大 連 萬 達 商 業 地 產 股 份 有 限 公 司
Dalian Wanda Commercial Properties Co., Ltd.

(A joint stock limited liability company incorporated in the People's Republic of China)

(Stock code: 3699)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2015

FINANCIAL HIGHLIGHTS

- Revenue of the Group in 2015 amounted to RMB124,203 million, representing an increase of RMB16,332 million, or 15.14%, from RMB107,871 million in 2014.
- Core profit attributable to equity owners of the Company (net of the effect of fair value change) in 2015 amounted to RMB17,016 million, representing an increase of RMB2,192 million, or 14.79%, from RMB14,824 million in 2014.
- The increase in fair value of investment properties of the Company in 2015 was RMB17,230 million, representing an increase of RMB3,775 million, or 28.06%, as compared with RMB13,455 million in 2014.
- Earnings per share for the year 2015 amounted to RMB6.62.
- The Board has proposed a final dividend of RMB1.05 per share (tax inclusive) for the year ended 31 December 2015, subject to the approval by the Shareholders at the AGM.

The board of directors (the "**Board**") of Dalian Wanda Commercial Properties Co., Ltd. (the "**Company**" or "**Wanda Commercial**") is pleased to announce the consolidated results of the Company and its subsidiaries (collectively, the "**Group**") prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRS**") for the year ended 31 December 2015.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2015

	Notes	2015 RMB'million	2014 RMB'million
REVENUE	4	**124,203**	107,871
Cost of sales		**(73,836)**	(61,945)
Gross profit		**50,367**	45,926
Other income and gains	4	**3,681**	3,206
Increase in fair value of investment properties, net		**17,230**	13,455
Selling and distribution expenses		**(5,801)**	(6,112)
Administrative expenses		**(7,352)**	(6,690)
Other expenses		**(1,664)**	(671)
Finance costs	6	**(7,400)**	(7,312)
Share of loss of an associate		**–**	(1)
Share of losses of joint ventures		**(22)**	(1)
PROFIT BEFORE TAX	5	**49,039**	41,800
Income tax expense	7	**(18,931)**	(16,699)
PROFIT FOR THE YEAR		**30,108**	25,101
Attributable to:			
Owners of the parent		**29,971**	24,839
Non-controlling interests		**137**	262
		30,108	25,101
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic	9	**RMB6.62**	RMB6.51
Diluted	9	**RMB6.62**	RMB6.51

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2015

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2015

	Notes	2015 RMB'million	2014 RMB'million
NON-CURRENT ASSETS			
Property, plant and equipment		**42,923**	35,283
Investment properties	*10*	**309,481**	248,101
Prepaid land lease payments and permanent land		**10,044**	9,983
Goodwill		**2,941**	1,745
Other intangible assets		**2,908**	3,054
Investments in joint ventures		**522**	475
Investment in an associate		**–**	–
Available-for-sale investments		**35**	35
Long-term receivables		**10**	10
Deferred tax assets		**5,771**	4,272
Total non-current assets		**374,635**	302,958
CURRENT ASSETS			
Inventories	*11*	**167,256**	145,192
Prepaid taxes		**6,808**	5,469
Trade and bills receivables	*12*	**497**	848
Prepayments, deposits and other receivables		**17,156**	15,821
Other current assets		**60**	971
Restricted cash		**6,542**	6,732
Cash and cash equivalents		**66,606**	86,303
Total current assets		**264,925**	261,336
CURRENT LIABILITIES			
Trade and bills payables	*13*	**64,420**	53,743
Other payables and accruals		**160,201**	138,015
Interest-bearing bank and other borrowings		**41,930**	36,464
Deferred income		**317**	395
Dividend payables		**13**	13
Taxes payable		**7,352**	6,831
Total current liabilities		**274,233**	235,461
NET CURRENT (LIABILITIES)/ASSETS		**(9,308)**	25,875
TOTAL ASSETS LESS CURRENT LIABILITIES		**365,327**	328,833

