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 2016

The board (the "Board") of directors (the "Directors") of Wanda Hotel Development Company Limited (the "Company") announces the consolidated financial results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2016, with the comparative figures for the year ended 31 December 2015, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
for the year ended 31 December 2016
(Expressed in Hong Kong dollars)

	Notes	**2016** **$'000**	2015 $'000
Revenue	*4*	**374,166**	2,176,737
Cost of sales		**(184,185)**	(915,078)
Gross profit		**189,981**	1,261,659
Other revenue	*5*	**13,713**	19,789
Other net gain/(loss)	*5*	**203,133**	(269,990)
Net valuation gain on investment properties		**225,959**	15,433
Selling expenses		**(77,831)**	(107,098)
Administrative expenses		**(149,746)**	(155,399)
Profit from operations		**405,209**	764,394
Finance costs	*7*	**(203,789)**	(236,361)
Share of loss of a joint venture		**—**	(26,666)
Profit before tax	*6*	**201,420**	501,367
Income tax expense	*8*	**(125,351)**	(522,199)
Profit/(loss) for the year		**76,069**	(20,832)
Attributable to:			
Owners of the parent		**(60,663)**	(262,693)
Non-controlling interests		**136,732**	241,861
		76,069	(20,832)
Loss per share attributable to ordinary equity holders of the parent (HK cents)	*9*		
Basic and diluted		**(1.3)**	(5.6)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2016
(Expressed in Hong Kong dollars)

	2016	2015
	$'000	*$'000*
Profit/(loss) for the year	**76,069**	(20,832)
Other comprehensive loss		
Other comprehensive loss to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(280,331)**	(564,590)
Other comprehensive loss for the year, net of tax	**(280,331)**	(564,590)
Total comprehensive loss for the year	**(204,262)**	(585,422)
Attributable to:		
Owners of the parent	**(205,922)**	(580,216)
Non-controlling interests	**1,660**	(5,206)
	(204,262)	(585,422)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
at 31 December 2016
(Expressed in Hong Kong dollars)

	Notes	2016 $'000	2015 $'000
Non-current assets			
Property, plant and equipment		**985,638**	3,469,052
Freehold land		**1,310,682**	1,029,952
Investment properties		**3,795,711**	3,847,765
Prepaid land lease payments		**17,313**	18,976
Goodwill		**15,654**	16,714
Investment in a joint venture		**506,752**	509,988
Deferred tax assets		**139,665**	156,798
Total non-current assets		**6,771,415**	9,049,245
Current assets			
Properties under development		**4,357,658**	2,501,950
Completed properties held for sale		**250,227**	312,128
Trade and other receivables	*11*	**43,976**	575,603
Prepaid tax		**752**	87
Restricted bank deposits		**502,856**	10,737
Cash and cash equivalents		**2,680,562**	2,958,264
		7,836,031	6,358,769
Assets classified as held for sale		**2,032,755**	—
Total current assets		**9,868,786**	6,358,769
Current liabilities			
Trade and other payables	*12*	**4,138,078**	1,860,468
Bills payable		—	2,148
Receipts in advance		**78,003**	568,861
Loans from financial institutions		**1,627,784**	1,539,783
Loans from an intermediate holding company		**684,380**	—
Loans from related parties		**231,964**	141,553
Current taxation		**208,014**	486,272
		6,968,223	4,599,085
Liabilities directly associated with the assets classified as held for sale		**2,043**	—
Total current liabilities		**6,970,266**	4,599,085
Net current assets		**2,898,520**	1,759,684
Total assets less current liabilities		**9,669,935**	10,808,929

