

# Global Offering



Joint Global Coordinators



Joint Sponsors



## IMPORTANT

If you are in any doubt about any of the contents of this prospectus, you should obtain independent professional advice.



# 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)

## GLOBAL OFFERING

|  |   |  |
|--|---|--|
| Number of Offer Shares under the Global Offering | : | 600,000,000 H Shares (subject to the Over-allotment Option)  |
| Number of Hong Kong Offer Shares                 | : | 30,000,000 H Shares (subject to reallocation)  |
| Number of International Offer Shares             | : | 570,000,000 H Shares (subject to reallocation and the Over-allotment Option)   |
| Maximum Offer Price                              | : | HK\$49.60 per Offer Share (payable in full on application, plus brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% and subject to refund) |
| Nominal value                                    | : | RMB1.00 per H Share  |
| Stock code                                       | : | 03699  |

### Joint Global Coordinators



### Joint Sponsors



### Joint Bookrunners and Joint Lead Managers



### Joint Financial Advisors



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

A copy of this prospectus, having attached thereto the documents specified in "Appendix X-Documents Delivered to the Registrar of Companies in Hong Kong and Available for Inspection", has been registered by the Registrar of Companies in Hong Kong as required by section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission of Hong Kong and the Registrar of Companies in Hong Kong take no responsibility as to the contents of this prospectus or any other documents referred to above.

We are incorporated, and most of our businesses are located, in the PRC. Potential investors should be aware of the differences in the legal, economic and financial systems between the PRC and Hong Kong, and the fact that there are different risks relating to investment in PRC incorporated companies. Potential investors should also be aware that the regulatory framework in the PRC is different from the regulatory framework in Hong Kong, and should take into consideration the different market nature of the H Shares. Such differences and risk factors are set forth in "Risk Factors", "Appendix VII - Summary of Principal PRC and Hong Kong Legal and Regulatory Provisions" and "Appendix VIII - Summary of the Articles of Association".

The Offer Price is expected to be determined by agreement between our Company and the Underwriter Representatives (for themselves and on behalf of the Underwriters) on the Price Determination Date. The Price Determination Date is expected to be on or around December 16, 2014 or such later time as may be agreed by our Company and the Underwriter Representatives (for themselves and on behalf of the Underwriters), but in any event no later than December 22, 2014. The Offer Price will be not more than HK\$49.60 per Offer Share and is currently expected to be not less than HK\$41.80 per Offer Share. Investors applying for Hong Kong Offer Shares must pay, on application, the maximum Offer Price of HK\$49.60 per Offer Share, unless otherwise announced, together with brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%, subject to refund if the Offer Price is lower than the price per Offer Share payable on application.

The obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement to subscribe for, and to procure subscribers for, the Hong Kong Offer Shares, are subject to termination by the Underwriter Representatives (for themselves and on behalf of the Hong Kong Underwriters) if certain events shall occur prior to 8:00 a.m. on the Listing Date. Such grounds are set out in "Underwriting". It is important that you refer to that section for further details.

The Offer Shares have not been and will not be registered under the U.S. Securities Act or any state securities law in the United States and may be offered and sold only (a) in the United States to "Qualified Institutional Buyers" in reliance on Rule 144A under the U.S. Securities Act or another exemption from, or in a transaction not subject to, registration under the U.S. Securities Act and (b) outside the United States in an offshore transaction in accordance with Regulation S under the U.S. Securities Act.

December 10, 2014

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## EXPECTED TIMETABLE<sup>(1)</sup>

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Latest time to complete electronic applications under  
**White Form eIPO** service through the designated  
website at [www.eipo.com.hk](http://www.eipo.com.hk)<sup>(2)</sup> . . . . . 11:30 a.m. on Monday, December 15, 2014

Application lists open<sup>(3)</sup> . . . . . 11:45 a.m. on Monday, December 15, 2014

Latest time to lodge **WHITE** and **YELLOW**  
Application Forms . . . . . 12:00 noon on Monday, December 15, 2014

Latest time to give **electronic application**  
**instructions** to HKSCC<sup>(4)</sup> . . . . . 12:00 noon on Monday, December 15, 2014

Latest time to complete payment of **White Form eIPO**  
applications by effecting internet banking  
transfer(s) or PPS payment transfer(s) . . . . . 12:00 noon on Monday, December 15, 2014

Application lists close . . . . . 12:00 noon on Monday, December 15, 2014

Expected Price Determination Date . . . . . Tuesday, December 16, 2014

Announcement of

- the Offer Price;
- the level of applications in the Hong Kong Public Offering;
- the level of indications of interest in the International Offering; and
- the basis of allocation of the Hong Kong Offer Shares to be published (a) in South China Morning Post (in English) and Hong Kong Economic Times (in Chinese); (b) on our website at [www.wandaplazas.com](http://www.wandaplazas.com)<sup>(5)</sup> and the website of the Hong Kong Exchange and Clearing Limited at [www.hkexnews.hk](http://www.hkexnews.hk)<sup>(6)</sup> on or before . . . . . Monday, December 22, 2014

Results of allocations in the Hong Kong Public Offering (with successful applicants' identification document numbers where appropriate) to be available through a variety of channels (see "How to Apply for Hong Kong Offer Shares — Publication of Results") from . . . . . Monday, December 22, 2014

Results of allocations in the Hong Kong Public Offering will be available at [www.iporesults.com.hk](http://www.iporesults.com.hk) with a "search by ID" function . . . . . Monday, December 22, 2014

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## EXPECTED TIMETABLE<sup>(1)</sup>

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H Share certificates in respect of wholly or partially successful applications to be dispatched or deposited into CCASS on or before<sup>(7)</sup> . . . . . Monday, December 22, 2014

White Form e-Refund payment instructions/refund cheques in respect of wholly or partially unsuccessful applications to be dispatched on or before<sup>(7)(8)(9)</sup> . . . . . Monday, December 22, 2014

Dealings in H Shares on the Hong Kong Stock Exchange expected to commence at 9:00 a.m. on . . . . . Tuesday, December 23, 2014

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**Notes:**

- (1) All times refer to Hong Kong local time, except as otherwise stated. For details of the structure of the Global Offering, including conditions of the Hong Kong Public Offering, see “Structure of the Global Offering”.
- (2) If you have already submitted your application through the designated website at [www.eipo.com.hk](http://www.eipo.com.hk) and obtained an application reference number from the designated website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close. You will not be permitted to submit your application through the designated website at [www.eipo.com.hk](http://www.eipo.com.hk) after 11:30 a.m. on the last day for submitting applications.
- (3) If there is a tropical cyclone warning signal number 8 or above, or a “black” rainstorm warning in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Monday, December 15, 2014, the application lists will not open on that day. See “How to Apply for Hong Kong Offer Shares — Effect of Bad Weather on the Opening of the Application Lists”.
- (4) Applicants who apply for the Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC should see “How to Apply for Hong Kong Offer Shares — Applying by Giving Electronic Application Instructions to HKSCC via CCASS”.
- (5) None of the website or any of the information contained on the website forms part of this prospectus.
- (6) The announcement will be available for viewing on the Hong Kong Stock Exchange’s website at [www.hkexnews.hk](http://www.hkexnews.hk).
- (7) Applicants who apply for 1,000,000 or more Hong Kong Offer Shares and have provided all required information in their Application Forms may collect refund cheques (where applicable) and H Share certificates (where applicable) from our H Share Registrar, Computershare Hong Kong Investor Services Limited from 9:00 a.m. to 1:00 p.m. on Monday, December 22, 2014. Applicants being individuals who opt for personal collection must not authorize any other person to make collection on their behalf. Applicants being corporations who opt for personal collection must attend by their authorized representatives each bearing a letter of authorization from his corporation stamped with the corporation’s chop. Both individuals and authorized representatives (if applicable) must produce, at the time of collection, evidence of identity acceptable to Computershare Hong Kong Investor Services Limited. Uncollected refund cheques and H Share certificates will be dispatched promptly by ordinary post to the addresses as specified in the applicants’ Application Forms at the applicants’ own risk. For details of the arrangements, see “How to Apply for Hong Kong Offer Shares”.
- (8) Applicants who apply through the **White Form eIPO** service and paid their applications monies through single bank accounts may have refund monies (if any) dispatched to their application payment bank account, in the form of e-Refund payment instructions. Applicants who apply through the **White Form eIPO** service and paid their application monies through multiple bank accounts may have refund monies (if any) dispatched to the address as specified in their application instructions to the **White Form eIPO** Service Provider, in the form of refund cheques, by ordinary post at their own risk.
- (9) Refund cheques will be issued in respect of wholly or partially unsuccessful applications and in respect of successful applications if the Offer Price is less than the price payable on application.



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## **EXPECTED TIMETABLE<sup>(1)</sup>**

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The H Shares certificates will only become valid certificates of title provided that the Global Offering has become unconditional in all respects and neither the Hong Kong Underwriting Agreement nor the International Underwriting Agreement is terminated in accordance with its respective terms prior to 8:00 a.m. on the Listing Date. The Listing Date is expected to be on or about Tuesday, December 23, 2014. Investors who trade the H Shares on the basis of publicly available allocation details prior to the receipt of H Share certificates or prior to the H Share certificates becoming valid certificates of title do so entirely at their own risk.

The above expected timetable is a summary only. See “Structure of the Global Offering” and “How to Apply for Hong Kong Offer Shares” for details of the structure of the Global Offering, including the conditions of the Global Offering, and the procedures for application for the Hong Kong Offer Shares.

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### IMPORTANT NOTICE TO INVESTORS

This prospectus is issued by us solely in connection with the Hong Kong Public Offering and the Hong Kong Offer Shares and does not constitute an offer to sell, or a solicitation of an offer to subscribe for or buy, any security other than the Hong Kong Offer Shares. This prospectus may not be used for the purpose of, and does not constitute, an offer to sell, or a solicitation of an offer to subscribe for or buy, any security in any other jurisdiction or in any other circumstances. No action has been taken to permit a public offering of the Offer Shares, or the distribution of this prospectus, in any jurisdiction other than Hong Kong. The distribution of this prospectus and the offering and sale of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom. Information contained on our website, located at *www.wandaplazas.com*, does not form part of this prospectus.

You should rely only on the information contained in this prospectus and the Application Forms to make your investment decision. Our Company has not authorized anyone to provide you with information that is different from what is contained in the prospectus. Any information or representation not made in the prospectus must not be relied on by you as having been authorized by our Company, the Joint Global Coordinators, the Underwriter Representatives, the Joint Sponsors, the Underwriters, the Joint Financial Advisors, any of their respective directors, or any other person involved in the Global Offering.

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## SUMMARY

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### OVERVIEW

We are the leading commercial property developer, owner and operator in China and the second largest commercial property owner and operator in the world. We are also the largest luxury hotel owner in China. In addition, we are engaged in developing residential properties to maintain a balanced development structure. We have established a track record of bringing to market large-scale, mixed-use property projects that encompass retail, office, hotel, residential, restaurant, entertainment and/or leisure uses in an integrated architectural complex.

Our leading position in the real estate industry has been demonstrated in various aspects, including the following: (i) we are the second largest commercial property owner and operator in the world in terms of total GFA of self-owned properties, according to the Market Report; (ii) we are the number one Chinese property developer according to the “Ranking of Developers in the Commercial Real Estate Industry in China” issued by CREA in 2014; (iii) we are the largest commercial property developer, owner and operator in China in terms of aggregate GFA held as investment properties in 2013, according to the Market Report; (iv) we are one of the top property developers in China in terms of contracted sales in 2013 according to the Market Report; and (v) we are the largest luxury hotel owner in China in terms of the number of hotels held in 2013 according to the Market Report.

Our leading position in China is well supported by our geographically diversified property portfolio with a nationwide coverage. As of June 30, 2014<sup>(1)</sup>, we had 175 property projects in 111 cities across 29 provinces in China, of which we had: (i) a total of 159 Wanda Plazas, our core property product line, in 110 cities, including 71 fully completed Wanda Plazas in 47 cities; (ii) a total of six Wanda Cities, our new property product line, under development in six cities; and (iii) a total of 10 other property projects in 10 cities.

As of June 30, 2014, our property portfolio in China comprised a total GFA of approximately 84.7 million sq.m., including the following property categories:

- completed investment properties with a total GFA of approximately 14.7 million sq.m., which were owned and managed by us;
- completed hotels with a total GFA of approximately 2.1 million sq.m.; and
- land reserves with a total GFA of approximately 67.9 million sq.m., including:
  - completed properties held for sale with a total GFA of approximately 2.4 million sq.m.;
  - properties under development with an estimated total GFA of approximately 54.8 million sq.m.; and
  - properties held for future development with an estimated total GFA of approximately 10.7 million sq.m..

As of June 30, 2014, we had 105 property projects that were under development or held for future development, of which 11 projects were expected to be completed by the end of 2014, 31 projects were expected to be completed by the end of 2015, and 63 projects were expected to be completed in or after 2016. As of June 30, 2014, the expected total development costs to be incurred for our existing property projects were approximately RMB430,395 million, of which approximately RMB80,258 million were expected to be incurred in the second half of 2014, approximately RMB124,364 million were expected to be incurred in 2015, and approximately RMB225,773 million were expected to be incurred in or after 2016.

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#### Note:

- (1) In this prospectus, unless the context otherwise requires, the information and data of our properties as of June 30, 2014 have been given effect to the subsequent disposal of the 2014 Separated Projects as described in “— Recent Developments” and “Relationship with Controlling Shareholders — Delineation of Business — Excluded Business engaged by our Controlling Shareholder”.



## SUMMARY

While continuing to focus on business operations in China, we have further expanded the geographic coverage of our property portfolio into select strategic cities overseas, including London, Madrid, Los Angeles and Australia, and have entered into a cooperative arrangement with a third-party developer for one potential property development in Chicago. For more details, see “Business — Description of Property Projects — Overseas Property Projects and Property Development Opportunities”.

### Our Principal Business Segments

Our operations comprise three principal business segments:

- (i) development, leasing and management of commercial properties held by us for long-term investment;
- (ii) development and sale of properties, including primarily commercial and residential properties; and
- (iii) development and operation of hotels.

The table below sets forth a breakdown of our revenue by business segment for the periods indicated:

|   | For the Year ended December 31, |                     |                      |                     |                      |                     | For the Six Months ended June 30, |                     |                      |                     |
|---|---------------------------------|---------------------|----------------------|---------------------|----------------------|---------------------|-----------------------------------|---------------------|----------------------|---------------------|
|   | 2011                            |                     | 2012                 |                     | 2013                 |                     | 2013                              |                     | 2014                 |                     |
|   | (RMB million)                   | % of Total Revenue  | (RMB million)        | % of Total Revenue  | (RMB million)        | % of Total Revenue  | (RMB million)                     | % of Total Revenue  | (RMB million)        | % of Total Revenue  |
|   |                                 |                     |                      |                     |                      |                     | (unaudited)                       |                     |                      |                     |
| Sales of Properties                       |                                 |                     |                      |                     |                      |                     |                                   |                     |                      |                     |
| Commercial Properties . . . . .           | 27,129                          | 53.4                | 36,002               | 60.9                | 41,828               | 48.2                | 13,883                            | 43.6                | 10,923               | 47.0                |
| Residential Properties . . . . .          | 16,945                          | 33.4                | 13,031               | 22.1                | 30,457               | 35.1                | 12,171                            | 38.2                | 4,673                | 20.1                |
| Car Parks and Others . . . . .            | 1,431                           | 2.8                 | 1,540                | 2.6                 | 2,696                | 3.1                 | 477                               | 1.5                 | 697                  | 3.0                 |
| Subtotal . . . . .                        | <u>45,505</u>                   | <u>89.6</u>         | <u>50,573</u>        | <u>85.6</u>         | <u>74,981</u>        | <u>86.4</u>         | <u>26,531</u>                     | <u>83.3</u>         | <u>16,293</u>        | <u>70.1</u>         |
| Property Leasing and Management . . . . . | 3,769                           | 7.4                 | 5,843                | 9.9                 | 8,483                | 9.8                 | 3,821                             | 12.0                | 5,177                | 22.3                |
| Hotel Operations . . . . .                | 1,450                           | 2.9                 | 2,576                | 4.4                 | 3,215                | 3.7                 | 1,433                             | 4.5                 | 1,770                | 7.6                 |
| Others <sup>(1)</sup> . . . . .           | 48                              | 0.1                 | 99                   | 0.2                 | 95                   | 0.1                 | 49                                | 0.2                 | 11                   | 0.0                 |
| <b>Total . . . . .</b>                    | <u><b>50,772</b></u>            | <u><b>100.0</b></u> | <u><b>59,091</b></u> | <u><b>100.0</b></u> | <u><b>86,774</b></u> | <u><b>100.0</b></u> | <u><b>31,834</b></u>              | <u><b>100.0</b></u> | <u><b>23,251</b></u> | <u><b>100.0</b></u> |

**Note:**

- (1) Primarily includes revenue derived from (i) the placement of advertisements on our investment properties and hotels, (ii) the leasing of our self-used properties for special events, (iii) the provision of consultation services and (iv) the provision of other miscellaneous services.

The following table sets forth a breakdown of our gross profit for the periods indicated:

|   | For the year ended December 31, |                     |                      |                     |                      |                     | For the six months ended June 30, |                     |                      |                     |
|---|---------------------------------|---------------------|----------------------|---------------------|----------------------|---------------------|-----------------------------------|---------------------|----------------------|---------------------|
|   | 2011                            |                     | 2012                 |                     | 2013                 |                     | 2013                              |                     | 2014                 |                     |
|   | (RMB million)                   | Percentage (%)      | (RMB million)        | Percentage (%)      | (RMB million)        | Percentage (%)      | (RMB million)                     | Percentage (%)      | (RMB million)        | Percentage (%)      |
|   |                                 |                     |                      |                     |                      |                     | (unaudited)                       |                     |                      |                     |
| Sales of properties . . . . .             | 21,506                          | 88.5                | 25,606               | 84.6                | 30,636               | 82.1                | 11,189                            | 78.6                | 6,365                | 61.0                |
| Property leasing and management . . . . . | 2,337                           | 9.6                 | 3,784                | 12.5                | 5,612                | 15.0                | 2,474                             | 17.4                | 3,569                | 34.2                |
| Hotel operations . . . . .                | 453                             | 1.9                 | 870                  | 2.9                 | 1,067                | 2.9                 | 536                               | 3.8                 | 513                  | 4.9                 |
| Others . . . . .                          | 7                               | 0.0                 | 24                   | 0.1                 | 21                   | 0.1                 | 39                                | 0.3                 | (17)                 | (0.2)               |
| <b>Total . . . . .</b>                    | <u><b>24,303</b></u>            | <u><b>100.0</b></u> | <u><b>30,284</b></u> | <u><b>100.0</b></u> | <u><b>37,336</b></u> | <u><b>100.0</b></u> | <u><b>14,238</b></u>              | <u><b>100.0</b></u> | <u><b>10,430</b></u> | <u><b>100.0</b></u> |

## SUMMARY

The following table sets forth the gross profit margins of our principal business segments for the periods indicated:

|                                       | For the Year ended December 31, |      |      | For the Six Months ended June 30, |      |
|---------------------------------------|---------------------------------|------|------|-----------------------------------|------|
|                                       | 2011                            | 2012 | 2013 | 2013                              | 2014 |
|                                       | (%)                             | (%)  | (%)  | (%)                               | (%)  |
| Sales of Properties . . . . .         | 47.3                            | 50.6 | 40.9 | 42.2                              | 39.1 |
| Property Leasing and Management . . . | 62.0                            | 64.8 | 66.2 | 64.7                              | 68.9 |
| Hotel Operations . . . . .            | 31.2                            | 33.8 | 33.2 | 37.4                              | 29.0 |
| Overall . . . . .                     | 47.9                            | 51.2 | 43.0 | 44.7                              | 44.9 |

### OVERVIEW OF OUR BUSINESS SEGMENTS

#### Overview of Our Investment Properties and Property Leasing

Our portfolio of completed investment properties as of June 30, 2014 had a total GFA of approximately 14.7 million sq.m., and primarily comprised our shopping centers with a total GFA of approximately 10.2 million sq.m.. As of June 30, 2014, our shopping centers accounted for a predominant portion of the total LFA of our completed investment properties. The table below sets forth certain information on our shopping centers in operation for the periods indicated:

|  | For the Year ended December 31, |           |           | For the Six Months ended June 30, 2014 |
|--|---------------------------------|-----------|-----------|--|
|  | 2011                            | 2012      | 2013      |  |
| Total LFA (sq.m.) <sup>(1)(2)(3)</sup> . . . . .           | 4,425,056                       | 6,051,550 | 7,706,027 | 8,087,707                              |
| Occupancy Rate <sup>(1)(3)</sup> . . . . .                 | 99.0%                           | 99.2%     | 99.2%     | 97.8%                                  |
| Average Rent (RMB/sq.m./month) <sup>(1)(4)</sup> . . . . . | 57                              | 63        | 71        | 75                                     |

**Notes:**

- (1) Does not include the shopping center in Tianjin Hepingjinjie Wanda Plaza which has not been operating since December 2012 due to its overall renovation. During the Track Record Period, the shopping center in Tianjin Hepingjinjie Wanda Plaza generated an insignificant amount of revenue, which had no material effect on our results of operations.
- (2) Does not include car parking spaces or ancillary facilities.
- (3) As at the end of the periods indicated.
- (4) Calculated as the total rental income of shopping centers in operation in the period divided by the product of (a) the sum of days of operation of all of the shopping centers, multiplied by (b) the sum of leased LFA as at the end of the period of all of the shopping centers, multiplied by (c) 365 days, and then divided by (d) 12 months.

We leased certain properties to our connected persons, primarily including, among others, Wanda Department Store, Wanda Cinema and Beijing Dagexing. As of June 30, 2014, the properties we leased to our connected persons accounted for approximately 32% of the total leased LFA. For the three years ended December 31, 2011, 2012 and 2013 and the six months ended June 30, 2014, our related parties accounted for approximately 16.9%, 17.4%, 18.0% and 18.2%, respectively, of our total rental income. We have a well-established procedure for sourcing tenants, which we believe is fair, reasonable and in line with our business strategy and demand. We are able to source alternative tenants on similar terms to those entered into with the connected persons. Our anchor tenants also include a number of internationally and domestically renowned retailers and supermarket operators, which are independent third parties. When selecting tenants, we take into account various factors, including (i) the proposed rent, which should be fair and reasonable; (ii) the tenancy term; (iii) satisfaction of the required quality standard; and (iv) whether it is in line with our business strategy, based on which we will decide if we wish to enter into, on terms similar to those entered into with our connected persons, lease agreements with alternative tenants. See “Connected Transactions” for more detail.

## SUMMARY

### Overview of Our Property Development and Sales

We are a leading property developer in China in terms of contracted sales of both commercial and residential properties, with a large portion contributed by contracted sales of commercial properties. The table below sets forth the contracted sales by property type for the periods indicated:

|                        | For the Year ended December 31, |              |              | For the Six<br>Months ended<br>June 30,<br>2014 |
|------------------------|---------------------------------|--------------|--------------|---|
|                        | 2011                            | 2012         | 2013         |   |
|                        | (RMB billion)                   |              |              |   |
| Commercial Properties  |                                 |              |              |   |
| Office Spaces          | 11.7                            | 18.8         | 20.6         | 5.9   |
| SOHO                   | 12.3                            | 11.0         | 19.5         | 8.8   |
| Retail Properties      | 34.6                            | 39.2         | 35.7         | 19.1  |
| Subtotal               | 58.7                            | 69.0         | 75.8         | 33.8  |
| Residential Properties | 28.4                            | 26.0         | 45.4         | 22.0  |
| Others <sup>(1)</sup>  | 3.1                             | 6.2          | 5.2          | 0.9   |
| Total                  | <u>90.2</u>                     | <u>101.2</u> | <u>126.4</u> | <u>56.7</u>                                     |

**Note:**

(1) Primarily includes saleable parking spaces, hotels and certain residential properties for relocation purposes.

### Overview of Our Hotels and Hotel Operations

As of June 30, 2014, we owned a total of 48 completed hotels across 39 cities in China. Of the 48 completed hotels owned by us as of June 30, 2014, 20 are operated by us and 28 are operated by globally renowned third-party hotel managers. Our 20 self-operated hotels include 14 Wanda Realm hotels, five Wanda Vista hotels and one Wanda Reign hotel. The table below sets forth certain key operating performance indicators used for the evaluation of the performance of our hotels for the periods indicated:

|  | For the Year ended December 31, |      |      | For the Six<br>Months ended<br>June 30, 2014 |
|--|---------------------------------|------|------|--|
|  | 2011                            | 2012 | 2013 |  |
| <b>Total Number of Completed Hotels</b>                                      | 26                              | 34   | 45   | 48   |
| <b>Number of Hotels in Operation for at Least<br/>One Year<sup>(1)</sup></b> | 14                              | 26   | 34   | 34 <sup>(2)</sup>                            |
| Occupancy Rate <sup>(3)</sup>  | 55%                             | 55%  | 60%  | 58%  |
| Average Room Rate <sup>(4)</sup> (RMB)                                       | 801                             | 784  | 734  | 718  |
| RevPAR <sup>(5)</sup> (RMB)  | 443                             | 430  | 440  | 425  |
| <b>Number of Hotels in Operation on or before<br/>January 1, 2011</b>        | 14                              | 14   | 14   | 13 <sup>(2)</sup>                            |
| Occupancy Rate <sup>(3)</sup>  | 55%                             | 62%  | 64%  | 62%  |
| Average Room Rate <sup>(4)</sup> (RMB)                                       | 801                             | 830  | 815  | 790  |
| RevPAR <sup>(5)</sup> (RMB)  | 443                             | 516  | 518  | 489  |

**Notes:**

- (1) Includes hotels with at least one full year of operation as of the end of the period indicated.
- (2) We sold a hotel located in Chengdu to a third-party buyer in March 2014.
- (3) Weighted average by number of room nights across all selected hotels in operation in the respective period.
- (4) Weighted average by number of room nights across all selected hotels in operation in the respective period.
- (5) Weighted average by number of room nights across all selected hotels in operation in the respective period.

### VALUATION OF THE PROPERTIES

The following information is extracted from DTZ's Property Valuation Report in "Appendix IV — Property Valuation Report" and summarizes DTZ's valuation of each group of properties and the selected key parameters used by DTZ in arriving at its valuation. See "Appendix IV—Property Valuation Report" for further details on the valuation as well as the key parameters used by DTZ in arriving at its valuation. You should note that the market values

## SUMMARY

prepared by DTZ were based on certain assumptions which may be subject to changes and such market values may not be realized. See “Risk Factors — Risks Relating to Our Business — The appraised value of our properties in the property valuation report may be different from the actual realizable value and is subject to change” for further details.

| No. | Property Group  | Market Value in Existing State Attributable to the Group as at September 30, 2014 (RMB million) | Valuation Approach and Key Parameters  | Page no. of Property Valuation Report in Appendix IV |
|-----|---|---|--|--|
| 1.  | Group I - Properties held by the Group for occupation in the PRC          | 1,415   | <p><b>Direct Comparison Approach</b> assuming sale of each of these properties in its existing state with the benefit of vacant possession by making reference to comparable sales transactions as available in the relevant market; or</p> <p><b>Investment Approach</b> on the basis of capitalisation of the potential rental income.</p> <ul style="list-style-type: none"> <li>• Market unit price: RMB4,000 to RMB50,000 per sq.m.</li> </ul>  | IV-7 to IV-8   |
| 2.  | Group II - Properties held by the Group for operation as hotel in the PRC | 32,510  | <p><b>Discounted Cash Flow (“DCF”) Approach</b> involving discounting future net cash flow of each property in Group II till the end of the land use term to its present value by using an appropriate discount rate that reflects the rate of return required by a third party investor for an investment of this type.</p> <ul style="list-style-type: none"> <li>• Discount rate: 9% to 9.5%</li> <li>• Terminal capitalisation rate: 5%</li> </ul>   | IV-9 to IV-14  |
| 3.  | Group III - Properties held by the Group for investment in the PRC        | 188,947   | <p><b>Investment Approach</b> on the basis of capitalisation of rental income derived from the existing tenancies with due allowance for reversionary potential of the property or by reference to comparable market. The market value is considerably reliant on the reversionary potential of the property which is derived by capitalising the market rent at an appropriate reversionary capitalisation rate upon expiry of existing tenancies.</p> <ul style="list-style-type: none"> <li>• Market monthly unit rent for               <ol style="list-style-type: none"> <li>(1) Store (Anchor tenants): RMB34 to RMB230 per sq.m. on GFA basis; and</li> <li>(2) Level 1 Mall (Standard retail): RMB150 to RMB900 per sq.m. on LFA basis</li> </ol> </li> <li>• Reversionary capitalisation rate: 4.5% to 7%</li> </ul> | IV-15 to IV-33                                       |
| 4.  | Group IV - Properties held by the Group for sale in the PRC               | 37,117  | <p><b>Direct Comparison Approach</b> assuming sale of each of these properties in its existing state with the benefit of vacant possession by making reference to comparable sales transactions as available in the relevant market.</p> <ul style="list-style-type: none"> <li>• Market unit price for               <ol style="list-style-type: none"> <li>(1) Retail: RMB7,300 to RMB50,000 per sq.m.;</li> <li>(2) Residential: RMB5,600 to RMB50,000 per sq.m.; and</li> <li>(3) Office: RMB6,000 to RMB37,000 per sq.m.</li> </ol> </li> </ul>   | IV-34 to IV-43                                       |
| 5.  | Group V - Properties held by the Group under development in the PRC       | 181,479   | <p><b>Direct Comparison Approach</b> by making reference to comparable sales evidence as available in the relevant market and have also taken into account the expended construction costs and the costs that will be expended to complete the development to reflect the quality of the completed development.</p> <p>We have adopted Direct Comparison Approach or Investment Approach to assess the market value when completed.</p> <ul style="list-style-type: none"> <li>• Market unit price adopted for estimating the completed value:               <ol style="list-style-type: none"> <li>(1) Retail: RMB13,000 to RMB53,000 per sq.m.;</li> <li>(2) Residential: RMB4,500 to RMB25,000 per sq.m.; and</li> <li>(3) Office: RMB5,400 to RMB25,000 per sq.m.</li> </ol> </li> </ul>                                   | IV-44 to IV-57                                       |



## SUMMARY

| No. | Property Group  | Market Value in Existing State Attributable to the Group as at September 30, 2014 (RMB million) | Valuation Approach and Key Parameters  | Page no. of Property Valuation Report in Appendix IV |
|-----|---|---|--|--|
|     |   |   | <ul style="list-style-type: none"> <li>• Market monthly rent adopted for estimating the completed value:               <ol style="list-style-type: none"> <li>(1) Store (Anchor tenants): RMB25 to RMB215 per sq.m. on GFA basis;</li> <li>(2) Level 1 Mall (Standard retail): RMB90 to RMB470 per sq.m. on LFA basis; and</li> <li>(3) Reversionary capitalisation rate: 4.5% to 7%</li> </ol> </li> <li>• Accommodation value for land: RMB400 to RMB7,800 per sq.m.</li> </ul>  |  |
| 6.  | Group VI - Properties held by the Group for future development in the PRC | 20,776  | <p><b>Direct Comparison Approach</b> assuming sale of each of these properties in its existing state by making reference to comparable land sales transactions as available in the relevant market.</p> <ul style="list-style-type: none"> <li>• Accommodation value for land: RMB400 to RMB6,000 per sq.m.</li> </ul>   | IV-58 to IV-61                                       |
| 7.  | Group VII - Property held by the Group for redevelopment in the UK        | 1,049<br>(or GBP105 million)  | <p><b>Direct Comparison Approach, Investment Approach or DCF</b> to assess the market value when completed and have also taken into account the expended construction costs and the costs that will be expended to complete the development to reflect the quality of the completed development.</p> <ul style="list-style-type: none"> <li>• Market unit price adopted for estimating the completed value: Residential: GBP19,433 per sq.m.</li> <li>• Market yearly unit rent for retail: GBP540 per sq.m. to GBP807 per sq.m.</li> <li>• Reversionary capitalisation rate for retail: 5% to 5.5%</li> <li>• Discount rate for hotel: 8% to 11.5%</li> <li>• Terminal capitalisation rate: 5.5% to 9%</li> </ul> | IV-62  |

### COMPETITIVE STRENGTHS

We believe that the following competitive strengths have contributed to our success in the PRC real estate market and will continue to secure our leading market position and future prospects: (i) our business model is supported by our business innovation capacity and allows us to maintain a balanced cash flow for our projects and to develop our business segments synergistically, and our proven track record of being an industry pioneer epitomizes our business innovation capacity; (ii) we have a comprehensive commercial real estate business operation system covering planning and design, construction, operations and management, with an emphasis on key capacities and functions to support our leading position in the commercial property sector; (iii) we possess a robust combination of competitive advantages, which has allowed us to be distinguishable in the industry; (iv) we have outstanding execution capabilities; (v) we possess strong and effective commercial property management capabilities; (vi) we have been able to benefit from support from our Controlling Shareholders with a synergistic relationship; (vii) Mr. WANG Jianlin, our ultimate Controlling Shareholder, is an influential industry leader, and we have an experienced and visionary management team; and (viii) we have adopted multiple information technology systems to effectively manage the large scale of our business operations and improve our operational efficiency. See “Business — Competitive Strengths” for more details.

### BUSINESS STRATEGIES

We aim to become the leading global property developer, owner and operator with an internationally-recognized brand name and reputation. In order to grow our business, we intend to: (i) expand our operations and aim to become the largest real estate company in the world in terms of self-owned GFA; (ii) continue to strategically enter the international market

## SUMMARY

to capture market opportunities and expand our international presence; (iii) continue to proactively enhance our asset management capabilities; (iv) continue to attract, motivate and cultivate management talent and personnel to support our operations; (v) continue to enhance our diverse property products to increase consumer demand and promote consumption upgrade in the PRC; and (vi) reduce the environmental impact of our operations and increase our energy conservation and other environmental protection efforts. See “Business — Business Strategies” for more details.

### OVERVIEW OF FINANCIAL INFORMATION

During the Track Record Period, our revenue was primarily generated from sales of properties, property leasing and management and hotel operations. For the years ended December 31, 2011, 2012 and 2013 and the six months ended June 30, 2013 and 2014, our revenue was RMB50,772 million, RMB59,091 million, RMB86,774 million, RMB31,834 million and RMB23,251 million, respectively, and our gross profit for the year/period amounted to RMB24,303 million, RMB30,284 million, RMB37,336 million, RMB14,238 million and RMB10,430 million, respectively. Our revenue decreased from the six months ended June 30, 2013 to the six months ended June 30, 2014, primarily due to (i) a decrease in our GFA for residential properties delivered to 592,941 sq.m. for the six months ended June 30, 2014 from 1,368,716 sq.m. for the six months ended June 30, 2013, and (ii) a decrease in our GFA for retail properties delivered to 177,795 sq.m. for the six months ended June 30, 2014 from 270,909 sq.m. for the six months ended June 30, 2013. The decrease in our GFA delivered for residential and retail properties was primarily due to our property development schedule, as we completed less residential and retail properties for the six months ended June 30, 2014 compared to the six months ended June 30, 2013.

The tables below set forth the summary of our consolidated financial information during the Track Record Period. All data are derived from our consolidated financial statements set forth in the Accountants’ Report in Appendix I to this prospectus. The following financial information should be read in conjunction with the Accountants’ Report in Appendix I to this prospectus.

#### Summary Consolidated Statements of Profit or Loss

|   | For the Year ended December 31, |               |               | For the Six Months ended June 30, |              |
|---|---------------------------------|---------------|---------------|-----------------------------------|--------------|
|   | 2011                            | 2012          | 2013          | 2013                              | 2014         |
|   | (RMB million)                   |               |               | (unaudited)                       |              |
| Revenue . . . . .   | 50,772                          | 59,091        | 86,774        | 31,834                            | 23,251       |
| Cost of sales . . . . .                                   | (26,469)                        | (28,807)      | (49,438)      | (17,596)                          | (12,821)     |
| Gross profit . . . . .                                    | 24,303                          | 30,284        | 37,336        | 14,238                            | 10,430       |
| Increase in fair value of investment properties . . . . . | 13,992                          | 21,898        | 15,443        | 7,832                             | 5,227        |
| Profit before tax . . . . .                               | 30,841                          | 43,264        | 41,492        | 16,886                            | 8,385        |
| Income tax expense . . . . .                              | (11,066)                        | (15,443)      | (16,610)      | (6,800)                           | (3,468)      |
| Profit for the year/period . . . . .                      | <u>19,775</u>                   | <u>27,821</u> | <u>24,882</u> | <u>10,086</u>                     | <u>4,917</u> |
| Attributable to:  |                                 |               |               |                                   |              |
| Owners of the parent . . . . .                            | 19,779                          | 27,310        | 24,581        | 9,313                             | 4,965        |
| Non-controlling interests . . . . .                       | (4)                             | 511           | 301           | 773                               | (48)         |

#### Summary Consolidated Statements of Financial Position

|  | As of December 31, |         |         | As of June 30, |
|--|--------------------|---------|---------|----------------|
|  | 2011               | 2012    | 2013    | 2014           |
|  | (RMB million)      |         |         |                |
| Total current assets . . . . .             | 119,180            | 149,003 | 196,302 | 238,871        |
| Total current liabilities . . . . .        | 123,879            | 157,129 | 180,277 | 219,360        |
| Net current assets/(liabilities) . . . . . | (4,699)            | (8,126) | 16,025  | 19,511         |
| Total non-current liabilities . . . . .    | 66,359             | 90,632  | 136,895 | 172,011        |
| Total non-current assets . . . . .         | 131,599            | 186,109 | 234,742 | 265,120        |
| Net assets . . . . .                       | 60,541             | 87,351  | 113,872 | 112,620        |

## SUMMARY

### Summary Consolidated Statements of Cash Flows

|  | For the Year ended December 31, |               |               | For the Six Months ended<br>June 30, |               |
|--|---------------------------------|---------------|---------------|--------------------------------------|---------------|
|  | 2011                            | 2012          | 2013          | 2013                                 | 2014          |
|  | (RMB million)                   |               |               | (unaudited)                          |               |
| Net cash flows generated from/<br>(used in) operating activities . . . . .   | 35,882                          | 11,481        | 6,807         | (1,599)                              | (8,953)       |
| Net cash flows used in investing<br>activities . . . . .                     | (25,392)                        | (25,495)      | (23,783)      | (7,821)                              | (20,909)      |
| Net cash flows (used in)/generated<br>from financing activities . . . . .    | (1,532)                         | 18,551        | 37,904        | 33,958                               | 35,136        |
| Net increase in cash and cash<br>equivalents . . . . .                       | 8,958                           | 4,537         | 20,928        | 24,538                               | 5,274         |
| Cash and cash equivalents at the<br>beginning of the year/period . . . . .   | 35,090                          | 44,048        | 48,585        | 48,585                               | 69,525        |
| Effect of foreign exchange rate<br>changes, net . . . . .                    | —                               | —             | 12            | (8)                                  | (38)          |
| <b>Cash and cash equivalents at the<br/>end of the year/period . . . . .</b> | <b>44,048</b>                   | <b>48,585</b> | <b>69,525</b> | <b>73,115</b>                        | <b>74,761</b> |

### Changes in Fair Value of Investment Properties

Changes in fair value of investment properties are recognized in the consolidated statements of profit or loss in the year/period such changes arise. The fair values of our investment properties as of December 31, 2011, 2012 and 2013 and June 30, 2014 were determined by independent property valuers by considering (i) the capitalized income to be derived from the existing tenancies and (ii) for the period after expiry of existing tenancies, the reversionary potential of the properties. The table below sets forth the ranges of reversionary capitalisation rate by property type used in evaluating the reversionary potential of our investment properties:

| Property Type | Range of Reversionary Capitalisation Rate              |
|---------------|--|
| Office        | 5.5% — 7.0%  |
| Retail        | Anchor Stores: 4.5%—6.0%<br>Standard Retail: 5.0%—7.0% |
| Carpark       | 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 capitalisation rate is estimated by the independent valuer based on the risk profile of the properties being valued. The higher the reversionary capitalisation rate, the lower the fair value is.

For additional details regarding reversionary capitalisation rate set forth in the table above, see note 15 to the Accountants' Report in Appendix I. In valuing the investment properties, where appropriate, independent valuers also referred to market evidence of transaction prices for similar properties in the surrounding areas.

For the years ended December 31, 2011, 2012 and 2013 and the six months ended June 30, 2013 and 2014, we had an increase in fair value of investment properties of RMB13,992 million, RMB21,898 million, RMB15,443 million, RMB7,832 million and RMB5,227 million, respectively.

Despite their impact on the reported profit, fair value gains or losses do not change our cash position as long as the relevant investment properties are held by us. The amounts of revaluation adjustments have been, and may continue to be, significantly affected by the prevailing property markets. See "Financial Information — Critical Accounting Policies and Estimates — Estimation Uncertainty — Fair value of investment properties" and "— Certain Items of Consolidated Statements of Financial Position — Investment Properties" in "Financial Information".

## SUMMARY

### KEY FINANCIAL RATIOS

|   | As of and for the Year ended December 31, |       |        | As of and for<br>the Six<br>Months ended<br>June 30, |
|---|---|-------|--------|--|
|   | 2011                                      | 2012  | 2013   | 2014   |
| <b>Liquidity ratios</b>                       |   |       |        |  |
| Current ratio <sup>(1)</sup>                  | 96.2%                                     | 94.8% | 108.9% | 108.9%   |
| Quick ratio <sup>(2)</sup>                    | 50.2%                                     | 46.2% | 53.2%  | 48.8%  |
| <b>Capital adequacy ratios</b>                |   |       |        |  |
| Gearing ratio <sup>(3)</sup>                  | 38.8%                                     | 48.7% | 53.0%  | 87.8%  |
| Debt-to-asset ratio <sup>(4)</sup>            | 47.4%                                     | 45.9% | 49.4%  | 51.6%  |
| <b>Profitability ratios</b>                   |   |       |        |  |
| Return on average total assets <sup>(5)</sup> | 7.9%                                      | 9.5%  | 6.5%   | 1.1%   |
| Return on average equity <sup>(6)</sup>       | 32.7%                                     | 37.6% | 24.7%  | 4.3%   |

#### Notes:

- (1) Current ratio is calculated by dividing total current assets by total current liabilities and multiplying the resulting value by 100%.
- (2) Quick ratio is calculated by dividing total current assets less inventories by total current liabilities and multiplying the resulting value by 100%.
- (3) Gearing ratio is calculated by dividing interest-bearing bank and other borrowings plus bonds less cash and cash equivalents and restricted cash by total equity and multiplying the resulting value by 100%.
- (4) Debt-to-asset ratio is calculated by dividing total liabilities net of advance from customers by total assets and multiplying the resulting value by 100%.
- (5) Return on average total assets is calculated (i) for 2011 by dividing profit for the year by total assets at the end of the year and multiplying the resulting value by 100%, as the consolidated financial information for 2010 is not included in this prospectus, and (ii) for 2012, 2013 and the six months ended June 30, 2014, by dividing profit for the year/period by the average of total assets at the beginning and the end of the year/period and multiplying the resulting value by 100%.
- (6) Return on average equity is calculated (i) for 2011 by dividing profit for the year by total equity at the end of the year and multiplying the resulting value by 100%, as the consolidated financial information for 2010 is not included in this prospectus, and (ii) for 2012, 2013 and the six months ended June 30, 2014, by dividing profit for the year/period by the average of total equity at the beginning and the end of the year/period and multiplying the resulting value by 100%.

### UNAUDITED PRO FORMA ADJUSTED TANGIBLE ASSETS

The following unaudited pro forma statement of our adjusted net tangible assets is prepared in accordance with Rule 4.29 of the Listing Rules and is set out below to illustrate the effect of the Global Offering on the net tangible assets of our Group attributable to the equity owners of the Company as of June 30, 2014 as if the Global Offering had taken place on that date.

This pro forma statement of adjusted net tangible assets has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the financial position of our Group had the Global Offering been completed as of June 30, 2014 or at any future date.

|  | Consolidated<br>net tangible<br>assets<br>attributable<br>to owners of<br>our<br>Company as<br>of June 30,<br>2014 | Estimated<br>net<br>proceeds<br>from the<br>Global<br>Offering | Adjustment<br>for the 2014<br>Excluded<br>Companies | Unaudited<br>pro forma<br>adjusted<br>consolidated<br>net tangible<br>assets | Unaudited pro forma<br>adjusted consolidated<br>net tangible assets<br>per Share |                               |
|--|--|--|---|--|--|-------------------------------|
|  | RMB million<br>(Note 1)  | RMB million<br>(Note 2)  | RMB million<br>(Note 3)                             | RMB million  | RMB<br>(Note 4)  | (HK\$ equivalent)<br>(Note 5) |
| Based on an Offer Price of HK\$41.80 per Share | 105,648  | 19,296   | 521   | 125,465  | 28.04  | 35.43                         |
| Based on an Offer Price of HK\$49.60 per Share | 105,648  | 22,925   | 521   | 129,094  | 28.85  | 36.46                         |



## SUMMARY

### Notes:

- (1) The consolidated net tangible assets of our Group attributable to owners of our Company as of June 30, 2014 is extracted from the Accountants' Report as set out in Appendix I to this prospectus, which is based on the audited consolidated equity attributable to owners of our Company as of June 30, 2014 of RMB109,611 million less goodwill and other intangible assets as of June 30, 2014 of RMB1,430 million and RMB2,533 million.
- (2) The estimated net proceeds from the Global Offering are based on the Offer Price of HK\$41.80 per Share and HK\$49.60 per Share, after deduction of the underwriting fees and related expenses payable by the Company and do not take into account any Offer Shares which may be issued upon the exercise of the Over-allotment Option. The estimated net proceeds from the Global Offering are converted from Hong Kong dollars into Renminbi at the PBOC rate of HK\$1.00 to RMB0.79126 prevailing on November 28, 2014.
- (3) This adjustment is to give effect to the disposal of the 2014 Excluded Companies as if the disposal had taken place on June 30, 2014.
- (4) The unaudited pro forma adjusted consolidated net tangible assets per Share is calculated based on 4,474,800,000 Shares in issue immediately following the completion of the Global Offering without taking into account any Shares which may be issued upon the exercise of the Over-allotment Option.
- (5) The unaudited pro forma adjusted consolidated net tangible assets per Share is converted into Hong Kong dollars at the PBOC rate of HK\$1.00 to RMB0.79126 prevailing on November 28, 2014.

### PROFIT FORECAST FOR THE YEAR ENDING DECEMBER 31, 2014

|  | <b>Forecast for the year<br/>ending December 31, 2014</b> |
|--|---|
| Forecast consolidated profit attributable to owners of our Company <sup>(1)</sup> . . . . .              | not less than RMB24,027 million                           |
| Forecast fair value gains on investment properties (net of deferred tax) . . . . .                       | RMB9,725 million  |
| Forecast consolidated profit attributable to owners of our Company (excluding fair value gains). . . . . | not less than RMB14,302 million                           |
| Unaudited pro forma forecast earnings per Share <sup>(2)</sup> . . . . .                                 | not less than RMB5.37 (approximately HK\$6.79)            |

### Notes:

- (1) The forecast consolidated profit attributable to owners of our Company for the year ending December 31, 2014 is extracted from Appendix III to this prospectus. The bases and assumptions on which the above forecast for the year ending December 31, 2014 has been prepared are summarised in Appendix III to this prospectus.
- (2) The calculation of the unaudited pro forma forecast earnings per Share is based on the forecast consolidated profit attributable to owners of our Company for the year ending December 31, 2014 and on the assumption that a total of 4,474,800,000 Shares were in issue during the year ending December 31, 2014, taking no account of any Shares which may be issued upon the exercise of the Over-allotment Option. The unaudited pro forma forecast earnings per Share is converted into Hong Kong dollars at the PBOC rate of HK\$1.00 to RMB0.79126 prevailing on November 28, 2014.

For more information regarding our profit forecast, please see "Financial Information — Unaudited Pro Forma Forecast Earnings per Share" and "Appendix III — Profit Forecast".

### Sensitivity Analysis

#### ***Sensitivity Analysis on Fair Value Change of Investment Properties***

The total forecasted amount of fair value change on investment properties for the year ending December 31, 2014 is RMB12,967 million and its related deferred taxation expense is estimated to be RMB3,242 million. The following table illustrates the sensitivity of the net profit attributable to owners of our Company (net of deferred tax effect) to fair value change of investment properties for the year ending December 31, 2014:

|  |       |       |     |     |
|--|-------|-------|-----|-----|
| Changes in revaluation increase percentage on investment properties compared to our estimated revaluation increase percentage on investment properties . . . . . | -10%  | -5%   | 5%  | 10% |
| Impact on the net profit attributable to owners of our Company targeted for the year 2014 (RMB millions) . . . . .   | (972) | (486) | 486 | 972 |

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## SUMMARY

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### ***Sensitivity Analysis on Targeted GFA Sold and Delivered***

The following table illustrates the sensitivity of the net profit attributable to owners of our Company to the targeted GFA sold and delivered for the year ending December 31, 2014 by applying such sensitivity analysis to the six-month period ending December 31, 2014 including, for such analysis, the pre-sold properties for the three-month period ended September 30, 2014.

|   |         |         |       |
|---|---------|---------|-------|
| % change in targeted GFA sold and delivered . . . . .   | -10%    | -7.5%   | -5%   |
| Impact on the net profit attributable to owners of our Company<br>targeted for the year 2014 (RMB millions) . . . . . | (1,919) | (1,434) | (948) |

For a detailed discussion of sensitivity analysis, see “Financial Information — Sensitivity Analysis”.

### **CONTROLLING SHAREHOLDERS**

Immediately following the completion of the Global Offering, assuming no exercise of the Over-allotment Option, Mr. WANG Jianlin and his spouse, directly and indirectly through Dalian Wanda Group, will own approximately 54.31% of our enlarged issued share capital and Dalian Wanda Group alone will directly own approximately 44.23% of our enlarged issued share capital. As of the Latest Practicable Date, Mr. WANG Jianlin directly owned a 98.00% interest in Dalian Hexing, which directly owned a 99.76% interest in Dalian Wanda Group. Mr. WANG Jianlin directly owns a 0.24% interest in Dalian Wanda Group. Accordingly, Mr. WANG Jianlin, Dalian Hexing and Dalian Wanda Group will control more than 30% of our issued Shares and are therefore our Controlling Shareholders.

### **USE OF PROCEEDS**

In the event that the Over-allotment Option is not exercised, we estimate the net proceeds of the Global Offering which we will receive, assuming an offering price of HK\$45.70 per Offer Share (being the mid-point of the Offer Price range stated in this prospectus), will be approximately HK\$26,679 million, after deduction of underwriting fees and commissions and estimated expenses payable by us in connection with the Global Offering.

We intend to use the net proceeds of the Global Offering for the following purpose, subject to changes in light of our evolving business needs and changing market conditions:

- approximately HK\$24,011 million (representing approximately 90% of our total estimate net proceeds), assuming an offering price of HK\$45.70 per Offer Share (being the mid-point of the Offer Price range stated in this prospectus), to finance the development of 10 projects, namely Guangyuan Wanda Plaza, Harbin Hanan Wanda Plaza, Wuhai Wanda Plaza, Fuyang Wanda Plaza, Nanning Anji Wanda Plaza, Jiaying Wanda Plaza, Taizhou Jingkai Wanda Plaza, Tai'an Wanda Plaza, Xiangtan Wanda Plaza and Zhengzhou Wanda Center.
- approximately HK\$2,668 million (representing approximately 10% of our total estimate net proceeds), assuming an offering price of HK\$45.70 per Offer Share (being the mid-point of the Offer Price range stated in this prospectus), will be used to provide funding for working capital and other general corporate purpose.

In the event the Over-allotment Option is exercised in full and assuming an Offer Price of HK\$45.70 per Offer Share (being the mid-point of the Offer Price range stated in this prospectus), we will receive additional net proceeds of approximately HK\$4,031 million. We intend to use all the additional net proceeds proportionately as earmarked above. See “Future Plans and Use of Proceeds” for more details.

### **DIVIDEND AND DIVIDEND POLICY**

Our Board of Directors is responsible for submitting proposals in respect of dividend payments, if any, to the Shareholders' general meeting for approval. Our dividend distributions are based on our distributable profit and take into consideration our earnings, cash flow, financial condition, the availability of dividends from our subsidiaries, business planning,

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## SUMMARY

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return to our Shareholders, our capital requirements, our finance costs, the external financing environment and any other factors that our Directors may deem relevant. We will not pay any dividends in a year in which we do not have any distributable profits. We cannot guarantee when, if and in what form dividends will be declared or distributed in the future. Under the Company Law and our Articles of Association, all of our Shareholders holding the same class of Shares have equal rights to dividends and other distributions proportionate to their shareholdings.

According to our Articles of Association, we will pay dividends out of our distributable profit for the year only after we have made certain allocations from our profit for the year. Our future dividend payments to our Shareholders will also depend upon the availability of dividends received from our subsidiaries. See “Risk Factors — Risks Relating to Conducting Business in the PRC — The Company relies on dividend payments from its subsidiaries to fund cash and financing requirements the Company may have” for a detailed discussion. There is no assurance that we will receive any dividend from our subsidiaries in any given year. We may not be able to pay any dividends in a year in which we do not actually receive adequate dividends from our subsidiaries. In addition, the declaration and/or payment of dividends may be limited by legal restrictions and/or by contracts or agreements that we may be subject to in the future.

We declared cash dividend in the amount of RMB1,980 million and paid cash dividend in the amount of RMB1,967 million in 2012 for the year ended December 31, 2011. We declared and paid cash dividend in the amount of RMB1,999 million in each of 2013 and 2014 for each of the years ended December 31, 2012 and 2013. Dividends paid in prior periods may not be indicative of future dividend payments.

### OFFERING STATISTICS

The statistics set forth in the table below are calculated based on the following assumptions: (i) the Global Offering has been completed and 600,000,000 H Shares have been newly issued; (ii) the Over-allotment Option has not been exercised; and (iii) there are 4,474,800,000 issued and outstanding Shares following the completion of the Global Offering:

|  | Based on an Offer<br>Price of HK\$41.80 | Based on an Offer<br>Price of HK\$49.60 |
|--|---|---|
| Market capitalization of our Shares . . . . .  | HK\$187,046,640,000                     | HK\$221,950,080,000                     |
| Unaudited pro forma adjusted consolidated net tangible asset<br>per Share <sup>(1)</sup> . . . . . | RMB28.04<br>(HK\$35.43)                 | RMB28.85<br>(HK\$36.46)                 |

**Note:**

- (1) The unaudited pro forma adjusted consolidated net tangible asset per Share is calculated after making the adjustments referred to in “Appendix II — Unaudited Pro Forma Financial Information” in accordance with Rule 4.29 of the Listing Rules.

### OVERVIEW OF RISK FACTORS

Our business faces risks including those set out in the “Risk Factors” section of this prospectus. The major risks relating to an investment in our H Shares include, among others, (i) our dependence on the performance of the PRC property market; (ii) whether we are able to secure adequate land reserves on commercially reasonable terms and acquire suitable land for development; (iii) whether we can achieve successful sales of properties, including schedule of our property development and the timing of property sales; (iv) the capital-intensive nature of our business and (v) the regulatory landscape that has or may have impact on the property industry. You should carefully read the “Risk Factors” section in its entirety before you decide to invest in the Offer Shares.

### LISTING EXPENSES

In relation to the Listing, we expect to incur listing expenses of approximately RMB586 million (including the underwriting commissions, assuming an Offer Price of 45.70 per Offer Share (being the mid-point of the Offer Price range stated in this prospectus) prior to completion of the Global Offering, of which approximately RMB132 million will be recognized in our consolidated statements of profit or losses for 2014, and approximately RMB454 million will be deducted from our share premium for 2014. The Company did not incur any listing expenses during the Track Record Period.

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## SUMMARY

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### RECENT DEVELOPMENTS

#### Recent Developments in Our Business

During the three months ended September 30, 2014, we acquired land with a total site area of approximately 1.7 million sq.m. for the development of 11 additional property projects with an estimated total GFA of approximately 6.6 million sq.m. in 11 cities. In line with our further expansion of the Wanda City product line, on October 20, 2014, we entered into a land grant contract to acquire a parcel of land with a site area of 278,502 sq.m. in Guangzhou for development of Guangzhou Wanda Tourism City (廣州萬達旅遊城), our new Wanda City project. With respect to the 11 property projects and Guangzhou Wanda Tourism City, we incurred the total land acquisition costs of approximately RMB7.1 billion, all of which had been settled by us as of the Latest Practicable Date. Since June 30, 2014 and up to the Latest Practicable Date, we completed and commenced operation of 14 shopping centers.

We achieved a total amount of contracted sales of RMB40.4 billion for the three months ended September 30, 2014.

Since June 30, 2014, we have further expanded our property development business into Chicago, Los Angeles and Surfers Paradise, Queensland, Australia. For more details of these transactions and development opportunities, see “Business — Description of Property Projects — Overseas Property Projects and Property Development Opportunities”.

In October 2014, we disposed of three property projects, including Xishuangbanna International Resort, Qingdao Wanda Yacht Industry Park and Dalian Jinshi International Resort (collectively, the “**2014 Separated Projects**”) by transferring all of the equity interests held by us in the relevant project companies to Dalian Wanda Group, our Controlling Shareholder. The total consideration for the acquisition by Dalian Wanda Group of our equity interests in the relevant project companies, namely Xishuangbanna International Resort Development Co., Ltd., Qingdao Wanda Yacht Industry Investment Co., Ltd. and Dalian Jinshi Cultural Tourism Investment Co., Ltd. (collectively, the “**2014 Excluded Companies**”), was RMB4,135 million, determined with reference to the fair value of the net assets of each of the 2014 Excluded Companies as appraised by an independent third-party valuer. The amount of gain on the disposal of the 2014 Separated Projects was estimated to be approximately RMB521 million. The 2014 Separated Projects had a total site area of 4,931,203 sq.m. and comprised a total estimated GFA of 8,894,837 sq.m. as of June 30, 2014, of which 228,996 sq.m. were completed, 1,753,217 sq.m. were under development and 6,912,624 sq.m. were held for future development. While as confirmed by our PRC legal advisor, Tian Yuan Law Firm, the 2014 Excluded Companies had been in compliance with relevant laws and regulations relating to real estate development and land acquisition for the 2014 Separated Projects, development on certain parcels of land within these projects involves contingencies due to zoning adjustments or certain incomplete preliminary land development work. After communicating with, and considering the recommendation of, the relevant authorities, our Company decided to exclude the 2014 Separated Projects to eliminate any possible effect on us as a result of a change in project development as planned or unforeseeable factors that are beyond our control given the uncertainties associated with the matters as mentioned above. The 2014 Excluded Companies, in aggregate, accounted for less than 5% of our total assets, revenue and net profit, respectively, as of and for each year ended December 31, 2011, 2012 and 2013 and as of and for the six months ended June 30, 2014. For more details, please refer to “Relationship with Controlling Shareholders — Delineation of Business — Excluded Business engaged by our Controlling Shareholder”.

#### Recent Corporate Actions

In July 2014, our Company issued a total of 138.8 million new Shares at an issue price of RMB7.36 per Share to 61 individuals, including some of our existing Shareholders, Directors, senior management members and employees as well as certain employees of Dalian Wanda Group. The issuance of new Shares to our employees as well as certain employees of Dalian Wanda Group as consideration for their services will be accounted for as equity-settled share-based payment transactions. The employee benefit expenses related to this equity-settled share-based payment transaction will be recognized, together with a corresponding increase in equity, over the period in which the relevant performance and/or service conditions are fulfilled. The new Shares we issued represented approximately 3.58% of the total number of our Shares after the issuance. As a result, our registered share capital was increased from RMB3,736.0 million to RMB3,874.8 million. Other than the increase in

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## SUMMARY

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registered capital and reserves, we believe that the issuance of these new Shares will not have any significant impact on our Group's financial results for the year ending December 31, 2014. For more details, see "History and Development — Our Establishment and Major Changes in the Shareholding in Our Predecessor and Our Company".

On July 9, 2014, the HK Listed Subsidiary allotted and issued its new shares to one of our subsidiaries and other holders of its convertible bonds at the conversion price of HK\$0.326 per share. We, through a subsidiary, acquired a 65.02% equity interest in the HK Listed Subsidiary and its convertible bonds in June 2013. Upon completion of the conversion on July 9, 2014, the percentage of our shareholding in the HK Listed Subsidiary increased slightly to 65.04%. For more details, see "Financial Information — Indebtedness — Bonds — Convertible Bonds".

### Proposed Joint Venture Arrangement

On August 23, 2014, Dalian Wanda Group, our Controlling Shareholder, entered into a strategic cooperation agreement (the "**e-Commerce Cooperation Agreement**") with Shenzhen Tencent Computer Systems Company Limited ("**Tencent**") and Beijing Baidu Netcom Science and Technology Co., Ltd ("**Baidu**") to establish a joint venture to engage in certain e-Commerce business (the "**Proposed e-Commerce JV**"). According to the e-Commerce Cooperation Agreement, Dalian Wanda Group, Tencent and Baidu, by themselves or through their respective affiliates, shall hold 70%, 15% and 15% of the equity interests, respectively, in the Proposed e-Commerce JV. The planned total investment into the Proposed e-Commerce JV shall be RMB5 billion, including RMB1 billion as the equity funding to be made by Dalian Wanda Group, Tencent and Baidu, by themselves or through their respective affiliates, in proportion to the respective equity holding of each party and an additional investment of RMB4 billion to be injected within three years after the establishment of the Proposed e-Commerce JV, provided that the form and proportion of the additional funding is subject to the further negotiation among the parties.

Under the e-Commerce Cooperation Agreement, the parties agreed to cooperate and leverage their and their affiliates' resources through the Proposed e-Commerce JV to create an online-to-offline ("**O2O**") e-Commerce business model, which is expected to primarily achieve (i) the integration of certain online businesses and services operated by Tencent, Baidu and their affiliates, and offline businesses and services engaged in by Dalian Wanda Group and its affiliates; (ii) cooperation based on the large and diverse data sets that make up the digital information often referred to as big data; and (iii) sharing and further development of customer resources. In light of the increasingly diverse consumption options and the development of e-Commerce market, we believe that prime venues for physical stores and offline businesses offered in our commercial investment properties and the O2O e-Commerce platform as described above will supplement each other and let people's consumption become more convenient.

The cooperation as contemplated in the e-Commerce Cooperation Agreement is currently at the preliminary stage. In connection with our equity participation in the Proposed e-Commerce JV, our Company and Wanda Investment Holding Co. Limited, a company wholly owned by Mr. WANG Jianlin, have established Wanda Information Technology Co., Ltd. ("**Wanda Information**") for the purposes of holding the 70% equity interest in the Proposed e-Commerce JV attributable to Dalian Wanda Group and its affiliates (which includes our Company). Wanda Information was incorporated in the British Virgin Islands as a company limited by shares on January 16, 2014. Wanda Commercial Properties (Hong Kong) Co. Limited and Wanda Investment Holding Co. Limited each currently holds a 50% equity interest in Wanda Information. Wanda Information is currently in the process of negotiation with Baidu and Tencent of the formal joint venture agreement with respect to the Proposed e-Commerce JV. As of the Latest Practicable Date, the Proposed e-Commerce JV had not been established, and we had not made any investment into the Proposed e-Commerce JV. Subject to the further negotiation and agreement among the parties to the Proposed e-Commerce JV, we expect to have a capital investment commitment of no more than RMB1.75 billion in the Proposed e-Commerce JV by 2017. See "Financial Information — Recent Developments — Proposed Joint Venture Arrangement" for more details.

As far as the Directors are aware, there have been no material changes in the general economic and market conditions in the PRC or the property and hotel industries in which we operate that materially and adversely affected our business operations or financial condition since June 30, 2014 and up to the date of this prospectus.

The Directors confirm that, having performed reasonable due diligence on our Group, there has been no material adverse change in our Group's financial or trading position or prospects since June 30, 2014 and up to the date of this prospectus.

For more details, see "Financial Information — Recent Developments".



## SUMMARY

### NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

The table below set forth our non-exempt Continuing Connected Transactions. For further details, see “Connected Transactions — Non-exempt Continuing Connected Transactions”.

| Transactions  | Historical figures                               |               |                 |                              |   |                 |                 |                 |
|---|--|---------------|-----------------|------------------------------|---|-----------------|-----------------|-----------------|
|   | For the year ended December 31                   |               |                 | For six months ended June 30 | Proposed annual cap for the year ending December 31 |                 |                 |                 |
|   | 2011   | 2012          | 2013            | 2014                         | 2014  | 2015            | 2016            |                 |
|   | (RMB million)                                    |               |                 |                              |   |                 |                 |                 |
| <i>Continuing Connected Transactions that are subject to waiver application</i>   |  |               |                 |                              |   |                 |                 |                 |
| 1. Provision of leasing and management services for headquarters and commercial property to Dalian Wanda Group, Wanda Cinemas Group, Wanda Department Store Group and Wanda Kidsland Headquarter leases | Dalian Wanda Group(Incl. Beijing Dagexing Group) | 0.50          | 5.86            | 12.84                        | 8.81  | 18.90           | 18.90           | 18.90           |
|   | Wanda Cinemas Group                              | 0.95          | 5.03            | 6.71                         | 3.35  | 7.00            | 7.00            | 7.00            |
|   | Wanda Department Store Group                     | 0.64          | 5.03            | 6.00                         | 3.35  | 7.00            | 7.00            | 7.00            |
|   | <b>Subtotal</b>                                  | <b>2.09</b>   | <b>15.92</b>    | <b>25.55</b>                 | <b>15.51</b>  | <b>32.90</b>    | <b>32.90</b>    | <b>32.90</b>    |
| Headquarter management services   | Dalian Wanda Group(Incl. Beijing Dagexing Group) | 0.07          | 0.33            | 1.33                         | 0.99  | 1.40            | 1.40            | 1.40            |
|   | Wanda Cinemas Group                              | 0.13          | 0.63            | 0.63                         | 0.31  | 0.65            | 0.65            | 0.65            |
|   | Wanda Department Store Group                     | 0.09          | 0.63            | 0.63                         | 0.31  | 0.65            | 0.65            | 0.65            |
|   | <b>Subtotal</b>                                  | <b>0.29</b>   | <b>1.58</b>     | <b>2.58</b>                  | <b>1.61</b>   | <b>2.70</b>     | <b>2.70</b>     | <b>2.70</b>     |
| Commercial property leases  | Dalian Wanda Group(Incl. Beijing Dagexing Group) | 61.74         | 77.73           | 105.01                       | 62.71   | 135.00          | 175.00          | 232.00          |
|   | Wanda Cinemas Group                              | 93.20         | 153.10          | 215.47                       | 139.15  | 350.00          | 500.00          | 710.00          |
|   | Wanda Department Store Group                     | 348.69        | 580.10          | 909.06                       | 571.66  | 1,250.00        | 1,600.00        | 1,800.00        |
|   | Wanda Kidsland Group                             | —             | —               | —                            | —   | 3.00            | 15.80           | 29.60           |
|   | <b>Subtotal</b>                                  | <b>503.63</b> | <b>810.92</b>   | <b>1,229.55</b>              | <b>773.52</b>                                       | <b>1,738.00</b> | <b>2,290.80</b> | <b>2,771.60</b> |
| Comercial property management services  | Dalian Wanda Group(Incl. Beijing Dagexing Group) | 22.68         | 32.22           | 43.32                        | 25.08   | 55.00           | 71.00           | 93.50           |
|   | Wanda Cinemas Group                              | 52.62         | 68.25           | 91.63                        | 53.69   | 145.10          | 190.00          | 265.00          |
|   | Wanda Department Store Group                     | 57.29         | 89.00           | 129.75                       | 75.27   | 168.00          | 220.00          | 270.00          |
|   | Wanda Kidsland Group                             | —             | —               | —                            | —   | 0.30            | 1.60            | 3.30            |
|   | <b>Subtotal</b>                                  | <b>132.59</b> | <b>189.46</b>   | <b>264.70</b>                | <b>154.04</b>                                       | <b>368.40</b>   | <b>482.60</b>   | <b>631.80</b>   |
|   | <b>Total</b>                                     | <b>638.60</b> | <b>1,017.89</b> | <b>1,522.38</b>              | <b>944.68</b>                                       | <b>2,142.00</b> | <b>2,809.00</b> | <b>3,439.00</b> |
| 2. Design consultancy and operation consultancy services provided by Wanda Cultural Group   |  | —             | —               | 180.65                       | 260.10  | 600.00          | 700.00          | 700.00          |

### LEGAL AND COMPLIANCE

During the Track Record Period, we were involved in certain non-compliance incidents, in relation to (i) property management qualification, (ii) licenses for civil air defense projects, (iii) property lease registration and (iv) certain regulatory requirements applicable in the property construction process. Our PRC legal advisor, Tian Yuan Law Firm, is of the view that such incidents of non-compliance would not have any material adverse impact on our business operation. For more details, see “Business — Compliance with Relevant PRC Laws, Regulations and Requirements — PRC Non-Compliance Incidents”.



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## DEFINITIONS

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*In this prospectus, unless the context otherwise requires, the following terms and expressions have the meanings set forth below.*

|   |   |
|---|---|
| “2014 Excluded Companies”               | Xishuangbanna International Resort Development Co., Ltd., Qingdao Wanda Yacht Industry Investment Co., Ltd. and Dalian Jinshi Cultural Tourism Investment Co., Ltd.. We transferred all of our equity interests in each of these three companies to Dalian Wanda Group, our Controlling Shareholder, in October 2014. See “Summary — Recent Developments” and “Relationship with Controlling Shareholders — Delineation of Business — Excluded Business engaged by our Controlling Shareholder” for more details  |
| “2014 Separated Projects”               | Xishuangbanna International Resort, Qingdao Wanda Yacht Industry Park and Dalian Jinshi International Resort, held and developed by Xishuangbanna International Resort Development Co., Ltd., Qingdao Wanda Yacht Industry Investment Co., Ltd. and Dalian Jinshi Cultural Tourism Investment Co., Ltd., respectively   |
| “Adjusted Market Rent”                  | the market rent adopted by DTZ in valuing the completed investment properties throughout the period after the term of the existing tenancies as a result of adjustments made by DTZ to the sample rents of the surrounding properties it gathered as of the date of valuation. The major factors used in the adjustments include timing of the sample leasing transactions collected by DTZ and certain attributes of the subject property, including its location, accessibility, floor level, unit size, design and layout, age and maintenance. The Adjusted Market Rents will remain unchanged throughout the period after the term of existing tenancies on the valued properties as of the valuation date |
| “Application Form(s)”                   | <b>WHITE, YELLOW</b> and <b>GREEN</b> application form(s) or, where the context so requires, any of them, relating to the Hong Kong Public Offering   |
| “Articles of Association” or “Articles” | the articles of association of the Company adopted on August 13, 2014, which will become effective upon the Listing, as amended, supplemented or otherwise modified from time to time   |
| “Beijing Dagexing”                      | Beijing Dagexing Investment Co., Ltd (北京大歌星投資有限公司), a company established under the laws of the PRC with limited liability on July 6, 2010 and an indirect wholly-owned subsidiary of Dalian Wanda Group, and our Connected Person  |
| “Beijing Dagexing Group”                | Beijing Dagexing and its subsidiaries   |

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## DEFINITIONS

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| “Board” or “Board of Directors”                                 | the board of Directors of the Company, as described in “Appendix VIII — Summary of the Articles of Association” of this prospectus  |
| “Board of Supervisors”  | our board of supervisors of the Company   |
| “Business Day”  | any day (other than a Saturday, Sunday or public holiday) on which banks in Hong Kong are generally open for normal banking business  |
| “CCASS”   | the Central Clearing and Settlement System established and operated by HKSCC  |
| “CCASS Clearing Participant”                                    | a person admitted to participate in CCASS as a direct clearing participant or a general clearing participant  |
| “CCASS Custodian Participant”                                   | a person admitted to participate in CCASS as a custodian participant  |
| “CCASS Investor Participant”                                    | a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation   |
| “CCASS Participant”   | a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant   |
| “China” or “PRC”  | the People’s Republic of China, but for the purpose of this prospectus only, excluding Hong Kong, Macau and Taiwan  |
| “CICCHKS”   | China International Capital Corporation Hong Kong Securities Limited  |
| “city(ies)”   | cities within PRC and, for the purpose of this prospectus and for geographical reference only, prefectural-level cities, sub-provincial cities, county-level cities and sub-prefectural cities. |
| “Company” or “Wanda Commercial Properties”                      | Dalian Wanda Commercial Properties Co., Ltd. (大連萬達商業地產股份有限公司), a joint stock company with limited liability incorporated in the PRC on December 10, 2009  |
| “Companies Ordinance”   | the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time  |
| “Companies (Winding Up and Miscellaneous Provisions) Ordinance” | the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time                       |
| “Connected Person(s)”   | has the meaning ascribed to it under the Listing Rules  |
| “Connected Transaction(s)”                                      | has the meaning ascribed to it under the Listing Rules  |

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## DEFINITIONS

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| “Continuing Connected Transaction(s)” | has the meaning ascribed to it under the Listing Rules  |
| “Controlling Shareholder(s)”          | has the meaning ascribed to it under the Listing Rules and, unless the context requires otherwise, refers to Mr. WANG Jianlin, Dalian Hexing and Dalian Wanda Group   |
| “CREA”                                | China Real Estate Association (中國房地產業協會), a nationwide non-profit professional organization constituted by real estate enterprises and institutions   |
| “CSRC”                                | China Securities Regulatory Commission (中華人民共和國證券監督管理委員會)   |
| “Dalian Hexing”                       | Dalian Hexing Investment Co., Ltd. (大連合興投資有限公司), a company incorporated in the PRC with limited liability on April 27, 2007 which is directly owned as to 98% by Mr. WANG Jianlin and as to 2% by Mr. WANG Sicong, Mr. WANG Jianlin’s son, and a Controlling Shareholder of our Company   |
| “Dalian Wanda Group”                  | Dalian Wanda Group Co., Ltd. (大連萬達集團股份有限公司), a joint stock company incorporated in the PRC with limited liability on September 28, 1992, which is owned as to 99.76% through Dalian Hexing and directly owned as to 0.24% by Mr. WANG Jianlin, and a Controlling Shareholder of our Company, holding a 51.07% equity interest in our Company as of the Lastest Practicable Date |
| “Director(s)”                         | the director(s) of the Company  |
| “Domestic Shares”                     | ordinary shares issued by the Company in the PRC, with a nominal value of RMB1.00 each, which are subscribed for and paid for in RMB  |
| “DTZ”                                 | DTZ Debenham Tie Leung Limited  |
| “GDP”                                 | gross domestic product  |
| “Global Offering”                     | the Hong Kong Public Offering and the International Offering  |
| “Green Application Form(s)”           | the application form(s) to be completed by the White Form eIPO Service Provider, Computershare Hong Kong Investor Services Limited  |
| “Group”, “our” or “we”                | our Company and its subsidiaries  |
| “H Share Registrar”                   | Computershare Hong Kong Investor Services Limited   |

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| “H Shares”                                     | ordinary share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, which are to be subscribed for and traded in Hong Kong dollars and for which an application has been made for the listing of and permission to deal in on the Hong Kong Stock Exchange   |
| “HK\$” or “Hong Kong dollars”                  | Hong Kong dollars, the lawful currency of Hong Kong   |
| “HKAS”   | Hong Kong Accounting Standards  |
| “HKFRS”  | Hong Kong Financial Reporting Standards   |
| “HKSCC”  | Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited  |
| “HKSCC Nominees”                               | HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC  |
| “HK Listed Subsidiary”                         | Wanda Hotel Development Company Limited (萬達酒店發展有限公司), formerly known as Wanda Commercial Properties (Group) Co., Limited and Hengli Commercial Properties (Group) Limited, an exempted company incorporated in Bermuda on November 2, 2000 with limited liability whose shares are listed on the Stock Exchange (stock code:169) and a 65.04%-owned subsidiary of our Company as of the Latest Practicable Date |
| “Hong Kong” or “HK”                            | Hong Kong Special Administrative Region of the PRC  |
| “Hong Kong Offer Shares”                       | H Shares (subject to reallocation) offered in the Hong Kong Public Offering   |
| “Hong Kong Public Offering”                    | the offer for subscription of the Hong Kong Offer Shares in Hong Kong at the Offer Price and on, and subject to, the terms and conditions of this prospectus and the Application Forms, as further described in the section headed “Structure of the Global Offering — The Hong Kong Public Offering” in this prospectus  |
| “Hong Kong Stock Exchange” or “Stock Exchange” | The Stock Exchange of Hong Kong Limited   |
| “Hong Kong Underwriters”                       | the underwriters of the Hong Kong Public Offering listed in the section headed “Underwriting — Hong Kong Underwriters” in this prospectus   |
| “Hong Kong Underwriting Agreement”             | the underwriting agreement dated December 9, 2014 entered into by among others, the Hong Kong Underwriters and the Company relating to the Hong Kong Public Offering, as further described in the section headed “Underwriting — Underwriting Arrangements and Expenses — Hong Kong Public Offering — Hong Kong Underwriting Agreement” in this prospectus  |

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| “independent third party(ies)”         | any party(ies) who is/are not connected (within the meaning of the Listing Rules) with any director, chief executive or Substantial Shareholder of the Company or any of its subsidiaries or an associate of any of them  |
| “International Offer Share(s)”         | H Shares offered in the International Offering  |
| “International Offering”               | conditional placement by the International Underwriters of the International Offer Shares. The offer and sale of initially 570,000,000 H Shares (subject to reallocation and the Over-allotment Option). The International Offering will be made (i) in the United States to Qualified Institutional Buyers in reliance on Rule 144A or another exemption from the registration requirements of the U.S. Securities Act and (ii) outside the United States in offshore transactions in accordance with Regulation S under the U.S. Securities Act   |
| “International Underwriters”           | the underwriters of the International Offering who are expected to enter into the International Underwriting Agreement  |
| “International Underwriting Agreement” | the underwriting agreement relating to the International Offering which is expected to be entered into by, among others, the Underwriter Representatives, the International Underwriters and the Company on or around the Price Determination Date  |
| “Joint Bookrunners”                    | CICCHKS, Goldman Sachs (Asia) L.L.C., UBS AG, Hong Kong Branch, The Hongkong and Shanghai Banking Corporation Limited, BOCI Asia Limited, Citigroup Global Markets Asia Limited (in relation to the Hong Kong Public Offering), Citigroup Global Markets Limited (in relation to the International Offering), Morgan Stanley Asia Limited (in relation to the Hong Kong Public Offering), Morgan Stanley & Co. International plc (in relation to the International Offering), Merrill Lynch International (in relation to the Global Offering), ICBC International Capital Limited, CCB International Capital Limited, ABCI Capital Limited, Deutsche Bank AG, Hong Kong Branch, Credit Suisse (Hong Kong) Limited, Oriental Patron Securities Limited, Haitong International Securities Company Limited, Nomura International (Hong Kong) Limited, Barclays Bank PLC (in relation to the International Offering), Barclays Bank PLC, Hong Kong Branch (in relation to the Hong Kong Public Offering), China Merchants Securities (HK) Co., Limited, DBS Asia Capital Limited, and Cinda International Securities Limited |

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## DEFINITIONS

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| “Joint Financial Advisors”  | BOCI Asia Limited, CITIC Securities Corporate Finance (HK) Limited, China Galaxy International Securities (Hong Kong) Co., Limited and Moelis & Company Asia Limited  |
| “Joint Global Coordinators” | CICCHKHS, Goldman Sachs (Asia) L.L.C., UBS AG, Hong Kong Branch, The Hongkong and Shanghai Banking Corporation Limited and BOCI Asia Limited  |
| “Joint Lead Managers”       | CICCHKHS, Goldman Sachs (Asia) L.L.C., UBS AG, Hong Kong Branch, The Hongkong and Shanghai Banking Corporation Limited, BOCI Asia Limited, Citigroup Global Asia Markets Limited (in relation to the Hong Kong Public Offering), Citigroup Global Markets Limited (in relation to the International Offering), Morgan Stanley Asia Limited (in relation to the Hong Kong Public Offering), Morgan Stanley & Co. International plc (in relation to the International Offering), Merrill Lynch Far East Limited (in relation to the Hong Kong Public Offering), Merrill Lynch International (in relation to the International Offering), ICBC International Securities Limited, CCB International Capital Limited, ABCI Securities Company Limited, Deutsche Bank AG, Hong Kong Branch, Credit Suisse (Hong Kong) Limited, Oriental Patron Securities Limited, Haitong International Securities Company Limited, Nomura International (Hong Kong) Limited, Barclays Bank PLC (in relation to the International Offering), Barclays Bank PLC, Hong Kong Branch (in relation to the Hong Kong Public Offering), China Merchants Securities (HK) Co., Limited, DBS Asia Capital Limited and Cinda International Securities Limited |
| “Joint Sponsors”            | CICCHKHS and HSBC Corporate Finance (Hong Kong) Limited   |
| “LAT”                       | Land Appreciation Tax (土地增值稅) as defined in the Provisional Regulations of the People’s Republic of China on Land Appreciation Tax (中華人民共和國土地增值稅暫行條例) and the Detailed Implementation Rules on the Provisional Regulations of the People’s Republic of China on Land Appreciation Tax (中華人民共和國土地增值稅暫行條例實施細則) as described in Appendix VII to this prospectus  |
| “Latest Practicable Date”   | November 30, 2014, being the latest practicable date for the purpose of ascertaining certain information contained in this prospectus prior to its publication  |
| “Listing”                   | the listing of our H Shares on the Stock Exchange   |



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## DEFINITIONS

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| “Listing Committee”    | the Listing Committee of the Stock Exchange   |
| “Listing Date”         | the date, expected to be on or about December 23, 2014, on which dealings in the H Share first commence on the Stock Exchange   |
| “Listing Rules”        | the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time)   |
| “Macau”                | the Macau Special Administrative Region of the PRC  |
| “Main Board”           | the Main Board of the Hong Kong Stock Exchange  |
| “Mandatory Provisions” | the “Mandatory Provisions for Articles of Association of Companies to be Listed Overseas” (到境外上市公司章程必備條款), for inclusion in the articles of association of companies incorporated in the PRC to be listed overseas, promulgated by the former State Council Securities Committee and the former State Commission for Restructuring the Economic Systems of the PRC on August 27, 1994, as amended, supplemented or otherwise modified from time to time |
| “MLR”                  | the Ministry of Land and Resources of the PRC (中華人民共和國國土資源部)  |
| “MOFCOM”               | the Ministry of Commerce of the PRC (中華人民共和國商務部)  |
| “MOHURD”               | the Ministry of Housing and Urban-Rural Development of the PRC (中華人民共和國住房和城鄉建設部)  |
| “NDRC”                 | the National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)   |
| “New Shares”           | the 600,000,000 H Shares to be issued and offered for sale by the Company in the Global Offering (assuming the Over-allotment Option is not exercised); and, where relevant, any additional H Shares which may be issued and offered for sale by the Company pursuant to the exercise of the Over-allotment Option  |
| “Offer Price”          | the final price per H Share in Hong Kong dollars (exclusive of brokerage of 1.00%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%) at which the H Shares are to be subscribed for and issued pursuant to the Global Offering, to be determined as further described in the section headed “Structure of the Global Offering — Pricing of the Global Offering” in this prospectus  |

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| “Offer Shares”                             | the H Shares offered in the Global Offering and, where relevant, any additional H Shares issued and sold pursuant to the exercise of the Over-allotment Option   |
| “Over-allotment Option”                    | the option to be granted by our Company to the International Underwriters, exercisable by the Underwriter Representatives (for themselves and on behalf of the International Underwriters) pursuant to the International Underwriting Agreement, to be exercisable at any time from the day on which trading of the Shares commences on the Stock Exchange until 30 days after the last day for the lodging of applications under the Hong Kong Public Offering, to require our Company to allot and issue or to sell up to an aggregate of 90,000,000 additional H Shares (representing 15% of the initial Offer Shares), at the Offer Price under the International Offering solely to cover overallocations in the International Offering, if any, details of which are described in the section headed “Structure of the Global Offering — Stabilization” in this prospectus |
| “PRC GAAP”                                 | Generally Accepted Accounting Principles in the PRC  |
| “PRC government”                           | the government of the PRC, including all governmental subdivisions (including provincial, municipal and other regional or local government entities) and instrumentalities thereof, or where the context requires, any of them   |
| “Price Determination Agreement”            | the agreement to be entered into among our Company and the Underwriter Representatives (for themselves and on behalf of the Underwriters) on the Price Determination Date to record and fix the Offer Price  |
| “Price Determination Date”                 | the date, expected to be on or around December 16, 2014 but no later than December 22, 2014 on which the Offer Price is fixed for the purposes of the Global Offering  |
| “PRC Company Law”                          | the Company Law of the PRC (中華人民共和國公司法), as enacted by the Standing Committee of the Eighth National People’s Congress of the PRC on December 29, 1993 and effective on July 1, 1994, as amended, supplemented or otherwise modified from time to time   |
| “province(s)”                              | the provinces and, for the purpose of this prospectus and for geographical reference only, autonomous regions and municipalities directly administered by the PRC central government   |
| “Qualified Institutional Buyers” or “QIBs” | qualified institutional buyers as defined in Rule 144A   |

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## DEFINITIONS

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| “Regulation S”                              | Regulation S under the U.S. Securities Act   |
| “RMB” or “Renminbi”                         | Renminbi, the lawful currency of the PRC   |
| “Rule 144A”                                 | Rule 144A under the U.S. Securities Act  |
| “SAFE”                                      | State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)   |
| “SAIC”                                      | State Administration of Industry and Commerce of the PRC (中華人民共和國國家工商行政管理總局)   |
| “SAT”                                       | the State Administration of Taxation of the PRC  |
| “SFC”                                       | the Securities and Futures Commission of Hong Kong   |
| “SFO” or “Securities and Futures Ordinance” | the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time  |
| “Share(s)”                                  | share(s) in the share capital of our Company, with a nominal value of RMB1.00 each, comprising our Domestic Shares and our H Shares  |
| “Shareholder(s)”                            | the holder(s) of the shares of our Company   |
| “Special Regulations”                       | Special Regulations of the State Council on the Overseas Offering and Listing of Shares by Joint Stock Limited Companies (國務院關於股份有限公司境外募集股份及上市的特別規定), promulgated by the State Council on August 4, 1994, as amended, supplemented or otherwise modified from time to time |
| “State Council”                             | State Council of the PRC (中華人民共和國國務院)  |
| “Stabilizing Manager”                       | Goldman Sachs (Asia) L.L.C.  |
| “subsidiary(ies)”                           | has the meaning ascribed to it under the Listing Rules   |
| “Supervisor(s)”                             | the supervisor(s) of our Company   |
| “Takeovers Code”                            | The Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC, as amended, supplemented or otherwise modified from time to time   |
| “Track Record Period”                       | the three years ended December 31, 2011, 2012 and 2013 and the six months ended June 30, 2014  |
| “Underwriter Representatives”               | CICCHKS, Goldman Sachs (Asia) L.L.C., UBS AG, Hong Kong Branch and The Hongkong and Shanghai Banking Corporation Limited   |
| “Underwriters”                              | collectively, the Hong Kong Underwriters and the International Underwriters  |

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## DEFINITIONS

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| “Underwriting Agreements”          | collectively, the Hong Kong Underwriting Agreement and the International Underwriting Agreement  |
| “U.K.” or “United Kingdom”         | the United Kingdom, its territories, its possessions and all areas subject to its jurisdiction   |
| “U.S.” or “United States”          | the United States of America, its territories and possessions, any State of the United States, and the District of Columbia  |
| “US\$” or “U.S. dollars”           | United States dollars, the lawful currency of the United States  |
| “U.S. Securities Act”              | the United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder   |
| “VAT”                              | value-added tax  |
| “Wanda Cinema”                     | Wanda Cinema Line Co., Ltd. (萬達電影院線股份有限公司), a company established under the laws of the PRC as a joint stock company on January 20, 2005 and a direct 68.00%-owned subsidiary of Dalian Wanda Group, and our Connected Person                        |
| “Wanda Commercial Management”      | Wanda Commercial Management Co., Ltd. (萬達商業管理有限公司), a company established under the laws of the PRC with limited liability on February 8, 2007 and a direct wholly-owned subsidiary of our Company   |
| “Wanda Cultural”                   | Beijing Wanda Cultural Industry Group Co., Ltd. (北京萬達文化產業集團有限公司), a company established under the Laws of the PRC with limited liability on September 19, 2012 and which is directly wholly-owned by Dalian Wanda Group, and is our Connected Person |
| “Wanda Department Store”           | Wanda Department Store Co., Ltd. (萬達百貨有限公司), a company established under the laws of the PRC with limited liability on April 17, 2007 and is indirectly wholly-owned by Mr. WANG Jianlin, and our Connected Person                                   |
| “Wanda Hotel Development”          | Wanda Hotel Development Ltd. (萬達酒店建設有限公司), a company established under the laws of the PRC with limited liability on April 13, 2007 and a direct wholly-owned subsidiary of our Company  |
| “White Form eIPO”                  | the application for Hong Kong Offer Shares to be issued in the applicant’s own name by submitting applications online through the designated website of White Form eIPO at <a href="http://www.eipo.com.hk">www.eipo.com.hk</a>                      |
| “White Form eIPO Service Provider” | Computershare Hong Kong Investor Services Limited  |

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## DEFINITIONS

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In this prospectus, unless the context otherwise requires, the terms “associate”, “connected person”, “connected transaction”, “controlling shareholder”, “subsidiary” and “substantial shareholder” shall have the meanings given to such terms in the Listing Rules.

Certain amounts and percentage figures included in this prospectus have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.

Such conversions should not be construed as a representation that amounts in Renminbi were or could have been or could be converted into US dollars at such rate or any other exchange rate.

If there is any inconsistency between the Chinese names of entities or enterprises established in China and their English translations, the Chinese names shall prevail.

Unless otherwise specified, all references to any holdings of Shares following the completion of the Global Offering assume that the Over-allotment Option is not exercised.

In this prospectus, (i) “Northeast” refers to Heilongjiang province, Jilin province and Liaoning province, “Northwest” refers to Shaanxi province, Gansu province, Ningxia autonomous region, Xinjiang autonomous region and Qinghai province, “Northern China” refers to Beijing, Tianjin, Hebei province, Shanxi province and Inner Mongolia autonomous region, “Central China” refers to Hubei province, Hunan province and Henan province, “Eastern China” refers to Jiangsu province, Zhejiang province, Anhui province, Fujian province, Jiangxi province, Shandong province and Shanghai, “Southern China” refers to Guangdong province, Guangxi autonomous region and Hainan province, “Southwest” refers to Sichuan province, Yunnan province, Guizhou province, Chongqing and Tibet autonomous region; and (ii) all amounts are exclusive of VAT except indicated otherwise.

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## GLOSSARY OF TECHNICAL TERMS

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*This glossary of technical terms contains explanations of certain technical terms used in this prospectus. As such, these terms and their meanings may not correspond to standard industry meanings or usage of these terms.*

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| “average room rate”                | room revenue divided by the total number of room nights sold in a given period  |
| “anchor tenant” or “anchor store”  | a tenant who leases, or a store which occupies, over 1,000 sq.m. of GFA in our investment properties  |
| “ASP”                              | average selling price   |
| “CAGR”                             | compound annual growth rate   |
| “completed projects”               | property projects we have completed and in respect of which we have received the relevant certificates of completion issued by the relevant governmental authorities  |
| “contracted sales”                 | total sales amount as indicated in the sales contract in a given period   |
| “effective rent”                   | rental income in a given period divided by the leased LFA as of the last day of that period   |
| “F&B”                              | food and beverage   |
| “GFA”                              | gross floor area. Unless otherwise indicated, the GFA of a building comprises the area contained within the external walls of the building measured at each floor level (including any floor below ground level) including the thickness of the external walls of the building. For above-ground areas, this generally includes mechanical and electrical service rooms, refuse rooms, water tanks and carparking floors. For underground areas, this generally excludes mechanical and electrical service rooms, refuse rooms, water tanks and carparking floors |
| “integrated architectural complex” | a complex of multiple buildings with mixed uses, including retail, office, hotel, residential, restaurant, entertainment and/or leisure uses  |
| “LFA”                              | leaseable floor area. Unless otherwise indicated, the LFA of our investment properties only refers to the LFA of our shopping centers, which represents a predominant portion of the total LFA of our investment properties, comprising the GFA of anchor stores and the inner floor area of stores along a walkway   |



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## GLOSSARY OF TECHNICAL TERMS

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| “occupancy rate”                       | <ul style="list-style-type: none"><li>(i) in the case of office and retail properties: the total leased LFA divided by total LFA at a given date;</li><br/><li>(ii) in the case of hotels: the aggregate number of room nights sold as a percentage of the total number of room nights available for sale during the relevant period, excluding complimentary rooms and rooms occupied by our staff, which may not directly reflect the total rooms in inventory due to renovations or other considerations</li></ul> |
| “projects held for future development” | property projects in respect of which we have (a) received the relevant land use rights certificates, or (b) signed the relevant land grant contracts and for which we have fully paid the land grant premium but not yet obtained land use rights certificates   |
| “projects under development”           | property projects in respect of which we have received the relevant construction works commencement permits, and construction of which has commenced but not yet been completed   |
| “RevPAR”                               | revenue per available room, calculated as the total room revenue divided by the total number of room nights available for sale during the relevant period, which may not directly reflect the total number of rooms in inventory due to renovations or other considerations   |
| “SOHO”                                 | small office home office  |
| “sq.m.”                                | square meters   |
| “%”                                    | per cent  |

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## FORWARD-LOOKING STATEMENTS

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This prospectus contains forward-looking statements and information. Such forward-looking statements relate to events that are subject to significant risks and uncertainties, including the risks described in the section headed “Risk Factors”, which may cause our actual results, performance or achievements to be materially different from performance or achievements expressed or implied by the forward-looking statements. These forward-looking statements include (but are not limited to) words and expressions such as “aim”, “expect”, “believe”, “plan”, “intend”, “estimate”, “project”, “seek”, “anticipate”, “may”, “will”, “should”, “would” and “could” or similar words, expressions or statements or the negative thereof, in particular, in “Summary”, “Industry Overview”, “Business” and “Financial Information” relating to:

- our business and operating strategies and our future business development;
- the general economic, market and business conditions in the PRC;
- the expected growth and market opportunities as to the property industry in the PRC in general and the cities in which we operate;
- changes in competitive conditions and our ability to compete under these conditions;
- our ability to enter into new markets and expand our operations;
- our expectations with respect to our ability to acquire and maintain regulatory qualifications required to operate our business;
- costs of bank loans and other forms of financing, and our ability to secure adequate financing for our property development;
- our estimated capital expenditure and development costs;
- our financial conditions and performance;
- our dividend distribution plans;
- the performance of the obligations and undertakings of the independent contractors;
- significant delay in obtaining the proper legal titles and approvals for our properties under development or held for future development;
- our ability to successfully complete or sell our property projects in a timely manner;
- changes in exchange rates; and
- macroeconomic policies of the PRC government.

These statements are based on numerous assumptions regarding our present and future business strategy and the environment in which we will operate in the future and the information currently available to our management. These forward-looking statements reflect our current views with respect to future events and are not a guarantee of future performance, which is subject to known and unknown risks, uncertainties, assumptions and other factors, some of which are beyond our control, and may cause our actual results, performance or

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## **FORWARD-LOOKING STATEMENTS**

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achievements, or industry results to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. These risks and uncertainties include, but are not limited to, those discussed under “Risk Factors” and elsewhere in this prospectus and the following:

We caution you not to place undue reliance on these forward-looking statements, which reflect our management’s view only as of the date of this prospectus. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this prospectus might not occur. All forward-looking statements contained in this prospectus are qualified by reference to the cautionary statements set out in this section.

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## RISK FACTORS

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*An investment in the H Shares involves various risks. You should consider carefully all the information set out in this prospectus and, in particular, the risks and uncertainties described below before making an investment in the H Shares.*

*As an investment in the H Shares is meant to produce returns over the long-term, you should not expect to obtain short-term gains. The price of the H Shares, and the income from them, may rise or fall and may not fully reflect the underlying net assets attributable to them. You may not get back your original investment and you may not receive any distributions.*

*The occurrence of any of the following events could materially and adversely affect our business, financial condition, results of operations or prospects. If any of these events occurs, the trading price of the H Shares could decline and you may lose all or part of your investment. You should seek professional advice from your relevant advisors regarding your prospective investment in the context of your particular circumstances.*

We believe that there are certain risks and uncertainties involved in or with our operations, business strategies and corporate structure, the property and hotel industries and an investment in the H Shares, some of which are beyond our control.

We have categorized these risks and uncertainties as follows: (i) risks relating to our business, (ii) risks relating to our industry, (iii) risks relating to conducting business in the PRC, and (iv) risks relating to the global offering and our H Shares.

### **RISKS RELATING TO OUR BUSINESS**

**We are and will continue to be dependent on the performance of the PRC property market, particularly in the cities where we operate and intend to operate.**

We currently conduct substantially all of our business operations in the PRC. Our business and prospects depend on the performance of the PRC property market. As of June 30, 2014, we had 175 property development projects across 29 provinces in 111 cities in China. We also intend to enter certain other regions and cities in China. Any adverse development in the demand for properties and any measures that the PRC government may take to restrict the growth of the property market in China, particularly in the cities where we have or plan to develop properties, may adversely affect our business, financial condition, results of operations and prospects.

The PRC property market is affected by many factors, including changes in the PRC social, political, economic and legal environment and changes in the PRC government's fiscal and monetary policy. We are also sensitive to changes in the economic conditions, consumer confidence, consumer spending and customer preferences of the urban Chinese population. Other factors beyond our control, such as levels of personal disposable income, may also affect consumer confidence in our geographic markets and demand for our properties. The PRC property market experienced fluctuations in recent years in response to PRC government policies and trends in the PRC and world economy. In particular, the PRC property market is affected by the recent slowdown in China's economic growth. There have been increasing concerns over the sustainability of the real estate market growth in China. Any global or PRC

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## RISK FACTORS

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economic slowdown or financial turmoil in the future may adversely affect the business of the potential purchasers and tenants of our properties, which may lead to a decrease in the general demand for our properties and a decrease in the selling prices or rents of our properties.

Under our turnover rent arrangements, a portion of our rental income is calculated based on the revenue of our tenants, which is more volatile than our regular rental income. As such, any drop in consumer demand for the goods and services of our tenants could reduce our rental income from retail properties. We cannot assure you that the demand for new properties in places where we have or will have operations will continue to grow in the future or that there will not be a market downturn in the PRC property sector. Any adverse development and the ensuing decline in property sales and leasing activity or reduction in property prices and rental rates in China may adversely affect our business, financial condition and results of operations.

**We may not always be able to obtain suitable land reserves on commercially reasonable terms or successfully identify and acquire suitable land for development at a cost comparable to our historical cost levels.**

Our business is dependent upon our ability to identify and acquire suitable land at commercially reasonable costs and our ability to generate profit from the sale and lease of properties developed on such land. We need to replenish our land reserves from time to time in order to grow our business, and we may incur significant costs in identifying, evaluating and acquiring suitable new land for development. We have set clear criteria for land selection for Wanda Plazas and Wanda Cities, the two principal types of properties we develop. See “Business — Property Development — Site Selection”. There is a limited supply of available land that satisfies our internal evaluation requirements in the cities or regions into which we plan to expand, and the costs of acquiring land use rights for such land in these cities or regions have increased in recent years. We also face strong competition from other property developers for sites that we may target. Our future growth prospects and results of operations may be adversely affected if we fail to identify and acquire a sufficient amount of suitable new land for development at reasonable cost levels.

The PRC government’s policies on land supply may also affect our land acquisition costs and our ability to acquire land use rights for future developments. The PRC government controls the land supply and regulates the ways in which property developers may obtain land for property development. Such measures, and any other similar measures in the future, may subject us to increased competition from other property developers and may limit our ability to develop properties. Changes in government policies that reduce the land supply or limit our ability to tender for land may materially and adversely affect our business and financial condition. As we expect that our cost for acquiring land use rights may further rise in the future, our gross profit margin and our ability to maintain our land reserves at a cost comparable to our historical cost levels may be materially and adversely affected.

**We generate revenue principally from the sale of properties, which depends on a number of factors including the schedule of our property development and the timing of property sales.**

Historically, we have derived our revenue principally from the sale of properties we develop. For the years ended December 31, 2011, 2012 and 2013 and the six months ended June 30, 2013 and 2014, we generated 89.6%, 85.6%, 86.4%, 83.3% and 70.1%, respectively, of our revenue from the sale of properties. Our results of operations may fluctuate due to factors such as the schedule of our property development and the timing of property sales.

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## RISK FACTORS

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We generally recognize revenue from the sale of a property upon the completion of construction and delivery of the property to the buyer, at which point we believe the significant risks and rewards of ownership are transferred to the buyer. Due to capital requirements for land acquisition and construction, a limited land supply and the time required for completing a project, we can undertake only a limited number of property development projects at a time. In addition, since the timing of the delivery of our properties varies according to our construction timetable, our revenue and results of operations may vary significantly from period to period depending on the number of properties delivered during a specific period. The quantity of properties delivered is largely a result of our property delivery schedule and may not be indicative of the actual demand for our properties or sales achieved during that period. Our revenue and profit during any given period generally reflect property investment decisions made by purchasers at a time significantly before property delivery, typically at least in the prior fiscal period.

Fluctuations in our operating results may also be caused by other factors, including fluctuations in expenses such as land grant premium, development costs, administrative expenses, and selling and marketing expenses and changes in market demand for our properties. As a result, our period-to-period comparisons of results of operations and cash flow positions may not be indicative of our future results of operations and may not be taken as meaningful measures of our financial performance for any specific period. In addition, the cyclical property market of the PRC affects the optimal timing for the acquisition of land, the planning of development and the sales of properties. This cyclical nature, combined with the lead time required for the completion of projects and the sales of properties, means that our results of operations relating to property development activities may be susceptible to significant fluctuations from period to period. Furthermore, our property development projects may be delayed or adversely affected by a combination of factors beyond our control, which may in turn adversely affect our revenue recognition and consequently our cash flow and results of operations.

**We are partially dependent on property leasing and management income from our investment property portfolio.**

Property leasing and management income from our investment properties constitutes an important part of our business and turnover. For the years ended December 31, 2011, 2012 and 2013 and the six months ended June 30, 2013 and 2014, property leasing and management income accounted for approximately 7.4%, 9.9%, 9.8%, 12.0% and 22.3% of our revenue, respectively. We are subject to risks incidental to the ownership and operation of commercial properties, including volatility in market rental rates and occupancy levels, competition for tenants, costs resulting from on-going maintenance and repair and inability to collect rent from tenants or renew leases with tenants due to bankruptcy, insolvency, financial difficulties or other reasons. We provide certain covenants in our lease agreements with certain tenants which obligate us to achieve a designated occupancy rate and/or attract designated tenants. We cannot assure you that we will be able to abide by these covenants in the future. If we are unable to comply with these covenants, the relevant tenant has the right not to pay any rent, to adjust the rental rate or to terminate the lease agreement, as the case may be. Furthermore, as we use a turnover rent policy for some of our tenants, our rental income also partially depends on the business performance of our tenants. In addition, we may not be able to renew leases with our tenants on terms acceptable to us, or increase rental rates to a level of the then prevailing market rate, or at all, upon the expiry of the existing terms. In



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## RISK FACTORS

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addition, we may not be able to enter into new leases at rental rates as expected. All these factors could negatively affect the demand for our investment properties and our rental income, which may have a material and adverse effect on our business, financial condition and results of operations.

**We may not be able to attract and retain quality tenants for our investment properties.**

Our investment properties compete for tenants with other property developers on factors including location, quality, maintenance, property management, rental rates, services provided and other lease terms. We cannot assure you that our existing or prospective tenants will not choose other properties. Any future increase in the supply of properties which compete with ours would increase the competition for tenants and, as a result, we may have to reduce rental rates or incur additional costs to make our properties more attractive. Also, we may not be able to lease our properties to a desirable mix of tenants to achieve our business objectives or for rental rates that are consistent with our projections. If we are not able to retain our existing tenants, attract new tenants to replace those that leave or lease our vacant properties, our occupancy rates may decline and our investment properties may become less attractive and competitive. This in turn may have a material and adverse effect on our business, financial condition and results of operations.