31 December 2015

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2015

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

Year ended 31 December 2015

	2015 *RMB'million*	2014 *RMB'million*
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of items of property, plant and equipment	**(5,436)**	(7,533)
Additions to investment properties	**(38,626)**	(31,768)
Additions to prepaid land lease payments and permanent land	**(695)**	(3,646)
Additions to other intangible assets	**(148)**	(857)
Acquisitions of subsidiaries	**(2,790)**	(3,317)
Proceeds from disposal of items of property, plant and equipment	**9**	57
Net proceeds from available-for-sale investments	**1,326**	(1,050)
Investments in joint ventures	**(98)**	(476)
Disposal of a subsidiary	**(281)**	2,628
Dividend received from a former subsidiary	**–**	263
Net cash flows used in investing activities	**(46,739)**	(45,699)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds from issue of bonds and notes	**25,000**	3,662
New bank loans	**49,941**	129,259
Repayment of bank loans	**(68,454)**	(84,180)
Interest and bank charge paid	**(11,684)**	(12,304)
Dividends paid	**(4,301)**	(1,999)
Capital contributions from non-controlling shareholders	**2,190**	680
Issue of shares	**1,993**	23,755
Acquisition of non-controlling interests	**(9)**	(5,072)
Net cash flows (used in)/from financing activities	**(5,324)**	53,801
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	**(20,153)**	16,934
Cash and cash equivalents at beginning of year	**86,303**	69,525
Effect of foreign exchange rate changes, net	**456**	(156)
CASH AND CASH EQUIVALENTS AT END OF YEAR	**66,606**	86,303
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and cash equivalents as stated in the consolidated statement of financial position	**66,606**	86,303
Cash and cash equivalents as stated in the consolidated statement of cash flows	**66,606**	86,303

NOTES TO FINANCIAL STATEMENTS
Year ended 31 December 2015

1. CORPORATE AND GROUP INFORMATION

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

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

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

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

2.1 Basis of preparation

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

Basis of consolidation

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

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

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

(b) rights arising from other contractual arrangements; and

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

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. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

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

2.2 Changes in accounting policies and disclosures

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

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

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

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

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

- HKFRS 8 *Operating Segments*: Clarifies that an entity must disclose the judgements made by managements in applying the aggregation criteria in HKFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics used to assess whether the segments are similar. The amendments also clarify that a reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker. The amendments have had no significant impact on the Group.

- HKFRS 16 *Property, Plant and Equipment* and HKAS *38 Intangible Assets*: Clarifies the treatment of gross carrying amount and accumulated depreciation or amortisation of revalued items of property, plant, and equipment and intangible assets. The amendments have had no impact on the Group as the Group does not apply the revaluation model for the measurement of these assets.

- HKFRS 24 *Related Party Disclosures*: Clarifies that a management entity (i.e., an entity that provides key management personnel services) is a related party subject to related party disclosure requirements. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. The amendment has had no impact on the Group as the Group does not receive any management services from other entities.

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

- HKFRS 3 *Business Combinations*: Clarifies that joint arrangements but not joint ventures are outside the scope of HKFRS 3 and the scope exception applies only to the accounting in the financial statements of the joint arrangement itself. The amendment is applied prospectively. The amendment has had no impact on the Group as the Company is not a joint arrangement and the Group did not form any joint arrangement during the year.

- HKFRS 13 *Fair Value Measurement*: Clarifies that the portfolio exception in HKFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of HKFRS 9 or HKAS 39 as applicable. The amendment is applied prospectively from the beginning of the annual period in which HKFRS 13 was initially applied. The amendment has had no impact on the Group as the Group does not apply the portfolio exception in HKFRS 13.

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

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

3. OPERATING SEGMENT INFORMATION

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

(a) development, leasing and management of commercial properties held by the Group for long-term investment;

(b) development and sale of properties, including primarily commercial and residential properties;

(c) development and operation of hotels; and

(d) the "Others" segment mainly comprises management of properties sold, research and design centre, institute and other services