	Notes	2016 *$'000*	2015 *$'000*
Non-current liabilities			
Loans from financial institutions		**1,743,994**	1,350,612
Loans from an intermediate holding company		**4,109,095**	5,629,832
Loans from related parties		**34,332**	189,194
Interest payable to an intermediate holding company	*12*	**344,712**	220,298
Deferred tax liabilities		**520,982**	519,866
Total non-current liabilities		**6,753,115**	7,909,802
NET ASSETS		**2,916,820**	2,899,127
Equity			
Equity attributable to owners of the parent			
Share capital	*13*	**469,735**	469,735
Retained earnings		**(267,965)**	(205,246)
Other reserves		**1,781,239**	1,924,442
		1,983,009	2,188,931
Non-controlling interests		**933,811**	710,196
TOTAL EQUITY		**2,916,820**	2,899,127

NOTES

(Expressed in Hong Kong dollars unless otherwise indicated)

1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with applicable disclosure provisions of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

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

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2016. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

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

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

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

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

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

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

2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	*Investment Entities: Applying the Consolidation Exception*
Amendments to HKFRS 11	*Accounting for Acquisitions of Interests in Joint Operations*
HKFRS 14	*Regulatory Deferral Accounts*
Amendments to HKAS 1	*Disclosure Initiative*
Amendments to HKAS 16 and HKAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*
Amendments to HKAS 16 and HKAS 41	*Agriculture: Bearer Plants*
Amendments to HKAS 27 (2011)	*Equity Method in Separate Financial Statements*
Annual Improvements 2012-2014 Cycle	Amendments to a number of HKFRSs

Except for the amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011), amendments to HKFRS 11, HKFRS 14, amendments to HKAS 16 and HKAS 41, amendments to HKAS 27 (2011), and certain amendments included in the *Annual Improvements 2012-2014 Cycle*, which are not relevant to the preparation of the Group's financial statements, the nature and the impact of the amendments are described below:

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

   (i) the materiality requirements in HKAS 1;

   (ii) that specific line items in the statement of profit or loss and the statement of financial position may be disaggregated;

   (iii) that entities have flexibility as to the order in which they present the notes to financial statements; and

   (iv) that the share of other comprehensive income of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement of profit or loss. The amendments have had no significant impact on the Group's financial statements.

(b) Amendments to HKAS 16 and HKAS 38 clarify the principle in HKAS 16 and HKAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through the use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are applied prospectively. The amendments have had no impact on the financial position or performance of the Group as the Group has not used a revenue-based method for the calculation of depreciation of its non-current assets.

(c) *Annual Improvements to HKFRSs 2012-2014 Cycle* issued in October 2014 sets out amendments to a number of HKFRSs. Details of the amendments are as follows:

   • HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*: Clarifies that changes to a plan of sale or a plan of distribution to owners should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. Accordingly, there is no change in the application of the requirements in HKFRS 5. The amendments also clarify that changing the disposal method does not change the date of classification of the non-current assets or disposal group held for sale. The amendments are applied prospectively. The amendments have had no impact on the Group as the Group did not have any change in the plan of sale or disposal method in respect of the disposal group held for sale during the year.

3 OPERATING SEGMENT INFORMATION

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

- The 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**	
	2016	2015	**2016**	2015	**2016**	2015
	$'000	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*
For the years ended 31 December 2016 and 2015						
Revenue from external customers	**250,129**	2,078,406	**124,037**	98,331	**374,166**	2,176,737
Reportable segment profit/(loss)	**300,549**	1,432,728	**(35,477)**	(1,077,267)	**265,072**	355,461
At 31 December 2016 and 2015						
Reportable segment assets	**5,140,655**	5,815,932	**11,443,760**	9,501,661	**16,584,415**	15,317,593
Reportable segment liabilities	**2,534,782**	3,191,858	**6,895,952**	5,186,583	**9,430,734**	8,378,441

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

	2016	2015
	$'000	*$'000*
Revenue		
Reportable segment and consolidated revenue	**374,166**	2,176,737
Profit before tax		
Reportable segment profit	**265,072**	355,461
Unallocated head office and corporate results	**(63,652)**	145,906
Consolidated profit before tax	**201,420**	501,367

	2016	2015
	$'000	*$'000*
Assets		
Reportable segment assets	**16,584,415**	15,317,593
Unallocated head office and corporate assets	**55,786**	90,421
Consolidated total assets	**16,640,201**	15,408,014
Liabilities		
Reportable segment liabilities	**9,430,734**	8,378,441
Unallocated head office and corporate liabilities	**4,292,647**	4,130,446
Consolidated total liabilities	**13,723,381**	12,508,887

(iii) Geographical information

The following table sets out information about the geographical locations 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 locations of revenue from external customers are based on the locations at which the services were provided or the properties were sold or leased. The geographical locations of the specified non-current assets are based on the physical locations of the assets, in the case of fixed assets, and the locations of the operations to which they are allocated, in the case of goodwill.