**We may not be able to complete or deliver our property development projects on time, on budget, or at all.**

The progress and budget of a property development project can be adversely affected by many factors at any point in the planning or development of the project, including:

- changes in market conditions, economic downturns and decreases in business and consumer sentiment in general;
- delays in obtaining the necessary licenses, permits or approvals from government agencies or authorities;
- negligence or poor work quality of contractors;
- changes in government rules, regulations, planning and priorities and the related practices and policies, including the reclamation of land for urban development;
- relocation of existing residents and demolition of existing structures;
- increases in the prices of construction materials;
- shortages of materials, equipment, contractors and skilled labor;
- latent soil or subsurface conditions and latent environmental damage requiring remediation;
- government-mandated changes in our property development business;

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- unforeseen engineering, design, environmental or geographic problems;
- labor disputes;
- construction accidents;
- the discovery of historically significant objects on or around project sites;
- the involvement of non-governmental organizations or other parties against a property development project for environmental or other reasons;
- natural disasters or adverse weather conditions; and
- other unforeseen problems or circumstances.

Construction delays or failure to complete the construction of a project according to its planned specifications, schedule or budget as a result of the above factors may adversely affect our results of operations and financial position and may also cause reputational damage. We make certain undertakings in our sales and lease contracts including delivering completed properties within the period stipulated in the contracts. These sales and lease contracts and the relevant PRC laws and regulations provide for remedies for breach of such undertakings. Should we fail to complete and deliver the properties on time, our customers may seek compensation for late delivery pursuant to either their sales or lease contracts with us or relevant PRC laws and regulations. In addition, we may commit significant time and resources to a project before determining that we are unable to complete it successfully, which could result in a loss of some or all of our investment in such project. If we are unable to complete projects as planned, our business, financial condition and results of operations will be materially and adversely affected.

### **Our profitability and results of operations are affected by the continued success of our business model.**

We have established a strong market position in China. We have established a business model which has allowed us to achieve sustainable growth and development. With pre-sales and sales of properties providing sufficient funds to meet our cash needs, our business model enables our various business segments to develop synergistically. In addition, our investment properties and hotels satisfy the needs of consumers and supplement each other to increase the overall commercial attractiveness, brand awareness and customer flow, which further enhances their asset value. For further information on our business model, see “Business — Competitive Strengths — Business innovation capacity — our business model is supported by our business innovation capacity and allows us to maintain a balanced cash flow for our projects, and our proven track record of being an industry pioneer epitomizes our business innovation capacity”.

Our success is dependent on our management, operational and capital resources, development and operational expertise, technical know-how, our knowledge of relevant industries and the needs of our targeted customers. The continued success of our business model depends on our ability to proactively conduct market research and gain foresight to understand our customers and tenants. We cannot assure you that there will not be any unfavorable changes in national or local market conditions which could adversely affect the

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demands of our customers and tenants. We may receive lower than anticipated demand for our properties due to our failure to accurately foresee national and local market development trends or the demands or preferences of our customers and to adjust our business model accordingly. Meanwhile, our competitors could develop and offer new properties that are comparable or superior to our properties or adapt more quickly and successfully to evolving industry trends, market conditions and customer and tenant requirements. As a result, our market share, business, financial condition, results of operations and prospects may be materially and adversely affected.

**Our profitability and results of operations depends on the expansion of our business into new geographic markets.**

In order to achieve sustainable growth, we need to continue to seek development opportunities in select regions in the PRC with the potential for growth and where we have no existing operations. We may not be able to identify geographic locations with sufficient growth potential to expand our market reach or operate our new projects. For the geographic locations we select, we may face intense competition from developers with established experience or presence and from other developers with similar expansion plans. As we may face challenges not previously encountered, we may fail to recognize or properly assess risks or take full advantage of opportunities.

Furthermore, our experience in existing markets and our business model may not be readily transferable to, and replicated in, new markets in our target cities. The property markets in our target cities may be different from each other in terms of the level of local economic and industrial development, industrial development, local governmental policies and support, the development phases of local businesses, market demand for our properties, types of properties to be developed and their development cycles. We may have limited ability to leverage our established brands and reputation in new markets in the way that we have done in our existing markets. Furthermore, the administrative, regulatory and tax environments in our target cities may be different from each other and we may face additional expenses or difficulties in complying with new procedures and adapting to new environments in the new markets. In addition, we may not have the same level of familiarity with local governments, business practices, regulations and customer preferences as other local and more experienced property developers in such cities, which may put us in a disadvantageous position.

As we continue to expand, we will have to continue to improve our managerial, development and operational expertise and allocation of resources. To effectively manage our expanded operations, we will need to continue to recruit and train managerial, accounting, internal audit, engineering, technical, sales and other staff to satisfy our property development requirements, including staff with local market knowledge. In order to fund our ongoing operations and our future growth, we need to have sufficient internal capital sources or access to additional financing from external sources. Further, we will be required to manage relationships with a greater number of customers, tenants, suppliers, contractors, service providers, lenders and other third parties. Accordingly, we will need to further strengthen our internal control and compliance functions to ensure that we are able to comply with our legal and contractual obligations and to reduce our operational and compliance risks. We cannot

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assure you that we will not experience issues such as capital constraints, construction delays, operational difficulties at new business locations. We may also experience difficulties in expanding our existing business and operations and training an increasing number of personnel to manage and operate the expanded business.

**Our business is capital intensive and we may not be able to obtain sufficient funding for our land acquisitions and future property developments on commercially reasonable terms, or at all.**

Property development usually requires substantial capital investment during the construction period. During the Track Record Period, our liquidity requirements arose principally from the acquisition of land for, and development of, our property development projects. Our property development projects are generally funded through cash generated from operations, bank loans, trust loans, proceeds from bond offerings and shareholders' contributions. We expect to continue to fund our projects through these sources. However, we cannot assure you that such funds will be sufficient or that any additional financing can be obtained on satisfactory or commercially reasonable terms, or at all.

A number of factors, such as general economic conditions, our financial performance, availability of credit from financial institutions and monetary policies in the PRC, may affect our ability to obtain adequate financing for our projects on favorable terms, or at all. Many of these factors are beyond our control. The PRC government has in recent years taken a number of measures in the financial sector to further tighten lending requirements for property developers to cool down excessive growth in the property sector, which, among other things:

- prohibit PRC commercial banks from extending loans to property developers to finance land grant premium;
- prohibit PRC commercial banks from extending any existing loans or granting any revolving credit facilities in any form to property developers that hold and speculate idle lands, hoard properties and rig price for properties;
- prohibit PRC commercial banks from taking commodity properties of property developers that have been vacant for more than three years as security for loans;
- prohibit PRC commercial banks from granting loans to development projects that fail to meet project capital ratio requirements or lack the required government permits and certificates; and
- prohibit property developers from using borrowings obtained from any local banks to fund property developments outside that local region.

In addition, PBOC sets the benchmark lending rates and regulates the reserve requirement ratio for commercial banks in the PRC, which affects the availability and cost of financing from them. PBOC has adjusted the bank reserve requirement ratio seven times in 2011 and twice in 2012. We cannot assure you that the PRC government will not introduce other measures which may limit our access to capital resources. In addition, we cannot assure you that the PRC government will not implement additional or more stringent measures to limit the amount that trust financing companies can make available for the PRC property industry. The foregoing and other governmental actions and policy initiatives may limit our flexibility and

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ability to use bank loans or other forms of financing, including trust financing and financings from other financial institutions, to finance our property developments and therefore may require us to maintain a relatively high level of internally sourced cash. As a result, our business, financial condition and results of operations may be materially and adversely affected.

**We have substantial indebtedness and may incur additional indebtedness in the future, which may materially and adversely affect our financial condition and results of operations.**

We currently have, and after the Global Offering will continue to have, a substantial amount of indebtedness. Our total bank and other borrowings, including both current and non-current borrowings, as of December 31, 2011, 2012 and 2013 and June 30, 2014 were RMB69,747 million, RMB93,228 million, RMB130,318 million and RMB172,362 million, respectively, and our outstanding bonds amounted to nil, nil, RMB3,675 million and RMB7,326 million, respectively, as of the same dates. Our gearing ratio, calculated by dividing interest-bearing bank and other borrowings plus bonds less cash and cash equivalents and restricted cash by total equity, was 38.8%, 48.7%, 53.0% and 87.8%, respectively, as of the same dates. Our substantial indebtedness could have important consequences. For example, it could:

- increase our vulnerability to adverse general economic and industry conditions;
- require us to dedicate a substantial portion of our cash flow from operations to servicing and repaying our indebtedness, thereby reducing the availability of our cash flow to fund working capital, capital expenditures and for other general corporate purposes;
- limit our flexibility in planning for, or reacting to, changes in our businesses and the industry in which we operate;
- place us at a competitive disadvantage compared to our competitors that have less debt;
- limit, together with the financial and other restrictive covenants of our indebtedness, among other things, our ability to borrow additional funds; and
- increase our cost of additional financing.

In the future, we may from time to time incur substantial additional indebtedness and contingent liabilities, which could intensify the risks that we face as a result of our indebtedness.

Our ability to generate sufficient cash to satisfy our outstanding and future debt obligations will depend upon our future operating performance, which will be affected by, among other things, prevailing economic conditions, PRC governmental regulation, the demand for properties in the regions we operate and other factors, many of which are beyond our control. We may not generate sufficient cash flow to pay our anticipated operating expenses and to service our debts, in which case we will be forced to adopt an alternative strategy that may include actions such as reducing or delaying capital expenditures, disposing

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of our assets, restructuring or refinancing our indebtedness or seeking equity capital. These strategies may not be implemented on satisfactory terms, or at all, and, even when implemented, may result in an adverse effect on our business, financial condition and results of operations.

**Certain restrictive covenants and risks normally associated with debt financing may limit or otherwise materially and adversely affect our business, financial condition and results of operations.**

We are subject to certain restrictive covenants in our loan and financing agreements with certain banks and trust companies and in our bonds. Some of our loan agreements, for example, obligate some of our subsidiaries to maintain certain financial ratios. In addition, certain loan agreements contain covenants pursuant to which we or our relevant operating subsidiaries may not enter into mergers or joint ventures, carry out any restructurings, decrease our or their respective registered share capital, transfer material assets, liquidate, change our shareholding or distribute dividends without the relevant lenders' prior written consent or unless we fully settle the outstanding amounts under the relevant loan agreements. Furthermore, as long as such loans are outstanding, some of our relevant operating subsidiaries may not be able to provide guarantees to any third parties that would impair their ability to repay the relevant loans. We cannot assure you that we will be able to abide by all of the restrictive covenants of any of our loan agreements in the future or obtain lenders' consents or waivers in a timely manner or at all.

Some of our trust financing agreements also contain certain covenants stipulating, among other things, that we or our relevant subsidiaries will not repay shareholders' loans, misuse proceeds from the relevant trust financing, provide guarantees, distribute dividends, enter into mergers, joint ventures or acquisitions, carry out any restructurings, spin-offs or liquidation, transfer material assets, changes in shareholding or management structures or change our or their respective registered share capital without notifying the relevant trust company and obtaining the prior consent of the relevant trust company or fully repaying the outstanding amount under the relevant trust financing agreement. Pursuant to some of the trust financing arrangements, the trust companies have veto rights over certain of our corporate actions. In addition, our trust financings are generally secured by either a pledge or a transfer of our equity interests in the relevant project subsidiary to the relevant trust financing company. If we fail to comply with any of those covenants resulting in the trust financing companies' requests for acceleration or other default remedies or fail to repay these trust financings in part or in full at their respective maturity dates, we may lose part or all of our equity interest in these project subsidiaries and our proportionate share of the asset value of the relevant property project. The occurrence of any of the above events may have a material adverse effect on our business, financial condition and results of operations. For more information regarding the restrictive covenants in our loan and financing agreements, please see "Financial Information — Indebtedness — Interest-bearing Bank and Other Borrowings".

If we are unable to comply with the restrictions and covenants of our current or future debt obligations and other agreements, there could be a default under the terms of these agreements, in which event, the holders of the debt could accelerate repayment of the debt and declare all outstanding amounts due and payable or terminate the agreements, as the case may be. Furthermore, some of our debt agreements contain cross-acceleration or cross-default provisions. As a result, our default under one debt agreement may cause the acceleration of repayment of other debt, or result in a default under our other debt agreements.

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If any of these events occur, we cannot assure you that our assets and cash flow would be sufficient to repay in full all of our indebtedness which has become due and payable, or that we would be able to find alternative financing. Even if we could obtain alternative financing, we cannot assure you that it would be on terms favorable or acceptable to us.

**We may be materially and adversely affected if we fail to fulfill our obligations under the trust and other financing arrangements.**

If we default on any financing repayment or otherwise breach the relevant trust or other financing agreement, we may be subject to litigation, our reputation may be damaged and we may have difficulties in raising further funds at our expected costs. In addition, under certain trust financing arrangements, we granted a pledge of the equity interest held by us in, and/or land use rights or other assets held by, our relevant subsidiary in favor of the trust financing company, or we transferred a minority equity interest in the relevant subsidiary and pledged the remaining equity interest held by us in the relevant subsidiary and/or our other assets to the trust financing company. As of September 30, 2014, we have pledged the share capital we held in 26 subsidiaries to secure our trust loans with outstanding balance of RMB20,773 million as of the same date from various trust financing companies. Any default of such trust financing arrangements may prevent us from redeeming or repurchasing the pledged equity interest in our project companies and other pledged assets from the relevant trust financing companies. Any of the foregoing occurrences may adversely affect our business, financial condition and results of our operations.

**Our profitability and results of operations are affected by changes in interest rates.**

We have incurred, and expect to continue to incur, a significant amount of interest expenses relating to our borrowings from commercial banks and trust financing companies. Accordingly, changes in interest rates have affected and will continue to affect our financing costs and, ultimately, our profitability and results of operations. For the years ended December 31, 2011, 2012 and 2013 and the six months ended June 30, 2013 and 2014, total interest expenses on bank and other borrowings (before capitalization of interests) were RMB5,279 million, RMB6,709 million, RMB9,798 million, RMB4,654 million and RMB6,210 million, respectively. As we borrow from both domestic and overseas banks and other financial institutions, the changes in the prevailing interest rates in the domestic and global credit markets may affect our profitability and results of operations.



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**We guarantee the mortgage loans of our customers and may be liable to the mortgagee banks if our customers default on their mortgage payments.**

We arrange for various banks to provide mortgages to the purchasers of our properties. In accordance with industry practice, we provide guarantees to banks with respect to the mortgage loans they offer to the purchasers of our properties. These guarantees are released upon the earlier of (i) the satisfaction of the mortgage loan by the purchaser of the property and (ii) the issuance of a strata-title building ownership certificate for the mortgaged property, which is generally available within six months to one year after the purchaser takes possession of the relevant property. We rely on credit checks conducted by the mortgagee bank on our customers and do not conduct our own credit checks.

The guarantees cover the full value of mortgages that purchasers of our properties have obtained to finance their purchases and any additional payments or penalties imposed by mortgagee banks for any defaults in mortgage payments by the purchasers. If a customer defaults on payment of its mortgage, the mortgagee bank may require that we immediately repay the entire outstanding balance of the mortgage and any additional payments or penalties pursuant to the guarantee. Upon satisfaction of our obligations under the guarantee, the mortgagee bank would then assign its rights under the loan and the mortgage to us and we would then have full recourse to the property.

As of December 31, 2011, 2012 and 2013 and June 30, 2014, our outstanding guarantees over the mortgage loans of our customers amounted to RMB29,317 million, RMB34,073 million, RMB38,026 million and RMB49,270 million, respectively. For the years ended December 31, 2011, 2012 and 2013 and the six months ended June 30, 2014, we paid mortgagee banks an aggregate default payment of RMB0.9 million, RMB13.5 million, RMB33.1 million and RMB22.5 million, respectively, as a result of defaults by purchasers on their mortgage payments for whom we had guaranteed mortgage loans. We cannot assure you that defaults by purchasers will not occur or that the rate of such defaults will not increase in the future. If a significant amount of our guarantees are called upon at the same time or in close succession, if there is a material depreciation in the market value of the relevant properties, or if we cannot resell such properties due to unfavorable market conditions or for other reasons, our financial condition and results of operations may be materially and adversely affected.

**We cannot assure you that third-party contractors will always meet our quality standards and provide services in a timely manner.**

We engage third-party contractors to provide various services, including the construction of buildings for our property development projects. We generally select third-party contractors through competitive bids and also through an internal assessment of factors including their demonstrated competence, market reputation and our prior relationship with them, if any. Completion of our projects is subject to the satisfactory performance by these third-party contractors of their contractual obligations, including their adherence to our quality standards and the pre-agreed schedule for completion. We cannot assure you that the services rendered by any of these third-party contractors will be satisfactory or meet our requirements for quality and safety, or that their services will be completed on time. If the performance of any third-party contractor proves unsatisfactory, or if any of them is in breach of its contractual obligations due to their financial difficulties or other reasons, we may need to replace such contractor or take other actions to remedy the situation, which could materially and adversely

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affect our costs and the construction progress of our projects. Furthermore, we cannot assure you that our employees will be able to consistently comply with our quality control measures, to accurately apply our quality standards or to detect all defects in the services rendered by any third-party contractor. In addition, as we are expanding our business into new geographical locations both within and outside of the PRC, there may be a shortage of third-party contractors that meet our standards and, as a result, we may not be able to engage a sufficient number of high-quality third-party contractors in a timely manner, which may adversely affect the construction schedules and development costs of our property development projects.

If the performance of any of such independent contractors or third parties is not satisfactory to our customers, our reputation may suffer, which may adversely affect our business, financial condition and results of operations. In addition, a serious dispute with such independent contractors or third parties that we are unable to resolve could result in costly legal proceedings and therefore have a material adverse effect on our business, financial condition and results of operations. Moreover, an increase in the cost of labor used by our contractors and other third parties engaged in our business may eventually be passed on to us in the form of higher contract fees at the time new contracts are entered into. Finally, our external contractors may undertake projects from other developers, engage in risky undertakings or otherwise encounter financial or other difficulties which may cause delays in the completion of our property development projects or increase our project development costs. The occurrence of any of the above events may have a material adverse effect on our business, financial condition, results of operations and reputation.

**Our results of operations may be materially and adversely affected by the rising cost of construction materials and labor.**

As a result of the economic growth in China, prices for construction materials and wages for construction workers have increased substantially in recent years. We procure construction materials through our external contractors or by ourselves. With the overall improvement of living standards in China as well as the PRC government's recent policies aimed at increasing the wages of migrant workers, we expect labor costs to continue to increase in the foreseeable future. Increases in the cost of construction materials and labor will likely prompt our contractors to increase their fee quotes for our new property development projects. Furthermore, we typically pre-sell our properties prior to their completion and we will not be able to pass the increased costs on to our customers if costs of construction materials and labor increase subsequent to the pre-sale. The rising cost of construction materials and labor and our inability to pass cost increases on to our customers may adversely affect our results of operations.

**Our business may be materially and adversely affected if we fail to obtain, or if there is any material delay in obtaining, the relevant PRC governmental approvals for our property development projects.**

In order to develop and complete a property development, we are required to obtain various permits, licenses, certificates and other approvals including, but not limited to, the state-owned land use rights certificates, planning permits for construction land, planning permits for construction works, permits for commencement of construction works, pre-sale permits/sale permits for commodity properties and certificates or filings of completion and acceptance from the relevant administrative authorities at various stages of project

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development. Each approval is contingent upon the satisfaction of various conditions, which are often subject to the discretion of relevant government authorities and subject to changes due to new laws, regulations and policies, especially those with respect to the real estate sector, promulgated from time to time.

We cannot assure you that we will be able to obtain all necessary certificates and permits for our projects in a timely manner, or at all, and we cannot assure you that we will not encounter problems fulfilling all or any of the conditions imposed for the grant of the necessary certificates or permits, or that we will be able to adapt to new laws, regulations or policies that may come into effect from time to time with respect to the granting of such items. If we fail to obtain, or are considered by relevant governmental authorities to have failed to obtain, or experience significant delays in obtaining, the requisite governmental permits, licenses, certificates and other approvals, we are exposed to penalties as well as disruption or delays in our property development schedules, which in turn could materially and adversely affect our business, financial condition and results of operations.

**We may be subject to fines or sanctions by the PRC government if we fail to pay land grant premium or fail to develop properties according to the terms of the land grant contracts.**

Under PRC laws and regulations, if a developer fails to develop land according to the terms of the land grant contract (including those relating to the payment of fees, the designated use of land and the time for commencement and completion of development of the land), the relevant government authorities may issue a warning to, or impose a penalty on, the developer or require the developer to forfeit the land use rights. Any violation of the terms of the land grant contract may also restrict a developer's ability to participate, or prevent it from participating, in future land bidding. Specifically, under current PRC laws and regulations, if we fail to pay any outstanding land grant premium by the stipulated deadline, we may be subject to late payment penalties of at least 0.1% of the unpaid land grant premium per day or the repossession of the land by the government. If we fail to commence development within one year from the commencement date stipulated in the land grant contract, the relevant PRC land bureau may serve an investigation notice on us and impose an idle land fee on the land of up to 20% of the land grant premium. If we fail to commence development within two years from the commencement date stipulated in the land grant contract, the land use rights are subject to forfeiture to the PRC government unless the delay in development is caused by government actions or force majeure. Moreover, even if we commence development of the land in accordance with the land use rights grant contracts, if the developed land area is less than one-third of the total land area, or if the total capital expenditure on land development is less than one-fourth of the total amount expected to be invested in the project as promulgated in the project proposal submitted to the government at the project registration stage, including the purchase price of the land, and the development of the land is suspended for over one year without government approval, the land will still be treated as idle land. See "Supervision and Regulation — Development of Real Estate Projects — Commencement of real estate development projects".

There are specific enforcement rules on idle land and other aspects of land use rights grant contracts in many cities in China, and the local authorities are expected to enforce such rules in accordance with instructions from the central government of China. Where a holder of the right to use a plot of State-owned land for construction conducts malicious hoarding or speculation of the land, current measures in place require the competent land authorities not

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to accept any application for new land use rights or process any title transfer transaction, mortgage transaction, lease transaction or land registration application in respect of any idle land before such holder completes the required rectification procedures. We cannot assure you that circumstances leading to the repossession of land or delays in the completion of a property development will not arise in the future. If our land is repossessed, we will not be able to continue our property development on the forfeited land, recover the costs incurred for the initial acquisition of the repossessed land or recover development costs and other costs incurred up to the date of the repossession. In addition, we cannot assure you that regulations relating to idle land or other aspects of land use rights grant contracts will not become more restrictive or punitive in the future. If we fail to comply with the terms of any land use rights grant contract as a result of delays in project development, or as a result of other factors, we may lose the opportunity to develop the project, as well as our past investments in the land, which could materially and adversely affect our business, financial condition and results of operations.

**The total GFA of some of our property developments may exceed the original permitted GFA and the excess GFA is subject to governmental approval and will require us to pay additional land grant premium.**

The permitted total GFA for a particular development is set out in various governmental documents issued at various project development stages. In many cases, the underlying land grant contract will specify the permitted total GFA. Total GFA is also set out in the relevant urban planning approvals and various construction permits. If the constructed total GFA exceeds the permitted total, or if the completed development contains built-up areas that the authorities believe do not conform to the approved plans as set out in the relevant construction works planning permit, we may not be able to obtain the acceptance and compliance form of construction completion (竣工驗收備案表) for our development and, as a consequence, we would not be able to deliver individual units to purchasers or recognize the related pre-sale proceeds as revenue. Moreover, excess GFA requires additional governmental approval and the payment of additional land grant premium. If issues related to excess GFA cause delays in the delivery of our products, we may also be liable to purchasers and tenants under our sales and purchase agreements and tenancy agreements, respectively. We cannot assure you that constructed total GFA for each of our existing projects under development or any future property developments will not exceed the permitted total GFA or that the authorities will determine that all built-up areas conform to the plans approved as set out in the construction permit. Moreover, we cannot assure you that we would have sufficient funding to pay any required additional land grant premium or to take any remedial action that may be required in a timely manner, or at all. Any of these factors may materially and adversely affect our business, financial condition, results of operations and reputation.

**We may face significant risks before realizing any benefits from property development.**

Our primary business is the development of properties for sales and investment. Property development typically requires substantial capital outlay during the land acquisition and construction phases and may take a number of years before positive cash flows may be generated from a completed property development. Depending on the size of the development, the time span for completing a property development usually lasts for a number of years. Consequently, changes in the business environment during the length of the project may affect the revenue and cost of the development, which in turn may affect the profitability of the project. Factors that may affect the profitability of a project include the risk that the receipt of

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government approvals may take more time than expected, the failure to complete construction according to original specifications, schedule or budget, and poor leasing markets for the properties. The revenue generated by and value of a property development project may be adversely affected by a number of factors, including but not limited to, the international, national, regional and local economic climate, local real estate conditions, the perceptions of tenants, retailers or shoppers as to the convenience and attractiveness of the projects, competition from other available properties, changes in market rates for comparable leases and increased business and operating costs. If any of the property development risks described above materializes, our returns on investments may be lower than originally expected and our business, financial condition, results of operations and prospects may be materially and adversely affected.

**We may not continue to benefit from government grants.**

Our results of operations during the Track Record Period have been positively affected by government grants, which were offered by the local governments of the provinces or cities where we develop properties on a case-by-case basis. For the years ended December 31, 2011, 2012 and 2013 and the six months ended June 30, 2013 and 2014, we recognized as income government grants in the amount of RMB1,358 million, RMB1,742 million, RMB3,295 million, RMB1,116 million and RMB308 million, respectively. However, government grants are discretionary and may not recur and may not be sustainable due to changes in laws, regulations and government policies and priorities. If the government grants we receive for our existing or future property development projects are reduced or terminated due to any change in laws, regulations and government policies and priorities, our financial condition and results of operations may be materially and adversely affected.

**The results of operations of our property leasing and management business may be materially and adversely affected by the effective management of our investment properties.**

Our results of operations depend, to a certain extent, on rental income from our investment properties. We rely on Wanda Commercial Management, our wholly-owned subsidiary, and its wholly-owned subsidiaries to provide property management services to our investment properties in a manner satisfactory to us. We cannot assure you that our investment properties will continue to be effectively managed and maintained by Wanda Commercial Management and its subsidiaries. If Wanda Commercial Management and its subsidiaries fail to maintain our investment properties in a manner consistent with our standards of quality, we may not be able to retain our existing tenants and may also be unable to attract prospective quality tenants. The failure of Wanda Commercial Management and its subsidiaries to manage our investment properties in an efficient, effective and professional manner could therefore have a material and adverse effect on our business, financial condition, results of operations and reputation.

**Purchasers of the residential properties that we develop may not retain us as the provider of property management services for these residential properties which may have an adverse effect on our reputation and brand.**

We currently provide property management services to most residential properties developed by us through our property management subsidiaries. Under PRC laws and regulations, property owners of a residential development have the right to change the property management service provider upon the approval of a certain percentage of the

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property owners of that residential development. If purchasers of the residential properties that we have developed are not satisfied with our property management services, they may terminate our property management services or negatively comment on our property management services. In such case, our reputation and brand may be harmed, and the reputation of such residential properties may decline as a result. Furthermore, if subsequent property management companies appointed by such residential properties do not maintain the residential properties pursuant to our usual standards, the condition of our residential properties may decline, which may result in further damage to our reputation and brand. Damage to our reputation may also have an adverse impact on the future sales of our other properties, which may negatively affect our results of operations.

**Failure in our information and technology systems could interrupt our business operations.**

We implement modern information and technology systems to control and manage our operations. These information and technology systems are intended to enable us to improve efficiencies and monitor and control our operations and are fundamental to ensuring that we maintain our competitiveness in our industry. Our information systems are vulnerable to damage or interruption from circumstances beyond our control, including but not limited to, fire, power loss, hardware failure, software program errors, telecommunications failure, computer viruses, human error, break-ins and other similar events. Any failure or breakdown in these systems could interrupt our normal business operations and result in a significant decrease in operational and management efficiency during such failure or breakdown. Any prolonged failure or breakdown could dramatically impact our ability to manage our properties and offer services to our customers, which could have a material adverse effect on our business and results of operations. Recovery from such disasters may be unable to mitigate our losses incurred during such malfunction and disruption. In addition, precautionary measures may only partly, if at all, indemnify us for our losses.

**We may be liable to our customers for damages if we do not deliver strata-title building ownership certificates in a timely manner.**

Property developers in the PRC are typically required to deliver to purchasers the relevant strata-title building ownership certificates within a time frame set out in the relevant property sale and purchase agreement or, for pre-sale commodity properties only, within 90 days after delivery of the property. Property developers, including ourselves, generally elect to specify the deadline for the delivery in the property sale and purchase agreements to allow sufficient time for the application and approval processes. Under current regulations, we are required to submit the documents required for registration, including land use rights documents and planning and construction permits, to the local bureau of housing administration within three months after receipt of the completion and acceptance certificate for the relevant properties and to apply for the initial general property ownership certificate in respect of these properties. We are then required to submit within regulated periods after delivery of the properties, the relevant property sale and purchase agreements, identification documents of the purchasers, proof of payment of deed tax, together with the general property ownership certificates, for the relevant local authority's review and the issuance of the strata-title building ownership certificates in respect of the properties purchased by the respective purchasers. Delays by the various administrative authorities in reviewing the application and granting approval as well as other factors may affect timely delivery of the general and strata-title building ownership certificates. Should a late delivery of any strata-title



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building ownership certificate be due to delays that are deemed to be caused by us, the purchaser would be able to terminate the property sale and purchase agreement, reclaim the payment and claim damages, any of which could materially and adversely affect our business, financial condition and results of operations. We cannot assure you that we will not incur material liabilities to purchasers in the future for the late delivery of strata-title building ownership certificates due to our fault or for any reason beyond our control.

**We may be subject to fines due to the lack of registration of our leases.**

Pursuant to the Administration of the Measures for Commodity House Leasing in Urban Areas (商品房屋租賃管理辦法) promulgated on December 1, 2010 and which became effective on February 1, 2011, parties to a lease agreement are required to file the lease agreements for registration and obtain property leasing filing certificates for their leases. During the Track Record Period, we leased certain properties from independent third parties and rented out certain of our properties to independent third parties. As of October 31, 2014, being the latest practicable date for determining such information, we failed to register approximately 3,650 leases. The failure to register the lease agreements does not affect the validity of the lease agreements under the relevant PRC laws and regulations. However, such failure may result in third parties challenging our interests in the respective leased properties. We cannot assure you that legal disputes or conflicts concerning such leases and tenancies will not arise in the future. In addition, we may be required by relevant government authorities to file the lease agreements for registration and may be subject to a fine for non-registration within the prescribed time limit, which may range from RMB1,000 to RMB10,000 per lease agreement. Our PRC legal advisor, Tian Yuan Law Firm, has advised us that the estimated total maximum penalty is approximately RMB36.5 million. The occurrence of any of the above conflicts or disputes or the imposition of the above fines could require us to make additional efforts and/or incur additional expenses, any of which could materially and adversely impact our business, financial condition and results of operations. The registration of these lease agreements to which we are a party requires additional steps to be taken by the respective other parties to the lease agreement which are beyond our control. We cannot assure you that the other parties to our lease agreements will be cooperative and that we can complete the registration of these lease agreements and any other lease agreements that we may enter into in the future.

**We will be controlled by our Controlling Shareholders, whose interests may differ from those of our other Shareholders.**

Upon completion of the Global Offering, assuming the Over-allotment Option is not exercised, our Controlling Shareholders will beneficially own and control approximately 54.31% of our share capital. Subject to the Articles of Association, our Controlling Shareholders will continue to have the ability to exercise a controlling influence over our management, policies, business and affairs by controlling the composition of our Board, determining the timing and amount of dividend distributions, approving material transactions such as major mergers, acquisitions and overseas investments, approving our annual budgets and amending the Articles of Association. This influence may discourage, delay or prevent a change in control of our Company, which could deprive other Shareholders of an opportunity to sell their Shares at a premium and could reduce the price of our Shares. These actions may be taken even if they are opposed by our other Shareholders. In addition, the interests of our Controlling Shareholders may differ from the interests of our other Shareholders, and our Controlling Shareholders are free to exercise their votes according to their own interests. We



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cannot guarantee that our Controlling Shareholders will not cause us to revise our business strategies, enter into transactions, take or fail to take any other actions or make decisions that conflict with the best interests of our other Shareholders. In the event that the interests of our Controlling Shareholders conflict with those of our other Shareholders, our other Shareholder may be disadvantaged. Furthermore, as several of our Directors and Supervisors may serve concurrently as managers or officers of Dalian Wanda Group, there may be potential conflicts of interest in certain circumstances. Please see “Relationship with Controlling Shareholders” and “Connected Transactions” for further information.

**If our provisions for LAT prove to be insufficient, our financial condition and results of operations may be materially and adversely affected.**

Our properties developed for sale are subject to LAT. Under PRC tax laws and regulations, all income derived from the sale or transfer of land use rights, buildings and their ancillary facilities in the PRC is subject to LAT on the appreciation of land value at progressive rates ranging from 30% to 60%. LAT is calculated based on proceeds received from the sale of properties less deductible expenditures as provided in the relevant tax laws. We make provisions for the full amount of applicable LAT in accordance with the relevant PRC tax laws and regulations from time to time pending settlement with the relevant tax authorities. Provisions for LAT are made on our own estimates based on, among other things, our own apportionment of deductible expenses which is subject to final confirmation by the relevant tax authorities upon settlement of the LAT. We only prepay a portion of such provisions each year as required by the local tax authorities. For the years ended December 31, 2011, 2012 and 2013 and the six months ended June 30, 2013 and 2014, we made provisions for LAT in the amounts of RMB4,743 million, RMB5,749 million, RMB7,196 million, RMB2,355 million and RMB1,497 million, respectively. We cannot assure you that the relevant tax authorities will agree with our calculation of LAT liabilities, nor can we assure you that the LAT provisions will be sufficient to cover our LAT obligations in respect of our past LAT liabilities. If the relevant tax authorities determine that our LAT liabilities exceed our LAT prepayments and provisions and seek to collect that excess amount, our cash flow, results of operations and financial condition may be materially and adversely affected. In addition, as we continue to expand our property developments, we cannot assure you that our provision for LAT obligations based on our estimates in new markets will be sufficient to cover our actual LAT obligations. As there are uncertainties as to when the tax authorities will enforce the LAT collection and whether it will apply the LAT collection retrospectively to properties sold before the enforcement, any payment as a result of the enforcement of LAT collection may restrict our cash flow position and our ability to finance our land acquisitions and execute our business plans.

**The fair value of our investment properties is likely to fluctuate from time to time and may decrease significantly in the future, which may materially and adversely affect our profitability.**

We are required to reassess the fair value of our investment properties at the end of each reporting period. Under HKFRS, gains or losses arising from changes in the fair value of our investment properties are included in our consolidated statements of profit or loss for the period in which they arise. Our investment properties were revalued by DTZ, an independent property valuer, as of December 31, 2011, 2012 and 2013 and June 30, 2014, on an open market and existing use basis, which reflected market conditions on the respective dates. Based on such valuation, we recognized the aggregate fair value of our investment properties and relevant deferred tax on our consolidated statements of financial position and increases

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in fair value of investment properties and movements of the relevant deferred tax on our consolidated statements of profit or loss. For the years ended December 31, 2011, 2012 and 2013 and the six months ended June 30, 2013 and 2014, our increases in fair value of investment properties were RMB13,992 million, RMB21,898 million, RMB15,443 million, RMB7,832 million and RMB5,227 million, respectively.

Despite their impact on the reported profit, fair value gains or losses do not change our cash position as long as the relevant investment properties are held by us. The amount of revaluation adjustments has been, and will continue to be, subject to market fluctuations. As a result, we cannot assure you that changes in the market conditions will continue to create fair value gains on our investment properties or that the fair value of our investment properties will not decrease in the future. In addition, the fair value of our investment properties may materially differ from the amounts we would receive in actual sales of the investment properties. Any significant decreases in the fair value of our investment properties or any significant decreases in the amount we receive in actual sales of our investment properties as compared with the recorded fair value of such properties would materially and adversely impact our results of operations.

**The appraised value of our properties in the property valuation report may be different from the actual realizable value and is subject to change.**

The appraised value of our properties as contained in “Appendix IV — Property Valuation Report” was prepared by DTZ based on multiple assumptions containing elements of subjectivity and uncertainty, including, among other things, that:

- we will complete development projects on time;
- we have obtained or will obtain on a timely basis all approvals from regulators necessary for the development of the projects; and
- we have paid all the land grant premium and obtained all land use rights certificates and transferable land use rights without any payment obligation of additional land grant premium.

In addition, the appraised value of our investment properties is based on key assumptions including their market position, levels of reversionary capitalisation rate, rent and/or price. See “Financial Information — Critical Accounting Policies and Estimates — Estimation uncertainty — Fair value of investment properties”. Even though DTZ adopted valuation methodologies used in valuing similar types of properties when preparing the property valuation report, the assumptions adopted may prove to be incorrect.

As a result, the appraised values of our properties may differ materially from the price we could receive in an actual sale of the properties in the market and should not be taken as their actual realizable value or a forecast of their realizable value. Unforeseeable changes to the development of the property development projects, as well as national and local economic conditions, may affect the value of our properties. In particular, the valuation of our investment properties could stagnate or even decrease if the market for comparable properties in the PRC experiences a downturn as a result of PRC government austerity measures with respect to the property sector, any continued effect of the adverse macroeconomic environment or for other reasons.

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**Our third party hotel management companies and our anchor tenants may have interests that are not aligned with our objectives for our hotels and investment properties.**

The third party hotel management companies which manage our hotels and anchor tenants that rent and operate the retail properties owned by us do not have exclusive arrangements with us and may own, operate or franchise other properties, including properties that may compete with the properties owned by us. As a result, the third party hotel management companies and our anchor tenants may have interests that do not align with our interests with respect to our short-term or long-term goals and objectives. Disputes with our third party hotel management companies or anchor tenants or the early termination of our hotel management agreements or lease agreements with them could materially and adversely affect our business, financial condition, results of operations and prospects.

**We may be adversely affected by material issues that affect our relationships or business ventures with our joint venture partners.**

We carry out, and expect to carry out in the future, some of our business through joint ventures. Such joint venture arrangements involve a number of risks, including:

- we may not be able to pass certain important board resolutions requiring unanimous consent of all of the directors of our joint ventures if there is a disagreement between us and our joint venture partners;
- we may disagree with our joint venture partners in connection with the scope or performance of our respective obligations under the joint venture arrangements;
- our joint venture partners may be unable or unwilling to perform their obligations under the joint venture arrangements with us, including their obligation to make required capital contributions and shareholder loans, whether as a result of financial difficulties or other reasons;
- our partners may have economic or business interests or goals or philosophies that are inconsistent with those of the Group;
- our partners may take action contrary to our requests or instructions or contrary to our policies or objectives with respect to our property investments; or
- our partners may face financial or other difficulties affecting their ability to perform their obligations under the relevant joint venture arrangements with us.

Any of these and other factors may have a material adverse effect on our business.

**We had negative net operating cash flow for the six months ended June 30, 2013 and 2014.**

We had negative net cash flow from operating activities of RMB1,599 million and RMB8,953 million for the six months ended June 30, 2013 and 2014, respectively, primarily due to our increased land acquisitions and development costs. We cannot assure you that we will not experience negative net cash flow from our operating activities in the future again. A negative net cash flow position for operating activities could impair our ability to make

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necessary capital expenditures, constrain our operational flexibility and adversely affect our ability to expand our business and enhance our liquidity. For example, if we do not have sufficient net cash flow to fund our future liquidity, pay our trade and bills payables and repay the outstanding debt obligations when they become due, we may need to significantly increase external borrowings or secure other external financing. If adequate funds are not available from external borrowings, whether on satisfactory terms or at all, we may be forced to delay or abandon our development and expansion plans, and our business, prospects, financial condition and results of operations may be materially and adversely affected.

**Our newly-opened hotels typically incur substantial pre-opening expenses and generate relatively low revenues during their initial ramp-up periods.**

The operations of our hotels go through three stages: development, ramp-up and mature operations. During the development stage, our hotels typically incur substantial pre-opening expenses. Newly opened hotels often require a ramp-up period before they are able to reach their anticipated performance levels. During the initial ramp-up period for new hotels, their occupancy rates, RevPAR levels and/or other performance indicators may be significantly lower than that which they will be able to achieve in the future and may be insufficient to cover their operating costs, which are relatively fixed in nature, and result in net losses. As we continue to expand our hotel business, the significant pre-opening expenses incurred during the development stage and the relatively low revenues during the ramp-up stage of our newly-opened hotels may have a significant negative impact on the financial performance and operating cash flow of our hotel business.

**We rely on the brands and reputation of our third party hotel management companies and may be affected by adverse developments or negative publicity involving these hotel management companies.**

As of June 30, 2014, we owned a total of 28 hotels operated by globally renowned hotel management companies. Our ability to attract and retain guests for these hotels depends, to an extent, upon external perceptions of the brands of these third party hotel management companies as well as the quality of these hotels and their services. Although we own these hotels and enter into hotel management agreements with the third party hotel management companies, pursuant to which these hotel management companies manage the daily operations and marketing of these hotels, we have no control over how similarly branded hotels not owned by us are operated. Any actions of the third party hotel management companies in connection with our hotels that are considered to be improper by the public may lead to negative publicity and media attention, which may damage the reputation of our hotels. Any degradation or adverse market developments relating to these hotel brand names or any negative publicity affecting any of these similarly branded hotels not owned by us could adversely affect the attractiveness of the hotels we own and therefore have a material and adverse effect on the operations, financial condition and results of operations of our hotel business.

**We rely on our third party hotel management companies to manage the day-to-day operations of our hotels pursuant to the hotel management agreements.**

Pursuant to the hotel management agreements between our third party hotel management companies and us, the hotel management companies supervise the day-to-day operations and marketing of the hotels they manage. As such, we are dependent on these third

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party hotel management companies to manage such functions for the relevant hotels and are exposed to risks which are beyond our control, including the third party hotel management companies or their parent companies suffering from financial difficulties. For example, the performance of the relevant hotels depends, in part, upon the quality of personnel supplied by the third party hotel management companies and on these hotel management companies' ability to continue to attract, retain and motivate personnel for the hotels they manage for us. If our third party hotel management companies are unable to maintain the quality and adequate supply of various levels of hotel management personnel, the business, financial condition and results of operations of our hotel business may be materially and adversely affected.

The third party hotel management companies provide and maintain advanced IT systems to monitor the day-to-day operations of the hotels under their management. These systems allow the third party hotel management companies to manage the hotel operations, including the booking, check-in and check-out, collection of hotel payments and charges and turn-around of guest rooms. A breakdown or extended disruption of service of these systems could result in the third party hotel management companies failing to operate these hotels in an efficient manner and could impact our cash flow. In addition, any disruptions of the services of these systems could result in the improper disclosure of personal data or other confidential information. The disruption and costs associated with repairing or replacing these systems, along with any associated reputational damage, may be significant. We are accordingly exposed to the risk that the third party hotel management companies may not effectively maintain or replace the IT systems of the hotels under their management in a manner that maintains the daily operations of these hotels or that provides sufficient web security and protection.

The hotel management agreements require us and the third party hotel management companies to comply with operational and performance conditions that are subject to interpretation and could result in disagreements or termination of the hotel management agreements. In addition, any contractual or other disagreements with the third party hotel management companies may adversely impact our relationships with these hotel management companies. While we have not come across any material issues in relation to the management of those hotels, we may not always be in a position to identify or resolve any issues that may arise.

The hotel management agreements between the third party hotel management companies and us can generally be terminated by the non-defaulting party upon the other party's default in payment or un-remedied failure to comply with the terms of the agreements. Typically, the parties have certain rights to cure a default to avoid termination. If any of the hotel management agreements is terminated prior to its expiration, we may experience disruptions to our operations while we seek to replace the relevant hotel management company. Each of the third party hotel management companies enjoy certain benefits as members of respected global brands in the hospitality industry, such as the ability to leverage the knowledge, expertise and networks of its group with regard to property and asset management. There is no assurance that these benefits would continue should we change hotel management companies. Moreover, we may incur additional costs associated with finding and retaining a new hotel management company. A replacement hotel management company may charge fees which are not comparable in nature to, or are higher than, those charged by the existing third party hotel management companies under the relevant hotel management agreements. In addition, the relevant hotel would need to be rebranded, which

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would likely involve substantial initial outlay for the marketing, refurbishment, branding and hospitality items and fixtures and furniture of the hotel, and it may take several years for a successful operation to be re-established under the new branding. The disruption and costs associated with the termination of a hotel management agreement may be significant as the current third party hotel management companies have managed the hotels under their respective hotel brands since they commenced operations.

**We rely on our third party hotel management companies for global marketing and advertising services and for their respective global reservation systems.**

Our third party hotel management companies provide global marketing and advertising services relating to each of the hotels under their respective management. These third party hotel management companies also connect the hotels under their management to their respective global reservation systems, which enable guests to book rooms at these hotels through the internet, call centers and other centralized reservation platforms as well as provide services that connect these hotels to travel agents around the world and third party websites via distribution databases.

A portion of the marketing and advertising in relation to the hotels managed by our third party hotel management companies and brands used by these hotel management companies, whether in the PRC or overseas, are managed by the third party hotel management companies pursuant to the hotel management agreements. The failure of the third party hotel management companies to effectively market and advertise the hotels managed by them could have a material and adverse effect on our business, financial condition and results of operations.

Our hotels managed by third party hotel management companies rely on the global reservation systems for a large proportion of the reservations made at these hotels. These systems rely on the services of independent third parties and may suffer from disruptions or downtime. If potential guests or agents are unable to make bookings at these hotels due to a malfunction of the global reservation systems, these potential customers may make bookings at competitor hotels, which could adversely affect the occupancy rates and average room rates of the relevant hotels. Any of the above could have a material and adverse effect on our business, financial condition and results of operations.

**We may not be able to generate adequate returns on our properties held for long-term investment purposes.**

The completed property developments held by us are generally intended to be held for long-term investment. Property investment is subject to varying degrees of risks. The investment returns available from real estate depend, to a large extent, on the amount of capital appreciation generated, income earned from the rental of the relevant properties as well as the expenses incurred. Maximizing yields from properties held for long-term investment also, to a large extent, depends on active ongoing management and maintenance of the properties. The ability to dispose of investment properties will eventually also depend on market conditions and levels of liquidity, which may be limited or subject to significant fluctuation in the case of certain types of commercial properties. The revenue derived from completed investment properties and the value of property investments may be adversely affected by a number of factors, including but not limited to, changes in rental levels at



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comparable properties, the inability to collect rent due to bankruptcy or insolvency of tenants and the costs resulting from periodic maintenance, repair and re-letting. If our property investment business is unable to generate adequate returns, our business, financial condition, results of operations and prospects may be adversely affected.

**We incur high maintenance and operating costs in operating our investment properties and hotels, which may increase.**

Our property leasing and hotel businesses utilize a large amount of utilities such as gas, water and electricity. We are generally not able to influence the prices which utilities providers charge us, nor can we easily switch to different utilities providers. Any price increase or change in pricing structure from these utilities providers could have an adverse effect on our operating costs. As a result, increases in the prices of products and services which we procure to maintain our services to our tenants and guests could increase our operating costs if we are not able to pass these higher costs on to our customers.

In addition, operating investment properties and hotels, as well as the restaurants and other associated facilities within the hotels, involves a significant amount of fixed costs, including maintenance and upkeep costs as well as employee and staff salaries and expenses. These fixed costs limit our ability to respond to adverse market conditions by minimizing costs. Such limitations may have an adverse impact on our profitability when the property leasing and hotel industries experience a downturn and may exacerbate the impact of a decline in occupancy rates, rental rates or room rates or in demand for our restaurants and catering facilities. Any significant increase in maintenance costs and operating costs may have a material and adverse effect on our business, financial condition, results of operations and prospects.

**We face certain risks of defects or deficiencies in connection with our investment properties and hotels.**

Our investment properties and hotels may have defects or deficiencies requiring significant capital expenditures, repair or maintenance expenses or payment of other obligations to third parties. If any of our investment properties or hotels has design, construction or other latent property or equipment defects, repairs, maintenance or, if necessary, replacements may need to be carried out to rectify these defects. In addition, wear and tear of our investment properties and hotels or adverse weather conditions could result in defects requiring repairs or replacement. Such defects and/or the repair, maintenance or replacement works carried out to rectify them could increase our costs and could have an adverse effect on the operations of our investment properties and hotels and/or the attractiveness to tenants and guests of such investment properties and hotels.

**Our investment properties and hotels may encounter temporary closures, reduced turnover or lower occupancy rates as a result of repairs, refurbishments and/or the redevelopment or renovation of the properties or neighboring properties.**

Our investment properties and hotels may require repairs and refurbishments which may require significant capital expenditures. Our investment properties and hotels may also need to undergo redevelopment or renovation works from time to time to retain their attractiveness and may also require maintenance or repairs. Such repairs, refurbishments, redevelopments or renovations of our investment properties and hotels may impact on our ability to attract



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tenants at our investment properties and guests and customers for our restaurants and event facilities at our hotels. In some circumstances, such repairs, refurbishments, redevelopments or renovations may require the temporary closure of an investment property or hotel or the restaurants or other facilities within the investment property or hotel. As a result, during the period of any such repairs, refurbishments, redevelopments or renovations, we may experience a reduction in the occupancy rates, rental income and/or average room rates of the investment property or hotel and/or the number of customers using our restaurants and catering facilities.

Furthermore, buildings neighboring any of our investment properties and hotels may be demolished or redeveloped for alternative uses, which may cause disruption to our investment properties and hotels. This may in turn negatively impact the revenue, attractiveness and valuation of our investment properties and hotels. Furthermore, any development or redevelopment of neighboring properties could add properties that compete with our investment properties and hotels. The occurrence of any of the above circumstances could have a material and adverse effect on our business, financial condition and results of operations.

**Property development and the operation of investment properties and hotels require licenses and permits and any failure to obtain or renew of such licenses and permits may adversely affect our operations.**

Property development and the operation of investment properties and hotels is generally subject to various local laws and regulations. Such laws and regulations may require us to be licensed and to obtain other permits to develop properties and own, operate, manage and lease our investment properties and hotels.

Property developers in the PRC must hold a valid property development qualification certificate and several construction permits to develop commercial and residential properties. In addition, a property developer must renew its qualification certificates on an annual basis unless the local rules and regulations allow for a longer renewal period or provide exemptions from renewal requirement. Due to our business expansion, we usually set up one or more new project companies to develop and operate our properties in a new city. PRC laws provide that a newly established property developer must first apply for a provisional qualification certificate with a one-year validity, which can be renewed annually for not more than two consecutive years. If, however, the newly established property developer fails to commence any property development project within the one-year period following the provisional qualification certificate, it will not be allowed to renew the term of its provisional qualification certificate.

Government regulations require developers to fulfill all statutory requirements before they may obtain or renew their qualification certificates. We cannot assure you that we will be able to obtain or renew the necessary qualification certificates in a timely manner, or at all. If we do not possess valid qualification certificates, the government may refuse to issue permits necessary for our property development business. In addition, the government may impose a penalty on us for failing to comply with the provisions of qualification certificates related regulations. Any of the above factors could adversely impact our development schedule and our sales, which could in turn have a material and adverse effect on our business, financial condition and results of operations.

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During the Track Record Period and up to October 31, 2014, some of our subsidiaries were not in compliance with certain construction related PRC laws and regulations, including (i) not complying with the construction work planning permit in the construction of a project; (ii) commencing construction works before obtaining the requisite construction work commencement permit; and (iii) not applying for acceptance examination upon the completion of one building and before this building was delivered and put into use. The fines in aggregate amounted to approximately RMB16.9 million from January 1, 2011 to October 31, 2014. As of the Latest Practicable Date, we had fully settled such fines.

Before commencing their business operations, entities engaged in property management services (such as our property management subsidiaries) are required to obtain a qualification certificate for property service enterprises (物業服務企業資質證書). A fine ranging from RMB50,000 to RMB200,000 may be imposed on any property management company which fails to obtain or renew a qualification certificate, and any illegal gains generated during the period in which it was not in possession of a valid qualification certificate may be confiscated. During the Track Record Period, a number of our property management subsidiaries failed to strictly comply with relevant PRC regulations regarding the qualification certificate for property service enterprises. Our PRC legal advisor, Tian Yuan Law Firm, has advised us that our property management subsidiaries which were not in strict compliance with the relevant PRC regulations during the Track Record Period may be subject to confiscation of illegal gains of approximately RMB97.3 million by the relevant authority. In addition, our PRC legal advisor, Tian Yuan Law Firm, has also advised us that the estimated total maximum fine is approximately RMB14.6 million. Please see “Business — Compliance with Relevant PRC Laws, Regulations and Requirements — PRC Non-Compliance Incidents” for more details regarding our lack of qualification certificates for property management enterprises.

Furthermore, we are required to obtain a number of licenses and permits for our hotel operations. Any changes in such laws and regulations may also impact the businesses of our investment properties and hotels and may result in higher costs of compliance.

We cannot assure that we will be able to obtain or renew the relevant qualification certificates, licenses and permits, including qualification certificates for property management enterprises, in the future. If we fail to obtain or renew our requisite qualification certificates, licenses and permits, our business, financial condition and results of operations may be materially and adversely affected. Moreover, any failure to comply with new or revised laws and regulations could result in the imposition of fines or other penalties by the relevant authorities. The occurrence of any of the above circumstances could have an adverse impact on the revenue and profits of our investment properties and hotels or otherwise adversely affect their operations.

**If our suppliers do not deliver high quality food, beverage and other supplies to our restaurants at competitive prices or in a timely manner, we may experience supply shortages and increased food costs.**

The ability to source quality food ingredients and beverages at competitive prices in a timely manner is important to our hotel business. Our ability to maintain consistent quality and maintain our menu offerings throughout our restaurants depends in part upon our ability to acquire fresh food products and beverages and related supplies from reliable sources that meet our quality specifications and in sufficient quantities. We are exposed to the risks that we will not be able to obtain supplies in sufficient quantities or of a sufficient quality and that the

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price of our supplies will rise significantly. A disruption of our food or beverage supplies could occur for a variety of reasons, many of which are beyond our control and this could increase our food and beverage costs and/or cause shortages of food, beverages and other supplies at our restaurants. These factors could have a material and adverse effect on the business, financial condition, results of operations and reputation of our hotel business.

**We face risks related to instances of food-borne illnesses, food contamination and the associated liability claims.**

As we provide food and beverage and banquet services at our hotels, we face an inherent risk of our food and beverages being found to be unfit for consumption or to cause illness due to contamination or degeneration, tempering by third parties or other problems arising during the various stages of procurement, transportation, preparation and storage, as well as the associated liability claims. Our food quality depends partly on the quality of the food ingredients and raw materials provided by our suppliers. We may not be able to detect all defects in our supplies and food contamination could be caused by third party food suppliers or other factors which are outside of our control. Due to the scale of our operations, we also face the risk that certain of our employees may not adhere to our mandated procedures and requirements. Any failure to detect defective food supplies or observe proper hygiene, cleanliness and other quality control requirements or standards in our operations could adversely affect the quality of the food we offer, which could lead to liability claims, complaints and the related adverse publicity, reduced customer traffic at our hotels and restaurants, damage to our reputation and brand and the imposition against us of penalties by relevant authorities and compensation awards by courts.

Additionally, we are subject to extensive and stringent health and sanitation laws and regulations that impose fines and/or suspension or revocation of licenses for violation of such laws and regulations. Furthermore, these laws and regulations are constantly evolving, and we cannot assure you that the PRC government will not impose additional or stricter laws or regulations, the compliance with which may cause us to incur significant costs which we may not be able to pass on to our customers. If we fail to comply with existing or future health and sanitation laws and regulations or fail to meet public expectations in relation to health and sanitation, our business, financial condition, results of operations and reputation may be materially and adversely affected.

**Our self-operated hotel business may not be able to replicate our success in property development and management or the success of our hotels managed by third party hotel management companies.**

We began to operate hotels under the Wanda brand in 2012 when we established our own luxury hotel brands comprising Wanda Realm, Wanda Vista and Wanda Reign. We have less experience in hotel operations than in property development. We may face considerable reputational and financial risks if our self-operated hotels do not meet our expectations and the performance targets we set for each self-operated hotel. In addition, we cannot assure you that there will be sufficient demand for our self-operated hotels. If we fail in our self-operated hotel business, it may have an adverse effect on our business, financial condition, results of operations and brand.

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**Our expansion to overseas property and hotel markets may be risky, costly, time consuming and difficult, and our profitability and prospects may be materially and adversely affected.**

We plan to develop a property complex with both commercial and residential components and a luxury hotel in London and renovate a property in Madrid into a multi-use complex with hotel, retail and high-end residential components. We have also entered into a cooperative arrangement for a potential property development project consisting of a luxury hotel, residential units, commercial spaces and car parking spaces in Chicago; acquired a parcel of land in Los Angeles; and entered into an agreement to jointly develop a property in Gold Coast, Queensland, Australia into a mixed-use complex which will integrate hotel, residential, food and beverage, commercial and entertainment uses and facilities. We expect to continue to explore opportunities in the international property development and hotel businesses through investment in property development businesses abroad. In expanding our business internationally, we may enter markets in which we have no experience. In addition, we are exposed to a number of potential risks associated with international operations, including economic instability, political instability and recessions, increased labor costs and shortage of labor supply, difficulties of administering foreign operations generally, obligations to comply with a wide variety of domestic and foreign laws and other regulatory requirements, potentially adverse tax consequences, foreign exchange fluctuation and losses, and the inability to effectively enforce contractual or legal rights. If our overseas expansion efforts are unsuccessful, our profitability and prospects may be materially and adversely affected.

**Expansion into new businesses and our offerings of new products and services may expose us to challenges and risks.**

We have recently been expanding our offerings of products and services, including yacht manufacturing, and will continue to, as permitted by the PRC regulatory authorities, expand our offerings of products and services. In addition, we intend to have an equity participation in a joint venture which will engage in e-Commerce business (the “**Proposed e-Commerce JV**”) pursuant to a strategic cooperation agreement entered into among Dalian Wanda Group, Shenzhen Tencent Computer Systems Company Limited and Beijing Baidu Netcom Science and Technology Co., Ltd. See “Summary — Recent Developments — Recent Developments in Our Business.” These new businesses may have different operational parameters and risk profiles when compared to our more established existing businesses, and we may not have sufficient operating experience to effectively manage these new businesses and the corresponding risks.

These new businesses may expose us to new challenges and risks, including but not limited to:

- insufficient experience, expertise and skills in offering new products and services and dealing with new counterparties and customers;
- stricter regulation and increased credit risks, market risks and operational risks;
- failure to achieve investment returns from our new businesses;

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- reputational concerns arising from dealing with new counterparties and customers who are less familiar to us and may be less sophisticated;
- failure to hire sufficient qualified personnel to support the offering of new products and services;
- lack of market and customer acceptance of our new products and services;
- failure to make accurate analysis or judgment on the market conditions of our new business;
- failure to obtain sufficient financing from internal and external sources to support our business expansion;
- failure to enhance our risk management capabilities and IT systems in a timely manner to support our new businesses and a broader range of products and services;
- With respect to the Proposed e-Commerce JV, failure to leverage our past experience and resources for the proposed integration of online business and offline business to be achieved by the Proposed e-Commerce JV; and
- With respect to the Proposed e-Commerce JV, exposure to reputational and financial risks if the Proposed e-Commerce JV fails in its efforts in e-Commerce business or does not meet the expectations of customers.

If we are unable to achieve the expected results with respect to new businesses we intend to enter into and our offering of new products and services, our business, financial condition, results of operations and prospects could be materially and adversely affected.

**The illiquidity of investment properties and the lack of alternative uses of hotel and investment properties may significantly limit our ability to respond to adverse changes in the performance of our investment properties.**

Because property investments in general are relatively illiquid, our ability to promptly sell one or more of our investment properties in response to changing economic, financial and investment conditions is limited. The property market is affected by various factors, such as general economic conditions, availability of financing, interest rates and supply and demand, many of which are beyond our control. We cannot predict whether we will be able to sell any of our investment properties for the price or on the terms set by us, or whether any price or other terms offered by a prospective purchaser would be acceptable to us. We also cannot predict the length of time needed to find a purchaser and to complete the sale of a property. Moreover, we may also need to incur capital expenditure to manage and maintain our properties or to correct defects or make improvements to these properties before selling them. We cannot assure you that financing for such expenditures would be available when needed, or at all. In addition, if we sell an investment property during the term of that property's management agreement or tenancy agreement, we may have to pay termination fees to our third party hotel management companies or our retail tenants.

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Furthermore, the aging of investment properties, changes in economic and financial conditions or changes in the competitive landscape in the PRC property market may adversely affect the amount of rentals and revenue we generate from, as well as the fair value of, our investment properties. However, hotels and investment properties may not be readily converted to alternative uses, as such conversion requires extensive governmental approvals in the PRC and involves substantial capital expenditures for the purpose of renovation, reconfiguration and refurbishment. We cannot assure you that we will possess the necessary approvals and sufficient funds to carry out the required conversion. These factors and any others that would impede our ability to respond to adverse changes in the performance of our hotels and investment properties could affect our ability to compete against our competitors and our results of operations.

**If our risk management and internal control policies and procedures fail to be implemented effectively, our business and prospects may be materially and adversely affected.**

We have recently enhanced our risk management and internal control policies and systems as part of a continuous effort to improve our risk management capabilities and enhance our internal controls. See “Business — Risk Management and Internal Control” for more details. However, we cannot assure you that our risk management and internal control policies and procedures will adequately control or protect us against all risks. Some of these risks are unforeseeable or unidentifiable and may be more severe than what we may anticipate.

Our risk management capabilities and ability to effectively monitor legal compliance and other risks are restricted by the information, tools, models and technologies available to us. In addition, given the limited history of some aspects of our risk management and internal control policies and procedures, we will require additional time to implement these policies and procedures in order to fully assess their impact and evaluate our compliance with them. Moreover, our employees will require time to adjust to these policies and procedures and we cannot assure you that our employees will be able to consistently comply with or accurately apply them.

If our risk management and internal control policies, procedures and systems fail to be implemented effectively, or if the intended results of such policies, procedures and systems are not achieved in a timely manner (including our ability to maintain an effective internal control system), our business, financial condition, results of operations and reputation may be materially and adversely affected.

**We may be exposed to various types of taxes in the jurisdictions in which we operate or have a presence.**

As our operations are primarily based in the PRC, the income and gains derived by us will be primarily exposed to profits tax in the PRC. In addition, the income and gains derived by us may be exposed to various types of taxes in other jurisdictions where members of the Group are incorporated, including Hong Kong, the British Virgin Islands, the United Kingdom, Spain, Bermuda and the United States. These may include income taxes, withholding taxes and other taxes payable on the receipt of dividends and other distributions. While we intend to manage our tax situation in each of these jurisdictions efficiently, there can be no assurance that the desired tax outcome will necessarily be achieved. In addition, the level of taxation in each of



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these jurisdictions, including the PRC, is subject to changes in laws and regulations as well as changes in the application of existing laws and regulations by tax authorities, and such changes, if any, may lead to an increase in our effective tax rates. We will also be subject to taxes in any new jurisdictions in which we acquire properties, and similar risks will apply in respect of such taxes. All of these factors may have a material and adverse effect on our business, financial condition and results of operations.

**We may not have adequate insurance to cover all losses and claims associated with our operations.**

We maintain insurance in line with general industry practice in the PRC and other jurisdictions where we operate and as we consider appropriate for our business operations. We do not, however, maintain insurance against all risks associated with our operations. Moreover, there are certain losses for which insurance is not available in the PRC on commercially practicable terms. We may incur losses, damages or liabilities during any stage of our property development arising from these uninsured events, and we may not have sufficient funds to cover the same or to rectify or replace any uninsured property or project that has been damaged or destroyed. In addition, any payments we are obligated to make to cover any losses, damages or liabilities may materially and adversely affect our business, financial condition and results of operations.

**Our success depends on the continued services of our senior management team and other qualified employees.**

Our continued success and growth depends on our ability to identify, hire, train and retain suitably skilled and qualified employees, including management personnel, with relevant professional skills. The services of our Directors and members of senior management are essential to our success and future growth. The loss of a significant number of our Directors and senior management could have a material adverse effect on our business if we are unable to find suitable replacements in a timely manner. We may not be able to successfully attract, assimilate or retain all of the personnel we need. We may also need to offer superior compensation and other benefits to attract and retain key personnel and therefore cannot assure you that we will have the resources to fully achieve our staffing needs. Due to the intense competition for management and other personnel in the PRC property sector, any failure to recruit and retain the necessary management personnel and other qualified employees could have a material adverse impact on our business and prospects.

**A deterioration in our brand image or any infringement of our intellectual property rights may materially and adversely affect our business.**

We rely to a significant extent on our brand name, “Wanda” (“萬達”), in marketing our properties to potential purchasers and tenants. Brand value is based largely on subjective consumer perception and can be damaged by isolated incidents that diminish consumer trust. Any negative incident or negative publicity concerning us, our business or our tenants could adversely affect our reputation and business. Our brand value and consumer demand for our properties could decline significantly if we fail to maintain the quality of our properties or fail to deliver a consistently positive experience to the purchasers and tenants of our properties, or if we are perceived to have acted in an unethical or socially irresponsible manner. In addition, our efforts to protect our brand name may not be adequate and we may be unable to identify any unauthorized use of our brand name or to take appropriate steps to enforce our



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rights on a timely basis. Any unauthorized use or infringement of our brand name may impair our brand value, damage our reputation and materially and adversely affect our business and results of operations. In addition, we have authorized Dalian Wanda Group and its subsidiaries, and may in the future authorize additional companies, to use our brand. While we seek to maintain our brand image by requiring these companies to comply with the relevant rules and standards relating to the use of our brand name, we cannot assure you that these parties will not use our brand name in a way that negatively affects our reputation and the reputation of our projects, which in turn may have an adverse effect on our financial condition and results of operations.

In addition, our service marks, trademarks, trade secrets and other intellectual property are critical to our success. We rely on trademark and copyright law, trade secret protection and confidentiality agreements with our employees, customers, business partners and others to protect our intellectual property rights. Despite the precautions taken, it may be possible for third parties to obtain and use our intellectual property without authorization, which may adversely affect our business and reputation. Moreover, litigation may be necessary in the future to enforce our intellectual property rights, to protect our trade secrets or to determine the validity and scope of the proprietary rights of others. Such litigation could result in substantial costs and a diversion of resources and, consequently, could adversely affect our business and results of operations.

**We may be involved in legal and other proceedings arising out of our operations from time to time and may face significant liabilities as a result.**

We may be involved in disputes with various parties involved in the development and sale of our properties, including contractors, suppliers, construction workers, purchasers and project development partners. We may also be involved in disputes with various parties relating to our property leasing and management business and hotel business. See “Business — Legal Proceedings and Material Claims”. These disputes may lead to various forms of protests against us or legal or other proceedings and may result in substantial costs, damages to our brand and reputation and a diversion of resources and management’s attention. In addition, we may have disagreements with regulatory bodies in the course of our operations which may subject us to administrative proceedings and unfavorable decrees that result in pecuniary liabilities, cause delays to our property developments or otherwise disrupt our business operations. We cannot assure you that we will not be involved in any major disputes or legal or other proceedings in the future. Further, we endeavor to structure our business in a tax efficient manner. If any of our arrangements is successfully challenged by the relevant tax authorities, we may incur additional tax liabilities, which could adversely affect our results of operations or financial condition. In addition, from time to time, our officers and management may be parties to litigation or other legal proceedings. Even though our company may not be directly involved in such proceedings, such proceedings may affect our reputation and, consequently, adversely impact our business.

**Certain of our lessors do not possess relevant title certificates for some of our leased properties, and we may be required to seek alternative premises for some of our properties.**

As of September 30, 2014, we leased 168 properties with an aggregate GFA of approximately 289,104 sq.m. in the PRC, primarily as business premises. Among these properties, 54 properties with an aggregate GFA of approximately 40,906 sq.m. were leased

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from Lessors who were not able to provide the title certificates to these properties, which accounted for less than 1% of the aggregate GFA of all the properties we owned and used (including properties for self-use, completed hotels, completed investment properties and leased properties) as of the same date. As a result, these leases may be invalid. With respect to approximately 78.5% of the aggregate GFA of properties covered by these defective leases, the relevant lessors have undertaken to indemnify us for losses arising from their defective legal titles to these properties, though there can be no assurance that such lessors would be able to honor their indemnification obligations if they were required to do so. In addition, we may not be able to renew our leases on terms acceptable to us upon the expiration of these leases. If any of our leases were terminated as a result of being challenged or were not renewed upon expiration, we may need to seek alternative premises, which may lead to disruptions in our business operations and cause us to incur additional costs relating to relocations. Although we have adopted various measures to reduce the disruptions in our business operations and any additional costs we might incur due to relocations because of a lessor's failure to have the proper title certificate, such as looking for alternative business premise as soon as practicable after receiving the relocation notice and negotiating with the relevant lessor for compensation, we cannot guarantee that these measures will be effective.

**Certain portions of our property development projects, investment properties and hotels are designated as civil air defense properties.**

According to PRC laws and regulations, new buildings constructed in cities should contain basement areas that can be used for civil air defense purposes in times of war. Under the PRC Civil Air Defense Law, while an investor in civil air defense properties can use and manage civil air defense properties and derive profit from civil air defense properties in times of peace, such use must not impair their functions as civil air defense properties. The design, construction and quality of the civil air defense properties must also conform to the protection and quality standards established by the PRC government.

As of October 31, 2014, we had 65 completed civil air defense projects which had been put into use. Of these 65 civil air projects, two civil air defense projects did not hold licenses for the use of civil air defense projects during peacetime. In addition, one civil air defense projects did not obtain Civil Defense Project Examination and Acceptance Certificates (民防工程驗收證書) before it was put into use. The total GFA of the three civil air defense projects not in compliance with applicable laws and regulations was approximately 107,219 sq.m., representing approximately 5.9% of the total GFA of all the civil air defense projects that we completed and put into use. Most of these three civil air defense projects are used as car parks. Our PRC legal advisor, Tian Yuan Law Firm, has advised us that the estimated total maximum penalty is approximately RMB0.2 million. In addition, we may be required to refrain from using these three civil air defense projects until the required licenses are obtained, and may also be held liable for any losses or damages arising therefrom.

In addition, if we, our third party hotel management companies or our third party property management companies fail to construct or maintain our civil air defense properties in accordance with the applicable laws and regulations, we may be subject to adverse legal consequences. Furthermore, in the event that the PRC government declares a state of war, the PRC government may take over our civil air defense properties and use them as civil air defense shelters. If we or our third party hotel management companies fail to provide our civil air defense properties when required by the PRC government in such times of war, we may be subject to sanctions or other penalties imposed by the PRC government. The civil air defense

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areas of our investment properties are primarily leased out as car parks. In the event that the PRC government takes over the civil air defense areas of our investment properties, we may not be able to lease out our car parks which form a portion of our civil air defense areas, and such areas will no longer be a source of our rental income. For the car parks already leased out at the time of the government takeover, we would need to refund all or a portion of the rent to the car park lessees.

The occurrence of any of the above could materially and adversely affect our business, financial condition and results of operations.

**Adverse media reports about us or our projects, whether substantiated or not, may cause harm to our reputation and adversely affect our business operations.**

The development of, and future trends in, the PRC property industry, including business strategies of major property developers, have been the focus of numerous media reports. As a leading property developer in China, information about us or our projects appears frequently in various media outlets. Some of these media reports contain inaccurate information about our Company and our projects. There can be no assurance that there will not be false, inaccurate or adverse media reports about us or our projects in the future. In particular, we may be required to respond or take defensive and remedial actions with regard to such inaccurate or adverse media reports, which may adversely divert our resources and our management's attention and adversely affect our business operations.

Moreover, there can be no assurance as to the appropriateness, accuracy, completeness or reliability of any media reports regarding our Company. To the extent that any media reports contain information that is inconsistent or conflicts with the information contained in this prospectus, we disclaim them, and investors should not rely on such information in making a decision as to whether to purchase our H Shares, and should rely only on the information included in this prospectus.

**Our future dividend payments will be proposed by the Board.**

The amount of any dividends that the Company may declare and pay in the future will be proposed by the Board and subject to the Shareholder meeting's approval and will be based on our distributable profit and take into consideration our earnings, cash flow, financial condition, the availability of dividends from our subsidiaries, business planning, return to our Shareholders, capital requirements, finance costs, the external financing environment and any other factors that the Directors may deem relevant. The payment of dividends may also be limited by legal restrictions and by financing agreements that we may enter into from time to time. We cannot guarantee when, if and in what form dividends will be declared or distributed in the future. The amounts of distributions that any company within our Group or Dalian Wanda Group has declared and made in the past are not indicative of the dividends that the Company may pay in the future.

**We may be subject to additional payments of statutory employee benefits.**

According to PRC labor laws and regulations, we are required to pay various statutory employee benefits, including pensions, housing fund, medical insurance, work-related injury insurance, unemployment insurance and childbearing insurance, for all employees to designated government agencies based on the contribution ratio pre-set by the local labor

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authorities. We did not pay social insurance fund or housing fund for certain employees during the Track Record Period mainly for the following reasons: (i) the employees voluntarily opted to pay social insurance fund or housing fund by themselves or by their previous employers; (ii) the employees voluntarily opted not to participate in social insurance fund or housing fund schemes; (iii) the employees voluntarily opted to participate in rural social insurance scheme instead of social insurance fund or housing fund schemes; or (iv) the employees or their previous employers had failed to pay adequate social insurance fund or housing fund before the employees joined us and as a result we could not pay their social insurance fund or housing fund before their previous failures to pay were rectified. As of September 30, 2014, the number of employees that we did not pay statutory social insurance fund and housing fund for amounted to 410 and 185, respectively, which accounted for, in each case, less than 1% of the total number of our employees as of the same date. As of the Latest Practicable Date, we had not been subject to any material penalty from the relevant local labor authorities in relation to statutory employee benefits laws and regulations. According to Tian Yuan Law Firm, our PRC legal advisor, if the relevant employees bring a complaint before relevant government authorities or initiate labor arbitration proceedings, we may be required to pay the arrears amount in full and pay delay penalties. If we are required to make additional payments of statutory employee benefits, our operating expenses will increase and consequently our results of operations and financial condition may be materially and adversely affected.

### RISKS RELATING TO OUR INDUSTRY

**Our business is subject to extensive government regulations, and the PRC government may introduce further measures to curtail growth in the property sector.**

Our business is subject to extensive government regulation. As with other PRC property developers, we must comply with various requirements mandated by PRC laws and regulations, including the policies and procedures established by local authorities designed to implement such laws and regulations. The PRC government exerts considerable direct and indirect influence on the development of the PRC property sector by imposing industry policies and other economic measures, such as control over the supply of land for property development and control of foreign exchange, property financing, taxation and foreign investment. Specifically, the PRC government may restrict or reduce land available for property development, raise benchmark interest rates for commercial banks, place additional limitations on the ability of commercial banks to make loans to property developers and property purchasers, impose additional taxes and levies on property sales and restrict foreign investment in the PRC property sector. Such property industry policies may materially and adversely affect our operations and/or our future business development. We cannot assure you that the PRC government will not adopt additional and more stringent industry policies, regulations and measures in the future. If we fail to adapt our operations to such new policies, regulations and measures that may come into effect from time to time, or if such policy changes negatively impact our business or cause us to incur additional costs, our business, financial condition, results of operations and prospects may be materially and adversely affected.

Investments in the PRC property sector have increased significantly in the past decade. In response to concerns over the rapid increase in property investments and property prices, from 2004 to the first half of 2008, the PRC government introduced various policies and measures to curtail property development. In the second half of 2008 and in 2009, in order to combat the impact of the global economic slowdown, the PRC government adopted measures

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to encourage consumption in the property market and to support real estate development. However, since December 2009, the PRC government has adjusted some of its policies in order to enhance regulation in the property market, restrain property purchases for investment or speculation purposes and keep property prices from rising too quickly in certain cities, including:

- abolishing certain preferential treatment relating to business taxes payable upon transfers of residential properties by property owners and imposing more stringent requirements on the payment of land grant premium by property developers;
- requiring higher minimum down payments, granting the right to commercial banks to stop lending to speculative developers;
- imposing property purchase restrictions on non-local residents, decreasing the maximum loan to value ratio of mortgage loans offered to borrowers, and increasing mortgage interest rates and construction loan interest rates;
- increasing the minimum down payment to at least 60% of the total purchase price for second-house purchases with a minimum lending interest rate of at least 110% of the benchmark rate, restricting purchasers in certain targeted cities from acquiring second (or further) residential properties and restricting non-residents in certain targeted cities that cannot provide any proof of local tax or social security payments for more than a specified time period from purchasing any residential properties, launching new property tax schemes in certain cities on a trial basis and levying business taxes on the full amount of the transfer price if an individual owner transfers a residential property within five years of the date of making the purchase as defined in the relevant regulations.

These and other future measures may limit our access to capital, reduce market demand for our products and increase our finance costs. We cannot assure you that the PRC government will not adopt more stringent policies, regulations and measures in the future. If we fail to adapt our operations to new policies, regulations and measures that may come into effect from time to time with respect to the real property industry, or such policy changes negatively impact our business, our financial condition, results of operations and prospects may be materially and adversely affected.

**The property industry in China is still at a relatively early stage of development with a significant degree of uncertainty.**

Private ownership of property in China is still at a relatively early stage of development. Demand for commercial and residential properties has been increasing rapidly in recent years, which has often been coupled with volatile market conditions and fluctuations in prices. Numerous factors may affect the development of the market and, accordingly, it is very difficult to predict when and how much demand will develop. Limited availability of accurate financial and market information and the general low level of transparency in China's property industry contribute to overall market uncertainty. Investors may be discouraged from acquiring new properties due to the lack of a liquid secondary market for commercial and residential properties. In addition, the limited amounts and types of mortgage financing available to purchasers, together with the lack of long-term security of legal title and enforceability of property rights, may also inhibit demand for commercial and residential properties. The risk of

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over-supply is also increasing in parts of China where property investment, trading and speculation have become more active. If as a result of any one or more of these or similar factors, demand for commercial and residential properties or market prices decline significantly, our business, financial condition and results of operations could be materially and adversely affected.

**The global financial markets have experienced significant slowdown and volatility during the past few years and any continued deterioration may materially and adversely affect our business and results of operations.**

The economic slowdown and turmoil in the global financial markets starting in the second half of 2008 have resulted in a general tightening of credit, an increased level of commercial and consumer delinquencies, lack of consumer confidence and increased market volatility. The global economic slowdown has also affected the PRC property market, including among other things,

- by reducing the demand for commercial and residential properties resulting in the reduction of property prices;
- by adversely impacting the purchasing power of potential property purchasers, which may further impact the general demand for properties and cause a further erosion of their selling prices; and
- by negatively impacting the ability of property developers and potential property purchasers to obtain financing.

More recently, global market and economic conditions were adversely affected by the credit crisis in Europe, the credit rating downgrade of the United States and heightened market volatility in major stock markets. These and other issues resulting from the global economic slowdown and financial market turmoil have adversely impacted, and may continue to adversely impact, potential property purchasers, which may lead to a decline in the general demand for our properties and erosion of their selling prices. Any further tightening of liquidity in the global financial markets may negatively affect our liquidity. In addition, the PRC economy grew at a slower pace in 2012 and 2013 than in previous years, with a GDP growth of 7.8% and 7.7% for 2012 and 2013, respectively. If the global economic slowdown and financial crisis continue or become more severe than currently anticipated, or if the PRC economy continues to slow down, our business, financial condition, results of operations and prospects could be materially and adversely affected.

**Increasing competition in the PRC may materially and adversely affect our business and financial condition.**

There are a large number of property developers in the PRC. In recent years, a large number of property developers have undertaken property development and investment projects across China, including property development and investment projects similar to ours, and we expect the level of competition to increase over time, especially as new players enter the market and existing players expand, merge, reorganize and become more established. Our major competitors include large national and regional property developers and overseas developers, some of which may have better track records and greater financial, managerial, marketing and other resources than us. In addition, we also compete with small local property



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developers which are improving in product quality and expanding in terms of scale and variety of products. Intense competition among property developers in China for land, financing, construction materials and skilled management and human resources may result in increased cost for land acquisition and construction, an oversupply of properties available for sale, a decrease in property prices, a slowdown in the rate at which new property developments are approved or reviewed by the relevant PRC government authorities and an increase in administrative costs for hiring or retaining qualified contractors and personnel.

Our property leasing and management business and hotel business also face significant competition, primarily from properties of a similar grade in their immediate vicinity and also with other properties in their geographical market. The level of competition is affected by various factors, including changes in local, regional and global economic conditions, changes in local, regional and global populations, the supply of and demand for properties, changes in travel patterns/preferences and the level of business activity.

We compete with our competitors across a range of factors, including location, capital resources, transportation, infrastructure, government tax and other incentives, design, quality of premises, accommodations and amenities, breadth and quality of services provided, brand recognition, maintenance and supporting services. We also compete on sales prices, rental rates and other terms. Existing and prospective customers may consider our competitors' properties to be superior. As a result, we may (i) lose current and potential tenants or purchasers to our competitors and have difficulty selling, renewing leases on or re-letting properties; (ii) be forced to reduce our sales prices or rental rates; or (iii) incur additional costs in order to make our properties more attractive than those of our competitors. If we are unable to compete effectively and consistently, we may not be able to sell or lease our properties on favorable terms, or at all, our occupancy rates may decline and we may not be able to recover our property development costs.

Any of the above may adversely affect our business, financial condition and results of operations. In addition, the property markets in China are rapidly changing in response to various external factors beyond our control. If we fail to respond to these changes in market conditions or customer preferences more swiftly or effectively than our competitors, our business, financial condition and results of operations could be adversely affected.

### **We are exposed to contractual and legal risks related to the pre-sale of our properties.**

PRC law allows property developers to pre-sell properties prior to their completion. We depend on cash flows from pre-sales of properties as an important source of funding for our property developments. Under current PRC laws and regulations, property developers must fulfill certain conditions before they can commence pre-sales of the relevant properties and pre-sales proceeds may only be used to finance the related development. However, there can be no assurance that the PRC government will not ban or impose additional restrictions on pre-sales in the future. Any ban or additional restrictions on pre-sales may require us to seek alternative sources of funding to finance our developments, and such alternative funding may not be available to us on attractive terms, or at all, in which case our cash flow and prospects, and our business, financial condition and results of operations could be materially and adversely affected.

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We make certain undertakings in our pre-sale contracts. Our pre-sale contracts and PRC laws and regulations provide for remedies for breach of these undertakings. For example, if we fail to deliver the development of units which we have pre-sold, we will be liable to the purchasers for their losses. If we fail to complete a pre-sold property on time, our purchasers are entitled to claim compensation for late delivery under either their contracts with us or the relevant PRC laws and regulations. If our delay extends beyond a specified period, our purchasers may terminate their pre-sale contracts and bring claims for additional compensation. A purchaser may also terminate his or her contract with us and/or bring claims for compensation for certain other contract disputes, including, for example, if the GFA of the relevant unit, as set out in the strata-title building ownership certificate, deviates by more than 3% from the GFA of that unit as set out in the contract; if the floor plan of the relevant unit is different from what is set out in the contract and adversely affects the quality and functionality of the unit; if the interior decoration of the relevant unit is inferior to what is set out in the contract; or if the purchaser fails to receive the strata-title property ownership certificate within a statutory period due to our fault.

The major cause for the delays in delivery has been delays in construction of the projects by our contractors for various technical and other reasons. If a delay is caused by a contractor, we are typically able to claim compensation from the contractor pursuant to the terms of our contract with it and generally recoup such compensation through negotiated reduced fee payments to the contractor. We cannot assure you that we will not experience delays in the completion of our projects and delivery of our properties and, to the extent that we believe such delays are caused by the fault of our contractors, that we will always succeed in proving such fault against, and recoup full compensation from, our contractors. We also cannot assure you that the GFA for a delivered unit will not deviate more than 3% from the GFA set out in the relevant contract or that we will not be involved in other contract disputes with purchasers of our properties resulting in penalties against us. If we experience material delays in delivering our properties in the future or are required to pay significant amounts of compensation to purchasers of our properties due to contractual disputes or for other reasons, our results of operations may be materially and adversely affected.

**The hotel industry is cyclical and macroeconomic and other factors beyond our control can have a material adverse effect on demand for our hospitality products and services.**

We own and operate hotels in the PRC and are developing hotels in the U.K., Spain, the United States and Australia. As a result, the results of operations of our hotel business depend, to a large extent, on the performance of those economies and their hotel market conditions. Historically, the hotel industry has been cyclical and affected by, amongst other factors, supply of and demand for comparable hotels, the rate of economic growth, interest rates, inflation, governmental policies and political and economic developments. There can be no assurance that the economies of the territories in which we operate will improve, that hotel property values and rates will not decline or that interest rates will not rise in the future. During periods of economic decline or uncertainty, our hotel operations could be vulnerable to reduced business travel, decreased consumer spending and reduced disposable income, all of which may result in reduced demand for hotel rooms and downward pressure on our daily room rates. As a result, an economic decline generally, or a decline in hotel industry conditions, could have an adverse effect on our hotel business and therefore on our results of operations and financial condition. Our customers' desire, willingness and ability to travel may also be affected by travel disruptions caused by extreme weather conditions, other natural disasters or epidemics. The Political Bureau of the CPC Central Committee on Eight Provisions to Improve the Style

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of Work and Maintain Close Ties with the Masses (中共中央政治局關於改進工作作風、密切聯繫群眾的八項規定), a new PRC government policy aimed at minimizing extravagant spending by government officials and reducing bureaucratic visits and meetings, went into effect in December 2012. Since its implementation, the austerity measures have negatively impacted the hotel, travel and tourism industries in the PRC, particularly at higher-end hotels and restaurants. Enforcement of these restrictive policies may be enhanced in the future. Furthermore, there can be no assurance that the PRC government will not introduce additional policies and measures with similar effects on the industries in which we operate. These existing policies and measures and any future policies and measures could adversely affect our business, financial condition and results of operations. We cannot predict the occurrence of these events or the extent to which they will directly or indirectly impact the hotel industry and our hotel business.

**We are exposed to seasonal volatility in the overall hotel market in the PRC.**

We derive a portion of our revenue from hotel operations. Hotel guests are short-term occupants of the hotel rooms and do not generally commit to medium- and long-term contractual rental payments. As a result, hotel occupancy rates and room rates are subject to a high degree of variability due to seasonal factors and the nature of the hotel business. In addition, a significant portion of our hotel revenue is generated by our food and beverage services, including banquet services. Demand for our banquet services typically increases on holidays, festivals and dates that are believed to be auspicious under the Chinese lunar calendar. While measures have been taken to address the seasonal fluctuations for our hotel business, including our food and beverage business, comparisons of results of operations between different periods within a single financial year may not be meaningful and should not be relied upon as indicators of our performance.

**Our business will be materially and adversely affected if mortgage financing becomes more costly or otherwise less attractive or available.**

Most purchasers of our commercial and residential properties rely on mortgages to fund their purchases. An increase in interest rates may significantly increase the cost of mortgage financing and may affect the affordability of commercial and residential properties. The PRC government and commercial banks may also increase the down-payment requirements, impose other conditions or otherwise change the regulatory framework in a manner that would make mortgage financing less available or less attractive to potential property purchasers. If the availability or attractiveness of mortgage financing is reduced or limited, many of our prospective customers may not be able to purchase our properties and, as a result, our business, financial condition and results of operations could be materially and adversely affected.

**Our transfer of funds into the PRC to finance the development or operation of our investment properties is subject to approval by the PRC government and, as a result, the use of our net proceeds from the Global Offering as disclosed in this prospectus may be delayed.**

The PRC government has implemented a series of rules and measures to control the inflow of foreign funds into the property development industry (including hotel development) or for property speculation. The transfer of our net proceeds from the Global Offering into the PRC is subject to such PRC government control measures.

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On April 28, 2013, SAFE issued the Measures for the Administration of Foreign Debt Registration (《外債登記管理辦法》) (“**Notice No. 19**”). Notice No. 19 restricts the ability of foreign-invested property development companies to raise funds offshore by structuring the funds as a shareholder loan to the property development companies in the PRC. Instead, in most circumstances, such companies have to structure the funds from offshore as an equity investment and obtain the funds through an increase of their registered capital or the establishment of new foreign-invested property or hotel development companies. On June 18, 2008, MOFCOM issued the Circular on Better Implementation of the Filing of Foreign Investment in the Real Estate Industry (《商務部關於做好外商投資房地產業備案工作的通知》), pursuant to which MOFCOM has delegated the task of verifying filing documents to its provincial agencies. On May 23, 2007, MOFCOM and SAFE jointly promulgated the Notice on Further Reinforcing and Regulating the Approval and Supervision on Foreign Direct Investment in the Real Estate Industry (《關於進一步加強、規範外商直接投資房地業審批和監管的通知》) (“**Circular 50**”), which provides that, among other things, existing foreign-invested enterprises need to obtain approval before expanding their business operations into the real estate sector and existing foreign-invested property developers and enterprises need to obtain new approval if they wish to expand their existing real estate business operations. On June 24, 2014, the MOFCOM and SAFE jointly issued the Notice Regarding the Improvement of Registration of Foreign Investment in the Real Estate Industry (《關於改進外商投資房地業備案工作的通知》), which adopts an electronic registration system instead of registration in hardcopy to simplify the registration process of foreign investment in the real estate industry.

Pursuant to the above notices, we are required to register and apply for approvals from the relevant PRC governmental authorities if we plan to expand the scope of our business or the scale of our operations and increase the registered capital of our subsidiaries or associated project companies in the PRC in the future.

We are planning to apply for approval from the relevant PRC authorities for remittance of the net offering proceeds to the PRC once we have received all of the net proceeds after the Global Offering. We cannot assure you that we will obtain all relevant necessary approval certificates in a timely manner or at all, or that we will obtain all necessary registrations for all of our operating subsidiaries in the PRC in order to comply with the relevant regulations in a timely manner or at all. Further, we cannot assure you that the PRC government will not introduce new policies that prevent or further restrict our ability to deploy the funds raised in the Global Offering. As a result, we may not be able to use all or any of the capital that we may raise from the Global Offering to finance our property acquisitions or our new projects in a timely manner or at all. Any of the foregoing may materially and adversely affect the financial condition of our PRC subsidiaries and may cause delays to the developments undertaken by such PRC subsidiaries. Furthermore, we cannot assure you that the PRC government will not introduce new policies that further restrict our ability to deploy, or that prevent us from deploying, funds raised outside of the PRC into the PRC. As a result, we may not be able to use all or any of the capital that we may raise outside the PRC to finance our projects in a timely manner or at all.

In addition, any capital contributions made to our PRC operating subsidiaries, including from the net proceeds of the Global Offering, are also subject to the foreign investment regulations and foreign exchange regulations in the PRC. For example, in accordance with circulars promulgated by SAFE in August 2008 and November 2011 with respect to the administration of conversion of foreign exchange capital contributions of foreign invested

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companies into Renminbi, unless otherwise permitted by PRC laws or regulations, Renminbi converted from foreign exchange capital contributions can only be applied to the activities within the approved business scope of such foreign invested company and cannot be used for domestic equity investment. Pursuant to these circulars, we may encounter difficulties in increasing the capital contributions to our project companies and subsequently converting such capital contributions into Renminbi for equity investment in China. We cannot assure you that we will be able to obtain these approvals on a timely basis, or at all. If we fail to obtain such approvals, our ability to make equity contributions to our PRC project companies as their general working capital or to fund their operations may be negatively affected, which could materially and adversely affect our results of operations.

**Compliance with PRC laws and regulations regarding environmental protection may result in substantial costs, which may materially and adversely affect our operations and profitability.**

We are subject to extensive PRC laws and regulations concerning environmental protection and the preservation of antiquities and historical monuments which impose fines for violation and authorize government authorities to shut down any construction sites that fail to comply with governmental orders requiring the cessation of certain activities causing environmental damage or damages to antiquities or historical monuments. The application of such laws and regulations vary greatly according to a site's location, its environmental condition, its present and former use, as well as the conditions of its adjoining properties. Such variation in application may result in delays in our project completion and may cause us to incur substantial compliance and other costs and prohibit or severely restrict our project development activities in environmentally or historically sensitive regions or areas.

As required by PRC laws and regulations, each project we develop is required to undergo environmental assessments and the related assessment document must be submitted to the relevant government authorities for approval before commencement of construction. If we fail to meet such requirements, the local authorities may issue orders to terminate our construction activities and may impose a penalty in the range of RMB50,000 to RMB200,000. We cannot assure you that we will be able to comply with all such requirements with respect to environmental assessments. It is possible that the environmental assessments conducted may not reveal all environmental liabilities or their full extent, and there may be material environmental liabilities of which we are unaware. In the event of a termination of construction and/or imposition of a fine as a result of our non-compliance, our financial condition may be materially and adversely affected.

There is a growing awareness of environmental issues in the PRC and we may sometimes be expected to meet more stringent standards than those under applicable environmental laws and regulations. We have not adopted any special environmental protection measures other than the measures generally taken in the ordinary course of business by comparable companies in our industry. There is no assurance that more stringent requirements on environmental protection will not be imposed by the relevant PRC governmental authorities in the future. If we fail to comply with existing or future environmental laws and regulations or fail to meet public expectations, our reputation may be damaged or we may be required to pay penalties or fines or take remedial actions, any of which could have a material adverse effect on our business, financial condition and results of operations.



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Moreover, we own properties and may purchase additional properties located in the United States. These properties are subject to U.S. laws and regulations governing environmental liabilities. These laws could change over time and could result in additional costs for development and operating compliance. Under various U.S. environmental laws, a current or previous owner or operator of real property may be liable for the costs of removing or remediating hazardous or toxic substances on such property and may be responsible for the presence of such hazardous substances. Environmental laws also may impose restrictions on how we operate our businesses. A property owner who violates environmental laws may be subject to sanctions that may be enforced by governmental agencies, or in certain circumstances, by private parties. In connection with the acquisition and ownership of our properties located in the United States, we may be exposed to such costs. The costs of defending ourselves against environmental claims, of compliance with environmental regulatory requirements or of remediating any contaminated property could materially and adversely affect our business, assets or results of operations and, consequently, amounts available for distribution to our shareholders.

**The property development business is subject to claims under statutory quality warranties and other customer claims.**

All property development companies in the PRC, including us, must provide certain quality warranties for the properties they construct or sell. We have received customer claims in relation to the quality of our projects in the past and we expect to continue to receive customer claims of this nature in the future. Although we receive quality warranties from our third-party contractors with respect to our property development projects, if a significant number of claims are brought against us under our warranties and if we are unable to obtain reimbursement for such claims from third-party contractors in a timely manner, or at all, or if the money retained by us to cover our payment obligations under the quality warranties is not sufficient, we could incur significant expenses to resolve such claims or face delays in correcting the related defects, which could in turn harm our reputation and could have a material and adverse effect on our business, financial condition and results of operations.

In addition, we may be subject to other types of customer claims from time to time during our ordinary course of business, such as claims in relation to the delay in delivery of property title documents due to various reasons, including a longer time being required for completing the relevant procedures than expected or delay in commencing the relevant procedures, including but not limited to the examining procedure by the relevant authorities and the registration, approval and certificate production procedures by the relevant property right authorities. We received claims from customers for the delay in delivery of property title documents during the Track Record Period, and we cannot assure you that we will not face any significant customer claims in the future, which may result in significant expenses to resolve such claims or if we face delays in remedying the related defects, harm our reputation and adversely affect our business, financial condition and results of operations.

**Accidents, injuries or prohibited activities in our investment properties and hotels may adversely affect our reputation and subject us to liability.**

There are inherent risks of accidents, injuries or prohibited activities (such as illegal drug use, gambling, violence or prostitution by guests and infringement of third parties' intellectual property or other rights by our tenants) taking place in public places, such as shopping malls and hotels. The occurrence of one or more accidents, injuries or prohibited activities at any of



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our investment properties or hotels could adversely affect our reputation among customers and guests, harm our brand, decrease our overall rents and hotel occupancy rates and increase our costs by requiring us to implement additional safeguard measures. In addition, if accidents, injuries or prohibited activities occur at any of our investment properties or hotels, we may be held liable for costs, damages and fines. Our current property and liability insurance policies may not provide adequate or any coverage for such losses and we may be unable to renew our insurance policies or obtain new insurance policies without increases in premiums and deductibles or decreases in coverage levels, or at all.

### RISKS RELATING TO CONDUCTING BUSINESS IN THE PRC

**As substantially all of our operations are conducted in the PRC, any adverse change in the PRC's political, economic or social condition may have a material and adverse effect on us.**

The economy of the PRC differs from the economies of most developed countries in many respects, including but not limited to:

- economic structure;
- level of governmental involvement;
- level of development;
- growth rate;
- control of foreign exchange; and
- allocation of resources.

As a result of these differences, our business may not develop in the same way or at the same rate as might be expected if the PRC economy were similar to those of developed countries. The PRC economy has been transitioning from a planned economy to a more market-oriented economy. The PRC government has implemented economic reform measures emphasizing responsiveness to market forces in the development of the PRC economy. However, the PRC government continues to play a significant role in regulating industries by imposing industrial policies. Furthermore, despite the implementation of such reforms, changes in the PRC's political and social condition, laws, regulations, policies and diplomatic relationships with other countries could have an adverse effect on our business, financial condition or results of operations.

In addition, many of the economic reforms carried out by the PRC government are unprecedented or experimental and are expected to be refined and improved over time. This refining and adjustment process may not necessarily have a positive effect on our operations and business development. Other political, economic and social factors may also lead to further adjustments of the reform measures. For example, the PRC government has in the past implemented a number of measures intended to curtail certain segments of the economy,

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including the real estate industry, which the government believed to be overheating. These actions, as well as other actions and policies of the PRC government, could cause a decrease in the overall level of economic activity in the PRC and, in turn, have an adverse impact on our business and financial condition.

**The PRC legal system is in the process of continuous development and has inherent uncertainties that could limit the legal protections available to us in respect of our operations.**

The PRC legal system is based on written statutes and prior court decisions can only be cited as reference. Additionally, PRC written statutes are often principle-oriented and require detailed interpretations by the enforcement bodies to further apply and enforce such laws. Since 1979, the PRC government has promulgated laws and regulations in relation to economic matters such as foreign investment, corporate organization and governance, commerce, taxation and trade, with a view to developing a comprehensive system of commercial law. However, as these laws and regulations are continually evolving in response to changing economic and other conditions, and because of the limited volume of published cases and their non-binding nature, any particular interpretation of PRC laws and regulations may not be definitive. In addition, the PRC legal system is based in part on government policies and internal rules (some of which are not published on a timely basis, if at all) that may have a retroactive effect. The PRC may not accord equivalent rights (or protection for such rights) to those rights investors might expect in countries with more sophisticated real estate laws and regulations.

Furthermore, the PRC is geographically large and divided into various provinces and municipalities and as such, different laws, rules, regulations and policies apply in different provinces and may have different and varying applications and interpretations in different parts of the PRC. Legislation or regulations, particularly for local applications, may be enacted without sufficient prior notice or announcement to the public. Accordingly, we may not be aware of the existence of new legislation or regulations. There is at present also no integrated system in the PRC from which information can be obtained in respect of legal actions, arbitrations or administrative actions. Even if an individual court-by-court search were performed, each court may refuse to make the documentation that it holds available for inspection.

Agreements that are governed by PRC laws may be more difficult to enforce by legal or arbitral proceedings in the PRC than in countries with more mature legal systems. Even if the agreements generally provide for arbitral proceedings for disputes arising out of the agreements to be in another jurisdiction, it may be difficult for us to obtain effective enforcement in the PRC of an arbitral award obtained in that jurisdiction.

**The Company relies on dividend payments from its subsidiaries to fund cash and financing requirements the Company may have.**

We conduct our core business operations through, and derive a majority of our profits from, our operating subsidiary companies established in the PRC. We are therefore financially dependent on the profits available for distribution by our subsidiaries in the PRC to pay

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dividends to our Shareholders and to service our indebtedness. If the subsidiaries incur any debts or losses, such indebtedness or loss may impair their ability to pay dividends or make other distributions to the Company. As a result, the Company's ability to pay dividends and other distributions to the Shareholders will be restricted.

In addition, some of our loan agreements and trust financing agreements restrict our subsidiaries from distributing dividends. Although borrowings under loan agreements and trust financing agreements stipulating that our relevant subsidiaries shall not distribute dividends without notifying the relevant lenders and obtaining their prior consent or fully repaying the outstanding amount under the relevant agreement only accounted for approximately 40% of our outstanding interest-bearing bank and other borrowings as of September 30, 2014, the actual amount of distributable profits of our subsidiaries subject to these covenants may account for a much larger share of our consolidated distributable profit in future years. This is because in any given year our subsidiaries subject to these covenants may generate more distributable profits than our subsidiaries not subject to these covenants may do. In the extreme case, it is possible that in a future year all of our consolidated distributable profits will be generated by our subsidiaries subject to the dividend distribution covenants. These subsidiaries will not be able to distribute any of our consolidated distributable profits to us under the relevant dividend distribution covenant.

PRC laws require dividends to be paid out of net profit calculated according to PRC GAAP, which, in many aspects, differ from the generally accepted accounting principles in other jurisdictions, including HKFRS. PRC companies are also required to set aside part of their net profits as statutory reserves, which are not available for distribution as cash dividends. Furthermore, we or our subsidiaries may enter into certain agreements such as bank credit facilities, trust financing agreements and joint venture agreements which may contain covenants which restrict our subsidiaries from making distributions to us. Any of the above factors may affect our abilities to pay dividends to our Shareholders and to service our indebtedness, which could materially and adversely affect our business, financial condition and results of operations.

### **The PRC government's control of foreign currency conversion may limit our foreign exchange transactions, including dividend payments on our H Shares.**

Currently, the Renminbi cannot be freely converted into any foreign currency, and conversion and remittance of foreign currencies are subject to PRC foreign exchange regulations. We cannot guarantee that we will have sufficient foreign exchange to meet our foreign exchange requirements. Under the current PRC foreign exchange regime, foreign exchange transactions under the current account conducted by us, including the payment of dividends, do not require advanced approval from SAFE, but we are required to present documentary evidence of such transactions and conduct such transactions at designated foreign exchange banks within the PRC that have the licenses to carry out foreign exchange business. Foreign exchange transactions under the capital account conducted by us, such as the repayment of indebtedness denominated in foreign currencies, however, must be approved by or registered or filed with SAFE.

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Under existing foreign exchange regulations, following the completion of the Global Offering, we will be able to pay dividends in foreign currencies without prior approval from SAFE by complying with certain procedural requirements. However, there is no assurance that these foreign exchange policies regarding payment of dividends in foreign currencies will continue in the future. In addition, any insufficiency of foreign exchange may restrict our ability to obtain sufficient foreign exchange for dividend payment to our Shareholders or to satisfy any other foreign exchange requirements. If we fail to obtain approval from SAFE to convert Renminbi into any foreign exchange for any of the above purposes, our capital expenditure plans and our business, financial condition and results of operations may be materially and adversely affected.

### **Fluctuations in the value of the RMB could have an adverse effect on your investment.**

The value of the RMB against the Hong Kong dollar, the U.S. dollar and other foreign currencies is affected by, among other things, changes in the PRC's economic and political condition. In 2005, the PRC government changed its policy of pegging the value of the RMB to the U.S. dollar. Under the new policy, the RMB is permitted to fluctuate within a band against a basket of currencies, determined by the PBOC, against which it could rise or fall by as much as 0.3% each day. On May 21, 2007, the PRC government further widened the daily trading band to 0.5%. Between July 21, 2005 and December 31, 2009, the RMB has appreciated significantly against the U.S. dollar. In June 2010, the PRC government indicated that it would make the foreign exchange rate of the RMB more flexible, which increases the possibility of sharp fluctuations of the RMB's value in the near future and the unpredictability associated with the RMB's exchange rate. On April 16, 2012, the PRC government widened the daily trading band to 1%. On March 17, 2014 the PRC government further widened the daily trading band to 2% in order to further improve the managed floating Renminbi exchange rate regime based on market supply and demand. The PBOC has also introduced a series of measures to facilitate the reform of the Renminbi exchange rate regime, including the introduction of financial derivative products such as currency swaps, the relaxation on Renminbi trading by non-financial institutions and the introduction of market makers, comprising both domestic and foreign banks, for the trading of Renminbi. Notwithstanding the above, there still remains significant international pressure on the PRC government to further liberalize its currency policy, which could result in a further and more significant fluctuation in the value of the RMB against the Hong Kong dollar, the U.S. dollar and other foreign currencies.

Even though substantially all of our revenue and expenses are denominated in RMB, fluctuations in exchange rates may nonetheless in the future adversely affect the value of our net assets and earnings. In particular, distributions to holders of our H Shares are made in Hong Kong dollars. Any unfavorable movement in the exchange rate of the RMB against the Hong Kong dollar may adversely affect the value of our distribution. In addition, any unfavorable movement in the exchange rate of the RMB against other foreign currencies may also lead to an increase in our costs, which could adversely affect our business, financial condition and results of operations.