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

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

Year ended 31 December 2015

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

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

Year ended 31 December 2014

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

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

Geographical information

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

Information about major customers

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

4. REVENUE, OTHER INCOME AND GAINS

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

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

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

5. PROFIT BEFORE TAX

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

	Notes	**2015** **RMB'million**	2014 RMB'million
Cost of inventories sold		**63,611**	54,532
Government grants released*		**(1,647)**	(1,198)
(Gain)/loss on disposal of items of property plant and equipment, net		**(1)**	1
Depreciation		**1,730**	1,434
Amortisation of prepaid land lease payments and permanent land		**134**	122
Amortisation of other intangible assets		**228**	97
Impairment of property, plant and equipment		**177**	–
Impairment of inventories	*11*	**1,055**	46
Impairment of trade receivables	*12*	**6**	(4)
Impairment of other receivables		**47**	70
Minimum lease payments under operating leases in respect of land and buildings		**93**	121
Auditors' remuneration		**11**	8
Employee benefit expenses (excluding directors' and chief executive's remuneration)			
Wages, salaries and bonuses		**8,069**	7,000
Pension scheme contributions		**735**	604
Social welfare and other costs		**1,393**	1,380
Share-based payments		**22**	61
		10,219	9,045
Increase in fair value of investment properties, net	*10*	**(17,230)**	(13,455)
Foreign exchange (gain)/loss,net		**(121)**	86
Remeasurement loss of equity interest in an associate		**–**	8
Direct operating expenses relating to investment properties leasing and management		**3,784**	2,703

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

6. FINANCE COSTS

An analysis of finance costs is as follows:

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

7. INCOME TAX

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

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

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

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

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

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

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

8. DIVIDENDS

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

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

9. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

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

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

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

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

10. INVESTMENT PROPERTIES

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

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

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

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

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

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

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

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

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

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

At the end of the year, the Group:

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

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

Description	Valuation technique	Significant unobservable inputs	Range of unobservable inputs 2015	2014
Retail	Investment approach	Prevailing market rents	RMB36 – RMB900 per square metre per month	RMB34 – RMB900 per square metre per month
		Reversionary capitalisation rate	Anchor Stores: 4.5% – 6.0% Standard Retail: 5.0% – 7.0%	Anchor Stores: 4.5% – 6.0% Standard Retail: 5.0% – 7.0%
Office	Investment approach	Prevailing market rents	RMB102 – RMB418 per square metre per month	RMB50 – RMB300 per square metre per month
		Reversionary capitalisation rate	6.0% – 7.5%	5.5% – 7.0%
Carpark	Investment approach	Prevailing market rents	RMB200 – RMB2,000 per lot per month	RMB200 – RMB1,500 per lot per month
		Reversionary capitalisation rate	4.0% – 5.0%	4.0% – 5.0%

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

11. INVENTORIES

	2015 *RMB'million*	2014 *RMB'million*
Properties	**167,679**	144,585
Hotel merchandise	**32**	97
Yachts and yachts related	**517**	477
Others	**115**	93
Impairment	**(1,087)**	(60)
	167,256	145,192

The movements in the provision for impairment of inventories are as follows:

	2015 *RMB'million*	2014 *RMB'million*
At beginning of year	**60**	–
Acquisition of a subsidiary	**–**	39
Impairment losses recognised	**1,055**	46
Write-off of impairment	**(23)**	(21)
Exchange realignment	**(5)**	(4)
At end of year	**1,087**	60

Certain properties under development of the Group were pledged to secure bank borrowings granted to the Group.

12. TRADE AND BILLS RECEIVABLES

An aged analysis of trade and bills receivables of the Group as at the end of reporting period, based on the invoice date and net of impairment, is as follows:

	2015	2014
	RMB'million	*RMB'million*
Within one year	**469**	826
Over one year	**28**	22
	497	848

The Group's trade receivables are mainly due from the tenants whose the credit periods are usually within one year. The Group has a strict credit control policy and seeks to maintain strict control over its outstanding receivables.

13. TRADE AND BILLS PAYABLES

An aged analysis of the trade and bills payables at the end of the reporting period, based on the invoice date, is as follows:

	2015	2014
	RMB'million	*RMB'million*
Within 1 year	**59,319**	50,430
1 to 2 years	**4,272**	2,345
Over 2 years	**829**	968
	64,420	53,743

The trade payables are non-interest-bearing and are normally settled based on the progress of the construction of property projects.

BUSINESS AND MANAGEMENT DISCUSSION AND ANALYSIS

1. Results Overview

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

Corresponding with our core products, our Group's businesses comprise three major segments: 1) development, leasing and management of commercial properties held for long-term investment, mainly including shopping centers; 2) development and sales of properties, including retail spaces, office spaces, SOHOs and residential buildings, etc; 3) development and operation of luxury hotels.

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

As at 31 December 2015:

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

In 2015, the Group's businesses were carried out as scheduled and achieved remarkable financial results. The Group's total revenue amounted to RMB124,203 million, up by 15.14% as compared with 2014. The Group achieved core profit (net of fair value gains of investment properties) of RMB17,016 million in 2015, representing an increase of 14.79% compared to 2014, and the core profit margin was 13.70%. The increase in core profit was mainly attributable to the increase in profit of our investment property leasing and property management business as well as sales of properties. In 2015, the Group realized net earnings per share of RMB6.62.