	Revenue from external customers		**Specified non-current assets**	
	2016	2015	**2016**	2015
	$'000	*$'000*	***$'000***	*$'000*
The PRC (including Hong Kong)	**250,129**	2,078,406	**3,843,375**	3,899,461
Overseas	**124,037**	98,331	**2,788,375**	4,992,986
	374,166	2,176,737	**6,631,750**	8,892,447

(iv) Information about major customers

The Group had no customer with whom the Group had transactions generating revenue exceeded 10% of the Group's revenue for the year ended 31 December 2016 (2015: Nil).

4 REVENUE

Revenue represents income from the sale 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:

	2016	2015
	$'000	*$'000*
Sale of properties	**149,055**	1,922,762
Rental income	**198,779**	229,722
Property management income	**26,332**	24,253
	374,166	2,176,737

5 OTHER REVENUE AND OTHER NET GAIN/(LOSS)

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

	2016	2015
	$'000	*$'000*
Other revenue		
Bank interest income	**13,713**	19,789
Other net gain/(loss)		
Exchange gain	**28,557**	136,200
Forfeiture of deposits from purchasers	**794**	2,728
Reversal/(write-down) of inventories to net realisable value	**160,855**	(216,585)
Impairment of construction in progress	**—**	(216,585)
Others	**12,927**	24,252
	203,133	(269,990)

6 PROFIT BEFORE TAX

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

	2016	2015
	$'000	*$'000*
Cost of properties sold	**67,459**	858,608
Cost of services provided*	**116,726**	56,470
Depreciation*	**47,855**	6,915
Amortisation of land lease payments	**475**	590
Minimum lease payments under operating leases for land and buildings	**11,676**	18,826
Auditor's remuneration		
— Audit services	**1,063**	1,021
— Other services	**155**	587
Employee benefit expenses (excluding directors' remuneration):		
— Salaries, wages and other benefits	**65,931**	71,683
— Contributions to defined contribution retirement plans	**5,157**	6,029
	71,088	77,712
Direct operating expenses (including repairs and maintenance) arising on rental-earning investment properties	**18,149**	15,059
(Gain)/loss on disposal of items of property, plant and equipment	**(145)**	12

* Cost of services provided includes depreciation of approximately $32,481,000 (2015: Nil), which amount is also included in the total amounts of depreciation disclosed above.

7 FINANCE COSTS

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

	2016	2015
	$'000	*$'000*
Interest on loans from financial institutions	**131,080**	139,376
Interest on loans from an intermediate holding company repayable within five years	**163,103**	150,273
Interest on loans from related parties	**39,183**	37,275
	333,366	326,924
Less: Interest expenses capitalised into properties under development and construction in progress*	**(129,577)**	(90,563)
	203,789	236,361

* The borrowing costs have been capitalised at rates ranging from 4%-6% per annum (2015: 4%-6% per annum).

8 INCOME TAX

	2016	2015
	$'000	*$'000*
Current tax		
Corporate Income Tax *(note (iii))*		
— Charge for the year	**38,010**	159,468
PRC Land Appreciation Tax *(note (iv))*	**41,502**	334,069
	79,512	493,537
Deferred tax		
Origination and reversal of temporary differences:		
— Revaluation of properties	**34,986**	(23,267)
— Deductibility of PRC Land Appreciation Tax	**6,350**	2,501
— Pre-sale properties in the PRC	**1,514**	47,666
— Tax losses	**(15,924)**	1,762
— Depreciation	**22,823**	—
— Others	**(3,910)**	—
	45,839	28,662
Total tax charge for the year	**125,351**	522,199

Notes:

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

(ii) No provision for Hong Kong profits tax or overseas corporate tax has been made in the consolidated financial statements as the Group did not have assessable profits in Hong Kong or overseas for the year (2015: 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 (2015: 25%). Taxes on profits assessable elsewhere have been calculated at the rate of tax prevailing in the countries in which the Group operates.