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**Our investment properties are located on land that is under long-term land use rights granted by the PRC government. There is uncertainty about the amount of the land grant premium that the Group will have to pay and additional conditions that may be imposed if we decide to seek an extension of the land use rights for our investment properties.**

Our investment properties are held by us under land use rights granted by the PRC government. Under PRC laws, the maximum term of the land use rights is 40 years for commercial use purposes and 50 years for mixed-use purposes. Upon expiration, the land use rights will revert to the PRC government unless the holder of the land use rights applies for and is granted an extension of the term of the land use rights.

These land use rights do not have automatic rights of renewal and holders of land use rights are required to apply for extensions of the land use rights one year prior to the expiration of their terms. If an application for extension is granted (and such grant would usually be given by the PRC government unless the land in issue is to be taken back for the purpose of public interests), the holder of the land use rights will be required to, among other things, pay a land grant premium. If no application is made, or if such application is not granted, the properties under the land use rights will be reverted to the PRC government without any compensation. As none of the land use rights granted by the PRC government which are similar to those granted for our investment properties has, as at the Listing Date, run its full term, there is no precedent to provide an indication of the amount of the land grant premium which the Group will have to pay and any additional conditions which may be imposed if the Group decides to seek an extension of the land use rights for our investment properties upon the expiry thereof.

In certain circumstances, the PRC government may, where it considers it to be in the public interest, terminate land use rights before the expiration of the term. In addition, the PRC government has the right to terminate long-term land use rights and expropriate the land in the event the grantee fails to observe or perform certain terms and conditions pursuant to the land use rights grant contracts. If the PRC government charges a high land grant premium, imposes additional conditions, or does not grant an extension of the term of the land use rights of any of our investment properties, the operations and business of the Group could be disrupted, and the business, financial condition and results of operations of the Group could be materially and adversely affected.

**Investors may experience difficulties in effecting service of process, enforcing foreign judgments or bringing original actions in the PRC against us or our Directors.**

The Company is incorporated under the laws of the PRC, and substantially all of its operations and assets are located in the PRC. As a result, it may be difficult or impossible for investors to effect service of process on the Company. Moreover, the PRC does not have treaties with most other jurisdictions that provide for the reciprocal recognition and enforcement of judicial rulings and awards. As a result, recognition and enforcement in the PRC of the judgment of a non-PRC court in relation to any matter not subject to a binding arbitration provision may be difficult or impossible. Judgments obtained in a Hong Kong court may be enforced in the PRC, provided that certain conditions are satisfied. However, there are uncertainties as to the outcome of any applications to recognize and enforce such judgments in the PRC.

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Furthermore, an original action may be brought in the PRC against the Company or the Directors only if the actions are not required to be arbitrated by PRC law and upon satisfaction of the conditions for institution of a cause of action pursuant to the PRC Civil Procedure Law. As a result of the conditions set forth in the PRC Civil Procedure Law and the discretion of the PRC courts to determine whether the conditions are satisfied and whether to accept the action for adjudication, it is uncertain whether investors will be able to bring an original action in the PRC in this manner.

**Natural disasters, acts of war, terrorist attacks, the occurrence of epidemics and other catastrophic events could affect our business and the national and regional economics in the PRC.**

Our business is subject to general economic and social conditions in the PRC. Natural disasters, extreme weather and climate change, acts of God and other catastrophic events which are beyond our control may adversely affect the economy, infrastructure and livelihood of the people in the PRC. Some regions in the PRC, including certain cities where we operate, are under the threat of floods, earthquakes, sandstorms, snowstorms, fire and droughts. Our business, financial condition and results of operations may be materially and adversely affected if natural disasters or other such events occur.

Epidemics threaten people's lives and may materially and adversely affect their livelihoods. The occurrence of any epidemic is beyond our control and there is no assurance that the outbreak of severe acute respiratory syndrome, avian flu or the human swine flu will not happen again. Any epidemic occurring in areas in which we operate, or even in areas in which we do not operate, may materially and adversely affect our business, financial condition and results of operations.

Acts of war and terrorist attacks may cause damage or disruption to us and our employees, facilities, markets, suppliers and customers, any of which may materially and adversely affect our revenue, cost of sales, results of operations, financial condition or Share price. Potential war or terrorist attacks may also cause uncertainty and cause our business to suffer in ways that we cannot currently predict.

### **RISKS RELATING TO THE GLOBAL OFFERING AND OUR H SHARES**

**Any sale or possible sale in the public market of the interests of our Controlling Shareholders or an issue of new H Shares by us may cause a significant decrease in the market price of the H Shares.**

Immediately following the Global Offering, assuming the Over-allotment Option is not exercised, our Controlling Shareholders will beneficially own and control approximately 54.31% (or 53.24% if the Over-allotment Option is exercised in full) of the Shares in issue. If, following the expiry of its lock-up period, our Controlling Shareholders sell or are perceived as intending to sell a substantial portion of their interests in the Shares, the market price of the H Shares may be adversely affected. See "Underwriting" for details of the lock-up arrangements.



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In order to expand our business, we may consider offering and issuing additional H Shares in the future. Purchasers of the H Shares may experience dilution in the net tangible assets value per H Share if we issue additional H Shares in the future at a price which is lower than the net tangible assets value per H Share as of the time of such issuance of additional H Shares. In addition, the issuance of additional H Shares may cause a significant decrease in the market price of the H Shares.

**The H Shares have never been publicly traded and an active or liquid market for the H Shares may never develop.**

Prior to the Global Offering, there has been no public market for the H Shares and an active or liquid market for the H Shares may never develop or be sustained after the Global Offering. Listing and quotation does not guarantee that a trading market for the H Shares will develop or, if a market does develop, the liquidity of that market.

**The market price of the H Shares may decline after the Global Offering.**

The Offer Price of the H Shares will be determined by agreement among the Underwriter Representatives (for themselves and on behalf of the Underwriters) and the Company, and may not be indicative of the market price for the H Shares following completion of the Global Offering. The H Shares may trade at market prices significantly below the Offer Price after the Global Offering. Furthermore, the price and trading volume of our H Shares may be volatile.

The market price of the H Shares will depend on many factors, including, but not limited to:

- actual or anticipated fluctuations in our revenues and results of operations;
- announcements of new property development projects or land acquisitions by us or our competitors;
- the perceived prospects of our business and the property and hotel industries in the PRC;
- differences between our actual financial and operating results and those expected by investors and analysts;
- changes in analysts' earnings estimates or recommendations or projections;
- changes in general economic or market conditions or other developments which affect us or our industry;
- the market value of our assets;
- the perceived attractiveness of the H Shares against that of other equity or debt securities, including those not in the property and hotel industries;
- the balance of buyers and sellers of the H Shares;
- any future changes to the regulatory systems of the PRC and Hong Kong, both generally and specifically in relation to dividends and tax systems;

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- our ability to successfully implement our investment and growth strategies;
- interest rates and limitations or restrictions on financing for the property industry;
- news regarding recruitment or loss of key personnel by us or our competitors;
- announcements of competitive developments, acquisitions or strategic alliances in our industry;
- potential litigation or regulatory investigations;
- the operating and stock price performance of other companies and other industries and other events or factors beyond our control;
- release of lock-up or other transfer restrictions on our outstanding H Shares or sales or perceived sales of additional H Shares by us or our Shareholders;
- foreign exchange rates; and
- broad market fluctuations, including any weakness of the equity markets.

For these reasons, among others, the H Shares may trade at prices that are higher or lower than the Offer Price. You should also note that shares of other companies on the Stock Exchange in the property industry or hotel industry or with significant operations and assets in the PRC have experienced price volatility in the past. Moreover, the securities markets generally have, from time to time, experienced significant price and volume fluctuations that are not related to the performance of particular industries or companies. These types of price volatility and fluctuations may also materially and adversely affect the market price of our H Shares. In addition, to the extent that we retain operating cash flow for investment, working capital requirements or other purposes, these retained funds, while increasing the value of our underlying assets, may not correspondingly increase the market price of the H Shares.

**As the Offer Price of the H Shares is higher than the pro forma net tangible asset value per H Share, purchasers of H Shares may experience an immediate dilution in the pro forma net tangible asset value per H Share.**

The Offer Price of the H Shares is higher than the net tangible asset value per H Share immediately prior to the Global Offering. Accordingly, purchasers of H Shares in the Global Offering will experience an immediate dilution (representing the difference between the Offer Price of the H Shares and the net tangible asset value per H Share) of (i) HK\$6.37 per H Share in the net tangible asset value, assuming an Offer Price of HK\$41.80 per H Share (being the Minimum Offer Price) and (ii) HK\$13.14 per H Share in the net tangible asset value, assuming an Offer Price of HK\$49.60 per H Share (being the Maximum Offer Price).

**There is no assurance that the H Shares will remain listed on the Stock Exchange.**

Although it is currently intended that the H Shares will remain listed on the Stock Exchange, there is no guarantee of the continued listing of the H Shares. Among other factors, the Company may not continue to satisfy the listing requirements of the Stock Exchange. Holders of H Shares would not be able to sell their H Shares through trading on the Stock Exchange if the H Shares were no longer listed on the Stock Exchange.

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**You should read the entire prospectus and we strongly caution you not to place any reliance on any information contained in press articles, other media and/or research reports regarding us, our business, our industry and the Global Offering.**

There has been prior to the publication of this prospectus, and there may be subsequent to the date of this prospectus but prior to the completion of the Global Offering, press, media and/or research analyst coverage regarding the Group, our business, our industry and the Global Offering. You should rely solely upon the information contained in this prospectus in making your investment decision regarding the H Shares and we do not accept any responsibility for the accuracy or completeness of the information contained in such press articles, other media and/or research analyst reports nor the fairness or appropriateness of any forecasts, projections, views or opinions expressed by the press, other media and/or research analysts regarding the H Shares, the Global Offering, the Group, our business or our industry. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information, forecasts, projections, views or opinions expressed or any such publications. To the extent that such statements, forecasts, views or opinions are inconsistent or conflict with the information contained in this prospectus, we disclaim them. Accordingly, prospective investors are cautioned to make their investment decisions on the basis of the information contained in this prospectus only and should not rely on any other information.

**Certain information, forecasts and statistics contained in this prospectus are derived from publicly available official sources and the Market Report commissioned by us, which have not been verified by us.**

This prospectus contains information, forecasts and statistics related to, among other things, the PRC, the PRC economy and the property and hospitality industries in the PRC. Such information, forecasts and statistics have been derived from various publicly available government and official sources and from the Market Report prepared by DTZ, an independent market consultant, which we commissioned. We believe that the sources of such information, forecasts and statistics are appropriate sources for such information, forecasts and statistics and have taken reasonable care in the extraction and reproduction of such information, forecasts and statistics. We have no reason to believe that such information, forecasts or statistics are false or misleading in any material respect or that any fact has been omitted that would render such information, forecasts or statistics false or misleading in any material respect. However, we have not independently verified such information, forecasts and statistics and no representation is given as to their correctness, reliability or accuracy. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other problems, the information, forecasts and statistics in this prospectus may be inaccurate or may not be comparable to information, forecasts and statistics produced with respect to other economies. We cannot assure you that they are stated or compiled on the same basis or with the same degree of accuracy as may be the case in other jurisdictions. Therefore, you should not unduly rely upon the information, forecasts and statistics contained in this prospectus.

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## WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

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### MANAGEMENT PRESENCE IN HONG KONG

Rules 8.12 and 19A.15 of the Listing Rules require that an issuer must have sufficient management presence in Hong Kong and, in normal circumstances, at least two of the issuer's executive directors must be ordinarily resident in Hong Kong. Our Company has three executive Directors who currently reside in China. As most of our operations are in China, we will not, after Listing or in the foreseeable future, have sufficient management presence in Hong Kong. We have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with Rules 8.12 and 19A.15 of the Listing Rules.

The arrangements proposed by us for maintaining regular communication with the Stock Exchange for the purpose of Rules 8.12 and 19A.15 of the Listing Rules are as follows:

- our Company will appoint two authorized representatives pursuant to Rule 3.05 of the Listing Rules who will act as our Company's principal communication channel with the Stock Exchange and will ensure that they comply with the Listing Rules at all times. The two authorized representatives to be appointed are Mr. WANG Guiya and Mr. LIU Chaohui. Each of the two authorized representatives has been duly authorized to communicate on behalf of our Company with the Stock Exchange and each of them will be readily available to meet with the Stock Exchange in Hong Kong within a reasonable time frame upon request and will be readily contactable by mobile phone or fixed-line telephone, facsimile or email;
- both the authorized representatives have means to contact all members of the Board promptly at all times as and when the Stock Exchange wishes to contact the Board on any matters;
- our Company has implemented a policy whereby (i) each Director will provide his or her respective mobile phone number, residential phone number, fax number and email address to the authorized representatives; (ii) each Director will provide valid phone numbers or means of communication to the authorized representatives when he or she travels; and (iii) each Director and authorized representative has provided his or her mobile phone number, office phone number, fax number and email address to the Stock Exchange;
- all Directors who are not ordinarily resident in Hong Kong have confirmed that they hold valid travel documents to visit Hong Kong and will be able to meet with the Stock Exchange in Hong Kong upon reasonable notice, when required; and
- our Company has appointed China International Capital Corporation Hong Kong Securities Limited as our compliance advisor who will have access at all times to our Company's authorized representatives, Directors, Supervisors and other officers and who will serve as our Company's additional communication channel with the Stock Exchange. The compliance advisor will advise our Company on on-going compliance requirements and other issues arising under the Listing Rules for the period commencing on the Listing Date and ending on the date on which our Company distributes the annual report for the first full financial year after the listing of its H Shares. Our Company will also procure that our Company's authorized representatives, Directors, Supervisors and other officers provide to the compliance advisor such information and assistance as the compliance advisor may need or may

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## WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

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reasonably request in connection with the performance of the compliance advisor's duties as set forth in Chapter 3A and Rule 19A.06 of the Listing Rules. Our Company will ensure that there are adequate and efficient means of communication between itself, its authorized representatives, Directors, Supervisors and other officers and the compliance advisor, and will keep the compliance advisor fully informed of all communications and dealings between itself and the Stock Exchange.

### APPOINTMENT OF ASSISTANT COMPANY SECRETARY

According to Rule 8.17 of the Listing Rules, a listed issuer must appoint a company secretary who satisfies Rule 3.28 of the Listing Rules. Rule 3.28 of the Listing Rules specifies that, the company secretary must be an individual who, by virtue of his academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of company secretary.

The Company is incorporated under the laws of the PRC as a joint stock limited company and its business operations are substantially conducted in the PRC. The Directors believe that its company secretary should, apart from being able to meet the professional qualifications or the relevant experience requirements under the Listing Rules, have sufficient knowledge of (a) our operations and business and our corporate culture; and (b) the regulatory requirements in the PRC, including those of the China Securities Regulatory Commission.

All members of the senior management of the Company who are familiar with the activities of the Company and who have acquired knowledge of the relevant Hong Kong regulatory requirements during the preparation of the listing application lack the requisite professional qualifications required under Rule 3.28 of the Listing Rules. The present company secretary of the Company is Mr. LIU Chaohui.

Mr. LIU Chaohui does not possess the specified qualifications required by Rule 3.28 of the Listing Rules although he has held various senior positions as indicated in his biography, and he may not possess the relevant experience as required by the Stock Exchange in terms of his familiarity with the Listing Rules. Given the important role of the company secretary in the corporate governance of a listed issuer, particularly in assisting the listed issuer as well as its directors in complying with the Listing Rules and other relevant laws and regulations, we have the following arrangements:

- Mr. LIU Chaohui will endeavor to attend relevant training courses including briefings on the latest changes to the applicable Hong Kong laws and regulations and the Listing Rules organized by our Company's Hong Kong legal advisor on an invitation basis and seminars organized by the Stock Exchange for PRC issuers from time to time.
- Our Company has appointed Ms. LAM Sophie who meets the requirements under Rule 3.28 of the Listing Rules, as an assistant company secretary to assist Mr. LIU Chaohui so as to enable him to acquire the relevant experience (as required under Rule 3.28 of the Listing Rules) to discharge the duties and responsibilities as company secretary of our Company.

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## **WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES**

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- Ms. LAM Sophie, who will familiarize herself with the affairs of our Company, will communicate regularly with Mr. LIU Chaohui on matters relating to corporate governance, the Listing Rules as well as other laws and regulations which are relevant to us and our other affairs. Ms. LAM Sophie will work closely with, and provide assistance to, Mr. LIU Chaohui in the discharge of his duties as a company secretary, including organizing our Company's board meetings and Shareholders' meetings.
- Mr. LIU Chaohui will also be assisted by the compliance advisor and the Hong Kong legal advisor of our Company, particularly in relation to Hong Kong corporate governance practices and regulatory compliance, on matters concerning our Company's on-going compliance obligations under the Listing Rules and the applicable laws and regulations.
- Mr. LIU Chaohui will be appointed for an initial period of three years, provided that he will be assisted by Ms. LAM Sophie. Upon expiry of the three years period, a further evaluation of the qualifications and experience of Mr. LIU Chaohui and the need for on-going assistance will be made.

Our Company has applied to the Stock Exchange for, and has been granted, a waiver from strict compliance with the requirements of Rule 8.17 of the Listing Rules. Upon the expiry of the initial three-year period, the Stock Exchange will re-evaluate the qualification and experience of Mr. LIU Chaohui to determine whether the requirements as stipulated in Rule 8.17 of the Listing Rules can be satisfied. In the event that Mr. LIU Chaohui has obtained relevant experience under Rule 3.28 of the Listing Rules at the end of the said period, the above assistant company secretaries arrangement should no longer be required by our Company.

### **NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS**

We have entered into, and are expected to continue after the Listing, certain transactions, which will constitute non-exempt Continuing Connected Transactions under the Listing Rules upon Listing. Our Company has applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with the requirements regarding the announcements and independent shareholders' approval in respect of such non-exempt Continuing Connected Transactions under Chapter 14A of the Listing Rules, details of which are set out in the section headed "Connected Transactions" in this prospectus.

### **CLAWBACK MECHANISM UNDER PARAGRAPH 4.2 OF PRACTICE NOTE 18 OF THE LISTING RULES**

Paragraph 4.2 of Practice Note 18 of the Listing Rules requires a clawback mechanism to be put in place, which would have the effect of increasing the number of Hong Kong Offer Shares to certain percentages of the total number of Offer Shares offered in the Global Offering if certain prescribed total demand levels are reached. We have applied to the Stock Exchange for, and the Stock Exchange has granted to us, a waiver from strict compliance with paragraph 4.2 of Practice Note 18 of the Listing Rules such that, provided the initial allocation of H Shares under the Hong Kong Public Offering shall not be less than 5% of the Global



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## WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

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Offering, in the event of over-subscription, the Underwriter Representatives, after consultation with us, shall apply a claw-back mechanism following the closing of the application lists on the following basis:

- if the number of the H Shares validly applied for under the Hong Kong Public Offering represents 15 times or more but less than 50 times the number of the Offer Shares initially available for subscription under the Hong Kong Public Offering, then Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering, so that the total number of Offer Shares available under the Hong Kong Public Offering will be 45,000,000 H Shares, representing approximately 7.5% of the Offer Shares initially available under the Global Offering;
- if the number of the Offer Shares validly applied for under the Hong Kong Public Offering represents 50 times or more but less than 100 times the number of the Offer Shares initially available for subscription under the Hong Kong Public Offering, then the number of Offer Shares to be reallocated to the Hong Kong Public Offering from the International Offering will be increased so that the total number of the Offer Shares available under the Hong Kong Public Offering will be 60,000,000 H Shares, representing 10% of the Offer Shares initially available under the Global Offering; and
- if the number of the Offer Shares validly applied for under the Hong Kong Public Offering represents 100 times or more the number of the Offer Shares initially available for subscription under the Hong Kong Public Offering, then the number of Offer Shares to be reallocated to the Hong Kong Public Offering from the International Offering will be increased, so that the total number of the Offer Shares available under the Hong Kong Public Offering will be 120,000,000 H Shares, representing 20% of the Offer Shares initially available under the Global Offering. In each such case, the number of the Offer Shares allocated to the International Offering will be correspondingly reduced.

In each case, the additional Offer Shares reallocated to the Hong Kong Public Offering will be allocated between pool A and pool B and the number of Offer Shares allocated to the International Offering will be correspondingly reduced in such manner as the Underwriter Representatives deem appropriate. In addition, the Underwriter Representatives may allocate Offer Shares from the International Offering to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public Offering.

If the Hong Kong Public Offering is not fully subscribed, the Underwriter Representatives have the authority to reallocate all or any unsubscribed Hong Kong Offer Shares to the International Offering, in such proportions as the Underwriter Representatives deem appropriate.

See “Structure of the Global Offering — The Hong Kong Public Offering — Reallocation” in this prospectus for further details.

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## WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

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### PUBLIC FLOAT REQUIREMENTS

Rule 8.08(1) of the Listing Rules requires that there must be an open market in the securities for which listing is sought and that a sufficient public float of an issuer's listed securities must be maintained.

We have applied to the Stock Exchange, and the Stock Exchange has granted us, a waiver that the minimum public float requirement under Rule 8.08(1)(a) be reduced and the minimum percentage of the Company's H Shares (being the securities for which listing on the Hong Kong Stock Exchange is sought) from time to time held by the public to be the highest of:

- (a) 12.99% of the total issued share capital of the Company;
- (b) such percentage of H Shares to be held by the public immediately after completion of the Global Offering (assuming the Over-allotment Option is not exercised); or
- (c) such percentage of H Shares to be held by the public after the exercise of the Over-allotment Option.

The above waiver is subject to the condition that we will make appropriate disclosure of the lower prescribed percentage of public float in the prospectus and we will confirm sufficiency of public float in our successive annual reports after the Listing. In the event that the public float percentage falls below the minimum percentage prescribed by the Stock Exchange, we will take appropriate steps to ensure that the minimum percentage of public float prescribed by the Stock Exchange is complied with.

### SUBSCRIPTION OF H SHARES BY CORE CONNECTED PERSON IN THE INTERNATIONAL OFFERING

According to Rule 9.09 of the Listing Rules, there must be no dealing in Shares by any of our core connected persons from four clear business days before the expected hearing date until the Listing is granted.

As part of the International Offering, Ms. CHEN Dongxue (**Ms. Chen**) intends to apply for the Offer Shares with an amount not exceeding US\$100 million to be issued and allotted in the normal book building process in the International Offering.

Ms. Chen is the sister of Mr. CHEN Changwei (**Mr. Chen**), while financially independent of Mr. Chen. Mr. Chen is currently a non-executive director of the HK Listed Subsidiary and he, through his wholly-owned BVI company, also holds 47 shares in Amazing Wise Limited, a non-wholly owned subsidiary of the HK Listed Subsidiary, representing 47% of the entire issued share capital of Amazing Wise Limited. Mr. Chen is also a director of Amazing Wise Limited and its subsidiary known as Dalong Industrial Group Limited. Mr. Chen was formerly an employee of Dalong Industrial Group Limited, a subsidiary of Amazing Wise Limited. The HK Listed Subsidiary, Amazing Wise Limited and Dalong Industrial Group Limited are subsidiaries of the Company.

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## WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

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Ms. Chen currently holds director positions in the Company's subsidiaries, Fujian Zhonglv Real Estate Development Co., Ltd. and Fujian Hengli Assets Management Co., Ltd., and is an employee of Dalong Industrial Group Ltd., therefore is a core connected person for the purpose of Rule 9.09 of the Listing Rules. Ms. Chen was also an employee of the HK Listed Subsidiary.

We have applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange has granted us, a waiver from strict compliance with Rules 9.09 so as to permit Ms. Chen to subscribe for H Shares in the International Offering.

Such waiver has been granted by the Hong Kong Stock Exchange on the conditions that:

- (i) Ms. Chen cannot influence the share allocation process and has no representation on the Board;
- (ii) Ms. Chen is subject to the same book building and share allocation process under the International Offering as other placees;
- (iii) our compliance with the minimum public float requirement as stated in “— Public Float Requirements”;
- (iv) Ms. Chen will not have any access to material non-public information regarding the Proposed Listing;
- (v) Ms. Chen will not be entitled to any right to appoint any Director or other senior management members of the Company; and
- (vi) information of the number of Shares allocated to Ms. Chen will be disclosed in the allotment results announcement and the placee lists to be submitted to the Stock Exchange.

The H Shares that may be issued and allotted to Ms. Chen will not be counted as part of the public float under Rule 8.24 of the Hong Kong Listing Rules. We have made an application to the Hong Kong Stock Exchange for a waiver from strict compliance with Rule 8.08 of the Hong Kong Listing Rules, which took into account the fact that the H Shares that may be subscribed for by Ms. Chen in the International Offering will not be counted as part of the public float under the Hong Kong Listing Rules. For further information, please refer to “— Public Float Requirements.”

### **Proposed investment by a “close associate” of an Existing Shareholder**

Rule 10.04 of the Listing Rules provides that a person who is an existing shareholder of the issuer may only subscribe for or purchase securities for which listing is sought if no securities will be offered to them on a preferential basis and no preferential treatment will be given to them in the allocation of the securities. Paragraph 5(2) of Appendix 6 to the Listing Rules provides, among other things, that, without the prior written consent of the Stock Exchange, no allocations will be permitted to existing shareholders or their close associates, whether in their own names or through nominees, unless certain conditions are fulfilled.

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## WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

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As part of the International Offering, Linking Wise Investment Co., Ltd. (**Linking Wise**) intends to place an order in the book building process of the International Offering and the Company may, based on the results of the book building process, place H Shares to Linking Wise.

As at the Latest Practicable Date, Mr. WANG Xiaojing (王曉京) held a 40% interest in Linking Wise and thus was a controlling shareholder of Linking Wise. Mr. WANG Xiaojing also held indirectly, as at the Latest Practicable Date, approximately a 28.98% attributable interest in Shanghai Zhipu Investment Center (Limited Partnership) (上海質樸投資中心(有限合夥)) (**Zhipu Investment**), an existing shareholder of the Company, which, as at the Latest Practicable Date, was interested in 16,000,000 Shares, representing approximately 0.413% of the entire issued share capital of the Company. As such, Mr. WANG Xiaojing is a common shareholder of Linking Wise and Zhipu Investment. As at the Latest Practicable Date, Ms. Wang Lina, being a sister of Mr. WANG Xiaojing, also indirectly held approximately a 6.99% attributable interest in Zhipu Investment.

As at Latest Practicable Date, Mr. BO Jitian (卜基田) held a 3% interest in Linking Wise and was a fund manager of Linking Wise. Mr. BO Jitian also held a 100% interest in Shanghai Chenpu Shouren Investment Management Center (上海謙樸守仁投資管理中心) (**Shanghai Chenpu**), which was one of the fund managers of Zhipu Investment holding a 0.09% interest in Zhipu Investment. Mr. BO Jitian, directly and indirectly (through his shareholdings in Shanghai Chenpu), has the power to control the management of Linking Wise and Zhipu Investment respectively. Given that Mr. BO Jitian, directly and indirectly (through his shareholdings in Shanghai Chenpu), has the power to control the management of Linking Wise and Zhipu Investment, and Linking Wise ultimately shares common fund manager with Zhipu Investment, Linking Wise is regarded as a close associate of the Zhipu Investment.

We have applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange has granted us, a waiver from strict compliance with Rule 10.04 of the Listing Rules and Paragraph 5(2) of Appendix 6 to the Listing Rules to permit the proposed investment by Linking Wise, subject to the following conditions:

- (i) none of Zhipu Investment nor Linking Wise or their close associates can influence the share allocation process or have representation on our Board;
- (ii) Linking Wise and its close associates are subject to the same book building and share allocation process under the International Offering as other investors;
- (iii) our compliance with the minimum public float requirement as stated in “— Public Float Requirements”;
- (iv) neither Linking Wise nor any of its close associates will have any access to material non-public information regarding the Global Offering;
- (v) neither Linking Wise nor any of its close associates will be entitled to any right to appoint any Director or other senior management members of our Company;
- (vi) Linking Wise and Zhipu Investment and their close associates are not and will not become core connected persons upon the completion of the Global Offering; and
- (vii) information on the number of H Shares allocated to Linking Wise and its close associates will be disclosed in the allotment results announcement and the placee lists to be submitted to the Hong Kong Stock Exchange before the Listing.

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## **INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING**

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### **DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS**

This prospectus, for which our Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong) and the Listing Rules for the purpose of giving our information to the public with regard to the Group.

Our Directors, having made all reasonable enquiries confirm that, to the best of their knowledge and belief, the information contained in this prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this prospectus misleading.

### **CSRC APPROVAL**

The CSRC issued an approval letter on November 21, 2014 for the Global Offering and the making of the application to list our H Shares on the Hong Kong Stock Exchange. In granting such approval, the CSRC accepts no responsibility for our financial soundness, nor for the accuracy of any of the statements made or opinions expressed in this prospectus or in the Application Forms.

### **HONG KONG PUBLIC OFFERING, UNDERWRITING AND INFORMATION ON THE GLOBAL OFFERING**

This prospectus is published solely in connection with the Hong Kong Public Offering, which forms part of the Global Offering. For applications under the Hong Kong Public Offering, this prospectus and the Application Forms contain the terms and conditions of the Hong Kong Public Offering. The Global Offering comprises the Hong Kong Public Offering of initially 30,000,000 H Shares and the International Offering of initially 570,000,000 H Shares (subject to, in each case, reallocation on the basis as set out in "Structure of the Global Offering").

The listing of our H Shares on the Hong Kong Stock Exchange is sponsored by the Joint Sponsors. Pursuant to the Hong Kong Underwriting Agreement, the Hong Kong Public Offering is underwritten by the Hong Kong Underwriters on a conditional basis, with one of the conditions being that the Offer Price is agreed between the Underwriter Representatives (for themselves and on behalf of the Underwriters) and us. The International Offering is managed by the Underwriter Representatives and is expected to be underwritten by the International Underwriters. The International Underwriting Agreement is expected to be entered into on or about December 16, 2014, subject to agreement on the Offer Price between the Company and the Underwriter Representatives (for themselves and on behalf of the Underwriters).

If, for any reason, the Offer Price is not agreed between the Company and the Underwriter Representatives (for themselves and on behalf of the Underwriters) on or before December 22, 2014, or such later date or time as may be agreed between the Underwriter Representatives (for themselves and on behalf of the Underwriters) and the Company, the Global Offering will not proceed. Further details of the Underwriters and the underwriting arrangements are set out in "Underwriting".

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## **INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING**

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The H Shares are offered solely on the basis of the information contained and representations made in this prospectus and the Application Forms and on the terms and subject to the conditions set out herein and therein. No person is authorized to give any information in connection with the Global Offering or to make any representation not contained in this prospectus, and any information or representation not contained herein must not be relied upon as having been authorized by our Company, the Joint Global Coordinators, the Joint Bookrunners, the Joint Sponsors, the Joint Lead Managers, the Underwriters, the Joint Financial Advisors, any of their respective directors, agents, employees or advisors or any other party involved in the Global Offering. Neither the delivery of this prospectus nor any subscription or acquisition made under it shall, under any circumstances, create any implication that there has been no change in our affairs since the date of this prospectus or that the information in this prospectus is correct as of any subsequent time. Details of the structure of the Global Offering, including its conditions, are set out in “Structure of the Global Offering,” and the procedures for applying for our H Shares are set out in “How to Apply for the Hong Kong Offer Shares” and in the relevant Application Forms.

### **DETERMINATION OF THE OFFER PRICE**

The H Shares are being offered at the Offer Price which will be determined by the Underwriter Representatives (for themselves and on behalf of the Underwriters) and us on or around December 16, 2014, and in any event no later than December 22, 2014.

If the Underwriter Representatives (for themselves and on behalf of the Underwriters) and the Company are unable to reach an agreement on the Offer Price on or before December 22, 2014 or such later date or time as may be agreed between the Underwriter Representatives (for themselves and on behalf of the Underwriters) and us, the Global Offering will not become unconditional and will lapse.

### **RESTRICTIONS ON OFFER AND SALE OF H SHARES**

Each person acquiring the H Shares under the Hong Kong Public Offering will be required to, or be deemed by his acquisition of the H Shares to, confirm that he is aware of the restrictions on offers and sales of the H Shares described in this prospectus.

No action has been taken to permit a public offering of the H Shares in any jurisdiction other than Hong Kong, or the distribution of this prospectus in any jurisdiction other than Hong Kong. Accordingly, this prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this prospectus and the offering and sales of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom. In particular, no public offering or sale of H Shares is being made, directly or indirectly, in China or the U.S.

### **APPLICATION FOR LISTING ON THE HONG KONG STOCK EXCHANGE**

We have applied to the Listing Committee of the Hong Kong Stock Exchange for the granting of listing of, and permission to deal in, our H Shares, including any H Shares which may be issued by us pursuant to the Global Offering and upon the exercise of the Over-allotment Option. Our Domestic Shares may be converted to H Shares after obtaining the approval of the CSRC or the authorized approval authorities of the State Council.



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## **INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING**

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Dealings in the H Shares on the Hong Kong Stock Exchange are expected to commence at 9:00 a.m. on December 23, 2014. Save as disclosed in this prospectus, no part of our share or loan capital is listed on or dealt in on any other stock exchange and no such listing or permission to list is being or proposed to be sought in the near future.

### **REGISTRATION OF SUBSCRIPTION, PURCHASE AND TRANSFER OF H SHARES**

We have instructed the H Share Registrar, and the H Share Registrar has agreed, not to register the subscription, purchase or transfer of any H Shares in the name of any particular holder unless the holder delivers a signed form to the H Share Registrar in respect of those H Shares bearing statements to the effect that the holder:

- (i) agrees with us and each of our Shareholders, and we agree with each Shareholder, to observe and comply with the PRC Company Law, the Companies Ordinance, the Special Regulations and our Articles of Association;
- (ii) agrees with us, each of our Shareholders, Directors, Supervisors, managers and officers, and we, acting for ourselves and for each of our Directors, Supervisors, managers and officers agree with each Shareholder, to refer all differences and claims arising from our Articles of Association or any rights or obligations conferred or imposed by the PRC Company Law or other relevant laws and administrative regulations concerning our affairs to arbitration in accordance with our Articles of Association, and any reference to arbitration shall be deemed to authorize the arbitration tribunal to conduct hearings in open session and to publish its award, which shall be final and conclusive;
- (iii) agrees with us and each our Shareholders that our H Shares are freely transferable by the H Shares' holders thereof; and
- (iv) authorizes us to enter into a contract on his or her behalf with each of our Directors, Supervisors, managers and officers whereby such Directors, Supervisors, managers and officers undertake to observe and comply with their obligations to our Shareholders as stipulated in our Articles of Association.

### **PROFESSIONAL TAX ADVICE RECOMMENDED**

Potential investors in the Global Offering are recommended to consult their professional advisors as to the taxation implications of subscribing for, purchasing, holding or disposal of, and/or dealing in the H Shares or exercising rights attached to them. None of us, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of their respective directors, officers, employees, agents or representatives or any other person or party involved in the Global Offering accepts responsibility for any tax effects on, or liabilities of, any person resulting from the subscription, purchase, holding, disposition of, or dealing in, the H Shares or exercising any rights attached to them.

### **OVER-ALLOTMENT AND STABILIZATION**

Details of the arrangement relating to the Over-allotment Option and stabilization are set out in "Structure of the Global Offering".

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## **INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING**

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### **H SHARE REGISTER AND STAMP DUTY**

All the H Shares issued pursuant to applications made in the Hong Kong Public Offering and the International Offering will be registered on the Company's H Share register of members maintained in Hong Kong. We will maintain the Company's principal register of members at our current registered office in China.

Dealings in the H Shares registered in the H Share register of our Company in Hong Kong will be subject to Hong Kong stamp duty.

Unless determined otherwise by the Company, dividends payable in Hong Kong dollars in respect of our H Shares will be paid to the Shareholders listed on the H Share register of our Company in Hong Kong, by ordinary post, at the Shareholders' risk, to the registered address of each Shareholder of the Company.

### **H SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS**

Subject to the granting of the listing of, and permission to deal in, the H Shares on the Hong Kong Stock Exchange and compliance with the stock admission requirements of HKSCC, the H Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the H Shares on the Hong Kong Stock Exchange or on any other date HKSCC chooses. Settlement of transactions between participants of the Hong Kong Stock Exchange is required to take place in CCASS on the second Business Day after any trading day. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Investors should seek the advice of their stockbroker or other professional advisor for details of the settlement arrangements as such arrangements may affect their rights and interests. All necessary arrangements have been made enabling the H Shares to be admitted into CCASS.

### **EXCHANGE RATE CONVERSION**

Solely for your convenience, this prospectus contains translations among certain amounts denominated in Renminbi, Hong Kong dollars and U.S. dollars. No representation is made that the amounts denominated in one currency could actually be converted into the amounts denominated in another currency at the rates indicated or at all. Unless indicated otherwise, (i) the translations between Renminbi and HK dollars were made at the rate of RMB0.79126, to HK\$1.00, being the exchange rate set by PBOC on November 28, 2014, and (ii) the translations between U.S. dollars and Hong Kong dollars were made at the rate of HK\$7.7548 to US\$1.00, being the exchange rate set forth in the H.10 weekly statistical release of the Board of Governors of the Federal Reserve System of the United States on November 28, 2014. Any discrepancies in any table between totals and sums of amounts listed therein are due to rounding.

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**DIRECTORS, SUPERVISORS AND PARTIES INVOLVED  
IN THE GLOBAL OFFERING**

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**DIRECTORS**

| <b>Name</b>                    | <b>Residential Address</b>   | <b>Nationality</b> |
|--------------------------------|--|--------------------|
| <b>Executive Directors</b>     |  |                    |
| Mr. DING Benxi (丁本錫)           | Room 19-1<br>Fenghuiyuan<br>Zhongshan District<br>Dalian<br>Liaoning Province                | Chinese            |
| Mr. QI Jie (齊界)                | Room 2-4-2<br>No.35 of Fuguo Street<br>Shahekou District<br>Dalian<br>Liaoning Province      | Chinese            |
| Mr. QU Dejun (曲德君)             | Room 5-3-3<br>No.43 of Xueshi Street<br>Zhongshan District<br>Dalian<br>Liaoning Province    | Chinese            |
| <b>Non-executive Directors</b> |  |                    |
| Mr. ZHANG Lin (張霖)             | Room 1-3-2<br>No.185 of Jianshan Street<br>Shahekou District<br>Dalian,<br>Liaoning Province | Chinese            |
| Mr. WANG Guiya (王貴亞)           | Room 8-302<br>No. 2 Building<br>Fenghuiyuan<br>Xicheng District<br>Beijing                   | Chinese            |
| Mr. YIN Hai (尹海)               | Room 1-3-2<br>No.23 of Fuguo Street<br>Shahekou District<br>Dalian<br>Liaoning Province      | Chinese            |

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**DIRECTORS, SUPERVISORS AND PARTIES INVOLVED  
IN THE GLOBAL OFFERING**

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| Name                                       | Residential Address   | Nationality            |
|--|---|------------------------|
| <b>Independent Non-executive Directors</b> |   |                        |
| Mr. LIU Jipeng (劉紀鵬)                       | Room 420<br>No.22 of Dongzhong Street<br>Dongcheng District<br>Beijing  | Chinese                |
| Dr. XUE Yunkui (薛雲奎)                       | Room 3104<br>No.20 of Lane 158<br>Damuqiao Street<br>Xuhui District<br>Shanghai                               | Chinese                |
| Dr. HU, Fred Zulu (胡祖六)                    | 20 Tai Tam Road<br>House 9 Rosecliff<br>Hong Kong   | Chinese<br>(Hong Kong) |
| <b>SUPERVISORS</b>                         |   |                        |
| Ms. GAO Qian (高茜)                          | Room,1-9-1<br>No.28, Mingzeyuan<br>Zhongshan District<br>Dalian<br>Liaoning Province                          | Chinese                |
| Mr. WANG Yunan (王宇男)                       | Room 1-2-1<br>No.81 Building<br>No.3 of Xiaoheyuan Street<br>Dadong District<br>Shenyang<br>Liaoning Province | Chinese                |
| Mr. GAO Xiaojun (高曉軍)                      | Room 3-4-2<br>No. 8 of Fuguo Street<br>Shahekou District<br>Dalian<br>Liaoning Province                       | Chinese                |

For further information regarding our Directors and Supervisors, see “Directors, Supervisors and Senior Management”.

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**DIRECTORS, SUPERVISORS AND PARTIES INVOLVED  
IN THE GLOBAL OFFERING**

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**PARTIES INVOLVED**

**Joint Global Coordinators, Joint  
Bookrunners and Joint Lead  
Managers**

China International Capital Corporation Hong Kong  
Securities Limited  
29th Floor, One International Finance Center  
1 Harbour View Street  
Central  
Hong Kong

Goldman Sachs (Asia) L.L.C.  
68th Floor, Cheung Kong Center  
2 Queen's Road Central  
Hong Kong

UBS AG, Hong Kong Branch  
52nd Floor, Two International Finance Centre  
8 Finance Street  
Central  
Hong Kong

The Hongkong and Shanghai Banking Corporation  
Limited  
1 Queen's Road Central  
Hong Kong

BOCI Asia Limited  
26th Floor, Bank of China Tower  
1 Garden Road  
Central  
Hong Kong

**Joint Sponsors**

China International Capital Corporation Hong Kong  
Securities Limited  
29th Floor, One International Finance Center  
1 Harbour View Street  
Central  
Hong Kong

HSBC Corporate Finance (Hong Kong) Limited  
1 Queen's Road Central  
Hong Kong

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**DIRECTORS, SUPERVISORS AND PARTIES INVOLVED  
IN THE GLOBAL OFFERING**

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**Joint Bookrunners and Joint Lead  
Managers**

Citigroup Global Markets Asia Limited  
*(in relation to the Hong Kong Public Offering)*  
50/F Citibank Tower, Citibank Plaza, 3 Garden Road  
Central  
Hong Kong

Citigroup Global Markets Limited  
*(in relation to the International Offering)*  
Citigroup Centre  
Canada Square  
Canary Wharf  
London E14 5LB  
United Kingdom

Morgan Stanley Asia Limited  
*(in relation to the Hong Kong Public Offering)*  
Level 46, International Commerce Centre  
1 Austin Road West  
Kowloon  
Hong Kong

Morgan Stanley & Co. International plc  
*(in relation to the International Offering)*  
25 Cabot Square  
Canary Wharf  
London E14 4QA  
England

Merrill Lynch International  
*(In the capacity as a Joint Bookrunner in relation to  
the Global Offering, and in the capacity as a Joint  
Lead Manager only in relation to the International  
Offering)*  
2 King Edward Street  
London EC1A 1HQ  
United Kingdom

Merrill Lynch Far East Limited  
*(in the capacity as a Joint Lead Manager only in  
relation to the Hong Kong Public Offering)*  
55/F Cheung Kong Center  
2 Queen's Road Central  
Central  
Hong Kong



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**DIRECTORS, SUPERVISORS AND PARTIES INVOLVED  
IN THE GLOBAL OFFERING**

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ICBC International Capital Limited  
*(in the capacity as a Joint Bookrunner only)*  
37th Floor, ICBC Tower  
3 Garden Road  
Hong Kong

ICBC International Securities Limited  
*(in the capacity as a Joint Lead Manager only)*  
37th Floor, ICBC Tower  
3 Garden Road  
Hong Kong

CCB International Capital Limited  
12/F., CCB Tower  
3 Connaught Road Central  
Central  
Hong Kong

ABCI Capital Limited  
*(in the capacity as a Joint Bookrunner only)*  
10/F, Agricultural Bank of China Tower  
50 Connaught Road Central  
Hong Kong

ABCI Securities Company Limited  
*(in the capacity as a Joint Lead Manager only)*  
10/F, Agricultural Bank of China Tower  
50 Connaught Road Central  
Hong Kong

Deutsche Bank AG, Hong Kong Branch  
Level 52, International Commerce Centre  
1 Austin Road West  
Kowloon  
Hong Kong

Credit Suisse (Hong Kong) Limited  
Level 88, International Commerce Centre  
One Austin Road West  
Kowloon  
Hong Kong

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**DIRECTORS, SUPERVISORS AND PARTIES INVOLVED  
IN THE GLOBAL OFFERING**

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Oriental Patron Securities Limited  
27th Floor, Two Exchange Square  
8 Connaught Place  
Central  
Hong Kong

Haitong International Securities Company Limited  
22/F Li Po Chun Chambers  
189 Des Voeux Road Central,  
Hong Kong

Nomura International (Hong Kong) Limited  
30/F, Two International Finance Centre  
8 Finance Street  
Central  
Hong Kong

Barclays Bank PLC  
*(in relation to the International Offering)*  
5 The North Colonnade  
Canary Wharf  
London E14 4BB  
United Kingdom

Barclays Bank PLC, Hong Kong Branch  
*(in relation to the Hong Kong Public Offering)*  
41/F, Cheung Kong Center  
2 Queen's Road Central  
Hong Kong

China Merchants Securities (HK) Co., Limited  
48th Floor One Exchange Square,  
8 Connaught Place  
Central  
Hong Kong

DBS Asia Capital Limited  
17th Floor, The Center  
99 Queen's Road Central  
Central  
Hong Kong

Cinda International Securities Limited  
45/F, COSCO Tower  
183 Queen's Road Central  
Hong Kong

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**DIRECTORS, SUPERVISORS AND PARTIES INVOLVED  
IN THE GLOBAL OFFERING**

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**Joint Financial Advisors to the  
Company**

BOCI Asia Limited  
26th Floor, Bank of China Tower  
1 Garden Road  
Central  
Hong Kong

CITIC Securities Corporate Finance (HK) Limited  
26F, CITIC Tower  
1 Tim Mei Avenue  
Central, Hong Kong

China Galaxy International Securities (Hong Kong)  
Co., Limited  
Unit 3501-3507, 35th Floor  
COSCO Tower, Grand Millennium Plaza  
183 Queen's Road Central  
Sheung Wan  
Hong Kong

Moelis & Company Asia Limited  
Suite 1708-09  
One Pacific Place  
88 Queensway  
Admiralty, Hong Kong

**Legal Advisors to our Company**

*as to Hong Kong law:*  
Reed Smith Richards Butler  
20th Floor, Alexandra House  
18 Chater Road  
Central  
Hong Kong

*as to U.S. law:*  
Reed Smith LLP  
20th Floor, Alexandra House  
18 Chater Road  
Central  
Hong Kong

*as to PRC law:*  
Tian Yuan Law Firm  
10th Floor, China Pacific Insurance Plaza  
28 Fengsheng Hutong  
Xicheng District  
Beijing

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**DIRECTORS, SUPERVISORS AND PARTIES INVOLVED  
IN THE GLOBAL OFFERING**

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**Legal Advisors to the Underwriters** *as to Hong Kong law and U.S. law:*  
Freshfields Bruckhaus Deringer  
11th Floor, Two Exchange Square  
Central  
Hong Kong

*as to PRC law:*  
King & Wood Mallesons  
20th Floor, East Tower  
World Financial Center  
1 Dongsanhuan Zhonglu  
Chaoyang District  
Beijing

**Reporting Accountants**  
Ernst & Young  
22/F, CITIC Tower  
1 Tim Mei Avenue  
Central  
Hong Kong

**Independent Property Valuer and  
Independent Market Consultant**  
DTZ Debenham Tie Leung Limited  
16/F, Jardine House  
1 Connaught Place  
Central  
Hong Kong

**Receiving Banks**  
Bank of China (Hong Kong) Limited  
1 Garden Road  
Hong Kong

The Bank of East Asia, Limited  
10 Des Voeux Road Central  
Hong Kong

Industrial and Commercial Bank of  
China (Asia) Limited  
33/F, ICBC Tower  
3 Garden Road  
Central  
Hong Kong

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## CORPORATE INFORMATION

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|   |   |
|---|---|
| <b>Registered office</b>                        | No. 539 Changjiang Road<br>Xigang District<br>Dalian<br>Liaoning Province   |
| <b>Principal place of business in the PRC</b>   | Block B<br>Wanda Plaza<br>No. 93 Jianguo Road<br>Chaoyang District<br>Beijing   |
| <b>Principal place of business in Hong Kong</b> | 18/F, Tesbury Centre<br>28 Queen's Road East<br>Wanchai<br>Hong Kong  |
| <b>Website address</b>                          | <a href="http://www.wandaplazas.com">www.wandaplazas.com</a><br><i>(Information contained in this website does not form part of the prospectus)</i>   |
| <b>Company Secretary</b>                        | Mr. LIU Chaohui<br>Room 102 No. 77 Building<br>Nanshan Road<br>Huli District<br>Xiamen City<br>Fujian Province  |
| <b>Assistant Company Secretary</b>              | Ms. LAM Sophie<br>(Fellow Member of The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators in the United Kingdom)                                       |
| <b>Authorized Representatives</b>               | Mr. WANG Guiya<br>Room 8-302 No. 2 Building<br>Fenghuiyuan<br>Xicheng District<br>Beijing<br><br>Mr. LIU Chaohui<br>Room 102 No. 77 Building<br>Nanshan Road<br>Huli District<br>Xiamen City<br>Fujian Province |
| <b>Strategy Committee</b>                       | Mr. DING Benxi<br>Mr. QI Jie<br>Mr. LIU Jipeng  |

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## CORPORATE INFORMATION

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| <b>Audit Committee</b>                       | Dr. XUE Yunkui<br>Mr. WANG Guiya<br>Mr. LIU Jipeng   |
| <b>Nomination Committee</b>                  | Mr. LIU Jipeng<br>Mr. YIN Hai<br>Dr. XUE Yunkui  |
| <b>Remuneration and Evaluation Committee</b> | Dr. HU, Fred Zulu<br>Mr. YIN Hai<br>Dr. XUE Yunkui   |
| <b>Compliance Advisor</b>                    | China International Capital Corporation Hong Kong Securities Limited   |
| <b>H Share Registrar</b>                     | Computershare Hong Kong Investor Services Limited<br>Shops 1712-1716, 17th Floor, Hopewell Centre<br>183 Queen's Road East<br>Wanchai<br>Hong Kong   |
| <b>Principal Bankers</b>                     | Bank of China<br>No.1 Fuxingmen Nei Avenue<br>Xicheng District<br>Beijing<br><br>Agricultural Bank of China<br>No.69 Jianguomen Nei Avenue<br>Dongcheng District<br>Beijing<br><br>Industrial and Commercial Bank of China<br>No.55 Fuxingmen Nei Avenue<br>Xicheng District<br>Beijing<br><br>China Merchants Bank<br>7088 Shennan Boulevard<br>Futian District<br>Shenzhen<br>Guangdong Province<br><br>China Everbright Bank<br>China Everbright Center, No. 25 Taipingqiao Avenue<br>Xicheng District<br>Beijing |



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## SUPERVISION AND REGULATION

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Set below is the summary of the PRC laws and regulations in relation to the business and operation of our Company, including the establishment of real estate enterprises, acquisition of land use rights, property development, sales/pre-sales of commodity buildings, and environment protection, etc.

### ESTABLISHMENT OF REAL ESTATE DEVELOPMENT ENTERPRISES

#### General provisions

In accordance with the Law of the People's Republic of China on Urban Real Estate Administration (《中華人民共和國城市房地產管理法》) (the "Urban Real Estate Law") (promulgated on July 5, 1994, revised on August 30, 2007 and amended on August 27, 2009), real estate development enterprises are defined as the enterprises that engage in real estate development and operation for the purpose of seeking profits. In accordance with the Regulations on Administration of Development and Operation of Urban Real Estate (《城市房地產開發經營管理條例》) (the "Development Regulations") (promulgated and implemented on July 20, 1998 by the State Council, and amended on January 8, 2011), the establishment of a real estate development enterprise shall, in addition to the conditions for the enterprise establishment prescribed by relevant laws and administrative regulations, fulfil the following conditions:

- The registered capital shall be RMB1 million or above, and
- The enterprise shall have not less than 4 full-time technical personnel with certificates of qualifications of real estate specialty and construction engineering specialty and not less than 2 full-time accountants with certificates of qualifications.

People's governments of the provinces, autonomous regions and municipalities directly under the central government may, in the light of the actual local conditions, formulate more stringent provisions for the conditions of registered capital and specialised technical personnel for the establishment of a real estate development enterprise than those in the preceding paragraph.

Pursuant to the Development Regulations, to establish a real estate development enterprise, the developer must apply for registration with the administration for industry and commerce of the people's government at or above the county level, which should, in examining the application for the registration, seek the views of the real estate development authority at the same level. The developer must also report its establishment to the real estate development authority in the location of its registration within 30 days of receipt of its business license.

#### Foreign investment in real estate development

On July 11, 2006, the Ministry of Construction, the MOFCOM, the NDRC, the PBOC, the SAIC and the SAFE jointly issued the Opinions on Regulating the Entry and Administration of Foreign Investment into the Real Estate Market (《關於規範房地產市場外資准入和管理的意見》), which provides that:

- foreign organisations and individuals who have established foreign-invested enterprises are allowed to invest in and purchase non-owner-occupied real estate in

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## SUPERVISION AND REGULATION

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China; while branches of foreign organisations established in China are eligible to purchase commercial houses which match their actual needs for self-use under their names;

- the registered capital of foreign-invested real estate enterprises with the total investment amount exceeding or equal to US\$10 million shall be no less than 50% of their total investment;
- foreign-invested real estate enterprises can apply for renewing the official foreign-invested enterprise approval certificate and business licence with an operation term of one year only after they have paid back all the land premium and obtained the state-owned land use rights certificate;
- with respect to equity transfer and project transfer of a foreign-invested real estate enterprise and the merger and acquisition of a domestic real estate enterprise by an overseas investor, the department in charge of commerce and other departments shall conduct examination and approval in strict compliance with the provisions of the relevant laws, regulations, and policies. The investor concerned shall submit a letter of guarantee on its promise to perform the State Land Use Right Grant Contract (《國有土地使用權出讓合同》), the Planning Permit on Land for Construction Use (《建設用地規劃許可證》), the Planning Permit on Construction Projects (《建設工程規劃許可證》) etc., and shall submit the Certificate for Use of State Land (《國有土地使用證》), the documents certifying that the change of registration has been filed with the relevant department in charge of construction (real estate) for record, and the certification materials issued by the relevant taxation authority on the tax payment in relevance.
- foreign investors shall pay off all considerations for the transfer in a lump sum with their own funds if they acquire Chinese real estate enterprises or any equity interest held by Chinese parties in Sino-foreign joint venture engaged in real estate industry;
- no offshore or domestic loan is allowed and the foreign exchange administration shall not approve the conversion of foreign loans into Renminbi if the foreign-invested real estate enterprises have not contributed their registered capital in full, or have not obtained the state-owned land use rights certificate, or their capital for a development project is less than 35% of the total investment; and
- by no means can the Chinese or foreign investors make any commitment to guarantee a fixed return or fixed revenue for any party in the contracts, articles of association, share transfer agreements and other documents.

On August 14, 2006, the MOFCOM promulgated the Notice on Relevant Issues on Implementing the Opinions on Regulating the Entry and Administration of Foreign Investment into the Real Estate Market by the General Office of MOFCOM (《商務部辦公廳關於貫徹落實〈關於規範房地產市場外資准入和管理的意見〉有關問題的通知》) (the “**MOFCOM Notice**”). According to the MOFCOM Notice, foreign-invested real estate enterprises with the total investment amount exceeding or equal to US\$10 million or between US\$3 million and US\$10 million shall have its registered capital no less than 50% of the total investment and no less than 70% of the total investment when the total investment amount is less than or equal to US\$3 million. Foreign investors that merge with domestic real estate enterprises through stock

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## SUPERVISION AND REGULATION

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equity transfer and other means shall prepare for proper staff rearrangement, settle debts from the bank and pay off all considerations for the transfer in a lump sum with its own funds within three months since the issuing date of foreign-invested enterprise business licence. Foreign investors who merge their equity in the domestic enterprises with foreign-invested property enterprises shall prepare for proper staff rearrangement, settle debts from the bank and pay off all considerations for the transfer in a lump sum with its own funds within three months since the issuing date of foreign-invested enterprise business licence.

MOFCOM and the SAFE jointly issued the Notice on Further Strengthening and Regulating the Approval and Administration regarding Foreign Direct Investment in the Real Estate Industry (《關於進一步加強、規範外商直接投資房地產業審批和監管的通知》) on May 23, 2007. Under the Notice, local commercial authorities shall reinforce the approval and supervision procedures over foreign-invested real estate enterprises, and strictly control foreign fund from investing in high-end real estate development projects. Foreign-invested company which intends to engage in the property development business shall obtain the land use rights and property ownership, or has entered into pre-contract purchase agreement with the relevant land administrative authorities, land developers, or the owners of real properties, otherwise the establishment of proposed foreign-invested real estate company will not be approved by the relevant authorities. For an existing foreign-invested company who intends to expand its business or company who intends to engage in the operation or development of new real estate project, they shall complete relevant procedures with the approval authority. The acquisition of or investment in domestic real estate enterprises by means of return investment (including having the same actual controller) shall be strictly controlled. Foreign investors shall not evade the examination and approval of foreign-invested real estate by means of altering the actual controller of domestic real estate enterprises.

On June 18, 2008, the MOFCOM issued the Notice Regarding the Registration of Foreign-Invested Real Estate Industry (《商務部關於做好外商投資房地產業備案工作的通知》) (the “**Circular 23**”), which requires that registration shall be preliminarily examined by the provincial branch of the MOFCOM before submitting to the MOFCOM for registration. Pursuant to Circular 23, the MOFCOM may randomly select registered foreign-invested real estate enterprises for examinations. The foreign currency registration of any enterprise which is found to be in violation of the existing regulations shall be cancelled and the foreign investment statistics of such enterprise shall be nullified by the SAFE upon the notice of the MOFCOM.

On June 24, 2014, the MOFCOM and SAFE jointly issued the Notice Regarding the Improvement of Registration of Foreign-Invested Real Estate Industry (《關於改進外商投資房地產業備案工作的通知》), which adopts an electronic registration system to simplify the registration process and emphasises the post-registration governance.

### QUALIFICATIONS OF REAL ESTATE DEVELOPERS

#### Classification and rating of qualifications of real estate development enterprises

In accordance with the Development Regulations, a real estate development enterprise shall, within 30 days starting from the date of obtainment of the business licence, file the relevant documents with the competent department of real estate development of the place where the registration authority is located. The competent department of real estate development shall, on the basis of the assets, specialised technical personnel and

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## SUPERVISION AND REGULATION

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development and management achievements, verify the level of qualification of the real estate development enterprise in question. The real estate development enterprise shall, in accordance with the verified level of qualification, undertake corresponding real estate development projects. Relevant specific rules may be formulated by the competent administrative department of construction of the State Council.

On March 29, 2000, the Ministry of Construction promulgated the Regulations on Administration of Qualification of Real Estate Development Enterprises (《房地產開發企業資質管理規定》) (the “**Circular 77**”), pursuant to which, an enterprises engaged in real estate development shall be approved in accordance with the provisions of application for the enterprise qualification level. Enterprises that fail to obtain certificates of real estate investments shall not engage in the real estate development business.

Enterprises engaged in real estate development are classified into four qualification levels: Level I, Level II, Level III and Level IV in accordance with their registered capital and financial conditions, experience of real estate development business, construction quality, the professional personnel they employ, and quality control system etc. The preliminary examination of the qualification of Level I shall be overseen by the administrative departments of people’s governments of provinces, autonomous regions and municipalities directly under the central government and then reported to the construction administrative departments of the State Council for approval. The examination measures of the enterprises of Level II qualification or lower shall be formulated by the construction administrative department of the people’s governments of provinces, autonomous regions and municipalities directly under the central government. Enterprises passing the qualification examination shall be awarded with corresponding levels of qualification certificates by the qualification examination departments. The competent department of real estate development shall verify and issue the provisional qualification certificate (《暫定資質證書》) to the enterprises that conform to the conditions within thirty days upon receipt of the application for filing of establishment. The validity period of the provisional qualification certificate is one year. The competent department of real estate development may extend the validity period of the provisional qualification certificate depending on the actual conditions and the extension shall not exceed two years. The term of validity of the provisional qualification certificate may not be extended if enterprises fail to develop projects within one year from the date of receipt of such certificate. Enterprises engaged in real estate development shall apply for verification of qualification level to the competent department of real estate development within one month before expiration of the validity period of the provisional qualification certificate.

### **Business scope of real estate development enterprises**

Pursuant to the relevant provisions of the Circular 77, enterprises of various qualification levels shall engage in real estate development and management within the prescribed scope of business and shall not undertake tasks bypassing their own levels. The construction scale of real estate projects undertaken by real estate development enterprises with Level I qualification across the country shall not be restricted. Real estate development enterprises with qualifications of Level II or lower shall be allowed to undertake development and

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## SUPERVISION AND REGULATION

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construction projects with a construction area of less than 250,000 square meters. The specific range of business is determined by the competent construction administrative department of the people's government of provinces, autonomous regions and municipalities directly under the central government.

### **Annual qualification review of real estate development enterprises**

Pursuant to the relevant provisions of the Circular 77, the qualification of real estate development enterprises shall be subject to annual review. For enterprises that do not conform to the existing qualification criteria or found with improper business practices, their qualification certificates shall be downgraded or cancelled by the original qualification approval department. The annual qualification review of real estate development enterprises with Level I qualification shall be under the charge of competent construction administrative department of State Council or its authorised authority. For the annual review of real estate development enterprises with qualifications of Level II or below, the competent construction administrative department of provinces, autonomous regions and municipalities directly under the central government shall formulate the administrative measures.

### **LAND USE RIGHTS FOR REAL ESTATE DEVELOPMENT**

All land in the PRC is either state-owned or collectively-owned, depending on the location of the land. Where land in rural areas and suburban areas are legally owned by the State, the State holds ownership rights. The State has the right to resume its ownership of land or the land use rights in accordance with laws if required for the public interest and compensation shall be paid by the State.

Although all land in the PRC is either state-owned or collectively-owned, individuals and entities may obtain land use rights and hold such land use rights for development purposes. Individuals and entities may acquire land use rights in different ways, the two most important being land grants from local land authorities and land transfers from land users who have already obtained land use rights.

#### **Land grants**

##### ***National legislation***

In April 1988, the National People's Congress (the "NPC") passed an amendment to the Constitution of the PRC (《中華人民共和國憲法》). The amendment allowed the transfer of land use rights for value to prepare for reforms of the legal regime governing the use of land and transfer of land use rights. In December 1988, the Standing Committee of the NPC also amended the Land Administration Law of the People's Republic of China (《中華人民共和國土地管理法》) to permit the transfer of land use rights for value.

In May 1990, the State Council enacted the Provisional Regulations of the People's Republic of China Concerning the Grant and Assignment of the Right to Use State-owned Land in Urban Areas (《中華人民共和國城鎮國有土地使用權出讓和轉讓暫行條例》). These regulations, generally referred to as the Urban Land Regulations, formalised the process of the grant and transfer of land use rights for value. Under this system, the State retains the ultimate

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## SUPERVISION AND REGULATION

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ownership of the land. However, the right to use the land, referred to as land use rights, can be granted by the State and local governments at or above the county level for a maximum period of 70 years for specific purposes pursuant to a land grant contract and upon payment to the State of a premium for the grant of land use rights.

The Urban Land Regulations prescribe different maximum periods of grant for different uses of land as follows:

| <u>Use of land</u>  | <u>Maximum period</u> |
|---|-----------------------|
|   | (Years)               |
| Commercial, tourism, entertainment . . . . .                          | 40                    |
| Residential . . . . .   | 70                    |
| Industrial . . . . .  | 50                    |
| Educational, scientific, cultural, public health and sports . . . . . | 50                    |
| Comprehensive utilisation or others . . . . .                         | 50                    |

Under the Urban Land Regulations, domestic and foreign enterprises are permitted to acquire land use rights unless laws provide otherwise. The State may not resume possession of lawfully-granted land use rights prior to expiration of the term of grant. Should the State resumes the possession for public interest under special circumstances during the term of grant, compensation shall be paid by the State, on the basis of the period of which the land user has used the land and the status with respect to the development and utilisation of the land. Subject to compliance with the terms of the land grant contract, a holder of land use rights may exercise substantially the same rights as a land owner during the grant term, including holding, leasing, transferring, mortgaging and developing the land for sale or lease.

Upon paying in full the land premium pursuant to the terms of the contract, a land-grantee may apply to the relevant land bureau for the land use rights certificate. In accordance with the Property Rights Law of the People's Republic of China (《中華人民共和國物權法》), which was issued on March 16, 2007 and effective on October 1, 2007, the term of land use rights for land of residential use will automatically be renewed upon expiry. The renewal of the term of land use rights for other uses shall be dealt with according to the then-current relevant laws. In addition, if the State resumes the possession of land for public interest during the term of the relevant land use rights, compensation shall be paid to the owners of residential properties and other real estate on the land and the relevant land premium shall be refunded to them by the State.

### ***Ways of land grant***

Pursuant to PRC laws and the stipulations of the State Council, except for land use rights which may be obtained through allocation, land use rights for property development are obtained through the grant from government. There are two ways by which land use rights may be granted, namely by private agreement or competitive processes (i.e., tender, auction or listing at a land exchange administered by the local government).

As of July 1, 2002, the grant of land use rights by way of competitive processes is governed by the Regulations on the Grant of Use Right of State-Owned Land by Invitation of Tender, Auction or Listing-for-Bidding (《招標拍賣掛牌出讓國有土地使用權規定》), issued by the Ministry of Land and Resources of the PRC on May 9, 2002 and revised as of September 28,



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2007 with the name of Regulations on Granting State-Owned Construction Land Use Right through Tenders, Auction and Listing-for-Bidding (《招標拍賣掛牌出讓國有建設用地使用權規定》) (the “**Land Grant Regulations**”) which became effective on November 1, 2007. The Land Grant Regulations specifically provide that land to be used for industrial, commercial, tourism, entertainment or commodity residential purposes, or where there are two or more intended users for the certain piece of land, shall be granted by way of competitive processes. A number of measures are provided by the Land Grant Regulations to ensure such grant of land use rights for commercial purposes is conducted openly and fairly. For instance, the local land bureau shall take into account various social, economic and planning considerations when deciding on the use of a certain piece of land, and its decision regarding land use designation is subject to approval of the municipal or county government. The grantee shall apply for land registration and obtain the state-owned land use rights certificate upon full payment of the land premium of the granted land according to the state-owned land grant contract. In addition, the announcement of tender, auction or listing-for bidding shall be made twenty days prior to the date on which such competitive process begins. Further, it also stipulated that for listing at a land exchange, the time period for accepting bids shall be no less than ten days.

In the case of tender, the local land bureau granting the land use rights shall examine the qualifications of the intended bidders and inform those qualified to participate in the bidding processes by sending out invitations to tender. Bidders are asked to submit sealed bids together with the payment of a security deposit. When land use rights are granted by way of tender, a tender evaluation committee consisting of not less than five members (including a representative of the grantor and other experts), formed by the land bureau is responsible for opening the tenders and deciding on the successful bidder.

Where land use rights are granted by way of auction, a public auction shall be held by the relevant local land bureau. The land use rights are granted to the highest bidder according to the relevant terms and conditions. The successful bidder shall then be asked to sign the land grant contract with the local land bureau and pay the relevant land premium within the prescribed period before obtaining the land use rights certificate.

On May 13, 2011, the Ministry of Land and Resources promulgated the Opinions on Upholding and Improving the System for the Transfer of Land by Tender, Auction and Listing-for-Bidding (《關於堅持和完善土地招標拍賣掛牌出讓制度的意見》), which provides, among other things, that (i) correct utilisation of the regulating and controlling effects of the land transfer policy through tender, auction and listing-for-bidding; (ii) improvement in the transparency of the system of tender, auction and listing-for-bidding for housing land; and (iii) adjustment and improvement in the land transfer policy through tender, auction and listing-for-bidding, including (a) limitation on house price or land price, and transfer of policy-related housing land by listing-for-bidding or auction; (b) limitation on the GFA of allocated security housing, and transfer of commodity housing land by listing or auction; (c) carrying out of comprehensive assessment on conditions of land development and utilisation and land transfer prices, and determination of the person who is entitled to land use rights by tender; (iv) promotion of online operation of the transfer of land use rights; and (v) improvement in the contracts for land transfer through tender, auction and listing-for-bidding.

In June 2003, the Ministry of Land and Resources promulgated the Regulations on Grant of State-Owned Land Use Rights by Agreement (《協議出讓國有土地使用權規定》) (the “**2003 Regulations**”), to regulate granting of land use rights by agreement when there is only one party interested in the land, the designated uses of which are other than for commercial



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purposes as described above. According to the 2003 Regulations, the local land bureau, together with other relevant government departments, including the city planning authority, shall formulate a plan concerning the grant, including the specific location, boundary, purpose of use, area, term of grant, conditions of use, conditions for planning and design as well as the proposed land premium, which shall not be lower than the minimum price regulated by the State, and submit such plan to the relevant government for approval. Afterwards, the local land bureau and the relevant party shall negotiate and enter into the land grant contract based on the above-mentioned plan. If two or more parties are interested in the land use rights proposed to be granted, such land use rights shall be granted by way of tender, auction or listing-for-bidding at a land exchange in accordance with the Land Grant Regulations.

The grantee is required to pay the land premium pursuant to the terms of the contract and the contract is then submitted to the relevant local bureau for the issue of the land use rights certificate. Upon expiration of the term of grant, the grantee may apply for its renewal. Upon approval by the relevant local land bureau, a new contract is entered into to renew the grant, and a land premium shall be paid.

Land users who have legally acquired State-owned land use right via agreed assignment and intend to change the purpose of the land use stipulated by the Assignment Contract of the State-Owned Land Use Right into the profit-oriented purposes including, among other things, business, tourism, recreation, and commercial housing, shall (i) require the approval of both assigning parties concerned and urban planning authorities under people's governments at the level of city or county; (ii) sign an agreement to modify the Assignment Contract of the State-Owned Land Use Right or sign a new Assignment Contract of the State-Owned Land Use Right; (iii) according to the changed purpose of land use, pay additional fees for the assignment in correspondence to the market price of land at the time of modification; and (iv) register the modification of the land use right as legally required.

According to the Notice of the Ministry of Land and Resources on Relevant Issues Concerning the Strengthening of Examination and Approval of Land Use in Urban Construction (《關於加強城市建設用地審查報批工作有關問題的通知》) enacted by the Ministry of Land and Resources on September 4, 2003, from the date of promulgation, land use for luxurious commodity houses shall be stringently controlled, and applications for land use rights to build villas shall be stopped. According to the Circular on the Distribution of the Catalog for Restricted Land Use Projects (2012 Edition) and the Catalog for Prohibited Land Use Projects (2012 Edition) (《關於印發〈限制用地項目目錄(2012年本)〉和〈禁止用地項目目錄(2012年本)〉的通知》) promulgated by the Ministry of Land and Resources and NDRC in May 2012, the granted area of the residential housing projects should not exceed (i) seven hectares for small cities and towns, (ii) 14 hectares for medium-sized cities, or (iii) and 20 hectares for large cities and plot ratio which is not lower than 1.0.

### **Land transfer from current land users**

In addition to a direct grant from the government, an investor may also acquire land use rights from land users that have already obtained the land use rights by entering into an assignment contract with such land user.

If the land has not been developed and utilized in accordance with the period of time specified in the land grant contract and the conditions therein, the right to the use thereof may not be transferred. With the transfer of the land use rights, the rights and obligations specified

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in the land grant contract and in the registration documents shall be transferred accordingly. The time limit for the right to use land that a land user has acquired by means of transfer shall be the remaining period of the term specified in the land grant contract after deduction of the period for which the original land user(s) has (have) used the land.

For real estate development projects, the Urban Real Estate Law requires that at least 25% of total amount of investment or development must have been made or completed before assignment can take place. All rights and obligations of the current holder under a land grant contract will be transferred contemporaneously to the assignee of the land use rights. Relevant local governments may acquire the land use rights from a land user in the event of a readjustment of the use of land for renovating the old urban area according to city planning. The land user will then be compensated for the loss of land use rights.

### **LAND RESERVE FOR REAL ESTATE DEVELOPMENT**

According to the Measures on Administration of Land Reserve (《土地儲備管理辦法》) promulgated by the Ministry of Land and Resources, Ministry of Finance and PBOC on November 19, 2007, the land reserve institution refers to the independent legal entity which is affiliated to the land administrative bureau, and the following land may be brought into land reserve: (i) state-owned land reclaimed in accordance with the law; (ii) land repurchased by the government; (iii) land obtained by the government by exercising priority purchase right; (iv) the agricultural land that has gone through usage modification and expropriation process; and (v) other land obtained in accordance with the law.

Where the land is required to be expropriated due to adjustment to previous urban area planning to reconstruct old town, the local land resource administrating authority shall apply to the competent government for approval and pay the users of the expropriated land compensations. The land reserve authority may also purchase land from the land users through negotiation and therefore shall enter into a land use rights purchase contract with the land user and the compensation shall be negotiated between the land reserve authority and the land user based on the assessed value of the land, and approved by state-owned land resources administrative authority, financial department and institutions defined by local regulations.

With the approval of stated-owned land resource administrating authority, the land reserve authority has the right to conduct activities such as preliminary development, protection, management, temporary using and financing for land reserve and preliminary development, etc. After the preliminary development, the reserve land may be brought into the local land supply plan.

### **DEVELOPMENT OF REAL ESTATE PROJECTS**

#### **Commencement of real estate development projects**

According to the Urban Real Estate Law, those who have obtained the right of land use by way of grant for real estate development must develop the land in accordance with the land use and the construction period as prescribed in the grant contract. When the development has not started one year later than the date for starting the development as prescribed by the grant contract, an idle land fee no more than 20% of the land grant premium may be collected

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and when the development has not started two years later, the right to use the land may be confiscated without any compensation, except that the delays are caused by force majeure, the activities of government, or the necessary preparatory work for starting the development.

Pursuant to the Measures on Disposal of Idle Land (《閒置土地處置辦法》), which was promulgated on April 28, 1999 by the Ministry of Land and Resources and revised on June 1, 2012, land can be defined as idle land under any of the following circumstances:

- development and construction of the state-owned idle land is not commenced after one year of the prescribed time limit in the land use right grant contract or allocation decision; or
- the development and construction of the state-owned idle land has been commenced but the area of the development and construction that has been commenced is less than one-third of the total area to be developed and constructed or the invested amount is less than 25% of the total amount of investment, and the development and construction have been continuously suspended for one year or more without an approval.

Where the delay of commencement of development is caused by the government's behavior or due to the force majeure of natural disasters, the land administrative authorities shall discuss with the holder of state-owned construction land use rights and choose the following methods for disposal:

- (i) extending the time limit of the start of development. The government and the holder of state-owned construction land use rights shall enter into the supplemental agreement and re-specify the time limit of the start of development and construction completion and the liability for breach of contract. The time limit of the start of development shall not be extended over one year from the date of the start of development specified on the supplemental agreement;
- (ii) adjusting the land use and planning conditions. The relevant land use procedure shall be re-gone through and the land grant premium shall be checked, collected or returned according to the new land use or planning conditions;
- (iii) the government arranges temporary use for the idle land. The holder of state-owned construction land use rights shall re-develop and construct the idle land till the former project satisfies the requirements of development and construction. The time limit of temporary use shall not exceed two years from the date of temporary use arranged;
- (iv) getting back the use right of the state-owned construction land with compensation;
- (v) exchanging the idle land. When the land grant premium of the idle land have been paid up, the project funding has been completed and the idleness is caused by the plan amendment according to the law, the government can exchange other state-owned construction land of same value and use for the

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holder of state-owned construction land use rights to develop and construct. As for the land grant, the holder of state-owned construction land use rights and the government shall reenter into land grant contract which shall specify the land as the exchange land; and

- (vi) the city-level and county-level land administrative authorities can stipulate other disposal ways according to the actual situation.

Save for the above item (iv), the time of the commencement of development shall be re-dated according to newly agreed or stipulated time.

On September 8, 2007, the Ministry of Land and Resources promulgated the Notice on Strengthening the Disposing of Idle Land (《關於加大閑置土地處置力度的通知》), providing that the surcharge on idle land shall be 20% of the land grant premium in principle and where the confiscation measure is required in accordance with the law, such measure shall be strictly implemented.

On January 3, 2008, the State Council issued the Notice on Promoting the Saving and Intensive Use of Land (《國務院關於促進節約集約用地的通知》). This notice strictly enforces the policies for dealing with idle land. If a piece of land has been idle for two years or more, it must be taken back free of charge absolutely and rearranged for other uses. If the land does not meet the statutory conditions for recovery, it must be timely dealt with and fully used through changing its uses, replacement by parity value, temporary use or incorporation into government reserves. If a piece of land has been idle for more than one year but less than two years, the idle land surcharge must be collected at 20% of the land grant premium. If the land premium has not been completely paid off according to the contract, no land certificate may be granted, and it is also prohibited to grant the land certificate by dividing the land based on the proportion of the paid land grant premium.

According to the Notice on Promoting the Steady and Healthy Development of the Real Estate Market (《關於促進房地產市場平穩健康發展的通知》) issued by the General Office of the State Council on January 7, 2010, the land resource authorities shall strengthen the investigation and handling of idle lands.

### **Planning of real estate projects**

Under the Regulations on Planning Administration regarding Granting and Transfer of State-Owned Land Use Right in Urban Area (《城市國有土地使用權出讓轉讓規劃管理辦法》) promulgated by the Ministry of Construction in December 1992 and amended in January 2011, a real estate developer shall apply for a construction land planning permit (《建設用地規劃許可證》) from the municipal planning authority. After obtaining the construction land planning permit, the real estate developer shall conduct all necessary planning and design works in accordance with relevant planning and design requirements. A planning and design proposal in respect of the real estate project shall be submitted to the municipal planning authority in compliance with the requirements and procedures under the Urban and Rural Planning Law of the People's Republic of China (《中華人民共和國城鄉規劃法》), which was issued on October 28, 2007, and a construction work planning permit (《建設工程規劃許可證》) shall be obtained from the municipal planning authority.

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### **Expropriation and Compensation**

In accordance with the Regulations on Expropriation and Compensation of Buildings on State-Owned Land (《國有土地上房屋徵收與補償條例》) promulgated by the State Council in January 2011, the responsible party who intends to expropriate buildings on the state-owned land for public interest shall compensate the building owners fairly. For safeguarding national security and promoting national economic and social development and other public interests, city or county level governments may make the decision to expropriate the housing.

The municipal government and municipal government at the county level are in charge of expropriation and compensation of the housing in their own administration divisions. The expropriation and compensation shall be organized and implemented by the housing expropriation department assigned by the municipal government and municipal government at the county level. The housing expropriation department shall draft the compensation plan, and submit the plan to the municipal government and municipal government at the county level. The municipal government and municipal government at the county level shall discuss the compensation plan and announce the plan for public opinions.

Compensation for expropriation may be effected by way of monetary compensation or exchange of property rights. If the monetary compensation method is used, the amount of compensation shall be assessed based on the real property market price. If the property exchange or replacement method is used, the government and the building owners subject to expropriation shall compare the amount of compensation due and the value of the replacement property, and calculate the difference. In addition to the compensation, the government will also pay a removal allowance to the building owners subject to expropriation. On August 31, 2006, the State Council promulgated a Notice on Strengthening Administration of Land (《國務院關於加強土地調控有關問題的通知》) which increased the amount of relocation compensation paid to farmers and various other land use fees.

### **Construction work commencement permit**

The real estate developer shall apply for a construction work commencement permit (建築工程施工許可證) from the relevant construction authority in accordance with the Regulations on Administration Regarding Permission for Commencement of Construction Works (《建築工程施工許可管理辦法》) promulgated by the Ministry of Construction on October 15, 1999 and amended on July 4, 2001.

### **Acceptance and examination upon completion of real estate projects**

Pursuant to the Regulations on Administration of Development and Operation of Urban Real Estate (《城市房地產開發經營管理條例》) promulgated by the State Council on July 20, 1998, the Administrative Measures for Reporting Details Regarding Acceptance Examination upon Completion of Buildings and Municipal Infrastructure (《房屋建築和市政基礎設施工程竣工驗收備案管理辦法》) promulgated by the Ministry of Construction on April 4, 2000 and amended on October 19, 2009 and the Provisions on Acceptance Examination upon Completion of Buildings and Municipal Infrastructure (《房屋建築和市政基礎設施工程竣工驗收規定》) promulgated and implemented by the MOHURD on December 2, 2013, upon the completion of real estate development project, the real estate development enterprise shall submit an application to the competent department of real estate development of local people's

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government at or above county level, where the project is located, for examination upon completion of building and for filing purposes; and to obtain the Filing Form for Acceptance and Examination upon Completion of Construction Project. A real estate project shall not be delivered before passing the acceptance examination.

### INSURANCE OF REAL ESTATE PROJECTS

There are no nationwide mandatory requirements in the PRC laws, regulations and government rules requiring a real estate developer to maintain insurance for its real estate projects. According to the Construction Law of the People's Republic of China (《中華人民共和國建築法》) promulgated by the Standing Committee of the NPC on 1 November 1997 and effective on 1 March 1998 and amended on 22 April 2011, construction enterprises shall maintain accident and casualty insurance for workers engaged in dangerous operations and pay the insurance premium. In the Opinions of the Ministry of Construction on Strengthening the Insurance of Accidental Injury in the Construction Work (《建設部關於加強建築意外傷害保險工作的指導意見》) promulgated by the Ministry of Construction on 23 May 2003, the Ministry of Construction further emphasised the importance of the insurance of accidental injury in the construction work and put forward the detailed opinions of guidance.

### REAL ESTATE TRANSACTIONS

#### Sale of commodity properties

Under the Measures for Administration of Sale of Commodity Properties (《商品房銷售管理辦法》) (the “**Sale Measures**”) promulgated by the Ministry of Construction on April 4, 2001 and became effective on June 1, 2001, the sale of commodity properties can include both sales prior to and after the completion of the properties.

#### *Pre-sale permit of commodity properties*

Any pre-sales of commodity properties must be conducted in accordance with the Measures for Administration of Pre-sales of Commodity Properties (《城市商品房預售管理辦法》) promulgated by the Ministry of Construction on November 15, 1994, as amended on August 15, 2001 and July 20, 2004 (the “**Pre-sales Measures**”).

The Pre-sales Measures provide that any pre-sales of commodity properties is subject to specified procedures. If a real estate developer intends to sell commodity properties in advance, it shall apply to the real estate administrative authority to obtain a pre-sales permit. The pre-sales of commodity properties is required to meet the following conditions:

- the related land grant premium having been fully paid up and a land use rights certificate having been obtained;
- a construction work planning permit and a construction work commencement permit having been obtained; and



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- the funds invested in the development of the commodity properties intended for presale representing 25% or more of the total investment in the project and the progress of construction and the completion and delivery dates having been properly determined.

### ***Supervision on proceeds of pre-sale of commodity properties***

Under the Pre-sales Measures and the Urban Real Estate Law, the pre-sales proceeds of commodity buildings may only be used to fund the property development costs of the relevant projects.

On April 13, 2010, the MOHURD promulgated the Notice on Further Strengthening the Supervision and Administration of Real Estate Market and Improving the Commodity House Pre-sales System (《關於進一步加強房地產市場監管完善商品住房預售制度有關問題的通知》), which stipulates, among other things, that:

- for the commodity house projects which have not obtained the pre-sales permits, real estate development enterprises shall not conduct any pre-sales activity, or collect fees from purchasers in the nature of deposit or reservation fee in forms of subscription, reservation, number arrangement and VIP card distribution and shall not engage in any sales exhibition. For those which have obtained the pre-sales permits, real estate development enterprises shall carry out one-time publications of the sources of all houses permitted to sell and the price of each house within ten days, and sell the houses strictly at the prices reported and definitely posted. Real estate enterprises shall not sell the houses to any third party, of which the titles have been reserved by themselves, prior to the initial registration of the titles, or pre-sell the commodity houses in the methods of return-cost sale or after-sale lease arrangement or engage in any false transaction;
- the smallest scale set by a pre-sales permit shall not be smaller than a building, and the pre-sales permit shall not be proceeded by floor or unit;
- real estate development enterprises shall sell commodity houses according to the pre-sales plans for commodity houses. Major alteration in the pre-sales plans shall be reported to the competent authority and made public;
- real-name system shall be strictly implemented in the sale of commodity houses, and changes of the names of the purchasers without permission are not allowed after subscription. Pre-sales shall be rescinded if the purchaser does not enter into pre-sales contract within the time limit after subscription, and the houses upon rescission shall be sold to the public; and
- the supervision mechanism of pre-sales proceeds shall be perfected. For areas where a supervision system of pre-sales proceeds has been set up, measures shall be taken to promote the system. For areas where a supervision system of pre-sales proceeds has not been set up, the regulations on supervision of pre-sales proceeds shall be enacted as soon as possible. All of the pre-sales proceeds of commodity properties shall be put into custody accounts, which shall be supervised and



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managed by relevant regulatory authorities in order to ensure the proceeds to be used for commodity properties construction. Pre-sales proceeds may be allocated according to the construction progress, provided that adequate fund has been reserved for completion and delivery of the projects.

### ***Sales after completion of commodity properties***

Under the Sale Measures, commodity properties may be put to post-completion sale only when the following preconditions have been satisfied:

- the real estate development enterprise offering to sell the post-completion buildings shall have an enterprise legal person business license and a qualification certificate of a real estate developer;
- the enterprise has obtained a land use rights certificate or other approval documents of land use;
- the enterprise has obtained the construction project planning permit and the construction work commencement permits;
- the commodity properties have been completed and been inspected and accepted as qualified;
- the relocation of the original residents has been well settled;
- the supplementary essential facilities for supplying water, electricity, heating, gas and communication have been made ready for use, and other supplementary essential facilities and public facilities have been made ready for use, or the schedule of construction and delivery date of have been specified; and
- the property management plan has been completed.

The Provisions on Sales of Commodity Properties at Clearly Marked Price (《商品房銷售明碼標價規定》) was promulgated by the NDRC on March 16, 2011 and became effective on May 1, 2011. According to the provisions, any real estate developer or real estate agency is required to mark the selling price explicitly and clearly for both newly-built and second-hand commodity properties. The provisions require real estate operators to clearly indicate the prices and relevant fees of commodity properties, as well as other factors affecting the prices of commodity properties to the public. With respect to the real estate development projects that have received property pre-sales permits or have completed the filing procedures for the sales of constructed properties, real estate operators shall announce all the commodity properties available for sales at once within the specified time limit. Furthermore, with regard to a property that has been sold out, real estate operators are obliged to disclose the information and to disclose the actual transaction price. Real estate operators cannot sell commodity properties beyond the explicit marked price or charge any other fees not explicitly marked. Moreover, real estate operators may neither mislead properties purchasers with false or irregular price marking, nor engage in price fraud by using false or misleading price marking methods.

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On February 26, 2013, the General Office of the State Council issued the Notice on Continuing the Regulation of Real Estate Market (《關於繼續做好房地產市場調控工作的通知》) which is intended to cool down the property market and emphasize the government's determination to strictly enforce regulatory and macro-economic measures, which include, among other things, (i) home purchase restrictions, (ii) increased down payment requirement for second residential properties purchase, (iii) suspending mortgage financing for third or more residential-properties purchase and (iv) 20% individual income tax rate applied to the gain from the sale of properties.

### **Mortgage of properties**

The mortgage of real estate in the PRC is mainly governed by the Property Rights Law of the People's Republic of China (《中華人民共和國物權法》), the Guarantee Law of the PRC (《中華人民共和國擔保法》), and the Measures for Administration of Mortgages of Urban Real Estate (《城市房地產抵押管理辦法》). According to these laws and regulations, land use rights, the buildings and other attachments on the ground may be mortgaged. When a mortgage is created on the ownership of a building legally obtained, a mortgage shall be simultaneously created on the land use right of the land on which the building is situated. The mortgagor and the mortgagee shall sign a mortgage contract in writing. A system has been adopted to register the mortgages of real estate. After a real estate mortgage contract has been signed, the parties to the mortgage shall register the mortgage with the real estate administration authority at the location where the real estate is situated. A real estate mortgage contract shall become effective on the date of registration of the mortgage. If a mortgage is created on the real estate in respect of which a property ownership certificate has been obtained legally, the registration authority shall make an entry under the "third party rights" item on the original property ownership certificate and issue a Certificate of Third Party Rights to a Building (《房屋他項權證》) to the mortgagee. If a mortgage is created on a commodity building put to pre-sale or on a working progress basis, the registration authority shall record the details on the mortgage contract. If construction of a real property is completed during the term of a mortgage, the parties involved shall re-register the mortgage of the real property after the issuance of the certificates evidencing the rights and ownership to the real estate.

### **Lease of properties**

Both the Urban Land Regulations and the Urban Real Estate Law permit the leasing of granted land use rights and of the buildings or houses erected on the land. On December 1, 2010, MOHURD promulgated the Administrative Measures for Commodity House Leasing (《商品房屋租賃管理辦法》) (the "**New Lease Measures**"), which become effective on February 1, 2011, and replaces the Administrative Measures for Urban House Leasing (《城市房屋租賃管理辦法》). Pursuant to the New Lease Measures, parties thereto shall register and file with the local property administration authority within thirty days after the execution of lease contract. Non-compliance with such registration and filing requirements shall be subject to fines up to RMB 10,000. According to the Urban Real Estate Law, rental income derived from any building situated on allocated land, or land which the landlord has acquired only allocated land use rights, shall be turned over to the State.

Under the Contract Law of the People's Republic of China (《中華人民共和國合同法》) promulgated by the NPC on March 15, 1999, the term of a leasing contract shall not exceed 20 years.

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### REAL ESTATE FINANCING

#### Loans to real estate development enterprises

On June 5, 2003, the PBOC promulgated the Notice on Further Strengthening the Administration of Real Estate Related Credit (《關於進一步加強房地產信貸業務管理的通知》). According to this notice, commercial banks shall focus on supporting real estate projects targeting at mid to lower income households and appropriately restrict the granting of real estate loans to projects for the construction of luxury apartments and houses. The notice provides that when applying for bank loans, a real estate development company shall contribute at least 30% of the total investment of the project from its own funds, and prohibits banks from advancing funds to real estate developers as working capital or for payment of land grant premiums.

On August 12, 2003, the State Council published the Notice on Facilitating Sustained and Healthy Development of the Real Estate Market (《國務院關於促進房地產市場持續健康發展的通知》). This notice provides a series of measures to regulate the real estate market, including but not limited to enhancing the gathering and granting of public housing fund, perfecting the security of the housing loans and strengthening the supervision of real estate loans. The purpose of the notice is to create a positive influence on the long-term development of the real estate market in China.

On August 30, 2004, the CBRC issued a Guideline for Commercial Banks on Risks of Real Estate Loans (《商業銀行房地產貸款風險管理指引》). According to this guideline, no loans shall be granted to projects which have not obtained requisite land use rights certificates, construction land planning permits, construction works planning permits and construction work commencement permits. The guideline also stipulated that bank loans shall only be extended to real estate developer who applied for loans and contributed not less than 35% of the total investment of the property development project by its own capital. In addition, the guideline provides that commercial banks shall set up strict approval systems for granting loans.

On September 27, 2007, the PBOC and the CBRC promulgated a Notice on Strengthening the Administration of Commercial Real Estate Credit Loans (《關於加強商業性房地產信貸管理的通知》). Under this circular, the PRC government has tightened the control over the loans from commercial banks to property developers in order to prevent from excessive credit granting of these banks. The circular emphasizes that commercial banks shall not offer loans to property developers who have been found by state land and resource and construction authorities as hoarding land and buildings. Commercial banks are also prohibited from accepting commercial properties that have been vacant for more than three years as guaranties for loans.

On July 29, 2008, the PBOC and the CBRC issued the Notice on Financially Promoting the Land Saving and Efficient Use (《關於金融促進節約集約用地的通知》), which, among other things,

- restricts from granting loans to property developers for the purpose of paying land grant premiums;
- provides that, for secured loans for land reserve, legal land use rights certificates shall be obtained and the loan mortgage shall not exceed 70% of the appraised value of the collateral, and the term of loan shall be no more than two years in principle;

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- provides that for the property developer who (i) delays the commencement of development date specified in the land grant agreement for more than one year, (ii) has not completed one-third of the intended project, or (iii) has not invested one-fourth of the intended total project investment, loans shall be granted or extended prudently;
- restricts granting loans to the property developer whose land has been idle for more than two years; and
- prohibits taking idle land as a security for loans.

On May 25, 2009, the State Council issued a Notice on Adjusting the Capital Ratio of Fixed Assets Investment Projects (《關於調整固定資產投資項目資本金比例的通知》). This notice provides that the minimum capital requirement for affordable housing and ordinary commodity apartments is 20% and the minimum capital requirement for other real estate development projects is 30%. These regulations apply to both domestic and foreign investment projects.

On January 7, 2010, the General Office of the State Council issued the Notice on Promoting the Steady and Healthy Development of the Real Estate Market (《關於促進房地產市場平穩健康發展的通知》). The Notice, among other things, provides that banks are restricted from granting loans to a property development project or property developer which is not in compliance with credit loan regulations or policies.

On September 29, 2010, the PBOC and the CBRC jointly issued the Notice on Relevant Issues Regarding the Improvement of Differential Mortgage Loan Policies (《關於完善差別化住房信貸政策有關問題的通知》), which restricts the grant of new project bank loans or extension of credit facilities for all property companies with non-compliance records regarding, among other things, holding idle land, changing the land use to that outside the scope of the designated purpose, postponing construction commencement or completion, or hoarding properties.

### Trust financing

On October 1, 2001, the Trust Law of the People's Republic of China (《中華人民共和國信託法》) (the "**Trust Law**"), which was promulgated by the Standing Committee of the NPC on April 28, 2001, came into effect. The Trust Law regulates settlers, trustees and beneficiaries that engage in civil, business or public welfare trust activities within the PRC. For purposes of the Trust Law, a trust exists when a settler, based on faith in the trustee, entrusts the settler's property rights to the trustee and allows the trustee to, according to the will of the settler and in the name of the trustee, administer or dispose of such property in the interest of a beneficiary or for any other intended purpose. The trust property shall be segregated from the property owned by the trustee. If the trustee dies or the trustee as a corporate body is dissolved, removed or is declared bankrupt according to applicable law, and the trusteeship is accordingly terminated, the trust property shall not form part of the trustee's estate or liquidation property.

A trust shall be created for lawful trust purposes and shall be in writing. To create a trust, there must be definite property in the trust, and such property (including the lawful property right) must be lawfully owned by the settler. If laws or administrative regulations stipulate that a registration shall be made for the creation of a type of trust, such registration shall be made accordingly, or the trust shall have no effect.

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On March 1, 2007, The Measures for Administration of Trust Companies (《信托公司管理辦法》), which was promulgated by the CBRC on January 23, 2007, came into effect. For the purposes of these measures, “**Trust Financing Company**” shall mean any financial institution established pursuant to the PRC Company Law and these Measures, and that primarily engages in trust activities; and the term “**Trust Activities**” shall mean any activities of a Trust Financing Company through which it accepts a trust and handles trust affairs as a trustee and obtains remuneration. A Trust Financing Company engaging in trust activities shall comply with the law, administrative regulations and with the trust document, and may not harm the interests of the State or the public, or the legal rights and interests of third parties. A Trust Financing Company may apply to engage in cash trusts, movable property trusts, real estate property trusts or any other business regulated by PRC laws and regulations or approved by the CBRC. When a Trust Financing Company manages or disposes of trust property, it must be honest, prudent and efficient in carrying out its responsibilities. Meanwhile, trust property is not part of the Trust Financing Company’s own property and does not constitute a liability of the Trust Financing Company toward the beneficiary. When a Trust Financing Company is terminated by way of liquidation or dissolution, trust property shall not be part of its property subject to liquidation.

On February 4, 2009, the amended Measures for the Administration of Trust Companies’ Trust Plans of Assembled Funds (《信托公司集合資金信托計畫管理辦法》) promulgated by the CBRC came into effect. This regulation is applicable to the establishment of trust plans of assembled funds (the “**Trust Plan**”) in the PRC. Trust Plans must be established according to relevant industry policies, laws and regulations, and shall have an explicit investment target and strategy. For the purposes of this regulation, “Trust Plan” includes any Trust Activity in which the Trust Financing Company acts as a trustee, according to the will of the settler, or administers or disposes of the settler’s property in the interest of a beneficiary. The property in a Trust Plan is segregated from property owned by the Trust Financing Company. A Trust Financing Company is prohibited from mixing the property in a Trust Plan with its own property. When a Trust Financing Company is dissolved, deregistered or declared bankrupt according to the law, property in Trust Plans shall not form part of the liquidation property.

During the period of a Trust Plan, the Trust Financing Company is required to select a well-managed commercial bank as the custodian. The Trust Financing Company is also required to establish specific departments and appoint specialized employees to manage the Trust Plan. Furthermore, the Trust Financing Company may be required to disclose information about the Trust Plan in accordance with relevant laws and regulations.

From October 2008 to November 2010, the CBRC issued several regulatory notices in relation to real estate activities conducted by Trust Financing Companies, including a Circular on Relevant Matters Regarding Strengthening the Supervision of the Real Estate and Securities Businesses of Trust Companies (《關於加強信托公司房地產、證券業務監管有關問題的通知》), promulgated by the CBRC on October 28, 2008 and effective beginning the same date, pursuant to which Trust Financing Companies are restricted from providing trust loans, in form or in nature, to

- property projects that have not obtained the requisite land use rights certificates, construction land planning permits, construction work planning permits and construction work commencement permits;

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- property developers that have not been issued Class 2 (or higher class) qualification certificates by the relevant competent construction authorities;
- property projects of which less than 35% of the total investment is funded by the property developers' own capital (the 35% requirement was changed to 20% for affordable housing and ordinary commodity apartments, and to 30% for other property projects as provided by the Notice on Adjusting the Capital Ratio of Fixed Assets Investment Projects (《關於調整固定資產投資項目資本金比例的通知》) issued by the State Council on May 25, 2009); and
- property developers for paying land premiums or for working capital purposes.

### Housing loans to individual buyers

On May 31, 2006, the PBOC promulgated a Notice on Issues Regarding the Adjustment of Housing Credit Policies (《關於調整住房信貸政策有關事宜的通知》). This notice provides that, the down payment for an individual house bought through a mortgage loan shall not be lower than 30% of the purchase price from June 1, 2006. However, for houses purchased for self-residential purposes and with a GFA of less than 90 sq.m., the 20% down payment regulation still applies.

The Notice on Strengthening the Administration of Commercial Real Estate Credit Loans (《關於加強商業性房地產信貸管理的通知》), promulgated on September 27, 2007, provides that the down payment requirement applicable to a purchaser acquiring the second residential property shall not be less than 40% and the interests payable on these loans shall not be less than 1.1 times of the benchmark interest rate of the same kind and same term published by the PBOC. Under the Complementary Notice on Strengthening the Administration of Commercial Real Estate Credit Loans (《關於加強商業性房地產信貸管理的補充通知》), for a member of a family (including the debtors, their spouses and their juvenile children) has purchased a house with the loans, any member of the family that purchases another house will be regarded as a second-time house buyer.

On June 19, 2009, the CBRC issued the Notice on Further Strengthening the Risk Management of Mortgage Loans (《關於進一步加強按揭貸款風險管理的通知》), which requires all financial institutions to tighten pre-loan inspections and standards for granting mortgage loans and strengthen the risk control of mortgage loans, adhere to the policy of meeting the needs of first-time home buyers and strictly comply with the policy on mortgage loans for second residential properties.

The Notice on Promoting the Steady and Healthy Development of the Real Estate Market (《關於促進房地產市場平穩健康發展的通知》) issued on January 7, 2010 provides that for the families (including the debtors, their spouses and their juvenile children) who have bought a residential house by the loans and are applying for loans to purchase the second residential house or more residential houses, the down payments of the loans shall be not less than 40% and the loan rates shall be strictly commensurate with the credit risks.

On April 17, 2010, the State Council issued the Notice on Strictly Restraining the Excessive Growth of the Property Prices in Some Cities (《關於堅決遏制部分城市房價過快上漲的通知》), pursuant to which, a stricter differential housing credit policy shall be enforced. It provides that, among other things, (i) for a family member who is a first-time home buyer



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(including the debtors, their spouses and their juvenile children, similarly hereinafter) of the apartment with a GFA more than 90 sq.m., a minimum 30% down payment shall be paid; (ii) for a family who applies loans for its second house, the down payment requirement is raised to at least 50% from 40% and also provides that the applicable mortgage rate must be at least 1.1 times of that of the corresponding benchmark interest rate over the same corresponding period published by the PBOC; and (iii) for those who purchase three or more houses, even higher requirements on both down payments and interest rates shall be levied. In addition, the banks may suspend housing loans to third or more home buyers in places where house prices rise excessively rapidly and high and housing supply is insufficient.

On May 26, 2010, the MOHURD, the PBOC and the CBRC jointly promulgated Circular on the Determination Criteria of Second Residential Property in Individual Commercial Housing Loan Applications (《關於規範商業性個人住房貸款中第二套住房認定標準的通知》). The circular lays down the determining criteria of a property being identified as an individual's second residential property in individual commercial housing loan applications. The circular provides that the number of residential properties owned by an individual loan applicant shall be determined with reference to the number of completed residential properties actually owned by the members of the family (including the individual loan applicants, their spouses and minor children) of the individual who plans to purchase another residential property with the use of individual commercial housing loan. The application or authorisation of any individual commercial housing loan by an individual loan applicant shall be subject to checks on the loan applicants' residential property registry records through the property registration information system and the issuance of written results of such checks by the urban real estate competent authorities. The lender shall implement a differential credit policy for the individual loan applicants' second (or above) residential property in accordance with the number of residential properties owned by such applicants. The policy in this circular is also applicable to non-residents who can provide local tax clearance certificates or local social insurance payment certificates for one year or above.

The Notice on Relevant Issues Regarding the Improvement of Differential Mortgage Loan Policies (《關於完善差別化住房信貸政策有關問題的通知》), issued on September 29, 2010, raises the minimum down payment to 30% for all first-time home buyers with mortgage loans; and requires commercial banks in China to suspend mortgage loans to customers for their third or more residential property purchase, and non-local residents who are unable to provide documentation certifying payment of local tax or social security for longer than a one-year period.

On November 2, 2010, the MOHURD, the Ministry of Finance, the PBOC and the CBRC jointly promulgated the Circular on Regulations of Policies Concerning Individual Housing Provident Fund Loans (《關於規範住房公積金個人住房貸款政策有關問題的通知》) and regulations in relation to Individual Housing Provident Fund Loans. The circular provides that Individual Housing Provident Fund Loans shall only be used in purchasing, building, re-building and overhauling ordinary and privately used residential properties of labourers with the aim of meeting their basic needs for housing. The use of Individual Housing Provident Fund Loans to carry out speculative purchase of properties is strictly prohibited. To purchase the first residential property for private use with Individual Housing Provident Fund Loans, the down payment of the purchase shall not be less than 20% of the total purchase price for a property with a GFA less than 90 sq.m. (inclusive). For a property with a GFA more than 90 sq.m., the down payment shall not be less than 30% of the total purchase price. For the purchase of the second residential property, Individual Housing Provident Fund Loans are only



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available to labourers whose families' per-capita gross floor area is lower than the local average, and the loans could only be used to purchase ordinary and privately used residential properties that help improve the living conditions of the labourers. The down payment for the purchase of the second residential property shall not be less than 50% of the total purchase price, and the interest rate of the loan shall not be less than 1.1 times of the interest rate for Individual Housing Provident Fund Loans in relation to the purchase of the first residential property during the same period. Individual Housing Provident Fund Loans are not available to labourers and their families for purchasing the third (or more) residential property.

Notice of the People's Bank of China and the China Banking Regulatory Commission on Further Improving Housing Financial Services, promulgated on September 29, 2014 by the PBOC and CBRC, provides that as regards a household that borrows a loan to purchase the first ordinary owner-occupied residential property, the minimum down payment ratio of the loan shall be 30%, and the floor of the loan interest rate shall be 0.7 times the benchmark lending rate. Banking financial institutions shall determine the specifics in this regard. Where a household that owns an existing property for which the property purchase loan has been paid off applies for a new loan to purchase another ordinary commodity housing for the purpose of improving living conditions, the relevant banking financial institution shall adopt the lending policies applicable to the first owner-occupied property. In cities where the control measures on property purchase have been canceled or are not implemented, if a household that owns two or more existing properties for which the property purchase loans have been paid off applies for a new loan to purchase yet another new property, the relevant banking financial institution shall specifically determine the down payment ratio and the loan interest rate in a prudent manner based on the borrower's repayment capability, credit standing and other factors. A banking financial institution may, according to the local urbanization development planning, disburse housing loans to non-local residents who satisfy policy conditions.