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

Unit: RMB million

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

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

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

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

Contribution of profit before tax (excluding LAT)

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

2. BUSINESS SEGMENTS ANALYSIS

2.1 Investment property

2.1.1 Operation analysis

The investment properties of the Group mainly include Wanda Plaza shopping centers, along with a small number of office building properties (Dalian Wanda Center, Wuhan Wanda Center and Beijing CBD Office) and cultural properties (The Han Show and Movie Park in Wuhan).

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

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

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

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

Major operating information of shopping centers:

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

Notes:

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

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

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

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

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

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

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

We implemented various strategic plans such as the adjustment of department store/KTV trades, the establishment of Wanda Kids Place and the introduction of Kidswant. We explored new models for attracting investment, extended our forms of cooperation with brands and hosted brand conferences in various forms and themes. In 2015, Wanda Commercial streamlined and adjusted its management and control model for attracting investment, standardized and optimized our trade mix, brand introduction, rental management and evaluation, and clarified the roles and duties of each department in the adjustments to investment attraction, while a series of specific adjustments were made in respect of the surrender of tenancy by anchor stores, including Wanda Department Store, Dagexing and GOME Electrical Appliances. During the year, the leased area of Wanda Plazas in operation under the investment attracting adjustments was approximately 2 million square meters, of which anchor stores accounted for a leased area of approximately 1.19 million square meters under the investment attracting adjustments and pedestrian streets accounted for a leased area of approximately 810,000 square meters under the investment attracting adjustments, with an increase of approximately 11% in rent for the adjusted area.

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

On the basis of traditional retail brands, we introduced experiential trades, such as children, education, training and fitness, to diversify our trade mix with a greater focus on children's trade, and increased the area for children's entertainment and retail in 79 Wanda Plazas. We explored new models for brand management, set up a joint conference at the brand headquarters and introduced specialty stores, to enhance customer experience and create selling points for our plazas. Through in-depth communication with senior management of various brands, we successfully facilitated the integration of brand resources and set up stores of new living concepts and innovations, which improved our operation stability. Cooperation with overseas brands was actively explored to expand our brand resources. In 2015, we participated in The Global Retail Real Estate Convention in Las Vegas (ICSC) and the International Retail Real Estate Show in Cannes, which facilitated our cooperation with various international fast fashion brands and attracted over 30 international brands to the 2015 Wanda Group Annual Commercial Convention, significantly boosting its international influence. In addition to the Wanda Group Annual Commercial Convention held annually in September, we also held the Spring Investment Promotion Convention to improve the efficiency of attracting investment. Through the two investment promotion conventions held in 2015, we attracted more than 3,000 brands and signed approximately 6,600 letters of intent for cooperation, with approximately 85% of them were signed on site. In 2015, the Wanda Group Annual Commercial Convention gave full expression to the "Internet +" thinking and was transformed and upgraded into a full-open platform for industrial and online/offline cooperation.

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

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

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

(1) Integrated external resources and conducted transboundary marketing. Cooperated with UBER, SF-Express and Didi Taxi to launched characteristic activities and services including "Wanda Hundred Cities, a Safe SF-Express for a Penny", "Didi Taxi Send you to Wanda" and "Close Encounter with the UberCHOPPER", providing a speedy, convenient and plentiful customer experience.

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

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

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

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

To adapt to rapid developments in commercial real estate industry, enhance system management and improve the resource integration for projects in the operation period and preparation period, Wanda Commercial re-optimized the organizational structure of its business management system and adjusted regional management model in 2015 by integrating original regional companies into 18 regional companies, refining accounting unit and lowering business focus. The new regional management model correspondingly adjusted the regional functions to allow a more direct and effective management by regional companies on a single store. Hence, resources and advantages in the region could be integrated and complemented among each other, which significantly enhanced the comprehensive management ability of the business management system.