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

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

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

(a) Basic loss per share

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

	2016	2015
Loss attributable to ordinary equity holders of the parent *($'000)*	**60,663**	262,693
Weighted average number of ordinary shares in issue *('000)*	**4,697,347**	4,697,347

(b) Diluted loss per share

The Group had no potentially dilutive ordinary shares in issue during the year ended 31 December 2016 (2015: Nil).

10 DIVIDEND

The Directors of the Company did not recommend the payment of a final dividend for the year ended 31 December 2016 (2015: Nil).

11 TRADE AND OTHER RECEIVABLES

	2016	2015
	$'000	*$'000*
Trade receivables *(note (a))*	**4,026**	65,253
Prepayments	**310**	2,847
Deposits and other receivables	**34,569**	497,515
Amounts due from related parties	**3,201**	8,118
Amounts due from an intermediate holding company	**1,870**	1,870
	43,976	575,603

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

For the trade receivables arising from the sale of properties, the Group manages the credit risk by fully receiving cash before delivery of properties. The Group has set out policies to ensure follow-up action is taken to recover overdue debts. The Group also reviews regularly the recoverable amount of each individual trade receivable balance to ensure that adequate 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:

	2016	2015
	$'000	*$'000*
Within 3 months	**3,554**	64,994
Over 3 months but within 6 months	**223**	—
Over 6 months but within 12 months	**25**	—
Over 12 months	**224**	259
	4,026	65,253

At 31 December 2016, no impairment allowance is necessary in respect of the Group's trade receivables as management considers that the balance is fully recoverable. The Group does not hold any collateral over the balance (2015: Nil).

12 TRADE AND OTHER PAYABLES

	2016	2015
	$'000	*$'000*
Trade payables *(note (a))*	**396,777**	451,826
Other payables	**191,547**	177,365
Accruals	**1,882**	1,857
Interest payable to related parties *(note (b))*	**96,358**	59,454
Interest payable to an intermediate holding company *(note (b))*	**344,712**	220,298
Interest payable to financial institutions	**23,891**	23,757
Amounts due to intermediate holding companies *(note (c))*	**3,424,850**	1,127,430
Amounts due to related parties *(note (c))*	**2,773**	18,779
	4,482,790	2,080,766
Portion classified as current liabilities	**(4,138,078)**	(1,860,468)
Non-current portion	**344,712**	220,298

Notes:

(a) None of the Group's trade payables are expected to be settled after more than one year (2015: Nil).

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

	2016	2015
	$'000	*$'000*
Within 3 months	**142,541**	434,259
Over 3 months but within 6 months	**16,910**	7,015
Over 6 months but within 12 months	**15,892**	37
Over 12 months	**221,434**	10,515
	396,777	451,826

(b) The amount of $344,712,000 in interest payable to an intermediate holding company is repayable after more than one year (2015: $220,298,000), while the interest payable to related parties is repayable on demand or within one year. These interest payables are unsecured and 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

	2016		2015	
	No. of shares	**Amount**	No. of shares	Amount
	'000	***$'000***	*'000*	*$'000*
Issued and fully paid:				
Ordinary shares of $0.1 each				
At 1 January and 31 December	**4,697,347**	**469,735**	4,697,347	469,735

Note:

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

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

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 (Hong Kong) Co., Limited ("Wanda HK") in the form of a joint venture, in which the Company holds 60% and Wanda HK holds 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 approximately 69% of the total saleable area were pre-sold at the end of December 2016.