### ENVIRONMENTAL PROTECTION

The laws and regulations governing the environmental requirements for real estate development in the PRC include the Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》), the Prevention and Control of Noise Pollution Law of the People's Republic of China (《中華人民共和國環境噪聲污染防治法》), the Environmental Impact Assessment Law of the People's Republic of China (《中華人民共和國環境影響評價法》), the Administrative Regulations on Environmental Protection for Development Projects (《建設項目環境保護管理條例》) and the Administrative Regulations on Environmental Protection for Acceptance Examination Upon Completion of Buildings (《建設項目竣工環境保護驗收管理辦法》). Pursuant to these laws and regulations, depending on the impact of the project on the environment, an environmental impact study report, an environmental impact analysis table or an environmental impact registration form shall be submitted by a developer before the relevant authorities will grant approval for the commencement of construction of the property development. In addition, upon completion of the property development, the relevant environmental authorities will also inspect the property to ensure compliance with the applicable environmental standards and regulations before the property can be delivered to the purchasers.

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### CIVIL AIR DEFENSE PROPERTY

Pursuant to the PRC Law on National Defense (《中華人民共和國國防法》) promulgated by the NPC on March 14, 1997, as amended on August 27, 2009, national defense assets are owned by the state. Pursuant to the PRC Law on Civil Air Defense (《中華人民共和國人民防空法》) (the “Civil Air Defense Law”), promulgated by the NPC on October 29, 1996, as amended on August 27, 2009, civil air defense is an integral part of national defense. The Civil Air Defense Law encourages the public to invest in the construction of civil air defense property and investors in civil air defense are permitted to use, manage the civil air defense property in time of peace and profit therefrom. However, such use must not impair their functions as air defense property. The design, construction and quality of the civil air defense properties must conform to the protection and quality standards established by the State. On November 1, 2001, the National Civil Air Defense Office issued the Administrative Measures for Developing and Using the Civil Air Defense Property at Ordinary Times (《人民防空工程平時開發利用管理辦法》) and the Administrative Measures for Maintaining the Civil Air Defense Property (《人民防空工程維護管理辦法》), which specify how to use, manage and maintain the civil air defense property.

### MEASURES ON STABILISING HOUSING PRICES

On March 26, 2005, the General Office of the State Council promulgated the Notice on Effectively Stabilising House Prices (《關於切實穩定住房價格的通知》) to restrain the excessive increase of housing prices and to promote the sound development of the real estate market. The notice provided that housing prices should be stabilised and the system governing housing supply should be vigorously adjusted and improved. In accordance with the notice, seven departments of the State Council, including the Ministry of Construction, issued the Opinion on Stabilising Housing Prices (《關於做好穩定住房價格工作的意見》) on April 30, 2005. The opinion stated, among other things, that

- local governments should focus on ensuring the supply of low-to medium-end ordinary residential houses while controlling the construction of low density and high-end residential houses;
- to curb any speculation in the real estate market, the business tax would be levied from June 1, 2005 on the total revenue arising from any transfer by individuals of residential houses within two years from their purchase thereof or on the difference between the transfer price and the original price for any transfer of non-ordinary houses by individuals after two or more years from their initial purchase thereof; and
- the real estate registration department will no longer register the transfer of pre-sold houses before the buyers obtain the relevant property ownership certificates.

On May 24, 2006, the General Office of the State Council forwarded the Notice on Adjusting the Housing Structure and Stabilising Housing Prices (《關於調整住房供應結構穩定住房價格意見的通知》). The notice provided for the following broad directives to, among other things:

- encourage mass-market residential developments and curb the development of high-end residential properties;

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- enforce the collection of the 5% business tax on property sales (business taxes shall be levied on the entire sale price of any property sold within five years, or on the profit arising from any property sold after five years subject to possible exemptions for ordinary residential properties);
- restrict housing mortgage loans to not more than 70% of the total property price (for houses purchased for self-residential purposes and with a GFA of less than 90 sq.m., the owners are still able to apply for a housing mortgage up to an amount representing 80% of the total property price);
- halt land supply for villa projects and restrict land supply for high-end and low-density residential projects;
- moderate the progress and scale of demolition of old properties for re-development;
- require local governments to ensure that units of less than 90 sq.m. in size shall account for over 70% of the total development and construction area (with any exceptions requiring the approval of the Ministry of Construction); and
- prevent banks from providing loans to a property developer whose total capital fund is less than 35% of the total investment amount in an intended development project.

On July 6, 2006, the Ministry of Construction promulgated Certain Opinions regarding the Implementation of the Ratio Requirements for the Structure of Newly Constructed Residential Units (《關於落實新建住房結構比例要求的若干意見》), or the New Opinions. The New Opinions stipulated that, the residential units with a GFA of less than 90 sq.m. shall account for over 70% of the total area of residential units, which are newly approved and constructed in each city or county after June 1, 2006. The relevant local government shall have the authority to determine the configuration of newly constructed property.

Pursuant to the Opinions on Solving Housing Shortage for Urban Low-income Households (《關於解決城市低收入家庭住房困難的若干意見》) promulgated by the State Council on August 7, 2007, each local authorities shall adjust the housing supply structure in order to: (i) implement the Notice of the General Office of the State Council on Forwarding the Opinions of the Ministry of Construction and other Ministries on Adjusting the Housing Supply Structure and Stabilizing the Housing Prices (《國務院辦公廳轉發建設部等部門關於調整住房供應結構穩定住房價格意見的通知》); (ii) focus on the development of low to medium-priced, and small to medium-sized commodity housing; and (iii) increase the supply of housing. The approval percentage of new housing construction (with a GFA of less than 90 sq.m.) shall be more than 70% of the total housing development area. The annual supply of low rental housing construction land, economy-sized housing and low to medium-priced and small to medium-sized commodity housings shall not be less than 70% of the total residential housing land.

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Pursuant to the Notice on Implementation of the Opinions of the State Council on Solving Housing Shortage for Urban Low-income Households to Further Adjust Land Supply (《關於認真貫徹〈國務院關於解決城市低收入家庭住房困難的若干意見〉進一步加強土地供應調控的通知》) promulgated by Ministry of Land and Resources on September 30, 2007 and amended on December 3, 2010, the administration department of the Ministry of Land and Resources at both municipality and county levels shall give priority to arranging land supply for low rental housing, economy-sized housing and low to medium-priced and small to medium-sized commodity housing. The annual supply volume shall not be less than 70% of total residential land supply.

On January 7, 2010, the General Office of the State Council issued the Notice on Promoting the Steady and Healthy Development of the Real Estate Market (《關於促進房地產市場平穩健康發展的通知》), which provides that, among other things, land resource authorities shall deepen the supervision on the compliance of the contracts and strictly collect the land premiums according to the land grant contracts, and shall:

- effectively increase the supply of social welfare housing and ordinary commodity residential properties, in particular, low to medium-priced and small to medium-sized ordinary commodity residential properties;
- direct consumers to make reasonable purchases of residential properties and discourage investment and speculation in the housing market;
- strengthening credit risk management for real estate projects and market supervision;
- speeding up the construction of social welfare housing projects; and
- setting or clarifying the responsibilities of provincial and local governments.

On March 8, 2010, the Ministry of Land and Resources issued the Notice on Strengthening the Supply and Supervision of Land Use for Real Estate Property (《關於加強房地產用地供應和監管有關問題的通知》). The notice, among other things, provides that:

- the land and resources bureau at city and county levels shall ensure that the land supply for government-subsidised housing, slum-dwellers reconstruction and small commercial housing units for self-housing shall not be less than 70% of the total residential land supply and strictly control the land supply for large-sized apartments and restrict the land supply for villas;
- land resource authorities shall prohibit property developers who owe land grant premium payments, possess idle land, engage in land speculation and price manipulation, conduct project development exceeding approved scope or fail to conform with the land use rights grant contract from land bidding transactions within a set period of time; and

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- the land use rights grant contract shall be executed within ten days after a grant of land has been mutually agreed and a down payment of 50% of the land grant premium shall be paid within one month from the execution of the land use rights grant contract with the remaining amount paid no later than one year after the execution of the land use rights grant contract.

On September 21, 2010, the Ministry of Land and Resources and the MOHURD jointly promulgated the Notice on Further Strengthening Control and Regulation of Land and Construction of Property Development (《關於進一步加強房地產用地和建設管理調控的通知》), which stipulates, among other things, that:

- at least 70% of land designated for construction of urban housing shall be used for affordable housing, housing for resettlement of shanty towns and small to medium-sized ordinary commercial housing; in areas with high housing prices, the supply of land designated for small to medium-sized, price-capped housing shall be increased;
- developers and their controlling shareholders are prohibited from participating in land biddings before the rectification of certain misconduct, including (i) illegal transfer of land use rights; (ii) failure to commence required construction within one year from the delivery of land under land grant contracts due to such developers' own reasons; (iii) non-compliance with the land development requirements specified in land grant contracts; and (iv) crimes such as obtaining land by forging official documents and illegal land speculation;
- developers are required to commence construction within one year from the date of delivery of land under the relevant land grant contract and complete construction within three years of commencement;
- development and construction of projects of low-density and large-sized housing shall be strictly limited and the plot ratio of the planned GFA to the total site area of residential projects shall be more than 1; and
- the grant of two or more bundled parcels of lands and undeveloped land is prohibited.

In December 2010, the Ministry of Land and Resources promulgated the Notice on Strict Implementation of Policies Regarding Regulation and Control of Real Estate Land and Promotion of the Healthy Development of Land Markets (《關於嚴格落實房地產用地調控政策促進土地市場健康發展有關問題的通知》), which, among other things, provides that (i) cities and counties that have less than 70% of their land supply designated for affordable housing, redevelopment housing for shanty towns or small to medium-sized residential units shall not provide land for large-sized and high-end housing until the end of 2010; (ii) local land and resources authorities shall file a transaction report with the Ministry of Land and Resources and provincial land and resources authorities, respectively, in relation to land sold via competitive bidding, auction and listing-for-sale with a 50% or more premium; and (iii) for land designated for affordable housing but used for the development of commodity houses, any illegal income derived therefrom will be confiscated and the relevant land use rights will be revoked. In addition, unapproved changes to the plot ratio are strictly prohibited.

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On January 26, 2011, the General Office of the State Council issued the Notice on Issues Concerning Further Improvement of the Control on Real Estate Market (《進一步做好房地產市場調控工作有關問題的通知》). This notice, among other things, provides that:

- individuals selling housing properties within five years of purchase shall be charged business taxes on the full amount of sale price, whether ordinary or non-ordinary;
- the minimum down payment for second home purchases increases from 50% to 60%;
- a property developer, who fails to obtain the construction work commencement permit and commence development for more than two years from the commencement date stipulated in the land grant contract, shall forfeit the land use rights and the PRC government shall impose an idle land fee of up to 20% of the land premium on such property developer; and
- municipalities directly under the central government, municipalities with independent planning status, provincial capitals and cities with high housing prices shall limit the number of homes local residents can purchase in a specific period. In principle, local resident families that own one house and non-local resident families who can provide local tax clearance certificates or local social insurance payment certificates for a required period are permitted to purchase only one additional house (including newly built houses and second-hand houses). Sales of properties to (i) local resident families who own two houses or more, (ii) non-local resident families who own one house or more, and (iii) non-local resident families who cannot provide local tax clearance certificates or local social insurance payment certificates for a required period shall be suspended in local administrative regions.

On February 26, 2013, the General Office of the State Council issued the Notice on Continuity to Well Manage the Control Work of the Real Estate Market (《關於繼續做好房地產市場調控工作的通知》), which stipulates the following:

- improving the mechanism of work responsibility of stability of the real estate price, measures including requiring the relevant departments under the State Council to strengthen the supervision and inspection of the stability of prices. The provincial people's government shall conduct interviews if local governments in its jurisdiction fail to implement housing purchase restrictions;
- sticking to suppress the investment purchasers, measures including continuing to implement and improve the purchase restriction measures; using the effect of tax to adjust the real estate price, the tax bureau and housing construction departments shall closely coordinate and shall levy individual income tax at a tax rate of 20% according to the regulations;



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- increasing the land supply for residential commercial properties, measures including that the total land supply for residential land in 2013 in principle shall be no less than the average land supply in the past five years;
- accelerating the planning and construction of affordable housing project, fully implementing the task of building 4.7 million units, constructing 6.3 million new sets of affordable housing projects in 2013;
- improving the market supervision and anticipation management; strengthening the administration on the credibility of real estate development enterprises; studying the establishment of shared credit management system among housing and urban construction, development and reform, land and natural resources, finance, taxation, industry and commerce, statistics and other departmental; timely recording and releasing the illegal behavior of the real estate enterprises. For enterprises setting up extraordinarily high prices for the pre-sales commodity properties and accepting no price guidance from the relevant urban housing construction authorities, or having not established pre-sales proceeds supervision mechanism for commodity properties projects, pre-sales permit shall not be issued. If real estate enterprises have idle land or conduct activities such as land speculation, keeping the properties off the market, driving up prices and other illegal acts, the relevant departments shall establish a linkage mechanism and intensify the relevant punishments. The Land and Resources Department shall prohibit the enterprise to participant in land bidding, the financial institutions shall not grant new loans for development projects, the securities regulatory authorities shall suspend the approval of its listing, refinancing or significant asset restructuring and the banking supervision departments shall prohibit the enterprises from financing through trust scheme.

### LICENSING REQUIREMENTS FOR HOTEL OPERATIONS

#### Security Control Regulations

According to the Measures for the Control of Security in the Hotel Industry (《旅館業治安管理辦法》) (the “Hotel Security Control Measures”), promulgated by the Ministry of Public Security on November 10, 1987 and amended on January 20, 2006 and January 8, 2011, and the Decisions of the State Council to Implement Administrative Licenses on Items Necessarily to be Retained for Administrative Examination (《國務院對確需保留的行政審批項目設定行政許可的決定》), promulgated by the State Council on June 29, 2004 and amended on January 29, 2009, an application to operate a hotel in the PRC must be examined and approved by a local public security authority and a Special Industry License must be obtained from the local public security authority prior to the operations of the hotel. The Hotel Security Control Measures further imposes certain security control obligations on the hotel operators, such as the obligation to examine the identification cards of customers, the obligation to keep customers’ deposited properties safe, and the obligation to report to the public security authorities of any criminal activities.

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### Fire Control Regulations

According to the Provisions on the Administration of Fire Safety of State Organs, Organizations, Enterprises and Institutions (《機關、團體、企業、事業單位消防安全管理規定》) (the “Fire Safety Provisions”), promulgated by the Ministry of Public Security on November 14, 2001 and amended on May 21, 2009, hotels are classified as one of the key administrative units for fire control purposes. On May 1, 2009, the Fire Prevention Law of the People’s Republic of China (《中華人民共和國消防法》) (the “Fire Prevention Law”), which was promulgated by the Standing Committee of National People’s Congress on October 28, 2008, came into effect. The Fire Prevention Law, together with the Fire Safety Provisions, require public gathering places, such as hotels, to pass a fire prevention safety inspection conducted by the local public security fire-fighting department before the commencement of business operations.

### Administration of Sanitation in Public Places

Pursuant to Regulations on the Sanitary Administration of Public Places (《公共場所衛生管理條例》) (the “Sanitary Administration Regulations”), promulgated by the State Council on 1 April 1987, hotels are listed as one of the public places which are under special sanitary supervision and administration. The Sanitary Administration Regulations further requires that hotels must obtain a Public Place Sanitation Permit from the Ministry of Health or its local counterparts for operation and the Public Place Sanitation Permit must be reviewed every two years. According to the Implementing Rules of Regulations on the Sanitary Administration of the Public Places (《公共場所衛生管理條例實施細則》), which was promulgated by the Ministry of Health on 10 March 2011, the hotel staff must conduct a health check at least once a year and obtain a health certificate before their job assignments are given.

### Administration of Food Sanitation

In accordance with the Food Safety Law of the People’s Republic of China (《中華人民共和國食品安全法》), which was promulgated on February 28, 2009 and became effective as of June 1, 2009, and the Regulation on the Implementation of the Food Safety Law of the People’s Republic of China (《中華人民共和國食品安全法實施條例》), which was promulgated and became effective as of July 20, 2009, hotels engaged in food and beverage operations must obtain a Food Catering Service Permit (《餐飲服務許可證》).

According to the Measures for the Administration of Permits for Operating Food and Beverage Services (《餐飲服務許可管理辦法》), which was promulgated by the Ministry of Health on March 4, 2010 and became effective as of May 1, 2010, any Food Sanitation Licenses (《食品衛生許可證》) obtained prior to May 1, 2010 will be replaced by the Food Catering Service Permit once the Food Sanitation License expires. Hotels must be in compliance with the relevant sanitary standards and requirements relating to food sourcing and storage, food processing, restaurant services as well as take-away services.

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### Environmental Protection

According to the Promotion of Cleaner Production Law of the People's Republic of China (《中華人民共和國清潔生產促進法》), which was promulgated on June 29, 2002 and amended on February 29, 2012, hotels shall use technologies and equipment that conserve energy, water and serve other environmental protection purposes, and refrain from or reduce using consumer goods which may lead to the waste of resources and pollution of the environment.

The Administrative Measures for Urban Drainage License (《城市排水許可管理辦法》) was promulgated on December 25, 2006. According to such measures, any drainage entity, including entities who drain sewage into the urban drainage pipe network and its facilities due to engaging in lodging, catering and entertainment business, shall apply for an Urban Drainage License (《城市排水許可證》) to drain sewage into the urban drainage pipe network and their accessory facilities from local drainage administrative authorities.

### PROPERTY MANAGEMENT ENTERPRISES

Enterprises that engage in property management shall establish a qualification management system pursuant to relevant provisions under the Property Management Regulations (《物業管理條例》) (implemented on September 1, 2003 and revised on August 26, 2007). Pursuant to relevant provisions under the Measures on Property Service Enterprises Qualification Management (《物業服務企業資質管理辦法》) which was implemented on May 1, 2004 and revised on November 26, 2007, a newly-established property service enterprise shall apply for the qualification by submitting the relevant documents to competent property departments of the people's government of the municipalities directly under the central government and cities with special development zones where its business has been registered within 30 days after the receipt of its business licence. Qualification examination and legal authority shall approve and issue the qualification certificate of corresponding levels based on the actual conditions of enterprises.

Pursuant to the Measures on Property Service Enterprises Qualification Management (《物業服務企業資質管理辦法》), qualification of property service enterprises shall be classified into Level I, Level II and Level III in accordance with their registered capital, the professional personnel they employ, the scales and types of the property service they provide, performance and operating results, etc. Newly established property service enterprises shall be classified into the lowest level, the term of validity of which is one year. In accordance with the Reply on Relevant Issues Concerning Performing the Measures on Property Service Enterprises Qualification Management (《關於執行〈物業管理企業資質管理辦法〉有關問題的復函》), in the event that the newly established property service enterprises fail to provide property service within one year, such qualification shall become invalid; Otherwise, the property service enterprises may apply for assessment for Level III or higher level qualification.

The construction department of the State Council is responsible for the issue and management of Level I qualification certificates of property service enterprises. Construction departments under the people's government of provinces and autonomous regions are responsible for the issue and management of Level II qualification certificates. Real estate construction departments under the people's government of municipalities directly under the central government are responsible for the issue and management of Level II and Level III qualification certificates, which are subject to the guidance and supervision of the construction

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departments of the State Council. Real estate construction departments of the cities with special development zones are responsible for the issue and management of Level III qualification certificates, which are subject to the guidance and supervision of the construction departments of the State Council.

Property service enterprises with Level I qualification are allowed to undertake different kinds of property management projects. Property service enterprises with Level II qualification are allowed to undertake residential and non-residential property management projects of not more than 300,000 square meters and 80,000 square meters respectively. Property service enterprises with Level III qualification are allowed to undertake residential and non-residential property management projects of not more than 200,000 square meters and 50,000 square meters respectively.

Pursuant to the Catalogues of Industries for Guiding Foreign Investment (Amended in 2011) (《外商投資產業指導目錄》(2011修訂)), property management services fall into such categories which foreign investment is permitted.

In accordance with the relevant regulations of Property Rights Law of the PRC (《中華人民共和國物權法》) and Property Management Regulations (《物業管理條例》), selection and engagement of property service enterprises shall have the consent of not less than half of the total number of owners while the gross floor area in the exclusive possession of such owners shall not be less than half of the total gross floor area of the property. In the event that the property service enterprise has been selected by the construction department prior to the engagement of property service enterprise by the owners at the meeting of owners, a preliminary property management contract shall be signed.

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## HISTORY AND DEVELOPMENT

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### OUR HISTORY

The history of our businesses can be traced back to 1988 and we are now the sole commercial property platform of Dalian Wanda Group, which is controlled by our ultimate Controlling Shareholder, Mr. WANG Jianlin. Mr. WANG Jianlin, by himself and through Dalian Wanda Group, is principally engaged in commercial property, luxury hotels, culture & tourism, department stores, entertainment businesses and e-commerce business in the PRC. Mr. WANG Jianlin has over 25 years of experience in the real estate industry.

The following are the significant business developments and milestones of our businesses:

| Year | Events   |
|------|--|
| 1988 | <ul style="list-style-type: none"><li>• Our business commenced by participating in the redevelopment of urban areas in the PRC, which laid down a solid foundation for our business in the future</li></ul>  |
| 1993 | <ul style="list-style-type: none"><li>• One of the earliest real estate companies engaged in cross-region operations in China</li></ul>  |
| 2002 | <ul style="list-style-type: none"><li>• The first generation Wanda Plaza opened, a single commercial building</li><li>• Our predecessor was established, which provided a clear and independent platform for the future development of our business</li></ul>  |
| 2003 | <ul style="list-style-type: none"><li>• The second generation of Wanda Plaza opened, which was a mixed-use commercial complex which typically comprises three to five buildings connected via an outdoor pedestrian street</li></ul>   |
| 2006 | <ul style="list-style-type: none"><li>• The third generation of Wanda Plaza opened, which was a large-scale, mixed-use integrated complex which typically comprises a shopping center with indoor walkways, office buildings and residential buildings, and often includes hotels</li><li>• Our business expanded into the development and operation of luxury hotels</li></ul>  |
| 2008 | <ul style="list-style-type: none"><li>• Our headquarters were relocated to Beijing, the capital city</li></ul>   |
| 2009 | <ul style="list-style-type: none"><li>• Our Company was incorporated</li></ul>   |
| 2012 | <ul style="list-style-type: none"><li>• We opened six self-operated hotels under our own brand</li></ul>   |
| 2013 | <ul style="list-style-type: none"><li>• We acquired a 65% interest in the HK Listed Subsidiary</li><li>• We acquired a property in London, our first overseas property project, which will be developed into a complex featuring a luxury hotel with residential and commercial components</li><li>• Construction of the first “Wanda City” commenced in Harbin</li><li>• We first tapped into the international financial markets by issuance of US\$600 million bonds due 2018</li></ul> |

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### OUR ESTABLISHMENT AND MAJOR CHANGES IN THE SHAREHOLDING IN OUR PREDECESSOR AND OUR COMPANY

Our predecessor was established on September 16, 2002 with an initial registered capital of RMB10 million, of which 50% was contributed by Dalian Wanda Real Estate Company Limited (大連萬達房地產有限公司) (“**Dalian Real Estate**”), a wholly-owned subsidiary of Dalian Wanda Group. On December 10, 2009, our predecessor was converted from a company with limited liability into a joint stock company with limited liability, as a result of which our Company was established.

In January 2005, Dalian Wanda Group, through its wholly owned subsidiary, Dalian Wanda Group Real Estate Management Co., Ltd. (大連萬達集團房地產管理有限公司) (“**Dalian Real Estate Management**”), acquired the other 50% of the registered capital in the amount of RMB5 million. Mr. WANG Jianlin, through his controlled Dalian Wanda Group, came to control our predecessor.

On September 10, 2007, our predecessor, Dalian Real Estate, Dalian Real Estate Management, Dalian Wanda Group and Beijing Wanda Investment Company Limited (北京萬達投資有限公司) (“**Beijing Wanda**”), a company owned as to 98% by Mr. WANG Jianlin and as to 2% by his son, Mr. WANG Sicong (王思聰), entered into a capital increase agreement (the “**2007 Capital Increase Agreement**”), pursuant to which Dalian Wanda Group and Beijing Wanda made further capital contributions to our predecessor in the amount of, respectively, RMB1,610 million and RMB180 million, whereby the total registered capital of our predecessor was increased to RMB1,800 million. The 2007 Capital Increase Agreement also provided that each of Dalian Real Estate and Dalian Real Estate Management would transfer to Dalian Wanda Group their respective entire interest (as equivalent to RMB5 million in the registered capital) in our predecessor. Immediately upon the completion of the transactions contemplated under the 2007 Capital Increase Agreement, our predecessor was owned as to 90% by Dalian Wanda Group and 10% by Beijing Wanda.

Following the completion of the capital increase contemplated under the 2007 Capital Increase Agreement, we carried out a corporate restructuring exercise between 2007 and 2008 for the purpose of rationalizing the holding structure of the commercial properties business within Dalian Wanda Group whereby our predecessor acquired from Dalian Wanda Group 27 companies engaging in property development, hotel and property management operations for a total consideration of approximately RMB1,852 million, which has been fully settled. The considerations for these acquisitions were determined with reference to the audited net asset value of the relevant company or the registered capital of the relevant companies. Following the completion of these acquisitions, our predecessor became the sole platform of our commercial property business.

Since 2007, there have been changes in the shareholdings in our predecessor. Of the various changes since 2007, in June 2008, Mr. WANG Jianlin transferred equity to 37 individuals, who were employees of our Group or persons whom we considered to have contributed to our growth and success. By allowing those persons, in particular our employees, to share the growth of our success by direct shareholding, the interests of our employees or person who had contributed to our growth and success were aligned with ours. The transfers involved an aggregate 3.04% interest in our predecessor, equivalent to RMB54.8 million of its registered capital at that time. The consideration for the said transfers was based on the par value of the registered capital.



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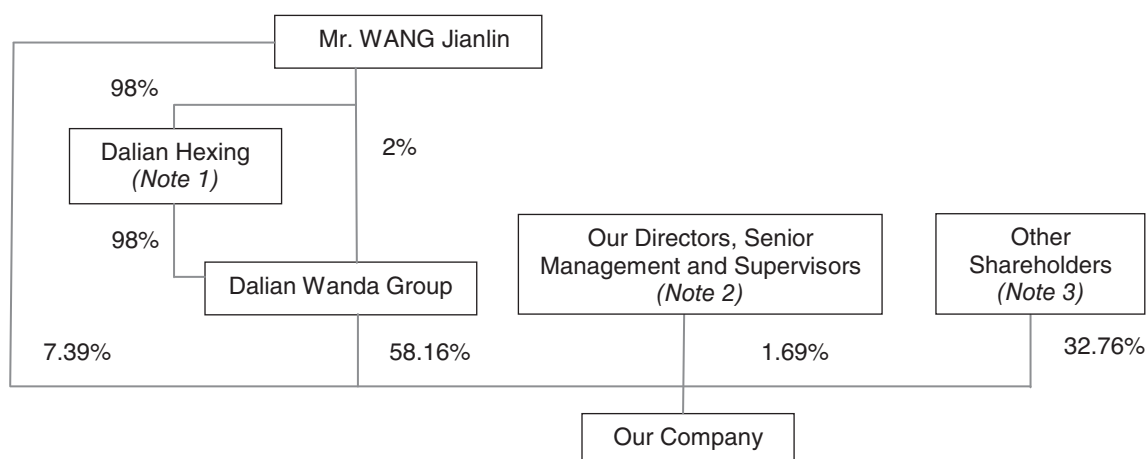
Other changes in the shareholdings in our predecessor were occasioned by bringing in strategic investors to our predecessor as well as shareholders divesting their investment.

Immediately prior to the establishment of our Company in December 2009, the entire registered capital of RMB1,800 million of our predecessor was held by 50 shareholders, including Dalian Wanda Group and Mr. WANG Jianlin, who, respectively, directly held approximately 58.16% and approximately 7.39% interests.

On December 4, 2009, the said 50 shareholders resolved to form our Company by converting our predecessor into a joint stock company. The conversion process involved converting the net asset value of approximately RMB3,654.8 million to shares at a ratio of 1:0.985 by which our share capital was increased to RMB3,600 million divided into 3,600 million shares with par value of RMB1.00 each.

Our Company was restructured as a joint stock company with limited liability on December 10, 2009. The entire share capital was paid up and issued to the said 50 shareholders, whose shareholdings before and after the conversion remained the same.

The shareholding structure of our Company immediately upon our establishment was as follows:



**Notes:**

- (1) The remaining 2% interest in Dalian Hexing is owned by Mr. WANG Sicong (王思聰), the son of Mr. WANG Jianlin.
- (2) These shareholders included our present executive Directors, Mr. DING Benxi (丁本錫), Mr. QI Jie (齊界) and Mr. QU Dejun (曲德君); 2 of our non-executive Directors, Mr. ZHANG Lin (張霖) and Mr. YIN Hai (尹海); 4 members of our present senior management other than Directors, namely, Mr. CHEN Ping (陳平), Mr. NING Qifeng (寧奇峰), Mr. QU Xiaodong (曲曉東) and Mr. LIU Chaohui (劉朝暉); and one of our present Supervisors, Ms. GAO Qian (高茜). None of them held more than a 5% interest in our Company.

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- (3) These “Other Shareholders” included (A) 7 corporate shareholders and (B) 31 natural person shareholders, including Ms. LIN Ning (林寧女士), the spouse of Mr. WANG Jianlin, who held 2.89%. With respect to those corporate shareholders, to the best knowledge, belief and information of the Company after having made all necessary and reasonable enquiries, their respective ultimate beneficial owners were independent third parties. With respect to the 31 natural person shareholders, save Ms. LIN Ning (林寧女士), they were all independent third parties. Save China Construction Bank International Capital (Tianjin) Co., Ltd. (建銀國際資本管理(天津)有限公司) holding a 6% interest in our Company, none of these “Other Shareholders” held more than a 5% interest in our Company.

On December 13, 2010, we entered into a capital increase agreement with 115 individuals, who were employees of our Group and employees of members of the Dalian Wanda Group, pursuant to which the said 115 individuals subscribed for a total of 136 million new Shares of par value of RMB1.00 each at a subscription price of RMB1.05 per each Share, equivalent to approximately 3.78% or 3.64% of the total number of issued Shares before and after the issue of such new Shares, respectively. As a result, our registered share capital was increased from RMB3,600 million to RMB3,736 million. The subscription monies in the aggregate of RMB142.8 million were received by us in December 2010.

On July 10, 2014, we entered into another capital increase agreement (the “**2014 Capital Increase Agreement**”) with 61 individuals, who were existing shareholders of our Company, employees of Dalian Wanda Group and our Group, which included one of our present executive Directors, namely, Mr. QI Jie (齊界), two of our non-executive Directors, namely, Mr. ZHANG Lin (張霖) and Mr. WANG Guiya (王貴亞), five members of our senior management other than our Directors, namely, Mr. CHENG Erjun (成爾駿), Mr. QU Xiaodong (曲曉東), Mr. YU Xiuyang (于修陽), Mr. LIU Haibo (劉海波), Mr. LAI Jianyan (賴建燕) and Mr. LIU Chaohui (劉朝暉); and our Supervisor, namely, Mr. GAO Xiaojun (高曉軍).

Pursuant to the 2014 Capital Increase Agreement, we issued a total of 138.8 million new Shares to the said 61 individuals at an issue price of RMB7.36 per Share, equivalent to approximately 3.72% or 3.58% of the total number of issued Shares before and after the issue of such new Shares, respectively. As a result, our registered share capital was increased from RMB3,736 million to RMB3,874.8 million. The subscription monies in the aggregate of RMB1,021.57 million were received by us in June 2014 and were paid by the then prospective subscribers in contemplation of the capital increase pending finalization of the definitive 2014 Capital Increase Agreement.

Among the said 61 individuals, 32 are new shareholders of our Company, who collectively hold an aggregate of 75.2 million Shares. These new shareholders have undertaken to us that they will not dispose of such Shares until the fulfilment of two conditions, (i) they have served at our Company or Dalian Wanda Group for 10 years; and (ii) the listing of our Shares. If these 32 new shareholders cease to be employed by our Company or Dalian Wanda Group before the said 10 year-period or if they dispose of their Shares in violation of their undertakings or our Articles, they shall be deemed to have surrendered their Shares, in which case such Shares shall be transferred to such other party as our Shareholders may decide at a general meeting or as our Board may decide (if so authorized by our Shareholders at a general meeting).

Mr. WANG Jianlin, by himself and through Dalian Wanda Group, has been our single largest shareholder and has been holding more than a 50% interest in our Company since our establishment in 2009. Whilst Mr. WANG Jianlin holds a controlling interest in our Company, he does not hold any directorship or senior management roles in our Group. Mr. WANG Jianlin

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has chosen not to hold any directorship or senior management roles in our Company or other members of the Group as he believes that our Company and its subsidiaries have a management team consisting of high-calibre personnel with sufficient experience in the relevant business. Further, Mr. WANG Jianlin has diversified business interests and he continues to venture into new business areas such as cultural business, tourism and, most recently, e-commerce. These new businesses are in their early stage of development and require critical and insightful strategy in order to lay down a solid foundation for their future growth. As our Group has established a successful business model and is now already a leading commercial property developer, owner and operator in China, Mr. WANG Jianlin can avail himself of more time and energy in shaping the business strategies for these new businesses. The Company does not hold any key man insurance in respect of Mr. WANG Jianlin. Mr. WANG Jianlin also confirmed to us that neither he himself nor any of his family members are in any way prohibited from acting as director of a listed company in Hong Kong or have been the subject of any regulatory probe relating to their respective integrity or competence; and neither he himself nor any of his family members hold any directorship or senior management roles in any other listed company. The Company and the Joint Sponsors, after reasonable inquiry and due diligence, are not aware of any matters prohibiting Mr. WANG Jianlin and any of his family members from acting as a director of a Hong Kong listed company or any regulatory concern on his/her integrity or competence.

### Changes in Shareholdings of Dalian Wanda Group in 2005

Dalian Wanda Group undertook certain changes in its shareholding structure in 2005. Based on information provided by Dalian Wanda Group, in 1993, it issued 24 million “internal employees shares (內部職工股)” of par value RMB1.00 per share representing 20% of the then issued shares of Dalian Wanda Group, to certain investors. In 2005, Dalian Wanda Group undertook a share repurchase exercise of the said internal employees shares (the “**Repurchase Plan**”) to meet the requirements of relevant laws and regulations. The valuation was based on the consolidated net asset value of Dalian Wanda Group as at May 31, 2005 in the sum of RMB330,220,000 as appraised by a third-party appraisal firm, according to which the net asset value attributable to each issued share of Dalian Wanda Group was approximately RMB2.75.

Based on information provided by Dalian Wanda Group, the said Repurchase Plan was approved by the board and the shareholders of Dalian Wanda Group on May 8, 2005 and July 17, 2005, respectively. As confirmed by our PRC legal advisor, Tian Yuan Law Firm, the Repurchase Plan received the requisite approval issued by Dalian State-owned Assets Supervision and Administration Commission (大連市國有資產監督管理委員會) on August 29, 2005. Dalian Wanda Group has complied with relevant registration and filing requirements in respect of all equity interests subject to the Repurchase Plan. The revised articles of association after the said repurchase was approved and adopted by Dalian Wanda Group on October 18, 2005, and Dalian Wanda Group completed the relevant filings with the Dalian Administration for Industry and Commerce (大連市工商行政管理局) on November 17, 2005.

Our PRC legal advisor, Tian Yuan Law Firm has conducted searches via publicly available sources. Based on the search results as at the Latest Practicable Date, and as confirmed by Mr. WANG Jianlin, Dalian Hexing and Dalian Wanda Group, there is no pending litigation or

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arbitration proceedings relating to the Repurchase Plan. Mr. WANG Jianlin, Dalian Hexing and Dalian Wanda Group have also confirmed to us and the Joint Sponsors that they are not aware of any circumstances which may give rise to litigation, arbitration or other dispute-related proceedings in relation to the Repurchase Plan.

Our PRC legal advisor, Tian Yuan Law Firm, confirmed that all the corporate changes in relation to our predecessor since its establishment, including but not limited to its establishment, the transfers of equity interest, increase of registered capital, the promotion of our Company and the conversion of our predecessor into a joint stock company, have complied with all the relevant laws and regulations of the PRC and have obtained, when required, all requisite approvals.

### PRINCIPAL SUBSIDIARIES

We are a leading commercial property owner and operator in the PRC and we are also a leading property developer and the largest luxury hotel owner in the PRC. Due to the project-specific nature of our business, we establish individual project companies for the holding, development and operation of each specific project. As at the Latest Practicable Date, there were 413 subsidiaries held under our Company, most of which are project and property management companies.

Set out below is certain information on our principal subsidiaries which are material to our Group during the Track Record Period, having regard to, amongst other things, their contribution to the Group's financial position or results during the Track Record Period, their future property developments and their function in the operation of our businesses:

| No. | Principal Subsidiaries   | Place of Incorporation | Date of Establishment | Registered Capital | Percentage of our shareholding | Principal Activities                                     |
|-----|--|------------------------|-----------------------|--------------------|--------------------------------|--|
| 1   | Wanda Commercial Planning & Research Institute Co., Ltd. (萬達商業規劃研究院有限公司) | PRC                    | January 9, 2007       | RMB 50 million     | 100%                           | Business planning, urban planning and project consulting |
| 2   | Wanda Commercial Management Co., Ltd. (萬達商業管理有限公司)                       | PRC                    | February 8, 2007      | RMB 50 million     | 100%                           | Business and hotel management service                    |
| 3   | Wanda Hotel Investment & Development Co., Ltd. (萬達酒店建設有限公司)              | PRC                    | April 13, 2007        | RMB 50 million     | 100%                           | Hotel management and consultancy service                 |
| 4   | Beijing Yinhe Wanda Property Co., Ltd. (北京銀河萬達置業有限公司)                    | PRC                    | May 29, 2007          | RMB 28 million     | 100%                           | Property leasing and hotel operations                    |
| 5   | Shijiazhuang Wanda Plaza Investment Co., Ltd. (石家莊萬達廣場投資有限公司)            | PRC                    | December 29, 2008     | RMB 3,125 million  | 68% (Note 1)                   | Property leasing and hotel operations                    |

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| No. | Principal Subsidiaries   | Place of Incorporation | Date of Establishment | Registered Capital | Percentage of our shareholding | Principal Activities                                  |
|-----|--|------------------------|-----------------------|--------------------|--------------------------------|---|
| 6   | Shanghai Jiading Wanda Investment Co., Ltd. (上海嘉定萬達投資有限公司)       | PRC                    | February 11, 2009     | RMB 50 million     | 100%                           | Property leasing                                      |
| 7   | Fuzhou Wanda Plaza Investment Co., Ltd. (福州萬達廣場投資有限公司)           | PRC                    | June 10, 2009         | RMB 1,100 million  | 100%                           | Property leasing and hotel operations                 |
| 8   | Hefei Wanda Plaza Investment Co., Ltd. (合肥萬達廣場投資有限公司)            | PRC                    | June 12, 2009         | RMB 100 million    | 100%                           | Property leasing and hotel operations                 |
| 9   | Chengdu Jinniu Wanda Plaza Investment Co., Ltd. (成都金牛萬達廣場投資有限公司) | PRC                    | August 27, 2009       | RMB 2,040 million  | 100%                           | Property leasing                                      |
| 10  | Wuhan Wuchang Wanda Plaza Investment Co., Ltd. (武漢武昌萬達廣場投資有限公司)  | PRC                    | September 11, 2009    | RMB 100 million    | 100%                           | Property leasing and hotel operations                 |
| 11  | Wuhan Wanda Donghu Property Co., Ltd. (武漢萬達東湖置業有限公司)             | PRC                    | December 30, 2009     | RMB 2,700 million  | 100%                           | Property development and leasing and hotel operations |
| 12  | Xiamen Huli Wanda Plaza Investment Co., Ltd. (廈門湖里萬達廣場投資有限公司)    | PRC                    | March 11, 2010        | RMB 20 million     | 100%                           | Property leasing                                      |
| 13  | Changsha Kaifu Wanda Plaza Investment Co., Ltd. (長沙開福萬達廣場投資有限公司) | PRC                    | April 19, 2010        | RMB 3,060 million  | 100%                           | Property development and leasing and hotel operations |
| 14  | Quanzhou Puxi Wanda Plaza Investment Co., Ltd. (泉州浦西萬達廣場投資有限公司)  | PRC                    | May 25, 2010          | RMB 311.3 million  | 100%                           | Property development and leasing and hotel operations |
| 15  | Zhengzhou Erqi Wanda Plaza Co., Ltd. (鄭州二七萬達廣場有限公司)              | PRC                    | November 15, 2010     | RMB 100 million    | 100%                           | Property leasing                                      |
| 16  | Ningde Wanda Plaza Co., Ltd. (寧德萬達廣場有限公司)                        | PRC                    | November 23, 2010     | RMB 100 million    | 100%                           | Property development and leasing and hotel operations |
| 17  | Zhangzhou Wanda Plaza Co., Ltd. (漳州萬達廣場有限公司)                     | PRC                    | November 30, 2010     | RMB 100 million    | 100%                           | Property leasing and hotel operations                 |

## HISTORY AND DEVELOPMENT

| No. | Principal Subsidiaries  | Place of Incorporation | Date of Establishment | Registered Capital | Percentage of our shareholding | Principal Activities   |
|-----|---|------------------------|-----------------------|--------------------|--------------------------------|--|
| 18  | Wenzhou Longwan Wanda Plaza Investment Co., Ltd. (溫州龍灣萬達廣場投資有限公司)             | PRC                    | January 5, 2011       | RMB 100 million    | 100%                           | Property leasing   |
| 19  | Harbin Haxi Wanda Plaza Co., Ltd. (哈爾濱哈西萬達廣場有限公司)                             | PRC                    | January 19, 2011      | RMB 100 million    | 100%                           | Property leasing and hotel operations  |
| 20  | Shanghai Songjiang Wanda Plaza Investment Co., Ltd. (上海松江萬達廣場投資有限公司)          | PRC                    | December 22, 2011     | RMB 200 million    | 100%                           | Property development and leasing   |
| 21  | Nanjing Jiangning Wanda Plaza Co., Ltd. (南京江寧萬達廣場有限公司)                        | PRC                    | December 29, 2011     | RMB 400 million    | 100%                           | Property development and leasing and hotel operations  |
| 22  | Guangzhou Zengcheng Wanda Plaza Co., Ltd. (廣州增城萬達廣場有限公司)                      | PRC                    | March 12, 2012        | RMB 250 million    | 100%                           | Property development and leasing and hotel operations  |
| 23  | Wanda Hotel Design & Research Institute Co., Ltd. (萬達酒店設計研究院有限公司)             | PRC                    | November 9, 2012      | RMB 50 million     | 100%                           | Design services and technology promotion service   |
| 24  | Hangzhou Gongshu Wanda Investment Co., Ltd. (杭州拱墅萬達投資有限公司)                    | PRC                    | March 22, 2013        | RMB 800 million    | 100%                           | Property development and leasing   |
| 25  | Qingdao Wanda Oriental Movie Metropolis Investment Co., Ltd. (青島萬達東方影都投資有限公司) | PRC                    | August 23, 2013       | RMB 3,000 million  | 100%                           | Property development and leasing, film production park development and cultural industry project development |
| 26  | Suzhou Wuzhong Wanda Plaza Investment Co., Ltd. (蘇州吳中萬達廣場投資有限公司)              | PRC                    | November 27, 2013     | RMB 1,000 million  | 100%                           | Property development and leasing   |
| 27  | Chengdu Wanda Hotel Investment Co., Ltd. (成都萬達酒店投資有限公司)                       | PRC                    | December 23, 2013     | RMB 100 million    | 100%                           | Property development and leasing   |



## HISTORY AND DEVELOPMENT

| No. | Principal Subsidiaries  | Place of Incorporation | Date of Establishment | Registered Capital | Percentage of our shareholding | Principal Activities  |
|-----|---|------------------------|-----------------------|--------------------|--------------------------------|---|
| 28  | Harbin Hanan Wanda Plaza Investment Co., Ltd. (哈爾濱哈南萬達廣場投資有限公司) | PRC                    | January 2, 2014       | RMB 900 million    | 100%                           | Property development and leasing  |
| 29  | Wuxi Wanda City Investment Co., Ltd. (無錫萬達城投資有限公司)              | PRC                    | January 3, 2014       | RMB 4,000 million  | 100%                           | Property development and development and operation of cultural tourism projects |
| 30  | Guangzhou Nansha Wanda Plaza Co., Ltd. (廣州南沙萬達廣場有限公司)           | PRC                    | January 22, 2014      | RMB 900 million    | 100%                           | Property development and leasing  |
| 31  | Yiwu Wanda Plaza Investment Co., Ltd. (義烏萬達廣場投資有限公司)            | PRC                    | January 23, 2014      | RMB 1,000 million  | 100%                           | Property development and leasing  |
| 32  | Jinan Gaoxin Wanda Plaza Property Co., Ltd. (濟南高新萬達廣場置業有限公司)    | PRC                    | March 14, 2014        | RMB 1,000 million  | 100%                           | Property development and leasing  |
| 33  | Shangrao Wanda Plaza Investment Co., Ltd. (上饒萬達廣場投資有限公司)        | PRC                    | March 14, 2014        | RMB 900 million    | 100%                           | Property development and leasing  |
| 34  | Mudanjiang Wanda Plaza Investment Co., Ltd. (牡丹江萬達廣場投資有限公司)     | PRC                    | March 17, 2014        | RMB 500 million    | 100%                           | Property development and leasing  |
| 35  | Suzhou Wanda Plaza Investment Co., Ltd. (宿州萬達廣場投資有限公司)          | PRC                    | March 21, 2014        | RMB 500 million    | 100%                           | Property development and leasing  |

**Note:**

- (1) Pursuant to a trust financing arrangement, 32% of the shareholdings are registered under the name of Zhuhai Rongzhao Investment Management Partnership (Limited Liability Partnership) (珠海融昭投資管理合夥企業(有限合夥)).

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## HISTORY AND DEVELOPMENT

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### STRATEGIC ACQUISITION

During the Track Record Period, we acquired a majority shareholding in the HK Listed Subsidiary, an acquisition which we considered to be of strategic importance to the development of our core commercial property businesses.

On March 20, 2013, we entered into a sale and purchase agreement with Mr. CHEN Changwei (陳長偉) and his nominee company pursuant to which we agreed to acquire 1,856,341,956 shares in the HK Listed Subsidiary (representing approximately 65% of the entire issued share capital of the HK Listed Subsidiary at the time) at a price of approximately HK\$0.251 per share and bonds of a principal amount of HK\$209 million convertible into the shares of the HK Listed Subsidiary at a conversion price of HK\$0.334 per share subscribed at their face value. The total consideration paid by us to the vendors was thus approximately HK\$675 million. The purchase price was determined by us and the vendors at arm's length with reference to, among other things, the market price of the HK Listed Subsidiary's shares and the financial position of the HK Listed Subsidiary and its subsidiaries at the time. Completion of the acquisition took place on June 25, 2013 and, as a result of which, we duly made a mandatory general offer for the acquisition of the HK Listed Subsidiary's shares not already owned by it at the offer price of HK\$0.334 per share. The mandatory general offer closed on July 23, 2013 whereupon we held 1,856,876,006 shares, representing approximately 65.02% of the HK Listed Subsidiary's entire issued share capital.

As at the Latest Practicable Date, we hold approximately 65.04% interest in the HK Listed Subsidiary, though the number of shares has increased to 3,055,043,100 as a result of our taking up our pro-rata entitlement under a rights issue by the HK Listed Subsidiary completed in January 2014, raising a net proceeds of HK\$2,448.57 million, and the exercise of the conversion rights attached to the said convertible bonds in July 2014.

We acquired the controlling interest in the HK Listed Subsidiary because we considered the business of the HK Listed Subsidiary to be a good strategic fit with ours. Following the completion of the acquisition, we have from time to time reviewed the operation of the HK Listed Subsidiary's group with a view to diversifying its businesses and income sources.

As at the Latest Practicable Date, the HK Listed Subsidiary has real estate businesses in Fuzhou and Guilin of the PRC, the U.K., Spain and the U.S. For those real estate businesses of the HK Listed Subsidiary outside the PRC, all of them feature a luxury hotel with residential and commercial components. The HK Listed Subsidiary will actively participate in the development and operation of mixed-use property projects with a focus on hotels in international gateway cities and to hold the hotel component to be operated under our own brand.

Our PRC legal advisor, Tian Yuan Law Firm, is of the opinion that we have obtained all requisite approvals from the competent regulatory authorities in the PRC for the above acquisition of the HK Listed Subsidiary. Our Company undertakes to comply with the relevant regulations under the Circular of the State Council Concerning Further Strengthening the Administration of Share Issuance and Listing Overseas (Guo Fa[1997] No. 21).

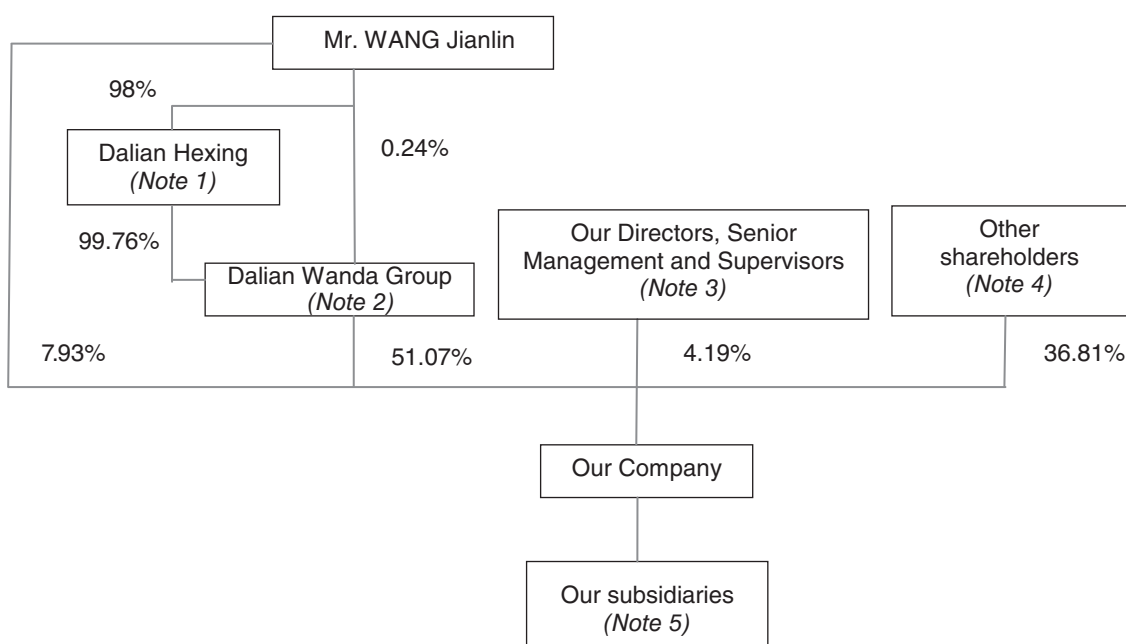
We have also acquired businesses to supplement our core commercial property businesses. For example, we acquired from Dalian Wanda Group in June 2014 its entire equity interest in and the shareholder's loans to Wanda Yacht Investment (Jersey) Company Limited, which holds Sunseeker International (Holdings) Limited, a company primarily engaged in the production and sales of luxury yachts. The rationale of such acquisition was to integrate the resources and industry experiences of the acquired companies into the planned platform for

## HISTORY AND DEVELOPMENT

managing and operating our Wanda City products under development and designed to build its primary culture element based on the yacht industry. We also acquired from related parties Beijing Oulante Catering Co., Ltd and Beijing Oulante Management Co., which jointly provide catering services for hotel guests and members in executive lounges and clubs, for the purpose of enhancing their attractiveness to high-end customers. Further details of the acquisitions undertaken by us can be found in our accountants' report in Appendix I to this prospectus.

### OUR CORPORATE STRUCTURE

As at the date of this prospectus, the shareholding structure of our Company is as follows:



#### Notes:

- (1) The remaining 2% interest in Dalian Hexing is owned by Mr. WANG Sicong (王思聰), the son of Mr. WANG Jianlin.
- (2) There are in existence pledges over approximately 614.09 million Shares out of 1,979 million Shares held by Dalian Wanda Group (equivalent to approximately 15.85% of the total number of issued Shares prior to the completion of the Global Offering) created by Dalian Wanda Group in favour of financial institutions in the PRC for the purpose of securing certain of Dalian Wanda Group's borrowings. All such financial institutions are regulated by the China Banking Regulatory Commission.
- (3) These shareholders include our present executive Directors, Mr. DING Benxi (丁本錫), Mr. QI Jie (齊界) and Mr. QU Dejun (曲德君); our non-executive Directors, Mr. ZHANG Lin (張霖), Mr. WANG Guiya (王貴亞) and Mr. YIN Hai (尹海); 10 members of our senior management other than our Directors, Mr. CHEN Ping (陳平), Mr. NING Qifeng (寧奇峰), Mr. SUN Jiquan (孫繼泉), Mr. CHENG Erjun (成爾駿), Mr. QU Xiaodong (曲曉東), Mr. YU Xiuyang (于修陽), Mr. LIU Haibo (劉海波), Mr. LAI Jianyan (賴建燕), Mr. LV Zhengtao (呂正韜) and Mr. LIU Chaohui (劉朝暉); and our Supervisors, Ms. GAO Qian (高茜), Mr. WANG Yunan (王宇男) and Mr. GAO Xiaojun (高曉軍). None of them hold more than 5% interest in our Company.

## HISTORY AND DEVELOPMENT

- (4) These “Other Shareholders” include (A) 13 corporate shareholders and (B) 125 natural person shareholders, including Ms. LIN Ning (林寧女士), the spouse of Mr. WANG Jianlin, who holds a 3.72% interest. With respect to those corporate shareholders, to the best knowledge, belief and information of the Company after having made all such necessary and reasonable enquiries, their respective ultimate beneficial owners are independent third parties. With respect to the 125 natural person shareholders, save Ms. LIN Ning (林寧女士), they are all independent third parties. Save Mr. SUN Xishuang (孫喜雙) holding a 6.30% interest in our Company, none of these “Other Shareholders” hold more than a 5% interest in our Company.
- (5) As at the Latest Practicable Date, out of our 413 subsidiaries, eight of them had their shareholdings held by other third parties, further details of which are as follows:-

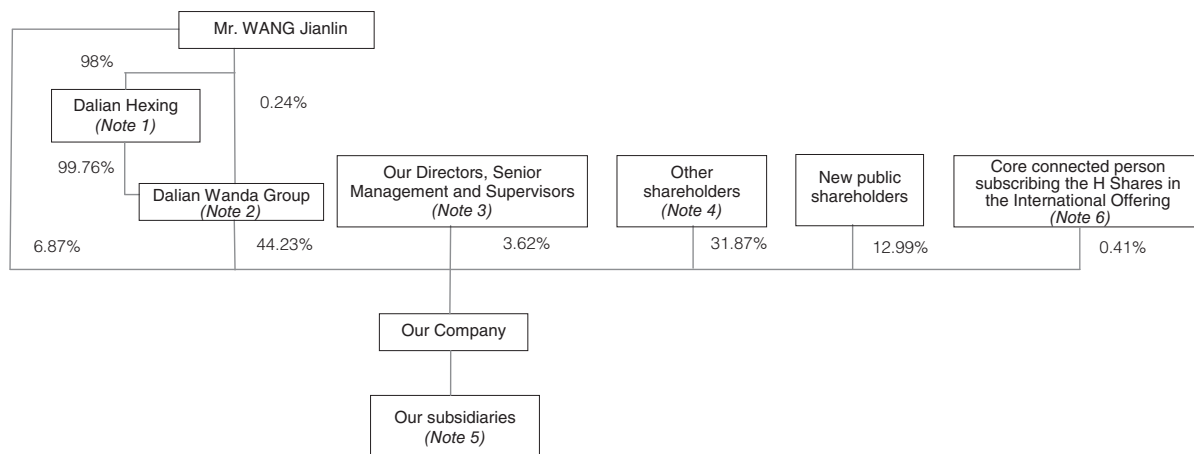
| Name of non-wholly subsidiary  | Registered shareholdings and identity of the third party minority interest shareholder  |
|--|---|
| <b>Onshore Subsidiaries</b>  |   |
| Shanghai Baoshan Wanda Investment Co., Ltd. (上海寶山萬達投資有限公司)                 | 35% is held by Shanghai Gaojing Investment Co., Ltd. (上海高境投資有限公司), an independent third party   |
| Yantai Zhifu Wanda Plaza Co., Ltd. (煙台芝罘萬達廣場有限公司)                          | 30% is held by Yantai Riying Garden Real Estate Development Co., Ltd (煙台日櫻花園房地產開發有限公司), an independent third party  |
| Fujian Hengli Savills Property Management Co., Ltd. (福州市恒力第一太平戴維斯物業管理有限公司) | 45% is held by Savills Property Services (Guangzhou) Co., Ltd. (第一太平戴維斯物業顧問(廣州)有限公司), an independent third party  |
| Fujian Zhonglv Real Estate Development Co., Ltd. (福建中旅房地產開發有限公司)           | 5% is held by Fujian Zhonglv Group Limited (福建中旅集團公司), an independent third party   |
| <b>Offshore Subsidiaries</b>   |   |
| Amazing Wise Limited   | Amazing Wise is a 53% subsidiary held by the HK Listed Subsidiary. The remaining 47% of Amazing Wise is held by Mr. CHEN Changwei (陳長偉)   |
| HK Listed Subsidiary   | Of the 34.96% held by parties other than the Group, Mr. CHEN Changwei (陳長偉), a non-executive director of the HK Listed Subsidiary, and his close associate collectively hold approximately 6.92%. The remaining 28.04% is held by other independent third parties   |
| Sunseeker International (Holdings) Limited                                 | 8.18% of the entire issued share capital of Sunseeker International (Holdings) Limited is held by Sunseeker Yacht Holdings Limited, whose ultimate beneficial owners are, to the best knowledge, belief and information of the Company after having made all such necessary and reasonable enquiries, independent third parties |
| Parcel C LLC   | 10% of the shareholdings are held by Magellan Parcel C/D LLC, whose ultimate beneficial owners are, to the best knowledge, belief and information of the Company after having made all necessary and reasonable enquiries, independent third parties  |

Some of our onshore subsidiaries’ equity interests are registered under the name of third-party financial institutions whose shareholdings are as follows:

|   |  |
|---|--|
| Shijiazhuang Wanda Plaza Investment Co., Ltd. (石家莊萬達廣場投資有限公司) | 32% of the shareholdings are registered under the name of Zhuhai Rongzhao Investment Management Partnership (Limited Liability Partnership) (珠海融昭投資管理合夥企業(有限合夥)), an independent third party |
| Taicang Wanda Plaza Investment Co., Ltd. (太倉萬達廣場投資有限公司)       | 49% of the shareholdings are registered under the name of Changan International Trust Co., Ltd. (長安國際信託股份有限公司), an independent third party   |

## HISTORY AND DEVELOPMENT

Immediately upon the completion of the Global Offering and assuming the Over-allotment Option is not exercised, the shareholding structure of our Company and its subsidiaries will be as follows:



### Notes:

- (1) The remaining 2% interest in Dalian Hexing is owned by Mr. WANG Sicong (王思聰), the son of Mr. WANG Jianlin.
- (2) There are in existence pledges over approximately 614.09 million Shares (equivalent to approximately 13.72% of the total number of issued Shares immediately upon the completion of the Global Offering and assuming the Over-allotment Option is not exercised) created by Dalian Wanda Group in 2012 and 2013 in favour of financial institutions in the PRC for the purpose of securing certain of Dalian Wanda Group's borrowings. All such financial institutions are regulated by the China Banking Regulatory Commission.
- (3) These shareholders include our present executive Directors, Mr. DING Benxi (丁本錫), Mr. QI Jie (齊界) and Mr. QU Dejun (曲德君); our non-executive Directors, Mr. ZHANG Lin (張霖), Mr. WANG Guiya (王貴亞) and Mr. YIN Hai (尹海); 10 members of our senior management other than our Directors, Mr. CHEN Ping (陳平), Mr. NING Qifeng (寧奇峰), Mr. SUN Jiquan (孫繼泉), Mr. CHENG Erjun (成爾駿), Mr. QU Xiaodong (曲曉東), Mr. YU Xiuyang (于修陽), Mr. LIU Haibo (劉海波), Mr. LAI Jianyan (賴建燕), Mr. LV Zhengtao (呂正韜) and Mr. LIU Chaohui (劉朝暉); and our Supervisors, Ms. GAO Qian (高茜), Mr. WANG Yunan (王宇男) and Mr. GAO Xiaojun (高曉軍). None of them hold more than a 5% interest in our Company.
- (4) These "Other Shareholders" include (A) 13 corporate shareholders and (B) 125 natural person shareholders, including Ms. LIN Ning (林寧女士), the spouse of Mr. WANG Jianlin, holding a 3.22% interest. With respect to those corporate shareholders, to the best knowledge, belief and information of the Company after having made all such necessary and reasonable enquiries, their respective ultimate beneficial owners are independent third parties. With respect to the 125 natural person shareholders, save Ms. LIN Ning (林寧女士), the spouse of Mr. WANG Jianlin, they are all independent third parties. Save Mr. SUN Xishuang (孫喜雙) holding 5.45% interest in our Company, none of these "Other Shareholders" hold more than a 5% interest in our Company.
- (5) Please refer to note 5 to the preceding corporate chart as at the Latest Practicable Date under "— Our Corporate Structure" for further details about our non-wholly owned subsidiaries.
- (6) These H Shares represent the maximum number of H Shares which may be allocated to and subscribed by our core connected person in the normal book building process of the International Offering.

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## HISTORY AND DEVELOPMENT

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### OUR LISTED DEBT SECURITIES

In November 2013, we, through our wholly-owned offshore subsidiaries, successfully issued five-year 4.875% US\$ bonds in the principal amount of US\$600 million. Two months later, we successfully issued 10-year 7.25% US\$ bonds in the principal amount of US\$600 million. Both bond issuances were made to professional investors only and are listed on the Stock Exchange, bearing the stock codes of 05997 and 06023, respectively. The proceeds of these bond issues are for investment in projects in the PRC and overseas and for general corporate purposes.

It is a term of both US\$ bond issuances that, amongst other things, if Mr. WANG Jianlin ceases to control more than 50% of the voting rights of our Company or the right to appoint and/or remove all or majority of the members of our Board, holders of the US\$ bonds will be entitled to require the relevant issuing entities, being wholly-owned offshore subsidiaries of our Company, to redeem all, but not some only, the bonds at 101 per cent of the principal amount, together with accrued interest to the settlement date of such redemption.

### APPLICATION FOR LISTING IN THE PRC

We filed an application with the CSRC for listing of our shares on the Shanghai Stock Exchange in March 2010 (the “**A Share Listing Application**”). The CSRC formally accepted the listing application for review on March 25, 2010. However, there were no developments after the submission of the application and we did not receive comments from the CSRC in relation to our listing application. Having considered our business development and financing plans, the Company decided to seek a listing on the Stock Exchange instead and therefore took no further step to renew our listing application with the CSRC, as a result of which the listing application lapsed in July 2014.

Following the lapse of the listing application with the CSRC, the engagements between our Company and the relevant advisors also ceased. The sole sponsor, which being the principal channel of communication with the regulator, and the reporting accountants of our listing application with the CSRC have confirmed that they had no disagreement with our Company and that there was no matter that needed to be brought to our attention with respect to the cessation of the listing application.

Having considered the above, save for the information as disclosed in this prospectus, the Joint Sponsors are not aware of (a) any other matters relating to the A Share Listing Application that are relevant to the Listing and should reasonably be highlighted in this prospectus for investors to form an informed assessment, (b) any other matters relating to the A Share Listing Application that might have implications on the Company’s suitability for listing or on the accuracy and completeness of information disclosed in this prospectus, and (c) any other matters that ought to be brought to the attention of the regulators and the investors in Hong Kong in relation to the A Share Listing Application.

Having performed necessary due diligence on the Company’s A Share Listing Application, the Joint Sponsors, themselves not being licensed to advise on A Share Listing Applications, are not aware of any matters that would cause them to believe that the CSRC would reject the Company’s A Share Listing Application should the Company wish to proceed.



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## BUSINESS

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### OVERVIEW

We are the leading commercial property developer, owner and operator in China and the second largest commercial property owner and operator in the world. We are also the largest luxury hotel owner in China. In addition, we are engaged in developing residential properties to maintain a balanced development structure. We have established a track record of bringing to market large-scale, mixed-use property projects that encompass retail, office, hotel, residential, restaurant, entertainment and/or leisure uses in an integrated architectural complex. Our leading position in the real estate industry has been demonstrated in various aspects, including the following:

- we are the second largest commercial property owner and operator in the world in terms of total GFA of self-owned properties, according to the Market Report;
- we are the number one Chinese property developer according to the “Ranking of Developers in the Commercial Real Estate Industry in China” issued by CREA in 2014;
- we are the largest commercial property developer, owner and operator in China in terms of aggregate GFA held as investment properties in 2013, according to the Market Report;
- we are one of the top property developers in China in terms of contracted sales in 2013 according to the Market Report; and
- we are the largest luxury hotel owner in China in terms of the number of hotels held in 2013 according to the Market Report.

Our leading position in China is well supported by our geographically diversified property portfolio with a nationwide coverage. As of June 30, 2014<sup>(1)</sup>, we had 175 property projects in 111 cities across 29 provinces in China, of which we had:

- a total of 159 Wanda Plazas, our core property product line, in 110 cities, including 71 fully completed Wanda Plazas in 47 cities;
- a total of six Wanda Cities, our new property product line, under development in six cities; and
- a total of 10 other property projects in 10 cities.

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**Note:**

- (1) In this prospectus, unless the context otherwise requires, the information and data of our properties as of June 30, 2014 have been given effect to the subsequent disposal of the 2014 Separated Projects as described in “Summary — Recent Developments” and “Relationship with Controlling Shareholders — Delineation of Business — Excluded Business engaged by our Controlling Shareholder”.

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## BUSINESS

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In our 175 property projects in China, we have:

- a total of 166 shopping centers in 110 cities, including 89 shopping centers in operation in 59 cities; and
- a total of 99 hotels in 82 cities (with 89 hotels integrated into Wanda Plazas or Wanda Cities and 10 hotels which are separate from our large-scale complexes), including 48 completed hotels owned by us in 39 cities.

As of June 30, 2014, our property portfolio in China comprised a total GFA of approximately 84.7 million sq.m., including the following property categories:

- completed investment properties with a total GFA of approximately 14.7 million sq.m., which were owned and managed by us;
- completed hotels with a total GFA of approximately 2.1 million sq.m.; and
- land reserves with a total GFA of approximately 67.9 million sq.m., including:
  - completed properties held for sale with a total GFA of approximately 2.4 million sq.m.;
  - properties under development with an estimated total GFA of approximately 54.8 million sq.m.; and
  - properties held for future development with an estimated total GFA of approximately 10.7 million sq.m..

As of June 30, 2014, we had 105 property projects that were under development or held for future development, of which 11 projects were expected to be completed by the end of 2014, 31 projects were expected to be completed by the end of 2015, and 63 projects were expected to be completed in or after 2016. As of June 30, 2014, the expected total development costs to be incurred for our existing property projects were approximately RMB430,395 million, of which approximately RMB80,258 million were expected to be incurred in the second half of 2014, approximately RMB124,364 million were expected to be incurred in 2015, and approximately RMB225,773 million were expected to be incurred in or after 2016.

While continuing to focus on business operations in China, we have further expanded the geographic coverage of our property portfolio into select strategic cities overseas, including London, Madrid, Los Angeles and Australia, and have entered into a cooperative arrangement with a third-party developer for one potential property development in Chicago. For more details, see “— Description of Property Projects — Overseas Property Projects and Property Development Opportunities”.

## BUSINESS

### Our Principal Business Segments

Our operations comprise three principal business segments:

- (i) development, leasing and management of commercial properties held by us for long-term investment;
- (ii) development and sale of properties, including primarily commercial and residential properties; and
- (iii) development and operation of hotels.

The table below sets forth a breakdown of our revenue by business segment for the periods indicated:

|   | For the Year ended December 31, |                     |                      |                     |                      |                     | For the Six Months ended June 30, |                     |                      |                     |
|---|---------------------------------|---------------------|----------------------|---------------------|----------------------|---------------------|-----------------------------------|---------------------|----------------------|---------------------|
|   | 2011                            |                     | 2012                 |                     | 2013                 |                     | 2013                              |                     | 2014                 |                     |
|   | (RMB million)                   | % of Total Revenue  | (RMB million)        | % of Total Revenue  | (RMB million)        | % of Total Revenue  | (RMB million)                     | % of Total Revenue  | (RMB million)        | % of Total Revenue  |
|   |                                 |                     |                      |                     |                      |                     | (unaudited)                       |                     |                      |                     |
| Sales of Properties                       |                                 |                     |                      |                     |                      |                     |                                   |                     |                      |                     |
| Commercial Properties . . . . .           | 27,129                          | 53.4                | 36,002               | 60.9                | 41,828               | 48.2                | 13,883                            | 43.6                | 10,923               | 47.0                |
| Residential Properties . . . . .          | 16,945                          | 33.4                | 13,031               | 22.1                | 30,457               | 35.1                | 12,171                            | 38.2                | 4,673                | 20.1                |
| Car Parks and Others . . . . .            | 1,431                           | 2.8                 | 1,540                | 2.6                 | 2,696                | 3.1                 | 477                               | 1.5                 | 697                  | 3.0                 |
| Subtotal . . . . .                        | <u>45,505</u>                   | <u>89.6</u>         | <u>50,573</u>        | <u>85.6</u>         | <u>74,981</u>        | <u>86.4</u>         | <u>26,531</u>                     | <u>83.3</u>         | <u>16,293</u>        | <u>70.1</u>         |
| Property Leasing and Management . . . . . | 3,769                           | 7.4                 | 5,843                | 9.9                 | 8,483                | 9.8                 | 3,821                             | 12.0                | 5,177                | 22.3                |
| Hotel Operations . . . . .                | 1,450                           | 2.9                 | 2,576                | 4.4                 | 3,215                | 3.7                 | 1,433                             | 4.5                 | 1,770                | 7.6                 |
| Others <sup>(1)</sup> . . . . .           | 48                              | 0.1                 | 99                   | 0.2                 | 95                   | 0.1                 | 49                                | 0.2                 | 11                   | 0.0                 |
| <b>Total . . . . .</b>                    | <b><u>50,772</u></b>            | <b><u>100.0</u></b> | <b><u>59,091</u></b> | <b><u>100.0</u></b> | <b><u>86,774</u></b> | <b><u>100.0</u></b> | <b><u>31,834</u></b>              | <b><u>100.0</u></b> | <b><u>23,251</u></b> | <b><u>100.0</u></b> |

**Note:**

- (1) Primarily includes revenue derived from (i) the placement of advertisements on our investment properties and hotels, (ii) the leasing of our self-used properties for special events, (iii) the provision of consultation services and (iv) the provision of other miscellaneous services.

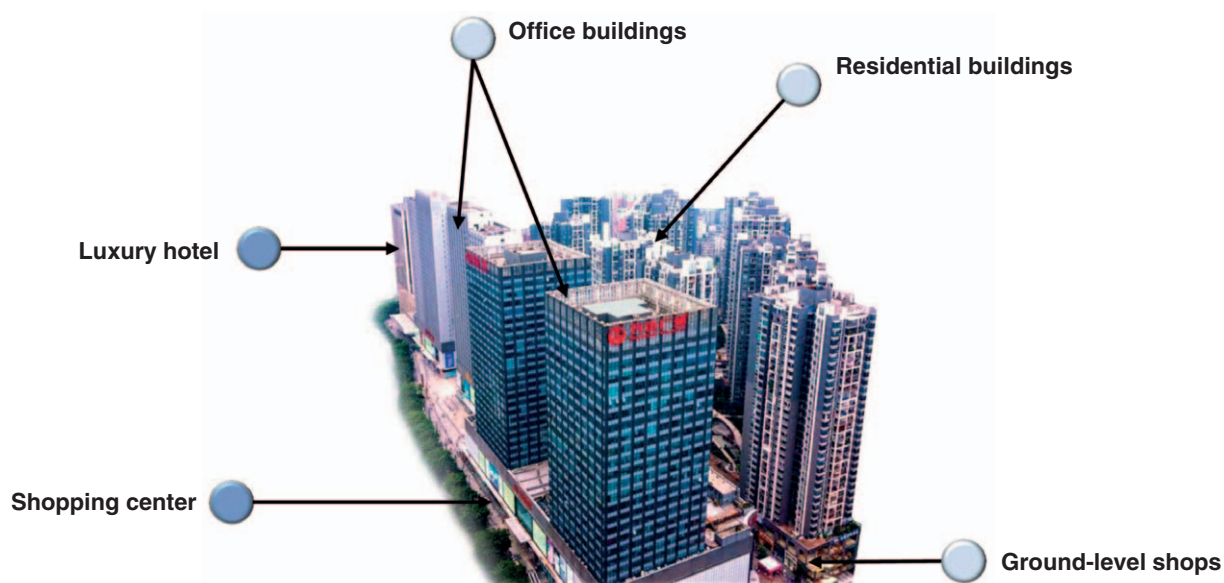
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## BUSINESS

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### Our Core Product — Wanda Plaza

Our core product line is Wanda Plaza, which has evolved through three major generations. Our current investment property portfolio mostly comprises shopping centers in third-generation Wanda Plazas, which we began developing in 2005. We have a total of 155 third-generation Wanda Plazas, which are generally located in urban centers, central areas of newly developed districts and districts with the growth and development potential. A third-generation Wanda Plaza typically consists of a shopping center operated by us, office buildings and residential buildings, and often includes a luxury hotel. The following picture of Chongqing Nanping Wanda Plaza illustrates the various components within a typical third-generation Wanda Plaza:



We believe that the Wanda Plaza product line symbolizes our ability to maintain product competitiveness and to proactively respond to the growing disposable income level and the evolving needs of the real estate market along with urbanization process in China. For more details, see “— General Description of Property Products”.

### COMPETITIVE STRENGTHS

We believe that the following competitive strengths have contributed to our success in the PRC real estate market and will continue to secure our leading market position and future prospects.

**Business innovative capacity — our business model is supported by our business innovation capacity and allows us to maintain a balanced cash flow for our projects, and our proven track record of being an industry pioneer epitomizes our business innovation capacity.**

We have more than 25 years of operating experience since our inception in 1988 and have grown to be a leader in the PRC real estate industry. Our success is, to a large extent, attributable to our business innovation capacity which allows us to be proactive and responsive to trends in the PRC market. Our business innovation capacity has allowed us to

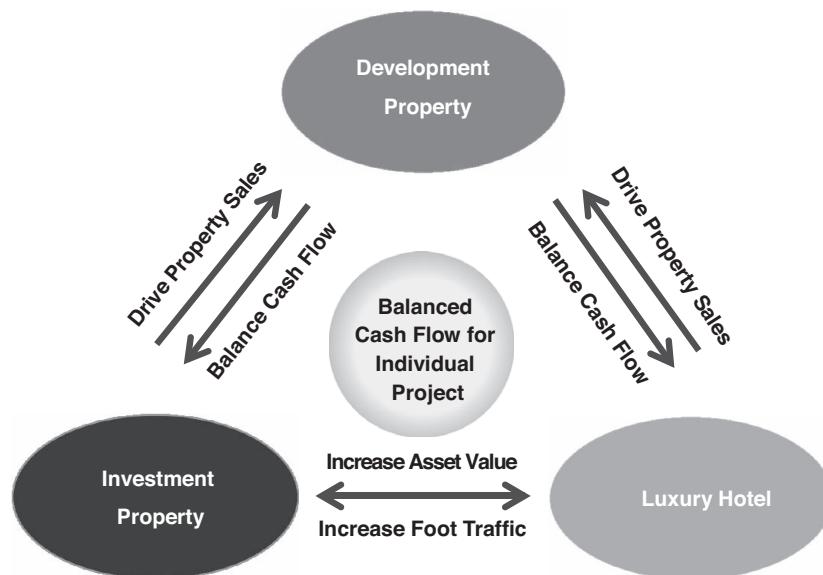
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## BUSINESS

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achieve the balanced property portfolio. As early as in 2000, we strategically shifted our focus to building a strong commercial property portfolio in anticipation of the growth potential of commercial properties in China. In recognizing the evolving consumer need for large-scale, integrated complexes in China, we upgraded the Wanda Plaza product line and introduced its third generation in 2006. Our third-generation Wanda Plazas mainly comprise shopping centers, office buildings, hotels and residential properties, and integrate retail, entertainment, food and beverage and lifestyle services components in the same complex. In our efforts to pursue the mission that “Wanda Plaza is the city center”, we had brought to market a total of 67 completed third-generation Wanda Plazas across 47 cities in China as of June 30, 2014.

Driven by our continuous business innovation, our business model enables our various business segments to develop synergistically and supplement each other in our large-scale, mixed-use property projects. Pre-sales and sales of properties provide sufficient funds to meet our anticipated cash needs for the development of investment properties and hotels and allow us to maintain a balanced operating cash flow for the entire development project. Our investment properties and hotels satisfy the increasingly diverse and multi-faceted needs of consumers and also enhance sales of our development properties located in the same complex. Mostly located in the same complex, our luxury hotels and investment properties supplement each other to increase the overall commercial attractiveness, brand awareness and customer flow, which further enhance their asset value. Our business model has allowed us to achieve sustainable growth and development and to maintain our leading position in the real estate industry. The chart below sets forth for illustration purposes the main synergistic benefits of our business model:



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Being responsive to the evolvement of the real estate industry in China, we have the proven track record of continuous business innovation and being a first mover as evidenced by the following pioneering presences according to the Market Report:

|      |  |
|------|--|
| 1988 | one of the earliest property developers engaged in the urban renewal process in China;   |
| 1993 | one of the earliest real estate companies engaged in cross-regional operations in China;   |
| 2000 | one of the first PRC companies which entered into the commercial real estate sector in China;  |
| 2004 | one of the first companies to introduce the “urban complex”, an innovative property product concept focusing on large-scale, mixed-use complexes in China;                             |
| 2011 | one of the pioneers to propose and adopt “experiential consumption”, an innovative commercial property management concept focusing on in-store consumer experiences, in China; and     |
| 2013 | pioneered the development of a new property product named “Wanda City”, which is a multi-phase, master-planned and mixed-use complex featuring indigenous cultural and tourism themes. |

Leveraging the nationwide coverage of our property portfolio, our business innovation capacity and our commitment to enhancing community functions have allowed us to become a significant contributor to the economic development of and urbanization process in the PRC in various aspects, including:

- supporting and promoting the restructuring of the PRC real estate industry;
- encouraging consumption upgrading in line with the growing disposable income level in China;
- improving community functions and enhancing commercial facilities in urban areas;
- creating job opportunities supported by a wide variety of businesses associated with our properties and operations; and
- being a responsible taxpayer and making a considerable tax contribution.



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**Comprehensive operation system — we have a comprehensive commercial real estate business operation system covering planning and design, construction, operations and management, with an emphasis on key capacities and functions to support our leading position in the commercial property sector.**

To effectively develop and manage our commercial real estate business, we have established a comprehensive operation system to ensure prudent business planning and effective execution. In particular, we emphasize the following key capacities and functions, which we believe are critical for us to gain the competitive advantages:

- *Strong in-house planning and design capacity to ensure space build-out to be commercially attractive and cost effective.* Through our in-house planning and research institutes and design center, we formulate the master planning, design concepts and detailed design specifications. We also maintain a systematic and standardized approach to creating (i) general space distribution blueprints and construction plans, (ii) the strategic positioning of individual stores and (iii) detailed blueprints laying out the tenant mix and store positions. Working together with the relevant departments, our planning and design staff utilize our self-developed planning models to ensure that the master plans and design concepts could meet our internal design philosophy and standards and conform to our cost control and operational requirements.
- *Strong execution capacity during the project construction process supported by our stringent project management system and collaboration with top-tier contractors.* Supported by our modular (模塊化) management system, we have established standardized and stringent methodologies to achieve effective use of our internal resources during the construction process and to develop projects on schedule. Our proven track record of successful development and leading market position have enabled us to be the client of choice among construction contractors and allow us to be selective in outsourcing construction work. We have long-term relationships with a number of top-tier construction companies in China, which further strengthens our ability to construct and deliver quality properties on a timely basis.
- *Strong quality control capacity through a disciplined quality assurance approach carried out by our quality control center.* To ensure that our commercial real estate business operation meets our internal benchmarks and customers' specifications, we adopt a centralized tender and selection processes for procurement and sourcing of construction work. We also adopt selection criteria and specifications in terms of quality, technical standards, brand requirements, inspection, maintenance and regulatory compliance. We implement principal quality control functions through our quality control center, which carries out quality control procedures and monitors quality-related matters.
- *Strong commercial real estate management capacity and expertise.* We own and manage an extensive portfolio of commercial properties, including 89 shopping centers in operation as of June 30, 2014. During the Track Record Period, we achieved near full occupancy rates upon commencement of operations in substantially all of the shopping centers owned and operated by us. From 2011 to 2013, the average occupancy rates of our completed investment properties remained above 99% in each year. Recognizing that consumer preferences change

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frequently, we proactively manage and adjust our tenant mix in order to maintain a balanced tenant portfolio that satisfies popular demand. Starting in the first half of 2014, we have strategically transformed certain department store areas in a number of shopping centers into spaces for food and beverage, entertainment, lifestyle services and other experiential consumption uses in order to enhance the in-store consumer experience and increase consumer traffic flow. The average occupancy rate of our completed investment properties remained above 97% for the six months ended June 30, 2014. The high average occupancy rates of our completed investment properties during the Track Record Period are primarily attributable to (i) the attractiveness and market recognition of our investment properties that meet diverse consumer needs and maintain a high level of foot traffic, (ii) our prominent commercial property management capabilities and in-depth understanding of our tenants' needs, (iii) strong tenant base supported by our brand bank management model, (iv) our leading position and tenant confidence in our brand and (v) effective application of information technology in managing our commercial real estate business operations.

- *A strong brand bank management model to further enhance the high-quality operations of our commercial real estate business.* We maintain a brand bank (“品牌庫”) of tenants, which serves as our high-quality tenant base and primary source of leasing commitments for new commercial projects. We also maintain a brand bank of construction contractors that meet our criteria in terms of quality and safety, reputation, track record and construction capabilities to ensure the quality and development schedules of our projects. In addition, we maintain a brand bank of independent and certified project supervision companies to objectively monitor the quality and progress of construction work undertaken by contractors.
- *A comprehensive know-how base accumulated through our Wanda Institute.* We consider accumulated knowledge and commercial wisdom the invaluable assets to our continuous business growth. We have a well-established system to gather, record, transform and share knowledge and intellectual capital through our knowledge-enabled center, Wanda Institute. Leveraging our significant industry experience, knowledge and expertise, Wanda Institute has accumulated our management and operational know-how and expertise which have commercial value to, or a positive impact on, our business operations. Committed to a work environment that embraces knowledge management and sharing, we maintain a corporate-wide network platform through which staff from different function departments or geographic regions can approach business issues from an array of perspectives, benefit from a pooled expertise and find practical solutions to problems. Our comprehensive know-how base, together with a corporate culture that weaves knowledge into business processes, have allowed us to offer a premier platform to attract and retain management talent as well as professional and suitable personnel. We have published two books, “Investment and Development of Commercial Properties” and “Commercial Real Estate Operation and Management”, which demonstrate our commitment as the leader in the PRC commercial property industry and our contribution to systematically promoting the overall industry knowledge and expertise.

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Our continuous efforts to increase organizational learning and to digest and utilize experiences accumulated in practice have strengthened our overall execution capacity and competitiveness and have allowed us to continuously optimize our products.

**Distinct mix of competitive advantages — we possess a robust combination of competitive advantages, which has allowed us to be distinguishable in the industry.**

- *Ability to acquire sizable land reserves at competitive prices.* We have acquired sufficient land reserves to support our expansion plans in China for the next three years. As of June 30, 2014, we had land reserves with an aggregate GFA of 67.9 million sq.m.. Our land reserves are distributed across select strategic cities which we believe have high economic growth potential. We allocate our land reserves for the development of different property types to maintain a balanced development structure and a diverse property portfolio. Based on popular demand for our products and a high level of market recognition for being responsive to local urban development trends, we have been invited to many public tender proceedings organized by local governments and have been able to acquire high-quality land parcels at competitive prices. For the years ended December 31, 2011, 2012 and 2013 and the six months ended June 30, 2014, our average land acquisition cost per sq.m. of GFA for development of Wanda Plazas amounted to approximately RMB1,821, RMB1,171, RMB1,096 and RMB1,012, respectively.
- *Diverse property portfolio and diversified income sources.* We are well-positioned to respond to market fluctuations by holding a balanced property portfolio, which reduces our exposure to one particular business sector. Our sources of income are well-diversified, primarily comprising sales of properties, rental income generated from our investment properties and revenue from hotel operations. Proceeds from sales of properties are derived from sales of office buildings, SOHO buildings and residential buildings. As the largest owner and operator of commercial properties and the largest luxury hotel owner in China, we are able to generate and benefit from stable and recurring income.
- *Substantial scale benefits and strong brand name recognition.* Our extensive operations and strong presence in a large number of cities throughout China have provided us with a distinct familiarity with the markets and business conditions in the regions where we operate, while our industry expertise has enabled us to design and develop product that satisfy local market demand and effectively manage our investment properties that are attractive to tenants and consumers. According to the Market Report, there was foot traffic of over 1.2 billion visitors to Wanda Plazas in 2013, which highlights Wanda Plaza as a well-known real estate brand with strong consumer recognition in China. We believe our operational scale also provides us with greater visibility into market trends and greater control over rental pricing of investment properties.

We believe our leading market position will enable us to benefit from emerging market opportunities, maximize the opportunities in China and, ultimately, increase value to our Shareholders over the long term.

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### **Outstanding execution capabilities.**

We adopt a stringent and methodological approach to project planning and execution. Typically in each November, we circulate our business action plan within our Group for the next year. Our business action plan specifies details of projects in pipeline, revenue and profit objectives and budgets on a monthly basis. We require each function division and its personnel to strictly adhere to the targets set out in the plan. Our annual evaluation of the responsible personnel and determination on compensation adjustments are based on their performance and execution results.

Our ability to rapidly expand and grow our business operations throughout China is particularly attributable to our unique modular management system, which centralizes control over the entire development process at the headquarters level. Supported by our operational know-how and proprietary information technology, our modular management system is equipped with 351 checkpoints that regulate key deliverables at each stage of development, thus allowing management to exercise a high degree of control and precision over the entire development process. The built-in “traffic-light” control features assist management in monitoring the performance and timeliness of individual tasks, and immediately reports any delays to upper management personnel. In 2013, we exercised control over a total of 6,984 checkpoints through our modular management system, and the percentage of delayed tasks as signaled by the red traffic light was less than 0.5%. Our modular system enables us to effectively achieve consistency in project management for multiple projects across various cities and regions and carry out comprehensive development functions on a timely basis. For more details, see “— Property Development — Modular Management System”.

We have been able to maintain a consistent pace of expansion by effectively adhering to development schedules. Supported by our systematic and disciplined development and management approach, for each project, we seek to commence operation of a shopping center within 24 months from the land acquisition, and to deliver the properties for sale and to commence hotel operations within 36 months from the land acquisition. In 2011, 2012 and 2013 and the six months ended June 30, 2014, we completed and commenced operation of 15, 17, 18 and five shopping centers, respectively, and 12, eight, 11 and four hotels, respectively. Our proven track record of successful execution and our ability to deliver properties on a timely basis are well recognized by our customers, suppliers and government authorities, and as a result, forms the basis for our ability to maintain strong and long-term relationships with these parties.

### **Prominent business management capability — we possess strong and effective commercial property management capabilities.**

We have a prominent commercial property management team responsible for managing our large-scale operations. As of June 30, 2014, we had over 23,000 staff members engaged in commercial property management. Our core commercial property management team possesses a wealth of experience and strong management capabilities, which have led to the steady expansion of our commercial property business.

We have developed an innovative order-driven management model (“訂單模式”), under which we typically begin to obtain preleasing commitments prior to the commencement of construction of a shopping center. We collaborate with our tenants to seek their input and learn about their technical requirements in order to produce a detailed blueprint laying out the

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strategic positioning of individual stores and the overall tenant mix. In particular, we customize store designs based on our anchor tenants' specific needs. We apply such pre-agreed designs when constructing a Wanda Plaza, which not only satisfies our anchor tenants' technical requirements for their stores, but also reduces the time required by the anchor tenants to modify and renovate their stores and ensures that the project will be developed on schedule. Through our long-term strategic relationships with over 2,000 brands with large scale of operations and broad geographic coverage, we seek to obtain their pre-leasing commitment for our new commercial properties. By fully understanding our tenants' needs and allowing them to customize their rental spaces in our shopping centers during the preleasing stage, we have been able to maintain consistently high occupancy rates. After commencement of operations, we continue to support our tenants by actively attracting foot traffic to our shopping centers through various promotional programs. These mutually-beneficial promotional activities serve to instil confidence in our current and potential tenants for our properties. In each of 2011, 2012, 2013 and the six months ended June 30, 2014, we achieved the rent collection rate of over 99.9% from our tenants, which illustrates our mutually supportive relationships as well as the collective dynamics developed from businesses engaged by us and our tenants.

**Strong synergistic effects — we have been able to benefit from support from our Controlling Shareholders with a synergistic relationship.**

Our Controlling Shareholders operate different business lines, including cinema lines, department stores and entertainment and recreational business. We are able to enjoy a synergistic relationship where both parties are able to leverage on their respective strengths in order to achieve mutual support and growth. Our property products provide prime venues for our Controlling Shareholder to operate its cinema lines, department store business, entertainment and recreational businesses such as karaoke bars and children's entertainment centers. By integrating products and services offered by our Controlling Shareholder's businesses, we will be able to enhance the overall attractiveness of our properties as well as meet the expansive and diverse consumer needs. Benefiting from the synergistic relationship, our Controlling Shareholders' department stores, cinemas and karaoke bars have become anchor tenants of our investment properties in Wanda Plazas and serve as stable sources of our rental income. Our Controlling Shareholders also maintain a "Wanda" membership system to allow us and their other businesses to share customer resources. Our Directors believe that the synergistic effects achieved through the businesses operated by our Controlling Shareholders will support our long-term growth.

**Prominent ultimate Controlling Shareholder and excellent management team — Mr. WANG Jianlin, our ultimate Controlling Shareholder, is an influential industry leader, and we have an experienced and visionary management team.**

Our ultimate Controlling Shareholder, Mr. WANG Jianlin, is an influential industry leader with over 25 years of experience in the PRC real estate industry. Mr. WANG Jianlin was ranked number one in Forbes China Most Wealthy Persons List of 2013 and named Forbes Asia's 2013 Businessman of the Year. With a strong entrepreneurial spirit and foresight, Mr. WANG Jianlin is committed to reshaping management professionalism and dynamics and cultivating the core of workplace culture that encourages dedication and collaboration in China. He has been recognized as a driving force in fostering our remarkable success and leadership in the commercial property industry. Mr. WANG Jianlin is also devoted to establishing a conglomerate with five pillar businesses, including real estate, culture and tourism, financial

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services, retailing and E-commerce. He was named the “China Economic Person of the Year” in 2005 and 2012, respectively, by China Central Television, the largest television broadcaster in the PRC. Being committed to philanthropic activities, Mr. WANG Jianlin was bestowed with the China Charity Award by the Chinese Ministry of Civil Affairs in 2005, 2008 and 2012, respectively. Furthermore, Mr. WANG Jianlin is a long-term sponsor and supporter of soccer development in China.

Our senior management team has an average of over 15 years of experience in the real estate industry. Many members of our senior management team also have extensive experience and expertise in other industries, including but not limited to, financial services, construction, hotel, financing and consulting. This diversity of knowledge and expertise has helped us to form a broad strategic vision to further our growth. We believe that, with leadership of an experienced and highly effective management team and support from our ultimate Controlling Shareholder, we are well-positioned to achieve sustainable long-term growth.

**Effective use of advanced technology — we have adopted multiple information technology systems to effectively manage the large scale of our business operations and improve our operational efficiency.**

- Our Huiyun management system is instrumental in managing our large-scale commercial real estate business operations. It integrates 16 subsystems and creates a centralized platform for monitoring, controlling and managing various aspects of our operation of shopping centers, which has resulted in overall increased operational stability and dependable performance of our properties. The traffic flow subsystem, which we believe is one of the very few store-level traffic flow systems in China, has been installed in all of the stores in our shopping centers in operation. Our Huiyun system is able to collect and process the store performance data (such as transaction volumes and amounts) and analyze and determine the popularity of each store and spending patterns of consumers in our shopping centers by calculating bag rates (total turnover divided by total number of visitors), rental ratios, average sales per unit area and average sales by customer. It is an effective tool for us to dynamically manage our commercial properties and understand changing consumer preferences and market trends, which allows us to evolve our property products and adjust our tenant mix. For more details, see “— Information Technology — Huiyun Integrated Management System”.
- With a number of subsystems capable of multiple functions, our office automation (“OA”) system is integral to our daily business operations, with over 850,000 items passing through our OA approval process in the first half of 2014. Our OA system can also be utilized through mobile platforms, with over 1.8 million approvals managed through mobile phones or other mobile platforms in the first half of 2014, which greatly improved our operational efficiency.
- Since 2012, we have utilized an online tender process to select suppliers in connection with our direct procurement of materials and equipment. As of the Latest Practicable Date, we had over 5,500 suppliers operating on this online platform.



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- Of our 2,535 institutionalized operational matters in total as of the Latest Practicable Date, 2,099 matters adopted information technology, accounting for approximately 88% of the total number of matters. All of these 2,099 institutionalized operational matters can be undertaken and completed through our information technology systems.

### **BUSINESS STRATEGIES**

We aim to become the leading global property developer, owner and operator with an internationally-recognizable brand name and reputation. We intend to utilize the following key strategies to grow our business and expand our operations:

**We aim to become the largest real estate company in the world in terms of self-owned GFA.**

Based on our current land reserves and future property development plans, we estimate that we will be able to achieve a completed property portfolio (including completed investment properties and completed hotels) comprising a total GFA of approximately 25 million sq.m. by the end of 2015. We believe that China's economy will continue to be dynamic and that we will be able to continue to capitalize on China's economic growth and expand our operations in economically developed cities and in cities with growth potential. To capture market opportunities, we will conduct market research and monitor government policies to ensure that our development plans are in line with market demand and industry development trends. We will continue to strategically acquire quality land parcels in order to further diversify the geographic coverage of our property portfolio. We will also continue to utilize our standardized and replicable methodologies to effectively and rapidly expand our business and enter into new cities as attractive opportunities arise. We believe that, with our proven track record of successful execution, we will be able to replicate our business model in new target cities and achieve sustainable growth.

**We will continue to strategically enter the international market to capture market opportunities and expand our international presence.**

As part of our expansion plan, we are strategically expanding into the international market in order to capture opportunities in key cities in Europe, North America and the Asia-Pacific region. For more details, see "— Description of Property Projects — Overseas Property Projects and Property Development Opportunities". We selected these projects based on the maturity of the markets they are located in, which is in line with our strategy to prudently grow our presence in economically developed nations. We have further expanded the geographic coverage of our property portfolio into select strategic cities overseas, including London, Madrid, Los Angeles and Australia, and have entered into a cooperative arrangement with a third-party developer for one potential property development in Chicago. We intend to continue to explore other development opportunities that will enhance our property portfolio and increase our international presence. To reduce our investment risks as a result of entering into overseas markets, we aim to develop our current and future international projects with an emphasis on (i) maintaining a balanced cash flow for project investment and finance, (ii) entering into business partnerships with financial institutions and (iii) employing local expertise to support our development with knowledge of local preferences.



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Through our international expansion, we intend to further diversify the geographic coverage of our property portfolio and to promote our property products in the global market. A key component of our international expansion will be luxury hotels operated under our Wanda hotel brand, which we believe will further enhance our brand awareness and increase project marketability. We aim to grow our Wanda brand into an international luxury hotel brand that will be widely recognized for its distinct oriental features and first-class amenities and services. Our current international projects are each expected to feature a luxury hotel as the foundational structure for the overall complex, with complementary areas for retail, residential, office and leisure uses. We intend to design future international projects with a continued focus on growing our luxury hotel operations and brand recognition abroad. In addition, we also intend to explore opportunities to develop culture- and tourism-themed projects.

**We will continue to proactively enhance our asset management capabilities.**

In addition to expanding our business operations and geographic coverage, we will continue to strengthen and enhance our asset management capabilities. In this regard, we will continue to fine-tune our performance assessment system to improve our investment decision-making process and will also establish performance indicators to analyze our rates of return on rental income and investments. We will renovate our existing properties in order to increase the property value as well as their appeal to potential tenants and customers. Such asset enhancement efforts will also strengthen our brand image and enable us to maintain our reputation as developers of high quality properties. Lastly, we will utilize data analysis to analyze the performance of individual tenants in order to optimize our tenant mix and will make any adjustments to our leasing strategy accordingly. We also analyze consumer behavior through the data we generate from our technology system as an additional parameter to determine our optimal asset management strategy. For example, we collect data on the overall consumer traffic flow at each Wanda Plaza as well as the number of visitors at each individual store in order to better determine store positioning and design layout strategies for optimal store performance. By actively enhancing our asset portfolio, we will ensure that our products are aligned with market demand and are relevant to consumer demand.

**We will continue to attract, motivate and cultivate management talent and personnel to support our operations.**

We believe that proper talent management is the foundation for our successful long-term development. We greatly value our employees and will continue to attract, cultivate and retain talent through our internal training programs. We recruit both domestic and international talent, with an emphasis on recruiting top international talent, in order to create a well-rounded work force with a diversity of backgrounds. Our Wanda Institute provide training programs and essential learning tools with a view to cultivating top tier management talent in the real estate industry. Similarly, we also seek to diversify and enhance our incentive mechanisms to better align the interests of management, employees and the company. We believe that with a strong reputation for excellence and a talented and dedicated workforce, we are well-positioned to grow our operations rapidly and smoothly.

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**We intend to continue to enhance our diverse property products to increase consumer demand and promote consumption upgrade in the PRC.**

A critical component of our domestic strategy is a balanced development structure that focuses on our two prominent products, Wanda Plazas and Wanda Cities. We intend to enhance the unique features of each product in order to better capitalize on the market opportunities that are still emerging as a result of continuous urbanization in the PRC. For example, we will continue to enhance and utilize our highly standardized development model that allows for rapid and efficient replication of our Wanda Plazas. By rapidly expanding into new target regions and establishing comprehensive national coverage, we will be well-positioned to meet the increasing appetite for consumption in China. Given our brand recognition and proven successful record of execution, we believe we are well-positioned to satisfy strong market demand. We developed our Wanda Cities in recognition of this new consumption need and believe our early focus on and experience in developing such large-scale and integrated complexes will allow us to remain at the forefront of the evolving real estate market scene. In this regard, we will continue to devote resources to design and develop each Wanda City to highlight the unique cultural heritage and natural features of the cities they are located in. We believe the cultural tourism aspects of Wanda Cities will appeal to both domestic and international tourists and generate more foot traffic to our properties. Going forward, we will continue to monitor market trends in order to create innovative products that are tailored to satisfy popular demand.

**We intend to reduce the environmental impact of our operations and increase our energy conservation and other environmental protection efforts.**

We are committed to reducing the environmental impact of our operations and promoting environmental sustainability. During the Track Record Period, many of our properties were granted “Green Label” by the Ministry of Housing and Urban-Rural Development in recognition of their environmentally-friendly design and functions. We intend to increase our efforts to expand our business with minimal environmental impact going forward by designing and developing our projects based on long-term energy savings and efficiencies. Going forward, we will continue to take action to reduce our energy consumption and carbon emissions with a commitment to a more sustainable growth environment. We aim to reduce our energy consumption by 2% to 3% annually for all investment properties and hotels which have commenced operation since 2011. We believe that our environmental protection efforts will increase the competitiveness of our properties as global environmental awareness grows and as more consumers begin to realize the benefits of energy-efficient homes and buildings.

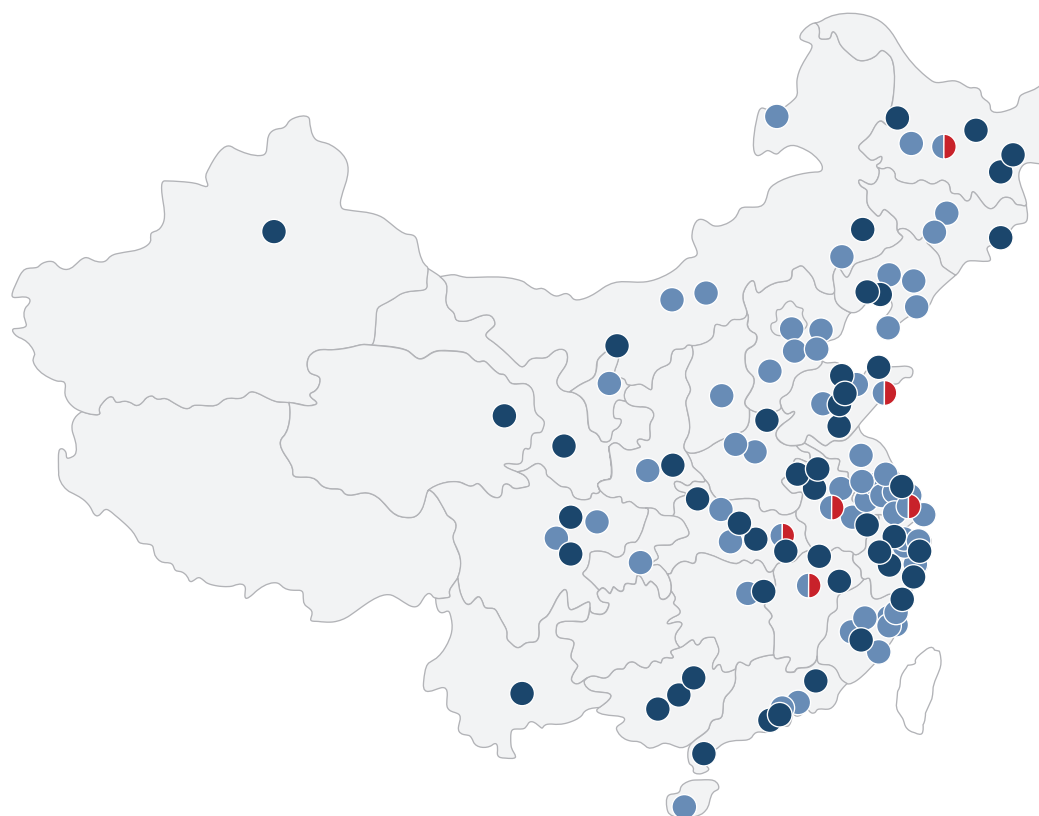
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### Geographic Distribution of Our Property Projects

The map below shows the geographical distribution of our principal property projects in China as of June 30, 2014 (not including the completed projects in which we sold all of the properties and did not hold any property interests as of June 30, 2014):



- 61 cities, where we had shopping centers or hotels in operation
- 50 cities, where we recently entered and had properties under development or held for future development
- Six cities, where Wanda Cities are located

### OVERVIEW OF OUR BUSINESS SEGMENTS

#### Overview of Our Investment Properties and Property Leasing

Our portfolio of completed investment properties as of June 30, 2014 had a total GFA of approximately 14.7 million sq.m., and primarily comprised our shopping centers with a total GFA of approximately 10.2 million sq.m.. As of June 30, 2014, our 89 shopping centers in operation (including 71 shopping centers in fully completed Wanda Plazas and 18 shopping centers in partially completed Wanda Plazas and Wanda Cities) contained in aggregate more than 15,000 occupied stores. Anchor tenants in our shopping centers typically include department stores, supermarkets, electronics stores, cinemas, karaoke bars, chain restaurants and amusement arcades. There are also a wide variety of smaller stores in our shopping centers. As of June 30, 2014, we leased our investment properties to over 2,600

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brands. To maintain a high-quality tenant base, we have established and maintained a brand bank, in which many brands have long-term business relationships with us. As of June 30, 2014, our brand bank contained over 2,000 brands spanning various business sectors. Our portfolio of completed investment properties as of June 30, 2014 also included office spaces with a total GFA of approximately 0.2 million sq.m. as well as car parking spaces and other properties with a total GFA of approximately 4.3 million sq.m..

