP") jointly acquired Wanda Plaza Project in Guilin, the PRC, and established three overseas joint venture platforms in Continental Europe (with total capital commitment of HK$12.5 billion), the Americas (with total capital commitment of HK$10 billion) and Australia (with total capital commitment of HK$12.5 billion). Through these overseas joint venture platforms, the Group and DWCP jointly acquired landmark projects, namely the Madrid Project in Spain, the Chicago Project in the US, and the Gold Coast Jewel Project in Australia as set out below.

The Group will continue to be prudent while actively seeking outstanding and profitable investment opportunities that are in line with the Group's development strategy. At the same time, the Group will steadily develop the acquired projects, and thereby further expand the Group's sources of revenue and enhance its profitability.

**London Project, UK**

In September 2013, the Company acquired a project at 1 Nine Elms Lane, London SW8 5NQ, the United Kingdom with Wanda Commercial Properties Development (HK) Co., Limited ("Wanda HK") in form of a joint venture, in which the Company holds 60% and Wanda HK 40% of the joint venture company. The planned total gross floor area of the project is approximately 107,000 sq.m., and is expected to be developed into a high-end complex comprising residential and hotel units. The pre-sale of London Project, UK has commenced in November 2014 with outstanding results achieved. It is expected that the Company will complete the demolition work of the existing property and commence construction work in the middle of 2015, and the development of this project will be completed in 2018.

**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 total capital commitment of HK$12.5 billion, in which the Company holds 60% and Wanda HK 40% of the joint venture company, 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 83,000 sq.m., and is expected to be developed into a complex featuring 178 key luxury hotel, prime retail spaces and around 210 residential apartments featuring stunning views of Madrid. The Madrid Project is expected to obtain the relevant planning approvals by the end of 2015, and construction work will commence in 2016. The development of this project is expected to be completed in 2019.

**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 total capital commitment of HK$10 billion, in which the Company holds 60% and Wanda HK 40% of the joint venture company, 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 and Lakeshore; and (ii) the Operating Agreement with Magellan to jointly develop the Chicago Project, in which Wanda Chicago holds 90% and Magellan 10%.

The planned total gross floor area of the Chicago Project is approximately 152,000 sq.m. It is located in the heart of Chicago, adjacent to Millennium Park and Chicago CBD, and many of the well known destinations are within walking distance, such as the Theatre District, Museum Campus and Michigan Avenue. This is the last unbuilt site within the Lakeshore East area with excellent geographic location. The project is expected to be developed into a 350-meter, 89-story super five-star hotel (with estimated 160 rooms) and high-end condominiums, which will be Chicago's third highest building upon completion and become a new landmark in Chicago. The project is expected to obtain the planning approvals and to commence pre-sale in 2015. Construction work is expected to commence in 2016 and the development of this project is expected to be completed around 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 total capital commitment of HK$12.5 billion, in which the Company holds 60% and Wanda HK 40% of the joint venture company, 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 DWCP, Mr. Li and Jewel Project Company. Upon completion of the Subscription, Jewel Project Company is owned by Wanda Australia Commercial and Mr. Li as to 55% and 45% respectively, for the joint development of the Gold Coast Jewel Project.

The planned total gross floor area of the Gold Coast Jewel Project is approximately 146,000 sq.m. It is located in the heart of the Gold Coast city center — the Surfers Paradise, which 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 of the Gold Coast upon completion. Tenant cleanup work was completed as planned in 2014, and the demolition and relocation work has commenced. The construction work is expected to commence in the second quarter of 2015, and pre-sale in the third quarter of 2015. The development of this project is expected to be completed in 2018.

**Wanda Plaza, Guilin, 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 49% of the joint venture company. The planned total gross floor area of the project is approximately 330,000 sq.m., and is expected to be developed into a "Wanda Plaza" which comprises commercial and residential properties. The construction work of Wanda Plaza commenced in May 2014, and pre-sale commenced in July 2014. The development of this project is expected to be completed in October 2015.

### Hengli City, Fuzhou, PRC

Hengli City is a residential, office and retail complex located in Fuzhou, the PRC. As of 31 December 2014, the floor area of its remaining properties was approximately 90,000 sq.m., and most of the office and car park units were leased and the commercial portion was fully leased to Wangfujing Department Store. In 2014, total revenue from leasing of property amounted to approximately HK$107.5 million, providing stable cash flow to the Group, while revenue of approximately HK$58.4 million was recorded from the sales of residential, car park and other units.