The London Project completed the demolition work of the existing structure and commenced construction work in 2015. The foundation works are in progress now, and the development of this project is expected to be completed in 2021.

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, Wanda Europe Real Estate Investment Co., Limited ("Wanda Europe"), with a total capital commitment of HK$12.5 billion, in which the Company holds 60% and Wanda HK holds 40%, for the joint acquisition and development of suitable real property projects in Continental Europe. On the same day, the Company and Wanda HK acquired the Madrid Project in Spain through this joint venture platform.

On 3 November 2016, Wanda Europe entered into a share purchase agreement with Baraka Global Invest, S.L.U. ("Baraka"), in relation to the sale of all the issued shares in Plaza de Espana 19 Development, S.L.U., (formerly known as Wanda Madrid Development, S.L.U., "Wanda Madrid") which holds the Madrid Project in Spain, at a consideration of EUR272 million, subject to adjustments as set out in the circular of the Company dated 16 December 2016. The disposal is expected to be completed by the end of March 2017.

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 holds 40%, for the joint acquisition and development of suitable real property projects in the Americas.

On the same day, through Wanda Chicago Real Estate LLC ("Wanda Chicago"), a wholly owned subsidiary of this joint venture platform, the Company and Wanda HK entered into (i) the formation and contribution agreement with Magellan Parcel C/D LLC ("Magellan") and Lakeshore East LLC; and (ii) the operating agreement with Magellan to jointly develop 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 approximately 39% of total saleable area were pre-sold up to the end of December 2016. The Chicago Project obtained planning approvals and completed settlement in April 2016, and commenced construction work in August 2016. The development of the Chicago Project is expected to be completed 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 holds 40%, for the joint acquisition and development of suitable real property projects in Australia.

On the same day, through Wanda Australia Commercial Properties Pty Ltd ("Wanda Australia 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. Riyu Li and Ms. Fengliu Wu (collectively, "Li", who were shareholders of Jewel Project company) and Wanda Ridong (Gold Coast) Development Pty Ltd. ("Jewel Project Company"). After completion of the subscription under the agreement, the Jewel Project Company is now owned by Wanda Australia Commercial and 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 Jewel Project will become a city landmark in the Gold Coast upon completion.

The Jewel 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. The structural works for the underground area are in progress now. Pre-sale of luxury apartments portion commenced in September 2015, and approximately 31% of saleable area were pre-sold up to the end of December 2016. 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 Sydney Pty Ltd ("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 Sydney 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 Sydney 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 the first half of 2017 and demolition of the existing structure will also commence in the first half of 2017. Pre-sale will commence in 2017 and construction work will commence in 2018. The development of the Sydney 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 holds 49%. The Guilin Project is located in the central area of Guilin High-tech Zone, with planned total gross floor area of approximately 330,000 sq.m., including 153,000 sq.m. of shopping mall and 177,000 sq.m. of retail, residential and other properties for sale.

The construction work of the Guilin Project has completed and the shopping mall opened in September 2015. With satisfactory commercial leases and operating conditions, the shopping mall has become a supreme landmark business centre in Guilin. For the sales of properties, approximately 83% of the saleable area were sold up to the end of December 2016, and properties were delivered to owners since December 2015.

HENGLI CITY, FUZHOU, THE PRC

The total gross floor area of Hengli City is approximately 242,000 sq.m.. The project is a residential, office and retail complex located in Fuzhou, the PRC. As of 31 December 2016, the floor area of its remaining properties was approximately 83,200 sq.m., and the majority of the office and car park units were leased. The commercial portion was fully leased to Wangfujing Department Store, offering stable cash flow in rental income for the Company. During 2016, revenue of approximately HK$93.2 million 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 2016 was approximately HK$374.2 million (2015: HK$2,176.7 million). The significant decrease was mainly due to a significant decrease of property sales revenue of approximately HK$1,773.7 million from PRC segment. As the Guilin Project was completed in 2015, most of the property sales revenue from this project had been recognized in 2015. In 2016, the Group's revenue mainly came from selling a limited amount of remaining units left at the Guilin Project and Hengli City.