As of June 30, 2014, our shopping centers accounted for a predominant portion of the total LFA of our completed investment properties. The table below sets forth certain information on our shopping centers in operation for the periods indicated:

|  | For the Year ended December 31, |           |           | For the Six                   |
|--|---------------------------------|-----------|-----------|-------------------------------|
|  | 2011                            | 2012      | 2013      | Months ended<br>June 30, 2014 |
| Total LFA (sq.m.) <sup>(1)(2)</sup> . . . . .              | 4,425,056                       | 6,051,550 | 7,706,027 | 8,087,707                     |
| Occupancy Rate <sup>(1)(3)</sup> . . . . .                 | 99.0%                           | 99.2%     | 99.2%     | 97.8%                         |
| Average Rent (RMB/sq.m./month) <sup>(1)(4)</sup> . . . . . | 57                              | 63        | 71        | 75                            |

**Notes:**

- (1) Does not include the shopping center in Tianjin Hepingjinjie Wanda Plaza which has not been operating since December 2012 due to its overall renovation. During the Track Record Period, the shopping center in Tianjin Hepingjinjie Wanda Plaza generated an insignificant amount of revenue, which had no material effect on our results of operations.
- (2) Does not include car parking spaces or ancillary facilities.
- (3) As at the end of the periods indicated.
- (4) Calculated as the total rental income of shopping centers in operation in the period divided by the product of (a) the sum of days of operation of all of the shopping centers, multiplied by (b) the sum of leased LFA as at the end of the period of all of the shopping centers, multiplied by (c) 365 days, and then divided by (d) 12 months.

### Overview of Our Property Development and Sales

We are a leading property developer in China in terms of contracted sales of both commercial and residential properties, with a large portion contributed by contracted sales of commercial properties. For the years ended December 31, 2011, 2012 and 2013 and the six months ended June 30, 2014, our total contracted sales amounted to RMB90.2 billion, RMB101.2 billion, RMB126.4 billion and RMB56.7 billion, respectively.

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The table below sets forth the contracted sales by property type for the periods indicated:

|                                  | For the Year ended December 31, |                     |                     | For the Six<br>Months ended<br>June 30,<br>2014 |
|----------------------------------|---------------------------------|---------------------|---------------------|---|
|                                  | 2011                            | 2012                | 2013                |   |
|                                  | (RMB billion)                   |                     |                     |   |
| Commercial Properties            |                                 |                     |                     |   |
| Office Spaces . . . . .          | 11.7                            | 18.8                | 20.6                | 5.9   |
| SOHO . . . . .                   | 12.3                            | 11.0                | 19.5                | 8.8   |
| Retail Properties . . . . .      | 34.6                            | 39.2                | 35.7                | 19.1  |
| Subtotal . . . . .               | <u>58.7</u>                     | <u>69.0</u>         | <u>75.8</u>         | <u>33.8</u>                                     |
| Residential Properties . . . . . | 28.4                            | 26.0                | 45.4                | 22.0  |
| Others <sup>(1)</sup> . . . . .  | <u>3.1</u>                      | <u>6.2</u>          | <u>5.2</u>          | <u>0.9</u>                                      |
| Total . . . . .                  | <u><u>90.2</u></u>              | <u><u>101.2</u></u> | <u><u>126.4</u></u> | <u><u>56.7</u></u>                              |

**Note:**

(1) Primarily includes saleable parking spaces, hotels and certain residential properties for relocation purposes.

The table below sets forth the contracted sales and contracted GFA by geographical region for the periods indicated:

|                           | For the Year ended December 31, |                     |                     |                     |                     |                      | For the Six Months<br>ended June 30, 2014 |                     |
|---------------------------|---------------------------------|---------------------|---------------------|---------------------|---------------------|----------------------|---|---------------------|
|                           | 2011                            |                     | 2012                |                     | 2013                |                      | Contracted<br>Sales                       | Contracted<br>GFA   |
|                           | Contracted<br>Sales             | Contracted<br>GFA   | Contracted<br>Sales | Contracted<br>GFA   | Contracted<br>Sales | Contracted<br>GFA    |   |                     |
|                           | (RMB<br>billion)                | (thousand<br>sq.m.) | (RMB<br>billion)    | (thousand<br>sq.m.) | (RMB<br>billion)    | (thousand<br>sq.m.)  | (RMB<br>billion)                          | (thousand<br>sq.m.) |
| Northeast China . . . . . | 7.4                             | 627                 | 11.3                | 1,028               | 15.6                | 1,680                | 4.9                                       | 516                 |
| North China . . . . .     | 9.9                             | 903                 | 10.1                | 1,115               | 9.8                 | 1,152                | 3.5                                       | 329                 |
| Central China . . . . .   | 17.9                            | 1,302               | 17.5                | 1,182               | 12.3                | 771                  | 7.0                                       | 521                 |
| East China . . . . .      | 46.5                            | 3,332               | 41.1                | 3,610               | 52.5                | 4,818                | 23.8                                      | 2,150               |
| South China . . . . .     | 0.5                             | 23                  | 9.8                 | 464                 | 20.0                | 1,062                | 9.8                                       | 591                 |
| Northwest China . . . . . | 2.1                             | 69                  | 4.6                 | 307                 | 6.8                 | 579                  | 3.1                                       | 208                 |
| Southwest China . . . . . | <u>5.9</u>                      | <u>415</u>          | <u>6.8</u>          | <u>536</u>          | <u>9.6</u>          | <u>813</u>           | <u>4.4</u>                                | <u>457</u>          |
| Total . . . . .           | <u><u>90.2</u></u>              | <u><u>6,672</u></u> | <u><u>101.2</u></u> | <u><u>8,242</u></u> | <u><u>126.4</u></u> | <u><u>10,874</u></u> | <u><u>56.7</u></u>                        | <u><u>4,771</u></u> |

As of June 30, 2014, we had a total GFA for sale of approximately 35.8 million sq.m. under development and held for future development, of which approximately 2.1 million sq.m. are expected to be completed in the second half of 2014, approximately 10.3 million sq.m. are expected to be completed in 2015, and approximately 23.4 million sq.m. are expected to be completed in or after 2016.

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### Overview of Our Hotels and Hotel Operations

As of June 30, 2014, we owned a total of 48 completed hotels across 39 cities in China. We began to operate our self-branded hotels in 2012 when we established our own luxury hotel brands, Wanda Realm, Wanda Vista and Wanda Reign. Of the 48 completed hotels owned by us as of June 30, 2014, 20 are operated by us and 28 are operated by globally renowned third-party hotel managers. Our 20 self-operated hotels include 14 Wanda Realm hotels, five Wanda Vista hotels and one Wanda Reign hotel. The table below sets forth certain key operating performance indicators used for the evaluation of the performance of our hotels for the periods indicated:

|  | For the Year ended December 31, |      |      | For the Six<br>Months ended |
|--|---------------------------------|------|------|-----------------------------|
|  | 2011                            | 2012 | 2013 | June 30, 2014               |
| <b>Total Number of Completed Hotels . . . .</b>  | 26                              | 34   | 45   | 48                          |
| <b>Number of Hotels in Operation for at<br/>Least One Year<sup>(1)</sup> . . . . .</b> | 14                              | 26   | 34   | 34 <sup>(2)</sup>           |
| Occupancy Rate <sup>(3)</sup> . . . . .  | 55%                             | 55%  | 60%  | 58%                         |
| Average Room Rate <sup>(4)</sup> (RMB) . . . . .                                       | 801                             | 784  | 734  | 718                         |
| RevPAR <sup>(5)</sup> (RMB) . . . . .  | 443                             | 430  | 440  | 425                         |
| <b>Number of Hotels in Operation on or<br/>before January 1, 2011 . . . . .</b>        | 14                              | 14   | 14   | 13 <sup>(2)</sup>           |
| Occupancy Rate <sup>(3)</sup> . . . . .  | 55%                             | 62%  | 64%  | 62%                         |
| Average Room Rate <sup>(4)</sup> (RMB) . . . . .                                       | 801                             | 830  | 815  | 790                         |
| RevPAR <sup>(5)</sup> (RMB) . . . . .  | 443                             | 516  | 518  | 489                         |

**Notes:**

- (1) Includes hotels with at least one full year of operation as of the end of the period indicated.
- (2) We sold a hotel located in Chengdu to a third-party buyer in March 2014.
- (3) Weighted average by number of room nights across all selected hotels in operation in the respective period.
- (4) Weighted average by number of room nights across all selected hotels in operation in the respective period.
- (5) Weighted average by number of room nights across all selected hotels in operation in the respective period.

### GENERAL DESCRIPTION OF PROPERTY PRODUCTS

#### Wanda Plaza

Wanda Plaza is our core product line. As part of our commitment to community enhancement, we have continued to improve and upgrade our Wanda Plaza product line and pursue and explore our product distinction in terms of site planning, layout and architectural design, operating efficiencies and consumer experience and satisfaction. The evolution of the Wanda Plaza product line has spanned approximately 12 years through three major generations.



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The table below sets forth a comparison of the main features of the three major generations of Wanda Plazas:

|   | <b>First-generation<br/>Wanda Plaza</b>   | <b>Second-generation<br/>Wanda Plaza</b>  | <b>Third-generation<br/>Wanda Plaza</b>  |
|---|---|---|--|
| <b>Year of Commencement</b> <sup>(1)</sup> . . .                | 2002                                      | 2003  | 2006   |
| <b>Location</b> . . . . .                                       | Urban central areas                       | Urban central areas   | Urban centers, central areas of newly developed districts and areas with development and growth potential  |
| <b>Number of Projects Developed</b> . . . . .                   | six <sup>(2)</sup>                        | six <sup>(3)</sup>  | 155 <sup>(4)</sup>   |
| <b>Typical Form of Composition</b> .                            | Single commercial building                | Mixed-use commercial complex which typically comprises three to five buildings connected via an outdoor pedestrian street                                       | Large-scale, mixed-use integrated complex which typically comprises a shopping center with indoor walkways, office buildings and residential buildings, and often includes a luxury hotel        |
| <b>Tenants in the Retail Portion of Commercial Properties</b> . | A mix of anchor stores and boutique shops | A diverse tenant mix of department stores, supermarkets, home improvement and appliance stores, food and beverage outlets, electronics stores and often cinemas | Include department stores, supermarkets, electronics stores, a wide verity of smaller retail stores, cinemas, food and beverage outlets, karaoke bars, amusement arcades and life-style services |

**Notes:**

- (1) The year in which we commenced operation of the shopping center in the first project of the respective generation.
- (2) As of June 30, 2014, we had sold all interests in three first-generation Wanda Plazas, which was in line with our strategy to focus on developing and operating the third-generation Wanda Plazas.
- (3) As of June 30, 2014, we had sold all interests in five second-generation Wanda Plazas, which was in line with our strategy to focus on developing and operating the third-generation Wanda Plazas.
- (4) The total number of third-generation Wanda Plazas in which we had property interests as of June 30, 2014.

### ***First-generation Wanda Plaza***

The first generation of Wanda Plaza enabled us to establish awareness of the Wanda Plaza brand and established a foundation for future development of this product line. With a compact design and layout, first-generation Wanda Plazas seek to attract consumers by offering a convenient and easily accessible shopping experience.

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### ***Second-generation Wanda Plaza***

Compared to first-generation Wanda Plazas, second-generation Wanda Plazas offer a greater variety of merchandise and services to consumers. Most second-generation Wanda Plazas also contain cinemas, which help enhance consumers' experiences by fulfilling their entertainment needs. Different businesses and services within the complex also complement each other to create a one-stop shopping environment.

### ***Third-generation Wanda Plaza***

Our current investment property portfolio primarily comprises shopping centers in third-generation Wanda Plazas. Featuring a large size and integrated format, third-generation Wanda Plazas are generally located in urban centers and central areas of newly developed districts and districts with urbanization potential. A third-generation Wanda Plaza typically consists of one shopping center operated by us, office buildings, SOHO and residential buildings, and often includes a luxury hotel. Anchor tenants in our shopping centers typically include department stores, supermarkets, electronics stores, cinemas, karaoke bars, chain restaurants and amusement arcades, catering to a wide range of shopping and entertainment needs and attract and maintain a high level of foot traffic.

The diagram below sets forth, for illustration purposes, the major components of our self-operated shopping center in a typical third-generation Wanda Plaza.



To create a holistic shopping experience for consumers, we incorporate another feature into third-generation Wanda Plazas, the indoor walkway, which connects the shops and leads consumers from one store to the next. The walkway typically covers three to five levels which are devoted to various shopping needs. In addition, there are typically two courtyards, of which one functions as a resting area and meeting point for visitors, while the other serves as a place for performances and promotional events which are conducive to attracting foot traffic. In recent years, we have continued to enhance the in-store consumer experience in Wanda

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Plazas by increasing the proportional size of rental spaces for food and beverage outlets, lifestyle services and entertainment and by diversifying the types of stores to satisfy the needs of consumers. Our third-generation Wanda Plazas generally have restaurants, cafes and other food and beverage facilities and offer a variety of on-site lifestyle services such as spa, skincare and beauty services, education services, laundry services, dental care services and photo shooting and printing services, which cater to the diverse needs of consumers. With the addition of entertainment features including cinemas, karaoke bars and amusement arcades to the retail mix, third-generation Wanda Plazas are developed and operated to become social destinations where people go not only to shop, but to spend a day out and engage in other leisure and social activities with friends and family. Third-generation Wanda Plazas offer an overall urban shopping environment that is pedestrian-friendly and convenient and a shopping experience that is comprehensive, diverse and experiential.

### **Wanda City**

We are currently developing our new product line, Wanda City, which is a multi-phase, master-planned mixed-use complex featuring indigenous cultural or tourism themes. Our Wanda City product line is based on a self-engineered design model that differentiates itself from our Wanda Plaza products and other mixed-use properties in China. This pioneering design emphasizes the concept of culture and tourism and aims to place Wanda Cities among tourist destinations by offering a wide range of entertainment and retail services. As of June 30, 2014, we had six Wanda Cities under development in Wuxi, Harbin, Qingdao, Hefei, Nanchang and Wuhan (not including Xishuangbanna International Resort and Qingdao Wanda Yacht Industry Park, which were disposed of in October 2014). As compared to our Wanda Plazas, the Wanda City product line has a different strategic position in our property portfolio and a distinct development theme with the following main features:

- Location and site selection: we seek to develop Wanda Cities in the areas with the distinct natural features, tourism resources or cultural heritage in select strategic cities and tourist hot spots. The development sites are typically located in areas with lower density compared to sites for Wanda Plazas.
- Culture themed product positioning: we seek to design and develop each Wanda City as a one-of-a-kind complex with a diverse mix of shopping, dining, entertainment, sight-seeing and socializing, which will enrich the lifestyle of local residents and enhance the travel experience of visitors. At the core of this new product line is the cultural element. Our Wanda Cities emphasize the leisure and entertainment functions by utilizing and incorporating the local cultural and tourism themes. While creating communities with a mix of functions for local residents, Wanda Cities seek to attract a large number of domestic and overseas tourists.
- Composition: in addition to the commercial, residential and hotel components and entertainment facilities generally available in Wanda Plazas, our Wanda City product line will include a large-scale cultural or tourism component in form of buildings with traditional architectural style of the local area, live show theaters, movie studio complexes, amusement arcades with local cultural and historical characteristics and ski resorts.

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- Project size: the Wanda City product typically occupies a larger site area and is expected to comprise a greater amount of total GFA, as compared to Wanda Plaza product.

We expect these attractions and features to transform Wanda Cities into activity hubs for the local population. Ultimately, our goal is for Wanda Cities to become symbols of urban life, centers for cultural enrichment and world-class tourist destinations.

For more details of our selected individual projects, see “— Property Portfolio” and “— Description of Property Projects”. Going forward, while continuing to focus on our Wanda Plaza product line, we expect our Wanda City product line to enhance the overall value of our property portfolio with an increasing proportion.

### Other Property Products

Our property portfolio also includes a small portion of other product types, including stand-alone office buildings and hotels, overseas projects and other ancillary facilities.

### PROPERTY PORTFOLIO

The table below sets forth GFA of our property projects in China at each development stage by property type as of June 30, 2014.

|                                 | GFA<br>Completed <sup>(1)</sup> | GFA under<br>Development | Properties Held<br>for Future<br>Development |
|---------------------------------|---------------------------------|--------------------------|--|
|                                 | (sq.m.)                         | (sq.m.)                  | (sq.m.)                                      |
| Investment Properties . . . . . | 14,692,918                      | 10,630,342               | N/A <sup>(2)</sup>                           |
| Properties Held for Sale        |                                 |                          |  |
| Retail . . . . .                | 566,964                         | 4,939,588                | N/A <sup>(2)</sup>                           |
| SOHO and Office . . . . .       | 953,034                         | 12,652,656               | N/A <sup>(2)</sup>                           |
| Residential . . . . .           | 518,066                         | 19,039,348               | N/A <sup>(2)</sup>                           |
| Others <sup>(3)</sup> . . . . . | 351,103                         | 5,606,436                | N/A <sup>(2)</sup>                           |
| Subtotal . . . . .              | <u>2,389,168</u>                | <u>42,238,029</u>        | <u>N/A<sup>(2)</sup></u>                     |
| Hotels . . . . .                | <u>2,112,266</u>                | <u>1,909,302</u>         | <u>N/A<sup>(2)</sup></u>                     |
| Total . . . . .                 | <u><u>19,194,352</u></u>        | <u><u>54,777,673</u></u> | <u><u>10,699,035</u></u>                     |

**Notes:**

- (1) Only consists of properties in which we had interests as of June 30, 2014.
- (2) GFA information by property type is not available for properties held for future development due to the preliminary stage of development.
- (3) Primarily includes saleable parking spaces, hotels and certain residential properties for relocation purposes.

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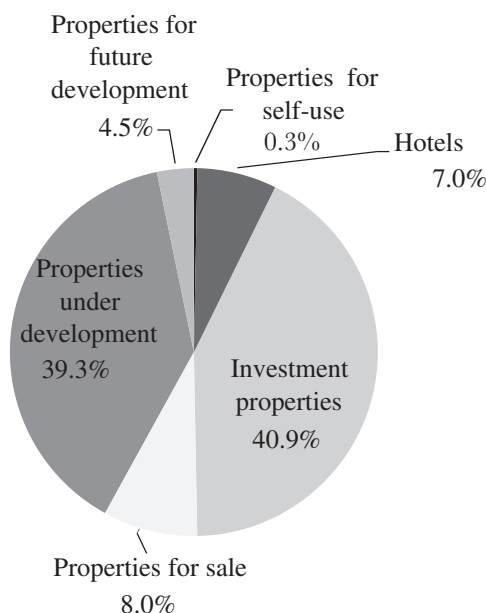
The table below sets forth GFA of our property projects in China at each development stage by geographical region as of June 30, 2014.

|                           | Number of<br>Property<br>Projects | GFA<br>Completed <sup>(1)</sup><br>(sq.m.) | GFA under<br>Development<br>(sq.m.) | Properties<br>Held for<br>Future<br>Development<br>(sq.m.) |
|---------------------------|-----------------------------------|--|-------------------------------------|--|
| Northeast China . . . . . | 25                                | 2,646,187                                  | 8,893,576                           | 3,201,682  |
| North China . . . . .     | 15                                | 2,398,944                                  | 3,231,553                           | 26,601   |
| Central China . . . . .   | 17                                | 1,921,234                                  | 5,451,236                           | 674,218  |
| East China . . . . .      | 76                                | 9,332,736                                  | 22,103,728                          | 4,671,218  |
| South China . . . . .     | 18                                | 865,643                                    | 6,591,996                           | 1,098,033  |
| Northwest China . . . . . | 11                                | 1,007,934                                  | 3,424,658                           | —  |
| Southwest China . . . . . | 13                                | 1,021,673                                  | 5,080,927                           | 1,027,283  |
| <b>Total . . . . .</b>    | <b>175</b>                        | <b>19,194,352</b>                          | <b>54,777,673</b>                   | <b>10,699,035</b>  |

**Note:**

(1) Only consists of properties in which we had interests as of June 30, 2014.

The chart below breaks down our property portfolio in China by category, on the basis of values attributable to us as of September 30, 2014:



**Note:**

(1) All percentages set forth above are derived from those in the Property Valuation Report contained in Appendix IV to this prospectus, after giving effect to the disposal of the 2014 Separated Projects as described in “Summary — Recent Developments” and “Relationship with Controlling Shareholders — Delineation of Business — Excluded Business engaged by our Controlling Shareholder”.

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The table below sets forth, project-by-project, certain basic information for our property development projects in China as of June 30, 2014.

| No.                    | Project <sup>(1)</sup>                      | Province           | Actual Commencement Date | Actual/Estimated Completion Date | Total Site Area | Total Development Cost for the Entire Project as of June 30, 2014 <sup>(2)(3)</sup> |   | Properties in Which We Had Interests as of September 30, 2014 <sup>(5)</sup> |   | Reference to Property Valuation Report |                      |
|------------------------|---|--------------------|--------------------------|----------------------------------|-----------------|---|---|--|---|--|----------------------|
|                        |   |                    |                          |                                  |                 | Incurred (RMB Million)  | To Be Incurred <sup>(4)</sup> (RMB Million) | Cost incurred <sup>(6)</sup> (RMB Million)                                   | Appraised Market Value Attributable to us (RMB Million) |  |                      |
| <b>Wanda Plaza</b>     |   |                    |                          |                                  |                 |   |   |  |   |  |                      |
| <b>Northeast China</b> |   |                    |                          |                                  |                 |   |   |  |   |  |                      |
| 1.                     | Harbin Xiangfang Wanda Plaza (哈爾濱香坊萬達廣場)    | Heilongjiang (黑龍江) | Jul-06                   | Sep-08                           | 49,672          | 1,487   | —   | 965  | 2,263   | 100%                                   | III-7, II-13         |
| 2.                     | Harbin Hanan Wanda Plaza (哈爾濱哈南萬達廣場)        | Heilongjiang (黑龍江) | Mar-14                   | Aug-17                           | 353,031         | 743   | 4,621                                       | 834  | 846   | 100%                                   | V-26                 |
| 3.                     | Harbin Haxi Wanda Plaza (哈爾濱哈西萬達廣場)         | Heilongjiang (黑龍江) | Apr-11                   | Sep-13                           | 184,615         | 4,955   | —   | 2,093  | 3,043   | 100%                                   | III-76, IV-13, II-12 |
| 4.                     | Daqing Saertu Wanda Plaza (大慶薩爾圖萬達廣場)       | Heilongjiang (黑龍江) | Mar-10                   | Jul-11                           | 102,133         | 2,733   | —   | 1,286  | 2,084   | 100%                                   | III-44, IV-9, II-6   |
| 5.                     | Mudanjiang Wanda Plaza (牡丹江萬達廣場)            | Heilongjiang (黑龍江) | May-14                   | Sep-16                           | 145,016         | 271   | 3,918                                       | 282  | 283   | 100%                                   | V-9                  |
| 6.                     | Qiqihar Wanda Plaza (齊齊哈爾萬達廣場)              | Heilongjiang (黑龍江) | Apr-13                   | May-15                           | 124,794         | 1,439   | 1,829                                       | 1,629  | 1,646   | 100%                                   | V-56                 |
| 7.                     | Jixi Wanda Plaza (雞西萬達廣場)                   | Heilongjiang (黑龍江) | Jun-13                   | Jun-16                           | 56,256          | 606   | 1,761                                       | 804  | 816   | 100%                                   | V-32                 |
| 8.                     | Jiamusi Wanda Plaza (佳木斯萬達廣場)               | Heilongjiang (黑龍江) | May-13                   | Oct-17                           | 277,560         | 942   | 4,226                                       | 1,195  | 1,197   | 100%                                   | V-34                 |
| 9.                     | Shenyang Taiyuanjie Wanda Plaza (瀋陽太原街萬達廣場) | Liaoning (遼寧)      | Apr-07                   | Mar-09                           | 21,910          | 758   | —   | 758  | 1,446   | 100%                                   | III-13               |
| 10.                    | Shenyang Beiyilu Wanda Plaza (瀋陽北一路萬達廣場)    | Liaoning (遼寧)      | Dec-10                   | Aug-12                           | 74,194          | 1,771   | —   | 1,164  | 2,064   | 100%                                   | III-55, IV-36        |
| 11.                    | Shenyang Tiexi Wanda Plaza (瀋陽鐵西萬達廣場)       | Liaoning (遼寧)      | Nov-09                   | Sep-17                           | 201,749         | 3,220   | 40  | 805  | 1,800   | 100%                                   | III-19, IV-37, VI-12 |
| 12.                    | Shenyang Aoti Wanda Plaza (瀋陽奧體萬達廣場)        | Liaoning (遼寧)      | Nov-11                   | Nov-15                           | 71,084          | 3,610   | 1,158                                       | 3,779  | 4,095   | 100%                                   | III-74, V-62, II-28  |

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| No.                | Project <sup>(1)</sup>                           | Province         | Actual Commencement Date | Actual/Estimated Completion Date | Total Site Area | Total Development Cost for the Entire Project as of June 30, 2014 <sup>(2)(3)</sup> |                               | Properties in Which We Had Interests as of September 30, 2014 <sup>(5)</sup> |   | Reference to Property Valuation Report |                                  |
|--------------------|--|------------------|--------------------------|----------------------------------|-----------------|---|-------------------------------|--|---|--|----------------------------------|
|                    |  |                  |                          |                                  |                 | Incurred  | To Be Incurred <sup>(4)</sup> | Cost incurred <sup>(6)</sup>   | Appraised Market Value Attributable to us |  | Interest Attributable to Us      |
|                    |  |                  | (Month-Year)             | (Month-Year)                     | (sq.m.)         | (RMB Million)   | (RMB Million)                 | (RMB Million)  | (RMB Million)                             |  |                                  |
| 13.                | Fushun Wanda Plaza<br>(撫順萬達廣場)                   | Liaoning<br>(遼寧) | Jun-11                   | Jun-15                           | 138,824         | 3,733   | 874                           | 3,515  | 4,261                                     | 100%                                   | III-80, IV-12, V-18, II-9 V-10   |
| 14.                | Dalian Jingkai Wanda Plaza<br>(大連經開萬達廣場)         | Liaoning<br>(遼寧) | Mar-14                   | Oct-18                           | 98,664          | 1,481   | 3,974                         | 1,736  | 1,860                                     | 100%                                   |                                  |
| 15.                | Dalian Gaoxin Wanda Plaza<br>(大連高新萬達廣場)          | Liaoning<br>(遼寧) | Apr-12                   | May-15                           | 140,580         | 4,031   | 1,460                         | 3,306  | 4,387                                     | 100%                                   | III-68, V-8, IV-6                |
| 16.                | Dandong Wanda Plaza<br>(丹東萬達廣場)                  | Liaoning<br>(遼寧) | Mar-12                   | Sep-17                           | 260,661         | 3,354   | 2,688                         | 3,114  | 5,038                                     | 100%                                   | III-84, VI-17, IV-10, V-11, II-7 |
| 17.                | Panjin Wanda Plaza<br>(盤錦萬達廣場)                   | Liaoning<br>(遼寧) | Jun-14                   | Jul-17                           | 238,055         | 492   | 4,559                         | 519  | 520                                       | 100%                                   | V-55                             |
| 18.                | Yingkou Wanda Plaza<br>(營口萬達廣場)                  | Liaoning<br>(遼寧) | Mar-13                   | Jun-16                           | 130,631         | 1,607   | 2,262                         | 1,813  | 1,816                                     | 100%                                   | V-89                             |
| 19.                | Changchun Kuancheng Wanda Plaza<br>(長春寬城萬達廣場)    | Jilin<br>(吉林)    | Apr-11                   | Sep-16                           | 88,801          | 2,912   | 431                           | 1,656  | 2,117                                     | 100%                                   | III-75, IV-31, V-93              |
| 20.                | Changchun Chongqinglu Wanda Plaza<br>(長春重慶路萬達廣場) | Jilin<br>(吉林)    | Jul-02                   | Aug-03                           | 11,539          | 473   | —                             | 379  | 739                                       | 100%                                   | III-1                            |
| 21.                | Changchun Hongqijie Wanda Plaza<br>(長春紅旗街萬達廣場)   | Jilin<br>(吉林)    | Jul-09                   | Nov-10                           | 14,107          | 1,559   | —                             | 736  | 2,040                                     | 100%                                   | III-21, IV-16                    |
| 22.                | Siping Wanda Plaza<br>(四平萬達廣場)                   | Jilin<br>(吉林)    | Oct-13                   | Jul-17                           | 293,309         | 790   | 2,414                         | 1,093  | 1,164                                     | 100%                                   | V-63, VI-3                       |
| 23.                | Yanji Wanda Plaza<br>(延吉萬達廣場)                    | Jilin<br>(吉林)    | Jul-14                   | Jul-17                           | 144,709         | —   | 2,998                         | 297  | 302                                       | 100%                                   | V-101                            |
| <b>North China</b> |  |                  |                          |                                  |                 |   |                               |  |   |  |                                  |
| 24.                | Beijing CBD Wanda Plaza<br>(北京CBD萬達廣場)           | Beijing<br>(北京)  | Aug-03                   | Sep-06                           | 71,939          | 3,696   | —                             | 2,043  | 7,755                                     | 100%                                   | III-4, II-1, I-2                 |
| 25.                | Beijing Shijingshan Wanda Plaza<br>(北京石景山萬達廣場)   | Beijing<br>(北京)  | Jan-08                   | Mar-10                           | 52,086          | 2,093   | —                             | 1,204  | 3,390                                     | 100%                                   | III-10, IV-3, II-2               |



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|-----|--|-------------------------|--------------------------|----------------------------------|-----------------|---|-------------------------------|--|---|--|-----------------------------|
|     |  |                         |                          |                                  |                 | Incurred  | To Be Incurred <sup>(4)</sup> | Cost incurred <sup>(6)</sup>   | Appraised Market Value Attributable to us |  | Interest Attributable to Us |
|     |  |                         | (Month-Year)             | (Month-Year)                     | (sq.m.)         | (RMB Million)   | (RMB Million)                 | (RMB Million)  | (RMB Million)                             |  |                             |
| 26. | Tianjin Hedong Wanda Plaza<br>(天津河東萬達廣場)         | Tianjin<br>(天津)         | Oct-09                   | Nov-10                           | 31,270          | 3,277   | —                             | 1,209  | 1,807                                     | 100%                                   | III-25                      |
| 27. | Tianjin Hepingjinjie Wanda Plaza<br>(天津和平金街萬達廣場) | Tianjin<br>(天津)         | Aug-02                   | May-04                           | 7,665           | 236   | —                             | 236  | 435                                       | 100%                                   | III-3                       |
| 28. | Shijiazhuang Yuhua Wanda Plaza<br>(石家莊裕華萬達廣場)    | Hebei<br>(河北)           | Nov-09                   | Dec-13                           | 393,952         | 7,079   | —                             | 1,724  | 3,172                                     | 100% <sup>(7)</sup>                    | III-40, IV-38, II-29        |
| 29. | Langfang Wanda Plaza<br>(廊坊萬達廣場)                 | Hebei<br>(河北)           | Oct-10                   | Jul-12                           | 121,478         | 3,551   | —                             | 1,254  | 2,126                                     | 100%                                   | III-43, IV-20, II-17        |
| 30. | Tangshan Lunan Wanda Plaza<br>(唐山路南萬達廣場)         | Hebei<br>(河北)           | Jun-09                   | April-13                         | 212,679         | 6,060   | 402                           | 3,329  | 3,807                                     | 100%                                   | III-48, IV-42, II-32        |
| 31. | Taiyuan Longhu Wanda Plaza<br>(太原龍湖萬達廣場)         | Shanxi<br>(山西)          | May-09                   | Jul-16                           | 332,555         | 6,943   | 4,039                         | 3,549 <sup>(8)</sup>   | 2,899                                     | 100%                                   | IV-40, V-67, VI-13, II-30   |
| 32. | Hohhot Wanda Plaza<br>(呼和浩特萬達廣場)                 | Inner Mongolia<br>(內蒙古) | Jul-09                   | Nov-15                           | 263,230         | 4,267   | 1,302                         | 1,104  | 3,406                                     | 100%                                   | III-23, IV-14, V-30         |
| 33. | Baotou Qingshan Wanda Plaza<br>(包頭青山萬達廣場)        | Inner Mongolia<br>(內蒙古) | Jun-09                   | Nov-10                           | 39,211          | 2,484   | —                             | 786  | 2,010                                     | 100%                                   | III-22                      |
| 34. | Chifeng Wanda Plaza<br>(赤峰萬達廣場)                  | Inner Mongolia<br>(內蒙古) | Mar-12                   | May-15                           | 271,327         | 3,259   | 1,929                         | 3,563  | 6,385                                     | 100%                                   | III-99, V-7, IV-65, II-48   |
| 35. | Manzhouli Wanda Plaza<br>(滿洲里萬達廣場)               | Inner Mongolia<br>(內蒙古) | Jul-12                   | Jun-14                           | 81,370          | 682   | —                             | 673  | 788                                       | 100%                                   | III-98, IV-29               |
| 36. | Wuhai Wanda Plaza<br>(烏海萬達廣場)                    | Inner Mongolia<br>(內蒙古) | Sep-13                   | Sep-16                           | 144,342         | 709   | 2,987                         | 878  | 892                                       | 100%                                   | V-74                        |
| 37. | Tongliao Wanda Plaza<br>(通遼萬達廣場)                 | Inner Mongolia<br>(內蒙古) | Jun-13                   | Oct-16                           | 234,570         | 1,186   | 5,814                         | 1,427  | 1,514                                     | 100%                                   | IV-44, V-70                 |

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|----------------------|--|------------|--------------------------|----------------------------------|-----------------|---|-------------------------------|--|---|-----------------------------|--|
|                      |  |            |                          |                                  |                 | Incurred  | To Be Incurred <sup>(4)</sup> | Cost incurred <sup>(6)</sup>   | Appraised Market Value Attributable to us | Interest Attributable to Us |  |
|                      |  |            | (Month-Year)             | (Month-Year)                     | (sq.m.)         | (RMB Million)   | (RMB Million)                 | (RMB Million)  | (RMB Million)                             |                             |  |
| <b>Central China</b> |  |            |                          |                                  |                 |   |                               |  |   |                             |  |
| 38.                  | Zhengzhou Erqi Wanda Plaza (鄭州二七萬達廣場)      | Henan (河南) | Jan-11                   | May-13                           | 109,963         | 2,987   | 36                            | 1,141  | 1,947                                     | 100%                        | III-60                                 |
| 39.                  | Zhengzhou Zhongyuan Wanda Plaza (鄭州中原萬達廣場) | Henan (河南) | Aug-10                   | Jun-12                           | 92,679          | 2,411   | —                             | 899  | 1,946                                     | 100%                        | III-42                                 |
| 40.                  | Luoyang Wanda Plaza (洛陽萬達廣場)               | Henan (河南) | May-09                   | Dec-09                           | 21,893          | 415   | —                             | 361  | 1,046                                     | 100%                        | III-18                                 |
| 41.                  | Anyang Wanda Plaza (安陽萬達廣場)                | Henan (河南) | Apr-13                   | Mar-16                           | 111,594         | 884   | 2,185                         | 1,323  | 1,413                                     | 100%                        | V-1                                    |
| 42.                  | Wuhan Jingkai Wanda Plaza (武漢經開萬達廣場)       | Hubei (湖北) | Aug-10                   | Aug-13                           | 28,230          | 2,326   | —                             | 995  | 1,674                                     | 100%                        | III-37                                 |
| 43.                  | Wuhan Lingjiaohu Wanda Plaza (武漢菱角湖萬達廣場)   | Hubei (湖北) | Jul-09                   | Mar-11                           | 11,687          | 3,142   | —                             | 1,087  | 1,833                                     | 100%                        | III-31                                 |
| 44.                  | Xiangyang Wanda Plaza (襄陽萬達廣場)             | Hubei (湖北) | Jul-09                   | Nov-10                           | 32,755          | 2,312   | —                             | 952  | 1,872                                     | 100%                        | III-26, II-38                          |
| 45.                  | Shiyan Wanda Plaza (十堰萬達廣場)                | Hubei (湖北) | Aug-14                   | Nov-17                           | 170,688         | —   | 4,496                         | 443  | 445                                       | 100%                        | V-104                                  |
| 46.                  | Yichang Wanda Plaza (宜昌萬達廣場)               | Hubei (湖北) | Sep-09                   | Nov-10                           | 20,486          | 2,142   | —                             | 959  | 1,929                                     | 100%                        | III-27, IV-54, II-39                   |
| 47.                  | Jingzhou Wanda Plaza (荊州萬達廣場)              | Hubei (湖北) | Mar-13                   | May-15                           | 121,702         | 1,860   | 2,422                         | 2,946  | 4,082                                     | 100%                        | II-54, V-40, III-107                   |
| 48.                  | Jingmen Wanda Plaza (荊門萬達廣場)               | Hubei (湖北) | Mar-14                   | Nov-16                           | 141,621         | 405   | 3,057                         | 616  | 628                                       | 100%                        | V-39                                   |
| 49.                  | Huangshi Wanda Plaza (黃石萬達廣場)              | Hubei (湖北) | Aug-13                   | Oct-16                           | 171,428         | 1,413   | 3,471                         | 1,575  | 1,640                                     | 100%                        | V-31                                   |
| 50.                  | Changsha Kaifu Wanda Plaza (長沙開福萬達廣場)      | Hunan (湖南) | Aug-10                   | Nov-14                           | 121,783         | 9,565   | 591                           | 5,318  | 6,408                                     | 100%                        | III-77, IV-58, V-94, II-43             |
| 51.                  | Xiangtan Wanda Plaza (湘潭萬達廣場)              | Hunan (湖南) | Dec-13                   | Dec-16                           | 170,638         | 695   | 3,994                         | 767  | 1,041                                     | 100%                        | V-82                                   |

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|                   |  |               | (Month-Year)             | (Month-Year)                     | (sq.m.)         | (RMB Million)                                       | (RMB Million)                 | (RMB Million)  | (RMB Million)                             |  |                             |
| <b>East China</b> |  |               |                          |                                  |                 |   |                               |  |   |  |                             |
| 52.               | Shanghai Wujiaochang Wanda Plaza (上海五角場萬達廣場) | Shanghai (上海) | Oct-04                   | Apr-07                           | 60,200          | 2,123   | —                             | 1,612  | 10,549                                    | 100%                                   | III-6                       |
| 53.               | Shanghai Baoshan Wanda Plaza (上海寶山萬達廣場)      | Shanghai (上海) | Dec-10                   | Apr-12                           | 61,346          | 2,971   | —                             | 1,687  | 1,932 <sup>(9)</sup>                      | 65%                                    | III-50, IV-32               |
| 54.               | Shanghai Jiangqiao Wanda Plaza (上海江橋萬達廣場)    | Shanghai (上海) | Oct-09                   | Jun-11                           | 186,315         | 3,352   | —                             | 1,265  | 3,862                                     | 100%                                   | III-35, IV-33               |
| 55.               | Shanghai Songjiang Wanda Plaza (上海松江萬達廣場)    | Shanghai (上海) | May-12                   | May-14                           | 92,683          | 2,390   | —                             | 1,492  | 2,604                                     | 100%                                   | III-95, IV-34               |
| 56.               | Shanghai Jinshan Wanda Plaza (上海金山萬達廣場)      | Shanghai (上海) | Aug-13                   | Jul-15                           | 114,009         | 1,214   | 2,372                         | 1,462  | 2,017                                     | 100%                                   | V-61                        |
| 57.               | Shanghai Zhoupu Wanda Plaza (上海周浦萬達廣場)       | Shanghai (上海) | Dec-08                   | Dec-09                           | 53,682          | 2,767   | —                             | 956  | 3,335                                     | 100%                                   | III-12                      |
| 58.               | Jinan Gaoxin Wanda Plaza (濟南高新萬達廣場)          | Shandong (山東) | Apr-14                   | Feb-17                           | 142,750         | 1,495   | 4,642                         | 1,591  | 1,609                                     | 100%                                   | V-66, VI-6                  |
| 59.               | Jinan Weijiazhuang Wanda Plaza (濟南魏家莊萬達廣場)   | Shandong (山東) | Apr-09                   | Dec-14                           | 214,902         | 6,108   | 420                           | 2,636  | 2,716                                     | 100%                                   | III-24, IV-17, II-16        |
| 60.               | Qingdao CBD Wanda Plaza (青島CBD萬達廣場)          | Shandong (山東) | Aug-08                   | May-10                           | 43,883          | 2,479   | —                             | 1,310  | 2,653                                     | 100%                                   | III-14, II-23               |
| 61.               | Qingdao Taidong Wanda Plaza (青島台東萬達廣場)       | Shandong (山東) | Sep-02                   | Sep-05                           | 20,973          | 307   | —                             | 170  | 182                                       | 100%                                   | III-93                      |
| 62.               | Qingdao Licang Wanda Plaza (青島李滄萬達廣場)        | Shandong (山東) | May-11                   | Oct-14                           | 142,927         | 3,886   | 593                           | 2,187  | 3,086                                     | 100%                                   | III-57, IV-28, V-57         |
| 63.               | Yantai Zhifu Wanda Plaza (煙台芝罘萬達廣場)          | Shandong (山東) | Dec-12                   | Jun-16                           | 210,843         | 3,293   | 3,987                         | 3,607  | 2,849 <sup>(10)</sup>                     | 70%                                    | V-85                        |
| 64.               | Weifang Wanda Plaza (濰坊萬達廣場)                 | Shandong (山東) | Apr-12                   | Jul-15                           | 108,956         | 2,097   | 907                           | 2,326  | 3,524                                     | 100%                                   | III-96, V-71, IV-67, II-47  |
| 65.               | Dezhou Wanda Plaza (德州萬達廣場)                  | Shandong (山東) | Sep-13                   | Aug-17                           | 166,745         | 1,105   | 3,487                         | 1,230  | 1,263                                     | 100%                                   | V-12                        |

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|     |   |                  | (Month-Year)             | (Month-Year)                     | (sq.m.)         | (RMB Million)   | (RMB Million)                 | (RMB Million)  | (RMB Million)                             |  |  |
| 66. | Tai'an Wanda Plaza<br>(泰安萬達廣場)              | Shandong<br>(山東) | Dec-13                   | Jul-16                           | 162,043         | 1,259   | 3,357                         | 1,585  | 1,595                                     | 100%                                   | V-68                                   |
| 67. | Dongying Wanda Plaza<br>(東營萬達廣場)            | Shandong<br>(山東) | Aug-13                   | Jul-16                           | 175,067         | 1,458   | 3,554                         | 1,811  | 1,822                                     | 100%                                   | V-15                                   |
| 68. | Jining Taibailu Wanda Plaza<br>(濟寧太白路萬達廣場)  | Shandong<br>(山東) | Nov-12                   | Oct-14                           | 129,762         | 2,682   | 1,242                         | 3,772  | 4,553                                     | 100%                                   | II-49, V-33,<br>IV-46, III-101         |
| 69. | Nanjing Jiangning Wanda Plaza<br>(南京江寧萬達廣場) | Jiangsu<br>(江蘇)  | Mar-12                   | Dec-14                           | 66,681          | 5,153   | 292                           | 4,065  | 6,186                                     | 100%                                   | III-85, IV-22,<br>V-49, II-19          |
| 70. | Nanjing Jianye Wanda Plaza<br>(南京建邺萬達廣場)    | Jiangsu<br>(江蘇)  | Sep-08                   | Jun-15                           | 50,625          | 8,153   | 4                             | 2,445  | 3,273                                     | 100%                                   | III-16, IV-60,<br>I-11, V-50,<br>II-20 |
| 71. | Wuxi Huishan Wanda Plaza<br>(無錫惠山萬達廣場)      | Jiangsu<br>(江蘇)  | Oct-11                   | Nov-13                           | 15,007          | 2,180   | —                             | 1,297  | 2,325                                     | 100%                                   | III-71, IV-46                          |
| 72. | Wuxi Binhu Wanda Plaza<br>(無錫濱湖萬達廣場)        | Jiangsu<br>(江蘇)  | Apr-08                   | Nov-10                           | 6,096           | 3,646   | —                             | 1,183  | 2,509                                     | 100%                                   | III-20, IV-47,<br>II-34                |
| 73. | Jiangyin Wanda Plaza<br>(江陰萬達廣場)            | Jiangsu<br>(江蘇)  | Feb-11                   | May-13                           | 121,472         | 3,044   | —                             | 1,502  | 2,762                                     | 100%                                   | III-58, IV-18                          |
| 74. | Taizhou Wanda Plaza<br>(泰州萬達廣場)             | Jiangsu<br>(江蘇)  | Sep-10                   | Jun-12                           | 37,356          | 2,373   | —                             | 1,235  | 2,205                                     | 100%                                   | III-46, IV-41,<br>II-31                |
| 75. | Taicang Wanda Plaza<br>(太倉萬達廣場)             | Jiangsu<br>(江蘇)  | Apr-11                   | Jun-14                           | 107,452         | 2,500   | 301                           | 1,374  | 2,500                                     | 100% <sup>(11)</sup>                   | III-63, IV-39                          |
| 76. | Yixing Wanda Plaza<br>(宜興萬達廣場)              | Jiangsu<br>(江蘇)  | Mar-11                   | May-14                           | 53,483          | 3,762   | —                             | 2,840  | 4,139                                     | 100% <sup>(12)</sup>                   | III-69, IV-55,<br>II-40                |
| 77. | Huai'an Wanda Plaza<br>(淮安萬達廣場)             | Jiangsu<br>(江蘇)  | Dec-08                   | Jul-13                           | 180,911         | 3,018   | 22                            | 1,178  | 1,817                                     | 100%                                   | III-34, IV-15,<br>II-15                |
| 78. | Changzhou Xinbei Wanda Plaza<br>(常州新北萬達廣場)  | Jiangsu<br>(江蘇)  | Oct-10                   | Jul-12                           | 74,426          | 2,293   | —                             | 1,218  | 2,524                                     | 100%                                   | III-47, IV-4,<br>II-51, II-3           |
| 79. | Changzhou Wujin Wanda Plaza<br>(常州武進萬達廣場)   | Jiangsu<br>(江蘇)  | Dec-12                   | Jul-15                           | 115,741         | 2,085   | 1,803                         | 3,914  | 4,397                                     | 100%                                   | V-4, III-103                           |

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| 80. | Suzhou Pingjiang Wanda Plaza (蘇州平江萬達廣場)   | Jiangsu (江蘇) | Aug-06                   | Dec-09                           | 19,968          | 1,816   | —                             | 626  | 1,180                                     | 100%                                   | III-11                      |
| 81. | Suzhou Wuzhong Wanda Plaza (蘇州吳中萬達廣場)     | Jiangsu (江蘇) | Apr-14                   | Mar-16                           | 93,655          | 1,180   | 3,188                         | 1,238  | 1,472                                     | 100%                                   | V-64                        |
| 82. | Xuzhou Wanda Plaza (徐州萬達廣場)               | Jiangsu (江蘇) | Feb-12                   | Jul-14                           | 128,439         | 2,300   | 463                           | 1,222  | 2,019                                     | 100%                                   | III-83, IV-53, V-87         |
| 83. | Zhenjiang Wanda Plaza (鎮江萬達廣場)            | Jiangsu (江蘇) | Jun-10                   | Nov-11                           | 19,408          | 2,303   | —                             | 1,379  | 2,104                                     | 100%                                   | III-36, II-44               |
| 84. | Nantong Wanda Plaza (南通萬達廣場)              | Jiangsu (江蘇) | Mar-14                   | Jun-16                           | 127,187         | 474   | 3,068                         | 619  | 632                                       | 100%                                   | V-53                        |
| 85. | Fuzhou Jinrongjie Wanda Plaza (福州金融街萬達廣場) | Fujian (福建)  | Sep-09                   | Nov-10                           | 26,178          | 2,101   | —                             | 1,205  | 2,922                                     | 100%                                   | III-32, II-8                |
| 86. | Fuzhou Cangshan Wanda Plaza (福州倉山萬達廣場)    | Fujian (福建)  | Aug-10                   | Jul-12                           | 24,957          | 3,539   | —                             | 1,080  | 2,395                                     | 100%                                   | III-45                      |
| 87. | Quanzhou Anxi Wanda Plaza (泉州安溪萬達廣場)      | Fujian (福建)  | Jul-14                   | Jun-18                           | 77,802          | 219   | 3,031                         | 243  | 272                                       | 100%                                   | V-102, VI-15                |
| 88. | Quanzhou Puxi Wanda Plaza (泉州浦西萬達廣場)      | Fujian (福建)  | Aug-10                   | Aug-15                           | 166,836         | 7,772   | 1,030                         | 3,215  | 4,761                                     | 100%                                   | III-59, IV-52, V-60, II-24  |
| 89. | Jinjiang Wanda Plaza (晉江萬達廣場)             | Fujian (福建)  | Dec-10                   | Apr-15                           | 119,289         | 4,019   | 935                           | 2,214  | 3,263                                     | 100%                                   | III-52, IV-19, V-38         |
| 90. | Fuqing Wanda Plaza (福清萬達廣場)               | Fujian (福建)  | Dec-12                   | Mar-15                           | 80,130          | 1,663   | 701                           | 1,807  | 3,679                                     | 100%                                   | V-17                        |
| 91. | Longyan Wanda Plaza (龍岩萬達廣場)              | Fujian (福建)  | Jan-13                   | May-16                           | 130,636         | 1,940   | 2,495                         | 2,373  | 3,970                                     | 100%                                   | V-44                        |
| 92. | Xiamen Huli Wanda Plaza (廈門湖裏萬達廣場)        | Fujian (福建)  | May-10                   | Jan-12                           | 171,173         | 2,556   | —                             | 990  | 1,766                                     | 100%                                   | III-38                      |
| 93. | Xiamen Jimei Wanda Plaza (廈門集美萬達廣場)       | Fujian (福建)  | Oct-11                   | May-13                           | 41,591          | 1,198   | —                             | 991  | 1,153                                     | 100%                                   | III-70, IV-30               |

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|------|---|------------------|--------------------------|----------------------------------|-----------------|---|-------------------------------|--|---|-----------------------------|--|
|      |   |                  |                          |                                  |                 | Incurred  | To Be Incurred <sup>(4)</sup> | Cost incurred <sup>(6)</sup>   | Appraised Market Value Attributable to us | Interest Attributable to Us |  |
|      |   |                  | (Month-Year)             | (Month-Year)                     | (sq.m.)         | (RMB Million)                                       | (RMB Million)                 | (RMB Million)  | (RMB Million)                             |                             |  |
| 94.  | Ningde Wanda Plaza<br>(寧德萬達廣場)                                    | Fujian<br>(福建)   | Dec-10                   | Aug-13                           | 151,600         | 2,947   | —                             | 1,296  | 2,059                                     | 100%                        | III-53, IV-26, II-22                   |
| 95.  | Putian Wanda Plaza<br>(莆田萬達廣場)                                    | Fujian<br>(福建)   | Jun-11                   | Jan-13                           | 53,167          | 2,401   | —                             | 919  | 2,107                                     | 100%                        | III-64, IV-27                          |
| 96.  | Zhangzhou Taiwanese Investment District Wanda Plaza<br>(漳州台商萬達廣場) | Fujian<br>(福建)   | Jan-14                   | Sep-16                           | 166,560         | 476   | 2,823                         | 604  | 614                                       | 100%                        | V-92                                   |
| 97.  | Zhangzhou Bihu Wanda Plaza<br>(漳州碧湖萬達廣場)                          | Fujian<br>(福建)   | Dec-10                   | Dec-13                           | 143,886         | 3,787   | —                             | 1,604  | 2,818                                     | 100%                        | III-61, IV-57, II-42                   |
| 98.  | Nanchang Honggutan Wanda Plaza<br>(南昌紅谷灘萬達廣場)                     | Jiangxi<br>(江西)  | Dec-10                   | Dec-13                           | 32,060          | 3,072   | —                             | 1,304  | 2,108                                     | 100%                        | III-54, II-18                          |
| 99.  | Nanchang Bayi Wanda Shopping Plaza<br>(南昌八一萬達購物廣場)                | Jiangxi<br>(江西)  | Aug-02                   | Jul-03                           | 15,000          | 256   | —                             | 253  | 329                                       | 100%                        | III-2                                  |
| 100. | Jiujiang Wanda Plaza<br>(九江萬達廣場)                                  | Jiangxi<br>(江西)  | Jun-14                   | Oct-17                           | 231,874         | 826   | 4,993                         | 895  | 908                                       | 100%                        | V-46                                   |
| 101. | Shangrao Wanda Plaza<br>(上饒萬達廣場)                                  | Jiangxi<br>(江西)  | Jun-14                   | Sep-16                           | 133,312         | 713   | 4,178                         | 764  | 772                                       | 100%                        | V-24                                   |
| 102. | Ningbo Jiangbei Wanda Plaza<br>(寧波江北萬達廣場)                         | Zhejiang<br>(浙江) | Dec-09                   | Jun-11                           | 41,884          | 1,557   | —                             | 796  | 1,808                                     | 100%                        | III-28, IV-24                          |
| 103. | Ningbo Yinzhou Wanda Plaza<br>(寧波鄞州萬達廣場)                          | Zhejiang<br>(浙江) | Jul-05                   | Nov-08                           | 130,961         | 1,224   | —                             | 1,148  | 3,807                                     | 100%                        | III-5, IV-25, II-21                    |
| 104. | Hangzhou Gongshu Wanda Plaza<br>(杭州拱墅萬達廣場)                        | Zhejiang<br>(浙江) | Sep-13                   | Mar-15                           | 83,381          | 2,414   | 1,693                         | 2,650  | 2,674                                     | 100%                        | V-28                                   |
| 105. | Shaoxing Keqiao Wanda Plaza<br>(紹興柯橋萬達廣場)                         | Zhejiang<br>(浙江) | Mar-10                   | Nov-11                           | 35,414          | 3,037   | —                             | 878  | 1,630                                     | 100%                        | III-30, IV-35                          |
| 106. | Shaoxing Shangyu Wanda Plaza<br>(紹興上虞萬達廣場)                        | Zhejiang<br>(浙江) | Aug-14                   | Sep-17                           | 178,529         | —   | 5,793                         | 589  | 591                                       | 100%                        | V-90, VI-18                            |

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|      |  |                  |                          |                                  |                 | Incurred  | To Be Incurred <sup>(4)</sup> | Cost incurred <sup>(6)</sup>   | Appraised Market Value Attributable to us |  | Interest Attributable to Us |
|      |  |                  | (Month-Year)             | (Month-Year)                     | (sq.m.)         | (RMB Million)   | (RMB Million)                 | (RMB Million)  | (RMB Million)                             |  |                             |
| 107. | Jiaxing Wanda Plaza<br>(嘉興萬達廣場)            | Zhejiang<br>(浙江) | Aug-13                   | Aug-16                           | 178,371         | 1,303   | 2,904                         | 1,446  | 1,451                                     | 100%                                   | V-35                        |
| 108. | Jinhua Wanda Plaza<br>(金華萬達廣場)             | Zhejiang<br>(浙江) | Nov-12                   | Sep-14                           | 90,768          | 2,622   | 572                           | 2,899  | 5,257                                     | 100%                                   | II-50, V-37,<br>III-102     |
| 109. | Taizhou Jingkai Wanda Plaza<br>(台州經開萬達廣場)  | Zhejiang<br>(浙江) | Mar-14                   | Jun-16                           | 98,766          | 878   | 2,710                         | 988  | 1,071                                     | 100%                                   | V-65                        |
| 110. | Yiwu Wanda Plaza<br>(義烏萬達廣場)               | Zhejiang<br>(浙江) | Jun-14                   | Mar-17                           | 106,251         | 1,620   | 3,726                         | 1,889  | 2,263                                     | 100%                                   | V-86                        |
| 111. | Wenzhou Pingyang Wanda Plaza<br>(溫州平陽萬達廣場) | Zhejiang<br>(浙江) | Apr-13                   | May-15                           | 119,265         | 1,681   | 1,779                         | 1,911  | 3,017                                     | 100%                                   | V-73                        |
| 112. | Wenzhou Longwan Wanda Plaza<br>(溫州龍灣萬達廣場)  | Zhejiang<br>(浙江) | Mar-11                   | Apr-13                           | 112,354         | 3,056   | 10                            | 2,342  | 4,164                                     | 100%                                   | III-62, IV-45               |
| 113. | Yuyao Wanda Plaza<br>(余姚萬達廣場)              | Zhejiang<br>(浙江) | Dec-11                   | Sep-14                           | 114,544         | 2,239   | 249                           | 1,457  | 2,694                                     | 100%                                   | III-79, IV-56               |
| 114. | Hefei Tian'ehu Wanda Plaza<br>(合肥天鵝湖萬達廣場)  | Anhui<br>(安徽)    | Dec-10                   | Jul-12                           | 62,807          | 2,121   | —                             | 921  | 1,709                                     | 100%                                   | III-51                      |
| 115. | Hefei Baohe Wanda Plaza<br>(合肥包河萬達廣場)      | Anhui<br>(安徽)    | Aug-09                   | Dec-12                           | 110,764         | 4,520   | —                             | 1,407  | 2,624                                     | 100%                                   | III-33, II-14               |
| 116. | Suzhou Wanda Plaza<br>(宿州萬達廣場)             | Anhui<br>(安徽)    | May-14                   | Apr-17                           | 163,759         | 491   | 3,250                         | 554  | 1,289                                     | 100%                                   | V-83                        |
| 117. | Bozhou Wanda Plaza<br>(亳州萬達廣場)             | Anhui<br>(安徽)    | Apr-14                   | Jun-17                           | 196,566         | 536   | 4,026                         | 604  | 636                                       | 100%                                   | V-3                         |
| 118. | Fuyang Wanda Plaza<br>(阜陽萬達廣場)             | Anhui<br>(安徽)    | Oct-13                   | Apr-16                           | 161,320         | 1,078   | 2,700                         | 1,257  | 1,340                                     | 100%                                   | V-19                        |
| 119. | Ma'anshan Wanda Plaza<br>(馬鞍山萬達廣場)         | Anhui<br>(安徽)    | Sep-12                   | Sep-16                           | 143,433         | 1,787   | 2,456                         | 2,492  | 3,137                                     | 100%                                   | II-53, V-45,<br>III-106     |
| 120. | Wuhu Jinghu Wanda Plaza<br>(蕪湖鏡湖萬達廣場)      | Anhui<br>(安徽)    | Mar-11                   | Aug-15                           | 12,876          | 1,748   | 125                           | 815  | 1,835                                     | 100%                                   | III-56, IV-48               |
| 121. | Bengbu Wanda Plaza<br>(蚌埠萬達廣場)             | Anhui<br>(安徽)    | Jan-12                   | Mar-15                           | 183,189         | 3,304   | 896                           | 2,090  | 2,731                                     | 100%                                   | III-82, IV-1,<br>V-2        |



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|                    |  |                | (Month-Year)             | (Month-Year)                     | (sq.m.)         | (RMB Million)   | (RMB Million)                 | (RMB Million)  | (RMB Million)                             |  |                             |
| <b>South China</b> |  |                |                          |                                  |                 |   |                               |  |   |  |                             |
| 122.               | Guangzhou Nansha Wanda Plaza (廣州南沙萬達廣場)    | Guangdong (廣東) | May-14                   | Jul-16                           | 71,416          | 1,297   | 3,423                         | 1,499  | 1,646                                     | 100%                                   | V-22                        |
| 123.               | Guangzhou Baiyun Wanda Plaza (廣州白雲萬達廣場)    | Guangdong (廣東) | Feb-10                   | Jul-11                           | 118,549         | 3,549   | —                             | 2,026  | 3,323                                     | 100%                                   | III-29, II-10, I-4          |
| 124.               | Guangzhou Luogang Wanda Plaza (廣州蘿崗萬達廣場)   | Guangdong (廣東) | Dec-13                   | Oct-15                           | 89,753          | 1,571   | 1,752                         | 1,853  | 2,011                                     | 100%                                   | V-21                        |
| 125.               | Guangzhou Zengcheng Wanda Plaza (廣州增城萬達廣場) | Guangdong (廣東) | Sep-12                   | Apr-14                           | 109,553         | 2,222   | 27                            | 1,746  | 2,591                                     | 100%                                   | III-94, II-11, IV-63        |
| 126.               | Guangzhou Panyu Wanda Plaza (廣州番禺萬達廣場)     | Guangdong (廣東) | May-12                   | Oct-14                           | 67,500          | 2,918   | 1,773                         | 3,731  | 5,129                                     | 100%                                   | V-23                        |
| 127.               | Dongguan Houjie Wanda Plaza (東莞厚街萬達廣場)     | Guangdong (廣東) | Dec-13                   | Jun-16                           | 139,779         | 1,970   | 3,164                         | 2,134  | 2,229                                     | 100%                                   | V-14                        |
| 128.               | Dongguan Chang'an Wanda Plaza (東莞長安萬達廣場)   | Guangdong (廣東) | Mar-12                   | Nov-13                           | 88,540          | 2,578   | 22                            | 1,546  | 2,710                                     | 100%                                   | III-73, IV-11               |
| 129.               | Dongguan Dongcheng Wanda Plaza (東莞東城萬達廣場)  | Guangdong (廣東) | Jul-12                   | Apr-15                           | 123,905         | 3,306   | 1,766                         | 4,862  | 7,173                                     | 100%                                   | II-52, V-13, III-105        |
| 130.               | Dongguan Humen Wanda Plaza (東莞虎門萬達廣場)      | Guangdong (廣東) | Aug-14                   | Aug-17                           | 110,782         | 1,246   | 2,690                         | 1,257  | 1,272                                     | 100%                                   | V-98                        |
| 131.               | Meizhou Wanda Plaza (梅州萬達廣場)               | Guangdong (廣東) | Jul-14                   | Sep-17                           | 139,969         | 433   | 3,667                         | 488  | 545                                       | 100%                                   | V-100                       |
| 132.               | Zhanjiang Wanda Plaza (湛江萬達廣場)             | Guangdong (廣東) | Dec-13                   | Sep-16                           | 98,379          | 1,166   | 4,717                         | 1,265  | 1,945                                     | 100%                                   | V-91                        |
| 133.               | Jiangmen Wanda Plaza (江門萬達廣場)              | Guangdong (廣東) | Apr-13                   | Sep-15                           | 105,574         | 1,319   | 2,747                         | 2,182  | 2,196                                     | 100%                                   | V-36                        |
| 134.               | Foshan Nanhai Wanda Plaza (佛山南海萬達廣場)       | Guangdong (廣東) | Nov-12                   | Apr-15                           | 96,960          | 4,137   | 2,029                         | 5,397  | 7,706                                     | 100%                                   | III-104, V-16               |
| 135.               | Nanning Anji Wanda Plaza (南寧安吉萬達廣場)        | Guangxi (廣西)   | Feb-14                   | Jun-16                           | 83,991          | 852   | 2,808                         | 1,175  | 1,856                                     | 100%                                   | V-51                        |

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|                        |  |               | (Month-Year)             | (Month-Year)                     | (sq.m.)         | (RMB Million)   | (RMB Million)                 | (RMB Million)  | (RMB Million)                             |  |                             |
| 136.                   | Nanning Qingxiu Wanda Plaza (南寧青秀萬達廣場)   | Guangxi (廣西)  | Nov-12                   | May-16                           | 114,617         | 3,190   | 6,272                         | 3,374  | 4,004                                     | 100%                                   | V-52                        |
| 137.                   | Liuzhou Wanda Plaza (柳州萬達廣場)             | Guangxi (廣西)  | Dec-13                   | Jun-16                           | 131,057         | 1,317   | 3,077                         | 1,708  | 2,090                                     | 100%                                   | V-43                        |
| 138.                   | Gulin Gaoxin Wanda Plaza (桂林高新萬達廣場)      | Guangxi (廣西)  | May-14                   | Oct-15                           | 73,041          | 368   | 1,747                         | 574  | 481 <sup>(13)</sup>                       | 82.15% <sup>(14)</sup>                 | V-25                        |
| <b>Northwest China</b> |  |               |                          |                                  |                 |   |                               |  |   |  |                             |
| 139.                   | Urumqi Wanda Plaza (烏魯木齊萬達廣場)            | Xinjiang (新疆) | Dec-13                   | Nov-17                           | 155,948         | 1,028   | 5,142                         | 1,253  | 1,265                                     | 100%                                   | V-75                        |
| 140.                   | Yinchuan Jinfeng Wanda Plaza (銀川金鳳萬達廣場)  | Ningxia (寧夏)  | Mar-10                   | Jun-11                           | 27,344          | 1,384   | —                             | 723  | 1,699                                     | 100%                                   | III-39                      |
| 141.                   | Yinchuan Xixia Wanda Plaza (銀川西夏萬達廣場)    | Ningxia (寧夏)  | Oct-12                   | Dec-15                           | 120,067         | 2,040   | 1,300                         | 2,110  | 2,713                                     | 100%                                   | III-100, V-105              |
| 142.                   | Xi'an Daminggong Wanda Plaza (西安大明宮萬達廣場) | Shaanxi (陝西)  | May-12                   | Jun-15                           | 105,196         | 4,017   | 1,197                         | 2,985  | 4,244                                     | 100%                                   | III-81, IV-50, V-79         |
| 143.                   | Xi'an Lijiacun Wanda Plaza (西安李家村萬達廣場)   | Shaanxi (陝西)  | Dec-06                   | Sep-08                           | 23,862          | 1,982   | —                             | 626  | 1,857                                     | 100%                                   | III-9                       |
| 144.                   | Xi'an Minleyuan Wanda Plaza (西安民樂園萬達廣場)  | Shaanxi (陝西)  | Dec-08                   | Dec-09                           | 39,758          | 2,341   | —                             | 1,169  | 1,765                                     | 100%                                   | III-17                      |
| 145.                   | Weinan Wanda Plaza (渭南萬達廣場)              | Shaanxi (陝西)  | Aug-13                   | Oct-15                           | 69,117          | 311   | 1,521                         | 395  | 408                                       | 100%                                   | V-72                        |
| 146.                   | Lanzhou Chengguan Wanda Plaza (蘭州城關萬達廣場) | Gansu (甘肅)    | Jul-12                   | Jul-15                           | 55,158          | 1,892   | 1,862                         | 2,272  | 2,272                                     | 100%                                   | V-42                        |
| 147.                   | Xining Wanda Plaza (西寧萬達廣場)              | Qinghai (青海)  | Sep-13                   | Jul-16                           | 140,049         | 1,013   | 5,966                         | 1,651  | 1,723                                     | 100%                                   | V-80                        |
| <b>Southwest China</b> |  |               |                          |                                  |                 |   |                               |  |   |  |                             |
| 148.                   | Chengdu Pixian Wanda Plaza (成都郫縣萬達廣場)    | Sichuan (四川)  | Mar-14                   | May-17                           | 174,402         | 496   | 4,563                         | 631  | 631                                       | 100%                                   | V-5                         |

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|                   |  |                |                          |                                  |                 | Incurred  | To Be Incurred <sup>(4)</sup> | Cost incurred <sup>(6)</sup>   | Appraised Market Value Attributable to us |  | Interest Attributable to Us |
|                   |  |                | (Month-Year)             | (Month-Year)                     | (sq.m.)         | (RMB Million)   | (RMB Million)                 | (RMB Million)  | (RMB Million)                             |  |                             |
| 149.              | Chengdu Jinniu Wanda Plaza (成都金牛萬達廣場)    | Sichuan (四川)   | Jan-11                   | Dec-13                           | 129,095         | 5,667   | —                             | 1,564  | 2,875                                     | 100% <sup>(15)</sup>                   | III-66, IV-5                |
| 150.              | Chengdu Jinhualu Wanda Plaza (成都錦華路萬達廣場) | Sichuan (四川)   | Sep-06                   | Aug-08                           | 77,788          | 1,573   | —                             | 907  | 3,114                                     | 100%                                   | III-8                       |
| 151.              | Neijiang Wanda Plaza (內江萬達廣場)            | Sichuan (四川)   | Aug-13                   | Jul-15                           | 153,708         | 722   | 2,967                         | 853  | 1,164                                     | 100%                                   | V-54                        |
| 152.              | Guangyuan Wanda Plaza (廣元萬達廣場)           | Sichuan (四川)   | Jun-13                   | Oct-15                           | 116,943         | 1,134   | 2,032                         | 1,290  | 1,532                                     | 100%                                   | V-20                        |
| 153.              | Mianyang Jingkai Wanda Plaza (綿陽經開萬達廣場)  | Sichuan (四川)   | Apr-13                   | Oct-16                           | 224,759         | 939   | 5,080                         | 1,085  | 2,221                                     | 100%                                   | V-47, VI-8                  |
| 154.              | Mianyang Fucheng Wanda Plaza (綿陽涪城萬達廣場)  | Sichuan (四川)   | Jun-11                   | May-13                           | 75,021          | 2,183   | 154                           | 1,109  | 1,895                                     | 100%                                   | III-65, IV-21, I-3          |
| 155.              | Ziyang Wanda Plaza (資陽萬達廣場)              | Sichuan (四川)   | Jul-14                   | Jun-18                           | 203,214         | 15  | 5,932                         | 439  | 845                                       | 100%                                   | V-99                        |
| 156.              | Chongqing Wanzhou Wanda Plaza (重慶萬州萬達廣場) | Chongqing (重慶) | Jul-10                   | Jun-13                           | 62,516          | 1,285   | 4                             | 1,293  | 1,716                                     | 100%                                   | III-72, II-46               |
| 157.              | Chongqing Nanping Wanda Plaza (重慶南坪萬達廣場) | Chongqing (重慶) | Apr-07                   | Dec-09                           | 24,822          | 2,551   | —                             | 985  | 2,777                                     | 100%                                   | III-15, II-45               |
| 158.              | Chongqing Banan Wanda Plaza (重慶巴南萬達廣場)   | Chongqing (重慶) | Nov-13                   | Jun-17                           | 200,004         | 2,326   | 4,549                         | 2,501  | 2,564                                     | 100%                                   | V-96                        |
| 159.              | Kunming Xishan Wanda Plaza (昆明西山萬達廣場)    | Yunnan (雲南)    | May-12                   | Dec-15                           | 70,246          | 3,485   | 3,620                         | 3,916  | 4,036                                     | 100%                                   | V-41                        |
| <b>Wanda City</b> |  |                |                          |                                  |                 |   |                               |  |   |  |                             |
| 160.              | Harbin Wanda City (哈爾濱萬達城)               | Harbin (哈爾濱)   | Jun-13                   | May-19                           | 1,491,655       | 3,280   | 22,316                        | 4,064  | 5,287                                     | 100%                                   | V-27, VI-4, I-13            |
| 161.              | Wuxi Wanda City (無錫萬達城)                  | Jiangsu (江蘇)   | Apr-14                   | Oct-16                           | 484,743         | 2,063   | 29,582                        | 3,326  | 3,849                                     | 100%                                   | VI-7, V-76                  |
| 162.              | Nanchang Wanda City (南昌萬達城)              | Jiangxi (江西)   | Jun-13                   | Sep-16                           | 1,900,979       | 3,551   | 29,241                        | 4,673  | 6,005                                     | 100%                                   | V-48, VI-19, I-7            |

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| No.                   | Project <sup>(1)</sup>                                   | Province         | Actual Commencement Date | Actual/Estimated Completion Date | Total Site Area | Total Development Cost for the Entire Project as of June 30, 2014 <sup>(2)(3)</sup> |                               | Properties in Which We Had Interests as of September 30, 2014 <sup>(5)</sup> |   | Reference to Property Valuation Report |                                    |
|-----------------------|--|------------------|--------------------------|----------------------------------|-----------------|---|-------------------------------|--|---|--|------------------------------------|
|                       |  |                  |                          |                                  |                 | Incurred  | To Be Incurred <sup>(4)</sup> | Cost incurred <sup>(6)</sup>   | Appraised Market Value Attributable to us |  | Interest Attributable to Us        |
|                       |  |                  | (Month-Year)             | (Month-Year)                     | (sq.m.)         | (RMB Million)   | (RMB Million)                 | (RMB Million)  | (RMB Million)                             |  |                                    |
| 163.                  | Hefei Wanda City<br>(合肥萬達城)                              | Anhui<br>(安徽)    | Oct-13                   | Apr-21                           | 973,863         | 3,631   | 24,172                        | 4,377  | 4,451                                     | 100%                                   | V-29, VI-5, I-5                    |
| 164.                  | Qingdao Wanda Oriental<br>Movie Metropolis<br>(青島萬達東方影都) | Shandong<br>(山東) | Sep-13                   | Feb-17                           | 351,721         | 1,959   | 44,527                        | 6,823  | 6,856                                     | 100%                                   | I-10, V-58, VI-14                  |
| 165.                  | Wuhan Central Culture City<br>(武漢中央文化區)                  | Hubei<br>(湖北)    | Oct-10                   | Sep-16                           | 367,249         | 17,966  | 23,188                        | 16,753   | 19,828                                    | 100%                                   | III-41, III-78, II-35, II-36, V-78 |
| <b>Other Projects</b> |  |                  |                          |                                  |                 |   |                               |  |   |  |                                    |
| 166.                  | Dalian Wanda Centre<br>(大連萬達中心)                          | Liaoning<br>(遼寧) | Jun-08                   | Jun-16                           | 75,124          | 5,330   | —                             | 2,641  | 3,791                                     | 100%                                   | III-49, IV-8, II-4, II-5, VI-2     |
| 167.                  | Zhengzhou Wanda Centre<br>(鄭州萬達中心)                       | Henan<br>(河南)    | Nov-13                   | Apr-16                           | 55,702          | 949   | 2,934                         | 1,077  | 2,140                                     | 100%                                   | V-95                               |
| 168.                  | Tianjin Wanda Centre<br>(天津萬達中心)                         | Tianjin<br>(天津)  | Jul-11                   | Jul-14                           | 73,481          | 4,606   | 577                           | 3,719  | 4,312                                     | 100%                                   | IV-43, II-33                       |
| 169.                  | Wuhan Wanda Centre<br>(武漢萬達中心)                           | Hubei<br>(湖北)    | Dec-09                   | Sep-13                           | 103,068         | 5,675   | —                             | 1,423  | 1,982                                     | 100%                                   | III-67, II-37, IV-49               |
| 170.                  | Yinchuan Wanda Centre<br>(銀川萬達中心)                        | Ningxia<br>(寧夏)  | Aug-12                   | Sep-14                           | 38,500          | 1,024   | 371                           | 816  | 1,500                                     | 100%                                   | II-41, IV-59                       |
| 171.                  | Xi'an Dongxinjie Project<br>(西安東新街項目)                    | Shaanxi<br>(陝西)  | Dec-09                   | Jun-11                           | 23,089          | 1,020   | —                             | 572  | 730                                       | 100%                                   | II-27                              |
| 172.                  | Fuzhou Hengli City<br>(福州恒力城)                            | Fujian<br>(福建)   | Jul-07                   | Jun-12                           | 23,134          | 1,772   | —                             | 1,754  | 774 <sup>(16)</sup>                       | 32.70% <sup>(17)</sup>                 | III-97, IV-61, I-12                |

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| No.   | Project <sup>(1)</sup>                           | Province      | Actual Commencement Date | Actual/Estimated Completion Date | Total Site Area | Total Development Cost for the Entire Project as of June 30, 2014 <sup>(2)(3)</sup> |   | Properties in Which We Had Interests as of September 30, 2014 <sup>(5)</sup> |   | Reference to Property Valuation Report |                             |
|---|--|---------------|--------------------------|----------------------------------|-----------------|---|---|--|---|--|-----------------------------|
|   |  |               |                          |                                  |                 | Incurred (RMB Million)  | To Be Incurred <sup>(4)</sup> (RMB Million) | Cost incurred <sup>(6)</sup> (RMB Million)                                   | Appraised Market Value Attributable to us (RMB Million) |  | Interest Attributable to Us |
| 173.  | Wuhu Wanda Hotel (蕪湖萬達酒店)                        | Anhui (安徽)    | Sep-12                   | Aug-15                           | 42,488          | 739   | 738   | 863  | 865   | 100%                                   | V-77                        |
| 174.  | Chengdu Wanda Hotel (成都萬達酒店)                     | Sichuan (四川)  | May-14                   | May-16                           | 8,958           | 662   | 1,226                                       | 718  | 788   | 100%                                   | V-6                         |
| 175.  | Sanya Wanda Hotel <sup>(18)</sup> (三亞萬達酒店)       | Hainan (海南)   | Mar-09                   | Dec-10                           | 184,995         | 1,393   | —   | 1,102  | 1,300   | 100%                                   | II-25, II-26                |
| <b>2014 Separated Projects<sup>(19)</sup></b> |  |               |                          |                                  |                 |   |   |  |   |  |                             |
| 176.  | Qingdao Wanda Yacht Industry Park (青島萬達遊艇產業園)    | Shandong (山東) | Dec-13                   | Mar-22                           | 1,032,843       | 1,818   | 17,149                                      | 1,896  | 4,064   | 100%                                   | V-59, VI-10                 |
| 177.  | Xishuangbanna International Resort (西雙版納國際旅遊度假區) | Yunnan (雲南)   | Mar-12                   | Jul-22                           | 3,517,759       | 4,852   | 21,570                                      | 4,565  | 3,954 <sup>(20)</sup>                                   | 80%                                    | IV-51, V-81, VI-16          |
| 178.  | Dalian Jinshi International Resort (大連金石國際度假區)   | Liaoning (遼寧) | Jun-12                   | May-17                           | 380,601         | 2,260   | 32  | 2,239  | 1,792 <sup>(21)</sup>                                   | 80%                                    | IV-62, VI-1                 |

**Notes:**

- (1) Does not include : (i) the following investment properties: certain office spaces for leasing in Dalian Wanda Building (大連萬達大廈), certain retail spaces for leasing in Harbin Daoli Wanda Plaza (哈爾濱道里萬達廣場商舖), certain underground car parking spaces in the Xi'an Dongdajie Project (西安東大街項目地下車位), Shenyang Tiexi Wanda Kindergarten (瀋陽鐵西萬達廣場幼兒園), certain retail spaces in Chongqing Wanda B Hotel (重慶萬達B酒店出租商舖), Sanya Wanda Hotel (Haitangwan Culture Centre) (三亞萬達海棠灣文化中心) or Nanchang Wanda Xingcheng Kindergarten (南昌萬達星城幼兒園), which have an aggregate GFA of 36,646 sq.m.; or (ii) the following properties for sale: Dalian Mingzhu Residential Community Car Parking (大連明珠車位), residences in Beijing Dahu Residential Community (北京大湖公館), Nanjing Jiangnan Mingzhu Car Parks (南京江南明珠車位) or Nanchang Wanda Xingcheng Shop (南昌萬達星城商舖), which have an aggregate GFA of 3,461 sq.m.. We believe these properties are insignificant to our property portfolio.
- (2) Includes properties which had been sold and delivered as of June 30, 2014.
- (3) Includes land acquisition costs, construction and installation costs, capitalized interest expenses and other related costs and expenses.
- (4) Based on our internal record and current plan and subject to changes resulting from our adjustments of the cost structure of the entire project.
- (5) Does not include properties which had been sold and delivered as of September 30, 2014.

- (6) Derived by adjusting the carrying amount of properties by adding back any depreciation and amortization recorded.
- (7) 32% of the shareholdings is registered under the name of Zhuhai Rongzhao Investment Management Partnership (Limited Liability Partnership) (珠海融昭投资管理合夥企業(有限合夥)), an independent third party, as a result of share pledge in connection with the trust financing for the property development.
- (8) Includes RMB850 million incurred for certain residential properties for relocation purposes.
- (9) The appraised market value for the entire property project as of September 30, 2014 is RMB2,973 million.
- (10) The appraised market value for the entire property project as of September 30, 2014 is RMB4,070 million.
- (11) 49% of the shareholdings is registered under the name of Chang'an International Trust Co., Ltd. (長安國際信託有限公司), an independent third party, as a result of share pledge in connection with the trust financing for the property development.
- (12) We acquired the 10% equity interest in the project on August 18, 2014 from our co-developer, an independent third party.
- (13) The appraised market value for the entire property project as of September 30, 2014 is RMB585 million.
- (14) We indirectly hold a 51% equity interest in the project through our HK Listed Subsidiary and directly hold another 49% equity interest in the project.
- (15) 49.02% of the shareholdings is registered under the name of China Railway Trust Co., Ltd. (中鐵信託有限公司), an independent third party (Note: The financing has been repaid in full. The 49.02% shareholdings have been transferred back to us following the completion of the necessary change in the registration on July 10, 2014. Since then, the entire 100% shareholdings in Chengdu Jinniu Wanda Plaza Investment Co., Ltd. is held by us).
- (16) The appraised market value for the entire property project as of September 30, 2014 is RMB2,367 million.
- (17) We indirectly hold a 53% equity interest in the project through our HK Listed Subsidiary.
- (18) Includes two stand-alone hotels.
- (19) In October 2014, we disposed three property projects to Dalian Wanda Group, see "Summary — Recent Developments" and "Relationship with Controlling Shareholders — Delineation of Business — Excluded Business engaged by our Controlling Shareholder".
- (20) The appraised market value for the entire property project as of September 30, 2014 is RMB4,942 million.
- (21) The appraised market value for the entire property project as of September 30, 2014 is RMB2,240 million.

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## BUSINESS

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The site area information in this prospectus is derived on the following basis:

- before land use rights certificates in relation to a project are issued, the site area information in respect of a project is derived from figures set out in the relevant land grant contract; and
- if land use rights certificates in relation to a project have been issued, the site area information in respect of a project is derived from the land use rights certificates, which only include those we still have interests as of June 30, 2014.

The commencement date for each project refers to the date for beginning construction of the project.

The actual completion date for each project is the date on which the completion certificate of the last building in the project is duly issued. The estimated completion date is estimated based on our management's best belief and knowledge. These estimates do not represent our commitments and are subject to change.



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The table below sets forth, project-by-project, GFA information for our property development projects in China as of June 30, 2014.

| No.                    | Project <sup>(1)</sup>                         | Completed Properties               |                                      |         |                 |             |                                      |         |         |                                      |         | Properties Under Development |             |         |         |         |                                      |         |                 |             |         | Properties Held for Future Development |                           | Reference to Property Valuation Report |   |                           |                           |   |   |   |   |                      |
|------------------------|--|------------------------------------|--------------------------------------|---------|-----------------|-------------|--------------------------------------|---------|---------|--------------------------------------|---------|------------------------------|-------------|---------|---------|---------|--------------------------------------|---------|-----------------|-------------|---------|--|---------------------------|--|---|---------------------------|---------------------------|---|---|---|---|----------------------|
|                        |  | Properties for Sale <sup>(3)</sup> |                                      |         |                 |             | Investment Properties <sup>(2)</sup> |         |         |                                      |         | SOHO and Office              |             |         |         |         | Properties for Sale <sup>(3)</sup>   |         |                 |             |         | Estimated Completion Date              |                           |  | Estimated Completion GFA <sup>(4)</sup> | Estimated Completion Date |                           |   |   |   |   |                      |
|                        |  | Total                              | Investment Properties <sup>(2)</sup> | Retail  | SOHO and Office | Residential | Others                               | Hotel   | Total   | Investment Properties <sup>(2)</sup> | Retail  | SOHO and Office              | Residential | Others  | Hotel   | Total   | Investment Properties <sup>(2)</sup> | Retail  | SOHO and Office | Residential | Others  | Hotel                                  | Estimated Completion Date |  |   |                           | Estimated Completion Date |   |   |   |   |                      |
|                        |  | (sq.m.)                            | (sq.m.)                              | (sq.m.) | (sq.m.)         | (sq.m.)     | (sq.m.)                              | (sq.m.) | (sq.m.) | (sq.m.)                              | (sq.m.) | (sq.m.)                      | (sq.m.)     | (sq.m.) | (sq.m.) | (sq.m.) | (sq.m.)                              | (sq.m.) | (sq.m.)         | (sq.m.)     | (sq.m.) | (sq.m.)                                | (Month-Year)              | (Month-Year)                           | (sq.m.)                                 | (Month-Year)              |                           |   |   |   |   |                      |
| <b>Wanda Plaza</b>     |  |                                    |                                      |         |                 |             |                                      |         |         |                                      |         |                              |             |         |         |         |                                      |         |                 |             |         |  |                           |  |   |                           |                           |   |   |   |   |                      |
| <b>Northeast China</b> |  |                                    |                                      |         |                 |             |                                      |         |         |                                      |         |                              |             |         |         |         |                                      |         |                 |             |         |  |                           |  |   |                           |                           |   |   |   |   |                      |
| 1.                     | Harbin Xiangjiang Wanda Plaza<br>(哈爾濱香坊萬達廣場)   | 176,561                            | 132,868                              | —       | —               | —           | 43,693                               | —       | —       | —                                    | —       | —                            | —           | —       | —       | —       | —                                    | —       | —               | —           | —       | —                                      | —                         | —                                      | —                                       | —                         | —                         | — | — | — | — | III-7, II-13         |
| 2.                     | Harbin Hanan Wanda Plaza<br>(哈爾濱哈南萬達廣場)        | —                                  | —                                    | —       | —               | —           | —                                    | 809,706 | 147,500 | 117,500                              | 103,494 | 360,000                      | 81,212      | —       | —       | —       | —                                    | —       | —               | —           | —       | —                                      | —                         | —                                      | —                                       | —                         | —                         | — | — | — | — | V-26                 |
| 3.                     | Harbin Haxi Wanda Plaza<br>(哈爾濱哈西萬達廣場)         | 276,914                            | 218,571                              | 3,793   | 1,730           | 4,901       | 47,918                               | —       | —       | —                                    | —       | —                            | —           | —       | —       | —       | —                                    | —       | —               | —           | —       | —                                      | —                         | —                                      | —                                       | —                         | —                         | — | — | — | — | III-76, IV-13, II-12 |
| 4.                     | Daqing Saertu Wanda Plaza<br>(大慶薩爾圖萬達廣場)       | 198,365                            | 141,600                              | 5,450   | 6,562           | 1,653       | 42,960                               | —       | —       | —                                    | —       | —                            | —           | —       | —       | —       | —                                    | —       | —               | —           | —       | —                                      | —                         | —                                      | —                                       | —                         | —                         | — | — | — | — | III-44, IV-9, II-6   |
| 5.                     | Mudanjiang Wanda Plaza<br>(牡丹江萬達廣場)            | —                                  | —                                    | —       | —               | —           | —                                    | 549,336 | 113,716 | 60,110                               | 88,500  | 193,385                      | 61,925      | 31,700  | —       | —       | —                                    | —       | —               | —           | —       | —                                      | —                         | —                                      | —                                       | —                         | —                         | — | — | — | — | V-9                  |
| 6.                     | Qiqihar Wanda Plaza<br>(齊齊哈爾萬達廣場)              | —                                  | —                                    | —       | —               | —           | —                                    | 524,040 | 147,836 | 58,556                               | 69,091  | 197,672                      | 13,885      | 37,000  | —       | —       | —                                    | —       | —               | —           | —       | —                                      | —                         | —                                      | —                                       | —                         | —                         | — | — | — | — | V-56                 |
| 7.                     | Jixi Wanda Plaza<br>(雞西萬達廣場)                   | —                                  | —                                    | —       | —               | —           | —                                    | 361,691 | 131,437 | 25,302                               | 105,362 | 80,957                       | 18,633      | —       | —       | —       | —                                    | —       | —               | —           | —       | —                                      | —                         | —                                      | —                                       | —                         | —                         | — | — | — | — | V-32                 |
| 8.                     | Jiamusi Wanda Plaza<br>(佳木斯萬達廣場)               | —                                  | —                                    | —       | —               | —           | —                                    | 987,076 | 86,148  | 105,000                              | 135,000 | 525,000                      | 109,000     | 26,928  | —       | —       | —                                    | —       | —               | —           | —       | —                                      | —                         | —                                      | —                                       | —                         | —                         | — | — | — | — | V-34                 |
| 9.                     | Shenyang Taiyuanjie Wanda Plaza<br>(瀋陽太原街萬達廣場) | 89,813                             | 89,813                               | —       | —               | —           | —                                    | —       | —       | —                                    | —       | —                            | —           | —       | —       | —       | —                                    | —       | —               | —           | —       | —                                      | —                         | —                                      | —                                       | —                         | —                         | — | — | — | — | III-13               |
| 10.                    | Shenyang Beyiliu Wanda Plaza<br>(瀋陽北一街萬達廣場)    | 172,303                            | 169,810                              | 2,428   | 65              | —           | —                                    | —       | —       | —                                    | —       | —                            | —           | —       | —       | —       | —                                    | —       | —               | —           | —       | —                                      | —                         | —                                      | —                                       | —                         | —                         | — | — | — | — | III-55, IV-36        |

## BUSINESS

| No.     | Project <sup>(1)</sup>                        | Completed Properties               |                                      |         |                 |             |                                    |         |         |                                      |         | Properties Under Development       |             |         |              |                           |   |                           |                                  |  |  | Reference to Property Valuation Report |
|---------|---|------------------------------------|--------------------------------------|---------|-----------------|-------------|------------------------------------|---------|---------|--------------------------------------|---------|------------------------------------|-------------|---------|--------------|---------------------------|---|---------------------------|----------------------------------|--|--|--|
|         |   | Properties for Sale <sup>(3)</sup> |                                      |         |                 |             | Properties for Sale <sup>(3)</sup> |         |         |                                      |         | Properties for Sale <sup>(3)</sup> |             |         |              |                           | Properties Held for Future Development  |                           |                                  |  |  |  |
|         |   | Total                              | Investment Properties <sup>(2)</sup> | Retail  | SOHO and Office | Residential | Others                             | Hotel   | Total   | Investment Properties <sup>(2)</sup> | Retail  | SOHO and Office                    | Residential | Others  | Hotel        | Estimated Completion Date | Estimated Completion GFA <sup>(4)</sup> | Estimated Completion Date |                                  |  |  |  |
| (sq.m.) | (sq.m.)                                       | (sq.m.)                            | (sq.m.)                              | (sq.m.) | (sq.m.)         | (sq.m.)     | (sq.m.)                            | (sq.m.) | (sq.m.) | (sq.m.)                              | (sq.m.) | (sq.m.)                            | (sq.m.)     | (sq.m.) | (Month-Year) | (sq.m.)                   | (Month-Year)                            |                           |                                  |  |  |  |
| 11.     | Shenyang Tiexi Wanda Plaza (瀋陽鐵西萬達廣場)         | 158,863                            | 157,238                              | 572     | —               | —           | 1,053                              | —       | —       | —                                    | —       | —                                  | —           | —       | —            | 46,000                    | Sep-17                                  | III-19, IV-27, VI-12      |                                  |  |  |  |
| 12.     | Shenyang Aoti Wanda Plaza (瀋陽奧體萬達廣場)          | 215,955                            | 164,216                              | —       | —               | —           | —                                  | 51,739  | 341,728 | —                                    | 12,419  | 146,853                            | 139,039     | 43,417  | —            | —                         | —                                       | —                         | III-74, V-62, II-28              |  |  |  |
| 13.     | Fushun Wanda Plaza (撫順萬達廣場)                   | 309,049                            | 185,243                              | 21,781  | 44,187          | 14,792      | 3,504                              | 39,540  | 239,335 | —                                    | 21,574  | 32,449                             | 140,254     | 45,058  | —            | —                         | —                                       | —                         | III-80, IV-12, V-18, II-9        |  |  |  |
| 14.     | Dalian Jingkai Wanda Plaza (大連聖附萬達廣場)         | —                                  | —                                    | —       | —               | —           | —                                  | —       | 730,000 | 233,500                              | 50,000  | 410,000                            | —           | —       | 36,500       | —                         | —                                       | —                         | V-10                             |  |  |  |
| 15.     | Dalian Gaoxin Wanda Plaza (大連高新萬達廣場)          | 227,140                            | 203,593                              | 4,033   | 19,513          | —           | —                                  | —       | 186,309 | —                                    | —       | —                                  | 171,315     | 14,984  | —            | —                         | —                                       | —                         | III-88, V-8, IV-6                |  |  |  |
| 16.     | Dandong Wanda Plaza (丹東萬達廣場)                  | 228,786                            | 161,304                              | 13,646  | 5,337           | —           | —                                  | 48,499  | 404,776 | —                                    | 51,523  | —                                  | 333,192     | 20,060  | —            | 330,238                   | Sep-17                                  | —                         | III-84, VI-17, IV-10, V-11, II-7 |  |  |  |
| 17.     | Panjin Wanda Plaza (盤錦萬達廣場)                   | —                                  | —                                    | —       | —               | —           | —                                  | —       | 983,295 | 165,277                              | 84,052  | 189,600                            | 439,855     | 104,511 | —            | —                         | —                                       | —                         | V-55                             |  |  |  |
| 18.     | Yingkou Wanda Plaza (營口萬達廣場)                  | —                                  | —                                    | —       | —               | —           | —                                  | —       | 715,100 | 158,400                              | 63,400  | 169,600                            | 218,400     | 66,000  | 39,300       | —                         | —                                       | —                         | V-89                             |  |  |  |
| 19.     | Changchun Kuancheng Wanda Plaza (長春寬城萬達廣場)    | 191,553                            | 143,703                              | 17,960  | 8,513           | 224         | 21,153                             | —       | 21,403  | —                                    | 5,741   | —                                  | 15,661      | —       | —            | —                         | —                                       | —                         | III-75, IV-31, V-93              |  |  |  |
| 20.     | Changchun Chongqinglu Wanda Plaza (長春重慶路萬達廣場) | 47,135                             | 47,135                               | —       | —               | —           | —                                  | —       | —       | —                                    | —       | —                                  | —           | —       | —            | —                         | —                                       | —                         | III-1                            |  |  |  |
| 21.     | Changchun Hongqijie Wanda Plaza (長春紅旗街萬達廣場)   | 133,259                            | 132,993                              | 267     | —               | —           | —                                  | —       | —       | —                                    | —       | —                                  | —           | —       | —            | —                         | —                                       | —                         | III-21, IV-16                    |  |  |  |
| 22.     | Sping Wanda Plaza (四平萬達廣場)                    | —                                  | —                                    | —       | —               | —           | —                                  | —       | 511,376 | 110,814                              | 50,123  | 113,000                            | 145,689     | 56,685  | 35,085       | 233,452                   | Jul-17                                  | —                         | V-63, VI-3                       |  |  |  |
| 23.     | Yanji Wanda Plaza (延吉萬達廣場)                    | —                                  | —                                    | —       | —               | —           | —                                  | —       | —       | —                                    | —       | —                                  | —           | —       | —            | 608,900                   | Jul-17                                  | —                         | V-101                            |  |  |  |

# BUSINESS

| No. | Project <sup>(1)</sup>                        | Completed Properties               |                                      |         |                 |             |                                    |         |         |                                      |         | Properties Under Development       |             |         |         |                           |   |                           |                           |  |  | Reference to Property Valuation Report |
|-----|---|------------------------------------|--------------------------------------|---------|-----------------|-------------|------------------------------------|---------|---------|--------------------------------------|---------|------------------------------------|-------------|---------|---------|---------------------------|---|---------------------------|---------------------------|--|--|--|
|     |   | Properties for Sale <sup>(3)</sup> |                                      |         |                 |             | Properties for Sale <sup>(3)</sup> |         |         |                                      |         | Properties for Sale <sup>(3)</sup> |             |         |         |                           | Properties Held for Future Development  |                           |                           |  |  |  |
|     |   | Total                              | Investment Properties <sup>(2)</sup> | Retail  | SOHO and Office | Residential | Others                             | Hotel   | Total   | Investment Properties <sup>(2)</sup> | Retail  | SOHO and Office                    | Residential | Others  | Hotel   | Estimated Completion Date | Estimated Completion GFA <sup>(4)</sup> | Estimated Completion Date |                           |  |  |  |
|     | <b>North China</b>                            | (sq.m.)                            | (sq.m.)                              | (sq.m.) | (sq.m.)         | (sq.m.)     | (sq.m.)                            | (sq.m.) | (sq.m.) | (sq.m.)                              | (sq.m.) | (sq.m.)                            | (sq.m.)     | (sq.m.) | (sq.m.) | (sq.m.)                   | (Month-Year)                            | (Month-Year)              |                           |  |  |  |
| 24. | Beijing CBD Wanda Plaza (北京CBD萬達廣場)           | 215,471                            | 159,170                              | —       | —               | —           | 56,301                             | —       | —       | —                                    | —       | —                                  | —           | —       | —       | —                         | —                                       | —                         | III-4, II-1, I-2          |  |  |  |
| 25. | Beijing Shijingshan Wanda Plaza (北京石景山萬達廣場)   | 164,441                            | 128,120                              | —       | 493             | —           | 35,828                             | —       | —       | —                                    | —       | —                                  | —           | —       | —       | —                         | —                                       | —                         | III-10, IV-3, II-2        |  |  |  |
| 26. | Tianjin Hedong Wanda Plaza (天津河東萬達廣場)         | 165,853                            | 165,853                              | —       | —               | —           | —                                  | —       | —       | —                                    | —       | —                                  | —           | —       | —       | —                         | —                                       | —                         | III-25                    |  |  |  |
| 27. | Tianjin Hepingjinjie Wanda Plaza (天津和平金街萬達廣場) | 28,483                             | 28,483                               | —       | —               | —           | —                                  | —       | —       | —                                    | —       | —                                  | —           | —       | —       | —                         | —                                       | —                         | III-3                     |  |  |  |
| 28. | Shijiazhuang Yuhua Wanda Plaza (石家莊裕華萬達廣場)    | 255,222                            | 191,947                              | —       | —               | 946         | 17,867                             | 44,462  | —       | —                                    | —       | —                                  | —           | —       | —       | —                         | —                                       | —                         | III-40, IV-38, II-29      |  |  |  |
| 29. | Langfang Wanda Plaza (廊坊萬達廣場)                 | 214,687                            | 161,397                              | 5,814   | 4,437           | 1,175       | —                                  | 41,865  | —       | —                                    | —       | —                                  | —           | —       | —       | —                         | —                                       | —                         | III-43, IV-20, II-17      |  |  |  |
| 30. | Tangshan Lunan Wanda Plaza (唐山路南萬達廣場)         | 488,602                            | 191,824                              | 22,410  | 83,768          | 135,797     | 7,335                              | 47,467  | —       | —                                    | —       | —                                  | —           | —       | —       | —                         | —                                       | —                         | III-48, IV-42, II-32      |  |  |  |
| 31. | Taiyuan Longshu Wanda Plaza (太原龍湖萬達廣場)        | 76,252                             | —                                    | —       | —               | 9,764       | 14,063                             | 52,425  | 205,328 | 12,700                               | 150,506 | 226,171                            | 15,000      | —       | Jul-16  | 26,601                    | Jul-16                                  | —                         | IV-40, V-67, VI-13, II-30 |  |  |  |
| 32. | Hohhot Wanda Plaza (呼和浩特萬達廣場)                 | 221,231                            | 162,009                              | 11,158  | —               | 48,051      | 13                                 | —       | 314,208 | 37,410                               | 29,926  | 180,872                            | 23,200      | 42,800  | Nov-15  | —                         | —                                       | —                         | III-23, IV-14, V-30       |  |  |  |
| 33. | Baotou Qingshan Wanda Plaza (包頭青山萬達廣場)        | 174,795                            | 174,795                              | —       | —               | —           | —                                  | —       | —       | —                                    | —       | —                                  | —           | —       | —       | —                         | —                                       | —                         | III-22                    |  |  |  |
| 34. | Chifeng Wanda Plaza (赤峰萬達廣場)                  | 211,485                            | 171,499                              | —       | —               | —           | 39,985                             | 700,243 | —       | 62,801                               | 152,677 | 405,441                            | 79,325      | —       | May-15  | —                         | —                                       | —                         | III-99, V-7, IV-95, II-48 |  |  |  |
| 35. | Manzhouli Wanda Plaza (滿洲里萬達廣場)               | 103,386                            | 67,943                               | 35,442  | —               | —           | —                                  | —       | —       | —                                    | —       | —                                  | —           | —       | —       | —                         | —                                       | —                         | III-98, IV-29             |  |  |  |
| 36. | Wuhai Wanda Plaza (烏海萬達廣場)                    | —                                  | —                                    | —       | —               | —           | —                                  | 628,072 | 145,100 | 60,000                               | 38,352  | 363,421                            | 21,200      | —       | Sep-16  | —                         | —                                       | —                         | V-74                      |  |  |  |
| 37. | Tongliao Wanda Plaza (通遼萬達廣場)                 | 2,107                              | —                                    | 2,107   | —               | —           | —                                  | 787,700 | 146,000 | 100,000                              | 98,500  | 288,300                            | 117,500     | 37,400  | Oct-16  | —                         | —                                       | —                         | IV-44, V-70               |  |  |  |

## BUSINESS

| No.                  | Project <sup>(1)</sup>                     | Completed Properties                               |                |                         |                     |                |                                    |               |  |                |                         | Properties Under Development           |                |               |                           |   |                           |   |   |   |   | Reference to Property Valuation Report |   |   |         |        |   |   |                            |
|----------------------|--|--|----------------|-------------------------|---------------------|----------------|------------------------------------|---------------|--|----------------|-------------------------|--|----------------|---------------|---------------------------|---|---------------------------|---|---|---|---|--|---|---|---------|--------|---|---|----------------------------|
|                      |  | Properties for Sale <sup>(3)</sup>                 |                |                         |                     |                | Properties for Sale <sup>(3)</sup> |               |  |                |                         | Properties Held for Future Development |                |               |                           |   |                           |   |   |   |   |  |   |   |         |        |   |   |                            |
|                      |  | Total Investment Properties <sup>(2)</sup> (sq.m.) | Retail (sq.m.) | SOHO and Office (sq.m.) | Residential (sq.m.) | Others (sq.m.) | Hotel (sq.m.)                      | Total (sq.m.) | Investment Properties <sup>(2)</sup> (sq.m.) | Retail (sq.m.) | SOHO and Office (sq.m.) | Residential (sq.m.)                    | Others (sq.m.) | Hotel (sq.m.) | Estimated Completion Date | Estimated Completion GFA <sup>(4)</sup> (sq.m.) | Estimated Completion Date |   |   |   |   |  |   |   |         |        |   |   |                            |
| <b>Central China</b> |  |  |                |                         |                     |                |                                    |               |  |                |                         |  |                |               |                           |   |                           |   |   |   |   |  |   |   |         |        |   |   |                            |
| 38.                  | Zhengzhou Erqi Wanda Plaza (鄭州二七萬達廣場)      | 172,030  | —              | —                       | —                   | —              | —                                  | —             | —  | —              | —                       | —                                      | —              | —             | —                         | —   | —                         | — | — | — | — | —                                      | — | — | —       | —      | — | — | III-60                     |
| 39.                  | Zhengzhou Zhongyuan Wanda Plaza (鄭州中原萬達廣場) | 164,585  | —              | —                       | —                   | —              | —                                  | —             | —  | —              | —                       | —                                      | —              | —             | —                         | —   | —                         | — | — | — | — | —                                      | — | — | —       | —      | — | — | III-42                     |
| 40.                  | Luoyang Wanda Plaza (洛陽萬達廣場)               | 96,240   | —              | —                       | —                   | —              | —                                  | —             | —  | —              | —                       | —                                      | —              | —             | —                         | —   | —                         | — | — | — | — | —                                      | — | — | —       | —      | — | — | III-18                     |
| 41.                  | Anyang Wanda Plaza (安陽萬達廣場)                | —  | —              | —                       | —                   | —              | 636,424                            | 144,085       | 50,409                                       | 97,513         | 242,304                 | 67,017                                 | 35,095         | Mar-16        | —                         | —   | —                         | — | — | — | — | —                                      | — | — | —       | —      | — | — | V-1                        |
| 42.                  | Wuhan Jingkai Wanda Plaza (武漢經開萬達廣場)       | 160,143  | —              | —                       | —                   | —              | —                                  | —             | —  | —              | —                       | —                                      | —              | —             | —                         | —   | —                         | — | — | — | — | —                                      | — | — | —       | —      | — | — | III-37                     |
| 43.                  | Wuhan Lingjiaohu Wanda Plaza (武漢菱角湖萬達廣場)   | 115,460  | —              | —                       | —                   | —              | —                                  | —             | —  | —              | —                       | —                                      | —              | —             | —                         | —   | —                         | — | — | — | — | —                                      | — | — | —       | —      | — | — | III-31                     |
| 44.                  | Xiangyang Wanda Plaza (襄陽萬達廣場)             | 207,854  | 165,163        | —                       | —                   | —              | —                                  | —             | —  | —              | —                       | 42,691                                 | —              | —             | —                         | —   | —                         | — | — | — | — | —                                      | — | — | —       | —      | — | — | III-26, II-38              |
| 45.                  | Shiyuan Wanda Plaza (十堰萬達廣場)               | —  | —              | —                       | —                   | —              | —                                  | —             | —  | —              | —                       | —                                      | —              | —             | —                         | —   | —                         | — | — | — | — | —                                      | — | — | 674,218 | Nov-17 | — | — | V-104                      |
| 46.                  | Yichang Wanda Plaza (宜昌萬達廣場)               | 198,722  | 145,785        | —                       | —                   | —              | —                                  | —             | —  | —              | 13,817                  | 39,121                                 | —              | —             | —                         | —   | —                         | — | — | — | — | —                                      | — | — | —       | —      | — | — | III-27, IV-54, II-39       |
| 47.                  | Jingzhou Wanda Plaza (荊州萬達廣場)              | —  | —              | —                       | —                   | —              | 607,285                            | 160,392       | 58,051                                       | 71,926         | 230,016                 | 50,000                                 | 36,900         | May-15        | —                         | —   | —                         | — | — | — | — | —                                      | — | — | —       | —      | — | — | II-54, V-40, III-107       |
| 48.                  | Jingmen Wanda Plaza (荊門萬達廣場)               | —  | —              | —                       | —                   | —              | 729,400                            | 145,000       | 65,000                                       | 55,600         | 383,800                 | 80,000                                 | —              | Nov-16        | —                         | —   | —                         | — | — | — | — | —                                      | — | — | —       | —      | — | — | V-39                       |
| 49.                  | Huangshi Wanda Plaza (黃石萬達廣場)              | —  | —              | —                       | —                   | —              | 868,464                            | 119,800       | 79,900                                       | 114,556        | 448,000                 | 73,708                                 | 32,500         | Oct-16        | —                         | —   | —                         | — | — | — | — | —                                      | — | — | —       | —      | — | — | V-31                       |
| 50.                  | Changsha KaiFu Wanda Plaza (長沙開福萬達廣場)      | 266,376  | 196,473        | —                       | —                   | 1,066          | 1,300                              | —             | 16,487                                       | 224,474        | —                       | —                                      | —              | Nov-14        | —                         | —   | —                         | — | — | — | — | —                                      | — | — | —       | —      | — | — | III-77, IV-58, V-94, II-43 |
| 51.                  | Xiangtan Wanda Plaza (湘潭萬達廣場)              | —  | —              | —                       | —                   | —              | 874,926                            | 149,826       | 77,000                                       | 100,800        | 421,200                 | 90,000                                 | 36,000         | Dec-16        | —                         | —   | —                         | — | — | — | — | —                                      | — | — | —       | —      | — | — | V-82                       |