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

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

2.1.2 Financial analysis

Revenue

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

Cost

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

Gross Profit

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

Selling and Distribution Expenses

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

Administrative Expenses

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

Fair value gains on investment properties

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

2.2 Sales of properties

2.2.1 Operation analysis

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

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

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

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

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

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

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

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

2.2.2 Financial analysis

Revenue

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

Costs

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

Gross profit

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

Selling and distribution expenses

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

Administrative expenses

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

2.2.3 Wanda City

The Group has developed Wanda City in first-tier and second-tier cities that are transport hubs with abundant tourism resources. Wanda City encompassed theme park, tourism, leisure, sight-seeing, hotel, retail and residential uses in an integrated complex. Wanda City, using local cultural or tourism themes as characteristic and overall planning, is developed by phase as a multifunction complex and highlighting culture and tourism concepts with an aim to build itself into a landmark of urban lifestyle, cultural center, commercial center, tourism center and world-class tourist spot by providing rich entertainment and retail services. Generally, Wanda City is comprise of mega Wanda Mall, large scale outdoor theme park, top class stage shows, hotel complex and bar street.

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

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

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

- Mega cultural tourism project is the main pillar of Wanda City: theme park, top stage show, Wanda Mall and other cultural tourism facilities are the pillars of Wanda City that would attract tourists and visitors from China and all parts of the world.

– Projects with large area can integrate and supplement different kind of businesses: Total GFA of our Wanda Cities are usually 3-5 million sq.m.. Among them, GFA of our residential properties have an area of approximately 1-3 million sq.m.. Based on per-capita area of 35 sq.m., Wanda Cities will have a total population of approximately 30,000 to 90,000 upon completion, which would be the foundation for other businesses in Wanda City such as commercial and entertainment.

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

2.2.4 Overseas Properties

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

Wanda Commercial's overseas properties have been under steady construction in two directions. On one hand, the Company has been identifying premium land located in core landmark regions of the world's hub cities for further development of Wanda hotels and residential properties in an effort to build up an international brand for Wanda hotels. On the other hand, the Company has been identifying suitable land for the development of our overseas culture and tourism projects. In the directions of making our cultural brands global, we will adopt the light-asset strategy in developing our overseas cultural and tourism projects. This will be the first realization of China exporting major cultural products to developed countries.

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

Project in London, the UK

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

Joint Venture in European Continent and Project in Madrid, Spain

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

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

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

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

Los Angeles Projects

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

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

In August 2014, Wanda Hotel Development formed a joint venture with Wanda HK to establish a joint venture platform in Australia with total capital commitment of HK$12.5 billion, in which Wanda Hotel Development holds 60% and Wanda HK holds 40% of its shareholding, respectively, for the joint acquisition and development of suitable real property projects in Australia. In the same month, we, through Wanda Australia Commercial, a wholly owned subsidiary of this joint venture platform in Australia, subscribed 55% shareholding in Jewel Three Pagodas Project Company, for the joint development of the Gold Coast Jewel Project with a independent third party. The planned total gross floor area of the Gold Coast Jewel Three Pagodas Project is approximately 144,000 sq.m. It is located in the heart of the Gold Coast city center – the Surfers Paradise, which is the one and only five-star hotel and apartment project approved to be erected directly adjacent to beaches in the Gold Coast. It comprises of three high-rise tower buildings, of which one will be a five-star hotel and high-end apartments, and the other two will be luxury apartments for sales. The project will become a city landmark of the Gold Coast upon completion. The project obtained planning approvals in December 2014 and the demolition work has completed in March 2015. The construction work has commenced and the bid for general contractor has been completed. The project has commenced pre-sale since September 2015. As at 31 December 2015, 92 units with a total area of approximately 10,000 sq.m. had been pre-sold. The development of this project is expected to be completed in 2019.

Sydney Project in Australia

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

2.3 Hotel operations

2.3.1 Operation analysis

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

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

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

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

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

– We have formulated and established the pattern for brand development. In 2015, the Company conducted systematic refining and planning to its self-owned brands (Wanda Reign, Wanda Vista, Wanda Realm and Wanda Jinhua). By precisely capturing the demand from niche markets, we formulated our differentiated multi-brand strategy, brand positioning and coverage planning. We have also developed brand standards that integrated personalize and humanize services and formulated a customer loyalty plan in an effort to motivate customers and employees, which established a unique brand management model for Wanda Hotels.

– First step towards our strategic transformation to "light-asset" model. At the end of 2015, the Company successfully launched Wanda Realm Wuzhishan Baicheng, our first project under the brand of "Wanda Realm", which marked the market recognition of our Wanda hotel brands since its establishment in 2012 and an important milestone in the development progress of the Company.