Revenue of HK$149.1 million, HK$198.8 million and HK$26.3 million was derived from the sales of properties, property leasing and property management service for the year ended 31 December 2016 respectively.

The PRC market remained stable during the year. In 2016, the Guilin Project and Hengli City contributed HK$139 million and HK$111.1 million to the PRC segment revenue respectively. The PRC segment revenue and profit decreased from HK$2,078.4 million and HK$1,432.7 million in 2015 to HK$250.1 million and HK$300.5 million in 2016, respectively. Such decrease was mainly due to both projects had only a limited amount of remaining units for sale during 2016 as mentioned above.

The overseas market was confronted with market turbulence and challenges during the year. Rental income was generated from the existing properties of the Sydney Project before the start of the redevelopment plan in 2017. Revenue and gross profit generated from this project during the year were HK$124 million and HK$51.1 million, respectively. Besides the Sydney Project and Madrid Project, all projects in the overseas segment were under the development phase in 2016 and 2015, and therefore no revenue and gross profit were generated.

During the year, the Group's loss attributable to the equity holders of the Company was approximately HK$60.7 million (2015: HK$262.7 million). The decrease in loss was mainly due to i) a one-off net valuation gain on investment properties of approximately HK$226 million, ii) a non-recurring reversal of impairment loss of inventories of approximately HK$160.9 million at the Madrid Project, iii) a decrease in the income tax expense of approximately HK$396.8 million, iv) a decrease in the selling expense of approximately HK$29.3 million, v) a decrease in finance cost of approximately HK$32.6 million and vi) a decrease of share of losses of a joint venture of approximately HK$26.7 million, which was partially offset by a decrease in the gross profit of approximately HK$1,071.7 million resulting from significant decrease of property sales revenue as mentioned above. If the one-off and non-recurring reversal of impairment loss of inventories and the net valuation gain on investment properties had not been taken into account, the Group would have expected to record a loss attributable to the equity holders of the Company at a level similar to last year.

Net assets and equity attributable to equity holders

As at 31 December 2016, the Group recorded total assets and total liabilities of approximately HK$16,640.2 million and HK$13,723.4 million respectively. The Group had net assets of approximately HK$2,916.8 million as at 31 December 2016 as compared to approximately HK$2,899.1 million as at 31 December 2015. As at 31 December 2016, the equity attributable to equity holders of the Company was approximately HK$1,983 million as compared to HK$2,188.9 million as at 31 December 2015.

Liquidity and financial ratios

The Group had total cash and bank balances of approximately HK$3,183.4 million as at 31 December 2016 as compared with HK$2,969 million as at 31 December 2015. About 31%, 28% and 27% of the cash and bank balances were denominated in Renminbi ("RMB"), United States Dollar ("USD") and Great Britain Pound ("GBP") respectively. The remaining 14% was denominated in Australian Dollar ("AUD"), Euro ("EUR") and Hong Kong Dollar ("HK$"). As at 31 December 2016, the current ratio, which is the quotient arrived at by dividing current assets by current liabilities, was 1.42 as compared with 1.38 as at 31 December 2015. The gearing ratio, which is the quotient arrived at by dividing net debts by the aggregate of net debts and total equity, was 64.3% as at 31 December 2016 as compared with 67.0% as at 31 December 2015.

Borrowings and financial resources

The Group had interest-bearing borrowings from financial institutions of approximately HK$3,371.8 million as at 31 December 2016 (31 December 2015: HK$2,890.4 million). These borrowings were denominated in RMB, USD and GBP. Approximately 48.3% of these borrowings are repayable within one year. The rest is repayable after one year.

The Group had interest-bearing borrowings from related parties of approximately HK$266.3 million as at 31 December 2016 (31 December 2015: HK$330.7 million). These borrowings were denominated in RMB and HK$. Approximately 87.1% of these borrowings are repayable within one year. The rest is repayable after one year.