## BUSINESS

| No. | Project <sup>(1)</sup>                       | Completed Properties               |                                      |         |                 |             |                                    |         |         |                                      |         | Properties Under Development       |             |         |              |                           |   |                           |                            |  |  | Reference to Property Valuation Report |
|-----|--|------------------------------------|--------------------------------------|---------|-----------------|-------------|------------------------------------|---------|---------|--------------------------------------|---------|------------------------------------|-------------|---------|--------------|---------------------------|---|---------------------------|----------------------------|--|--|--|
|     |  | Properties for Sale <sup>(3)</sup> |                                      |         |                 |             | Properties for Sale <sup>(3)</sup> |         |         |                                      |         | Properties for Sale <sup>(3)</sup> |             |         |              |                           | Properties Held for Future Development  |                           |                            |  |  |  |
|     |  | Total                              | Investment Properties <sup>(2)</sup> | Retail  | SOHO and Office | Residential | Others                             | Hotel   | Total   | Investment Properties <sup>(2)</sup> | Retail  | SOHO and Office                    | Residential | Others  | Hotel        | Estimated Completion Date | Estimated Completion GFA <sup>(4)</sup> | Estimated Completion Date |                            |  |  |  |
|     | <b>East China</b>                            | (sq.m.)                            | (sq.m.)                              | (sq.m.) | (sq.m.)         | (sq.m.)     | (sq.m.)                            | (sq.m.) | (sq.m.) | (sq.m.)                              | (sq.m.) | (sq.m.)                            | (sq.m.)     | (sq.m.) | (Month-Year) | (sq.m.)                   | (Month-Year)                            |                           |                            |  |  |  |
| 52. | Shanghai Wujiaochang Wanda Plaza (上海五角場萬達廣場) | 242,120                            | 242,120                              | —       | —               | —           | —                                  | —       | —       | —                                    | —       | —                                  | —           | —       | —            | —                         | —                                       | —                         | III-6                      |  |  |  |
| 53. | Shanghai Baoshan Wanda Plaza (上海寶山萬達廣場)      | 176,773                            | 169,026                              | —       | 7,747           | —           | —                                  | —       | —       | —                                    | —       | —                                  | —           | —       | —            | —                         | —                                       | —                         | III-50, IV-32              |  |  |  |
| 54. | Shanghai Jiangqiao Wanda Plaza (上海江橋萬達廣場)    | 222,713                            | 212,346                              | —       | —               | 10,367      | —                                  | —       | —       | —                                    | —       | —                                  | —           | —       | —            | —                         | —                                       | —                         | III-35, IV-33              |  |  |  |
| 55. | Shanghai Songjiang Wanda Plaza (上海松江萬達廣場)    | 284,884                            | 155,632                              | 41,628  | 79,910          | —           | 7,713                              | —       | —       | —                                    | —       | —                                  | —           | —       | —            | —                         | —                                       | —                         | III-95, IV-34              |  |  |  |
| 56. | Shanghai Jintian Wanda Plaza (上海金山萬達廣場)      | —                                  | —                                    | —       | —               | —           | —                                  | 462,915 | 159,529 | 39,080                               | 75,423  | 130,512                            | 58,371      | —       | Jul-15       | —                         | —                                       | —                         | V-61                       |  |  |  |
| 57. | Shanghai Zhoupu Wanda Plaza (上海周浦萬達廣場)       | 156,072                            | 156,072                              | —       | —               | —           | —                                  | —       | —       | —                                    | —       | —                                  | —           | —       | —            | —                         | —                                       | —                         | III-12                     |  |  |  |
| 58. | Jinan Gaoxin Wanda Plaza (濟南高新萬達廣場)          | —                                  | —                                    | —       | —               | —           | —                                  | 212,764 | —       | 17,349                               | —       | 122,329                            | 73,086      | —       | Jul-16       | 692,612                   | Feb-17                                  | —                         | V-66, VI-6                 |  |  |  |
| 59. | Jinan Weijiazhuang Wanda Plaza (濟南魏家莊萬達廣場)   | 176,672                            | 112,284                              | —       | —               | 277         | 11,126                             | 52,885  | —       | —                                    | —       | —                                  | —           | —       | —            | —                         | —                                       | —                         | III-24, IV-17, II-16       |  |  |  |
| 60. | Qingdao CBD Wanda Plaza (青島CBD萬達廣場)          | 182,856                            | 131,778                              | —       | —               | —           | 51,078                             | —       | —       | —                                    | —       | —                                  | —           | —       | —            | —                         | —                                       | —                         | III-14, II-23              |  |  |  |
| 61. | Qingdao Taidong Wanda Plaza (青島台東萬達廣場)       | 27,619                             | 27,619                               | —       | —               | —           | —                                  | —       | —       | —                                    | —       | —                                  | —           | —       | —            | —                         | —                                       | —                         | III-93                     |  |  |  |
| 62. | Qingdao Licang Wanda Plaza (青島李村萬達廣場)        | 184,180                            | 182,827                              | 753     | —               | 600         | —                                  | 201,849 | —       | 14,115                               | —       | 152,601                            | 35,133      | —       | Oct-14       | —                         | —                                       | —                         | III-57, IV-28, V-57        |  |  |  |
| 63. | Yantai Zhifu Wanda Plaza (煙台芝罘萬達廣場)          | —                                  | —                                    | —       | —               | —           | —                                  | 821,222 | 201,501 | 80,300                               | 123,810 | 202,511                            | 176,100     | 37,000  | Jun-16       | —                         | —                                       | —                         | V-85                       |  |  |  |
| 64. | Weifang Wanda Plaza (濰坊萬達廣場)                 | 196,456                            | 159,972                              | —       | —               | —           | 36,484                             | 376,977 | —       | 53,845                               | 122,442 | 136,996                            | 63,694      | —       | Jul-15       | —                         | —                                       | —                         | III-96, V-71, IV-67, II-47 |  |  |  |

## BUSINESS

| No. | Project <sup>(1)</sup>                      | Completed Properties               |                                      |         |                 |             |                                    |         |         |                                      |         | Properties Under Development       |             |         |              |                           |   |                                 |  |  |  | Reference to Property Valuation Report |
|-----|---|------------------------------------|--------------------------------------|---------|-----------------|-------------|------------------------------------|---------|---------|--------------------------------------|---------|------------------------------------|-------------|---------|--------------|---------------------------|---|---------------------------------|--|--|--|--|
|     |   | Properties for Sale <sup>(3)</sup> |                                      |         |                 |             | Properties for Sale <sup>(3)</sup> |         |         |                                      |         | Properties for Sale <sup>(3)</sup> |             |         |              |                           | Properties Held for Future Development  |                                 |  |  |  |  |
|     |   | Total                              | Investment Properties <sup>(2)</sup> | Retail  | SOHO and Office | Residential | Others                             | Hotel   | Total   | Investment Properties <sup>(2)</sup> | Retail  | SOHO and Office                    | Residential | Others  | Hotel        | Estimated Completion Date | Estimated Completion GFA <sup>(4)</sup> | Estimated Completion Date       |  |  |  |  |
|     |   | (sq.m.)                            | (sq.m.)                              | (sq.m.) | (sq.m.)         | (sq.m.)     | (sq.m.)                            | (sq.m.) | (sq.m.) | (sq.m.)                              | (sq.m.) | (sq.m.)                            | (sq.m.)     | (sq.m.) | (Month-Year) | (sq.m.)                   | (Month-Year)                            |                                 |  |  |  |  |
| 65. | Dezhou Wanda Plaza<br>(德州萬達廣場)              | —                                  | —                                    | —       | —               | —           | —                                  | 772,637 | 170,423 | 53,957                               | 175,083 | 305,000                            | 68,174      | —       | Aug-17       | —                         | —                                       | V-12                            |  |  |  |  |
| 66. | Tai'an Wanda Plaza<br>(泰安萬達廣場)              | —                                  | —                                    | —       | —               | —           | 654,600                            | 116,595 | 75,134  | 320,281                              | —       | 102,587                            | 40,003      | —       | Jul-16       | —                         | —                                       | V-68                            |  |  |  |  |
| 67. | Dongying Wanda Plaza<br>(東營萬達廣場)            | —                                  | —                                    | —       | —               | —           | 728,173                            | 131,841 | 80,000  | 93,956                               | 350,500 | 34,076                             | 37,800      | —       | Jul-16       | —                         | —                                       | V-15                            |  |  |  |  |
| 68. | Jining Taibailu Wanda Plaza<br>(濟寧太白路萬達廣場)  | —                                  | —                                    | —       | —               | —           | 512,033                            | 151,600 | 45,828  | 181,837                              | 69,298  | 26,970                             | 36,500      | —       | Oct-14       | —                         | —                                       | II-49, V-33, III-101, IV-66     |  |  |  |  |
| 69. | Nanjing Jiangning Wanda Plaza<br>(南京江寧萬達廣場) | 425,414                            | 168,585                              | 23,303  | 153,221         | 34,769      | 3,942                              | 41,595  | —       | 12,694                               | —       | 38,759                             | —           | —       | Dec-14       | —                         | —                                       | III-85, IV-22, V-49, II-19      |  |  |  |  |
| 70. | Nanjing Jianye Wanda Plaza<br>(南京建邺萬達廣場)    | 199,131                            | 149,053                              | —       | 51              | —           | 1,104                              | 48,924  | 715     | 715                                  | —       | —                                  | —           | —       | Jun-15       | —                         | —                                       | II-16, IV-60, V-50, II-20, I-11 |  |  |  |  |
| 71. | Wuxi Huishan Wanda Plaza<br>(無錫惠山萬達廣場)      | 213,622                            | 155,289                              | 23,731  | 32,837          | 1,765       | —                                  | —       | —       | —                                    | —       | —                                  | —           | —       | —            | —                         | —                                       | III-71, IV-46                   |  |  |  |  |
| 72. | Wuxi Binhu Wanda Plaza<br>(無錫濱湖萬達廣場)        | 212,622                            | 162,940                              | —       | 51              | —           | 9,480                              | 40,151  | —       | —                                    | —       | —                                  | —           | —       | —            | —                         | —                                       | III-20, IV-47, II-34            |  |  |  |  |
| 73. | Jiangyin Wanda Plaza<br>(江陰萬達廣場)            | 257,994                            | 194,181                              | 30,416  | 30,088          | 447         | 2,863                              | —       | —       | —                                    | —       | —                                  | —           | —       | —            | —                         | —                                       | III-58, IV-18                   |  |  |  |  |
| 74. | Taizhou Wanda Plaza<br>(泰州萬達廣場)             | 172,918                            | 117,154                              | 10,465  | 199             | 3,309       | 3,079                              | 38,712  | —       | —                                    | —       | —                                  | —           | —       | —            | —                         | —                                       | III-46, IV-41, II-31            |  |  |  |  |
| 75. | Taicang Wanda Plaza<br>(太倉萬達廣場)             | 280,157                            | 169,998                              | 27,783  | 53,294          | 4,144       | 24,937                             | —       | —       | —                                    | —       | —                                  | —           | —       | —            | —                         | —                                       | III-63, IV-39                   |  |  |  |  |
| 76. | Yixing Wanda Plaza<br>(宜興萬達廣場)              | 381,148                            | 189,971                              | 17,472  | 41,406          | 82,449      | 8,350                              | 41,500  | —       | —                                    | —       | —                                  | —           | —       | —            | —                         | —                                       | III-69, IV-55, II-40            |  |  |  |  |
| 77. | Huaitan Wanda Plaza<br>(淮陰萬達廣場)             | 185,785                            | 127,522                              | —       | —               | —           | 13,619                             | 44,645  | —       | —                                    | —       | —                                  | —           | —       | —            | —                         | —                                       | III-34, IV-15, II-15            |  |  |  |  |
| 78. | Changzhou Xinbei Wanda Plaza<br>(常州新北萬達廣場)  | 204,303                            | 172,498                              | 288     | —               | —           | —                                  | 31,516  | —       | —                                    | —       | —                                  | —           | —       | —            | —                         | —                                       | III-47, IV-4, II-51, II-3       |  |  |  |  |

## BUSINESS

| No. | Project <sup>(1)</sup>                    | Completed Properties               |                                      |         |                 |             |                                    |         |         |                                      |         | Properties Under Development       |             |         |         |                           |   |                           |                            |  |  | Reference to Property Valuation Report |
|-----|---|------------------------------------|--------------------------------------|---------|-----------------|-------------|------------------------------------|---------|---------|--------------------------------------|---------|------------------------------------|-------------|---------|---------|---------------------------|---|---------------------------|----------------------------|--|--|--|
|     |   | Properties for Sale <sup>(3)</sup> |                                      |         |                 |             | Properties for Sale <sup>(3)</sup> |         |         |                                      |         | Properties for Sale <sup>(3)</sup> |             |         |         |                           | Properties Held for Future Development  |                           |                            |  |  |  |
|     |   | Total                              | Investment Properties <sup>(2)</sup> | Retail  | SOHO and Office | Residential | Others                             | Hotel   | Total   | Investment Properties <sup>(2)</sup> | Retail  | SOHO and Office                    | Residential | Others  | Hotel   | Estimated Completion Date | Estimated Completion GFA <sup>(4)</sup> | Estimated Completion Date |                            |  |  |  |
|     |   | (sq.m.)                            | (sq.m.)                              | (sq.m.) | (sq.m.)         | (sq.m.)     | (sq.m.)                            | (sq.m.) | (sq.m.) | (sq.m.)                              | (sq.m.) | (sq.m.)                            | (sq.m.)     | (sq.m.) | (sq.m.) | (Month-Year)              | (sq.m.)                                 | (Month-Year)              |                            |  |  |  |
| 79. | Changzhou Wujin Wanda Plaza (常州武进万达广场)    | —                                  | —                                    | —       | —               | —           | —                                  | 595,904 | 146,880 | 56,232                               | 142,446 | 148,173                            | 68,205      | 34,169  | Jul-15  | —                         | —                                       | —                         | III-103, V-4               |  |  |  |
| 80. | Suzhou Pingjiang Wanda Plaza (苏州平江万达广场)   | 150,460                            | 150,460                              | —       | —               | —           | —                                  | —       | —       | —                                    | —       | —                                  | —           | —       | —       | —                         | —                                       | —                         | III-11                     |  |  |  |
| 81. | Suzhou Wuzhong Wanda Plaza (苏州吴中万达广场)     | —                                  | —                                    | —       | —               | —           | —                                  | 460,800 | 136,900 | 48,500                               | 85,096  | 112,200                            | 36,304      | 41,800  | Mar-16  | —                         | —                                       | —                         | V-64                       |  |  |  |
| 82. | Xuzhou Wanda Plaza (徐州万达广场)               | 174,059                            | 141,239                              | 16,639  | 15,981          | —           | —                                  | 116,535 | —       | 19,767                               | —       | 81,198                             | 15,571      | —       | Jul-14  | —                         | —                                       | —                         | III-83, IV-53              |  |  |  |
| 83. | Zhenjiang Wanda Plaza (镇江万达广场)            | 212,235                            | 167,431                              | 1,514   | —               | —           | 43,290                             | —       | —       | —                                    | —       | —                                  | —           | —       | —       | —                         | —                                       | —                         | III-36, II-44              |  |  |  |
| 84. | Nantong Wanda Plaza (南通万达广场)              | —                                  | —                                    | —       | —               | —           | —                                  | 492,947 | 142,868 | 28,559                               | 135,900 | 131,900                            | 53,900      | —       | Jun-16  | —                         | —                                       | —                         | V-33                       |  |  |  |
| 85. | Fuzhou Jinhongjie Wanda Plaza (福州金榕街万达广场) | 203,909                            | 163,016                              | —       | —               | —           | 40,893                             | —       | —       | —                                    | —       | —                                  | —           | —       | —       | —                         | —                                       | —                         | III-32, II-8               |  |  |  |
| 86. | Fuzhou Cangshan Wanda Plaza (福州仓山万达广场)    | 183,795                            | 183,795                              | —       | —               | —           | —                                  | —       | —       | —                                    | —       | —                                  | —           | —       | —       | —                         | —                                       | —                         | III-45                     |  |  |  |
| 87. | Quanzhou Anxi Wanda Plaza (泉州安溪万达广场)      | —                                  | —                                    | —       | —               | —           | —                                  | —       | —       | —                                    | —       | —                                  | —           | —       | —       | —                         | —                                       | —                         | VI-15, V-102               |  |  |  |
| 88. | Quanzhou Puxi Wanda Plaza (泉州浦西万达广场)      | 358,876                            | 287,355                              | 4,969   | 13,032          | 5,152       | 601                                | 264,812 | —       | 9,731                                | —       | 203,362                            | 51,718      | —       | Aug-15  | —                         | —                                       | —                         | III-59, IV-52, V-60, II-24 |  |  |  |
| 89. | Jinjiang Wanda Plaza (晋江万达广场)             | 287,555                            | 202,747                              | 6,752   | 819             | 56,486      | 20,751                             | 324,592 | —       | 25,115                               | —       | 217,697                            | 81,780      | —       | Apr-15  | —                         | —                                       | —                         | III-52, IV-19, V-38        |  |  |  |
| 90. | Fuqing Wanda Plaza (福清万达广场)               | —                                  | —                                    | —       | —               | —           | —                                  | 393,671 | 146,600 | 43,227                               | 82,611  | 94,887                             | 26,345      | —       | Mar-15  | —                         | —                                       | —                         | V-17                       |  |  |  |
| 91. | Longyan Wanda Plaza (龙岩万达广场)              | —                                  | —                                    | —       | —               | —           | —                                  | 666,090 | 135,812 | 66,882                               | 139,686 | 234,616                            | 54,008      | 34,885  | May-16  | —                         | —                                       | —                         | V-44                       |  |  |  |
| 92. | Xiamen Huli Wanda Plaza (厦门湖里万达广场)        | 177,152                            | 177,152                              | —       | —               | —           | —                                  | —       | —       | —                                    | —       | —                                  | —           | —       | —       | —                         | —                                       | —                         | III-38                     |  |  |  |



## BUSINESS

| No.  | Project <sup>(1)</sup>  | Completed Properties               |                                      |         |                 |             |         |                                      |         |                                      |         |                 | Properties Under Development           |         |         |                           |   |                           |                      |  |  |  |  | Reference to Property Valuation Report |
|------|---|------------------------------------|--------------------------------------|---------|-----------------|-------------|---------|--------------------------------------|---------|--------------------------------------|---------|-----------------|--|---------|---------|---------------------------|---|---------------------------|----------------------|--|--|--|--|--|
|      |   | Properties for Sale <sup>(3)</sup> |                                      |         |                 |             |         | Investment Properties <sup>(2)</sup> |         |                                      |         |                 | Properties Held for Future Development |         |         |                           |   |                           |                      |  |  |  |  |  |
|      |   | Total                              | Investment Properties <sup>(2)</sup> | Retail  | SOHO and Office | Residential | Others  | Hotel                                | Total   | Investment Properties <sup>(2)</sup> | Retail  | SOHO and Office | Residential                            | Others  | Hotel   | Estimated Completion Date | Estimated Completion GFA <sup>(4)</sup> | Estimated Completion Date |                      |  |  |  |  |  |
|      |   | (sq.m.)                            | (sq.m.)                              | (sq.m.) | (sq.m.)         | (sq.m.)     | (sq.m.) | (sq.m.)                              | (sq.m.) | (sq.m.)                              | (sq.m.) | (sq.m.)         | (sq.m.)                                | (sq.m.) | (sq.m.) | (sq.m.)                   | (Month-Year)                            | (Month-Year)              |                      |  |  |  |  |  |
| 98.  | Xiamen Jimei Wanda Plaza (廈門集美萬達廣場)                               | 134,954                            | 132,306                              | 2,649   | —               | —           | —       | —                                    | —       | —                                    | —       | —               | —                                      | —       | —       | —                         | —                                       | —                         | III-70, IV-30        |  |  |  |  |  |
| 99.  | Ningde Wanda Plaza (寧德萬達廣場)                                       | 206,813                            | 164,928                              | 791     | —               | 300         | 40,793  | —                                    | —       | —                                    | —       | —               | —                                      | —       | —       | —                         | —                                       | —                         | III-53, IV-26, II-22 |  |  |  |  |  |
| 99.  | Putian Wanda Plaza (莆田萬達廣場)                                       | 192,969                            | 186,777                              | 6,192   | —               | —           | —       | —                                    | —       | —                                    | —       | —               | —                                      | —       | —       | —                         | —                                       | —                         | III-64, IV-27        |  |  |  |  |  |
| 96.  | Zhangzhou Taiwanese Investment District Wanda Plaza (漳州台商投資區萬達廣場) | —                                  | —                                    | —       | —               | —           | —       | 576,576                              | 112,415 | 69,873                               | 44,500  | 273,788         | 76,000                                 | —       | Sep-16  | —                         | —                                       | —                         | V-92                 |  |  |  |  |  |
| 97.  | Zhangzhou Bihu Wanda Plaza (漳州碧湖萬達廣場)                             | 302,659                            | 220,266                              | 22,241  | 9,418           | 1,610       | 6,125   | 43,000                               | —       | —                                    | —       | —               | —                                      | —       | —       | —                         | —                                       | —                         | III-61, IV-57, II-42 |  |  |  |  |  |
| 98.  | Nanchang Honggutan Wanda Plaza (南昌紅谷灘萬達廣場)                        | 192,167                            | 156,413                              | —       | —               | —           | 35,754  | —                                    | —       | —                                    | —       | —               | —                                      | —       | —       | —                         | —                                       | —                         | III-54, II-18        |  |  |  |  |  |
| 99.  | Nanchang Baiyi Wanda Shopping Plaza (南昌八一萬達購物廣場)                  | 36,280                             | 36,280                               | —       | —               | —           | —       | —                                    | —       | —                                    | —       | —               | —                                      | —       | —       | —                         | —                                       | —                         | III-2                |  |  |  |  |  |
| 100. | Jiujiang Wanda Plaza (九江萬達廣場)                                     | —                                  | —                                    | —       | —               | —           | —       | 951,368                              | 95,000  | 87,510                               | 107,700 | 482,358         | 151,000                                | 27,800  | Oct-17  | —                         | —                                       | —                         | V-46                 |  |  |  |  |  |
| 101. | Shangrao Wanda Plaza (上饒萬達廣場)                                     | —                                  | —                                    | —       | —               | —           | —       | 744,700                              | 125,500 | 70,000                               | 260,900 | 154,500         | 101,300                                | 32,500  | Sep-16  | —                         | —                                       | —                         | V-24                 |  |  |  |  |  |
| 102. | Ningbo Jiangbei Wanda Plaza (寧波江北萬達廣場)                            | 127,463                            | 127,292                              | —       | 170             | —           | —       | —                                    | —       | —                                    | —       | —               | —                                      | —       | —       | —                         | —                                       | —                         | III-28, IV-24        |  |  |  |  |  |
| 103. | Ningbo Yinzhou Wanda Plaza (寧波鄞州萬達廣場)                             | 304,803                            | 260,573                              | —       | 187             | —           | 3,308   | 40,735                               | —       | —                                    | —       | —               | —                                      | —       | —       | —                         | —                                       | —                         | III-5, IV-25, II-21  |  |  |  |  |  |
| 104. | Hangzhou Gongshu Wanda Plaza (杭州拱墅萬達廣場)                           | —                                  | —                                    | —       | —               | —           | —       | 355,260                              | 146,470 | 53,200                               | 105,658 | —               | 49,932                                 | Mar-15  | —       | —                         | —                                       | —                         | V-28                 |  |  |  |  |  |
| 105. | Shaoxing Kenlao Wanda Plaza (紹興柯橋萬達廣場)                            | 177,302                            | 172,152                              | —       | —               | —           | 5,150   | —                                    | —       | —                                    | —       | —               | —                                      | —       | —       | —                         | —                                       | —                         | III-30, IV-35        |  |  |  |  |  |

## BUSINESS

| No.  | Project <sup>(1)</sup>                  | Completed Properties               |                                      |         |                 |             |                                      |         |         |                                      |         |                 | Properties Under Development       |         |              |                           |   |  |  |  |  |  |  | Reference to Property Valuation Report |
|------|---|------------------------------------|--------------------------------------|---------|-----------------|-------------|--------------------------------------|---------|---------|--------------------------------------|---------|-----------------|------------------------------------|---------|--------------|---------------------------|---|--|--|--|--|--|--|--|
|      |   | Properties for Sale <sup>(3)</sup> |                                      |         |                 |             | Investment Properties <sup>(2)</sup> |         |         |                                      |         |                 | Properties for Sale <sup>(3)</sup> |         |              |                           |   | Properties Held for Future Development |  |  |  |  |  |  |
|      |   | Total                              | Investment Properties <sup>(2)</sup> | Retail  | SOHO and Office | Residential | Others                               | Hotel   | Total   | Investment Properties <sup>(2)</sup> | Retail  | SOHO and Office | Residential                        | Others  | Hotel        | Estimated Completion Date | Estimated Completion GFA <sup>(4)</sup> | Estimated Completion Date              |  |  |  |  |  |  |
|      |   | (sq.m.)                            | (sq.m.)                              | (sq.m.) | (sq.m.)         | (sq.m.)     | (sq.m.)                              | (sq.m.) | (sq.m.) | (sq.m.)                              | (sq.m.) | (sq.m.)         | (sq.m.)                            | (sq.m.) | (Month-Year) | (sq.m.)                   | (Month-Year)                            |  |  |  |  |  |  |  |
| 106. | Shaoxing Shangyu Wanda Plaza (紹興上虞萬達廣場) | —                                  | —                                    | —       | —               | —           | —                                    | —       | —       | —                                    | —       | —               | —                                  | —       | —            | 896,595                   | Sep-17                                  | VI-18, V-90                            |  |  |  |  |  |  |
| 107. | Jiaxing Wanda Plaza (嘉興萬達廣場)            | —                                  | —                                    | —       | —               | —           | 647,243                              | 144,700 | 60,400  | 119,000                              | 281,300 | 41,843          | —                                  | —       | Aug-16       | —                         | —                                       | V-35                                   |  |  |  |  |  |  |
| 108. | Jinhua Wanda Plaza (金華萬達廣場)             | —                                  | —                                    | —       | —               | —           | 487,068                              | 168,289 | 35,304  | 241,975                              | —       | —               | 41,500                             | Sep-14  | —            | —                         | —                                       | V-37, II-50, III-102                   |  |  |  |  |  |  |
| 109. | Taizhou Jingkai Wanda Plaza (台州經開萬達廣場)  | —                                  | —                                    | —       | —               | —           | 520,532                              | 95,736  | 52,404  | 82,985                               | 172,600 | 116,807         | —                                  | —       | Jun-16       | —                         | —                                       | V-65                                   |  |  |  |  |  |  |
| 110. | Yiwu Wanda Plaza (義烏萬達廣場)               | —                                  | —                                    | —       | —               | —           | 637,800                              | 206,300 | 55,000  | 186,000                              | 109,000 | 40,000          | 41,500                             | Mar-17  | —            | —                         | —                                       | V-86                                   |  |  |  |  |  |  |
| 111. | Wenzhou Pingyang Wanda Plaza (溫州平陽萬達廣場) | —                                  | —                                    | —       | —               | —           | 548,252                              | 148,413 | 50,338  | —                                    | 266,375 | 83,125          | —                                  | —       | May-15       | —                         | —                                       | V-73                                   |  |  |  |  |  |  |
| 112. | Wenzhou Longwan Wanda Plaza (溫州龍灣萬達廣場)  | 303,739                            | 243,149                              | 6,594   | 50,489          | —           | —                                    | —       | —       | —                                    | —       | —               | 3,507                              | —       | —            | —                         | —                                       | III-62, IV-45                          |  |  |  |  |  |  |
| 113. | Yuyao Wanda Plaza (余姚萬達廣場)              | 291,133                            | 163,400                              | 27,516  | 7,536           | 75,566      | 17,115                               | 4,594   | —       | 4,534                                | —       | —               | —                                  | —       | Sep-14       | —                         | —                                       | III-79, IV-56                          |  |  |  |  |  |  |
| 114. | Hebei Tian'ehu Wanda Plaza (合肥天鵝湖萬達廣場)  | 176,955                            | 176,955                              | —       | —               | —           | —                                    | —       | —       | —                                    | —       | —               | —                                  | —       | —            | —                         | —                                       | III-51                                 |  |  |  |  |  |  |
| 115. | Hebei Baobe Wanda Plaza (合肥包河萬達廣場)      | 227,562                            | 179,035                              | —       | —               | —           | 48,527                               | —       | —       | —                                    | —       | —               | —                                  | —       | —            | —                         | —                                       | III-33, II-14                          |  |  |  |  |  |  |
| 116. | Suzhou Wanda Plaza (蘇州萬達廣場)             | —                                  | —                                    | —       | —               | —           | 736,100                              | 155,000 | 66,700  | 76,600                               | 344,000 | 91,800          | —                                  | —       | Apr-17       | —                         | —                                       | V-83                                   |  |  |  |  |  |  |
| 117. | Bozhou Wanda Plaza (亳州萬達廣場)             | —                                  | —                                    | —       | —               | —           | 897,951                              | 136,896 | 76,801  | 110,484                              | 448,156 | 99,214          | 26,300                             | Jun-17  | —            | —                         | —                                       | V-3                                    |  |  |  |  |  |  |
| 118. | Fuyang Wanda Plaza (阜陽萬達廣場)             | —                                  | —                                    | —       | —               | —           | 667,890                              | 149,500 | 76,150  | 59,522                               | 311,815 | 34,618          | 36,285                             | Apr-16  | —            | —                         | —                                       | V-19                                   |  |  |  |  |  |  |
| 119. | Maanshan Wanda Plaza (馬鞍山萬達廣場)          | —                                  | —                                    | —       | —               | —           | 759,500                              | 173,500 | 62,000  | 109,200                              | 280,000 | 98,800          | 36,000                             | Sep-16  | —            | —                         | —                                       | II-53, V-45, III-106                   |  |  |  |  |  |  |

## BUSINESS

| No.                | Project <sup>(1)</sup>                     | Completed Properties               |                                      |         |                 |             |                                    |         |         |                                      |         | Properties Under Development           |             |         |         |                           |   |                           |                       |  |  | Reference to Property Valuation Report |
|--------------------|--|------------------------------------|--------------------------------------|---------|-----------------|-------------|------------------------------------|---------|---------|--------------------------------------|---------|--|-------------|---------|---------|---------------------------|---|---------------------------|-----------------------|--|--|--|
|                    |  | Properties for Sale <sup>(3)</sup> |                                      |         |                 |             | Properties for Sale <sup>(3)</sup> |         |         |                                      |         | Properties Held for Future Development |             |         |         |                           |   |                           |                       |  |  |  |
|                    |  | Total                              | Investment Properties <sup>(2)</sup> | Retail  | SOHO and Office | Residential | Others                             | Hotel   | Total   | Investment Properties <sup>(2)</sup> | Retail  | SOHO and Office                        | Residential | Others  | Hotel   | Estimated Completion Date | Estimated Completion GFA <sup>(4)</sup> | Estimated Completion Date |                       |  |  |  |
|                    |  | (sq.m.)                            | (sq.m.)                              | (sq.m.) | (sq.m.)         | (sq.m.)     | (sq.m.)                            | (sq.m.) | (sq.m.) | (sq.m.)                              | (sq.m.) | (sq.m.)                                | (sq.m.)     | (sq.m.) | (sq.m.) | (Month-Year)              | (sq.m.)                                 | (Month-Year)              |                       |  |  |  |
| 120.               | Wuhu Jinghu Wanda Plaza (蕪湖鏡湖萬達廣場)         | 172,095                            | 157,905                              | 12,497  | 505             | 1,188       | —                                  | —       | —       | —                                    | —       | —                                      | —           | —       | —       | Aug-15                    | —                                       | —                         | III-56, IV-48         |  |  |  |
| 121.               | Bengbu Wanda Plaza (蚌埠萬達廣場)                | 265,745                            | 164,223                              | 36,854  | 3,332           | 21,337      | 40,000                             | 271,140 | —       | 46,248                               | 93,018  | 41,429                                 | 56,045      | 34,400  | Mar-15  | —                         | —                                       | —                         | III-82, IV-1, V-2     |  |  |  |
| <b>South China</b> |  |                                    |                                      |         |                 |             |                                    |         |         |                                      |         |  |             |         |         |                           |   |                           |                       |  |  |  |
| 122.               | Guangzhou Nansha Wanda Plaza (廣州南沙萬達廣場)    | —                                  | —                                    | —       | —               | —           | —                                  | 410,843 | 166,814 | 50,000                               | 187,600 | —                                      | 6,429       | —       | Jul-16  | —                         | —                                       | —                         | V-22                  |  |  |  |
| 123.               | Guangzhou Baiyun Wanda Plaza (廣州白云萬達廣場)    | 238,166                            | 194,333                              | —       | —               | —           | 43,833                             | —       | —       | —                                    | —       | —                                      | —           | —       | —       | —                         | —                                       | —                         | III-29, III-10, I-4   |  |  |  |
| 124.               | Guangzhou Luogang Wanda Plaza (廣州蘿崗萬達廣場)   | —                                  | —                                    | —       | —               | —           | —                                  | 416,411 | 197,136 | 54,694                               | 161,712 | —                                      | 2,869       | —       | Oct-15  | —                         | —                                       | —                         | V-21                  |  |  |  |
| 125.               | Guangzhou Zengcheng Wanda Plaza (廣州增城萬達廣場) | 356,923                            | 189,479                              | 36,979  | 86,033          | —           | 8,032                              | —       | —       | —                                    | —       | —                                      | —           | —       | —       | —                         | —                                       | —                         | III-94, III-11, IV-63 |  |  |  |
| 126.               | Guangzhou Panyu Wanda Plaza (廣州番禺萬達廣場)     | —                                  | —                                    | —       | —               | —           | —                                  | 489,934 | 231,474 | 30,526                               | 215,147 | —                                      | 12,787      | —       | Oct-14  | —                         | —                                       | —                         | V-23                  |  |  |  |
| 127.               | Dongguan Houjie Wanda Plaza (東莞厚街萬達廣場)     | —                                  | —                                    | —       | —               | —           | —                                  | 549,750 | 91,000  | 66,350                               | 133,763 | 192,500                                | 64,137      | —       | Jun-16  | —                         | —                                       | —                         | V-14                  |  |  |  |
| 128.               | Dongguan Chang'an Wanda Plaza (東莞長安萬達廣場)   | 189,973                            | 153,016                              | 26,975  | 7,710           | —           | 2,273                              | —       | —       | —                                    | —       | —                                      | —           | —       | —       | —                         | —                                       | —                         | III-73, IV-11         |  |  |  |
| 129.               | Dongguan Dongcheng Wanda Plaza (東莞東城萬達廣場)  | —                                  | —                                    | —       | —               | —           | —                                  | 455,081 | 105,881 | 55,852                               | 94,300  | 105,639                                | 48,709      | 44,500  | Apr-15  | —                         | —                                       | —                         | II-52, V-13, III-105  |  |  |  |
| 130.               | Dongguan Humen Wanda Plaza (東莞虎門萬達廣場)      | —                                  | —                                    | —       | —               | —           | —                                  | —       | —       | —                                    | —       | —                                      | —           | —       | —       | —                         | 357,833                                 | Aug-17                    | V-88                  |  |  |  |
| 131.               | Meizhou Wanda Plaza (梅州萬達廣場)               | —                                  | —                                    | —       | —               | —           | —                                  | —       | —       | —                                    | —       | —                                      | —           | —       | —       | —                         | 740,200                                 | Sep-17                    | V-100                 |  |  |  |

## BUSINESS

| No.                      | Project <sup>(1)</sup>                     | Completed Properties               |                                      |         |                 |             |                                    |         |         |                                      |         | Properties Under Development       |             |         |         |                           |   |                           |  |  |  | Reference to Property Valuation Report |
|--------------------------|--|------------------------------------|--------------------------------------|---------|-----------------|-------------|------------------------------------|---------|---------|--------------------------------------|---------|------------------------------------|-------------|---------|---------|---------------------------|---|---------------------------|--|--|--|--|
|                          |  | Properties for Sale <sup>(3)</sup> |                                      |         |                 |             | Properties for Sale <sup>(3)</sup> |         |         |                                      |         | Properties for Sale <sup>(3)</sup> |             |         |         |                           | Properties Held for Future Development  |                           |  |  |  |  |
|                          |  | Total                              | Investment Properties <sup>(2)</sup> | Retail  | SOHO and Office | Residential | Others                             | Hotel   | Total   | Investment Properties <sup>(2)</sup> | Retail  | SOHO and Office                    | Residential | Others  | Hotel   | Estimated Completion Date | Estimated Completion GFA <sup>(4)</sup> | Estimated Completion Date |  |  |  |  |
|                          |  | (sq.m.)                            | (sq.m.)                              | (sq.m.) | (sq.m.)         | (sq.m.)     | (sq.m.)                            | (sq.m.) | (sq.m.) | (sq.m.)                              | (sq.m.) | (sq.m.)                            | (sq.m.)     | (sq.m.) | (sq.m.) | (Month-Year)              | (sq.m.)                                 | (Month-Year)              |  |  |  |  |
| 132.                     | Zhanjiang Wanda Plaza<br>(湛江萬達廣場)          | —                                  | —                                    | —       | —               | —           | —                                  | 692,029 | 120,283 | 54,352                               | 352,478 | 82,004                             | 40,689      | 42,223  | Sep-16  | —                         | —                                       | V-91                      |  |  |  |  |
| 133.                     | Jiangmen Wanda Plaza<br>(江門萬達廣場)           | —                                  | —                                    | —       | —               | —           | 563,600                            | 141,600 | 44,004  | 304,530                              | —       | 31,965                             | 41,500      | Sep-15  | —       | —                         | V-36                                    |                           |  |  |  |  |
| 134.                     | Foshan Nanhai Wanda Plaza<br>(佛山南海萬達廣場)    | —                                  | —                                    | —       | —               | —           | 639,788                            | 152,188 | 40,000  | 230,830                              | 160,000 | 56,770                             | —           | Apr-15  | —       | —                         | III-104, V-16                           |                           |  |  |  |  |
| 135.                     | Nanning Anji Wanda Plaza<br>(南寧安吉萬達廣場)     | —                                  | —                                    | —       | —               | —           | 586,000                            | 175,000 | 68,000  | 201,000                              | 112,000 | 30,000                             | —           | Jun-16  | —       | —                         | V-51                                    |                           |  |  |  |  |
| 136.                     | Nanning Qingxiu Wanda Plaza<br>(南寧青秀萬達廣場)  | —                                  | —                                    | —       | —               | —           | 825,163                            | 200,500 | 50,500  | 348,828                              | 160,947 | 15,888                             | 49,500      | May-16  | —       | —                         | V-52                                    |                           |  |  |  |  |
| 137.                     | Liuzhou Wanda Plaza<br>(柳州萬達廣場)            | —                                  | —                                    | —       | —               | —           | 632,197                            | 148,000 | 42,401  | 111,000                              | 226,697 | 66,600                             | 37,500      | Jun-16  | —       | —                         | V-43                                    |                           |  |  |  |  |
| 138.                     | Gulin Gaixin Wanda Plaza<br>(桂林高新萬達廣場)     | —                                  | —                                    | —       | —               | —           | 330,200                            | 151,800 | 47,000  | 25,000                               | 76,400  | 30,000                             | —           | Oct-15  | —       | —                         | V-25                                    |                           |  |  |  |  |
| <b>Northwest China —</b> |  |                                    |                                      |         |                 |             |                                    |         |         |                                      |         |                                    |             |         |         |                           |   |                           |  |  |  |  |
| 139.                     | Urumqi Wanda Plaza<br>(烏魯木齊萬達廣場)           | —                                  | —                                    | —       | —               | —           | 923,921                            | 147,052 | 64,849  | 256,615                              | 299,995 | 116,010                            | 39,400      | Nov-17  | —       | —                         | V-75                                    |                           |  |  |  |  |
| 140.                     | Yinchuan Jimeng Wanda Plaza<br>(銀川金鳳萬達廣場)  | 166,319                            | 166,319                              | —       | —               | —           | —                                  | —       | —       | —                                    | —       | —                                  | —           | —       | —       | —                         | III-39                                  |                           |  |  |  |  |
| 141.                     | Yinchuan Xixia Wanda Plaza<br>(銀川西夏萬達廣場)   | 140,387                            | 140,387                              | —       | —               | —           | 483,845                            | —       | 60,132  | 136,233                              | 249,532 | 37,947                             | —           | Dec-15  | —       | —                         | III-100, V-105                          |                           |  |  |  |  |
| 142.                     | Xian Daminggong Wanda Plaza<br>(西安大明宮萬達廣場) | 340,250                            | 187,568                              | 508     | 152,154         | —           | 254,367                            | —       | 33,580  | 37,951                               | 158,098 | 24,738                             | —           | Jun-15  | —       | —                         | III-81, IV-50, V-79                     |                           |  |  |  |  |
| 143.                     | Xian Lijiacun Wanda Plaza<br>(西安李家村萬達廣場)   | 131,425                            | 131,425                              | —       | —               | —           | —                                  | —       | —       | —                                    | —       | —                                  | —           | —       | —       | —                         | III-9                                   |                           |  |  |  |  |
| 144.                     | Xian Minleyuan Wanda Plaza<br>(西安民樂園萬達廣場)  | 146,388                            | 146,388                              | —       | —               | —           | —                                  | —       | —       | —                                    | —       | —                                  | —           | —       | —       | —                         | III-17                                  |                           |  |  |  |  |
| 145.                     | Weinan Wanda Plaza<br>(渭南萬達廣場)             | —                                  | —                                    | —       | —               | —           | 290,000                            | 125,000 | 32,000  | 100,500                              | —       | 1,000                              | 31,500      | Oct-15  | —       | —                         | V-72                                    |                           |  |  |  |  |

## BUSINESS

| No.                    | Project <sup>(1)</sup>                   | Completed Properties               |                                      |         |                 |             |                                      |         |         |                                      |         |                 | Properties Under Development       |         |         |                           |   |  |              |  |  |  |  | Reference to Property Valuation Report |
|------------------------|--|------------------------------------|--------------------------------------|---------|-----------------|-------------|--------------------------------------|---------|---------|--------------------------------------|---------|-----------------|------------------------------------|---------|---------|---------------------------|---|--|--------------|--|--|--|--|--|
|                        |  | Properties for Sale <sup>(3)</sup> |                                      |         |                 |             | Investment Properties <sup>(2)</sup> |         |         |                                      |         |                 | Properties for Sale <sup>(3)</sup> |         |         |                           |   | Properties Held for Future Development |              |  |  |  |  |  |
|                        |  | Total                              | Investment Properties <sup>(2)</sup> | Retail  | SOHO and Office | Residential | Others                               | Hotel   | Total   | Investment Properties <sup>(2)</sup> | Retail  | SOHO and Office | Residential                        | Others  | Hotel   | Estimated Completion Date | Estimated Completion GFA <sup>(4)</sup> | Estimated Completion Date              |              |  |  |  |  |  |
|                        |  | (sq.m.)                            | (sq.m.)                              | (sq.m.) | (sq.m.)         | (sq.m.)     | (sq.m.)                              | (sq.m.) | (sq.m.) | (sq.m.)                              | (sq.m.) | (sq.m.)         | (sq.m.)                            | (sq.m.) | (sq.m.) | (sq.m.)                   | (Month-Year)                            | (sq.m.)                                | (Month-Year) |  |  |  |  |  |
| 146.                   | Lanzhou Chengguan Wanda Plaza (蘭州成關萬達廣場) | —                                  | —                                    | —       | —               | —           | —                                    | 433,798 | 179,607 | 11,972                               | 193,918 | —               | 6,600                              | 41,700  | Jul-15  | —                         | —                                       | —                                      | V-42         |  |  |  |  |  |
| 147.                   | Xining Wanda Plaza (西寧萬達廣場)              | —                                  | —                                    | —       | —               | —           | 859,024                              | 196,595 | 65,595  | 407,195                              | 107,043 | 39,222          | 43,375                             | Jul-16  | —       | —                         | —                                       | V-80                                   |              |  |  |  |  |  |
| <b>Southwest China</b> |  |                                    |                                      |         |                 |             |                                      |         |         |                                      |         |                 |                                    |         |         |                           |   |  |              |  |  |  |  |  |
| 148.                   | Chengdu Pixian Wanda Plaza (成都郫縣萬達廣場)    | —                                  | —                                    | —       | —               | —           | 861,495                              | 164,400 | 78,722  | 229,000                              | 270,600 | 118,773         | —                                  | May-17  | —       | —                         | —                                       | V-5                                    |              |  |  |  |  |  |
| 149.                   | Chengdu Jinniu Wanda Plaza (成都金牛萬達廣場)    | 268,711                            | 215,005                              | —       | 4,537           | 49,169      | —                                    | —       | —       | —                                    | —       | —               | —                                  | —       | —       | —                         | —                                       | III-66, IV-5                           |              |  |  |  |  |  |
| 150.                   | Chengdu Jinhualu Wanda Plaza (成都錦華路萬達廣場) | 228,487                            | 228,487                              | —       | —               | —           | —                                    | —       | —       | —                                    | —       | —               | —                                  | —       | —       | —                         | —                                       | —                                      | III-8        |  |  |  |  |  |
| 151.                   | Neijiang Wanda Plaza (內江萬達廣場)            | —                                  | —                                    | —       | —               | —           | 736,785                              | 150,523 | 82,640  | 163,553                              | 260,000 | 47,470          | 32,600                             | Jul-15  | —       | —                         | —                                       | V-54                                   |              |  |  |  |  |  |
| 152.                   | Guangyuan Wanda Plaza (廣元萬達廣場)           | —                                  | —                                    | —       | —               | —           | 615,342                              | 153,459 | 75,000  | 103,140                              | 192,000 | 57,743          | 34,000                             | Oct-15  | —       | —                         | —                                       | V-20                                   |              |  |  |  |  |  |
| 153.                   | Mianyang Jingkai Wanda Plaza (綿陽經開萬達廣場)  | —                                  | —                                    | —       | —               | —           | 1,055,096                            | 202,500 | 69,911  | 232,415                              | 414,855 | 97,228          | 38,188                             | Oct-16  | 213,200 | Oct-16                    | V-47, VI-8                              |  |              |  |  |  |  |  |
| 154.                   | Mianyang Fucheng Wanda Plaza (綿陽富城萬達廣場)  | 184,324                            | 166,506                              | 5,566   | —               | 1,165       | 11,087                               | —       | —       | —                                    | —       | —               | —                                  | —       | —       | —                         | —                                       | III-65, IV-21, I-3                     |              |  |  |  |  |  |
| 155.                   | Ziyang Wanda Plaza (資陽萬達廣場)              | —                                  | —                                    | —       | —               | —           | —                                    | —       | —       | —                                    | —       | —               | —                                  | —       | —       | 814,083                   | Jun-18                                  | V-99                                   |              |  |  |  |  |  |
| 156.                   | Chongqing Wanzhou Wanda Plaza (重慶萬州萬達廣場) | 175,659                            | 139,523                              | —       | —               | —           | 36,136                               | —       | —       | —                                    | —       | —               | —                                  | —       | —       | —                         | —                                       | III-72, II-46                          |              |  |  |  |  |  |
| 157.                   | Chongqing Nanping Wanda Plaza (重慶南坪萬達廣場) | 164,491                            | 123,587                              | —       | —               | —           | 40,904                               | —       | —       | —                                    | —       | —               | —                                  | —       | —       | —                         | —                                       | III-15, II-45                          |              |  |  |  |  |  |
| 158.                   | Chongqing Banan Wanda Plaza (重慶巴南萬達廣場)   | —                                  | —                                    | —       | —               | —           | 1,025,200                            | 237,000 | 100,000 | 367,600                              | 242,400 | 78,200          | —                                  | Jun-17  | —       | —                         | —                                       | V-96                                   |              |  |  |  |  |  |

## BUSINESS

| No.                   | Project <sup>(1)</sup>                             | Completed Properties               |                                      |         |                 |             |                                      |         |         |                                      |         | Properties Under Development       |             |         |           |                           |   |                                    |                                |  |  | Reference to Property Valuation Report |
|-----------------------|--|------------------------------------|--------------------------------------|---------|-----------------|-------------|--------------------------------------|---------|---------|--------------------------------------|---------|------------------------------------|-------------|---------|-----------|---------------------------|---|------------------------------------|--------------------------------|--|--|--|
|                       |  | Properties for Sale <sup>(3)</sup> |                                      |         |                 |             | Investment Properties <sup>(2)</sup> |         |         |                                      |         | Properties for Sale <sup>(3)</sup> |             |         |           |                           | Properties Held for Future Development  |                                    |                                |  |  |  |
|                       |  | Total                              | Investment Properties <sup>(2)</sup> | Retail  | SOHO and Office | Residential | Others                               | Hotel   | Total   | Investment Properties <sup>(2)</sup> | Retail  | SOHO and Office                    | Residential | Others  | Hotel     | Estimated Completion Date | Estimated Completion GFA <sup>(4)</sup> | Estimated Completion Date          |                                |  |  |  |
|                       |  | (sq.m.)                            | (sq.m.)                              | (sq.m.) | (sq.m.)         | (sq.m.)     | (sq.m.)                              | (sq.m.) | (sq.m.) | (sq.m.)                              | (sq.m.) | (sq.m.)                            | (sq.m.)     | (sq.m.) | (sq.m.)   | (Month-Year)              | (sq.m.)                                 | (Month-Year)                       |                                |  |  |  |
| 159.                  | Kunming Xishan Wanda Plaza (昆明西山萬達廣場)              | —                                  | —                                    | —       | —               | —           | 694,894                              | 285,081 | 21,445  | 383,768                              | —       | —                                  | —           | 44,600  | Dec-15    | —                         | —                                       | V-41                               |                                |  |  |  |
| <b>Wanda City</b>     |  |                                    |                                      |         |                 |             |                                      |         |         |                                      |         |                                    |             |         |           |                           |   |                                    |                                |  |  |  |
| 160.                  | Harbin Wanda City (哈爾濱萬達城)                         | —                                  | —                                    | —       | —               | —           | 1,528,405                            | —       | 117,253 | 97,600                               | 918,039 | 217,334                            | 178,179     | May-18  | 1,973,096 | May-19                    | —                                       | V-27, VI-4, I-13                   |                                |  |  |  |
| 161.                  | Wuxi Wanda City (無錫萬達城)                            | —                                  | —                                    | —       | —               | —           | 1,032,246                            | 217,100 | 66,124  | 173,817                              | 396,445 | 178,760                            | —           | Oct-16  | —         | —                         | —                                       | VI-7, V-76                         |                                |  |  |  |
| 162.                  | Nanchang Wanda City (南昌萬達城)                        | —                                  | —                                    | —       | —               | —           | 1,314,581                            | —       | 102,242 | —                                    | 921,161 | 166,173                            | 125,005     | Mar-16  | 2,567,170 | Sep-16                    | —                                       | V-48, VI-19, I-7                   |                                |  |  |  |
| 163.                  | Hefei Wanda City (合肥萬達城)                           | —                                  | —                                    | —       | —               | —           | 1,813,734                            | 211,600 | 167,484 | 377,564                              | 814,982 | 242,105                            | —           | Aug-19  | 156,841   | Apr-21                    | —                                       | V-29, VI-5, I-5                    |                                |  |  |  |
| 164.                  | Qingdao Wanda Oriental Movie Metropolis (青島萬達東方影都) | —                                  | —                                    | —       | —               | —           | 802,311                              | 329,900 | 68,919  | 383,292                              | —       | 20,200                             | —           | Feb-17  | —         | —                         | —                                       | VI-14, V-58, I-10                  |                                |  |  |  |
| 165.                  | Wuhan Central Culture City (武漢中央文化區)               | 406,031                            | 314,908                              | —       | —               | —           | 1,134,974                            | 160,603 | 61,819  | 206,166                              | 420,645 | 285,741                            | —           | Sep-16  | —         | —                         | —                                       | III-41, III-78, II-35, II-36, V-78 |                                |  |  |  |
| <b>Other Projects</b> |  |                                    |                                      |         |                 |             |                                      |         |         |                                      |         |                                    |             |         |           |                           |   |                                    |                                |  |  |  |
| 166.                  | Dalian Wanda Centre (大連萬達中心)                       | 220,493                            | 83,850                               | —       | 25,480          | —           | —                                    | —       | —       | —                                    | —       | —                                  | 2,082       | 99,081  | —         | 9,996                     | Jun-16                                  | —                                  | III-49, IV-8, II-4, II-5, VI-2 |  |  |  |
| 167.                  | Zhengzhou Wanda Centre (鄭州萬達中心)                    | —                                  | —                                    | —       | —               | —           | 358,801                              | —       | 49,160  | 68,437                               | 101,189 | 100,155                            | 39,860      | Apr-16  | —         | —                         | —                                       | —                                  | V-95                           |  |  |  |
| 168.                  | Tianjin Wanda Centre (天津萬達中心)                      | 76,929                             | —                                    | 28,928  | —               | —           | 191,624                              | —       | —       | 76,471                               | 107,972 | 7,181                              | —           | Jul-14  | —         | —                         | —                                       | —                                  | IV-43, II-33                   |  |  |  |

## BUSINESS

| No.  | Project <sup>(1)</sup>                                 | Completed Properties               |                                      |         |                 |             |                                      |         |           |                                      |         | Properties Under Development       |             |              |         |                           |   |                           |  |  |  | Reference to Property Valuation Report |
|--|--|------------------------------------|--------------------------------------|---------|-----------------|-------------|--------------------------------------|---------|-----------|--------------------------------------|---------|------------------------------------|-------------|--------------|---------|---------------------------|---|---------------------------|--|--|--|--|
|  |  | Properties for Sale <sup>(3)</sup> |                                      |         |                 |             | Investment Properties <sup>(2)</sup> |         |           |                                      |         | Properties for Sale <sup>(3)</sup> |             |              |         |                           | Properties Held for Future Development  |                           |  |  |  |  |
|  |  | Total                              | Investment Properties <sup>(2)</sup> | Retail  | SOHO and Office | Residential | Others                               | Hotel   | Total     | Investment Properties <sup>(2)</sup> | Retail  | SOHO and Office                    | Residential | Others       | Hotel   | Estimated Completion Date | Estimated Completion GFA <sup>(4)</sup> | Estimated Completion Date |  |  |  |  |
| (sq.m.)                                      | (sq.m.)  | (sq.m.)                            | (sq.m.)                              | (sq.m.) | (sq.m.)         | (sq.m.)     | (sq.m.)                              | (sq.m.) | (sq.m.)   | (sq.m.)                              | (sq.m.) | (sq.m.)                            | (sq.m.)     | (Month-Year) | (sq.m.) | (Month-Year)              |   |                           |  |  |  |  |
| 169.   | Wuhan Wanda Centre<br>(武漢萬達中心)                         | 133,793                            | 85,200                               | —       | —               | 4,786       | 1,244                                | 42,563  | —         | —                                    | —       | —                                  | —           | —            | —       | —                         | —                                       | III-67, II-37, IV-49      |  |  |  |  |
| 170.   | Yinchuan Wanda Centre<br>(銀川萬達中心)                      | 46,346                             | —                                    | —       | —               | —           | —                                    | 46,346  | 179,704   | 19,510                               | 160,194 | —                                  | —           | —            | Sep-14  | —                         | —                                       | II-41, IV-59              |  |  |  |  |
| 171.   | Xian Dongxinjie Project<br>(西安東新街項目)                   | 36,819                             | —                                    | —       | —               | —           | —                                    | 36,819  | —         | —                                    | —       | —                                  | —           | —            | —       | —                         | —                                       | II-27                     |  |  |  |  |
| 172.   | Fuzhou Hengli City<br>(福州恒力城)                          | 88,618                             | 78,193                               | —       | 2,242           | 5,246       | 2,937                                | —       | —         | —                                    | —       | —                                  | —           | —            | —       | —                         | —                                       | III-97, IV-61, I-12       |  |  |  |  |
| 173.   | Wuhu Wanda Hotel<br>(蕪湖萬達酒店)                           | —                                  | —                                    | —       | —               | —           | —                                    | —       | 224,254   | 20,999                               | 138,539 | —                                  | 27,317      | 37,398       | Aug-15  | —                         | —                                       | V-77                      |  |  |  |  |
| 174.   | Chengdu Wanda Hotel<br>(成都萬達酒店)                        | —                                  | —                                    | —       | —               | —           | —                                    | —       | 92,115    | —                                    | 38,610  | —                                  | 10,881      | 42,624       | May-16  | —                         | —                                       | V-6                       |  |  |  |  |
| 175.   | Sanya Wanda Hotel<br>(三亞萬達酒店) <sup>(5)</sup>           | 80,581                             | —                                    | —       | —               | —           | —                                    | 80,581  | —         | —                                    | —       | —                                  | —           | —            | —       | —                         | —                                       | II-25, II-26              |  |  |  |  |
| <b>2014 Separated Projects<sup>(6)</sup></b> |  | —                                  | —                                    | —       | —               | —           | —                                    | —       | 643,002   | 98,813                               | 21,460  | —                                  | 402,264     | 120,465      | Mar-16  | 2,668,710                 | Mar-22                                  | V-59, VI-10               |  |  |  |  |
| 176.   | Qingdao Wanda Yacht<br>Industry Park<br>(青島萬達遊艇產業園)    | —                                  | —                                    | —       | —               | —           | —                                    | —       | —         | —                                    | —       | —                                  | —           | —            | —       | —                         | —                                       | —                         |  |  |  |  |
| 177.   | Xishuangbanna<br>International Resort<br>(西雙版納國際旅遊度假區) | 6,325                              | —                                    | 1,527   | 155             | 4,069       | 574                                  | —       | 1,110,215 | —                                    | 52,608  | —                                  | 712,316     | 345,291      | Dec-15  | 3,893,774                 | Jul-22                                  | IV-51, V-81, VI-16        |  |  |  |  |
| 178.   | Dalian Jinshi International<br>Resort<br>(大連金石國際度假區)   | 222,672                            | —                                    | 22,025  | —               | 196,396     | 4,250                                | —       | —         | —                                    | —       | —                                  | —           | —            | —       | 310,140                   | May-17                                  | IV-62, VI-1               |  |  |  |  |

### Notes:

(1) Does not include : (i) the following investment properties: certain office spaces for leasing in Dalian Wanda Building (大連萬達大廈), certain retail spaces for leasing in Harbin Daoli Wanda Plaza (哈爾濱道里萬達廣場商舖), certain underground car parking spaces in the Xi'an Dongdajie Project (西安東大街項目地下車位), Shenyang Tiexi Wanda Kindergarten (瀋陽鐵西萬達廣場幼兒園), certain retail spaces in Chongqing Wanda B Hotel (重慶萬達B酒店出租商舖), Sanya Wanda Hotel (Haitangwan Culture Center) (三亞萬達海棠灣文化中心), Nanchang Wanda Xingcheng Kindergarten (南昌萬達星城幼兒園), which have an aggregate GFA of 36,646 sq.m.; or (ii) the following properties for sale: Dalian Mingzhu Residential Community Car Parking (大連明珠車位), residences in Beijing Dahu Residential Community (北京大湖公館), Nanjing Jiangnan Mingzhu Car Parks (南京江南明珠車位) and Nanchang Wanda Xingcheng Shop (南昌萬達星城商舖), which have an aggregate GFA of 3,461 sq.m.. We believe these properties are insignificant to our property portfolio.



## BUSINESS

- (2) Except for Dalian Wanda Center (大連萬達中心), Beijing CBD Wanda Plaza (北京CBD萬達廣場), Xiangyang Wanda Plaza (襄陽萬達廣場), Guangzhou Baiyun Wanda Plaza (廣州白雲萬達廣場), Wuhan Wanda Center (武漢萬達中心) and Fuzhou Hengli City (福州恆力城) which contain office buildings, GFA of our investment properties are attributable to retail properties, which account for substantially all of our investment properties in the respective projects.
- (3) Consists of properties for sale in which we have interests as of June 30, 2014, including those that have been pre-sold.
- (4) The estimated total GFA of projects for future development are based on our internal development plan.
- (5) Includes two stand-alone hotels.
- (6) In October 2014, we disposed three property projects to Dalian Wanda Group, see “Summary — Recent Developments” and “Relationship with Controlling Shareholders — Delineation of Business — Excluded Business engaged by our Controlling Shareholder”.

The following table sets forth, project-by-project, GFA sold and pre-sold of our completed properties for sale and properties for sale under development as of June 30, 2014.

| No.                    | Project                                     | Completed Properties for Sale <sup>(1)</sup> |                    |             |                  |                    |             |                  |                    |             |                  |                    |             | Properties for Sale Under Development <sup>(1)</sup> |                    |             |                  |                    |             |                  |                    |             |                  |                    |             |   |   |        |         |
|------------------------|---|--|--------------------|-------------|------------------|--------------------|-------------|------------------|--------------------|-------------|------------------|--------------------|-------------|--|--------------------|-------------|------------------|--------------------|-------------|------------------|--------------------|-------------|------------------|--------------------|-------------|---|---|--------|---------|
|                        |   | Retail                                       |                    |             | SOHO and Office  |                    |             | Residential      |                    |             | Others           |                    |             | Retail   |                    |             | SOHO and Office  |                    |             | Residential      |                    |             | Others           |                    |             |   |   |        |         |
|                        |   | GFA sold (sq.m.)                             | GFA unsold (sq.m.) | GFA (sq.m.) | GFA sold (sq.m.) | GFA unsold (sq.m.) | GFA (sq.m.) | GFA sold (sq.m.) | GFA unsold (sq.m.) | GFA (sq.m.) | GFA sold (sq.m.) | GFA unsold (sq.m.) | GFA (sq.m.) | GFA sold (sq.m.)                                     | GFA unsold (sq.m.) | GFA (sq.m.) | GFA sold (sq.m.) | GFA unsold (sq.m.) | GFA (sq.m.) | GFA sold (sq.m.) | GFA unsold (sq.m.) | GFA (sq.m.) | GFA sold (sq.m.) | GFA unsold (sq.m.) | GFA (sq.m.) |   |   |        |         |
| <b>Wanda Plaza</b>     |   |  |                    |             |                  |                    |             |                  |                    |             |                  |                    |             |  |                    |             |                  |                    |             |                  |                    |             |                  |                    |             |   |   |        |         |
| <b>Northeast China</b> |   |  |                    |             |                  |                    |             |                  |                    |             |                  |                    |             |  |                    |             |                  |                    |             |                  |                    |             |                  |                    |             |   |   |        |         |
| 1.                     | Harbin Xiangfang Wanda Plaza (哈爾濱香坊萬達廣場)    | —  | —                  | —           | —                | —                  | —           | —                | —                  | —           | —                | —                  | —           | —  | —                  | —           | —                | —                  | —           | —                | —                  | —           | —                | —                  | —           | — | — |        |         |
| 2.                     | Harbin Hanan Wanda Plaza (哈爾濱哈南萬達廣場)        | —  | —                  | —           | —                | —                  | —           | —                | —                  | —           | —                | —                  | —           | —  | —                  | —           | —                | —                  | —           | —                | —                  | —           | —                | —                  | —           | — | — | 81,212 |         |
| 3.                     | Harbin Haxi Wanda Plaza (哈爾濱哈西萬達廣場)         | 3,645  | 147                | 1,730       | —                | 4,591              | 310         | —                | —                  | —           | —                | —                  | —           | —  | —                  | —           | —                | —                  | —           | —                | —                  | —           | —                | —                  | —           | — | — | —      |         |
| 4.                     | Daqing Saertu Wanda Plaza (大慶薩爾圖萬達廣場)       | —  | 5,450              | —           | 6,562            | 1,653              | —           | —                | —                  | —           | —                | —                  | —           | —  | —                  | —           | —                | —                  | —           | —                | —                  | —           | —                | —                  | —           | — | — | —      | —       |
| 5.                     | Mudanjiang Wanda Plaza (牡丹江萬達廣場)            | —  | —                  | —           | —                | —                  | —           | —                | —                  | —           | —                | —                  | —           | —  | —                  | —           | —                | —                  | —           | —                | —                  | —           | —                | —                  | —           | — | — | —      | 61,925  |
| 6.                     | Qiqihar Wanda Plaza (齊齊哈爾萬達廣場)              | —  | —                  | —           | —                | —                  | —           | —                | —                  | —           | —                | —                  | —           | —  | —                  | —           | —                | —                  | —           | —                | —                  | —           | —                | —                  | —           | — | — | —      | 13,885  |
| 7.                     | Jixi Wanda Plaza (雞西萬達廣場)                   | —  | —                  | —           | —                | —                  | —           | —                | —                  | —           | —                | —                  | —           | —  | —                  | —           | —                | —                  | —           | —                | —                  | —           | —                | —                  | —           | — | — | —      | 11,749  |
| 8.                     | Jiamusi Wanda Plaza (佳木斯萬達廣場)               | —  | —                  | —           | —                | —                  | —           | —                | —                  | —           | —                | —                  | —           | —  | —                  | —           | —                | —                  | —           | —                | —                  | —           | —                | —                  | —           | — | — | —      | 109,000 |
| 9.                     | Shenyang Taiyuanjie Wanda Plaza (瀋陽太原街萬達廣場) | —  | —                  | —           | —                | —                  | —           | —                | —                  | —           | —                | —                  | —           | —  | —                  | —           | —                | —                  | —           | —                | —                  | —           | —                | —                  | —           | — | — | —      | —       |

## BUSINESS

| No.                | Project  | Completed Properties for Sale <sup>(1)</sup> |                    |                  |                    |                  |                    | Properties for Sale Under Development <sup>(1)</sup> |                    |                  |                    |                  |                    |                  |                    |                  |                    |
|--------------------|--|--|--------------------|------------------|--------------------|------------------|--------------------|--|--------------------|------------------|--------------------|------------------|--------------------|------------------|--------------------|------------------|--------------------|
|                    |  | Retail                                       |                    | SOHO and Office  |                    | Residential      |                    | Others   |                    | Retail           |                    | SOHO and Office  |                    | Residential      |                    | Others           |                    |
|                    |  | GFA sold (sq.m.)                             | GFA unsold (sq.m.) | GFA sold (sq.m.) | GFA unsold (sq.m.) | GFA sold (sq.m.) | GFA unsold (sq.m.) | GFA sold (sq.m.)                                     | GFA unsold (sq.m.) | GFA sold (sq.m.) | GFA unsold (sq.m.) | GFA sold (sq.m.) | GFA unsold (sq.m.) | GFA sold (sq.m.) | GFA unsold (sq.m.) | GFA sold (sq.m.) | GFA unsold (sq.m.) |
| 10.                | Shenyang Beiyilu Wanda Plaza<br>(瀋陽北一路萬達廣場)      | —  | 2,428              | —                | —                  | 65               | —                  | —  | —                  | —                | —                  | —                | —                  | —                | —                  | —                | —                  |
| 11.                | Shenyang Tiexi Wanda Plaza<br>(瀋陽鐵西萬達廣場)         | —  | 572                | —                | —                  | —                | —                  | —  | —                  | —                | —                  | —                | —                  | —                | —                  | —                | —                  |
| 12.                | Shenyang Aoti Wanda Plaza<br>(瀋陽奧體萬達廣場)          | —  | —                  | —                | —                  | —                | —                  | —  | —                  | —                | —                  | —                | —                  | —                | —                  | —                | —                  |
| 13.                | Fushun Wanda Plaza (撫順萬達廣場)                      | 2,359  | 19,422             | 1,286            | 42,901             | 1,287            | 13,506             | 260  | 3,245              | 4,171            | 17,403             | —                | 32,449             | 51,372           | 88,882             | —                | 45,058             |
| 14.                | Dalian Jingkai Wanda Plaza<br>(大連經開萬達廣場)         | —  | —                  | —                | —                  | —                | —                  | —  | —                  | —                | 50,000             | —                | 410,000            | —                | —                  | —                | —                  |
| 15.                | Dalian Gaoxin Wanda Plaza<br>(大連高新萬達廣場)          | 3,160  | 874                | 396              | 19,118             | —                | —                  | —  | —                  | —                | —                  | —                | —                  | 34,205           | 137,110            | 3,207            | 11,787             |
| 16.                | Dandong Wanda Plaza (丹東萬達廣場)                     | 619  | 13,027             | 2,185            | 3,152              | —                | —                  | —  | —                  | 19,888           | 31,636             | —                | —                  | 195,622          | 137,570            | 11,892           | 8,168              |
| 17.                | Panjin Wanda Plaza (盤錦萬達廣場)                      | —  | —                  | —                | —                  | —                | —                  | —  | —                  | —                | 84,052             | —                | 189,600            | —                | 439,855            | —                | 104,511            |
| 18.                | Yingkou Wanda Plaza (營口萬達廣場)                     | —  | —                  | —                | —                  | —                | —                  | —  | —                  | 26,154           | 37,246             | —                | 132,307            | 54,062           | 164,338            | 11,302           | 54,698             |
| 19.                | Changchun Kuancheng Wanda Plaza<br>(長春寬城萬達廣場)    | 17,065                                       | 896                | 8,513            | —                  | —                | 224                | 14,349   | 6,804              | —                | 5,741              | —                | —                  | 9,177            | 6,484              | —                | —                  |
| 20.                | Changchun Chongqinglu Wanda Plaza<br>(長春重慶路萬達廣場) | —  | —                  | —                | —                  | —                | —                  | —  | —                  | —                | —                  | —                | —                  | —                | —                  | —                | —                  |
| 21.                | Changchun Hongqijie Wanda Plaza<br>(長春紅旗街萬達廣場)   | —  | 267                | —                | —                  | —                | —                  | —  | —                  | —                | —                  | —                | —                  | —                | —                  | —                | —                  |
| 22.                | Siping Wanda Plaza (四平萬達廣場)                      | —  | —                  | —                | —                  | —                | —                  | —  | —                  | 10,371           | 39,753             | —                | 113,000            | 78,981           | 66,708             | 12,279           | 44,385             |
| 23.                | Yanji Wanda Plaza (延吉萬達廣場)                       | —  | —                  | —                | —                  | —                | —                  | —  | —                  | —                | —                  | —                | —                  | —                | —                  | —                | —                  |
| <b>North China</b> |  |  |                    |                  |                    |                  |                    |  |                    |                  |                    |                  |                    |                  |                    |                  |                    |
| 24.                | Beijing CBD Wanda Plaza<br>(北京CBD萬達廣場)           | —  | —                  | —                | —                  | —                | —                  | —  | —                  | —                | —                  | —                | —                  | —                | —                  | —                | —                  |
| 25.                | Beijing Shijingshan Wanda Plaza<br>(北京石景山萬達廣場)   | —  | —                  | —                | 493                | —                | —                  | —  | —                  | —                | —                  | —                | —                  | —                | —                  | —                | —                  |
| 26.                | Tianjin Hedong Wanda Plaza<br>(天津河東萬達廣場)         | —  | —                  | —                | —                  | —                | —                  | —  | —                  | —                | —                  | —                | —                  | —                | —                  | —                | —                  |
| 27.                | Tianjin Hepingjinjie Wanda Plaza<br>(天津和平金街萬達廣場) | —  | —                  | —                | —                  | —                | —                  | —  | —                  | —                | —                  | —                | —                  | —                | —                  | —                | —                  |

## BUSINESS

| No.                  | Project                                       | Completed Properties for Sale <sup>(1)</sup> |            |                 |            |             |            | Properties for Sale Under Development <sup>(1)</sup> |            |          |            |                 |            |             |            |          |            |
|----------------------|---|--|------------|-----------------|------------|-------------|------------|--|------------|----------|------------|-----------------|------------|-------------|------------|----------|------------|
|                      |   | Retail                                       |            | SOHO and Office |            | Residential |            | Others   |            | Retail   |            | SOHO and Office |            | Residential |            | Others   |            |
|                      |   | GFA sold                                     | GFA unsold | GFA sold        | GFA unsold | GFA sold    | GFA unsold | GFA sold   | GFA unsold | GFA sold | GFA unsold | GFA sold        | GFA unsold | GFA sold    | GFA unsold | GFA sold | GFA unsold |
| (sq.m.)              | (sq.m.)                                       | (sq.m.)                                      | (sq.m.)    | (sq.m.)         | (sq.m.)    | (sq.m.)     | (sq.m.)    | (sq.m.)  | (sq.m.)    | (sq.m.)  | (sq.m.)    | (sq.m.)         | (sq.m.)    | (sq.m.)     | (sq.m.)    | (sq.m.)  |            |
| 28.                  | Shijiazhuang Yuhua Wanda Plaza<br>(石家莊裕華萬達廣場) | —  | —          | —               | —          | 946         | 684        | 17,184   | —          | —        | —          | —               | —          | —           | —          | —        | —          |
| 29.                  | Langfang Wanda Plaza<br>(廊坊萬達廣場)              | 1,667  | 4,147      | 3,861           | 576        | 950         | 224        | —  | —          | —        | —          | —               | —          | —           | —          | —        | —          |
| 30.                  | Tangshan Lunan Wanda Plaza<br>(唐山路南萬達廣場)      | 20,755                                       | 1,654      | 5,763           | 78,005     | 101,766     | 34,031     | —  | —          | —        | —          | —               | —          | —           | —          | —        | —          |
| 31.                  | Taiyuan Longhu Wanda Plaza<br>(太原龍湖萬達廣場)      | —  | —          | —               | —          | 9,764       | 8,425      | 5,638  | —          | —        | —          | —               | —          | —           | —          | —        | 15,000     |
| 32.                  | Hohhot Wanda Plaza<br>(呼和浩特萬達廣場)              | 7,610  | 3,548      | —               | —          | 48,051      | —          | 13   | 35,161     | 2,249    | 2,505      | 168,578         | 12,294     | 11,138      | 12,063     | —        | —          |
| 33.                  | Baotou Qingshan Wanda Plaza<br>(包頭青山萬達廣場)     | —  | —          | —               | —          | —           | —          | —  | —          | —        | —          | —               | —          | —           | —          | —        | —          |
| 34.                  | Chifeng Wanda Plaza (赤峰萬達廣場)                  | —  | —          | —               | —          | —           | —          | —  | 17,842     | 44,959   | 54,606     | 98,071          | 228,579    | 176,861     | —          | 79,325   | —          |
| 35.                  | Manzhouli Wanda Plaza<br>(滿洲裏萬達廣場)            | 2,372  | 33,070     | —               | —          | —           | —          | —  | —          | —        | —          | —               | —          | —           | —          | —        | —          |
| 36.                  | Wuhai Wanda Plaza (烏海萬達廣場)                    | —  | —          | —               | —          | —           | —          | —  | 17,417     | 42,583   | —          | 38,352          | 96,392     | 267,029     | 2,120      | 19,080   | —          |
| 37.                  | Tongliao Wanda Plaza (通遼萬達廣場)                 | —  | 2,107      | —               | —          | —           | —          | —  | 14,775     | 85,225   | 11,773     | 86,727          | 74,623     | 213,677     | —          | 117,500  | —          |
| <b>Central China</b> |   |  |            |                 |            |             |            |  |            |          |            |                 |            |             |            |          |            |
| 38.                  | Zhengzhou Erqi Wanda Plaza<br>(鄭州二七萬達廣場)      | —  | —          | —               | —          | —           | —          | —  | —          | —        | —          | —               | —          | —           | —          | —        | —          |
| 39.                  | Zhengzhou Zhongyuan Wanda Plaza<br>(鄭州中原萬達廣場) | —  | —          | —               | —          | —           | —          | —  | —          | —        | —          | —               | —          | —           | —          | —        | —          |
| 40.                  | Luoyang Wanda Plaza (洛陽萬達廣場)                  | —  | —          | —               | —          | —           | —          | —  | —          | —        | —          | —               | —          | —           | —          | —        | —          |
| 41.                  | Anyang Wanda Plaza (安陽萬達廣場)                   | —  | —          | —               | —          | —           | —          | —  | 27,202     | 23,208   | 44,418     | 53,095          | 91,626     | 150,678     | 6,369      | 60,648   | —          |
| 42.                  | Wuhan Jingkai Wanda Plaza<br>(武漢經開萬達廣場)       | —  | —          | —               | —          | —           | —          | —  | —          | —        | —          | —               | —          | —           | —          | —        | —          |
| 43.                  | Wuhan Lingjiaohu Wanda Plaza<br>(武漢菱角湖萬達廣場)   | —  | —          | —               | —          | —           | —          | —  | —          | —        | —          | —               | —          | —           | —          | —        | —          |
| 44.                  | Xiangyang Wanda Plaza<br>(襄陽萬達廣場)             | —  | —          | —               | —          | —           | —          | —  | —          | —        | —          | —               | —          | —           | —          | —        | —          |
| 45.                  | Shiyan Wanda Plaza (十堰萬達廣場)                   | —  | —          | —               | —          | —           | —          | —  | —          | —        | —          | —               | —          | —           | —          | —        | —          |
| 46.                  | Yichang Wanda Plaza (宜昌萬達廣場)                  | —  | —          | —               | —          | —           | —          | 13,817   | —          | —        | —          | —               | —          | —           | —          | —        | —          |

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| No.               | Project                                     | Completed Properties for Sale <sup>(1)</sup> |            |                 |            |             |            | Properties for Sale Under Development <sup>(1)</sup> |            |          |            |                 |            |             |            |          |            |
|-------------------|---|--|------------|-----------------|------------|-------------|------------|--|------------|----------|------------|-----------------|------------|-------------|------------|----------|------------|
|                   |   | Retail                                       |            | SOHO and Office |            | Residential |            | Others   |            | Retail   |            | SOHO and Office |            | Residential |            | Others   |            |
|                   |   | GFA sold                                     | GFA unsold | GFA sold        | GFA unsold | GFA sold    | GFA unsold | GFA sold   | GFA unsold | GFA sold | GFA unsold | GFA sold        | GFA unsold | GFA sold    | GFA unsold | GFA sold | GFA unsold |
| (sq.m.)           | (sq.m.)                                     | (sq.m.)                                      | (sq.m.)    | (sq.m.)         | (sq.m.)    | (sq.m.)     | (sq.m.)    | (sq.m.)  | (sq.m.)    | (sq.m.)  | (sq.m.)    | (sq.m.)         | (sq.m.)    | (sq.m.)     | (sq.m.)    | (sq.m.)  |            |
| 47.               | Jingzhou Wanda Plaza (荊州萬達廣場)               | —  | —          | —               | —          | —           | —          | —  | —          | —        | —          | —               | —          | —           | —          | —        | —          |
| 48.               | Jingmen Wanda Plaza (荊門萬達廣場)                | —  | —          | —               | —          | —           | —          | —  | —          | —        | —          | —               | —          | —           | —          | —        | —          |
| 49.               | Huangshi Wanda Plaza (黃石萬達廣場)               | —  | —          | —               | —          | —           | —          | —  | —          | —        | —          | —               | —          | —           | —          | —        | —          |
| 50.               | Changsha Kaifu Wanda Plaza (長沙開福萬達廣場)       | —  | —          | —               | —          | 533         | 534        | —  | —          | 1,300    | 15,084     | 1,404           | 190,396    | 34,078      | —          | —        | —          |
| 51.               | Xiangtan Wanda Plaza (湘潭萬達廣場)               | —  | —          | —               | —          | —           | —          | —  | —          | —        | 6,262      | 70,738          | —          | 100,800     | —          | 421,200  | 90,000     |
| <b>East China</b> |   |  |            |                 |            |             |            |  |            |          |            |                 |            |             |            |          |            |
| 52.               | Shanghai Wujiachang Wanda Plaza (上海五角場萬達廣場) | —  | —          | —               | —          | —           | —          | —  | —          | —        | —          | —               | —          | —           | —          | —        | —          |
| 53.               | Shanghai Baoshan Wanda Plaza (上海寶山萬達廣場)     | —  | —          | —               | —          | —           | —          | —  | —          | —        | —          | —               | —          | —           | —          | —        | —          |
| 54.               | Shanghai Jiangqiao Wanda Plaza (上海江橋萬達廣場)   | —  | —          | —               | —          | —           | —          | —  | —          | —        | —          | —               | —          | —           | —          | —        | —          |
| 55.               | Shanghai Songjiang Wanda Plaza (上海松江萬達廣場)   | 41,628                                       | —          | 79,910          | —          | —           | —          | —  | —          | —        | —          | —               | —          | —           | —          | —        | —          |
| 56.               | Shanghai Jinshan Wanda Plaza (上海金山萬達廣場)     | —  | —          | —               | —          | —           | —          | —  | —          | —        | 16,782     | 22,298          | 13,409     | 62,014      | 38,576     | 91,936   | 58,371     |
| 57.               | Shanghai Zhoupu Wanda Plaza (上海周浦萬達廣場)      | —  | —          | —               | —          | —           | —          | —  | —          | —        | —          | —               | —          | —           | —          | —        | —          |
| 58.               | Jinan Gaoxin Wanda Plaza (濟南高新萬達廣場)         | —  | —          | —               | —          | —           | —          | —  | —          | —        | —          | 17,349          | —          | —           | —          | 122,329  | 73,086     |
| 59.               | Jinan Weilizhuang Wanda Plaza (濟南魏家莊萬達廣場)   | —  | —          | —               | —          | 277         | —          | —  | —          | —        | —          | —               | —          | —           | —          | —        | —          |
| 60.               | Qingdao CBD Wanda Plaza (青島CBD萬達廣場)         | —  | —          | —               | —          | —           | —          | —  | —          | —        | —          | —               | —          | —           | —          | —        | —          |
| 61.               | Qingdao Taidong Wanda Plaza (青島台東萬達廣場)      | —  | —          | —               | —          | —           | —          | —  | —          | —        | —          | —               | —          | —           | —          | —        | —          |
| 62.               | Qingdao Licang Wanda Plaza (青島李滄萬達廣場)       | —  | 753        | —               | —          | —           | —          | —  | 384        | 216      | 1,216      | 12,899          | —          | —           | 152,461    | 141      | 35,133     |
| 63.               | Yantai Zhifu Wanda Plaza (煙台芝罘萬達廣場)         | —  | —          | —               | —          | —           | —          | —  | —          | —        | 37,497     | 42,803          | 2,661      | 121,149     | 59,072     | 143,439  | 10,109     |

## BUSINESS

| No.     | Project                                  | Completed Properties for Sale <sup>(1)</sup> |            |                 |            |             |            |          |            |              |            | Properties for Sale Under Development <sup>(1)</sup> |            |              |            |              |            |  |  |  |  |
|---------|--|--|------------|-----------------|------------|-------------|------------|----------|------------|--------------|------------|--|------------|--------------|------------|--------------|------------|--|--|--|--|
|         |  | Retail                                       |            | SOHO and Office |            | Residential |            | Others   |            | Retail       |            | SOHO and Office                                      |            | Residential  |            | Others       |            |  |  |  |  |
|         |  | GFA sold                                     | GFA unsold | GFA sold        | GFA unsold | GFA sold    | GFA unsold | GFA sold | GFA unsold | GFA Pre-sold | GFA unsold | GFA Pre-sold   | GFA unsold | GFA Pre-sold | GFA unsold | GFA Pre-sold | GFA unsold |  |  |  |  |
| (sq.m.) | (sq.m.)                                  | (sq.m.)                                      | (sq.m.)    | (sq.m.)         | (sq.m.)    | (sq.m.)     | (sq.m.)    | (sq.m.)  | (sq.m.)    | (sq.m.)      | (sq.m.)    | (sq.m.)  | (sq.m.)    | (sq.m.)      | (sq.m.)    | (sq.m.)      |            |  |  |  |  |
| 64.     | Weifang Wanda Plaza (濰坊萬達廣場)             | —  | —          | —               | —          | —           | —          | —        | —          | —            | —          | —  | —          | —            | —          | —            | —          |  |  |  |  |
| 65.     | Dezhou Wanda Plaza (德州萬達廣場)              | —  | —          | —               | —          | —           | —          | —        | —          | —            | —          | —  | —          | —            | —          | —            | —          |  |  |  |  |
| 66.     | Tai'an Wanda Plaza (泰安萬達廣場)              | —  | —          | —               | —          | —           | —          | —        | —          | —            | —          | —  | —          | —            | —          | —            | —          |  |  |  |  |
| 67.     | Dongying Wanda Plaza (東營萬達廣場)            | —  | —          | —               | —          | —           | —          | —        | —          | —            | —          | —  | —          | —            | —          | —            | —          |  |  |  |  |
| 68.     | Jining Taibailu Wanda Plaza (濟寧太白路萬達廣場)  | —  | —          | —               | —          | —           | —          | —        | —          | —            | —          | —  | —          | —            | —          | —            | —          |  |  |  |  |
| 69.     | Nanjing Jiangning Wanda Plaza (南京江寧萬達廣場) | 21,188                                       | 2,115      | 139,643         | 13,578     | 21,471      | 13,298     | —        | 3,942      | 11,798       | —          | —  | 11,429     | 27,329       | —          | —            | —          |  |  |  |  |
| 70.     | Nanjing Jianye Wanda Plaza (南京建邺萬達廣場)    | —  | —          | 51              | —          | —           | —          | —        | 1,104      | —            | —          | —  | —          | —            | —          | —            | —          |  |  |  |  |
| 71.     | Wuxi Huishan Wanda Plaza (無錫惠山萬達廣場)      | 1,443  | 22,287     | 893             | 31,943     | 968         | 797        | —        | —          | —            | —          | —  | —          | —            | —          | —            | —          |  |  |  |  |
| 72.     | Wuxi Binhu Wanda Plaza (無錫濱湖萬達廣場)        | —  | —          | —               | 51         | —           | —          | —        | 9,480      | —            | —          | —  | —          | —            | —          | —            | —          |  |  |  |  |
| 73.     | Jiangyin Wanda Plaza (江陰萬達廣場)            | 3,513  | 26,902     | 1,192           | 28,895     | 151         | 296        | 313      | 2,550      | —            | —          | —  | —          | —            | —          | —            | —          |  |  |  |  |
| 74.     | Taizhou Wanda Plaza (泰州萬達廣場)             | 824  | 9,641      | 199             | —          | 2,740       | 570        | 630      | 2,449      | —            | —          | —  | —          | —            | —          | —            | —          |  |  |  |  |
| 75.     | Taicang Wanda Plaza (太倉萬達廣場)             | 3,874  | 23,910     | 51,458          | 1,836      | 4,144       | —          | 927      | 24,010     | —            | —          | —  | —          | —            | —          | —            | —          |  |  |  |  |
| 76.     | Yixing Wanda Plaza (宜興萬達廣場)              | 6,609  | 10,863     | 3,545           | 37,861     | 47,316      | 35,133     | 5,913    | 2,438      | —            | —          | —  | —          | —            | —          | —            | —          |  |  |  |  |
| 77.     | Huai'an Wanda Plaza (淮安萬達廣場)             | —  | —          | —               | —          | —           | —          | —        | 13,619     | —            | —          | —  | —          | —            | —          | —            | —          |  |  |  |  |
| 78.     | Changzhou Xinbei Wanda Plaza (常州新北萬達廣場)  | —  | 288        | —               | —          | —           | —          | —        | —          | —            | —          | —  | —          | —            | —          | —            | —          |  |  |  |  |
| 79.     | Changzhou Wujin Wanda Plaza (常州武進萬達廣場)   | —  | —          | —               | —          | —           | —          | —        | —          | 8,439        | 47,793     | 13,120   | 129,326    | 76,838       | 71,334     | —            | 68,205     |  |  |  |  |
| 80.     | Suzhou Pingjiang Wanda Plaza (蘇州平江萬達廣場)  | —  | —          | —               | —          | —           | —          | —        | —          | —            | —          | —  | —          | —            | —          | —            | —          |  |  |  |  |
| 81.     | Suzhou Wuzhong Wanda Plaza (蘇州吳中萬達廣場)    | —  | —          | —               | —          | —           | —          | —        | —          | 7,353        | 41,147     | —  | 85,096     | —            | 112,200    | —            | 36,304     |  |  |  |  |
| 82.     | Xuzhou Wanda Plaza (徐州萬達廣場)              | 4,414  | 12,425     | 3,725           | 12,256     | —           | —          | —        | —          | 18,557       | 1,210      | —  | —          | 81,198       | —          | 12,738       | 2,833      |  |  |  |  |
| 83.     | Zhenjiang Wanda Plaza (鎮江萬達廣場)           | 1,514  | —          | —               | —          | —           | —          | —        | —          | —            | —          | —  | —          | —            | —          | —            | —          |  |  |  |  |
| 84.     | Nantong Wanda Plaza (南通萬達廣場)             | —  | —          | —               | —          | —           | —          | —        | —          | 8,236        | 20,323     | —  | 135,900    | —            | 131,900    | —            | 53,900     |  |  |  |  |

## BUSINESS

| No.     | Project   | Completed Properties for Sale <sup>(1)</sup> |            |                 |            |             |            | Properties for Sale Under Development <sup>(1)</sup> |            |          |            |                 |            |             |            |          |            |
|---------|---|--|------------|-----------------|------------|-------------|------------|--|------------|----------|------------|-----------------|------------|-------------|------------|----------|------------|
|         |   | Retail                                       |            | SOHO and Office |            | Residential |            | Others   |            | Retail   |            | SOHO and Office |            | Residential |            | Others   |            |
|         |   | GFA sold                                     | GFA unsold | GFA sold        | GFA unsold | GFA sold    | GFA unsold | GFA sold   | GFA unsold | GFA sold | GFA unsold | GFA sold        | GFA unsold | GFA sold    | GFA unsold | GFA sold | GFA unsold |
| (sq.m.) | (sq.m.)   | (sq.m.)                                      | (sq.m.)    | (sq.m.)         | (sq.m.)    | (sq.m.)     | (sq.m.)    | (sq.m.)  | (sq.m.)    | (sq.m.)  | (sq.m.)    | (sq.m.)         | (sq.m.)    | (sq.m.)     | (sq.m.)    | (sq.m.)  |            |
| 85.     | Fuzhou Jinrongjie Wanda Plaza<br>(福州金融街萬達廣場)                      | —  | —          | —               | —          | —           | —          | —  | —          | —        | —          | —               | —          | —           | —          | —        | —          |
| 86.     | Fuzhou Cangshan Wanda Plaza<br>(福州倉山萬達廣場)                         | —  | —          | —               | —          | —           | —          | —  | —          | —        | —          | —               | —          | —           | —          | —        | —          |
| 87.     | Quanzhou Anxi Wanda Plaza<br>(泉州安溪萬達廣場)                           | —  | —          | —               | —          | —           | —          | —  | —          | —        | —          | —               | —          | —           | —          | —        | —          |
| 88.     | Quanzhou Puxi Wanda Plaza<br>(泉州浦西萬達廣場)                           | 4,969  | —          | 13,032          | —          | 5,152       | —          | 480  | 121        | 9,731    | —          | —               | 203,362    | —           | 11,837     | 39,881   |            |
| 89.     | Jinjiang Wanda Plaza (晉江萬達廣場)                                     | 484  | 6,268      | 819             | —          | 15,582      | 40,904     | 1,185  | 19,566     | —        | 25,115     | —               | 52,444     | 165,253     | —          | 81,780   |            |
| 90.     | Fuqing Wanda Plaza (福清萬達廣場)                                       | —  | —          | —               | —          | —           | —          | —  | —          | 38,562   | 4,666      | 82,611          | —          | 94,887      | —          | 19,750   |            |
| 91.     | Longyan Wanda Plaza (龍岩萬達廣場)                                      | —  | —          | —               | —          | —           | —          | —  | —          | 8,451    | 58,431     | 37,460          | 102,225    | 115,211     | 119,605    | 18,957   |            |
| 92.     | Xiamen Huli Wanda Plaza<br>(廈門湖裏萬達廣場)                             | —  | —          | —               | —          | —           | —          | —  | —          | —        | —          | —               | —          | —           | —          | —        |            |
| 93.     | Xiamen Jimei Wanda Plaza<br>(廈門集美萬達廣場)                            | 178  | 2,471      | —               | —          | —           | —          | —  | —          | —        | —          | —               | —          | —           | —          | —        |            |
| 94.     | Ningde Wanda Plaza (寧德萬達廣場)                                       | 791  | —          | —               | —          | —           | —          | —  | 300        | —        | —          | —               | —          | —           | —          | —        |            |
| 95.     | Putian Wanda Plaza (莆田萬達廣場)                                       | 1,645  | 4,548      | —               | —          | —           | —          | —  | —          | —        | —          | —               | —          | —           | —          | —        |            |
| 96.     | Zhangzhou Taiwanese Investment District Wanda Plaza<br>(漳州台商萬達廣場) | —  | —          | —               | —          | —           | —          | —  | —          | 12,146   | 57,727     | —               | 44,500     | 147,407     | 126,380    | 76,000   |            |
| 97.     | Zhangzhou Bihu Wanda Plaza<br>(漳州碧湖萬達廣場)                          | 2,534  | 19,706     | 7,189           | 2,229      | 1,466       | 144        | 325  | 5,800      | —        | —          | —               | —          | —           | —          | —        |            |
| 98.     | Nanchang Honggutuan Wanda Plaza<br>(南昌紅穀灘萬達廣場)                    | —  | —          | —               | —          | —           | —          | —  | —          | —        | —          | —               | —          | —           | —          | —        |            |
| 99.     | Nanchang Bayi Wanda Shopping Plaza (南昌八一萬達購物廣場)                   | —  | —          | —               | —          | —           | —          | —  | —          | —        | —          | —               | —          | —           | —          | —        |            |
| 100.    | Jiujiang Wanda Plaza (九江萬達廣場)                                     | —  | —          | —               | —          | —           | —          | —  | —          | —        | 87,510     | —               | 107,700    | —           | 482,358    | 151,000  |            |
| 101.    | Shangrao Wanda Plaza<br>(上饒萬達廣場)                                  | —  | —          | —               | —          | —           | —          | —  | —          | —        | 70,000     | —               | 260,900    | —           | 154,500    | 101,300  |            |
| 102.    | Ningbo Jiangbei Wanda Plaza<br>(寧波江北萬達廣場)                         | —  | —          | 170             | —          | —           | —          | —  | —          | —        | —          | —               | —          | —           | —          | —        |            |

## BUSINESS

| No.     | Project                                    | Completed Properties for Sale <sup>(1)</sup> |            |                 |            |             |            |          |            |          |            | Properties for Sale Under Development <sup>(1)</sup> |            |             |            |          |            |  |  |  |  |
|---------|--|--|------------|-----------------|------------|-------------|------------|----------|------------|----------|------------|--|------------|-------------|------------|----------|------------|--|--|--|--|
|         |  | Retail                                       |            | SOHO and Office |            | Residential |            | Others   |            | Retail   |            | SOHO and Office                                      |            | Residential |            | Others   |            |  |  |  |  |
|         |  | GFA sold                                     | GFA unsold | GFA sold        | GFA unsold | GFA sold    | GFA unsold | GFA sold | GFA unsold | GFA sold | GFA unsold | GFA sold   | GFA unsold | GFA sold    | GFA unsold | GFA sold | GFA unsold |  |  |  |  |
| (sq.m.) | (sq.m.)                                    | (sq.m.)                                      | (sq.m.)    | (sq.m.)         | (sq.m.)    | (sq.m.)     | (sq.m.)    | (sq.m.)  | (sq.m.)    | (sq.m.)  | (sq.m.)    | (sq.m.)  | (sq.m.)    | (sq.m.)     | (sq.m.)    | (sq.m.)  |            |  |  |  |  |
| 103.    | Ningbo Yinzhou Wanda Plaza<br>(寧波鄞州萬達廣場)   | —  | —          | 187             | —          | —           | —          | —        | 38         | 3,269    | —          | —  | —          | —           | —          | —        | —          |  |  |  |  |
| 104.    | Hangzhou Gongshu Wanda Plaza<br>(杭州拱墅萬達廣場) | —  | —          | —               | —          | —           | —          | —        | —          | —        | 18,050     | 35,150   | 29,997     | 75,662      | —          | —        | 49,932     |  |  |  |  |
| 105.    | Shaoxing Keqiao Wanda Plaza<br>(紹興柯橋萬達廣場)  | —  | —          | —               | —          | —           | —          | —        | 5,150      | —        | —          | —  | —          | —           | —          | —        | —          |  |  |  |  |
| 106.    | Shaoxing Shangyu Wanda Plaza<br>(紹興上虞萬達廣場) | —  | —          | —               | —          | —           | —          | —        | —          | —        | —          | —  | —          | —           | —          | —        | —          |  |  |  |  |
| 107.    | Jiaxing Wanda Plaza (嘉興萬達廣場)               | —  | —          | —               | —          | —           | —          | —        | —          | —        | 5,330      | 55,070   | 10,968     | 108,032     | 69,303     | 211,997  | —          |  |  |  |  |
| 108.    | Jinhua Wanda Plaza (金華萬達廣場)                | —  | —          | —               | —          | —           | —          | —        | —          | —        | 15,574     | 19,729   | 156,152    | 85,824      | —          | —        | —          |  |  |  |  |
| 109.    | Taizhou Jingkai Wanda Plaza<br>(台州經開萬達廣場)  | —  | —          | —               | —          | —           | —          | —        | —          | —        | 6,424      | 45,980   | —          | 82,985      | 73,276     | 99,324   | 116,807    |  |  |  |  |
| 110.    | Yiwu Wanda Plaza (義烏萬達廣場)                  | —  | —          | —               | —          | —           | —          | —        | —          | —        | 13,783     | 41,217   | —          | 186,000     | —          | 109,000  | 40,000     |  |  |  |  |
| 111.    | Wenzhou Pingyang Wanda Plaza<br>(溫州平陽萬達廣場) | —  | —          | —               | —          | —           | —          | —        | —          | —        | 10,563     | 39,775   | —          | —           | 226,908    | 39,467   | 10,040     |  |  |  |  |
| 112.    | Wenzhou Longwan Wanda Plaza<br>(溫州龍灣萬達廣場)  | 4,067  | 2,527      | 1,790           | 48,699     | —           | —          | —        | 3,507      | —        | —          | —  | —          | —           | —          | —        | —          |  |  |  |  |
| 113.    | Yuyao Wanda Plaza (余姚萬達廣場)                 | 25,447                                       | 2,069      | 7,536           | —          | 75,566      | —          | 15,712   | 1,403      | 414      | —          | —  | —          | —           | —          | —        | —          |  |  |  |  |
| 114.    | Hefei Tian ehu Wanda Plaza<br>(合肥天鵝湖萬達廣場)  | —  | —          | —               | —          | —           | —          | —        | —          | —        | —          | —  | —          | —           | —          | —        | —          |  |  |  |  |
| 115.    | Hefei Baohe Wanda Plaza<br>(合肥包河萬達廣場)      | —  | —          | —               | —          | —           | —          | —        | —          | —        | —          | —  | —          | —           | —          | —        | —          |  |  |  |  |
| 116.    | Suzhou Wanda Plaza (宿州萬達廣場)                | —  | —          | —               | —          | —           | —          | —        | —          | —        | —          | 68,700   | —          | 76,600      | —          | 344,000  | 91,800     |  |  |  |  |
| 117.    | Bozhou Wanda Plaza (亳州萬達廣場)                | —  | —          | —               | —          | —           | —          | —        | —          | —        | 11,898     | 64,903   | 1,720      | 108,764     | 28,652     | 419,504  | 99,214     |  |  |  |  |
| 118.    | Fuyang Wanda Plaza (阜陽萬達廣場)                | —  | —          | —               | —          | —           | —          | —        | —          | —        | 25,232     | 50,918   | 14,776     | 44,746      | 166,566    | 145,249  | 34,618     |  |  |  |  |
| 119.    | Ma'anshan Wanda Plaza<br>(馬鞍山萬達廣場)         | —  | —          | —               | —          | —           | —          | —        | —          | —        | 12,245     | 49,755   | 6,727      | 102,473     | 55,468     | 224,532  | 98,800     |  |  |  |  |
| 120.    | Wuhu Jinghu Wanda Plaza<br>(蕪湖鏡湖萬達廣場)      | 253  | 12,244     | 45              | 460        | 484         | 704        | —        | —          | —        | 1,512      | 19,487   | 28,748     | 109,791     | —          | —        | 27,317     |  |  |  |  |
| 121.    | Bengbu Wanda Plaza (蚌埠萬達廣場)                | 14,340                                       | 22,513     | 2,937           | 395        | 20,299      | 1,037      | 3,244    | 36,756     | 39,813   | 6,435      | 91,742   | 1,276      | 16,965      | 24,464     | —        | 56,045     |  |  |  |  |