– We have developed an international and exceptional hotel management team. The Company strives to develop a high standard and quality operation and management team with international level. As at the end of 2015, the Company recruited talents who have accumulated extensive experience through serving global hotel management groups as general managers. The number of general managers from overseas accounted for 45% of the total number of general managers. Meanwhile, the Company established training and development plan for hotels' general manger to facilitate the promotion channel of existing management team members, which lays a solid foundation for our future talent pool and succession planning.

– We have implemented the "Internet+" marketing model. In 2015, the Company upgraded the synchronization capabilities between the intelligent booking function of its official website and smartphone terminals, which achieved a comprehensive enhancement in the application efficiency of our centralized booking system and recorded a higher sales for our online-booking channel. We have effectively connected with the marketing platform of third party online travel agency and established cross-platform function while significantly boosted the O2O (online to offline) sales conversion rate through the use of innovative incentives mechanism. In addition, the Company has developed and launched a mobile operating system, by which we record information relating to the daily operation of the hotels through mobile terminals and conduct rectification timely. That helped us to achieve effective data collection, data analysis and reporting for the purpose of operating assets evaluation of the hotels, which makes us the pioneer in the industry.

– Enhancement in catering philosophy. In 2015, aiming at the promotion of influence and popularity of each restaurant in the local market, the Company made overall repositioning and concept innovation to various self-owned food and beverage brands and developed a business philosophy of adapting to local catering features. We also focus on developing different unique dishes and launching featured dishes regularly to enhance customer preference and loyalty. Through festival promotional campaigns, we provided our customers with a unique and joyful dining experience. We have developed a customized ordering system and improved our online food and beverage management system. By applying the "Wei" catering concept and various social media and booking channels, we have connected online foot traffic and offline food and beverage platform to provide our customers with a smooth one-stop consumption circle consisting of e-booking, dining and commenting.

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

2.3.2 Financial analysis

Revenue

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

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

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

Costs

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

Gross profit

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

Selling and distribution expenses

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

Administrative expenses

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

3. Network Finance

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

Currently, the network finance company has acquired an online microcredit licence from Shanghai Free Trade Zone and is able to engage in online credit business at Wanda commercial centers and will be able to gradually expand to the entire business ecosystem of Wanda in the future. Wanda Commercial owns the largest offline commercial resource in the world and receives a huge volume of visitors on a daily basis, based on which our internet finance business will make subversive differences to the network finance mode.

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

4. Land acquisitions and land reserves

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

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

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

Breakdown of Land Reserves by Region

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

Land reserve allocation by usage

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

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

5. Subsequent Events

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

6. Analysis on Other Financial Items

Other income and gains

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

Financing costs

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

Income tax expenses

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

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

Capital expenditure

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

Debts

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

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

In 2015, the Group optimized and adjusted the debts structure. As at the end of 2015, the loans for development of the Group accounted for 23.60%, representing a decrease of 11.48 percentage points as compared with the end of 2014. Loans for operation accounted for 35.04%, representing an increase of 4.24 percentage points as compared with the end of 2014. Trust loans accounted for 15.95%, representing a decrease of 7.51 percentage points as compared with the end of 2014. Bonds and notes accounted for 17.49%, representing an increase of 13.50 percentage points as compared with the end of 2014. In 2015, the Group fully utilized the favorable domestic financing environment with downward adjustment on interest rate to issue domestic corporate bonds for the repayment of loans from financial institutions and replenishment of liquidity, and issue medium-term notes for repayment of bank loans, which effectively broadened the financing channel, optimized the debts structure and lowered the financing costs. In addition, the Group's operational loans were secured by the properties held, with rental income as the source of fund for repayment of principal and interest. The average term of the loans was about 10 years and on revolving basis. The rental income and property value of the investment properties in correspondence with the operational loans are constantly rising, the Group therefore enjoys greater credit limit under the revolving operational loans. The Group's operational loans are secured by sufficient and stable operating cashflow, property value and credit limit, thus ensuring risk-free repayment of principal and interest.

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

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

Net gearing ratio

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

Cash flow analysis

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

Unit: RMB million

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

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

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

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

Foreign exchange risk

Most of the Group's investment properties and property sales projects are located in mainland China and the relevant transactions were dominated in RMB, with a small number of overseas projects settled in foreign currencies, and some deposits in banks, loans and bonds settled in foreign currencies such as Hong Kong dollars and US dollars. As at 31 December 2015, the Group's operating cash flow and liquidity were not obviously affected by the changes in exchange rate.