### Memorandum of Understanding and Change of Company Name

On 25 August 2014, the Company, DWCP and Wanda HK, both controlling shareholders of the Company, entered into the memorandum of understanding in which the parties have expressed their intention to establish the Group as a platform for the investment, development and operation of hotels under Wanda's brandnames in overseas markets. DWCP and Wanda HK both expressed their continued support to the Group for the aforesaid business direction and strategy. The memorandum of understanding also provides that the Group will be given priority to form joint venture with DWCP or its subsidiaries to co-invest in the overseas hotel development businesses. In the event that the Group decides not to take part in any of such investment opportunities and DWCP is to proceed with the relevant overseas hotel development businesses on its own, the Group and DWCP shall continue to negotiate for future joint venture and cooperation opportunities and, where possible, the Group shall hold majority interest in such relevant overseas hotel development businesses.

Accordingly, after passing of the special resolution regarding the proposed change of the name of the Company at the special general meeting held on 18 September 2014, the Company changed its name to "Wanda Hotel Development Company Limited" and adopted the Chinese name "万达酒店发展有限公司" as its secondary name. The English and Chinese stock short names of the Company for trading in the shares of the Company on the Stock Exchange were changed to "WANDA HOTEL DEV" and "萬達酒店發展", respectively with effect from 22 October 2014. The stock code of the Company on the Stock Exchange remains unchanged.

The Company believes that both the rights issue of HK$2.47 billion and the 5-year bank loans of US$160 million completed and secured by the Company in 2014 have further enhanced the capital strength of the Company, and provided a solid foundation for the implementation of the aforesaid business direction and strategy, as well as future acquisition and development of projects.

## EVENTS AFTER THE REPORTING PERIOD

### Sydney Project, Australia

On 23 January 2015, pursuant to the Master Australia JV Agreement approved by the independent shareholders, the Company and Wanda HK acquired the Sydney project in Australia through Wanda One Sydney Pty Ltd ("Wanda One"), a wholly owned subsidiary of the joint venture platform in Australia, which is expected to be developed into a new high-end and mixed-use hotel, residential and retail complex (further details are set out in the announcement of the Company dated 25 January 2015). As additional time is required for the Company to prepare and finalise certain information to be included in the circular, an application has been made to the Stock Exchange for a waiver, and such waiver had been granted by the Stock Exchange, from strict compliance with Rule 14.41(a) of the Listing Rules and to extend the deadline for the despatch of the circular to a date on or before 31 March 2015.

## FINANCIAL REVIEW

### Revenue and results

The Group's revenue for the year ended 31 December 2014 was approximately HK$185.8 million. Compared to the revenue of HK$1,348 million for 2013, the decrease was mainly due to i) the disposal of a subsidiary in June 2013, which generated revenue of approximately HK$875.5 million for 2013; ii) a decline in revenue from the sales of property in Fuzhou of approximately HK$297.8 million due to a show down of the property sales market in Fuzhou.

Revenue of HK$58.4 million, HK$107.5 million and HK$19.9 million was derived from the sales of developed properties, property leasing and property management service for the year ended 31 December 2014 respectively.

The Group's loss attributable to the equity shareholders of the Company was approximately HK$176 million (2013: profit of HK$190.9 million). The decrease was mainly due to i) a net valuation loss on investment properties of approximately HK$121.2 million in 2014 as compared to a net valuation gain of approximately HK$93.1 million in 2013. The decline in fair value of the Group's investment properties was mainly due to intensifying competition in commercial properties in the central business area of Fuzhou, ii) a decrease in gross profit of HK$464.8 million due to the decrease in revenue from the sales of properties, iii) an increase in selling expenses of approximately HK$107.2 million due to a significant increase in pre-sale activities in 2014, which was partly set off by: iv) a decrease in income tax of approximately HK$323.7 million, and v) an increase in other net gain of approximately HK$101.5 million.

### Net assets and equity attributable to equity shareholders

As at 31 December 2014, the Group recorded total assets and total liabilities of approximately HK$12,184.4 million and HK$8,706.1 million respectively. The Group had net assets of approximately HK$3,478.3 million as at 31 December 2014 as compared to approximately HK$1,346.3 million as at 31 December 2013. As at 31 December 2014, the equity attributable to equity shareholders of the Company was approximately HK$2,769.1 million as compared to HK$540.5 million as at 31 December 2013.