South China



## BUSINESS

| No.     | Project                                       | Completed Properties for Sale <sup>(1)</sup> |            |                 |            |             |            | Properties for Sale Under Development <sup>(1)</sup> |            |          |            |                 |            |             |            |          |            |
|---------|---|--|------------|-----------------|------------|-------------|------------|--|------------|----------|------------|-----------------|------------|-------------|------------|----------|------------|
|         |   | Retail                                       |            | SOHO and Office |            | Residential |            | Others   |            | Retail   |            | SOHO and Office |            | Residential |            | Others   |            |
|         |   | GFA sold                                     | GFA unsold | GFA sold        | GFA unsold | GFA sold    | GFA unsold | GFA sold   | GFA unsold | GFA sold | GFA unsold | GFA sold        | GFA unsold | GFA sold    | GFA unsold | GFA sold | GFA unsold |
| (sq.m.) | (sq.m.)                                       | (sq.m.)                                      | (sq.m.)    | (sq.m.)         | (sq.m.)    | (sq.m.)     | (sq.m.)    | (sq.m.)  | (sq.m.)    | (sq.m.)  | (sq.m.)    | (sq.m.)         | (sq.m.)    | (sq.m.)     | (sq.m.)    | (sq.m.)  |            |
| 122.    | Guangzhou Nansha Wanda Plaza<br>(廣州南沙萬達廣場)    | —  | —          | —               | —          | —           | —          | —  | —          | —        | —          | —               | —          | —           | —          | —        | —          |
| 123.    | Guangzhou Baiyun Wanda Plaza<br>(廣州白雲萬達廣場)    | —  | —          | —               | —          | —           | —          | —  | —          | —        | —          | —               | —          | —           | —          | —        | —          |
| 124.    | Guangzhou Luogang Wanda Plaza<br>(廣州蘿崗萬達廣場)   | —  | —          | —               | —          | —           | —          | —  | —          | 30,136   | 24,558     | 32,049          | 129,663    | —           | —          | —        | 2,869      |
| 125.    | Guangzhou Zengcheng Wanda Plaza<br>(廣州增城萬達廣場) | 36,979                                       | —          | 86,033          | —          | —           | —          | —  | —          | —        | —          | —               | —          | —           | —          | —        | —          |
| 126.    | Guangzhou Panyu Wanda Plaza<br>(廣州番禺萬達廣場)     | —  | —          | —               | —          | —           | —          | —  | —          | 29,775   | 751        | 150,047         | 65,100     | —           | —          | —        | 12,787     |
| 127.    | Dongguan Houjie Wanda Plaza<br>(東莞厚街萬達廣場)     | —  | —          | —               | —          | —           | —          | —  | —          | 14,574   | 53,776     | —               | 133,763    | 48,828      | 143,672    | —        | 64,137     |
| 128.    | Dongguan Chang'an Wanda Plaza<br>(東莞長安萬達廣場)   | 9,370  | 17,605     | —               | —          | —           | —          | —  | —          | —        | —          | —               | —          | —           | —          | —        | —          |
| 129.    | Dongguan Dongcheng Wanda Plaza<br>(東莞東城萬達廣場)  | —  | —          | —               | —          | —           | —          | —  | —          | 43,648   | 12,204     | 23,476          | 70,824     | 26,486      | 79,353     | —        | 48,709     |
| 130.    | Dongguan Humen Wanda Plaza<br>(東莞虎門萬達廣場)      | —  | —          | —               | —          | —           | —          | —  | —          | —        | —          | —               | —          | —           | —          | —        | —          |
| 131.    | Meizhou Wanda Plaza (梅州萬達廣場)                  | —  | —          | —               | —          | —           | —          | —  | —          | —        | —          | —               | —          | —           | —          | —        | —          |
| 132.    | Zhanjiang Wanda Plaza<br>(湛江萬達廣場)             | —  | —          | —               | —          | —           | —          | —  | —          | 10,552   | 43,799     | —               | 352,478    | —           | 82,004     | —        | 40,689     |
| 133.    | Jiangmen Wanda Plaza<br>(江門萬達廣場)              | —  | —          | —               | —          | —           | —          | —  | —          | 22,850   | 21,155     | 93,931          | 210,599    | —           | —          | —        | 31,965     |
| 134.    | Foshan Nanhai Wanda Plaza<br>(佛山南海萬達廣場)       | —  | —          | —               | —          | —           | —          | —  | —          | 30,033   | 9,967      | 90,412          | 140,418    | 103,350     | 56,650     | —        | 56,770     |
| 135.    | Nanning Anji Wanda Plaza<br>(南寧安吉萬達廣場)        | —  | —          | —               | —          | —           | —          | —  | —          | 23,901   | 44,099     | 14,292          | 186,708    | 29,152      | 82,848     | —        | 30,000     |
| 136.    | Nanning Qingxiu Wanda Plaza<br>(南寧青秀萬達廣場)     | —  | —          | —               | —          | —           | —          | —  | —          | 32,772   | 17,728     | 192,480         | 156,348    | 33,050      | 127,897    | —        | 15,888     |
| 137.    | Liuzhou Wanda Plaza (柳州萬達廣場)                  | —  | —          | —               | —          | —           | —          | —  | —          | 29,336   | 13,064     | 13,688          | 97,312     | 57,804      | 168,892    | —        | 66,600     |
| 138.    | Guilin Gaixin Wanda Plaza<br>(桂林高新萬達廣場)       | —  | —          | —               | —          | —           | —          | —  | —          | —        | 47,000     | —               | 25,000     | —           | 76,400     | —        | 30,000     |

## BUSINESS

| No.     | Project  | Completed Properties for Sale <sup>(1)</sup> |            |                 |            |             |            | Properties for Sale Under Development <sup>(1)</sup> |            |          |            |                 |            |             |            |          |            |
|---------|--|--|------------|-----------------|------------|-------------|------------|--|------------|----------|------------|-----------------|------------|-------------|------------|----------|------------|
|         |  | Retail                                       |            | SOHO and Office |            | Residential |            | Others   |            | Retail   |            | SOHO and Office |            | Residential |            | Others   |            |
|         |  | GFA sold                                     | GFA unsold | GFA sold        | GFA unsold | GFA sold    | GFA unsold | GFA sold   | GFA unsold | GFA sold | GFA unsold | GFA sold        | GFA unsold | GFA sold    | GFA unsold | GFA sold | GFA unsold |
| (sq.m.) | (sq.m.)  | (sq.m.)                                      | (sq.m.)    | (sq.m.)         | (sq.m.)    | (sq.m.)     | (sq.m.)    | (sq.m.)  | (sq.m.)    | (sq.m.)  | (sq.m.)    | (sq.m.)         | (sq.m.)    | (sq.m.)     | (sq.m.)    | (sq.m.)  |            |
| 139.    | Urumqi Wanda Plaza<br>(烏魯木齊萬達廣場)               | —  | —          | —               | —          | —           | —          | —  | —          | —        | —          | —               | —          | —           | —          | —        | —          |
| 140.    | Yinchuan Jinfeng Wanda Plaza<br>(銀川金鳳萬達廣場)     | —  | —          | —               | —          | —           | —          | —  | —          | —        | —          | —               | —          | —           | —          | —        | —          |
| 141.    | Yinchuan Xixia Wanda Plaza<br>(銀川西夏萬達廣場)       | —  | —          | —               | —          | —           | —          | —  | —          | 29,694   | 30,438     | 31,395          | 104,838    | 62,251      | 187,282    | 9,534    | 28,413     |
| 142.    | Xi'an Daminggong Wanda Plaza<br>(西安大明宮萬達廣場)    | 508  | —          | —               | —          | —           | —          | —  | —          | 8,897    | 24,683     | 3,332           | 34,619     | 4,299       | 153,799    | —        | 24,738     |
| 143.    | Xi'an Lijiacun Wanda Plaza<br>(西安李家村萬達廣場)      | —  | —          | —               | —          | —           | —          | —  | —          | —        | —          | —               | —          | —           | —          | —        | —          |
| 144.    | Xi'an Minleyuan Wanda Plaza<br>(西安民樂園萬達廣場)     | —  | —          | —               | —          | —           | —          | —  | —          | —        | —          | —               | —          | —           | —          | —        | —          |
| 145.    | Weinan Wanda Plaza (渭南萬達廣場)                    | —  | —          | —               | —          | —           | —          | —  | —          | 5,332    | 26,668     | 22,059          | 78,441     | —           | —          | —        | 1,000      |
| 146.    | Lanzhou Chengguan Wanda Plaza<br>(蘭州城關萬達廣場)    | —  | —          | —               | —          | —           | —          | —  | —          | 11,972   | —          | 151,880         | 42,038     | —           | —          | 4,640    | 1,960      |
| 147.    | Xining Wanda Plaza (西寧萬達廣場)<br>Southwest China | —  | —          | —               | —          | —           | —          | —  | —          | 30,371   | 35,224     | 115,839         | 291,356    | 35,160      | 71,883     | —        | 39,222     |
| 148.    | Chengdu Pixian Wanda Plaza<br>(成都郫縣萬達廣場)       | —  | —          | —               | —          | —           | —          | —  | —          | —        | 78,722     | —               | 229,000    | —           | 270,600    | —        | 118,773    |
| 149.    | Chengdu Jinniu Wanda Plaza<br>(成都金牛萬達廣場)       | —  | —          | —               | —          | —           | —          | —  | —          | —        | —          | —               | —          | —           | —          | —        | —          |
| 150.    | Chengdu Jinhualu Wanda Plaza<br>(成都錦華路萬達廣場)    | —  | —          | —               | —          | —           | —          | —  | —          | —        | —          | —               | —          | —           | —          | —        | —          |
| 151.    | Neijiang Wanda Plaza (內江萬達廣場)                  | —  | —          | —               | —          | —           | —          | —  | —          | 34,701   | 47,939     | 17,767          | 145,785    | 29,644      | 230,356    | —        | 47,470     |
| 152.    | Guangyuan Wanda Plaza<br>(廣元萬達廣場)              | —  | —          | —               | —          | —           | —          | —  | —          | 17,167   | 57,833     | 2,011           | 101,129    | 21,848      | 170,152    | —        | 57,743     |
| 153.    | Mianyang Jingkai Wanda Plaza<br>(綿陽經開萬達廣場)     | —  | —          | —               | —          | —           | —          | —  | —          | 9,991    | 59,919     | 13,867          | 218,547    | 20,868      | 393,987    | —        | 97,228     |
| 154.    | Mianyang Fucheng Wanda Plaza<br>(綿陽富城萬達廣場)     | 5,566  | —          | —               | —          | —           | —          | —  | —          | —        | —          | —               | —          | —           | —          | —        | —          |
| 155.    | Ziyang Wanda Plaza (資陽萬達廣場)                    | —  | —          | —               | —          | —           | —          | —  | —          | —        | —          | —               | —          | —           | —          | —        | —          |

## BUSINESS

| No.                   | Project   | Completed Properties for Sale <sup>(1)</sup> |            |                 |            |             |            |          |            |          |            | Properties for Sale Under Development <sup>(1)</sup> |            |             |            |          |            |  |  |  |  |
|-----------------------|---|--|------------|-----------------|------------|-------------|------------|----------|------------|----------|------------|--|------------|-------------|------------|----------|------------|--|--|--|--|
|                       |   | Retail                                       |            | SOHO and Office |            | Residential |            | Others   |            | Retail   |            | SOHO and Office                                      |            | Residential |            | Others   |            |  |  |  |  |
|                       |   | GFA sold                                     | GFA unsold | GFA sold        | GFA unsold | GFA sold    | GFA unsold | GFA sold | GFA unsold | GFA sold | GFA unsold | GFA sold   | GFA unsold | GFA sold    | GFA unsold | GFA sold | GFA unsold |  |  |  |  |
| (sq.m.)               | (sq.m.)   | (sq.m.)                                      | (sq.m.)    | (sq.m.)         | (sq.m.)    | (sq.m.)     | (sq.m.)    | (sq.m.)  | (sq.m.)    | (sq.m.)  | (sq.m.)    | (sq.m.)  | (sq.m.)    | (sq.m.)     | (sq.m.)    | (sq.m.)  |            |  |  |  |  |
| 156.                  | Chongqing Wanzhou Wanda Plaza<br>(重慶萬州萬達廣場)           | —  | —          | —               | —          | —           | —          | —        | —          | —        | —          | —  | —          | —           | —          | —        | —          |  |  |  |  |
| 157.                  | Chongqing Nanping Wanda Plaza<br>(重慶南坪萬達廣場)           | —  | —          | —               | —          | —           | —          | —        | —          | —        | —          | —  | —          | —           | —          | —        | —          |  |  |  |  |
| 158.                  | Chongqing Banan Wanda Plaza<br>(重慶巴南萬達廣場)             | —  | —          | —               | —          | —           | —          | —        | —          | 36,190   | 63,810     | 29,182   | 338,418    | 34,432      | 207,968    | —        | 78,200     |  |  |  |  |
| 159.                  | Kunming Xishan Wanda Plaza<br>(昆明西山萬達廣場)              | —  | —          | —               | —          | —           | —          | —        | —          | 21,445   | —          | 276,303  | 87,465     | —           | —          | —        | —          |  |  |  |  |
| <b>Wanda City</b>     |   |  |            |                 |            |             |            |          |            |          |            |  |            |             |            |          |            |  |  |  |  |
| 160.                  | Harbin Wanda City (哈爾濱萬達城)                            | —  | —          | —               | —          | —           | —          | —        | —          | 29,115   | 88,139     | 21,554   | 76,046     | 135,689     | 782,351    | —        | 217,334    |  |  |  |  |
| 161.                  | Wuxi Wanda City (無錫萬達城)                               | —  | —          | —               | —          | —           | —          | —        | —          | 9,087    | 57,087     | —  | 173,817    | 17,931      | 378,514    | —        | 178,760    |  |  |  |  |
| 162.                  | Nanchang Wanda City (南昌萬達城)                           | —  | —          | —               | —          | —           | —          | —        | —          | 73,842   | 28,400     | —  | —          | 623,721     | 297,440    | —        | 166,173    |  |  |  |  |
| 163.                  | Hefei Wanda City (合肥萬達城)                              | —  | —          | —               | —          | —           | —          | —        | —          | 71,316   | 96,167     | 47,628   | 329,936    | 642,799     | 172,183    | —        | 242,105    |  |  |  |  |
| 164.                  | Qingdao Wanda Oriental Movie<br>Metropolis (青島萬達東方影都) | —  | —          | —               | —          | —           | —          | —        | —          | 22,395   | 46,524     | 125,205  | 258,087    | —           | —          | —        | 20,200     |  |  |  |  |
| 165.                  | Wuhan Central Culture City<br>(武漢中央文化區)               | —  | —          | —               | —          | —           | —          | —        | —          | 44,956   | 16,863     | 206,166  | —          | 190,646     | 229,999    | 29,279   | 256,461    |  |  |  |  |
| <b>Other Projects</b> |   |  |            |                 |            |             |            |          |            |          |            |  |            |             |            |          |            |  |  |  |  |
| 166.                  | Dalian Wanda Centre (大連萬達中心)                          | —  | 25,480     | —               | —          | —           | —          | 406      | 1,676      | —        | —          | —  | —          | —           | —          | —        | —          |  |  |  |  |
| 167.                  | Zhengzhou Wanda Centre<br>(鄭州萬達中心)                    | —  | —          | —               | —          | —           | —          | —        | —          | 24,756   | 24,404     | 12,075   | 56,362     | —           | 101,189    | —        | 100,155    |  |  |  |  |
| 168.                  | Tianjin Wanda Centre (天津萬達中心)                         | —  | 28,828     | —               | —          | —           | —          | —        | —          | —        | —          | 4,963  | 71,508     | 56,399      | 51,573     | —        | 7,181      |  |  |  |  |
| 169.                  | Wuhan Wanda Centre (武漢萬達中心)                           | —  | —          | —               | —          | —           | 1,244      | —        | —          | —        | —          | —  | —          | —           | —          | —        | —          |  |  |  |  |
| 170.                  | Yinchuan Wanda Centre<br>(銀川萬達中心)                     | —  | —          | —               | —          | —           | —          | —        | —          | 4,784    | 14,726     | 108,260  | 51,935     | —           | —          | —        | —          |  |  |  |  |
| 171.                  | Xi'an Dongxinjie Project<br>(西安東新街項目)                 | —  | —          | —               | —          | —           | —          | —        | —          | —        | —          | —  | —          | —           | —          | —        | —          |  |  |  |  |
| 172.                  | Fuzhou Hengli City (福州恒力城)                            | —  | —          | —               | —          | —           | —          | 126      | 2,811      | —        | —          | —  | —          | —           | —          | —        | —          |  |  |  |  |
| 173.                  | Wuhu Wanda Hotel (蕪湖萬達酒店)                             | —  | —          | —               | —          | —           | —          | —        | —          | —        | —          | —  | 138,539    | —           | —          | —        | 27,317     |  |  |  |  |
| 174.                  | Chengdu Wanda Hotel (成都萬達酒店)                          | —  | —          | —               | —          | —           | —          | —        | —          | —        | —          | —  | 38,610     | —           | —          | —        | 10,881     |  |  |  |  |
| 175.                  | Sanya Wanda Hotel (三亞萬達酒店) <sup>(6)</sup>             | —  | —          | —               | —          | —           | —          | —        | —          | —        | —          | —  | —          | —           | —          | —        | —          |  |  |  |  |

| No.   | Project   | Completed Properties for Sale <sup>(1)</sup> |            |                 |            |             |            | Properties for Sale Under Development <sup>(1)</sup> |            |          |            |                 |            |             |            |          |            |
|---|---|--|------------|-----------------|------------|-------------|------------|--|------------|----------|------------|-----------------|------------|-------------|------------|----------|------------|
|   |   | Retail                                       |            | SOHO and Office |            | Residential |            | Others   |            | Retail   |            | SOHO and Office |            | Residential |            | Others   |            |
|   |   | GFA sold                                     | GFA unsold | GFA sold        | GFA unsold | GFA sold    | GFA unsold | GFA sold   | GFA unsold | GFA sold | GFA unsold | GFA sold        | GFA unsold | GFA sold    | GFA unsold | GFA sold | GFA unsold |
| (sq.m.)                                       | (sq.m.)   | (sq.m.)                                      | (sq.m.)    | (sq.m.)         | (sq.m.)    | (sq.m.)     | (sq.m.)    | (sq.m.)  | (sq.m.)    | (sq.m.)  | (sq.m.)    | (sq.m.)         | (sq.m.)    | (sq.m.)     | (sq.m.)    | (sq.m.)  |            |
| <b>2014 Separated Projects</b> <sup>(2)</sup> |   |  |            |                 |            |             |            |  |            |          |            |                 |            |             |            |          |            |
| 176.  | Qingdao Wanda Yacht Industry Park<br>(青島萬達遊艇產業園)    | —  | —          | —               | —          | —           | —          | —  | —          | —        | —          | —               | —          | —           | —          | —        | —          |
| 177.  | Xishuangbanna International Resort<br>(西雙版納國際旅遊度假區) | 1,465  | 63         | 50              | 105        | 2,491       | 1,578      | —  | 574        | 30,995   | 21,613     | —               | —          | 305,573     | 406,743    | —        | 345,291    |
| 178.  | Dalian Jinshi International Resort<br>(大連金石國際度假區)   | 10,190                                       | 11,836     | —               | —          | 111,343     | 85,053     | —  | 4,250      | —        | —          | —               | —          | —           | —          | —        | —          |

**Note:**

- (1) Consists of properties for sale in which we had interests as of June 30, 2014.
- (2) In October 2014, we disposed three property projects to Dalian Wanda Group, see “Summary — Recent Developments” and “Relationship with Controlling Shareholders — Delineation of Business — Excluded Business engaged by our Controlling Shareholder”.

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## BUSINESS

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### DESCRIPTION OF PROPERTY PROJECTS

#### Property Projects in China

The following are property projects that, as of June 30, 2014, each had a carrying amount of over 0.9% of our consolidated total assets:

#### *Changsha Kaifu Wanda Plaza*



Changsha Kaifu Wanda Plaza is located within the Wuyi business circle in Kaifu District, Changsha, Hunan Province. It is a mixed-use complex with an estimated total GFA of approximately 1,052,580 sq.m. which primarily comprises one shopping center, one luxury hotel, five office buildings and four residential buildings. The project is being developed by us through Changsha Kaifu Wanda Plaza Investment Co., Ltd., our wholly-owned project company.

We commenced development of Changsha Kaifu Wanda Plaza in August 2010 and expect to complete the entire project in November 2014. The land grant premium for the project has been paid in full.

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## BUSINESS

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The table below sets out the development status of each property type of Changsha Kaifu Wanda Plaza:

| Property Type                             | Development Status                            |
|---|---|
| Residential Properties for Sale . . . . . | Completed                                     |
| Office Spaces for Sale . . . . .          | Partly under development and partly completed |
| Hotel . . . . .                           | Completed                                     |
| Retail Spaces for Sale . . . . .          | Partly under development and partly completed |

### *Shopping Center*

The shopping center commenced operation in September 2013. It comprises a total GFA of approximately 196,473 sq.m. and a total LFA of approximately 113,102 sq.m.. As of June 30, 2014, the shopping center had 88 tenants. The table below sets forth certain operation data for the periods indicated:

|  | Year ended December 31, |      |      | Six Months             |
|--|-------------------------|------|------|------------------------|
|  | 2011                    | 2012 | 2013 | ended June<br>30, 2014 |
| <b>Occupancy Rate (%)</b> <sup>(1)</sup> . . . . . | —                       | —    | 100% | 100%                   |
| <b>Effective Rent (RMB/sq.m./month)</b> . . . . .  | —                       | —    | 58   | 64                     |
| <b>Rental Income (RMB million)</b> . . . . .       | —                       | —    | 20.2 | 43.3                   |

**Note:**

(1) As of the last date of each period indicated.

### *Residential*

As of June 30, 2014, completed residential properties in Changsha Kaifu Wanda Plaza had been almost entirely sold out.

### *Office*

All completed office spaces in Changsha Kaifu Wanda Plaza have been sold. In addition, as of June 30, 2014, office spaces with an estimated total saleable GFA of approximately 224,474 sq.m. were under development, of which approximately 190,396 sq.m. had been pre-sold.

### *Changsha Wanda Vista Hotel*

Changsha Wanda Vista Hotel commenced operation in August 2012 and comprises a total GFA of approximately 67,536 sq.m. with 424 guest rooms. The average room rate for 2013 was approximately RMB748 and the RevPAR for 2013 was approximately RMB425. For the years ended December 31, 2012 and 2013 and the six months ended June 30, 2014, the average occupancy rate was approximately 40%, 57% and 70%, respectively.

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## BUSINESS

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### *Retail Spaces for Sale and Others*

All completed retail spaces for sale in Changsha Kaifu Wanda Plaza have been sold. In addition, as of June 30, 2014, retail spaces for sale with an estimated total saleable GFA of approximately 16,487 sq.m. were under development, of which approximately 15,084 sq.m. had been pre-sold.

Other properties in Changsha Kaifu Wanda Plaza primarily comprise car parking spaces.

### *Chengdu Jinniu Wanda Plaza*



Chengdu Jinniu Wanda Plaza is located in Jinniu District, Chengdu, Sichuan Province. With a total GFA of approximately 1,127,873 sq.m., it is one of the largest mixed-use complexes in southwest China and primarily comprises one shopping center, three office buildings, four SOHO buildings and seven residential buildings. The project was developed by us through Chengdu Jinniu Wanda Plaza Investment Co., Ltd., our wholly-owned project company.



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## BUSINESS

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We commenced development of Chengdu Jinniu Wanda Plaza in January 2011 and completed the entire project in December 2013. The land grant premium for the project has been paid in full.

The table below sets out the development status of each property type of Chengdu Jinniu Wanda Plaza:

| Property Type                             | Development Status |
|---|--------------------|
| Residential Properties for Sale . . . . . | Completed          |
| Office Spaces for Sale . . . . .          | Completed          |
| SOHO for Sale . . . . .                   | Completed          |
| Retail Spaces for Sale . . . . .          | Completed          |

### *Shopping Center*

The shopping center commenced operation in December 2012. It comprises a total GFA of approximately 215,005 sq.m. and a total LFA of approximately 118,076 sq.m.. As of June 30, 2014, the shopping center had 211 tenants. The table below sets forth certain operation data for the periods indicated:

|   | Year ended December 31, |                  |       | Six Months             |
|---|-------------------------|------------------|-------|------------------------|
|   | 2011                    | 2012             | 2013  | ended June<br>30, 2014 |
| <b>Occupancy Rate (%)<sup>(1)</sup></b> . . . . . | —                       | 100%             | 100%  | 100%                   |
| <b>Effective Rent (RMB/sq.m./month)</b> . . . . . | —                       | — <sup>(2)</sup> | 75    | 83                     |
| <b>Rental Income (RMB million)</b> . . . . .      | —                       | — <sup>(2)</sup> | 106.0 | 58.2                   |

**Notes:**

- (1) As of the last date of each period indicated.
- (2) The shopping center commenced operation in December 2012. As a result, no data is available.

### *Residential, Office and SOHO, Retail Spaces for Sale and Others*

All residential properties, office spaces, SOHO spaces and retail spaces for sale in Chengdu Jinniu Wanda Plaza have been pre-sold.

Other properties in Chengdu Jinniu Wanda Plaza primarily comprise car parking spaces.

**Quanzhou Puxi Wanda Plaza**

Quanzhou Puxi Wanda Plaza is located on Baozhou Avenue in Fengze District, Quanzhou, Fujian Province. It is a mixed-use complex with an estimated total GFA of approximately 1,177,300 sq.m. which primarily comprises one shopping center, one luxury hotel, two office buildings, two SOHO buildings and eight residential buildings. The project is being developed by us through Quanzhou Puxi Wanda Plaza Investment Co., Ltd., our wholly-owned project company.

We commenced development of Quanzhou Puxi Wanda Plaza in August 2010 and expect to complete the entire project in August 2015. The land grant premium for the project has been paid in full.

The table below sets out the development status of each property type of Quanzhou Puxi Wanda Plaza:

| <b>Property Type</b>                      | <b>Development Status</b>                     |
|---|---|
| Residential Properties for Sale . . . . . | Partly under development and partly completed |
| Office Spaces for Sale . . . . .          | Completed                                     |
| SOHO for Sale . . . . .                   | Completed                                     |
| Hotel . . . . .                           | Completed                                     |
| Retail Spaces for Sale . . . . .          | Partly under development and partly completed |

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## BUSINESS

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### *Shopping Center*

The shopping center commenced operation in September 2012. It comprises a total GFA of approximately 287,355 sq.m. and a total LFA of approximately 100,502 sq.m.. As of June 30, 2014, the shopping center had 127 tenants. The table below sets forth certain operation data for the periods indicated:

|   | Year ended December 31, |      |      | Six Months             |
|---|-------------------------|------|------|------------------------|
|   | 2011                    | 2012 | 2013 | ended June<br>30, 2014 |
| Occupancy Rate (%) <sup>(1)</sup> . . . . . | —                       | 100% | 100% | 100%                   |
| Effective Rent (RMB/sq.m./month) . . . . .  | —                       | 65   | 72   | 83                     |
| Rental Income (RMB million) . . . . .       | —                       | 20.1 | 86.5 | 49.5                   |

**Note:**

(1) As of the last date of each period indicated.

### *Residential*

All completed residential properties in Quanzhou Puxi Wanda Plaza have been sold. In addition, as of June 30, 2014, residential properties with an estimated total saleable GFA of approximately 203,362 sq.m. were under development, all of which had been pre-sold.

### *Quanzhou Wanda Vista Hotel*

Quanzhou Wanda Vista Hotel commenced operation in August 2012 and comprises a total GFA of approximately 47,767 sq.m. with 322 guest rooms. The average room rate for 2013 was approximately RMB653 and the RevPAR for 2013 was approximately RMB389. For the years ended December 31, 2012 and 2013 and the six months ended June 30, 2014, the average occupancy rate was 55%, 60% and 70%, respectively.

### *Office and SOHO, Retail Spaces for Sale and Others*

All completed retail spaces for sale in Quanzhou Puxi Wanda Plaza have been sold. In addition, as of June 30, 2014, retail spaces for sale with an estimated total saleable GFA of approximately 9,731 sq.m. were under development, all of which had been pre-sold.

All office spaces and SOHO spaces in Quanzhou Puxi Wanda Plaza have been sold.

Other properties in Quanzhou Puxi Wanda Plaza primarily comprise car parking spaces.

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## BUSINESS

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### *Dongguan Dongcheng Wanda Plaza*



Dongguan Dongcheng Wanda Plaza is located within the Dongzong traditional business circle adjacent to the center of Dongcheng District in Dongguan, Guangdong Province. It is a mixed-use complex with an estimated total GFA of approximately 541,189 sq.m. which primarily comprises one shopping center, one luxury hotel, one office building, two SOHO buildings and 10 residential buildings. The project is being developed by us through Dongguan Dongcheng Wanda Plaza Investment Co., Ltd., our wholly-owned project company.

We commenced development of Dongguan Dongcheng Wanda Plaza in July 2012 and expect to complete the entire project in April 2015. The land grant premium for the project has been paid in full.

The table below sets out the development status of each property type of Dongguan Dongcheng Wanda Plaza:

| <b>Property Type</b>                      | <b>Development Status</b> |
|---|---------------------------|
| Residential Properties for Sale . . . . . | Under development         |
| Office Spaces for Sale . . . . .          | Under development         |
| SOHO for Sale . . . . .                   | Under development         |
| Hotel. . . . .                            | Under development         |
| Retail Spaces for Sale . . . . .          | Under development         |

### *Shopping Center*

The shopping center is expected to commence operation in September 2014. It has an estimated total GFA of approximately 105,881 sq.m..

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## BUSINESS

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### *Residential*

As of June 30, 2014, residential properties in Dongguan Dongcheng Wanda Plaza with an estimated total saleable GFA of approximately 105,839 sq.m. were under development, of which approximately 26,486 sq.m. had been pre-sold.

### *Office and SOHO*

As of June 30, 2014, the office spaces and SOHO spaces in Dongguan Dongcheng Wanda Plaza were under development. The office spaces comprised an estimated total saleable GFA of approximately 60,361 sq.m., of which approximately 8,497 sq.m. had been pre-sold, and the SOHO spaces comprised an estimated total saleable GFA of approximately 33,940 sq.m., of which approximately 14,978 sq.m. had been pre-sold.

### *Dongguan Wanda Vista Hotel*

As of June 30, 2014, Dongguan Wanda Vista Hotel in Dongguan Dongcheng Wanda Plaza was under development. It is expected to commence operation in September 2014. It has an estimated total GFA of approximately 44,500 sq.m. and a total of 306 planned guest rooms.

### *Retail Spaces for Sale and Others*

As of June 30, 2014, retail spaces for sale with an estimated total saleable GFA of approximately 55,852 sq.m. were under development, of which approximately 43,648 sq.m. had been pre-sold.

Other properties in Dongguan Dongcheng Wanda Plaza primarily comprise car parking spaces.

### ***Harbin Haxi Wanda Plaza***



Harbin Haxi Wanda Plaza is located in the CBD area of Haxi District, Harbin, Heilongjiang Province. It is a mixed-use complex with a total GFA of approximately 863,500 sq.m. which primarily comprises one shopping center, two office buildings, two SOHO buildings and 11 residential buildings. The project was developed by us through Harbin Haxi Wanda Plaza Co., Ltd., our wholly-owned project company.

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## BUSINESS

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We commenced development of Harbin Haxi Wanda Plaza in April 2011 and completed the entire project in September 2013. The land grant premium for the project has been paid in full.

The table below sets out the development status of each property type of Harbin Haxi Wanda Plaza:

| Property Type                             | Development Status |
|---|--------------------|
| Residential Properties for Sale . . . . . | Completed          |
| Office Spaces for Sale . . . . .          | Completed          |
| SOHO for Sale . . . . .                   | Completed          |
| Hotel . . . . .                           | Completed          |
| Retail Spaces for Sale . . . . .          | Completed          |

### *Shopping Center*

The shopping center commenced operation in September 2013. It comprises a total GFA of approximately 218,571 sq.m. and a total LFA of 119,452 sq.m.. As of June 30, 2014, the shopping center had 171 tenants. The table below sets forth certain operation data for the periods indicated:

|   | Year ended December 31, |      |      | Six Months             |
|---|-------------------------|------|------|------------------------|
|   | 2011                    | 2012 | 2013 | ended June<br>30, 2014 |
| <b>Occupancy Rate (%)<sup>(1)</sup></b> . . . . . | —                       | —    | 100% | 100%                   |
| <b>Effective Rent (RMB/sq.m./month)</b> . . . . . | —                       | —    | 50   | 56                     |
| <b>Rental Income (RMB million)</b> . . . . .      | —                       | —    | 21.6 | 39.6                   |

**Note:**

(1) As of the last date of each period indicated.

### *Residential*

As of June 30, 2014, completed residential properties in Harbin Haxi Wanda Plaza had been almost entirely sold out.

### *Harbin Haxi Wanda Realm Hotel*

Harbin Haxi Wanda Realm Hotel commenced operation in September 2013 and comprises a total GFA of 47,918 sq.m. with 345 guest rooms. The average room rate for 2013 was approximately RMB632 and the RevPAR for 2013 was approximately RMB210. For the year ended December 31, 2013 and the six months ended June 30, 2014, the Average Occupancy Rate was 33% and 49%, respectively.

### *Office, SOHO, Retail Spaces for Sale and Others*

As of June 30, 2014, completed retail spaces for sale in Harbin Haxi Wanda Plaza had been almost entirely sold out.



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## BUSINESS

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All office spaces and SOHO spaces in Harbin Haxi Wanda Plaza have been sold.

Other properties in Harbin Haxi Wanda Plaza primarily comprise car parking spaces.

### ***Dandong Wanda Plaza***



Dandong Wanda Plaza is located at the intersection of Huayuan Road and Jinshan Avenue in Zhenxing District, Dandong, Liaoning Province. It is a mixed-use complex with an estimated total GFA of approximately 1,118,800 sq.m. which primarily comprises one shopping center, one luxury hotel, 21 residential buildings and two office buildings. The project is being developed by us through Dandong Wanda Plaza Co., Ltd., our wholly-owned project company.

We commenced development of Dandong Wanda Plaza in March 2012 and expect to complete the entire project in September 2017. The land grant premium for the project has been paid in full.

The table below sets out the development status of each property type of Dandong Wanda Plaza:

| <b>Property Type</b>                      | <b>Development Status</b>                     |
|---|---|
| Residential Properties for Sale . . . . . | Under development                             |
| Office Spaces for Sale . . . . .          | Completed                                     |
| Hotel . . . . .                           | Completed                                     |
| Retail Spaces for Sale . . . . .          | Partly under development and partly completed |



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## BUSINESS

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### *Shopping Center*

The shopping center commenced operation in December 2013. It comprises a total GFA of 161,304 sq.m. and a total LFA of 90,863 sq.m.. As of June 30, 2014, the shopping center had 134 tenants. The table below sets forth certain operation data for the periods indicated:

|   | Year ended December 31, |      |      | Six Months             |
|---|-------------------------|------|------|------------------------|
|   | 2011                    | 2012 | 2013 | ended June<br>30, 2014 |
| Occupancy Rate (%) <sup>(1)</sup> . . . . . | —                       | —    | 98%  | 100%                   |
| Effective Rent (RMB/sq.m./month) . . . . .  | —                       | —    | 60   | 54                     |
| Rental Income (RMB million) . . . . .       | —                       | —    | 2.1  | 29.0                   |

**Note:**

(1) As of the last date of each period indicated.

### *Residential*

As of June 30, 2014, residential properties in Dandong Wanda Plaza with an estimated total saleable GFA of approximately 333,192 sq.m. were under development, of which approximately 195,622 sq.m. had been pre-sold.

### *Office*

As of June 30, 2014, approximately 3,152 sq.m. of the completed office spaces in Dandong Wanda Plaza had yet to be sold.

### *Dandong Wanda Realm Hotel*

Dandong Wanda Realm Hotel commenced operation in December 2013 and comprises a total GFA of 48,499 sq.m. with 302 guest rooms. The average room rate for 2013 was approximately RMB400 and the RevPAR for 2013 was approximately RMB121. For the year ended December 31, 2013 and the six months ended June 30, 2014, the average occupancy rate was 30% and 34%, respectively.

### *Retail Spaces for Sale and Other*

As of June 30, 2014, approximately 13,027 sq.m. of the completed retail spaces for sale in Dandong Wanda Plaza had yet to be sold. In addition, retail spaces for sale with an estimated total saleable GFA of approximately 51,523 sq.m. were under development, of which approximately 19,888 sq.m. had been pre-sold.

Other properties in Dandong Wanda Plaza primarily comprise car parking spaces.

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## BUSINESS

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### *Tangshan Lunan Wanda Plaza*



Tangshan Lunan Wanda Plaza is located in Lunan District, Tangshan, Hebei Province. It is a mixed-use complex with a total GFA of approximately 1,106,956 sq.m. which primarily comprises one shopping center, one luxury hotel, two office buildings, two SOHO buildings and 21 residential buildings. The project was developed by us through Tangshan Wanda Plaza Investment Co., Ltd., our wholly-owned project company.

We commenced development of Tangshan Lunan Wanda Plaza in June 2009 and completed the entire project in April 2013. The land grant premium for the project has been paid in full.

The table below sets out the development status of each property type of Tangshan Lunan Wanda Plaza:

| <b>Property Type</b>                      | <b>Development Status</b> |
|---|---------------------------|
| Residential Properties for Sale . . . . . | Completed                 |
| Office Spaces for Sale . . . . .          | Completed                 |
| SOHO for Sale . . . . .                   | Completed                 |
| Hotel. . . . .                            | Completed                 |
| Retail Spaces for Sale . . . . .          | Completed                 |

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## BUSINESS

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### *Shopping Center*

The shopping center commenced operation in December 2011. It comprises a total GFA of approximately 191,824 sq.m. and a total LFA of approximately 112,688 sq.m.. As of June 30, 2014, the shopping center had 151 tenants. The table below sets forth certain operation data for the periods indicated:

|   | Year ended December 31, |      |      | Six Months             |
|---|-------------------------|------|------|------------------------|
|   | 2011                    | 2012 | 2013 | ended June<br>30, 2014 |
| Occupancy Rate (%) <sup>(1)</sup> . . . . . | 100%                    | 100% | 100% | 100%                   |
| Effective Rent (RMB/sq.m./month) . . . . .  | 51                      | 62   | 71   | 75                     |
| Rental Income (RMB million) . . . . .       | 1.7                     | 84.5 | 95.7 | 50.2                   |

**Note:**

(1) As of the last date of each period indicated.

### *Residential, Office and SOHO*

As of June 30, 2014, approximately 34,031 sq.m. of the completed residential properties, 22,515 sq.m. of the completed office spaces and 55,490 sq.m. of the completed SOHO spaces in Tangshan Lunan Wanda Plaza had yet to be sold.

### *Tangshan Wanda Hotel*

Tangshan Wanda Hotel commenced operation in December 2011 and comprises a total GFA of approximately 47,467 sq.m. with 285 guest rooms. The average room rate for 2013 was approximately RMB617 and the RevPAR for 2013 was approximately RMB270. For the years ended December 31, 2011, 2012 and 2013 and the six months ended June 30, 2014, the average occupancy rate was 8%, 30%, 44% and 39%, respectively.

### *Retail Spaces for Sale and Others*

As of June 30, 2014, approximately 1,654 sq.m. of the completed retail spaces for sale in Tangshan Lunan Wanda Plaza had yet to be sold.

Other properties in Tangshan Lunan Wanda Plaza primarily comprise car parking spaces.

***Nanjing Jiangning Wanda Plaza***



Nanjing Jiangning Wanda Plaza is located alongside Zhushan Road in Jiangning District, Nanjing, Jiangsu Province. It is a mixed-use complex with an estimated total GFA of approximately 536,380 sq.m. which primarily comprises one shopping center, one luxury hotel, five office buildings, one SOHO building and two residential buildings. The project is being developed by us through Nanjing Jiangning Wanda Plaza Co., Ltd., our wholly-owned project company.

We commenced development of Nanjing Jiangning Wanda Plaza in March 2012 and expect to complete the entire project in December 2014. The land grant premium for the project has been paid in full.

The table below sets out the development status of each property type of Nanjing Jiangning Wanda Plaza:

| <b>Property Type</b>                      | <b>Development Status</b>                     |
|---|---|
| Residential Properties for Sale . . . . . | Partly under development and partly completed |
| Office Spaces for Sale . . . . .          | Completed                                     |
| SOHO for Sale . . . . .                   | Completed                                     |
| Hotel . . . . .                           | Completed                                     |
| Retail Spaces for Sale . . . . .          | Partly under development and partly completed |

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## BUSINESS

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### *Shopping Center*

The shopping center commenced operation in December 2013. It comprises a total GFA of approximately 168,585 sq.m. and a total LFA of approximately 95,635 sq.m.. As of June 30, 2014, the shopping center had 180 tenants. The table below sets forth certain operation data for the periods indicated:

|  | Year ended December 31, |      |      | Six Months<br>ended June<br>30, 2014 |
|--|-------------------------|------|------|--------------------------------------|
|  | 2011                    | 2012 | 2013 |                                      |
| <b>Occupancy Rate (%)</b> <sup>(1)</sup> . . . . . | —                       | —    | 100% | 100%                                 |
| <b>Effective Rent (RMB/sq.m./month)</b> . . . . .  | —                       | —    | 87   | 89                                   |
| <b>Rental Income (RMB million)</b> . . . . .       | —                       | —    | 3.0  | 50.4                                 |

**Note:**

(1) As of the last date of each period indicated.

### *Residential*

As of June 30, 2014, approximately 13,298 sq.m. of the completed residential properties in Nanjing Jiangning Wanda Plaza had yet to be sold. In addition, as of June 30, 2014, residential properties with an estimated total saleable GFA of approximately 38,759 sq.m. were under development, of which approximately 11,429 sq.m. had been pre-sold.

### *Office and SOHO*

As of June 30, 2014, approximately 12,784 sq.m. of the completed office spaces in Nanjing Jiangning Wanda Plaza had yet to be sold. As of the same date, completed SOHO spaces in Nanjing Jiangning Wanda Plaza were almost entirely sold out. No properties had been delivered as of June 30, 2014.

### *Nanjing Wanda Realm Hotel*

Nanjing Wanda Realm Hotel commenced operation in December 2013 and comprises a total GFA of approximately 41,595 sq.m. with 302 guest rooms. The average room rate for 2013 was approximately RMB1,051 and the RevPAR for 2013 was approximately RMB277. For the year ended December 31, 2013 and the six months ended June 30, 2014, the average occupancy rate was 26% and 41%, respectively.

### *Retail Spaces for Sale and Others*

As of June 30, 2014, approximately 2,115 sq.m. of the completed retail spaces for sale in Nanjing Jiangning Wanda Plaza had yet to be sold. In addition, as of June 30, 2014, retail spaces for sale with an estimated total saleable GFA of approximately 12,694 sq.m. were under development, of which approximately 11,798 sq.m. had been pre-sold.

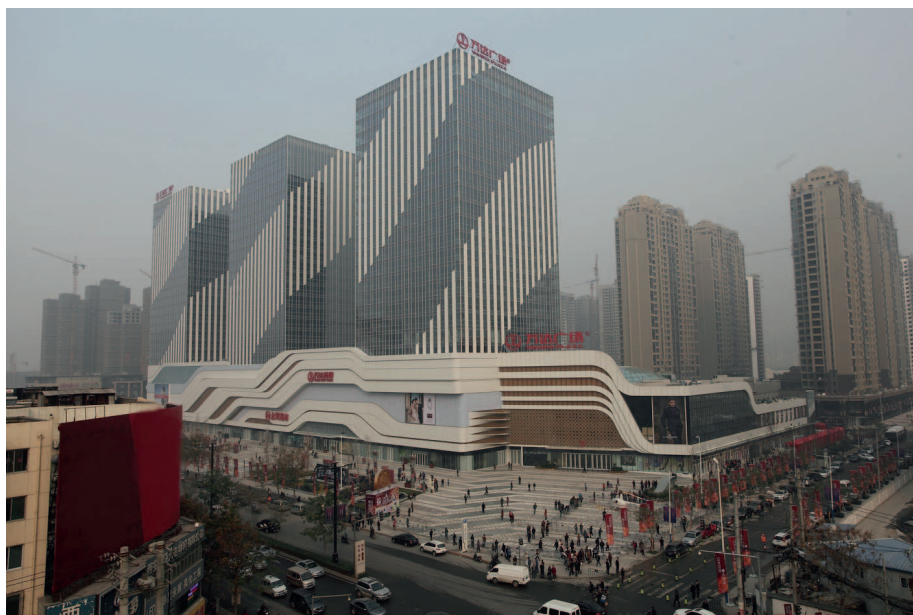
Other properties in Nanjing Jiangning Wanda Plaza primarily comprise car parking spaces.

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## BUSINESS

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### *Xi'an Daminggong Wanda Plaza*



Xi'an Daminggong Wanda Plaza is located in Weiyang District, Xi'an, Shaanxi Province. It is a mixed-use complex with an estimated total GFA of approximately 648,968 sq.m. which primarily comprises one shopping center, three office buildings, four SOHO buildings and 12 residential buildings. The project is being developed by us through Xi'an Daminggong Wanda Plaza Co., Ltd., our wholly-owned project company.

We commenced development of Xi'an Daminggong Wanda Plaza in May 2012 and expect to complete the entire project in June 2015. The land grant premium for the project has been paid in full.

The table below sets out the development status of each property type of Xi'an Daminggong Wanda Plaza:

| <b>Property Type</b>                      | <b>Development Status</b>                     |
|---|---|
| Residential Properties for Sale . . . . . | Under development                             |
| Office Spaces for Sale . . . . .          | Completed                                     |
| SOHO for Sale . . . . .                   | Partly under development and partly completed |
| Retail Spaces for Sale . . . . .          | Partly under development and partly completed |

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## BUSINESS

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### *Shopping Center*

The shopping center commenced operation in November 2013. It comprises a total GFA of approximately 187,588 sq.m. and a total LFA of approximately 89,931 sq.m.. As of June 30, 2014, the shopping center had 138 tenants. The table below sets forth certain operation data for the periods indicated:

|   | Year ended December 31, |      |      | Six Months             |
|---|-------------------------|------|------|------------------------|
|   | 2011                    | 2012 | 2013 | ended June<br>30, 2014 |
| <b>Occupancy Rate (%)<sup>(1)</sup></b> . . . . . | —                       | —    | 100% | 100%                   |
| <b>Effective Rent (RMB/sq.m./month)</b> . . . . . | —                       | —    | 71   | 77                     |
| <b>Rental Income (RMB million)</b> . . . . .      | —                       | —    | 8.4  | 41.3                   |

**Note:**

(1) As of the last date of each period indicated.

### *Residential*

As of June 30, 2014, residential properties in Xi'an Daminggong Wanda Plaza with an estimated total saleable GFA of approximately 158,098 sq.m. were under development, of which approximately 4,299 sq.m. had been pre-sold.

### *Office and SOHO*

As of June 30, 2014, approximately 98,472 sq.m. of the completed office spaces and 53,682 sq.m. of the completed SOHO spaces in Xi'an Daminggong Wanda Plaza had yet to be sold. No properties had been delivered as of June 30, 2014.

In addition, as of June 30, 2014, SOHO spaces with an estimated total saleable GFA of approximately 37,951 sq.m. were under development, of which approximately 3,332 sq.m. had been pre-sold.

### *Retail Spaces for Sale and Others*

All completed retail spaces in Xi'an Daminggong Wanda Plaza have been sold. In addition, as of June 30, 2014, retail spaces for sale with an estimated total saleable GFA of approximately 33,580 sq.m. were under development, of which approximately 8,897 sq.m. had been pre-sold.

Other properties in Xi'an Daminggong Wanda Plaza primarily comprise car parking spaces.



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## BUSINESS

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### *Tianjin Wanda Center*



Tianjin Wanda Center is located in Hedong District, Tianjin Municipality. It is a mixed-use complex with a total GFA of approximately 349,000 sq.m. which primarily comprises one luxury hotel, one office building and four residential buildings. The project is being developed by us through Tianjin Wanda Center Investment Co., Ltd., our wholly-owned project company.

We commenced development of Tianjin Wanda Center in July 2011 and completed the entire project in July 2014. The land grant premium for the project has been paid in full.

The table below sets out the development status of each property type of Tianjin Wanda Center:

| <b>Property Type</b>                      | <b>Development Status</b> |
|---|---------------------------|
| Residential Properties for Sale . . . . . | Under development         |
| Office Spaces for Sale . . . . .          | Under development         |
| SOHO for Sale . . . . .                   | Completed                 |
| Hotel . . . . .                           | Completed                 |
| Retail Spaces for Sale . . . . .          | Completed                 |

### *Residential*

As of June 30, 2014, residential properties in Tianjin Wanda Center with an estimated total saleable GFA of approximately 107,972 sq.m. were under development, of which approximately 56,399 sq.m. had been pre-sold.

### *Office*

As of June 30, 2014, Office spaces in Tianjin Wanda Center with an estimated total saleable GFA of approximately 76,471 sq.m. were under development, of which approximately 4,963 sq.m. had been pre-sold.

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## BUSINESS

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### *Tianjin Wanda Vista Hotel*

Tianjin Wanda Vista Hotel commenced operation in September 2013 and comprises a total GFA of approximately 48,101 sq.m. with 295 guest rooms. The average room rate for 2013 was approximately RMB557 and the RevPAR for 2013 was approximately RMB118. For the year ended December 31, 2013 and the six months ended June 30, 2014, the average occupancy rate was 21% and 31%, respectively.

### *SOHO, Retail Spaces for Sale and Others*

As of June 30, 2014, approximately 28,828 sq.m. of the completed retail spaces for sale in Tianjin Wanda Center had yet to be sold.

All SOHO spaces in Tianjin Wanda Center have been sold.

Other properties in Tianjin Wanda Center primarily comprise car parking spaces.

### *Shijiazhuang Yuhua Wanda Plaza*



Shijiazhuang Yuhua Wanda Plaza is located in Yuhua District, Shijiazhuang, Hebei Province. It is a mixed-use complex with a total GFA of approximately 1,840,117 sq.m. which primarily comprises one shopping center, one luxury hotel, three office buildings, four SOHO buildings and 21 residential buildings. The project was developed by us through Shijiazhuang Wanda Plaza Investment Co., Ltd., our wholly-owned project company (32% of the shareholdings is registered under the name of Zhuhai Rongzhao Investment Management Partnership (Limited Liability Partnership) (珠海融昭投资管理合夥企業(有限合夥)), an independent third party.).

We commenced development of Shijiazhuang Yuhua Wanda Plaza in November 2009 and completed the entire project in December 2013. The land grant premium for the project has been paid in full.

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## BUSINESS

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The table below sets out the development status of each property type of Shijiazhuang Yuhua Wanda Plaza:

| Property Type                             | Development Status |
|---|--------------------|
| Residential Properties for Sale . . . . . | Completed          |
| Office Spaces for Sale . . . . .          | Completed          |
| SOHO for Sale . . . . .                   | Completed          |
| Hotel. . . . .                            | Completed          |
| Retail Spaces for Sale . . . . .          | Completed          |

### *Shopping Center*

The shopping center commenced operation in September 2011. It comprises a total GFA of approximately 191,947 sq.m. and a total LFA of approximately 117,250 sq.m.. As of June 30, 2014, the shopping center had 127 tenants. The table below sets forth certain operation data for the periods indicated:

|   | Year ended December 31, |      |      | Six Months             |
|---|-------------------------|------|------|------------------------|
|   | 2011                    | 2012 | 2013 | ended June<br>30, 2014 |
| <b>Occupancy Rate (%)<sup>(1)</sup></b> . . . . . | 100%                    | 100% | 100% | 100%                   |
| <b>Effective Rent (RMB/sq.m./month)</b> . . . . . | 45                      | 59   | 70   | 76                     |
| <b>Rental Income (RMB million)</b> . . . . .      | 17.3                    | 82.6 | 97.7 | 53.2                   |

**Note:**

(1) As of the last date of each period indicated.

### *Residential*

As of June 30, 2014, completed residential properties in Shijiazhuang Yuhua Wanda Plaza had been almost entirely sold out.

### *Shijiazhuang Wanda Hotel*

Shijiazhuang Wanda Hotel commenced operation in September 2011 and comprises a total GFA of approximately 44,462 sq.m. with 293 guest rooms. The average room rate for 2013 was approximately RMB603 and the RevPAR for 2013 was approximately RMB402. For the years ended December 31, 2011, 2012 and 2013 and the six months ended June 30, 2014, the average occupancy rate was 26%, 45%, 67% and 72%, respectively.

### *Office, SOHO, Retail Spaces for Sale and Others*

All office spaces, SOHO spaces and retail spaces for sale in Shijiazhuang Yuhua Wanda Plaza have been sold.

Other properties in Shijiazhuang Yuhua Wanda Plaza primarily comprise car parking spaces.

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## BUSINESS

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### *Shanghai Songjiang Wanda Plaza*



Shanghai Songjiang Wanda Plaza is located in Songjiang District, Shanghai Municipality. It is a mixed-use complex with a total GFA of approximately 322,908 sq.m. which primarily comprises one shopping center and four office buildings. The project was developed by us through Shanghai Songjiang Wanda Plaza Investment Co., Ltd., our wholly-owned project company.

We commenced development of Shanghai Songjiang Wanda Plaza in May 2012 and completed the entire project in May 2014. The land grant premium for the project has been paid in full.

The table below sets out the development status of each property type of Shanghai Songjiang Wanda Plaza:

| <b>Property Type</b>             | <b>Development Status</b> |
|----------------------------------|---------------------------|
| Office Spaces for Sale . . . . . | Completed                 |
| SOHO for Sale . . . . .          | Completed                 |
| Retail Spaces for Sale . . . . . | Completed                 |

### *Shopping Center*

The shopping center commenced operation in May 2014. It comprises a total GFA of approximately 155,632 sq.m. and a total LFA of approximately 96,397 sq.m..

### *Office, SOHO, Retail Spaces for Sale and Others*

All office spaces, SOHO spaces and retail spaces for sale in Shanghai Songjiang Wanda Plaza have been sold.

Other properties in Shanghai Songjiang Wanda Plaza primarily comprise car parking spaces.



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### *Shanghai Wujiaochang Wanda Plaza*



Shanghai Wujiaochang Wanda Plaza is located in Yangpu District, Shanghai Municipality. It is a mixed-use complex with a total GFA of approximately 332,302 sq.m. which primarily comprises one shopping center, three pedestrian streets and three office buildings. The project was developed by us through Shanghai Wanda Commercial Plaza Property Co., Ltd., our wholly-owned project company.

We commenced development of Shanghai Wujiaochang Wanda Plaza in October 2004 and completed the entire project in April 2007. The land grant premium for the project has been paid in full.

The table below sets out the development status of each property type of Shanghai Wujiaochang Wanda Plaza:

| Property Type                    | Development Status |
|----------------------------------|--------------------|
| Office Spaces for Sale . . . . . | Completed          |
| Retail Spaces for Sale . . . . . | Completed          |

### *Shopping Center*

The shopping center commenced operation in December 2006. It comprises a total GFA of approximately 242,120 sq.m. and a total LFA of approximately 182,774 sq.m.. As of June 30, 2014, the shopping center had 99 tenants. The table below sets forth certain operation data for the periods indicated:

|  | Year ended December 31, |       |       | Six Months<br>ended June |
|--|-------------------------|-------|-------|--------------------------|
|  | 2011                    | 2012  | 2013  | 30, 2014                 |
| <b>Occupancy Rate (%)</b> <sup>(1)</sup> . . . . . | 100%                    | 99%   | 100%  | 100%                     |
| <b>Effective Rent (RMB/sq.m./month)</b> . . . . .  | 136                     | 145   | 157   | 163                      |
| <b>Rental Income (RMB million)</b> . . . . .       | 300.9                   | 316.1 | 343.7 | 177.2                    |

**Note:**

(1) As of the last date of each period indicated.

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## BUSINESS

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### *Office, Retail Spaces for Sale and Others*

All office spaces and retail spaces for sale in Shanghai Wujiaochang Wanda Plaza have been sold.

Other properties in Shanghai Wujiaochang Wanda Plaza primarily comprise car parking spaces.

### ***Beijing CBD Wanda Plaza***



Beijing CBD Wanda Plaza is located in Beijing's central business district in Chaoyang District, Beijing Municipality. It is a mixed-use complex with a total GFA of approximately 446,360 sq.m. which primarily comprises one shopping center, one luxury hotel, two office buildings and eight SOHO buildings. The project was developed by us through Beijing Wanda Plaza Property Development Co., Ltd., our wholly-owned project company.

We commenced development of Beijing CBD Wanda Plaza in August 2003 and completed the entire project in September 2006. The land grant premium for the project has been paid in full.

The table below sets out the development status of each property type of Beijing CBD Wanda Plaza:

| <b>Property Type</b>             | <b>Development Status</b> |
|----------------------------------|---------------------------|
| SOHO for Sale . . . . .          | Completed                 |
| Hotel. . . . .                   | Completed                 |
| Retail Spaces for Sale . . . . . | Completed                 |

## BUSINESS

### *Shopping Center and Office Spaces for Leasing*

The investment properties in Beijing CBD Wanda Plaza comprises a shopping center and office spaces for leasing with a total GFA of approximately 159,170 sq.m.. As of June 30, 2014, the shopping center and office spaces for leasing had 18 tenants. The shopping center commenced operation in December 2006. It comprises a total LFA of approximately 70,272 sq.m.. Office spaces for leasing comprise a total LFA of approximately 31,138 sq.m.. The table below sets forth certain operation data for the periods indicated:

|   | Year ended December 31, |      |       | Six Months             |
|---|-------------------------|------|-------|------------------------|
|   | 2011                    | 2012 | 2013  | ended June<br>30, 2014 |
| <b>Shopping Center</b>                      |                         |      |       |                        |
| Occupancy Rate (%) <sup>(1)</sup> . . . . . | 100%                    | 100% | 100%  | 100%                   |
| Effective Rent (RMB/sq.m./month) . . . . .  | 99                      | 97   | 103   | 102                    |
| Rental Income (RMB million) . . . . .       | 83.4                    | 82.1 | 86.5  | 42.5                   |
| <b>Office Spaces for Leasing</b>            |                         |      |       |                        |
| Occupancy Rate (%) <sup>(1)</sup> . . . . . | 100%                    | 100% | 100%  | 100%                   |
| Effective Rent (RMB/sq.m./month) . . . . .  | 138                     | 182  | 279   | 277                    |
| Rental Income (RMB million) . . . . .       | 47.1                    | 67.9 | 104.3 | 51.7                   |

**Note:**

(1) As of the last date of each period indicated.

### *Beijing Wanda Hotel*

Beijing Wanda Hotel commenced operation in August 2007 and comprises a total GFA of approximately 56,301 sq.m. with 417 guest rooms. The average room rate for 2013 was approximately RMB1,080 and the RevPAR for 2013 was approximately RMB845. For the years ended December 31, 2011, 2012, 2013 and the six months ended June 30, 2014, the average occupancy rate was 68%, 75%, 78% and 82%, respectively.

### *SOHO, Retail Spaces for Sale and Others*

All SOHO spaces and retail spaces for sale in Beijing CBD Wanda Plaza have been sold.

Other properties in Beijing CBD Wanda Plaza primarily comprise car parking spaces.

### *Guangzhou Panyu Wanda Plaza*

Guangzhou Panyu Wanda Plaza is located in the Panyu Wanbo business circle in Nancun Town, Guangzhou, Guangdong Province. It is a mixed-use complex with an estimated total GFA of approximately 497,722 sq.m. which primarily comprises one shopping center, one office building and three SOHO buildings. The project is being developed by us through Guangzhou Wannuo Investment Management Co., Ltd., our wholly-owned project company.



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## BUSINESS

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We commenced development of Guangzhou Panyu Wanda Plaza in May 2012 and expect to complete the entire project in October 2014. The land grant premium for the project has been paid in full.

The table below sets out the development status of each property type of Guangzhou Panyu Wanda Plaza:

| <b>Property Type</b>             | <b>Development Status</b>                     |
|----------------------------------|---|
| Office Spaces for Sale . . . . . | Under development                             |
| SOHO for Sale . . . . .          | Under development                             |
| Retail Spaces for Sale . . . . . | Partly under development and partly completed |

### *Shopping Center*

The shopping center is expected to commence operation in November 2014 and has an estimated total GFA of approximately 231,474 sq.m..

### *Office and SOHO*

As of June 30, 2014, Office spaces and SOHO spaces in Guangzhou Panyu Wanda Plaza were under development. Office spaces comprised an estimated total GFA of 65,100 sq.m., none of which were pre-sold, and SOHO spaces comprised an estimated total saleable GFA of approximately 150,047 sq.m., all of which had been pre-sold.

### *Retail Spaces for Sale and Others*

All completed retail spaces for sale in Guangzhou Panyu Wanda Plaza have been sold. In addition, as of June 30, 2014, retail spaces for sale with an estimated total saleable GFA of approximately 30,526 sq.m. were under development, of which approximately 29,775 sq.m. had been pre-sold.

Other properties in Guangzhou Panyu Wanda Plaza primarily comprise car parking spaces and a cultural and leisure activities center which is currently under development and which, upon completion, will be transferred to the local government.

### ***Foshan Nanhai Wanda Plaza***

Foshan Nanhai Wanda Plaza is located in Nanhai District, Foshan, Guangdong Province. It is a mixed-use complex with an estimated total GFA of approximately 702,250 sq.m. which comprises one shopping center, two office buildings, three SOHO buildings and seven residential buildings. The project is being developed by us through Foshan Nanhai Wanda Plaza Co., Ltd., our wholly-owned project company.

We commenced development of Foshan Nanhai Wanda Plaza in November 2012 and expect to complete the entire project in April 2015. The land grant premium for the project has been paid in full.

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## BUSINESS

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The table below sets out the development status of each property type of Foshan Nanhai Wanda Plaza:

| <b>Property Type</b>                      | <b>Development Status</b> |
|---|---------------------------|
| Residential Properties for Sale . . . . . | Under development         |
| Office Spaces for Sale . . . . .          | Under development         |
| SOHO for Sale . . . . .                   | Under development         |
| Retail Spaces for Sale . . . . .          | Under development         |

### *Shopping Center*

The shopping center commenced operation in August 2014. It has a total GFA of approximately 152,188 sq.m..

### *Residential*

As of June 30, 2014, residential properties in Foshan Nanhai Wanda Plaza with an estimated total saleable GFA of approximately 160,000 sq.m. were under development, of which approximately 103,350 sq.m. had been pre-sold.

### *Office and SOHO*

As of June 30, 2014, office spaces and SOHO spaces in Foshan Nanhai Wanda Plaza were under development. Office spaces comprised an estimated total saleable GFA of approximately 128,027 sq.m., of which approximately 12,920 sq.m. had been pre-sold, and SOHO spaces comprised an estimated total saleable GFA of approximately 102,803 sq.m., of which approximately 77,492 sq.m. had been pre-sold.

### *Retail Spaces for Sale and Others*

As of June 30, 2014, retail spaces for sale in Foshan Nanhai Wanda Plaza with an estimated total saleable GFA of approximately 40,000 sq.m were under development, of which approximately 30,033 sq.m. had been pre-sold.

Other properties in Foshan Nanhai Wanda Plaza primarily comprise car parking spaces.

### ***Nanning Qingxiu Wanda Plaza***

Nanning Qingxiu Wanda Plaza is located in Qingxiu District, Nanning, Guangxi Zhuang Autonomous Region. Nanning Qingxiu Wanda Plaza is a mixed-use complex with an estimated total GFA of 888,800 sq.m. which primarily comprises one shopping center, one luxury hotel, four office buildings, one SOHO building and two residential buildings. The project is being developed by us through Nanning Qingxiu Wanda Plaza Investment Co., Ltd., our wholly-owned project company.

We commenced development of Nanning Qingxiu Wanda Plaza in November 2012 and expect to complete the entire project in May 2016. The land grant premium for the project has been paid in full.

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## BUSINESS

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The table below sets out the development status of each property type of Nanning Qingxiu Wanda Plaza:

| <b>Property Type</b>                      | <b>Development Status</b>                     |
|---|---|
| Residential Properties for Sale . . . . . | Under development                             |
| Office Spaces for Sale . . . . .          | Partly under development and partly completed |
| SOHO for Sale . . . . .                   | Partly under development and partly completed |
| Hotel . . . . .                           | Under development                             |
| Retail Spaces for Sale . . . . .          | Under development                             |

### *Shopping Center*

The shopping center is expected to commence operation in December 2014. It has an estimated total GFA of approximately 200,500 sq.m..

### *Residential*

As of June 30, 2014, residential properties in Nanning Qingxiu Wanda Plaza with an estimated total saleable GFA of approximately 160,947 sq.m. were under development, of which 33,050 sq.m. had been pre-sold.

### *Office and SOHO*

All completed office spaces and SOHO spaces in Nanning Qingxiu Wanda Plaza have been sold. In addition, as of June 30, 2014, office spaces with an estimated total saleable GFA of approximately 239,775 sq.m. were under development, of which 192,480 sq.m. had been pre-sold, and SOHO spaces with an estimated total saleable GFA of approximately 109,053 sq.m. were under development, none of which had been pre-sold.

### *Nanning Wanda Vista Hotel*

As of June 30, 2014, Nanning Wanda Vista Hotel in Nanning Qingxiu Wanda Plaza was under development. It is expected to commence operation in October 2014. It has an estimated total GFA of 49,500 sq.m. and a total of 332 planned guest rooms.

### *Retail Spaces for Sale and Others*

As of June 30, 2014, retail spaces for sale with an estimated total GFA of approximately 50,500 sq.m. were under development, of which approximately 32,772 sq.m. had been pre-sold.

Other properties in Nanning Qingxiu Wanda Plaza primarily comprise car parking spaces.

### *Jinhua Wanda Plaza*

Jinhua Wanda Plaza is located in the Duohu Area in Jindong District, Jinhua, Zhejiang Province. It is a mixed-use complex with a total GFA of approximately 517,377 sq.m. which primarily comprises one shopping center, one luxury hotel, two office buildings and six SOHO buildings. The project is being developed by us through Jinhua Wanda Plaza Investment Co., Ltd., our wholly-owned project company.

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## BUSINESS

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We commenced development of Jinhua Wanda Plaza in November 2012 and expect to complete the entire project in September 2014. The land grant premium for the project has been paid in full.

The table below sets out the development status of each property type of Jinhua Wanda Plaza:

| <u>Property Type</u>             | <u>Development Status</u>                     |
|----------------------------------|---|
| Office Spaces for Sale . . . . . | Partly under development and partly completed |
| SOHO for Sale . . . . .          | Under development                             |
| Hotel. . . . .                   | Under development                             |
| Retail Spaces for Sale . . . . . | Partly under development and partly completed |

### *Shopping Center*

The shopping center commenced operation in July 2014. It has a total GFA of approximately 168,289 sq.m..

### *Office and SOHO*

All completed office spaces in Jinhua Wanda Plaza have been sold. In addition, as of June 30, 2014, office spaces with an estimated total saleable GFA of approximately 76,820 sq.m. were under development, of which approximately 51,405 sq.m. had been pre-sold, and SOHO spaces with an estimated total saleable GFA of approximately 165,155 sq.m. were under development, of which approximately 104,746 sq.m. had been pre-sold.

### *Jinhua Wanda Realm Hotel*

As of June 30, 2014, Jinhua Wanda Realm Hotel in Jinhua Wanda Plaza was under development and had an estimated total GFA of approximately 41,500 sq.m. and a total of 330 planned guest rooms.

### *Retail Spaces for Sale and Others*

All completed retail spaces for sale in Jinhua Wanda Plaza have been sold. In addition, as of June 30, 2014, retail spaces for sale with an estimated total saleable GFA of approximately 35,304 sq.m. were under development, of which approximately 15,574 sq.m. had been pre-sold.

Other properties in Jinhua Wanda Plaza primarily comprise car parking spaces.

### *Jining Taibailu Wanda Plaza*

Jining Taibailu Wanda Plaza is adjacent to Baihua Park in Rencheng District, Jining, Shandong Province. It is a mixed-use complex with a total GFA of approximately 737,600 sq.m. which primarily comprises one shopping center, one luxury hotel, one office building, four SOHO buildings and seven residential buildings. The project is being developed by us through Jining Taibailu Wanda Plaza Co., Ltd., our wholly-owned project company.

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## BUSINESS

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We commenced development of Jining Taibailu Wanda Plaza in November 2012 and expect to complete the entire project in October 2014. The land grant premium for the project has been paid in full.

The table below sets out the development status of each property type of Jining Taibailu Wanda Plaza:

| <u>Property Type</u>                      | <u>Development Status</u>                     |
|---|---|
| Residential Properties for Sale . . . . . | Partly under development and partly completed |
| Office Spaces for Sale . . . . .          | Partly under development and partly completed |
| SOHO for Sale . . . . .                   | Partly under development and partly completed |
| Hotel. . . . .                            | Under development                             |
| Retail Spaces for Sale . . . . .          | Partly under development and partly completed |

### *Shopping Center*

The shopping center commenced operation in July 2014. It has a total GFA of approximately 151,600 sq.m..

### *Residential*

All completed residential properties in Jining Taibailu Wanda Plaza have been sold. In addition, as of June 30, 2014, residential properties with an estimated total saleable GFA of approximately 69,298 sq.m. were under development, of which approximately 64,537 sq.m. had been pre-sold.

### *Office and SOHO*

All completed office spaces and SOHO spaces in Jining Taibailu Wanda Plaza have been sold. In addition, as of June 30, 2014, office spaces with an estimated total saleable GFA of approximately 45,789 sq.m. were under development, all of which had been pre-sold, and SOHO spaces with an estimated total saleable GFA of approximately 136,048 sq.m. were under development, of which approximately 103,117 sq.m. had been pre-sold.

### *Jining Wanda Realm Hotel*

As of June 30, 2014, Jining Wanda Realm Hotel in Jining Taibailu Wanda Plaza was under development and had an estimated total GFA of approximately 36,500 sq.m. and a total of 307 planned guest rooms.

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### *Retail Spaces for Sale and Others*

All completed retail spaces for sale in Jining Taibailu Wanda Plaza have been sold. In addition, as of June 30, 2014, retail spaces for sale with an estimated total saleable GFA of approximately 45,828 sq.m. were under development, all of which had been pre-sold.

Other properties in Jining Taibailu Wanda Plaza primarily comprise car parking spaces.

### ***Kunming Xishan Wanda Plaza***

Kunming Xishan Wanda Plaza is located in the Pan Asia Financial Industry Park in Kunming, Yunnan Province. It is a mixed-use complex with a total GFA of approximately 713,800 sq.m which primarily comprises one shopping center, one luxury hotel, two office buildings and three SOHO buildings. The project is being developed by us through Kunming Wanda Plaza Investment Co., Ltd., our wholly-owned project company.

We commenced development of Kunming Xishan Wanda Plaza in May 2012 and expect to complete the entire project in December 2015. The land grant premium for the project has been paid in full.

The table below sets out the development status of each property type of Kunming Xishan Wanda Plaza:

| <b>Property Type</b>             | <b>Development Status</b>                     |
|----------------------------------|---|
| Office Spaces for Sale . . . . . | Under development                             |
| SOHO for Sale . . . . .          | Partly under development and partly completed |
| Hotel . . . . .                  | Under development                             |
| Retail Spaces for Sale . . . . . | Partly under development and partly completed |

### *Shopping Center*

The shopping center is expected to commence operation in October 2014. It has an estimated total GFA of approximately 265,081 sq.m..

### *Office and SOHO*

As of June 30, 2014, Office spaces in Kunming Xishan Wanda Plaza with an estimated total saleable GFA of approximately 283,293 sq.m. were under development, of which approximately 195,960 sq.m. had been pre-sold. All completed SOHO spaces in Kunming Xishan Wanda Plaza have been sold. In addition, as of June 30, 2014, SOHO spaces with an estimated total saleable GFA of approximately 80,475 sq.m. were under development, of which approximately 80,343 sq.m. had been pre-sold.

### *Kunming Wanda Vista Hotel*

As of June 30, 2014, Kunming Wanda Vista Hotel in Kunming Xishan Wanda Plaza was under development. It is expected to commence operation in October 2014. It has an estimated total GFA of approximately 44,600 sq.m. and a total of 302 planned guest rooms.

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### *Retail Spaces for Sale and Others*

All completed retail spaces for sale in Kunming Xishan Wanda Plaza have been sold. In addition, as of June 30, 2014, retail spaces for sale with an estimated total GFA of 21,445 sq.m. were under development, all of which had been pre-sold.

Other properties in Kunming Xishan Wanda Plaza primarily comprise car parking spaces.

### ***Fuqing Wanda Plaza***

Fuqing Wanda Plaza is located on Qingchang Avenue in Fuqing, Fujian Province. It is a mixed-use complex with a total GFA of approximately 410,691 sq.m. which primarily comprises one shopping center, one pedestrian street, two office buildings and six residential buildings. The project is being developed by us through Fuqing Wanda Plaza Co., Ltd., our wholly-owned project company.

We commenced development of Fuqing Wanda Plaza in December 2012 and expect to complete the entire project in March 2015. The land grant premium for the project has been paid in full.

The table below sets out the development status of each property type of Fuqing Wanda Plaza:

| <b>Property Type</b>                      | <b>Development Status</b>                     |
|---|---|
| Residential Properties for Sale . . . . . | Partly under development and partly completed |
| Office Spaces for Sale . . . . .          | Partly under development and partly completed |
| Retail Spaces for Sale . . . . .          | Under development                             |

### *Shopping Center*

The shopping center is expected to commence operation in December 2014 and has an estimated total GFA of approximately 146,600 sq.m..

### *Residential*

All completed residential properties in Fuqing Wanda Plaza have been sold. In addition, as of June 30, 2014, residential properties with an estimated total GFA of approximately 94,887 sq.m. were under development, all of which had been pre-sold.

### *Office*

All completed office spaces in Fuqing Wanda Plaza have been sold. In addition, as of June 30, 2014, office spaces with an estimated total GFA of approximately 82,611 sq.m. were under development, all of which had been pre-sold.

### *Retail Spaces for Sale and Others*

As of June 30, 2014, retail spaces for sale in Fuqing Wanda Plaza were under development with an estimated total GFA of approximately 43,227 sq.m., of which approximately 38,562 sq.m. had been pre-sold.



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Other properties in Fuqing Wanda Plaza primarily comprise car parking spaces.

### *Chifeng Wanda Plaza*

Chifeng Wanda Plaza is located in the center of Chifeng's New District in Chifeng, Inner Mongolia Autonomous Region. It is a mixed-use complex with a total GFA of approximately 983,200 sq.m. which primarily comprises one shopping center, one luxury hotel, two office buildings, two SOHO buildings and 13 residential buildings. The project is being developed by us through Chifeng Wanda Plaza Co., Ltd., our wholly-owned project company.

We commenced development of Chifeng Wanda Plaza in March 2012 and expect to complete the entire project in May 2015. The land grant premium for the project has been paid in full.

The table below sets out the development status of each property type of Chifeng Wanda Plaza:

| <u>Property Type</u>                      | <u>Development Status</u> |
|---|---------------------------|
| Residential Properties for Sale . . . . . | Under development         |
| Office Spaces for Sale . . . . .          | Under development         |
| SOHO for Sale . . . . .                   | Under development         |
| Hotel. . . . .                            | Completed                 |
| Retail Spaces for Sale . . . . .          | Under development         |

### *Shopping Center*

The shopping center commenced operation in June 2014. It comprises a total GFA of approximately 171,499 sq.m. and a total LFA of approximately 83,030 sq.m..

### *Residential*

As of June 30, 2014, residential properties with an estimated total GFA of approximately 405,441 sq.m. were under development, of which approximately 228,579 sq.m. had been pre-sold.

### *Office & SOHO*

As of June 30, 2014, the office spaces and SOHO spaces in Chifeng Wanda Plaza were under development. The office spaces comprised an estimated total GFA of approximately 80,280 sq.m., of which approximately 33,884 sq.m. had been pre-sold, and the SOHO spaces comprised an estimated total GFA of approximately 72,397 sq.m., of which approximately 20,722 sq.m. had been pre-sold.

### *Chifeng Wanda Realm Hotel*

Chifeng Wanda Vista Hotel commenced operation in June 2014 and comprises a total GFA of approximately 39,985 sq.m. with 353 guest rooms.

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### *Retail Spaces for Sale and Others*

As of June 30, 2014, retail spaces with an estimated total GFA of approximately 62,801 sq.m. were under development, of which approximately 17,842 sq.m. had been pre-sold.

Other properties in Chifeng Wanda Plaza primarily comprise car parking spaces.

### ***Hefei Wanda City***

Hefei Wanda City is located in Binhu New District, Hefei, Anhui Province. We commenced development of Hefei Wanda City in October 2013 and expect to complete the entire project in April 2021.

Situated on the north bank of Chao Lake, Hefei Wanda City is expected to be a mixed-use complex that integrates cultural, tourism and commercial features. Hefei Wanda City currently comprises completed properties and properties under development with a total GFA of approximately 1,812,734 sq.m..

The construction design of Hefei Wanda City is inspired by the “Hui” style, a traditional architectural style found in the local area. Located next to Chao Lake, this project seeks to depict an idyllic view of a typical southern Anhui village. Themed in white, gray and black, the structures in the project are designed to blend with the existing landscape.

The table below sets out the development status of each property type of Hefei Wanda City:

| <b>Property Type</b>                      | <b>Development Status</b> |
|---|---------------------------|
| Residential Properties for Sale . . . . . | Under development         |
| SOHO for Sale . . . . .                   | Under development         |
| Retail Spaces for Sale . . . . .          | Under development         |

### *Cultural Element*

As of June 30, 2014, we plan to develop an outdoor amusement arcade and a live show theater featuring recreational sections with Anhui cultural and historical characteristics. We have obtained the land use rights certificate for the amusement arcade. According to our internal layout plan, the amusement arcade is expected to comprise a total GFA of approximately 56,000 sq.m. and the live show theater is expected to comprise a total GFA of approximately 55,000 sq.m..

### *Residential*

As of June 30, 2014, residential properties in Hefei Wanda City with an estimated total saleable GFA of approximately 814,982 sq.m. were under development, of which approximately 642,799 sq.m. had been pre-sold.

### *SOHO*

As of June 30, 2014, SOHO spaces in Hefei Wanda City with an estimated total saleable GFA of approximately 377,564 sq.m. were under development, of which approximately 47,628 sq.m. had been pre-sold.

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### *Retail Spaces for Sale and others*

As of June 30, 2014, retail spaces for sale in Hefei Wanda City with an estimated total saleable GFA of approximately 167,484 sq.m. were under development, of which approximately 71,316 sq.m. had been pre-sold.

Other properties in Hefei Wanda City primarily comprise car parking spaces. We also plan to purchase additional land parcels to further enhance the development of Hefei Wanda City, including through developing hotels. As of June 30, 2014, we had not obtained any additional land parcels.

### ***Harbin Wanda City***

Harbin Wanda City is located in Songbei District, Harbin, Heilongjiang Province. We commenced development of Harbin Wanda City in June 2013 and expect to complete the entire project in May 2019.

Situated in the city of snow, Harbin Wanda City is expected to be a mixed-use complex that integrates cultural, tourism and commercial features. Harbin Wanda City currently comprises completed properties and properties under development with a total GFA of approximately 1,285,319 sq.m.. According to the approval document issued by the relevant government authority, Harbin Wanda City is expected to comprise a total GFA of 3,916,300 sq.m. upon completion.

The construction design of Harbin Wanda City emphasizes the winter landscape found in northeast China. By highlighting this unique feature of Harbin, this project seeks to provide entertainment facilities which emphasize the local culture.

The table below sets out the development status of each property type of Harbin Wanda City:

| <b>Property Type</b>                      | <b>Development Status</b> |
|---|---------------------------|
| Residential Properties for Sale . . . . . | Under development         |
| SOHO for Sale . . . . .                   | Under development         |
| Hotel. . . . .                            | Under development         |
| Retail Spaces for Sale . . . . .          | Under development         |

### *Cultural Element*

As of June 30, 2014, we plan to develop: (i) a recreational and shopping center featuring Harbin's winter culture and winter sports with an expected total GFA of approximately 368,400 sq.m.; and (ii) an amusement arcade and a live show theater with cultural and historical characteristics. We have obtained the land use rights certificate for the amusement arcade. According to our internal layout plan, the amusement arcade is expected to comprise a total GFA of approximately 51,000 sq.m. and the live show theater is expected to comprise a total GFA of approximately 25,000 sq.m..

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## BUSINESS

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### *Residential*

As of June 30, 2014, residential properties in Harbin Wanda City with an estimated total saleable GFA of approximately 918,039 sq.m. were under development, of which approximately 135,689 sq.m. had been pre-sold.

### *SOHO*

As of June 30, 2014, SOHO spaces in Harbin Wanda City with an estimated total saleable GFA of approximately 97,600 sq.m. were under development, of which approximately 21,554 sq.m. had been pre-sold.

### *Hotels*

As of June 30, 2014, Harbin Wanda City contained three hotels under development with an estimated total GFA of approximately 132,179 sq.m.. Construction on the hotels commenced in April 2014 and the hotels are expected to commence operation in June 2017.

### *Retail Spaces for Sale and others*

As of June 30, 2014, retail spaces for sale in Harbin Wanda City with an estimated total saleable GFA of approximately 117,253 sq.m. were under development, of which approximately 29,115 sq.m. had been pre-sold.

Other properties in Harbin Wanda City primarily comprise car parking spaces.

### ***Qingdao Wanda Oriental Movie Metropolis***

Qingdao Wanda Oriental Movie Metropolis is located in Huangdao Development District, Qingdao, Shandong Province. We commenced development of Qingdao Wanda Oriental Movie Metropolis in September 2013 and expect to complete the entire project in February 2017.

Situated by the Yellow sea, Qingdao Wanda Oriental Movie Metropolis is expected to be a mixed-use complex that integrates cultural, tourism and commercial features. Qingdao Wanda Oriental Movie Metropolis currently comprises completed properties and properties under development with a total GFA of approximately 910,099 sq.m.. We also plan to purchase additional land parcels to further enhance the development of Qingdao Wanda Oriental Movie Metropolis.

Qingdao Wanda Oriental Movie Metropolis is expected to be the oriental Hollywood by the sea. This project seeks to combine cinematic elements with marine tourism.

The table below sets out the development status of each property type of Qingdao Wanda Oriental Movie Metropolis:

| <b>Property Type</b>             | <b>Development Status</b> |
|----------------------------------|---------------------------|
| SOHO for Sale . . . . .          | Under development         |
| Retail Spaces for Sale . . . . . | Under development         |

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### *Cultural Element*

As of June 30, 2014, we planned to develop: (i) a live show theater with an expected total GFA of 30,800 sq.m.; and (ii) a recreational and shopping center emphasizing cinematic elements and marine tourism with an expected total GFA of approximately 318,000 sq.m..

### *SOHO*

As of June 30, 2014, SOHO spaces in Qingdao Wanda Oriental Movie Metropolis with an estimated total saleable GFA of approximately 383,292 sq.m. were under development, of which approximately 125,205 sq.m. had been pre-sold.

### *Retail Spaces for Sale and others*

As of June 30, 2014, retail spaces for sale in Qingdao Wanda Oriental Movie Metropolis with an estimated total saleable GFA of approximately 68,919 sq.m. were under development, of which approximately 22,395 sq.m. had been pre-sold.

Other properties in Qingdao Wanda Oriental Movie Metropolis primarily comprise car parking spaces. We also plan to purchase additional land parcels to further enhance the development of Qingdao Wanda Oriental Movie Metropolis, including through developing hotels. As of June 30, 2014, we had not obtained any additional land parcels.

### ***Wuhan Central Culture City***



Wuhan Central Culture City is located in Wuchang District, Wuhan, Hubei Province. We commenced development of Wuhan Central Culture City in October 2010 and expect to complete the entire project in September 2016.

Situated in the Chu cultural village, Wuhan Central Culture City is expected to be a mixed-use complex that integrates cultural, tourism and commercial features. Wuhan Central Culture City currently comprises completed properties and properties under development with a total GFA of approximately 1,264,398 sq.m.. According to the approval document issued by the relevant government authority, Wuhan Central Culture City is expected to comprise a total GFA of 2,166,586 sq.m. upon completion.

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Inspired by traditional Chinese designs, the project is intended to evoke people's memories of Wuhan in the early 20th century.

The table below sets out the development status of each property type of Wuhan Central Culture City:

| Property Type                             | Development Status                            |
|---|---|
| Residential Properties for Sale . . . . . | Under development                             |
| Office Spaces for Sale . . . . .          | Partly under development and partly completed |
| Hotel . . . . .                           | Completed                                     |
| Retail Spaces for Sale . . . . .          | Partly under development and partly completed |

### *Cultural Element*

As of June 30, 2014, we had completed construction of a resort site called Hanjie (漢街), which features the traditional construction style of Wuhan in the early 20th century and which commenced operation in September 2011. Hanjie comprised a total GFA of approximately 185,485 sq.m.. As of June 30, 2014, we were developing: (i) a live show theater with local cultural features which comprised an estimated total GFA of approximately 30,549 sq.m.; and (ii) a movie studio which comprised an estimated total GFA of approximately 101,552 sq.m..

### *Shopping Centers*

The shopping centers at Wuhan Central Culture City comprise Chuhehanjie shopping center and Donghuanjie shopping center. Chuhehanjie shopping center commenced operation in September 2011. It comprises a total GFA of approximately 185,485 sq.m. and a total LFA of approximately 99,730 sq.m.. As of June 30, 2014, it had 119 tenants. Donghuanjie shopping center commenced operation in September 2013. It comprises a total GFA of approximately 129,424 sq.m. and a total LFA of approximately 85,809 sq.m.. As of June 30, 2014, it had 25 tenants. The table below sets forth certain operation data for the periods indicated:

|   | Year ended December 31, |      |       | Six Months             |
|---|-------------------------|------|-------|------------------------|
|   | 2011                    | 2012 | 2013  | ended June<br>30, 2014 |
| <b>Occupancy Rate (%)<sup>(1)</sup></b>                     |                         |      |       |                        |
| <b>Chuhehanjie Shopping Center . . . . .</b>                | 72%                     | 80%  | 84%   | 81%                    |
| <b>Donghuanjie Shopping Center . . . . .</b>                | —                       | —    | 100%  | 100%                   |
| <b>Effective Rent</b>                                       |                         |      |       |                        |
| <b>(RMB/sq.m./month)<sup>(2)</sup> . . . . .</b>            | 80                      | 75   | 89    | 70                     |
| <b>Rental Income (RMB million) <sup>(2)</sup> . . . . .</b> | 17.6                    | 71.8 | 113.0 | 70.5                   |

**Note:**

- (1) As at the last date of each period indicated.
- (2) The two shopping centers are operated by the same subsidiary and their rental income data cannot be separated.

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### *Residential*

As of June 30, 2014, residential properties in Wuhan Central Culture City with an estimated total saleable GFA of approximately 420,645 sq.m. were under development, of which approximately 190,646 sq.m. had been pre-sold.

### *Office*

All completed office spaces in Wuhan Central Culture City have been sold. In addition, as of June 30, 2014, office spaces with an estimated total GFA of approximately 206,166 sq.m. were under development, all of which had been pre-sold.

### *Hotels*

As of June 30, 2014, the hotels in Wuhan Central Culture City comprised Wuhan Wanda Realm Hotel and Wuhan Wanda Reign Hotel.

Wuhan Wanda Realm Hotel commenced operation in September 2013 and comprises a total GFA of approximately 41,497 sq.m. with 409 guest rooms. The average room rate for 2013 was approximately RMB679 and the RevPAR for 2013 was approximately RMB308. For the year ended December 31, 2013 and the six months ended June 30, 2014, the average occupancy rate was 45% and 61%, respectively.

Wuhan Wanda Reign Hotel commenced operation in March 2014 and comprises a total GFA of approximately 49,626 sq.m. with 413 guest rooms.

### *Retail Spaces for Sale and others*

All completed retail spaces for sale in Wuhan Central Culture City have been sold. In addition, as of June 30, 2014, retail spaces for sale with an estimated total GFA of approximately 61,819 sq.m. were under development, of which approximately 44,956 sq.m. had been pre-sold.

Other properties in Wuhan Central Culture City primarily comprise car parking spaces.

### ***Nanchang Wanda City***

Nanchang Wanda City is located in Jiulonghu New District, Nanchang, Jiangxi Province. We commenced development of Nanchang Wanda City in June, 2013 and expect to complete the entire project in September 2016.

Having been influenced by the local Jiangxi culture, Nanchang Wanda City is expected to be a mixed-use complex that integrates cultural, tourism and commercial features. Nanchang Wanda City currently comprises completed properties and properties under development with a total GFA of approximately 1,314,518 sq.m.. According to the approval document issued by the relevant government authority, Nanchang Wanda City is expected to comprise a total GFA of 4,665,000 sq.m. upon completion.



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The construction design of Nanchang Wanda City is inspired by the highly recognized blue and white porcelain which is produced in the local area. Incorporating the Jiangxi culture that has lasted for thousands of years, the project combines traditional Chinese elements with modern entertainment.

The table below sets out the development status of each property type of Nanchang Wanda City:

| <b>Property Type</b>                      | <b>Development Status</b> |
|---|---------------------------|
| Residential Properties for Sale . . . . . | Under development         |
| Hotel . . . . .                           | Under development         |
| Retail Spaces for Sale . . . . .          | Under development         |

### *Residential*

As of June 30, 2014, residential properties in Nanchang Wanda City with an estimated total saleable GFA of approximately 921,161 sq.m. were under development, of which approximately 623,721 sq.m. had been pre-sold.

### *Hotels*

As of June 30, 2014, Nanchang Wanda City contained three hotels under development with an estimated total GFA of approximately 125,005 sq.m.. Construction of the hotels commenced in August 2013 and the hotels are expected to commence operation in May 2016. In addition, we plan to develop three additional hotels at Nanchang Wanda City. We have obtained land certificates for such hotels and, according to our internal layout plan, such hotels are expected to comprise a total GFA of approximately 123,320 sq.m..

### *Retail Spaces for Sale and others*

As of June 30, 2014, retail spaces for sale in Nanchang Wanda City with an estimated total saleable GFA of approximately 102,242 sq.m. were under development, of which approximately 73,842 sq.m. had been pre-sold.

Other properties in Nanchang Wanda City primarily comprise car parking spaces. We also plan to purchase additional land parcels to further enhance the development of Nanchang Wanda City, including through the development of cultural tourism projects. As of June 30, 2014, we had not obtained any additional land parcels.

## **Overseas Property Projects and Property Development Opportunities**

In order to further diversify our geographic coverage and increase our presence in the international real estate market, we have expanded our property development business into select strategic cities in Europe, North America and Australia.

### ***One Nine Elms, London, U.K.***

In October 2013, we acquired One Nine Elms, a 23-floor office building for the development of our first overseas property project. One Nine Elms is located in the Nine Elms district in London. Situated along the south bank of the River Thames, Nine Elms district is

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undergoing a transformation from an industrial district into a residential and business area. In line with this transformation, we plan to demolish the existing building and develop a complex comprising two high-rise towers, which will be a feature of the London skyline. According to our current development plan, a luxury hotel will form the key component of this project and is planned to be operated under Wanda Vista brand. The project will also include residential and commercial properties. One Nine Elms is expected to have a total site area of approximately 8,400 sq.m. We are in the process of formulating a specific development plan for the project, and we have conducted preliminary pre-sale activities, mainly for the purpose of observing the market reaction to determine the details of the development plan. Construction of this project is expected to commence in 2015.

### ***Edificio Espana, Madrid, Spain***

Following our acquisition of One Nine Elms in London, we also acquired Edificio Espana, a historic building located in downtown Madrid, Spain in June 2014. Edificio Espana is a 28-floor building. Edificio Espana is located in Plaza de Espana, a popular tourist destination that is within walking distance from the Royal Palace. We plan to renovate and transform Edificio Espana into a multi-use complex with hotel, retail and high-end residential components. The project is expected to comprise a total site area of approximately 4,655 sq.m.. We are in the process of formulating a specific development plan for the project. Construction of this project is expected to commence in 2015.

### ***Cooperative Arrangement for a Potential Property Development in Chicago, Illinois, U.S.***

In July 2014, we entered into an agreement with an independent third party to jointly develop a target site in Chicago, Illinois (the “Chicago Project”). The third-party co-developer will have the right, at any time after the later of (i) five years from the date of the agreement or (ii) final completion of the development of the Chicago Project, to require us to purchase its interests in the Chicago Project at the then fair market value as determined by an independent appraiser. The total amount of contribution committed by our overseas subsidiary to the Chicago Project is no more than HK\$1,750 million.

We expect to acquire the target land for development of the Chicago Project no later than January 2016. The target site of the Chicago Project is surrounded by Lake Michigan, the Chicago River, Millennium Park and the Park at Lakeshore East. The Chicago Project is planned to be constructed as a multi-use complex comprising a luxury hotel, residential units, commercial spaces and car parking spaces.

### ***Los Angeles, California, U.S.***

In September 2014, we acquired a parcel of land located in No.9900 Wilshire Boulevard in the city of Beverly Hills in Los Angeles County (the “Los Angeles Project”). Located in a prime location in the upscale residential district of Beverly Hills the Los Angeles Project is within walking distance from Rodeo Drive, a two-mile long street well-known for shopping and tourism, and is adjacent to the University of California, Los Angeles and Hollywood. To the west and east of the project are the famous El Rodeo School and Beverly Hills High School. The Los Angeles Project comprises a total site area of approximately 32,760 sq.m.. We are in the process of formulating a specific development plan for the project.

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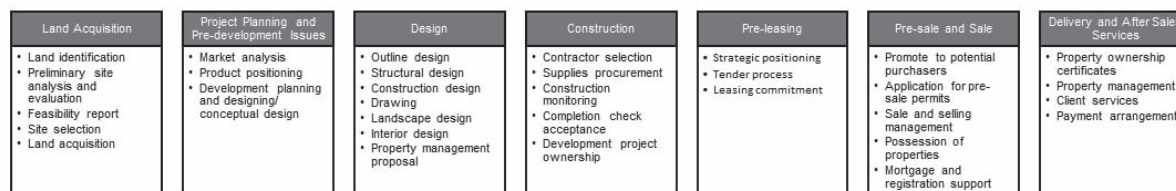
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### ***Surfers Paradise, Queensland, Australia***

In August 2014, we, through our subsidiaries, entered into an agreement with an independent third party to subscribe for the new shares to be issued by Ridong (Gold Coast) Development Pty Ltd (the “Jewel Project Co”). Before entry into the share subscription agreement, the Jewel Project Co was not engaged in any business operation. We completed the transaction in October 2014 and acquired a 55% equity interest in Jewel Project Co. The Jewel Project Co holds the property rights for the parcel of land at 38-44 Old Burleigh Road, Surfers Paradise, Queensland, Australia, which is situated on Australia’s prominent Gold Coast. We and our co-developer plan to jointly develop a mixed-use complex which will integrate hotel, residential, food and beverage, commercial and entertainment uses and facilities. The project is expected to comprise a total site area of approximately 11,355 sq.m.. We are in the process of formulating a specific development plan for the project. Construction of the project is expected to commence in 2015.

### **PROPERTY DEVELOPMENT**

As a leading property developer in China, we have strong execution capabilities and vast experience with large scale and multi-purpose property projects which integrate retail, office, hotel, residential, restaurant, entertainment and/or leisure uses within the buildings. As we are committed to the highest level of quality in land acquisition, planning, design and construction, we have established a scalable property development model and have maintained a systematic development approach, which incorporates specific standard criteria and operational guidelines that may be replicated across our property projects. The diagram below summarizes the major stages typically involved in our development of a property project:



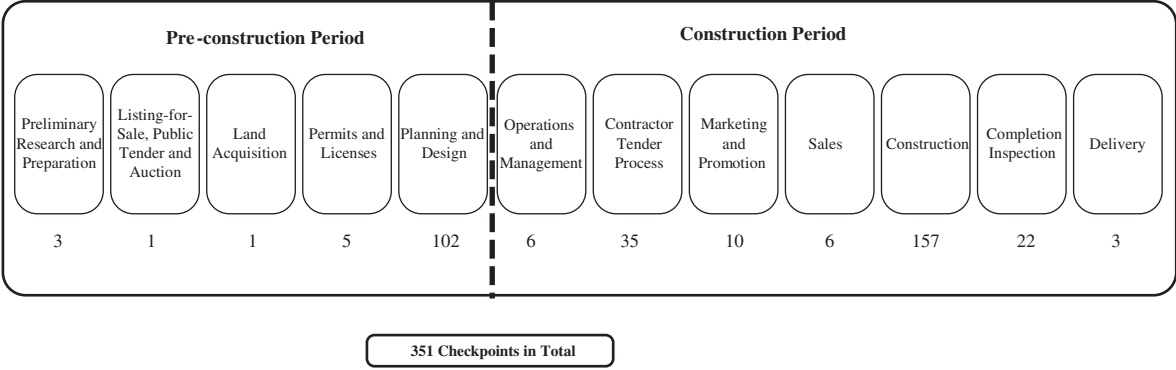
### **Modular Management System**

A systematic and disciplined development management approach is pivotal to our property development process. At the core of development management is our modular (模块化) management system, which we believe provides us with a distinct competitive advantage and allows us to achieve effective execution throughout the entire property development process. Supported by our operational management know-how, our modular management system subdivides the entire property development process into discrete modules, each of which contains detailed functional elements. The functionality of modules is measured by over 300 check points at three levels, and is classified by the management and execution responsibilities of project companies, departments and senior management.

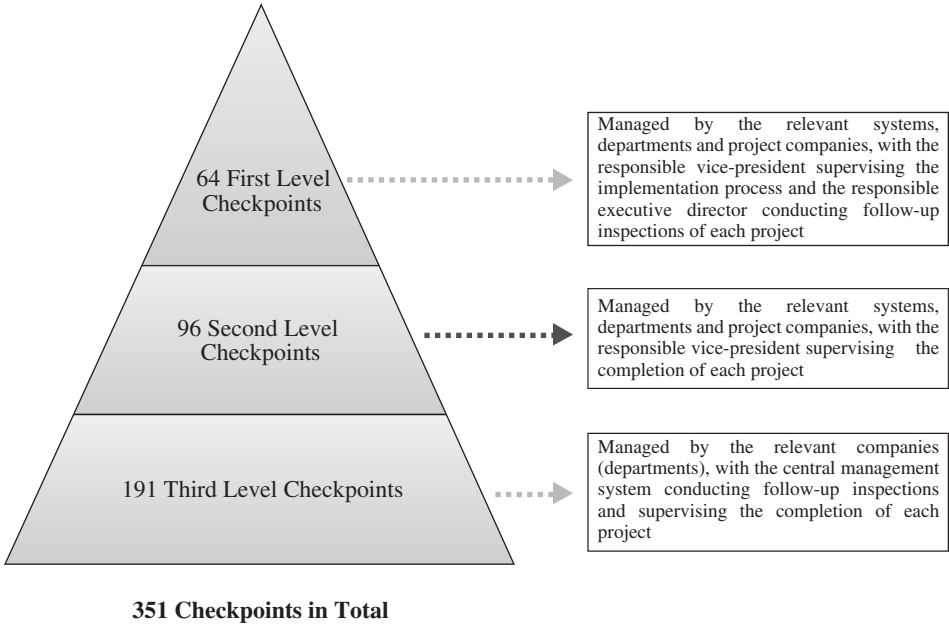
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The diagrams below set forth, for illustration purposes, the general functionality of our modular management system:

**Allocation of the modules and checkpoints at each stage of the development process**



**Allocation of the modular management system checkpoints by level**



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### *Allocation of the modular management system checkpoints by department*

| No.                                | Department                               | No. of Checkpoints | Percentage of Total |
|------------------------------------|--|--------------------|---------------------|
| <b>Headquarters Level</b>          |  |                    |                     |
| 1                                  | Human Resources Department               | 2                  | 0.6%                |
| 2                                  | Development Department                   | 2                  | 0.6%                |
| 3                                  | Business Planning and Research Institute | 44                 | 12.5%               |
| 4                                  | Cost Control Department                  | 7                  | 2.0%                |
| 5                                  | Wanda Commercial Management              | 8                  | 2.3%                |
| 6                                  | Design Center                            | 1                  | 0.3%                |
| 7                                  | Sales and Marketing Department           | 1                  | 0.3%                |
| 8                                  | Safety Supervision Department            | 1                  | 0.3%                |
| 10                                 | Wanda Hotel Development                  | 10                 | 2.9%                |
| 11                                 | Hotel Management Department              | 2                  | 0.6%                |
| <b>Subsidiary and Branch Level</b> |  |                    |                     |
| 12                                 | Project Companies                        | 253                | 72.1%               |
| 13                                 | Business Management Companies            | 16                 | 4.6%                |
| 14                                 | Hotels                                   | 4                  | 1.1%                |
| <b>Total</b>                       |  | <b>351</b>         | <b>100.0%</b>       |

Our modular system contains “traffic-light” control features, which are designed to monitor the performance and development at each check point and ensure timely and effective execution in line with the planned development schedule. By use of “green light,” “yellow light” and “red light,” the system automatically alerts the relevant departments and responsible staff and officers of the timeliness of their performance for each well-defined task, reminds them to complete each task according to the timetable and reports the delay to the upper management level for immediate attention and solution so that the issues can be solved without further delay.

By integrating data entry and management, development schedule setting and adjustment mechanisms, a responsibility and approval chain and a performance evaluation into a standardized modular interface, our modular management system is scalable and reusable to meet the requirements of each individual project.

Our modular system enables us to effectively achieve consistency in project management throughout our projects and carry out comprehensive development functions on a timely basis in multiple projects across various cities and regions.

### **Site Selection**

Site selection is the fundamental first step to our project development operation and a major factor in determining the success of our property development business. We typically select sites for the development of Wanda Plazas in urban centers and central areas of newly developed districts in economically developed cities, as well as in regions in China with further growth and development potential. Starting in 2013, we began seeking ground-up development opportunities in select strategic cities and tourist hot spots in China for multi-phase, master-planned, mixed-use property development of Wanda Cities featuring

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indigenous cultural or tourism themes. In line with our increasing international presence, we have expanded our geographic coverage of property developments in overseas markets, including the United Kingdom, Spain, the United States and Australia. We intend to explore various opportunities in Europe, North America and the Asia-Pacific region.

Prior to acquiring a parcel of land, our management will consider key factors that influence the growth of the local property market and make an informed decision based on a feasibility analysis and research. The key factors we consider in site selection include the following:

- general economic conditions and development prospects of a city;
- income levels and purchasing power of local residents;
- population density of the local areas, particularly the surrounding area within five kilometers from the target site;
- infrastructure, urban planning and the development plan of the local government;
- location in the city, proximity to the city center and access to transport and public facilities; and
- completeness of the primary land development and suitability for a large-scale property development.

When assessing the development potential of a target site, we also take into consideration the surrounding environment, existing and potential property developments in the area, the overall competitive landscape, the overall cost structure and cash flow estimate and the expected return on investment.

We devote significant management resources to the site selection process, which involves collaboration among departments with different functions. The site selection process begins when our development department identifies a potential site for development in the select cities (generally through local government notices, invitation and other public channels). The development department is responsible for the initial investment plan and the overall preparatory work and coordination during the entire site selection process. The business planning and research institute is responsible for a preliminary site use and development plan. The project management centers, hotel management department and Wanda Commercial Management conduct their own research and analysis to provide recommendations on whether we should acquire the relevant land for development. The cost control department, asset management department and financial department are responsible for analysis of the economic features, including cost structure, potential yield, project financing and cash flow of the potential development. The legal department is responsible for legal and regulatory compliance evaluation. After taking into consideration the recommendations and analysis from the various departments, the development department will consolidate the information and formulate a project feasibility report for review and approval by our project evaluation and strategy committee chaired by a vice president. Our systematic site selection process helps us to acquire land prudently and to develop our projects with clear market positioning and solid financial planning from the outset.

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### Land Acquisition

Under current PRC laws and regulations, land use rights for the purpose of industrial use, commercial use, tourism, entertainment and commodity housing developments must be granted by the government through public tender, auction or listing-for-sale. We primarily acquire land for our projects through the listing-for-sale process organized by the relevant government authorities. When deciding to whom the land use rights should be granted, the relevant authorities may consider not only the bidding price, but also the bidder's real estate experience, development track record, credit history, qualifications and development proposal in connection with their local zoning, urbanization and development plans. In addition, we also acquire land through auctions and public tenders. When land use rights are granted by way of a tender, an evaluation committee consisting of no fewer than five members (including a representative of the grantor and other experts) evaluates and selects the tenders that have been submitted.

We occasionally acquire land from third parties by acquiring equity interests in companies that possess land use rights or by entering into cooperative arrangements with such companies.

In conjunction with the acquisition of land use rights from the PRC government, property developers in the PRC are required to pay a land grant premium to the relevant government authority and apply for a land use rights certificate conferring land use rights. In general, upon the payment of the land grant premium to the relevant land authorities, land use rights are granted for a term of 70 years for residential properties, 40 years for commercial properties and 50 years for mixed-use properties. For the years ended December 31, 2011, 2012 and 2013 and the six months ended June 30, 2014, our land grant premium incurred amounted to RMB16,521 million, RMB18,878 million, RMB23,844 million and RMB11,907 million, respectively.

As of June 30, 2014, we had a land bank with an aggregate GFA of 67.9 million sq.m. comprising approximately 2.4 million sq.m. of GFA completed and undelivered properties for sale, approximately 54.8 million sq.m. of GFA under development and approximately 10.7 million sq.m. of GFA held for future development. We estimate that our land reserves are sufficient to support our development needs for the next three years.

### Property Development Financing

We typically use proceeds from pre-sales and sales of our properties to complete existing commercial and residential property developments and to fund part of the construction costs of our investment properties and hotel projects. During the Track Record Period, we financed our projects through internally generated cash, interest-bearing bank and other borrowings, debt and bond financing and trust financing.



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Our policy is to finance our projects through internal resources to the extent practicable so as to reduce the level of external funding required. However, our financing needs and methods vary from project to project, and we finance select projects partially through bank borrowings and trust financing arrangements, which are subject to limitations imposed by PRC regulations and monetary policies. See “Appendix VII — Summary of Principal PRC and Hong Kong Legal and Regulatory Provisions” for more information about the relevant PRC laws and regulations.

### **Planning and Design**

We have strong in-house planning and design capabilities. To support the large scale of our development platform and product portfolio, we delegate planning and design functions to our business planning and research institute and our hotel design institute, which are responsible for the planning and design of our property products, including building types, floor plans, the decorative styles and appearances of our buildings, landscaping and interior design. Depending on the property type, our business planning and research institute or hotel design institute formulate the master planning and initial design plans, taking into account the local aesthetic preferences, government policies and market conditions. Based on the product positioning, our in-house planning and design staff will prepare the design and specifications, including general space distribution blueprints and construction plans, the strategic positioning of individual stores and detailed blueprints laying out the tenant mix and store positioning.