Contingent liabilities

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

Major disposals/acquisition

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

(2) On 28 February 2015, the Group entered into an agreement with Beijing Wanfang Property Co., Ltd, pursuant to which the Group acquired Tongzhou Wanda Plaza from Beijing Wanfang Property Co., Ltd for a total consideration of RMB2,000 million on 1 June 2015.

(3) In August 2015, the Group entered into an agreement with Tianjin Tiansheng Investment Management Co., Ltd. for the Tianjin Yujiabao Wanda Plaza project, pursuant to which the Group acquired 85% equity interest of Tianjin Pilot Free Trade Zone Wanda Real Estate Co., Ltd. by additional capital contribution of RMB175 million.

(4) In November 2015, Xi'an Jinsheng Real Estate Co., Ltd. ("**Xi'an Jinsheng**"), a subsidiary of the Group, reached an agreement with Shaanxi Coal and Chemical Group Co,. Ltd. ("**Shaanxi Coal and Chemical**"), pursuant to which Xi'an Jinsheng acquired from Shaanxi Coal and Chemical its 20% equity interest in Shaanxi Jinshida Real Estate Co., Ltd. ("**Jinshida**"). In December 2015, Xi'an Jinsheng entered into an agreement with Shaanxi Jincheng Xinyuan Property Co., Ltd. ("**Jincheng Xinyuan**"), pursuant to which Xi'an Jinsheng acquired from Jincheng Xinyuan its 40% equity interest in Jinshida. The consideration for the acquisition of 60% equity interest of Jinshida was RMB2,911 million in total.

(5) In December 2015, the Group transferred the entire equity interests in Wanda Information Technology Co., Ltd. to Wanda Network Finance Services (Shanghai) Company Limited for a cash consideration of RMB60 million.

(6) On 25 August 2015, the Group entered into an equity transfer agreement with Wanda Wensheng (Shanghai) Investment Partnership ("**Wanda Wensheng**") to transfer the entire equity interests of the project companies for Changde Wanda Plaza, Meizhou Wanda Plaza, Sanmenxia Wanda Plaza, Yichun Wanda Plaza and Zhengzhou Huiji Wanda Plaza to Wanda Wensheng for a consideration of RMB1,035 million. Details are set out on the announcement dated 26 August 2015.

(7) On 10 September 2015, the Group entered into an equity transfer agreement with Wanda Wenyu (Shanghai) Investment Partnership ("**Wanda Wenyu**") to transfer the entire equity interests of the project companies for Deyang Wanda Plaza, Chongqing Yongchuan Wanda Plaza, Leshan Wanda Plaza, Chengdu Shuangliu Wanda Plaza and Shaoxing Shangyu Wanda Plaza to Wanda Wenyu for a consideration of RMB558.83 million. Details are set out on the announcement dated 11 September 2015.

(8) On 18 December 2015, the Group entered into an equity transfer agreement with Dalian Wanda Group Co., Ltd. for the acquisition of 15% equity interest in the Wanda Network Finance Services (Shanghai) Company Limited (currently named as "**Shanghai Wanda Network Finance Services Company Limited**") for nil consideration. Pursuant to the equity transfer agreement, the Company paid RMB0.75 billion to Shanghai Wanda Network Finance Services Company Limited as the corresponding contribution to the registered capital based on the shareholding interest before 31 December 2015. Details are set out on the announcement dated 18 December 2015.

7. Employees, remuneration policies and training

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

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

8. Business Outlook

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

The Company has adopted the Administrative Measures (the "**Administrative Measures**") for securities transactions by directors, supervisors and relevant employees of the Company on terms no less exacting than the required standards under the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") as its code regarding directors', supervisors' and relevant employees' dealings in the Company's securities.

The Company has made specific enquiry to all of the directors and supervisors and all of the directors and supervisors have confirmed that they have complied with the Administrative Measures during the year. The Company was not aware of any non-compliance with the requirements of the Administrative Measures by the related employees during the year.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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

DISTRIBUTIONS AND DIVIDENDS

The Board resolved to propose to the shareholders of the Company (the "**Shareholders**") on the forthcoming annual general meeting (the "**AGM**") to be held on 25 May 2016, for the payment of a final dividend of RMB1.05 per share of the Company (tax inclusive) for the year ended 31 December 2015 (the "**2015 Final Dividend**") payable to the Shareholders whose names appear on the register of members of the Company on 5 June 2016, in an aggregate amount of approximately RMB4,754 million. The 2015 Final Dividend will be denominated and declared in RMB. The 2015 Final Dividend on Domestic Share will be paid in RMB and on H Share will be paid in Hong Kong dollars. The exchange rate shall be the average median foreign exchange rate announced by the People's Bank of China for seven days before and including the date of the AGM. The payment of the 2015 Final Dividend is subject to the approval of the Shareholders at the AGM. The 2015 Final Dividend is expected to be paid on or around 22 July 2016.