The Group had interest-bearing borrowings from an intermediate holding company of approximately HK$2,586.1 million as at 31 December 2016 (31 December 2015: HK$2,543.2 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$2,207.4 million of which HK$684.4 million were denominated in USD, HK$1,091.5 million in EUR and HK$431.5 million in AUD as at 31 December 2016. 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 2016, the Group's contracted commitment for capital expenditure is approximately HK$5,651.2 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 RMB, GBP, USD, EUR and AUD respectively. The Group maintains a conservative approach on foreign exchange exposure management. During the year, the Group did not use any financial instruments to hedge foreign currency exposure and the Group did not have any hedging instruments outstanding as at 31 December 2016.

During the year, 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 2016, interest-bearing borrowings of HK$4,795.4 million, being 77% of the total interest-bearing borrowings, were on a floating rate basis, of which HK$1,423.6 million were loans from an intermediate holding company. The remaining interest-bearing borrowings of HK$1,428.8 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 2016, the Group pledged certain of its assets to financial institutions in the PRC to secure the loans of approximately HK$1,820.8 million granted by these financial institutions. The aggregate carrying value of these building held for own use, construction in progress, freehold land, prepaid land lease payments, investment properties, properties under development, completed properties for sales and restricted bank deposits as at 31 December 2016 amounted to approximately HK$6.1 million, HK$403 million, HK$255.2 million, HK$17.3 million, and HK$1,152.4 million, HK$1,734 million, HK$9 million and HK$7.8 million respectively. Besides, the Group also pledged all of the issued shares of Wanda Madrid to a financial institution in the PRC to secure a loan granted by this financial institution (the outstanding amount of which amounted to approximately HK$930.6 million as at 31 December 2016), which has been arranged to be cancelled pursuant to the disposal of Wanda Madrid as set out in further detail under the section headed "material acquisition and disposal of subsidiaries and associated company" below and the circular of the Company dated 16 December 2016.

CHANGES IN SHARE CAPITAL

There are no changes in the Company's share capital during the year ended 31 December 2016.

CONTINGENT LIABILITIES

As at 31 December 2016, the Group had provided guarantees in an aggregate amount of approximately HK$551.2 million to banks in favour of its customers in respect of mortgaged loans provided by the banks to these customers for their purchase of the Group's properties. Each of these guarantees would be released upon the execution of individual purchasers' collateral agreements.

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANY

On 3 November 2016, Wanda Europe and Baraka entered into an agreement, pursuant to which Wanda Europe has conditionally agreed to sell, and Baraka has conditionally agreed to acquire the entire issued share capital of Wanda Madrid subject to the terms contained therein for the consideration of EUR272 million, subject to adjustments to be made to the consideration by taking into account the amount of cash, cash equivalents and amount of indebtedness of Wanda Madrid as at the date of completion. Further details of the disposal is set out in the circular of the Company dated 16 December 2016. The above disposal is expected to be completed on 31 March 2017 or such earlier date as may be agreed in writing between Wanda Europe and Baraka.

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 2016, the Group had around 244 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, and subsidized educational and training programs.

DIVIDEND

The Directors did not recommend the payment of a final dividend for the year ended 31 December 2016 (2015: 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 travelers and has 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 did not have any effective share option scheme as at 31 December 2016.

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 2016.

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 2016.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE AND LISTING RULES

The Company has complied with the Corporate Governance Code (the "Code") as contained in Appendix 14 of the Listing Rules, except for deviation from Code Provision A.6.7. Code Provision A.6.7 of the Code stipulates that independent non-executive Directors and other non-executive Directors should attend general meetings. Due to certain important business engagements at the relevant time, not all independent non-executive Directors and non-executive Directors attended the annual general meeting of the Company held on 15 June 2016.

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 comprises one non-executive director and two independent non-executive directors, namely Mr. Qi Jie, Dr. Xue Yunkui 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 2016 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 2016 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 2016 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, 8 March 2017

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, Dr. Xue Yunkui and Mr. Zhang Huaqiao are the independent non-executive Directors.