### Liquidity and financial ratios

The Group had total cash and bank balances of approximately HK$2,186.8 million as at 31 December 2014 as compared with HK$191.7 million as at 31 December 2013. About 80%, 11% and 5% of the cash and bank balances were denominated in Renminbi ("RMB"), Great British Pound ("GBP") and Hong Kong Dollar ("HK$") respectively. The remaining 4% was denominated in Euro ("EUR") and US Dollar ("USD"). As at 31 December 2014, the current ratio, which is the quotient arrived at by dividing current assets by current liabilities, was 2.01 as compared with 1.15 as at 31 December 2013. The gearing ratio, which is the quotient arrived at by dividing net debts by the aggregate of net debts and total equity, was 46.9% as at 31 December 2014 as compared with 54.9% as at 31 December 2013.

### Borrowings and financial resources

The Group had interest-bearing borrowings from financial institutions of approximately HK$1,583.6 million as at 31 December 2014 (31 December 2013: HK$137.0 million). These borrowings were denominated in RMB, USD and HK$. Approximately 8% of these borrowings is repayable within one year. The rest represents bank loans of HK$1,463.6 million which are repayable after one year.

The Group had interest-bearing borrowings from related parties of approximately HK$225 million as at 31 December 2014 (31 December 2013: HK$256.3 million). These borrowings were denominated in RMB and were repayable within one year.

The Group had interest-bearing borrowings from an intermediate holding company of approximately HK$1,276 million as at 31 December 2014 (31 December 2013: HK$1,202.6 million). These borrowings were denominated in GBP and were repayable in year 2018. The Group also had non-interest-bearing borrowings from an intermediate holding company of approximately HK$2,175.4 million of which HK$684.5 million were denominated in USD, HK$1,240.3 million in EUR and HK$250.6 million in Australian dollars ("AUD"). 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 2014, the Group's authorised commitment for capital expenditure is approximately HK$4,640.4 million. On 4 June 2014, the Company entered into a 10-year term loan facility of up to an aggregate amount of USD162 million with Wanda HK for the acquisition of property projects and general working capital purpose. This facility has not been drawn and was still available as at 31 December 2014. Going forward, the Company will continue to seek funding opportunities to support the growth of its business portfolio.

**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, United Kingdom, 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 demonstrated 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 2014.

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 2014, interest-bearing borrowings of HK$2,859.5 million, being 92.7% of the total interest-bearing borrowings, were on a floating rate basis, of which HK$1,276 million were loans from an intermediate holding company. The remaining interest-bearing borrowings of HK$225 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 2014, the Group pledged certain of its building held for own use, prepaid 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$264.5 million granted by these financial institutions. The aggregate carrying value of these building held for own use, prepaid lease payments, investment properties, completed properties for sales and restricted bank deposits as at 31 December 2014 amounted to approximately HK$6.9 million, HK$20.4 million, and HK$379.4 million, HK$25.4 million and HK$83.2 million respectively.

In addition, 60% of the shares in Wanda International Real Estate Investment Co., Ltd, the Company's direct 60% owned subsidiary, was charged to secure a loan of approximately HK$1,276 from an intermediate holding company as at 31 December 2014.

At the same time, 37% of the entire share capital of Wanda Madrid Development, S.L., the Company's indirect 60% owned subsidiary, was pledged to secure a loan of USD160 million from a financial institution as at 31 December 2014.

## CHANGES IN SHARE CAPITAL

On 23 January 2014, the Company completed a rights issue on the basis of three rights shares for every ten existing shares on 24 December 2013, issuing 856,773,210 rights shares in total at the subscription price of HK$2.88 per rights share. As a result of the rights issue, the Company's number of issued shares and paid up share capital increased to 3,712,683,913 shares and HK$371,268,391.3 on 23 January 2014 respectively.

On 9 July 2014, the Company allotted and issued a total of 984,662,575 ordinary shares in the Company upon receiving notices for conversion from holders of convertible bonds issued by the Company at the conversion price of HK$0.326 per share. As a result of the conversion, the Company's number of issued shares and paid up share capital increased to 4,697,346,488 shares and HK$ 469,734,648.8 on 9 July 2014 respectively.

## CONTINGENT LIABILITIES

As at 31 December 2014, the Group had provided guarantees of approximately HK$424.1 million to banks in favour of its customers in respect of mortgaged loans provided by the banks to these customers for their purchase of the Group's properties. Each of these guarantees would be released upon the execution of individual purchasers' collateral agreements.

## MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANY

### The Mainland

The Company and Wanda HK jointly acquired the property located at site P05 at north to Huan Cheng Nan Road No. 1, Guilin, Guangxi Zhuang Autonomous Region, the PRC (中國廣西壯族自治區桂林市環城南一路以北P05地塊) in February 2014, which is to be developed into a "Wanda Plaza". The Company indirectly owns 51% of the project company holding the Guilin Wanda Plaza Project. This project company and the intermediate holding companies are accounted for as subsidiaries of the Company.

### Overseas

During 2014, the Company and Wanda HK jointly formed three overseas property investment platforms for property investments in Continental Europe, the Americas and Australia respectively. By virtue of the terms of relevant joint venture agreements, these platforms are subsidiaries of the Group. Through these platforms, the Group acquired the Madrid Project in Spain, the Chicago Project in the US, and the Gold Coast Jewel Project in Australia in 2014, which were all landmark projects in their respective locations. The relevant agreements for these three projects were signed on 4 June 2014, 8 July 2014 and 11 August 2014, respectively. The project companies holding the Madrid Project and the Chicago Project are accounted for as subsidiaries of the Company and the project company holding the Gold Coast Jewel Project is accounted for as a joint venture of the Company.

The Group has no disposal of subsidiaries and associated companies during 2014.

## DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

## EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2014, the Group had around 271 full time employees, who are located in the PRC, Hong Kong, the United Kingdom, Spain, 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 2014 (2013: Nil).

## OUTLOOK

Looking forward, the Group believes that as the global economy continues to recover, there will be attractive investment and development opportunities in the commercial real estate sector in certain overseas countries and regions. The establishment of the various joint venture platforms with the controlling shareholder for the overseas hotel development business provides the Group with a more optimal structure to capture such windows of investment opportunities as they arise. With support from the parent DWCP, the Group will continue to focus on international gateway cities which attract large tourism and business travel and a growing trend of international tourists, and actively participate in the development and operation of mixed-use property projects with a focus on hotels. The Group plans to retain the commercial component and hotel as investment whereas the residential component will be sold if market conditions are favourable, and to have the hotel operated under Wanda's brands (the existing brands include but are not limited to Wanda Vista, Wanda Reign and Wanda Realm). The Company expects that the hotel development business of the Group will grow over the years and become an important part of the Group's operating activities. The Group will continue to be prudent and focus on exploring financing channels, actively seeking profitable investment opportunities that are in line with the Group's development strategy, steadily developing commercial property projects together with DWCP, and thereby further expand the Group's sources of revenue, enhance the Group's profitability, and maximize value for its shareholders.

## OTHER INFORMATION

## SHARE OPTIONS SCHEME

The Company's 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 has already expired. The Company did not have any effective share option scheme as at 31 December 2014.

## 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 2014.

## 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 required standard as set out in the Model Code during the year ended 31 December 2014.

## 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 other important business engagements at the relevant time, not all independent non-executive directors attended the annual general meeting and special general meetings of the Company. 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 annual general meeting of the Company held during the year ended 31 December 2014.

The resignation of Mr. Ba Shusong, an independent non-executive director, on 20 May 2014, resulted in the Company's non-compliance with Rules 3.10(1), 3.10A, 3.21 and 3.25 of the Listing Rules. The Company took active steps to identify a suitable candidate to fill the abovementioned vacancy. On 29 August 2014, the Board of Directors of the Company announced that Mr. Zhang Huaqiao ("Mr. Zhang") had been appointed as an independent non-executive director of the Company, a member of the Audit Committee and the Remuneration Committee of the Company with effect form 1 September 2014.

## 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 for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls. The Audit Committee comprised of one non-executive director and two independent non-executive directors, namely Mr. Xue Yunkui, Mr. Qi Jie and Mr. Ba Shusong (who resigned as an independent non-executive director and as a member of the Audit Committee and the Remuneration Committee on 20 May 2014). Mr. Zhang Huaqiao was appointed as an independent non-executive director of the Company, a member of the Audit Committee and the Remuneration Committee of the Company with effect from 1 September 2014.

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 2014 and discussed the financial related matters with management and external auditors.

## 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 2014 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, 11 March 2015

*As at the date of this announcement, Mr. Ding Benxi (Chairman), Mr. Qi Jie, Mr. Qu Dejun and Mr. Chen Chang Wei 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.*