Pursuant to the PRC Individual Income Tax Law (《中華人民共和國個人所得稅法》), the Implementation Regulations of the PRC Individual Income Tax Law (《中華人民共和國個人所得稅法實施條例》), the Notice of the State Administration of Taxation in relation to the Administrative Measures on Preferential Treatment Entitled by Nonresidents under Tax Treaties (Tentative) (Guo Shui Fa [2009] No. 124) (《國家稅務總局關於印發〈非居民享受稅收協定待遇管理辦法(試行)〉的通知》(國稅發[2009]124號)), the Notice of the State Administration of Taxation on the Questions Concerning the Levy and Administration of Individual Income Tax After the Repeal of Guo Shui Fa [1993] No. 45 (Guo Shui Han [2011] No. 348) (《國家稅務總局關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知》(國稅函[2011]348號)), other relevant laws and regulations and other regulatory documents, the Company shall, as a withholding agent, withhold and pay individual income tax for the individual holders of H Shares in respect of the dividend to be distributed to them. However, the individual holders of H Shares may be entitled to certain tax preferential treatments pursuant to the tax treaties between the PRC and the countries (regions) in which the individual holders of H Shares are domiciled and the tax arrangements between Mainland China and Hong Kong (or Macau). For individual holders of H Shares in general, the Company will withhold and pay individual income tax at the rate of 10% on behalf of the individual holders of H Shares in the distribution of the dividend. However, the tax rates applicable to individual holders of H Shares overseas may vary depending on the tax treaties between the PRC and the countries (regions) in which the individual holders of H Shares are domiciled, and the Company will withhold and pay individual income tax on behalf of the individual holders of H Shares in the distribution of the dividend accordingly.

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

Should the holders of H Shares of the Company have any doubt in relation to the aforesaid arrangements, they are recommended to consult their tax advisors for relevant tax impact in Mainland China, Hong Kong and other countries (regions) on the possession and disposal of the H Shares of the Company.

AUDIT COMMITTEE

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

ANNUAL GENERAL MEETING

The AGM will be held on 25 May 2016. For further details of the AGM, please refer to the notice of AGM, which will be dispatched to the Shareholders in due course.

AUDITORS

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

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

CLOSURE OF REGISTER OF MEMBERS

In order to ascertaining Shareholders' entitlement to attend and vote at the AGM, the registers of members of the Company will be closed from Monday, 25 April 2016 to Wednesday, 25 May 2016, both days inclusive, during which no transfer of shares will be registered. Shareholders whose names appear on the registers of members of the Company on Wednesday, 25 May 2016 shall be entitled to attend and vote at the AGM. In order to qualify the Shareholders for attending and voting at the AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Board office at Block B Wanda Plaza, No. 93, Jianguo Road, Chaoyang District, Beijing, the PRC, for holders of Domestic Shares, or the Company's H Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for holders of H Shares, no later than 4:30 p.m. on Friday, 22 April 2016 for registration.

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

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This results announcement was released on the websites of the Stock Exchange (www.hkexnews.hk) and of the Company (www.wandaplazas.com).

The annual report of the Company for the year ended 31 December 2015 which contains all the information required by the Listing Rules including audited financial statements will be dispatched to the Shareholders in due course and will be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.wandaplazas.com).

By order of the Board
Dalian Wanda Commercial Properties Co., Ltd.
DING Benxi
Chairman

Beijing, the PRC
23 March 2016

As at the date of this announcement, the executive directors of the Company are Mr. DING Benxi, Mr. QI Jie and Mr. WANG Zhibin; the non-executive directors of the Company are Mr. QU Dejun, Mr. YIN Hai and Mr. LIU Zhaohui; and the independent non-executive directors of the Company are Dr. HU, Fred Zuliu, Mr. QI Daqing and Mr. LI Guinian.