Our planning and design divisions also ensure that the master design concept and design plan meet our internal design philosophy and standards and conform to our cost control and operational requirements. To achieve this, they collaborate with project companies and other relevant departments during the planning and design process. Under our order-drive management model, our business planning and research institute also engages our project companies and other departments to ensure that the demands and preferences of our customers can be reflected and addressed in the project design.

Once the master planning, design concept and specifications are established, we work closely with third-party designers and architects on a project by project basis to prepare a more detailed architectural planning and design drawing. We use a tender process in selecting these architectural and design firms and make our selection based on their proposed designs, their reputation for reliability and quality as well as their bidding price.

The planning and design departments at the respective project companies will, in the manner described above, produce a development and construction blueprint based on our design and submit it to the relevant PRC government authorities for approval.

### **Procurement and Suppliers**

Our procurement costs vary depending on the particular project under development and primarily include the cost of raw materials, labor costs and machinery costs. We have established a centralized procurement process that procures supplies to suit the specific needs and designs of each project. We acquire certain building materials and equipment such as elevators and air conditioners, while other construction materials (such as steel, cement

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and decoration materials) are generally procured by our contractors and subcontractors. We also keep records of the standardized features of certain construction materials in our information technology system, which enables us to consistently procure high-quality constructional materials.

Our major suppliers comprise construction contractors, construction material suppliers and equipment suppliers. We use a transparent online tender process to select suppliers based on a variety of factors, including their business scale, product quality and certification, sales and customer service quality, technical capabilities and compliance with national standards and requirements. We maintain a brand bank of suppliers who meet our quality requirements and periodically review and update this list based on our experiences doing business with them. Through our operating history, we have established stable and long-term relationships with our major suppliers who have provided us with quality services and materials on favorable commercial terms. For the years ended December 31, 2011, 2012 and 2013 and the six months ended June 30, 2014, our five largest suppliers, with whom we have over six years of business relationship on average, accounted for approximately 65.7%, 57.0%, 46.7% and 53.3% of our total purchases, respectively. During the same period, purchases from our largest supplier accounted for 41.0%, 26.7%, 23.9% and 28.8% of our total purchases, respectively. Our Directors confirm that, to the best of their knowledge, none of them, their associates or any shareholders who owned more than 5% of our share capital as of the Latest Practicable Date, has any interest in any of our five largest suppliers.

### **Project Construction**

We outsource all of our construction projects to independent construction companies selected by us based on a set of strict criteria through a tender process. We maintain an internal brand bank of construction companies that meet our criteria and invite them to tender for new projects. Under the relevant PRC laws and regulations, a construction company must hold the relevant construction qualification certificate specific to the type of construction it undertakes. In addition, the construction company must also obtain certain construction certificates and licenses, including a construction enterprise qualification certificate, safety permits and permits for production of industrial products. Among those construction companies that hold all of the required certificates and permits, we select companies to contract with based on their professional qualifications, reputation in the industry, track record and technical and construction capabilities and the proposed construction schedule and price.

Construction contracts we entered into with the selected construction companies contain certain warranties provided by the construction companies with respect to quality and safety requirements as mandated by the relevant PRC laws and regulations and based on our internal requirements. The contracts also contain the payment arrangement, which is typically made in installments. In general, we pay the construction companies 60% to 70% of the full contract price during the construction process. When the construction work is completed, we pay 80% to 85% of the contract price after reviewing and ensuring that the finished product is satisfactory. At closing, we pay approximately 95% of the contract price. The remaining 5%, as the quality deposit, is paid one to two years after the completion of the project.

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### Promotion and Marketing

We adopt tailor-made marketing strategies for our investment properties and properties for sale. For more details, see “— Property Leasing and Property Management — Marketing and Brand Management” and “— Properties for Sale — Sales and Marketing”. For the years ended December 31, 2011, 2012 and 2013 and the six months ended June 30, 2014, our sales and marketing expenses amounted to approximately RMB2,829 million, RMB2,997 million, RMB4,298 million and RMB2,104 million, respectively.

### Quality Control and Development Supervision

We place significant emphasis on quality control with regard to the construction and management of our projects and have adopted quality control procedures to ensure compliance with relevant laws and regulations. To implement our quality control policies and procedures, we have established a three-tiered quality control system that governs each aspect of the development process. As of the Latest Practicable Date, we had over 2,000 employees working in our quality control system.

At the headquarter level, our quality control center is responsible for overseeing the overall construction process for all of our projects. The department conducts a monthly review of the projects under construction and regular on-site inspections. If there are any instances of non-compliance, the quality control center will report them to higher management and also require the non-compliant entity to rectify the issue within a specified time frame.

At the individual project level, the quality control divisions within each of our regional project companies supervise the quality control process for their respective projects. They closely monitor the quality and timetable of the relevant construction project, as well as the selection of construction materials. All of the relevant departments of the project companies are required to strictly abide by our standards and procedures.

We also engage independent certified project supervision companies to monitor certain aspects of our projects. We are highly selective in choosing project supervision companies and maintain a brand bank of independent certified project supervision companies that meet both our internal quality control standards and the applicable national standards. The project supervision companies conduct quality and safety control checks on construction materials and on-site workmanship and also monitor the progress of our construction work.

We provide our customers with a warranty for the quality of the structure of the building pursuant to the Measures on the Sales of Commodity Housing (商品房銷售管理辦法) and Regulations for the Operations of Urban Property Development (城市房地產開發經營管理條例). In addition, we also provide quality warranties for certain fittings and fixtures, if applicable, usually for a period of two years, according to the published national standards.

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### PROPERTY DEVELOPMENT THROUGH JOINT VENTURES

During the Track Record Period, we developed projects with certain independent third parties. According to the cooperative arrangements entered into between us and our joint developers, our joint developers were responsible for making capital contributions for the establishment of the project companies, providing shareholder loans to finance the projects, coordinating the execution of the contractual arrangements with local government authorities and facilitating the development process of the projects. We were responsible for developing the projects as well as managing investment property portion of the projects after completion. We share the revenues of the relevant joint development project companies with the joint developers in accordance with the relevant arrangements.

The table below sets forth the basic information about our jointly developed projects as of the Latest Practicable Date:

| <b>Project Name</b>                                  | <b>Project Company Name</b>                                   | <b>Our Equity Interest</b> |
|--|---|----------------------------|
| Yantai Zhifu Wanda Plaza<br>(煙台芝罘萬達廣場) . . . . .     | Yantai Zhifu Wanda Plaza Co., Ltd.<br>(煙台芝罘萬達廣場有限公司)          | 70%                        |
| Shanghai Baoshan Wanda Plaza<br>(上海寶山萬達廣場) . . . . . | Shanghai Baoshan Wanda Investment Co., Ltd.<br>(上海寶山萬達投資有限公司) | 65%                        |

Our PRC legal advisor, Tian Yuan Law Firm, has confirmed that the articles of association of the project companies as set forth above and, as the case may be, the cooperative agreements between us and our joint developers are in compliance with PRC laws or regulations in all material respects.

### PROPERTY LEASING AND PROPERTY MANAGEMENT

#### Investment Properties

We hold and operate a large portion of the properties developed by us for long-term investment purposes. We primarily lease and manage retail spaces in our shopping centers at Wanda Plazas and an insignificant portion of office spaces. As of June 30, 2014, our completed shopping centers contained a total LFA of approximately 8.1 million sq. m., which represents a substantial portion of the total LFA of our investment properties. As at December 31, 2011, 2012 and 2013 and June 30, 2014, the occupancy rate for our completed investment properties was 99.0%, 99.2%, 99.2% and 97.8%, respectively.

For the years ended December 31, 2011, 2012 and 2013 and the six months ended June 30, 2014, revenue generated from property leasing and property management amounted to RMB3,769 million, RMB5,843 million, RMB8,483 million and RMB5,177 million, respectively, constituting approximately 7.4%, 9.9%, 9.8% and 22.3% of our total revenue, respectively.

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The table below sets forth certain information about our completed investment properties as of June 30, 2014.

| No. | Project  | Location      | Commence-<br>ment<br>Date <sup>(1)</sup> | Total<br>GFA <sup>(2)</sup> | Total<br>LFA <sup>(3)</sup> | Occupancy Rate <sup>(4)</sup> |                  |                  |                  | Effective Rent <sup>(5)</sup> |                   |                   |                   | Six<br>Months<br>ended<br>June 30,<br>2014 | Average<br>Adjusted<br>Market Rent<br>Adopted by<br>DTZ <sup>(6)(7)</sup> | Interest<br>Attributable<br>to Us | Reference<br>to<br>Property<br>Valuation<br>Report |                       |                       |      |  |
|-----|--|---------------|--|-----------------------------|-----------------------------|-------------------------------|------------------|------------------|------------------|-------------------------------|-------------------|-------------------|-------------------|--|---|-----------------------------------|--|-----------------------|-----------------------|------|--|
|     |  |               |  |                             |                             | December 31,                  |                  | June<br>30,      |                  | 2011                          |                   | 2012              |                   |  |   |                                   |  | 2013                  |                       | 2014 |  |
|     |  |               |  |                             |                             | 2011                          | 2012             | 2013             | 2014             | 2011                          | 2012              | 2013              | 2014              |  |   |                                   |  | (RMB/sq.m./<br>month) | (RMB/sq.m./<br>month) |      |  |
| 1   | Changchun<br>Chongqinglu<br>Wanda Plaza<br>(長春重慶路萬達<br>廣場)   | Jilin (吉林)    | Jan-03                                   | 47,135                      | 35,590                      | 100%                          | 100%             | 100%             | 100%             | 34                            | 35                | 39                | 39                | 85   | 100%  | III-1                             |  |                       |                       |      |  |
| 2   | Nanchang Bayi<br>Wanda<br>Shopping Plaza<br>(南昌八一萬達購<br>物廣場) | Jiangxi (江西)  | Aug-03                                   | 36,280                      | 23,409                      | 100%                          | 100%             | 100%             | 100%             | 36 <sup>(8)</sup>             | 44 <sup>(8)</sup> | 59 <sup>(8)</sup> | 64 <sup>(8)</sup> | 59   | 100%  | III-2                             |  |                       |                       |      |  |
| 3   | Qingdao Taidong<br>Wanda Plaza<br>(青島台東萬達廣<br>場)             | Shandong (山東) | Sep-03                                   | 27,619                      | 27,618                      | 100%                          | 100%             | 100%             | 100%             | 32                            | 32                | 35                | 36                | 36   | 100%  | III-93                            |  |                       |                       |      |  |
| 4   | Tianjin Hepingjie<br>Wanda Plaza<br>(天津和平金街萬<br>達廣場)         | Tianjin (天津)  | Dec-03                                   | 28,483                      | 0                           | — <sup>(9)</sup>              | — <sup>(9)</sup> | — <sup>(9)</sup> | — <sup>(9)</sup> | — <sup>(9)</sup>              | — <sup>(9)</sup>  | — <sup>(9)</sup>  | — <sup>(9)</sup>  | 75   | 100%  | III-3                             |  |                       |                       |      |  |
| 5   | Ningbo Yinzhou<br>Wanda Plaza<br>(寧波鄞州萬達廣<br>場)              | Zhejiang (浙江) | Dec-06                                   | 260,573                     | 172,915                     | 100%                          | 100%             | 100%             | 100%             | 54                            | 60                | 67                | 72                | 94   | 100%  | III-5                             |  |                       |                       |      |  |
| 6   | Shanghai<br>Wujiaochang<br>Wanda Plaza<br>(上海五角場萬達<br>廣場)    | Shanghai (上海) | Dec-06                                   | 242,120                     | 182,774                     | 100%                          | 99%              | 100%             | 100%             | 136                           | 145               | 157               | 163               | 240  | 100%  | III-6                             |  |                       |                       |      |  |
| 7   | Beijing CBD<br>Wanda Plaza<br>(北京CBD萬達廣<br>場)                | Beijing (北京)  | Dec-06                                   | 159,170                     | 70,272                      | 100%                          | 100%             | 100%             | 100%             | 99                            | 97                | 103               | 102               | 228  | 100%  | III-4                             |  |                       |                       |      |  |

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| No. | Project  | Location              | Commence-<br>ment<br>Date <sup>(1)</sup> | Occupancy Rate <sup>(4)</sup> |                             |              |      |      | Effective Rent <sup>(5)</sup> |      |      |      |      | Reference<br>to<br>Property<br>Valuation<br>Report |  |   |                                   |
|-----|--|-----------------------|--|-------------------------------|-----------------------------|--------------|------|------|-------------------------------|------|------|------|------|--|--|---|-----------------------------------|
|     |  |                       |  | Total<br>GFA <sup>(2)</sup>   | Total<br>LFA <sup>(3)</sup> | December 31, |      |      | June<br>30,<br>2014           | 2011 | 2012 | 2013 | 2014 |  | Six<br>Months<br>ended<br>June 30,<br>2014 | Average<br>Adjusted<br>Market Rent<br>Adopted by<br>DTZ <sup>(6)(7)</sup> | Interest<br>Attributable<br>to Us |
|     |  |                       |  |                               |                             | 2011         | 2012 | 2013 |                               |      |      |      |      |  |  |   |                                   |
| 8   | Harbin<br>Xiangfang<br>Wanda Plaza<br>(哈爾濱香坊萬達<br>廣場)    | Heilongjiang<br>(黑龍江) | Oct-07                                   | 132,868                       | 80,598                      | 100%         | 100% | 100% | 100%                          | 100% | 51   | 54   | 61   | 66   | 74   | 100%  | III-7                             |
| 9   | Chengdu<br>Jinhualu Wanda<br>Plaza<br>(成都錦華路萬達<br>廣場)    | Sichuan (四川)          | Dec-07                                   | 228,487                       | 142,404                     | 100%         | 100% | 100% | 100%                          | 72   | 73   | 81   | 86   | 99   | 100%                                       | III-8   |                                   |
| 10  | Xi'an Lijiacun<br>Wanda Plaza<br>(西安李家村萬達<br>廣場)         | Shaanxi (陝西)          | May-08                                   | 131,425                       | 82,733                      | 100%         | 100% | 100% | 100%                          | 56   | 58   | 64   | 74   | 95   | 100%                                       | III-9   |                                   |
| 11  | Beijing<br>Shijingshan<br>Wanda Plaza<br>(北京石景山萬達<br>廣場) | Beijing (北京)          | Dec-08                                   | 128,120                       | 87,457                      | 100%         | 100% | 100% | 100%                          | 63   | 70   | 78   | 83   | 149  | 100%                                       | III-10  |                                   |
| 12  | Suzhou<br>Pingjiang Wanda<br>Plaza<br>(蘇州平江萬達廣<br>場)     | Jiangsu (江蘇)          | Sep-09                                   | 150,460                       | 88,077                      | 100%         | 97%  | 96%  | 100%                          | 36   | 49   | 53   | 58   | 63   | 100%                                       | III-11  |                                   |
| 13  | Shanghai<br>Zhoupu Wanda<br>Plaza<br>(上海周浦萬達廣<br>場)      | Shanghai (上海)         | Sep-09                                   | 156,072                       | 110,362                     | 100%         | 100% | 100% | 100%                          | 66   | 69   | 81   | 86   | 139  | 100%                                       | III-12  |                                   |
| 14  | Shenyang<br>Taiyuanjie<br>Wanda Plaza<br>(瀋陽太原街萬達<br>廣場) | Liaoning (遼寧)         | Nov-09                                   | 89,813                        | 41,705                      | 100%         | 100% | 100% | 100%                          | 92   | 108  | 126  | 141  | 119  | 100%                                       | III-13  |                                   |

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| No. | Project  | Location          | Commence-<br>ment<br>Date <sup>(1)</sup> | Occupancy Rate <sup>(4)</sup> |                             | Effective Rent <sup>(5)</sup> |      |      |          |      |      | Average<br>Adjusted<br>Market Rent<br>Adopted by<br>DTZ <sup>(6)(7)</sup><br><br>(RMB/sq.m./<br>month) | Interest<br>Attributable<br>to Us | Reference<br>to<br>Property<br>Valuation<br>Report |  |        |
|-----|--|-------------------|--|-------------------------------|-----------------------------|-------------------------------|------|------|----------|------|------|--|-----------------------------------|--|--|--------|
|     |  |                   |  | Total<br>GFA <sup>(2)</sup>   | Total<br>LFA <sup>(3)</sup> | December 31,                  |      |      | June 30, |      |      |  |                                   |  | Six<br>Months<br>ended<br>June 30,<br>2014 |        |
|     |  |                   |  |                               |                             | 2011                          | 2012 | 2013 | 2014     | 2013 | 2014 |  |                                   |  |  |        |
| 15  | Qingdao CBD<br>Wanda Plaza<br>(青島CBD萬達廣場)            | Shandong (山東)     | Nov-09                                   | 131,778                       | 95,288                      | 100%                          | 100% | 100% | 100%     | 54   | 59   | 63   | 71                                | 87   | 100%                                       | III-14 |
| 16  | Chongqing<br>Nanping Wanda<br>Plaza<br>(重慶南坪萬達廣場)    | Chongqing<br>(重慶) | Dec-09                                   | 123,587                       | 87,066                      | 100%                          | 100% | 100% | 100%     | 61   | 70   | 78   | 83                                | 112  | 100%                                       | III-15 |
| 17  | Nanjing Jianye<br>Wanda Plaza<br>(南京建邺萬達廣場)          | Jiangsu (江蘇)      | Dec-09                                   | 149,053                       | 118,722                     | 98%                           | 98%  | 100% | 100%     | 59   | 67   | 71   | 80                                | 86   | 100%                                       | III-16 |
| 18  | Xi'an Minleyuan<br>Wanda Plaza<br>(西安民樂園萬達廣場)        | Shaanxi (陝西)      | Dec-09                                   | 146,388                       | 80,007                      | 100%                          | 100% | 97%  | 100%     | 54   | 69   | 77   | 84                                | 73   | 100%                                       | III-17 |
| 19  | Luoyang Wanda<br>Plaza<br>(洛陽萬達廣場)                   | Henan (河南)        | Dec-09                                   | 96,240                        | 57,934                      | 100%                          | 100% | 100% | 100%     | 49   | 56   | 65   | 68                                | 99   | 100%                                       | III-18 |
| 20  | Shenyang Tiexi<br>Wanda Plaza<br>(瀋陽鐵西萬達廣場)          | Liaoning (遼寧)     | Aug-10                                   | 157,238                       | 85,652                      | 90%                           | 95%  | 96%  | 96%      | 56   | 67   | 73   | 81                                | 76   | 100%                                       | III-19 |
| 21  | Wuxi Binhu<br>Wanda Plaza<br>(無錫濱湖萬達廣場)              | Jiangsu (江蘇)      | Sep-10                                   | 162,940                       | 94,524                      | 100%                          | 100% | 100% | 100%     | 51   | 62   | 71   | 78                                | 85   | 100%                                       | III-20 |
| 22  | Changchun<br>Hongqijie<br>Wanda Plaza<br>(長春紅旗街萬達廣場) | Jilin (吉林)        | Oct-10                                   | 132,993                       | 85,350                      | 100%                          | 100% | 100% | 100%     | 57   | 66   | 73   | 89                                | 97   | 100%                                       | III-21 |





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| No. | Project  | Location          | Commence-<br>ment<br>Date <sup>(1)</sup> | Total<br>GFA <sup>(2)</sup> | Total<br>LFA <sup>(3)</sup> | Occupancy Rate <sup>(4)</sup> |      |             |      |      | Effective Rent <sup>(5)</sup> |      |      |      |                       | Six<br>Months<br>ended<br>June 30,<br>2014 | Average<br>Adjusted<br>Market Rent<br>Adopted by<br>DTZ <sup>(6)(7)</sup> | Interest<br>Attributable<br>to Us | Reference<br>to<br>Property<br>Valuation<br>Report |      |      |
|-----|--|-------------------|--|-----------------------------|-----------------------------|-------------------------------|------|-------------|------|------|-------------------------------|------|------|------|-----------------------|--|---|-----------------------------------|--|------|------|
|     |  |                   |  |                             |                             | December 31,                  |      | June<br>30, |      | 2011 |                               | 2012 |      | 2013 |                       |  |   |                                   |  | 2014 |      |
|     |  |                   |  |                             |                             | 2011                          | 2012 | 2013        | 2014 | 2011 | 2012                          | 2013 | 2014 | 2011 | 2012                  |  |   |                                   |  | 2013 | 2014 |
|     |  |                   | (Month -<br>year)                        | (sq.m.)                     | (sq.m.)                     |                               |      |             |      |      |                               |      |      |      | (RMB/sq.m./<br>month) |  |   |                                   |  |      |      |
| 31  | Guangzhou<br>Baiyun Wanda<br>Plaza<br>(廣州白雲萬達廣<br>場)   | Guangdong<br>(廣東) | Dec-10                                   | 194,333                     | 91,271                      | 100%                          | 100% | 100%        | 100% | 100% | 58                            | 71   | 81   | 89   | 84                    | 100%                                       | III-29  |                                   |  |      |      |
| 32  | Wuhan<br>Lingjiaohu<br>Wanda Plaza<br>(武漢菱角湖萬達<br>廣場)  | Hubei (湖北)        | Dec-10                                   | 115,460                     | 94,041                      | 100%                          | 100% | 100%        | 100% | 100% | 53                            | 67   | 77   | 85   | 81                    | 100%                                       | III-31  |                                   |  |      |      |
| 33  | Fuzhou<br>Jinrongjie<br>Wanda Plaza<br>(福州金融街萬達<br>廣場) | Fujian (福建)       | Dec-10                                   | 163,016                     | 90,797                      | 100%                          | 100% | 100%        | 100% | 100% | 50                            | 61   | 71   | 78   | 105                   | 100%                                       | III-32  |                                   |  |      |      |
| 34  | Hefei Baohu<br>Wanda Plaza<br>(合肥包河萬達廣<br>場)           | Anhui (安徽)        | Dec-10                                   | 179,035                     | 102,084                     | 100%                          | 100% | 100%        | 100% | 100% | 50                            | 60   | 70   | 74   | 74                    | 100%                                       | III-33  |                                   |  |      |      |
| 35  | Huai'an Wanda<br>Plaza<br>(淮安萬達廣場)                     | Jiangsu (江蘇)      | Jan-11                                   | 127,522                     | 95,462                      | 100%                          | 100% | 100%        | 87%  | 100% | 31                            | 45   | 58   | 67   | 73                    | 100%                                       | III-34  |                                   |  |      |      |
| 36  | Shanghai<br>Jiangqiao<br>Wanda Plaza<br>(上海江橋萬達廣<br>場) | Shanghai (上海)     | Jun-11                                   | 212,346                     | 111,731                     | 100%                          | 100% | 100%        | 100% | 100% | 57                            | 58   | 89   | 102  | 145                   | 100%                                       | III-35  |                                   |  |      |      |
| 37  | Zhenjiang<br>Wanda Plaza<br>(鎮江萬達廣場)                   | Jiangsu (江蘇)      | Aug-11                                   | 167,431                     | 81,550                      | 100%                          | 100% | 100%        | 100% | 100% | —                             | 53   | 64   | 68   | 78                    | 100%                                       | III-36  |                                   |  |      |      |
| 38  | Wuhan Jingkai<br>Wanda Plaza<br>(武漢經開萬達廣<br>場)         | Hubei (湖北)        | Aug-11                                   | 160,143                     | 86,433                      | 100%                          | 97%  | 96%         | 100% | 100% | —                             | 45   | 54   | 73   | 74                    | 100%                                       | III-37  |                                   |  |      |      |

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| No. | Project   | Location              | Commence-<br>ment<br>Date <sup>(1)</sup> | Occupancy Rate <sup>(4)</sup> |                             | Effective Rent <sup>(5)</sup> |      |      |          |                    |      | Average<br>Adjusted<br>Market Rent<br>Adopted by<br>DTZ <sup>(6)(7)</sup><br>(RMB/sq.m./<br>month) | Interest<br>Attributable<br>to Us | Reference<br>to<br>Property<br>Valuation<br>Report |  |
|-----|---|-----------------------|--|-------------------------------|-----------------------------|-------------------------------|------|------|----------|--------------------|------|--|-----------------------------------|--|--|
|     |   |                       |  | Total<br>GFA <sup>(2)</sup>   | Total<br>LFA <sup>(3)</sup> | December 31,                  |      |      | June 30, |                    |      |  |                                   |  | Six<br>Months<br>ended<br>June 30,<br>2014 |
|     |   |                       |  |                               |                             | 2011                          | 2012 | 2013 | 2013     | 2014               | 2013 |  |                                   |  |  |
| 39  | Xiamen Huli<br>Wanda Plaza<br>(廈門湖里萬達廣場)  | Fujian (福建)           | Sep-11                                   | 177,152                       | 97,612                      | 100%                          | 100% | 100% | 100%     | 74                 | 71   | 100%   | III-38                            |  |  |
| 40  | Yinchuan<br>Jinfeng Wanda<br>Plaza<br>(銀川金鳳萬達廣場)                                    | Ningxia (寧夏)          | Sep-11                                   | 166,319                       | 89,391                      | 100%                          | 100% | 100% | 100%     | 75                 | 71   | 100%   | III-39                            |  |  |
| 41  | Shijiazhuang<br>Yuhua Wanda<br>Plaza<br>(石家莊裕華萬達廣場)                                 | Hebei (河北)            | Sep-11                                   | 191,947                       | 117,250                     | 100%                          | 100% | 100% | 100%     | 76                 | 99   | 100%   | III-40                            |  |  |
| 42  | Wuhan Central<br>Culture and<br>Travel City<br>Chuhehan Street<br>(武漢中央文化區<br>楚河漢街) | Hubei (湖北)            | Sep-11                                   | 185,485                       | 99,730                      | 73%                           | 80%  | 84%  | 81%      | 70 <sup>(10)</sup> | 193  | 100%   | III-41                            |  |  |
| 43  | Zhengzhou<br>Zhongyuan<br>Wanda Plaza<br>(鄭州中原萬達廣場)                                 | Henan (河南)            | Oct-11                                   | 164,585                       | 90,744                      | 100%                          | 100% | 100% | 100%     | 75                 | 82   | 100%   | III-42                            |  |  |
| 44  | Langfang Wanda<br>Plaza<br>(廊坊萬達廣場)   | Hubei (湖北)            | Nov-11                                   | 161,397                       | 84,684                      | 100%                          | 100% | 100% | 100%     | 72                 | 94   | 100%   | III-43                            |  |  |
| 45  | Daqing Saertu<br>Wanda Plaza<br>(大慶薩爾圖萬達廣場)   | Heilongjiang<br>(黑龍江) | Nov-11                                   | 141,600                       | 85,244                      | 100%                          | 100% | 100% | 100%     | 70                 | 68   | 100%   | III-44                            |  |  |

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| No. | Project  | Location      | Commence-<br>ment<br>Date <sup>(1)</sup> | Occupancy Rate <sup>(4)</sup> |                             | Effective Rent <sup>(5)</sup> |      |      |             |      |      | Average<br>Adjusted<br>Market Rent<br>Adopted by<br>DTZ <sup>(6)(7)</sup><br><br>(RMB/sq.m./<br>month) | Interest<br>Attributable<br>to Us | Reference<br>to<br>Property<br>Valuation<br>Report |        |
|-----|--|---------------|--|-------------------------------|-----------------------------|-------------------------------|------|------|-------------|------|------|--|-----------------------------------|--|--------|
|     |  |               |  | Total<br>GFA <sup>(2)</sup>   | Total<br>LFA <sup>(3)</sup> | December 31,                  |      |      | June<br>30, |      |      |  |                                   |  |        |
|     |  |               |  |                               |                             | 2011                          | 2012 | 2013 | 2014        | 2013 | 2014 |  |                                   |  | 2014   |
| 46  | Fuzhou<br>Cangshan<br>Wanda Plaza<br>(福州倉山萬達廣場)  | Fujian (福建)   | Dec-11                                   | 183,795                       | 100,081                     | 100%                          | 100% | 100% | 100%        | 59   | 70   | 77   | 101                               | 100%   | III-45 |
| 47  | Taizhou Wanda<br>Plaza<br>(泰州萬達廣場)               | Jiangsu (江蘇)  | Dec-11                                   | 117,154                       | 90,897                      | 100%                          | 100% | 100% | 100%        | 54   | 59   | 69   | 82                                | 100%   | III-46 |
| 48  | Changzhou<br>Xinbei Wanda<br>Plaza<br>(常州新北萬達廣場) | Jiangsu (江蘇)  | Dec-11                                   | 172,498                       | 107,324                     | 100%                          | 100% | 100% | 100%        | 49   | 56   | 65   | 91                                | 100%   | III-47 |
| 49  | Tangshan Lunan<br>Wanda Plaza<br>(唐山路南萬達廣場)      | Hebei (河北)    | Dec-11                                   | 191,824                       | 112,688                     | 100%                          | 100% | 100% | 100%        | 62   | 71   | 75   | 102                               | 100%   | III-48 |
| 50  | Shanghai<br>Baoshan Wanda<br>Plaza<br>(上海寶山萬達廣場) | Shanghai (上海) | Jun-12                                   | 169,026                       | 86,950                      | —                             | 100% | 100% | 100%        | 76   | 84   | 93   | 131                               | 65%  | III-50 |
| 51  | Hefei Tian'erhu<br>Wanda Plaza<br>(合肥天鵝湖萬達廣場)    | Anhui (安徽)    | Jul-12                                   | 176,955                       | 84,569                      | —                             | 100% | 100% | 100%        | —    | 74   | 81   | 79                                | 100%   | III-51 |
| 52  | Jinjiang Wanda<br>Plaza<br>(晉江萬達廣場)              | Fujian (福建)   | Aug-12                                   | 202,747                       | 90,294                      | —                             | 100% | 100% | 90%         | —    | 67   | 78   | 97                                | 100%   | III-52 |
| 53  | Ningde Wanda<br>Plaza<br>(寧德萬達廣場)                | Fujian (福建)   | Aug-12                                   | 164,928                       | 87,453                      | —                             | 100% | 100% | 100%        | —    | 58   | 61   | 84                                | 100%   | III-53 |

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| No. | Project   | Location      | Commence-<br>ment<br>Date <sup>(1)</sup> | Total              |                    | Occupancy Rate <sup>(4)</sup> |      |             |      |                   | Effective Rent <sup>(5)</sup> |                       |                       |                       |                       | Average<br>Adjusted<br>Market Rent<br>Adopted by<br>DTZ <sup>(6)(7)</sup><br><br>(RMB/sq.m./<br>month) | Interest<br>Attributable<br>to Us | Reference<br>to<br>Property<br>Valuation<br>Report |
|-----|---|---------------|--|--------------------|--------------------|-------------------------------|------|-------------|------|-------------------|-------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|--|-----------------------------------|--|
|     |   |               |  | GFA <sup>(2)</sup> | LFA <sup>(3)</sup> | December 31,                  |      | June<br>30, | 2011 | 2012              | 2013                          | 2011                  | 2012                  | 2013                  | 2014                  |  |                                   |  |
|     |   |               |  | (sq.m.)            | (sq.m.)            | 2011                          | 2012 | 2013        | 2014 | (RMB/sq.m./month) | (RMB/sq.m./<br>month)         | (RMB/sq.m./<br>month) | (RMB/sq.m./<br>month) | (RMB/sq.m./<br>month) | (RMB/sq.m./<br>month) |  |                                   |  |
| 54  | Nanchang<br>Honggutan<br>Wanda Plaza<br>(南昌紅谷灘萬達<br>廣場) | Jiangxi (江西)  | Aug-12                                   | 156,413            | 93,974             | —                             | 100% | 100%        | 100% | 100%              | — <sup>(8)</sup>              | 44 <sup>(8)</sup>     | 59 <sup>(8)</sup>     | 64 <sup>(8)</sup>     | 83                    | 100%   | III-54                            |  |
| 55  | Shenyang<br>Beiyilu Wanda<br>Plaza<br>(瀋陽北一路萬達<br>廣場)   | Liaoning (遼寧) | Aug-12                                   | 169,810            | 95,561             | —                             | 100% | 100%        | 98%  | —                 | —                             | —                     | 54                    | 84                    | 100%                  | III-55   |                                   |  |
| 56  | Wuhu Jinghu<br>Wanda Plaza<br>(蕪湖鏡湖萬達廣<br>場)            | Anhui (安徽)    | Sep-12                                   | 157,905            | 82,153             | —                             | 100% | 97%         | 100% | —                 | —                             | —                     | 65                    | 80                    | 100%                  | III-56   |                                   |  |
| 57  | Qingdao Licang<br>Wanda Plaza<br>(青島李滄萬達廣<br>場)         | Shandong (山東) | Sep-12                                   | 182,827            | 100,118            | —                             | 100% | 100%        | 100% | —                 | —                             | —                     | 56                    | 83                    | 100%                  | III-57   |                                   |  |
| 58  | Jiangyin Wanda<br>Plaza<br>(江陰萬達廣場)                     | Jiangsu (江蘇)  | Sep-12                                   | 194,181            | 101,789            | —                             | 100% | 100%        | 100% | —                 | —                             | —                     | 74                    | 95                    | 100%                  | III-58   |                                   |  |
| 59  | Quanzhou Puxi<br>Wanda Plaza<br>(泉州浦西萬達廣<br>場)          | Fujian (福建)   | Sep-12                                   | 287,355            | 100,502            | —                             | 100% | 100%        | 100% | —                 | —                             | —                     | 72                    | 97                    | 100%                  | III-59   |                                   |  |
| 60  | Zhengzhou Erqi<br>Wanda Plaza<br>(鄭州二七萬達廣<br>場)         | Henan (河南)    | Oct-12                                   | 172,030            | 91,877             | —                             | 100% | 100%        | 100% | —                 | —                             | —                     | 73                    | 88                    | 100%                  | III-60   |                                   |  |
| 61  | Zhangzhou Bihu<br>Wanda Plaza<br>(漳州碧湖萬達廣<br>場)         | Fujian (福建)   | Oct-12                                   | 220,266            | 94,822             | —                             | 95%  | 97%         | 87%  | —                 | —                             | —                     | 59                    | 88                    | 100%                  | III-61   |                                   |  |

## BUSINESS

| No. | Project  | Location      | Commence-<br>ment<br>Date <sup>(1)</sup> | Total<br>GFA <sup>(2)</sup> | Total<br>LFA <sup>(3)</sup> | Occupancy Rate <sup>(4)</sup> |      |             |      | Effective Rent <sup>(5)</sup> |      |      |      | Average<br>Adjusted<br>Market Rent<br>Adopted by<br>DTZ <sup>(6)(7)</sup> | Interest<br>Attributable<br>to Us | Reference<br>to<br>Property<br>Valuation<br>Report |                       |  |  |
|-----|--|---------------|--|-----------------------------|-----------------------------|-------------------------------|------|-------------|------|-------------------------------|------|------|------|---|-----------------------------------|--|-----------------------|--|--|
|     |  |               |  |                             |                             | December 31,                  |      | June<br>30, |      | 2011                          |      | 2012 |      |   |                                   |  | 2013                  |  | Six<br>Months<br>ended<br>June 30,<br>2014 |
|     |  |               |  |                             |                             | 2011                          | 2012 | 2013        | 2014 | 2011                          | 2012 | 2013 | 2014 |   |                                   |  | (RMB/sq.m./<br>month) |  |  |
| 62  | Wenzhou<br>Longwan Wanda<br>Plaza<br>(温州龍灣萬達廣<br>場)  | Zhejiang (浙江) | Nov-12                                   | 243,149                     | 124,574                     | —                             | 100% | 100%        | 100% | —                             | 63   | 76   | 84   | 100%  | III-62                            |  |                       |  |  |
| 63  | Taicang Wanda<br>Plaza<br>(太倉萬達廣場)                   | Jiangsu (江蘇)  | Dec-12                                   | 169,998                     | 89,744                      | —                             | 100% | 99%         | 84%  | —                             | 61   | 69   | 85   | 100%  | III-63                            |  |                       |  |  |
| 64  | Putian Wanda<br>Plaza<br>(莆田萬達廣場)                    | Fujian (福建)   | Dec-12                                   | 186,777                     | 91,957                      | —                             | 100% | 100%        | 95%  | —                             | 65   | 78   | 93   | 100%  | III-64                            |  |                       |  |  |
| 65  | Mianyang<br>Fucheng Wanda<br>Plaza<br>(綿陽涪城萬達廣<br>場) | Sichuan (四川)  | Dec-12                                   | 166,506                     | 91,140                      | —                             | 100% | 100%        | 100% | —                             | 58   | 66   | 89   | 100%  | III-65                            |  |                       |  |  |
| 66  | Chengdu Jinniu<br>Wanda Plaza<br>(成都金牛萬達廣<br>場)      | Sichuan (四川)  | Dec-12                                   | 215,005                     | 118,076                     | —                             | 100% | 100%        | 100% | —                             | 75   | 83   | 103  | 100%  | III-66                            |  |                       |  |  |
| 67  | Dalian Gaixin<br>Wanda Plaza<br>(大連高新萬達廣<br>場)       | Liaoning (遼寧) | May-13                                   | 203,593                     | 109,250                     | —                             | —    | 100%        | 100% | —                             | 54   | 62   | 64   | 100%  | III-68                            |  |                       |  |  |
| 68  | Yixing Wanda<br>Plaza<br>(宜興萬達廣場)                    | Jiangsu (江蘇)  | May-13                                   | 189,971                     | 95,063                      | —                             | —    | 100%        | 100% | —                             | 66   | 63   | 91   | 100% <sup>(11)</sup>  | III-69                            |  |                       |  |  |
| 69  | Xiamen Jimei<br>Wanda Plaza<br>(廈門集美萬達廣<br>場)        | Fujian (福建)   | Jun-13                                   | 132,306                     | 70,068                      | —                             | —    | 100%        | 89%  | —                             | 55   | 68   | 62   | 100%  | III-70                            |  |                       |  |  |
| 70  | Wuxi Huishan<br>Wanda Plaza<br>(無錫惠山萬達廣<br>場)        | Jiangsu (江蘇)  | Jun-13                                   | 155,289                     | 86,368                      | —                             | —    | 100%        | 100% | —                             | 52   | 55   | 87   | 100%  | III-71                            |  |                       |  |  |

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| No. | Project                                       | Location           | Commencement Date <sup>(1)</sup> | Total              |                    | Occupancy Rate <sup>(4)</sup> |      |      |                   |                   | Effective Rent <sup>(5)</sup> |      |      |                                |        | Average Adjusted Market Rent Adopted by DTZ <sup>(6)(7)</sup> (RMB/sq.m./month) | Interest Attributable to Us | Reference to Property Valuation Report |
|-----|---|--------------------|----------------------------------|--------------------|--------------------|-------------------------------|------|------|-------------------|-------------------|-------------------------------|------|------|--------------------------------|--------|---|-----------------------------|--|
|     |   |                    |                                  | GFA <sup>(2)</sup> | LFA <sup>(3)</sup> | December 31,                  |      |      | June 30, 2014     | 2011              | 2012                          | 2013 | 2014 | Six Months ended June 30, 2014 |        |   |                             |  |
|     |   |                    |                                  |                    |                    | 2011                          | 2012 | 2013 |                   |                   |                               |      |      |                                |        |   |                             |  |
| 71  | Chongqing Wanzhou Wanda Plaza<br>(重慶萬州萬達商業廣場) | Chongqing (重慶)     | Jul-13                           | 139,523            | 74,523             | —                             | 100% | 99%  | —                 | —                 | —                             | 66   | 76   | 100%                           | III-72 |   |                             |  |
| 72  | Dongguan Chang'an Wanda Plaza<br>(東莞長安萬達廣場)   | Guangdong (廣東)     | Jul-13                           | 153,016            | 93,663             | —                             | 100% | 100% | —                 | —                 | 60                            | 104  | 100% | 100%                           | III-73 |   |                             |  |
| 73  | Shenyang Aoti Wanda Plaza<br>(瀋陽奧體萬達廣場)       | Liaoning (遼寧)      | Jul-13                           | 164,216            | 86,864             | —                             | 96%  | 91%  | —                 | —                 | 55                            | 55   | 100% | 100%                           | III-74 |   |                             |  |
| 74  | Changchun Kuancheng Wanda Plaza<br>(長春寬城萬達廣場) | Jilin (吉林)         | Aug-13                           | 143,703            | 90,537             | —                             | 100% | 100% | —                 | —                 | 32                            | 69   | 100% | 100%                           | III-75 |   |                             |  |
| 75  | Harbin Haxi Wanda Plaza<br>(哈爾濱哈西萬達廣場)        | Heilongjiang (黑龍江) | Sep-13                           | 218,571            | 119,452            | —                             | 100% | 100% | —                 | —                 | 56                            | 66   | 100% | 100%                           | III-76 |   |                             |  |
| 76  | Changsha Kaifu Wanda Plaza<br>(長沙開福萬達廣場)      | Hunan (湖南)         | Sep-13                           | 196,473            | 113,102            | —                             | 100% | 100% | —                 | —                 | 64                            | 75   | 100% | 100%                           | III-77 |   |                             |  |
| 77  | Wuhan Wanda Plaza<br>(武漢中央文化區漢街萬達廣場)          | Hubei (湖北)         | Sep-13                           | 129,424            | 85,809             | —                             | 100% | 100% | — <sup>(10)</sup> | — <sup>(10)</sup> | 89 <sup>(10)</sup>            | 117  | 117  | 100%                           | III-78 |   |                             |  |
| 78  | Yuyao Wanda Plaza<br>(余姚萬達廣場)                 | Zhejiang (浙江)      | Oct-13                           | 163,400            | 86,159             | —                             | 83%  | 80%  | —                 | —                 | 62                            | 92   | 100% | 100%                           | III-79 |   |                             |  |





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| No. | Project                            | Location                | Commencement Date <sup>(1)</sup> | Occupancy Rate <sup>(4)</sup> |                          |                   |      | Effective Rent <sup>(5)</sup> |                                |   |                | Reference to Property Valuation Report |
|-----|------------------------------------|-------------------------|----------------------------------|-------------------------------|--------------------------|-------------------|------|-------------------------------|--------------------------------|---|----------------|--|
|     |                                    |                         |                                  | Total GFA <sup>(2)</sup>      | Total LFA <sup>(3)</sup> | December 31,      |      | June 30, 2014                 | Six Months ended June 30, 2014 | Average Adjusted Market Rent Adopted by DTZ <sup>(6)(7)</sup> | Interest to Us |  |
|     |                                    |                         |                                  |                               |                          | 2011              | 2012 |                               |                                |   |                |  |
|     |                                    |                         | (Month - year)                   | (sq.m.)                       | (sq.m.)                  | (RMB/sq.m./month) |      |                               |                                |   |                |  |
| 88  | Chifeng Wanda Plaza<br>(赤峰萬達廣場)    | Inner Mongolia<br>(內蒙古) | Jun-14                           | 171,499                       | 83,030                   | —                 | —    | —                             | —                              | 61  | 100%           | III-99                                 |
| 89  | Manzhoubi Wanda Plaza<br>(滿洲里萬達廣場) | Inner Mongolia<br>(內蒙古) | Jun-14                           | 67,943                        | 45,536                   | —                 | —    | —                             | —                              | 54  | 100%           | III-98                                 |

### Notes:

- (1) The commencement date is based on our internal records.
- (2) The GFA of investment properties includes retail properties, parking spaces and other leasable space, with some investment properties also including office spaces.
- (3) The total LFA of our investment properties is based on our internal records, and is attributable to our shopping centers only, which represents a predominant portion of the total LFA of our investment properties.
- (4) Occupancy rate for each investment property refers to that of shopping centers only.
- (5) Effective rent for each investment property refers to that of shopping centers only, and does not include those that had operated for less than six months as of the end of the respective period.
- (6) Calculated by multiplying (i) the average Adjusted Market Rent on each floor level of the shopping center (determined based on the adjustment conducted by DTZ) by (ii) the corresponding LFA on the same floor level, and dividing (iii) the resulting total market rent as calculated above for the entire shopping center by its total LFA.
- (7) When evaluating the average Adjusted Market Rent adopted by DTZ, you should note: (i) adjustments made by DTZ in connection with the Adjusted Market Rents are subject to availability of rental levels of the surrounding properties and a limited number of sampled rents of the surrounding properties gathered by DTZ, and (ii) the Adjusted Market Rent is adopted only for the period after the existing tenancy expires, and did not apply to the rental period of the existing tenancies, during which the valuation was made based on the capitalization of net rental income derived from the valued investment property, discounted by time factors.
- (8) Nanchang Honggutan Wanda Plaza (南昌紅谷灘萬達廣場) and Nanchang Bayi Wanda Shopping Plaza (南昌八一萬達購物廣場) are operated by the same subsidiary, and as a result, their operation data are inseparable.
- (9) The shopping center in this project is under overall renovation.
- (10) Wuhan Central Culture City Chuhehanjie shopping center (武漢中央文化區楚河漢街) and Wuhan Central Culture City Donghuanhanjie shopping center (武漢中央文化區東湖漢街) are operated by the same subsidiary, and as a result, their operation data are inseparable.
- (11) We acquired the 10% equity interest in the project on August 18, 2014 from our co-developer, an independent third party.

**Order-driven Management Model and Preleasing**

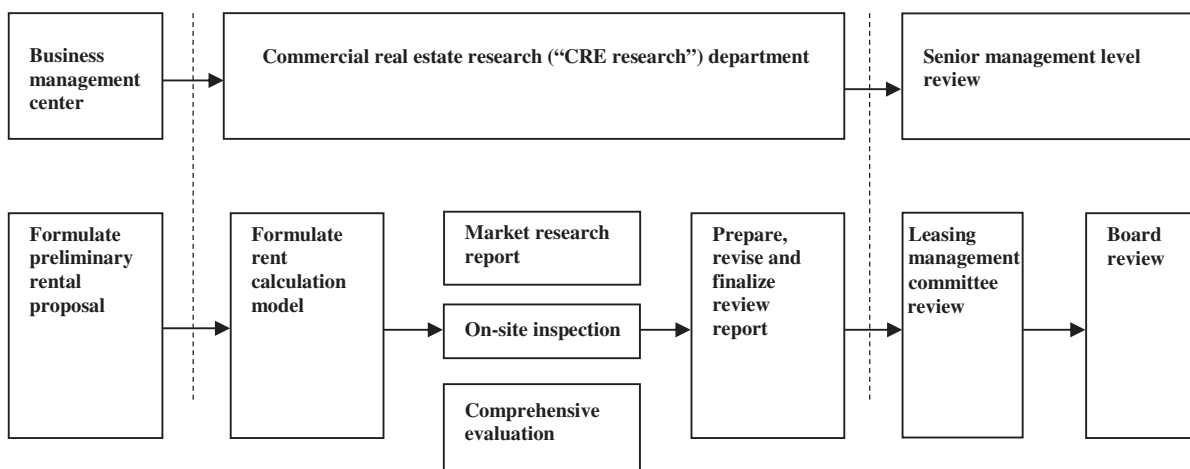
We have developed an order-driven management model (“訂單模式”). We typically begin to obtain preleasing commitments prior to the commencement of construction of a shopping center. This model allows tenants to customize their rental spaces during the construction of projects. In order to satisfy the tenants’ needs, our planning and design team and property leasing team work together to ensure that the products we deliver are aligned with such needs.

Under our order-driven management model, for a new project, we first produce a general distribution blueprint and construction plan at the initial planning and design stage. For example, we partition off certain areas to be leased to tenants providing food and beverage services due to the specific electrical and other needs of food and beverage outlets as compared to other tenants. After the general layout is completed, we formulate and decide the strategic positioning of individual stores. We then conduct interviews and on-site visits with potential anchor tenants to understand their specific requirements and needs. Based on communication with these potential tenants, we begin preparing a more detailed blueprint laying out the tenant mix and store positioning. Once the design and planning stage is completed, we will invite potential tenants to participate in our tender process and enter into leasing contracts with the winning bidders. Our order-driven management model has allowed us to effectively secure a significant amount of leasing commitments before commencement of operation. During the Track Record Period, we achieved full or near-full occupancy upon commencement of operation in substantially all of the shopping centers owned and operated by us.

**Rental Pricing Process**

We have developed a systematic rental pricing process based on our operating experience. The initial rental pricing process for our investment properties normally starts from the feasibility study stage before the land acquisition decision is made. At this stage, we estimate the range of rental rates for the proposed project in order to evaluate the prospect of investment return. The formal rental pricing process begins after the land acquisition. We follow a rent proposal review process to formulate a proposed rental plan for the project. The chart below summarizes the major stages typically involved in the process of our rental proposal review:

**Process of Rental Proposal Review**



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## BUSINESS

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### Marketing and Brand Management

#### *Marketing and Promotion*

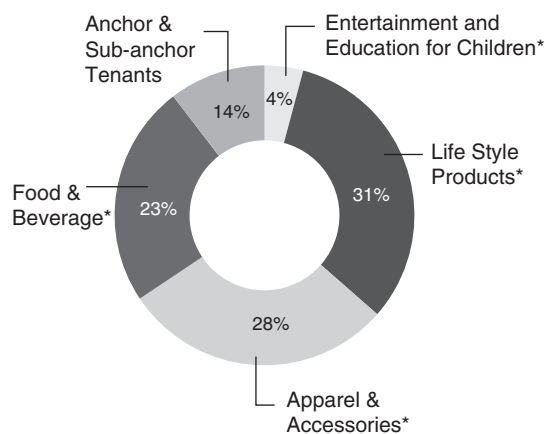
To achieve a high occupancy rate at the commencement of operation of the shopping centers in Wanda Plazas, we have developed a set of marketing strategies and promotional activities which target potential tenants. The opening of our Wanda Annual Commercial Convention (“萬達商業年會”) each year marks the launch of promotional events for the coming year. Our Wanda Annual Commercial Convention provides a platform for us to introduce our new projects in the pipeline and for a wide variety of brands and companies to communicate among each other and with us. In 2013, over 3,600 brands participated in our Wanda Annual Commercial Convention. In addition, from time to time, we also organize our Wanda China Tour (“萬達中國行”) promotional event for selected projects that have recently commenced construction, whereby potential tenants can experience the commercial features of Wanda Plaza in person.

When the preleasing rate of a project reaches 60% or above, we generally will hold tenant prospecting conferences (“招商大會”) and other marketing campaigns for the project to sustain its preleasing momentum. At the later stage of project development, we generally will hold project introduction sessions, during which we will introduce to tenants who have committed to preleasing and other potential tenants the specifications of the project, including but not limited to, decoration style, planning concept and the value of the properties for leasing, in order to achieve a high occupancy rate.

#### *Brand Bank*

To maintain a high-quality tenant base, we have established and maintained a brand bank which consists of quality brands selected from marketing events and historical business relationships and which serves as the primary source of our tenant choice. Our brand bank evaluation committee (“品牌庫評審委員會”) is responsible for managing our brand bank, including conducting the annual evaluation, grading, addition and removal of brands.

We seek to select tenants with a balanced mix of brands for each Wanda Plaza. As of June 30, 2014, our brand bank contained more than 2,000 brands. Many brands in each category are internationally and nationally renowned brands. The chart below sets out a breakdown of our brand bank by business category:



\* Do not include anchor tenants or sub-anchor tenant in the sector

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## BUSINESS

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### Tenants and Tenant Management

Our principal customers are tenants of our commercial investment properties in China. Lease terms of anchor and sub-anchor tenants in our principal investment properties generally range from 10 to 15 years, while the lease terms of other tenants generally range from three to eight years.

Depending on brand names, the choices of tenants, the nature and profitability of their business and their business relationships with us, we typically use the following rental pricing methods:

- (1). fixed rental rates during a predetermined period with rental escalation in the remaining lease terms based on the annual percentage increases (“rent based on fixed amount with adjustments”);
- (2). rental rates calculated based on a predetermined percentage of the retail gross income of the tenants (“rent based on performance”); and
- (3). rental rates calculated using the rental pricing method set out in (1) above or the rent pricing method set out in (2) above, whichever is higher (“rent based on combined method”).

The table below sets forth the percentages of rental income attributable to each rental pricing method during the Track Record Period:

|   | For the Year ended December 31, |      |      | For the Six                   |
|---|---------------------------------|------|------|-------------------------------|
|   | 2011                            | 2012 | 2013 | Months ended<br>June 30, 2014 |
| Rent Based on Fixed Amount with Adjustments . . . . . | 92%                             | 90%  | 89%  | 86%                           |
| Rent Based on Performance . . . . .                   | 7%                              | 8%   | 9%   | 10%                           |
| Rent Based on Combined Method . . . . .               | 1%                              | 2%   | 2%   | 4%                            |

To maintain the competitiveness and profitability of our investment property operations, we closely monitor the operation and performance of individual stores to assess their appeal to customers and their ability to pay rent on schedule. In addition, we normally conduct rental rate reviews eight months prior to the expiry of the respective leasing contracts, together with an evaluation of the overall condition of the complex. Such rental reviews generally comprise three steps:

- Step 1. Summarize the rental collection rates of the complex during the past two years, and forecast the rates for the next one-year period;
- Step 2. Determine the reasonable range of a price-to-rent ratio through in-depth research based on the business nature and store performance data of various tenants so as to discover the range of potential growth; and
- Step 3. Adjust the range of growth potential with reference to market research on average local rent levels.

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We will propose a rental adjustment during the negotiations for the renewal of lease contracts with our tenants based on the outcome of the rental review procedure.

In line with general practice in the commercial real estate industry to attract and secure high-quality anchor tenants to the soon to be opened Wanda Plazas as early as possible, we generally offer an attractive lower than the prevailing market level rent for the initial term of the tenancies. This is carried out through a “wholesale” rent approach. Upon the expiry of the initial term of the tenancies, we adopt the strategy to renew existing tenancies or enter into new tenancies through a “retail” rent approach. We expect the “retail” rent to be in line with the prevailing market rents in the local areas.

Given the large scale of our investment property portfolio, local market conditions and different early planning and leasing arrangements, certain Wanda Plazas do not fall within the common pattern as described above. For example, due to our existing local operating experience and our established market status in certain regions, some recently opened Wanda Plazas such as Xiamen Jimei Wanda Plaza and Shenyang Aoti Wanda Plaza have achieved an initial rent at the rental levels of their surrounding similar properties, or even at a leading rental level in the region. Opened in June 2013, Xiamen Jimei Wanda Plaza had the effective rent of RMB68 for the six months ended June 30, 2014 as compared to its Adjustment Market Rent of RMB62; and opened in July 2013, Shenyang Aoti Wanda Plaza had the effective rent of RMB55 for the six months ended June 30, 2014 as compared to its Adjustment Market Rent of RMB55.

In addition, the rental adjustment is subject to the mix of tenants in our commercial properties. For example, with respect to the shopping centers in certain Wanda Plazas, including Changchun Chongqinglu Wanda Plaza (which has been in operation since January 2003 ), Beijing CBD Wanda Plaza (which has been in operation since December 2006) and Luoyang Wanda Plaza (which has been in operation since December 2009), anchor tenants accounted for approximately 98%, 98% and 92%, respectively, of their total LFA. The overall rental rates of the shopping centers in Changchun Chongqinglu Wanda Plaza, Beijing CBD Wanda Plaza and Luoyang Wanda Plaza were restricted by long-term leases entered into with anchor tenants, with a typical term of 10 to 15 years with limited increment. As a result, the effective rents of the shopping centers in these Wanda Plazas have been, and will continue to remain, at a lower rental level compared to the rental rates of surrounding properties in general, until expiry of the initial terms of the leases with anchor tenants. Changchun Chongqinglu Wanda Plaza, Beijing CBD Wanda Plaza and Luoyang Wanda Plaza had the effective rents of RMB39, RMB102 and RMB68, respectively, for the six months ended June 30, 2014, as compared to the Adjusted Market Rent of RMB85, RMB228 and RMB99, respectively. In contrast, Shenyang TaiyuanJie Wanda Plaza, in which small stores under short-term leases accounted for approximately 78% of its total LFA, had the effective rent of RMB141 for the six months ended June 30, 2014, as compared to the Adjusted Market Rent of RMB119.

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The table below sets forth our 10 tenants in terms of rental income contribution for the six months ended June 30, 2014:

| Rank | Tenant   | Percentage of Property Rental Income for the Six Months ended June 30, 2014 |
|------|--|---|
| 1    | Wanda Department Store                             | 14.5%   |
| 2    | Wanda Cinema                                       | 3.0%  |
| 3    | An international supermarket retail chain operator | 1.8%  |
| 4    | A leading PRC supermarket chain operator           | 1.7%  |
| 5    | A leading PRC supermarket chain operator           | 1.4%  |
| 6    | A leading PRC domestic appliances chain operator   | 1.2%  |
| 7    | Beijing Dagexing Group                             | 1.0%  |
| 8    | A leading Japanese supermarket chain operator      | 0.7%  |
| 9    | A leading U.K. supermarket chain operator          | 0.6%  |
| 10   | An international fashion apparel retailer          | 0.5%  |

As of June 30, 2014, the properties we leased to our connected persons accounted for approximately 32% of the total leased LFA. For the three years ended December 31, 2011, 2012 and 2013 and the six months ended June 30, 2014, our connected persons accounted for approximately 16.9%, 17.4%, 18.0% and 18.2%, respectively, of our total rental income. We have a well-established procedure for sourcing tenants, which we believe is fair, reasonable and in line with our business strategy and demand. We are able to source alternative tenants on similar terms to those entered into with the connected persons. Our anchor tenants also include a number of internationally and domestically renowned retailers and supermarket operators, which are independent third parties. When selecting tenants, we will take into account various factors, including (i) the proposed rent, which should be fair and reasonable; (ii) the tenancy term; (iii) satisfaction of the required quality standard; and (iv) whether it is in line with our business strategy, based on which we will decide if we wish to enter into, on terms similar to those entered into with our connected persons, the lease agreements with alternative tenants. See “Connected Transactions” for more details.

### ***Property Management***

We manage our properties and provide property management services through our property management companies in various regions. We enter into property management agreements with our customers for the leasing period or for a certain period after the delivery of residential properties at a predetermined management fee, which is calculated based on the area to be managed. The property management agreements also set forth the payment arrangement for the management fees and the scope and quality of services to be provided. The management services we provide typically include cleaning and maintenance for the common areas and maintenance for the facilities in common areas. During the Track Record Period and up to the Latest Practicable Date, we had not encountered any instances of our customers terminating our property management services provided to them despite the fact that they have the right to change property management companies under PRC laws and regulations. For further details, see “Risk Factors — Risks Relating to Our Business — We may not be able to attract and retain quality tenants for our investment properties”, and “Risk Factors — Risks Relating to Our Business — Purchasers of the residential properties that we develop may not retain us as the provider of property management services for these residential properties which may have an adverse effect on our reputation and brand”.



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## BUSINESS

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### PROPERTIES FOR SALE

#### Properties for Sale

We develop various types of commercial and residential properties, primarily including residential properties, office spaces, SOHO and retail spaces. The table below sets out a breakdown of our revenue from sales of properties based on the types of properties delivered for the periods indicated:

|                                 | For the Year ended December 31, |           |           | For the Six Months ended<br>June 30, |         |
|---------------------------------|---------------------------------|-----------|-----------|--------------------------------------|---------|
|                                 | 2011                            | 2012      | 2013      | 2013                                 | 2014    |
|                                 |                                 |           |           | (unaudited)                          |         |
| <b>Residential Properties</b>   |                                 |           |           |                                      |         |
| Revenue (RMB million) . . . . . | 16,945                          | 13,031    | 30,457    | 12,171                               | 4,673   |
| GFA (sq.m.) . . . . .           | 2,047,124                       | 1,336,318 | 3,419,982 | 1,368,716                            | 592,941 |
| ASP (RMB/sq.m.) . . . . .       | 8,277                           | 9,751     | 8,906     | 8,892                                | 7,881   |
| <b>Office Spaces</b>            |                                 |           |           |                                      |         |
| Revenue (RMB million) . . . . . | 6,673                           | 6,970     | 14,701    | 3,233                                | 4,074   |
| GFA (sq.m.) . . . . .           | 670,451                         | 563,165   | 1,309,604 | 277,990                              | 430,120 |
| ASP (RMB/sq.m.) . . . . .       | 9,953                           | 12,376    | 11,226    | 11,630                               | 9,472   |
| <b>SOHO</b>                     |                                 |           |           |                                      |         |
| Revenue (RMB million) . . . . . | 6,459                           | 8,062     | 6,676     | 2,687                                | 2,180   |
| GFA (sq.m.) . . . . .           | 765,206                         | 884,074   | 854,187   | 342,267                              | 337,718 |
| ASP (RMB/sq.m.) . . . . .       | 8,441                           | 9,119     | 7,816     | 7,851                                | 6,455   |
| <b>Retail Properties</b>        |                                 |           |           |                                      |         |
| Revenue (RMB million) . . . . . | 13,997                          | 20,970    | 20,451    | 7,963                                | 4,669   |
| GFA (sq.m.) . . . . .           | 580,648                         | 695,153   | 701,929   | 270,909                              | 177,795 |
| ASP (RMB/sq.m.) . . . . .       | 24,106                          | 30,166    | 29,135    | 29,394                               | 26,261  |
| <b>Car Parks and Others</b>     |                                 |           |           |                                      |         |
| Revenue (RMB million) . . . . . | 1,431                           | 1,539     | 2,695     | 477                                  | 697     |

## BUSINESS

The tables below set forth revenue, GFA sold and delivered and ASP by major property type of our property projects that each accounted for 3% or more of our revenue from sales of properties during the Track Record Period.

### *For the Year ended December 31, 2011*

| No.                    | Project                                       | Revenue       |                 |               | GFA Sold and Delivered |                 |             | ASP             |                 |                 |
|------------------------|---|---------------|-----------------|---------------|------------------------|-----------------|-------------|-----------------|-----------------|-----------------|
|                        |   | Retail        | SOHO and Office | Residential   | Retail                 | SOHO and Office | Residential | Retail          | SOHO and Office | Residential     |
|                        |   | (RMB)         | (RMB)           | (RMB)         | (sq.m.)                | (sq.m.)         | (sq.m.)     | (RMB per sq.m.) | (RMB per sq.m.) | (RMB per sq.m.) |
| <b>Wanda Plaza</b>     |   |               |                 |               |                        |                 |             |                 |                 |                 |
| <b>Northeast China</b> |   |               |                 |               |                        |                 |             |                 |                 |                 |
| 1.                     | Shenyang Tiexi Wanda Plaza<br>(瀋陽鐵西萬達廣場)      | 382,837,545   | 51,311,996      | 1,150,651,009 | 28,513                 | 8,518           | 185,919     | 13,427          | 6,024           | 6,189           |
| <b>North China</b>     |   |               |                 |               |                        |                 |             |                 |                 |                 |
| 2.                     | Taiyuan Longhu Wanda Plaza<br>(太原龍湖萬達廣場)      | 327,355,939   | —               | 1,624,764,635 | 17,850                 | —               | 225,006     | 18,340          | —               | 7,221           |
| 3.                     | Huhhot Wanda Plaza<br>(呼和浩特萬達廣場)              | 772,706,337   | 600,802,384     | 1,485,545,179 | 42,780                 | 102,471         | 332,220     | 18,062          | 5,863           | 4,472           |
| <b>Central China</b>   |   |               |                 |               |                        |                 |             |                 |                 |                 |
| 4.                     | Wuhan Lingjiaohu Wanda Plaza<br>(武漢菱角湖萬達廣場)   | 338,376,843   | 738,774,782     | 708,766,943   | 10,344                 | 83,133          | 74,841      | 32,714          | 8,887           | 9,470           |
| <b>East China</b>      |   |               |                 |               |                        |                 |             |                 |                 |                 |
| 5.                     | Shanghai Jiangqiao Wanda Plaza<br>(上海江橋萬達廣場)  | 1,433,627,191 | 1,711,153,074   | 603,195,609   | 46,746                 | 126,245         | 29,176      | 30,668          | 13,554          | 20,674          |
| 6.                     | Jinan Weijiazhuang Wanda Plaza<br>(濟南魏家莊萬達廣場) | —             | 2,163,275,891   | 3,748,135     | —                      | 182,981         | 491         | —               | 11,822          | 7,636           |
| 7.                     | Zhenjiang Wanda Plaza (鎮江萬達廣場)                | 1,005,333,768 | 185,067,983     | 510,797,744   | 33,879                 | 24,705          | 77,171      | 29,674          | 7,491           | 6,619           |
| 8.                     | Shaoxing Keqiao Wanda Plaza<br>(紹興柯橋萬達廣場)     | 415,998,165   | 243,617,160     | 1,802,221,147 | 33,132                 | 30,478          | 267,240     | 12,556          | 7,993           | 6,744           |
| 9.                     | Hefei Baohe Wanda Plaza<br>(合肥包河萬達廣場)         | 516,180,929   | 989,474,432     | 1,857,138     | 13,896                 | 94,897          | 241         | 37,145          | 10,427          | 7,693           |
| <b>South China</b>     |   |               |                 |               |                        |                 |             |                 |                 |                 |
| 10.                    | Guangzhou Baiyun Wanda Plaza<br>(廣州白雲萬達廣場)    | 718,194,552   | 914,255,701     | —             | 16,855                 | 39,049          | —           | 42,611          | 23,413          | —               |
| <b>Northwest China</b> |   |               |                 |               |                        |                 |             |                 |                 |                 |
| 11.                    | Yinchuan Jinfeng Wanda Plaza<br>(銀川金鳳萬達廣場)    | 807,532,066   | 591,670,200     | —             | 28,748                 | 89,152          | —           | 28,090          | 6,637           | —               |

## BUSINESS

| No.                   | Project                         | Revenue |                 |               | GFA Sold and Delivered |                 |             | ASP             |                 |                 |
|-----------------------|---------------------------------|---------|-----------------|---------------|------------------------|-----------------|-------------|-----------------|-----------------|-----------------|
|                       |                                 | Retail  | SOHO and Office | Residential   | Retail                 | SOHO and Office | Residential | Retail          | SOHO and Office | Residential     |
|                       |                                 | (RMB)   | (RMB)           | (RMB)         | (sq.m.)                | (sq.m.)         | (sq.m.)     | (RMB per sq.m.) | (RMB per sq.m.) | (RMB per sq.m.) |
| <b>Other Projects</b> |                                 |         |                 |               |                        |                 |             |                 |                 |                 |
| 12.                   | Dalian Wanda Centre<br>(大連萬達中心) | —       | —               | 3,474,171,957 | —                      | —               | 133,996     | —               | —               | 25,927          |

### *For the Year ended December 31, 2012*

| No.                    | Project                                       | Revenue       |                 |               | GFA Sold and Delivered |                 |             | ASP             |                 |                 |
|------------------------|---|---------------|-----------------|---------------|------------------------|-----------------|-------------|-----------------|-----------------|-----------------|
|                        |   | Retail        | SOHO and Office | Residential   | Retail                 | SOHO and Office | Residential | Retail          | SOHO and Office | Residential     |
|                        |   | (RMB)         | (RMB)           | (RMB)         | (sq.m.)                | (sq.m.)         | (sq.m.)     | (RMB per sq.m.) | (RMB per sq.m.) | (RMB per sq.m.) |
| <b>Wanda Plaza</b>     |   |               |                 |               |                        |                 |             |                 |                 |                 |
| <b>Northeast China</b> |   |               |                 |               |                        |                 |             |                 |                 |                 |
| 1.                     | Shijiazhuang Yuhua Wanda Plaza<br>(石家莊裕華萬達廣場) | 1,435,165,010 | 1,253,825,146   | —             | 55,710                 | 169,084         | —           | 25,761          | 7,415           | —               |
| 2.                     | Langfang Wanda Plaza<br>(廊坊萬達廣場)              | 519,240,280   | 690,706,738     | 1,077,009,338 | 19,287                 | 85,654          | 143,054     | 26,922          | 8,064           | 7,529           |
| <b>Central China</b>   |   |               |                 |               |                        |                 |             |                 |                 |                 |
| 3.                     | Zhengzhou Zhongyuan Wanda Plaza<br>(鄭州中原萬達廣場) | 386,309,025   | 380,574,600     | 1,366,448,025 | 21,858                 | 60,568          | 213,768     | 17,674          | 6,283           | 6,392           |
| <b>East China</b>      |   |               |                 |               |                        |                 |             |                 |                 |                 |
| 4.                     | Shanghai Baoshan Wanda Plaza<br>(上海寶山萬達廣場)    | 1,309,139,048 | 788,006,488     | —             | 29,043                 | 37,358          | —           | 45,076          | 21,094          | —               |
| 5.                     | Jinan Weijiazhuang Wanda Plaza<br>(濟南魏家莊萬達廣場) | 235,066,120   | 6,229,905       | 1,312,203,117 | 8,876                  | 527             | 98,476      | 26,482          | 11,830          | 13,325          |
| 6.                     | Nanjing Jianye Wanda Plaza<br>(南京建邺萬達廣場)      | 534,430,211   | 2,809,546,404   | 95,651,872    | 15,385                 | 188,421         | 6,859       | 34,738          | 14,911          | 13,945          |
| 7.                     | Taizhou Wanda Plaza<br>(泰州萬達廣場)               | 1,036,052,117 | 251,480,684     | 614,325,855   | 37,588                 | 31,021          | 76,327      | 27,563          | 8,107           | 8,049           |
| 8.                     | Changzhou Xinbei Wanda Plaza<br>(常州新北萬達廣場)    | 1,283,538,818 | 669,726,000     | 379,205,375   | 36,723                 | 79,302          | 44,156      | 34,952          | 8,445           | 8,588           |
| 9.                     | Fuzhou Cangshan Wanda Plaza<br>(福州倉山萬達廣場)     | 2,008,931,306 | 1,977,165,644   | 1,672,003,186 | 58,906                 | 155,250         | 151,022     | 34,104          | 12,735          | 11,071          |
| 10.                    | Quanzhou Puxi Wanda Plaza<br>(泉州浦西萬達廣場)       | 1,569,677,001 | —               | —             | 49,395                 | —               | —           | 31,778          | —               | —               |
| 11.                    | Xiamen Huli Wanda Plaza<br>(廈門湖里萬達廣場)         | 790,732,208   | 2,462,812,173   | —             | 28,349                 | 195,480         | —           | 27,893          | 12,599          | —               |
| 12.                    | Hefei Baohe Wanda Plaza<br>(合肥包河萬達廣場)         | 429,565,569   | 3,348,751       | 2,094,717,342 | 19,266                 | 271             | 198,835     | 22,297          | 12,360          | 10,535          |

## BUSINESS

| No.                   | Project                              | Revenue       |                 |               | GFA Sold and Delivered |                 |             | ASP             |                 |                 |
|-----------------------|--------------------------------------|---------------|-----------------|---------------|------------------------|-----------------|-------------|-----------------|-----------------|-----------------|
|                       |                                      | Retail        | SOHO and Office | Residential   | Retail                 | SOHO and Office | Residential | Retail          | SOHO and Office | Residential     |
|                       |                                      | (RMB)         | (RMB)           | (RMB)         | (sq.m.)                | (sq.m.)         | (sq.m.)     | (RMB per sq.m.) | (RMB per sq.m.) | (RMB per sq.m.) |
| <b>Other Projects</b> |                                      |               |                 |               |                        |                 |             |                 |                 |                 |
| 13.                   | Wuhan Wanda Center<br>(武漢萬達中心)       | 1,125,168,984 | 1,010,763,292   | 1,649,230,316 | 33,885                 | 88,577          | 80,544      | 33,206          | 11,411          | 20,476          |
| 14.                   | Xi'an Dongdajie Project<br>(西安東大街項目) | 1,238,086,973 | 353,754,538     | —             | 22,843                 | 28,774          | —           | 54,199          | 12,294          | —               |

### For the Year ended December 31, 2013

| No.                    | Project                                       | Revenue       |                 |               | GFA Sold and Delivered |                 |             | ASP             |                 |                 |
|------------------------|---|---------------|-----------------|---------------|------------------------|-----------------|-------------|-----------------|-----------------|-----------------|
|                        |   | Retail        | SOHO and Office | Residential   | Retail                 | SOHO and Office | Residential | Retail          | SOHO and Office | Residential     |
|                        |   | (RMB)         | (RMB)           | (RMB)         | (sq.m.)                | (sq.m.)         | (sq.m.)     | (RMB per sq.m.) | (RMB per sq.m.) | (RMB per sq.m.) |
| <b>Wanda Plaza</b>     |   |               |                 |               |                        |                 |             |                 |                 |                 |
| <b>Northeast China</b> |   |               |                 |               |                        |                 |             |                 |                 |                 |
| 1.                     | Harbin Haxi Wanda Plaza<br>(哈爾濱哈西萬達廣場)        | 1,764,833,614 | 1,027,906,573   | 2,165,702,808 | 51,041                 | 136,619         | 259,239     | 34,577          | 7,524           | 8,354           |
| <b>North China</b>     |   |               |                 |               |                        |                 |             |                 |                 |                 |
| 2.                     | Shijiazhuang Yuhua Wanda Plaza<br>(石家莊裕華萬達廣場) | 535,875,439   | 839,877,715     | 2,954,923,446 | 27,281                 | 85,059          | 316,891     | 19,643          | 9,874           | 9,325           |
| <b>Central China</b>   |   |               |                 |               |                        |                 |             |                 |                 |                 |
| 3.                     | Zhengzhou Erqi Wanda Plaza<br>(鄭州二七萬達廣場)      | 1,138,794,841 | 562,040,018     | 1,681,303,255 | 49,535                 | 84,397          | 251,585     | 22,990          | 6,660           | 6,683           |
| 4.                     | Changsha Kaifu Wanda Plaza<br>(長沙開福萬達廣場)      | 527,860,208   | 1,970,227,740   | 2,763,661,063 | 13,740                 | 136,413         | 214,031     | 38,419          | 14,443          | 12,912          |
| <b>East China</b>      |   |               |                 |               |                        |                 |             |                 |                 |                 |
| 5.                     | Qingdao Licang Wanda Plaza<br>(青島李滄萬達廣場)      | 1,247,535,541 | —               | 1,367,104,089 | 37,092                 | —               | 156,871     | 33,634          | —               | 8,715           |
| 6.                     | Quanzhou Puxi Wanda Plaza<br>(泉州浦西萬達廣場)       | 355,664,607   | 1,912,071,591   | 2,776,414,502 | 11,184                 | 159,145         | 233,217     | 31,801          | 12,015          | 11,905          |
| 7.                     | Jinjiang Wanda Plaza<br>(晉江萬達廣場)              | 843,166,779   | 271,459,190     | 1,041,604,876 | 30,124                 | 35,994          | 150,108     | 27,990          | 7,542           | 6,939           |
| 8.                     | Ningde Wanda Plaza<br>(寧德萬達廣場)                | 1,145,136,168 | —               | 1,697,775,916 | 51,292                 | —               | 262,849     | 22,326          | —               | 6,459           |
| 9.                     | Putian Wanda Plaza<br>(莆田萬達廣場)                | 711,712,051   | 606,509,543     | 1,071,543,012 | 23,965                 | 84,703          | 148,458     | 29,697          | 7,160           | 7,218           |
| 10.                    | Zhangzhou Bihu Wanda Plaza<br>(漳州碧湖萬達廣場)      | 1,098,638,031 | 860,083,072     | 1,546,085,768 | 37,879                 | 130,305         | 238,115     | 29,004          | 6,601           | 6,493           |

## BUSINESS

| No.                    | Project  | Revenue       |                 |               | GFA Sold and Delivered |                 |             | ASP             |                 |                 |
|------------------------|--|---------------|-----------------|---------------|------------------------|-----------------|-------------|-----------------|-----------------|-----------------|
|                        |  | Retail        | SOHO and Office | Residential   | Retail                 | SOHO and Office | Residential | Retail          | SOHO and Office | Residential     |
|                        |  | (RMB)         | (RMB)           | (RMB)         | (sq.m.)                | (sq.m.)         | (sq.m.)     | (RMB per sq.m.) | (RMB per sq.m.) | (RMB per sq.m.) |
| 11.                    | Wenzhou Longwan Wanda Plaza<br>(溫州龍灣萬達廣場)            | 983,023,670   | 1,201,585,520   | —             | 24,386                 | 54,095          | —           | 40,311          | 22,213          | —               |
| <b>Southwest China</b> |  |               |                 |               |                        |                 |             |                 |                 |                 |
| 12.                    | Chengdu Jinniu Wanda Plaza<br>(成都金牛萬達廣場)             | 2,013,307,232 | 1,722,629,826   | 1,587,390,803 | 37,041                 | 168,945         | 164,300     | 54,353          | 10,196          | 9,662           |
| <b>Wanda City</b>      |  |               |                 |               |                        |                 |             |                 |                 |                 |
| 13.                    | Wuhan Central Culture and Travel City<br>(武漢中央文化旅遊區) | 212,585,229   | 2,722,003,328   | —             | 4,708                  | 215,576         | —           | 45,158          | 12,627          | —               |
| <b>Other Projects</b>  |  |               |                 |               |                        |                 |             |                 |                 |                 |
| 14.                    | Wuhan Wanda Center<br>(武漢萬達中心)                       | 240,892,669   | 11,300,123      | 2,711,329,435 | 10,459                 | 1,026           | 148,603     | 23,032          | 11,013          | 18,246          |

### For the Six Months ended June 30, 2014

| No.                    | Project                                       | Revenue     |                 |             | GFA sold and delivered |                 |             | ASP             |                 |                 |
|------------------------|---|-------------|-----------------|-------------|------------------------|-----------------|-------------|-----------------|-----------------|-----------------|
|                        |   | Retail      | SOHO and Office | Residential | Retail                 | SOHO and Office | Residential | Retail          | SOHO and Office | Residential     |
|                        |   | (RMB)       | (RMB)           | (RMB)       | (sq.m.)                | (sq.m.)         | (sq.m.)     | (RMB per sq.m.) | (RMB per sq.m.) | (RMB per sq.m.) |
| <b>Wanda Plaza</b>     |   |             |                 |             |                        |                 |             |                 |                 |                 |
| <b>Northeast China</b> |   |             |                 |             |                        |                 |             |                 |                 |                 |
| 1.                     | Fushun Wanda Plaza<br>(撫順萬達廣場)                | 144,012,103 | 322,852,258     | 20,279,429  | 6,703                  | 53,455          | 3,559       | 21,483          | 6,040           | 5,698           |
| 2.                     | Dandong Wanda Plaza<br>(丹東萬達廣場)               | 226,710,693 | 404,928,391     | —           | 10,543                 | 57,275          | —           | 21,504          | 7,070           | —               |
| 3.                     | Changchun Kuancheng Wanda Plaza<br>(長春寬城萬達廣場) | 392,845,586 | 735,933,204     | 266,663,639 | 14,727                 | 127,224         | 45,109      | 26,676          | 5,785           | 5,912           |
| <b>East China</b>      |   |             |                 |             |                        |                 |             |                 |                 |                 |
| 4.                     | Xuzhou Wanda Plaza<br>(徐州萬達廣場)                | 469,531,832 | 777,026,489     | —           | 15,625                 | 107,055         | —           | 30,051          | 7,258           | —               |
| 5.                     | Jinjiang Wanda Plaza<br>(晉江萬達廣場)              | 21,758,561  | 446,463,372     | 179,920,480 | 1,118                  | 59,637          | 26,200      | 19,459          | 7,486           | 6,867           |
| 6.                     | Nanchang Honggutan Wanda Plaza<br>(南昌紅谷灘萬達廣場) | —           | 556,981,500     | —           | —                      | 64,465          | —           | —               | 8,640           | —               |
| 7.                     | Bengbu Wanda Plaza<br>(蚌埠萬達廣場)                | 619,687,469 | 363,872,400     | 659,971,890 | 27,709                 | 54,523          | 108,150     | 22,364          | 6,674           | 6,102           |
| 8.                     | Guangzhou Zengcheng Wanda Plaza<br>(廣州增城萬達廣場) | 493,284,781 | —               | —           | 17,518                 | —               | —           | 28,158          | —               | —               |

## BUSINESS

| No.                    | Project  | Revenue     |                 |               | GFA sold and delivered |                 |             | ASP             |                 |                 |
|------------------------|--|-------------|-----------------|---------------|------------------------|-----------------|-------------|-----------------|-----------------|-----------------|
|                        |  | Retail      | SOHO and Office | Residential   | Retail                 | SOHO and Office | Residential | Retail          | SOHO and Office | Residential     |
|                        |  | (RMB)       | (RMB)           | (RMB)         | (sq.m.)                | (sq.m.)         | (sq.m.)     | (RMB per sq.m.) | (RMB per sq.m.) | (RMB per sq.m.) |
| 9.                     | Dongguan Chang'an Wanda Plaza<br>(東莞長安萬達廣場)          | 675,070,585 | —               | 1,139,666,264 | 21,260                 | —               | 104,679     | 31,754          | —               | 10,887          |
| <b>Southwest China</b> |  |             |                 |               |                        |                 |             |                 |                 |                 |
| 10.                    | Chengdu Jinniu Wanda Plaza<br>(成都金牛萬達廣場)             | 73,225,543  | 987,091,463     | 2,559,297     | 1,753                  | 96,957          | 264         | 41,772          | 10,181          | 9,697           |
| <b>Wanda City</b>      |  |             |                 |               |                        |                 |             |                 |                 |                 |
| 11.                    | Wuhan Central Culture and Travel City<br>(武漢中央文化旅遊區) | —           | 644,456,588     | —             | —                      | 36,535          | —           | —               | 17,639          | —               |
| 12.                    | Xishuangbanna International Resort<br>(西雙版納國際旅遊度假區)  | 237,060,376 | —               | 753,888,533   | 18,272                 | —               | 124,497     | 12,974          | —               | 6,055           |

### Sales and Marketing

We maintain a sales and marketing department in each our southern project center, northern project center, central project center and culture and tourism project center. These sales and marketing departments are responsible for formulating and implementing marketing and sales strategies and plans for our properties for sale in the regions covered by each respective project center, while the sales and marketing staff in our local project companies undertake the execution of these strategies and plans.

We conduct our marketing activities for a property development project in three key phases:

- The first phase begins with the construction commencement ceremony and marks the official launch of the marketing process for the relevant project. Our marketing and promotional programs at this stage include (i) organizing project introduction and investment perception forums, (ii) sponsoring concerts and other public events, (iii) establishing on-site sales office and (iv) advertising through a variety of media, including television, newspapers and magazines, point-of-sale materials, the Internet, mobile media and outdoor billboards. Our marketing goal is to promote market awareness of the project and to enhance our corporate image.
- The second phase begins with initiation of the pre-sales. Our marketing and promotional programs at this stage focus on more detailed property product introduction and open house events. The marketing and promotional goal is to attract potential purchasers and to stimulate interest in various types of properties in the project.

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## BUSINESS

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- The marketing and promotional programs during the last phase are typically coupled with promotional events for the opening of the shopping center in the project, which focus on increasing the overall commercial attractiveness of the project and securing purchase commitments.

As part of our fully integrated property development process, we manage the sales of our property projects through our internal sales team and do not engage third-party sales agents. We incentivize our sales staff through performance-based commissions.

### **Pre-Sales**

We presell a portion of our properties prior to their completion, usually within six to eight months of acquiring the relevant land parcel. Under the applicable PRC laws and regulations, there are certain conditions that must be met before our sales and marketing team can commence any pre-selling activities. These conditions include full payment of the land grant premium and acquisition of the relevant land use rights certificate, all construction-related permits and a pre-sale permit for the relevant property. In addition to national requirements, there are also local regulations that govern and restrict the ability of property developers to pre-sell their properties.

Our Directors confirm that we have complied with all relevant laws and regulations for pre-selling our properties, both on a national and provincial level, during the Track Record Period. See “Appendix VII — Summary of Principal PRC and Hong Kong Legal and Regulatory Provisions” for further details.

### **Delivery and After-Sale Services**

We closely monitor construction schedules in order to deliver properties to our customers within the timeframe specified in the respective sale and purchase agreements and in a manner that complies with PRC laws and regulations. The timeframe for delivery is set out in the sale and purchase agreements entered into with our customers. Once a property project or project phase has passed the requisite inspections and is ready for delivery, our project companies will notify our customers, and together with representatives of the construction contractors and third-party supervisory companies, inspect the properties prior to delivery to ensure quality.



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Our local project companies and property management companies are responsible for providing after-sale services to our customers, including helping them obtain property ownership certificates, following up on any warranty issues during the warranty period and performing maintenance services. We follow established internal guidelines and procedures to obtain the property ownership certificates and to provide maintenance and repair services. We are committed to customers satisfaction. We offer multiple communication channels for our customers to provide feedback and complaints about our products or services, including a customer service telephone hotline, designated website and reporting issues to our local offices. We seek to immediately respond to our customers' complaint and inquiries, and make timely adjustment to our products and services to meet our customers' needs.

During the Track Record Period and up to the Latest Practicable Date, we had not experienced any delays in delivering our properties or obtaining property ownership certificates.

### **Payment Arrangements**

Our customers have the option of purchasing our properties by (i) one lump-sum payment, (ii) installment payments or (iii) mortgage financing.

We typically require a customer to pay a deposit upon signing of a sale and purchase agreement. A customer who makes payment in one lump-sum is typically required to fully settle the total purchase price within one month after execution of the sale and purchase agreement. A customer who pays in installments is typically required to make payments according to the payment schedule and settle the balance within three months after execution of the sale and purchase agreement. We also provide mortgage financing to our customers through arrangements with various banks. Where customers choose mortgage financing as their payment method, they are typically required to pay 30% to 50% of the total purchase price as a down payment. The remaining amount is settled by the banks pursuant to the respective mortgage financing agreements. Mortgage application and approval are the customers' own responsibility, but we assist them on an as-needed basis. The payment terms of sales and pre-sales of properties are substantially identical.

In accordance with industry practice, we provide guarantees to banks with respect to the mortgage loans they offer to our purchasers. These guarantees are released upon the earlier of (i) the satisfaction of the mortgage loan by the purchaser of the property and (ii) the issuance of a property ownership certificate for the mortgaged property, which is generally available within six months to one year after the purchaser takes possession of the relevant property. In line with industry practice, we do not conduct independent credit checks on our purchasers but rely on the credit checks conducted by the mortgagee banks. As of June 30, 2014, our outstanding guarantees in respect of such mortgage loans amounted to approximately RMB49,270 million. During the Track Record Period, the default by purchasers on their mortgages guaranteed by us amounted to an aggregate default payment of approximately RMB70 million. For more details, see "Risk Factors — Risks Relating to Our Business — We guarantee the mortgage loans of our customers and may be liable to the mortgagee banks if our customers default on their mortgage payments".

**HOTELS AND HOTEL OPERATIONS**

**Our Hotel Portfolio**

We engage in the development of luxury hotels throughout China through our subsidiary, Wanda Hotel Development, and engage in the management of luxury hotels through our hotel management department. As of June 30, 2014, we owned a total of 48 completed hotels across 39 cities in China, of which 41 are integrated into Wanda Plazas and form part of the commercial complex.

The table below sets forth certain information about our completed hotels as of June 30, 2014.

| No.                     | Hotel Name                                     | Province              | Commencement Date | Operating model     | Total GFA (sq.m.) | No. of Guest Rooms | Average Room Rate for 2013 <sup>(1)</sup> (RMB) | Occupancy Rate for 2013 <sup>(1)</sup> | RevPar for 2013 <sup>(1)</sup> (RMB) | Interest Attributable to Us | Reference to Property Valuation Report |
|-------------------------|--|-----------------------|-------------------|---------------------|-------------------|--------------------|---|--|--------------------------------------|-----------------------------|--|
| <b>North-east China</b> |  |                       |                   |                     |                   |                    |   |  |                                      |                             |  |
| 1.                      | Harbin Xiangfang Wanda Hotel<br>(哈爾濱香坊萬達酒店)    | Heilongjiang<br>(黑龍江) | Oct-07            | Third-party manager | 43,693            | 324                | 1,096   | 71%                                    | 776                                  | 100%                        | II-13                                  |
| 2.                      | Harbin Haxi Wanda Realm Hotel<br>(哈爾濱哈西萬達豪華酒店) | Heilongjiang<br>(黑龍江) | Sep-13            | Self-operated       | 47,918            | 345                | —   | —                                      | —                                    | 100%                        | II-12                                  |
| 3.                      | Daqing Wanda Hotel<br>(大慶萬達酒店)                 | Heilongjiang<br>(黑龍江) | Nov-11            | Third-party manager | 42,960            | 290                | 578   | 45%                                    | 262                                  | 100%                        | II-6                                   |
| 4.                      | Shenyang Wanda Vista Hotel<br>(瀋陽萬達文華酒店)       | Liaoning<br>(遼寧)      | Jul-13            | Self-operated       | 51,739            | 298                | —   | —                                      | —                                    | 100%                        | II-28                                  |
| 5.                      | Fushun Wanda Realm Hotel<br>(撫順萬達豪華酒店)         | Liaoning<br>(遼寧)      | Aug-13            | Self-operated       | 39,540            | 280                | —   | —                                      | —                                    | 100%                        | II-9                                   |
| 6.                      | Dalian Wanda A Hotel<br>(大連萬達A酒店)              | Liaoning<br>(遼寧)      | Feb-12            | Third-party manager | 66,294            | 370                | 773   | 53%                                    | 409                                  | 100%                        | II-4                                   |
| 7.                      | Dalian Wanda B Hotel<br>(大連萬達B酒店)              | Liaoning<br>(遼寧)      | Feb-12            | Third-party manager | 32,787            | 210                | 1,289   | 38%                                    | 487                                  | 100%                        | II-5                                   |
| 8.                      | Dandong Wanda Realm Hotel<br>(丹東萬達豪華酒店)        | Liaoning<br>(遼寧)      | Dec-13            | Self-operated       | 48,499            | 302                | —   | —                                      | —                                    | 100%                        | II-7                                   |
| <b>North China</b>      |  |                       |                   |                     |                   |                    |   |  |                                      |                             |  |
| 9.                      | Beijing Wanda Hotel<br>(北京萬達酒店)                | Beijing<br>(北京)       | Aug-07            | Third-party manager | 56,301            | 417                | 1,080   | 78%                                    | 845                                  | 100%                        | II-1                                   |

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| No.                  | Hotel Name                               | Province                | Commencement Date | Operating model     | Total GFA (sq.m.) | No. of Guest Rooms | Average Room Rate for 2013 <sup>(1)</sup> (RMB) | Occupancy Rate for 2013 <sup>(1)</sup> | RevPar for 2013 <sup>(1)</sup> (RMB) | Interest Attributable to Us | Reference to Property Valuation Report |
|----------------------|--|-------------------------|-------------------|---------------------|-------------------|--------------------|---|--|--------------------------------------|-----------------------------|--|
| 10.                  | Beijing Wanda Realm Hotel<br>(北京萬達嘉華酒店)  | Beijing<br>(北京)         | Dec-08            | Self-operated       | 35,828            | 312                | 561   | 63%                                    | 356                                  | 100%                        | II-2                                   |
| 11.                  | Tianjin Wanda Vista Hotel<br>(天津萬達文華酒店)  | Tianjin<br>(天津)         | Sep-13            | Self-operated       | 48,101            | 295                | —   | —                                      | —                                    | 100%                        | II-33                                  |
| 12.                  | Shijiazhuang Wanda Hotel<br>(石家莊萬達酒店)    | Hebei<br>(河北)           | Sep-11            | Third-party manager | 44,462            | 293                | 603   | 67%                                    | 402                                  | 100%                        | II-29                                  |
| 13.                  | Langfang Wanda Realm Hotel<br>(廊坊萬達嘉華酒店) | Hebei<br>(河北)           | Nov-11            | Self-operated       | 41,865            | 295                | 438   | 52%                                    | 229                                  | 100%                        | II-17                                  |
| 14.                  | Tangshan Wanda Hotel<br>(唐山萬達酒店)         | Hebei<br>(河北)           | Dec-11            | Third-party manager | 47,467            | 285                | 617   | 44%                                    | 270                                  | 100%                        | II-32                                  |
| 15.                  | Taiyuan Wanda Vista Hotel<br>(太原萬達文華酒店)  | Shanxi<br>(山西)          | Aug-12            | Self-operated       | 52,425            | 358                | 672   | 56%                                    | 377                                  | 100%                        | II-30                                  |
| 16.                  | Chifeng Wanda Realm Hotel<br>(赤峰萬達嘉華酒店)  | Inner Mongolia<br>(內蒙古) | Jun-14            | Self-operated       | 39,985            | 353                | —   | —                                      | —                                    | 100%                        | II-48                                  |
| <b>Central China</b> |  |                         |                   |                     |                   |                    |   |  |                                      |                             |  |
| 17.                  | Wuhan Wanda Realm Hotel<br>(武漢萬達嘉華酒店)    | Hubei<br>(湖北)           | Sep-13            | Self-operated       | 41,497            | 409                | —   | —                                      | —                                    | 100%                        | II-35                                  |
| 18.                  | Wuhan Wanda Reign Hotel<br>(武漢萬達瑞華酒店)    | Hubei<br>(湖北)           | Mar-14            | Self-operated       | 49,626            | 413                | —   | —                                      | —                                    | 100%                        | II-36                                  |
| 19.                  | Wuhan Wanda Hotel<br>(武漢萬達酒店)            | Hubei<br>(湖北)           | Jul-11            | Third-party manager | 42,563            | 305                | 935   | 70%                                    | 653                                  | 100%                        | II-37                                  |
| 20.                  | Xiangyang Wanda Hotel<br>(襄陽萬達酒店)        | Hubei<br>(湖北)           | Nov-10            | Third-party manager | 42,691            | 305                | 575   | 55%                                    | 319                                  | 100%                        | II-38                                  |
| 21.                  | Yichang Wanda Hotel<br>(宜昌萬達酒店)          | Hubei<br>(湖北)           | Nov-10            | Third-party manager | 39,121            | 276                | 532   | 54%                                    | 287                                  | 100%                        | II-39                                  |
| 22.                  | Changsha Wanda Vista Hotel<br>(長沙萬達文華酒店) | Hunan<br>(湖南)           | Aug-12            | Self-operated       | 67,536            | 424                | 748   | 57%                                    | 425                                  | 100%                        | II-43                                  |

### East China

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| No. | Hotel Name                                | Province      | Commencement Date | Operating model     | Total GFA (sq.m.) | No. of Guest Rooms | Average Room Rate for 2013 <sup>(1)</sup> (RMB) | Occupancy Rate for 2013 <sup>(1)</sup> (%) | RevPar for 2013 <sup>(1)</sup> (RMB) | Interest Attributable to Us (%) | Reference to Property Valuation Report |
|-----|---|---------------|-------------------|---------------------|-------------------|--------------------|---|--|--------------------------------------|---------------------------------|--|
| 23. | Jinan Wanda Hotel<br>(濟南萬達酒店)             | Shandong (山東) | Sep-11            | Third-party manager | 52,985            | 343                | 656   | 64%  | 417                                  | 100%                            | II-16                                  |
| 24. | Qingdao Wanda Hotel<br>(青島萬達酒店)           | Shandong (山東) | Nov-09            | Third-party manager | 51,078            | 348                | 802   | 60%  | 483                                  | 100%                            | II-23                                  |
| 25. | Weifang Wanda Hotel<br>(濰坊萬達酒店)           | Shandong (山東) | May-14            | Third-party manager | 36,484            | 271                | —   | —  | —                                    | 100%                            | II-47                                  |
| 26. | Nanjing Wanda Realm Hotel<br>(南京萬達嘉華酒店)   | Jiangsu (江蘇)  | Dec-13            | Self-operated       | 41,595            | 302                | —   | —  | —                                    | 100%                            | II-19                                  |
| 27. | Nanjing Wanda Hotel<br>(南京萬達酒店)           | Jiangsu (江蘇)  | Nov-11            | Third-party manager | 48,924            | 350                | 746   | 65%  | 488                                  | 100%                            | II-20                                  |
| 28. | Wuxi Wanda Hotel<br>(無錫萬達酒店)              | Jiangsu (江蘇)  | Sep-10            | Third-party manager | 40,151            | 350                | 596   | 59%  | 351                                  | 100%                            | II-34                                  |
| 29. | Taizhou Wanda Hotel<br>(泰州萬達酒店)           | Jiangsu (江蘇)  | Dec-11            | Third-party manager | 38,712            | 253                | 467   | 54%  | 251                                  | 100%                            | II-31                                  |
| 30. | Yixing Wanda Hotel<br>(宜興萬達酒店)            | Jiangsu (江蘇)  | May-13            | Third-party manager | 41,500            | 280                | —   | —  | —                                    | 100%                            | II-40                                  |
| 31. | Huai'an Wanda Realm Hotel<br>(淮安萬達嘉華酒店)   | Jiangsu (江蘇)  | Nov-12            | Self-operated       | 44,645            | 230                | 396   | 62%  | 246                                  | 100%                            | II-15                                  |
| 32. | Changzhou Wanda Hotel<br>(常州萬達酒店)         | Jiangsu (江蘇)  | Dec-11            | Third-party manager | 31,516            | 247                | 646   | 63%  | 408                                  | 100%                            | II-3                                   |
| 33. | Zhenjiang Wanda Hotel<br>(鎮江萬達酒店)         | Jiangsu (江蘇)  | Aug-11            | Third-party manager | 43,290            | 280                | 554   | 59%  | 327                                  | 100%                            | II-44                                  |
| 34. | Nanchang Wanda Realm Hotel<br>(南昌萬達嘉華酒店)  | Jiangxi (江西)  | Dec-13            | Self-operated       | 35,754            | 298                | —   | —  | —                                    | 100%                            | II-18                                  |
| 35. | Fuzhou Wanda Hotel<br>(福州萬達酒店)            | Fujian (福建)   | Dec-10            | Third-party manager | 40,893            | 305                | 842   | 67%  | 563                                  | 100%                            | II-8                                   |
| 36. | Quanzhou Wanda Vista Hotel<br>(泉州萬達文華酒店)  | Fujian (福建)   | Aug-12            | Self-operated       | 47,767            | 322                | 653   | 60%  | 389                                  | 100%                            | II-24                                  |
| 37. | Zhangzhou Wanda Realm Hotel<br>(漳州萬達嘉華酒店) | Fujian (福建)   | Oct-12            | Self-operated       | 43,000            | 289                | 476   | 46%  | 217                                  | 100%                            | II-42                                  |

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| No.                     | Hotel Name  | Province          | Commencement Date | Operating model     | Total GFA (sq.m.) | No. of Guest Rooms | Average Room Rate for 2013 <sup>(1)</sup> (RMB) | Occupancy Rate for 2013 <sup>(1)</sup> | RevPar for 2013 <sup>(1)</sup> (RMB) | Interest Attributable to Us | Reference to Property Valuation Report |
|-------------------------|---|-------------------|-------------------|---------------------|-------------------|--------------------|---|--|--------------------------------------|-----------------------------|--|
| 38.                     | Ningde Wanda Realm Hotel<br>(寧德萬達嘉華酒店)                | Fujian<br>(福建)    | Sep-12            | Self-operated       | 40,793            | 289                | 490   | 62%                                    | 301                                  | 100%                        | II-22                                  |
| 39.                     | Ningbo Wanda Hotel<br>(寧波萬達酒店)                        | Zhejiang<br>(浙江)  | Dec-08            | Third-party manager | 40,735            | 291                | 543   | 66%                                    | 361                                  | 100%                        | II-21                                  |
| 40.                     | Hefei Wanda Hotel<br>(合肥萬達酒店)                         | Anhui<br>(安徽)     | Dec-10            | Third-party manager | 48,527            | 310                | 909   | 69%                                    | 627                                  | 100%                        | II-14                                  |
| <b>South China</b>      |   |                   |                   |                     |                   |                    |   |  |                                      |                             |  |
| 41.                     | Guangzhou Wanda Hotel<br>(廣州萬達酒店)                     | Guangdong<br>(廣東) | Aug-11            | Third-party manager | 43,833            | 308                | 869   | 65%                                    | 562                                  | 100%                        | II-10                                  |
| 42.                     | Guangzhou Zengcheng Wanda Realm Hotel<br>(廣州增城萬達嘉華酒店) | Guangdong<br>(廣東) | May-14            | Self-operated       | 36,400            | 285                | —   | —                                      | —                                    | 100%                        | II-11                                  |
| 43.                     | Sanya Wanda A Hotel<br>(三亞萬達A酒店)                      | Hainan<br>(海南)    | Dec-10            | Third-party manager | 23,401            | 97                 | 3,158   | 39%                                    | 1,228                                | 100%                        | II-25                                  |
| 44.                     | Sanya Wanda B Hotel<br>(三亞萬達B酒店)                      | Hainan<br>(海南)    | Dec-10            | Third-party manager | 57,179            | 463                | 908   | 56%                                    | 507                                  | 100%                        | II-26                                  |
| <b>North-west China</b> |   |                   |                   |                     |                   |                    |   |  |                                      |                             |  |
| 45.                     | Yinchuan Wanda Realm Hotel<br>(銀川萬達嘉華酒店)              | Ningxia<br>(寧夏)   | Dec-13            | Self-operated       | 46,346            | 303                | —   | —                                      | —                                    | 100%                        | II-41                                  |
| 46.                     | Xi'an Wanda Hotel<br>(西安萬達酒店)                         | Shaanxi<br>(陝西)   | Aug-11            | Third-party manager | 36,819            | 309                | 768   | 61%                                    | 465                                  | 100%                        | II-27                                  |
| <b>South-west China</b> |   |                   |                   |                     |                   |                    |   |  |                                      |                             |  |
| 47.                     | Chongqing Wanda A Hotel<br>(重慶萬達A酒店)                  | Chongqing<br>(重慶) | Jul-13            | Third-party manager | 36,136            | 253                | —   | —                                      | —                                    | 100%                        | II-46                                  |
| 48.                     | Chongqing Wanda B Hotel<br>(重慶萬達B酒店)                  | Chongqing<br>(重慶) | Dec-09            | Third-party manager | 40,904            | 319                | 567   | 65%                                    | 370                                  | 100%                        | II-45                                  |

**Notes:**

(1) Only includes data for hotels that had operated for at least one full year as of December 31, 2013.

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According to our current development plan, 14 of the hotels under development will commence operation by the end of 2014. We intend to operate the hotels under the Wanda brand upon their completion.

### Hotel Management

We operate hotels through both our own hotel management department and through third-party hotel managers. As of June 30, 2014, we had 20 self-operated hotels and 28 hotels managed by third-party hotel managers. Revenue from our hotels is mainly generated from hotel rooms, food and beverage services, including banquet services, and ancillary services. Revenue from ancillary services primarily includes the sales of select gifts and the provision of various customized services. The table below sets forth a breakdown of revenue generated from our hotel management business:

|  | For the Year ended December 31, |                   |                   | For the Six Months ended June 30, |                   |
|--|---------------------------------|-------------------|-------------------|-----------------------------------|-------------------|
|  | 2011                            | 2012              | 2013              | 2013                              | 2014              |
|  | Revenue                         | Revenue           | Revenue           | Revenue                           | Revenue           |
|  | (RMB<br>millions)               | (RMB<br>millions) | (RMB<br>millions) | (RMB<br>millions)                 | (RMB<br>millions) |
|  |                                 |                   |                   | (unaudited)                       |                   |
| Self-operated Hotels. . . . .            | —                               | 118               | 580               | 219                               | 543               |
| Hotels Managed by Third Parties. . . . . | 1,450                           | 2,458             | 2,635             | 1,214                             | 1,227             |
| <b>Total. . . . .</b>                    | <b>1,450</b>                    | <b>2,576</b>      | <b>3,215</b>      | <b>1,433</b>                      | <b>1,770</b>      |

### Hotels Managed by Us

We began to operate hotels under the Wanda brand in 2012 when we established our own luxury hotel brands, comprising Wanda Reign, Wanda Vista and Wanda Realm. The table below sets forth certain information about these three hotel brands as of June 30, 2014:

|                       | No. of Hotels in Operation<br>as of June 30, 2014 | No. of Hotels Under<br>Development and Held<br>for Future Development<br>as of June 30, 2014 |
|-----------------------|---|--|
| Wanda Reign . . . . . | 1   | 1  |
| Wanda Vista. . . . .  | 5   | 11   |
| Wanda Realm. . . . .  | 14  | 36   |

### Hotel Managers and Hotel Management Arrangements

We enter into hotel management arrangements with internationally renowned hotel managers. The terms of hotel management by these hotel managers range from 10 years to 20 years. As provided in the management contracts, no hotel management arrangements with these hotel managers will expire until 2017. Under the hotel management agreements, the third-party hotel managers generally were entrusted with complete control and discretion in the operation of the respective hotel. In addition, we have the right to terminate the management

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agreements in the event that the relevant third-party hotel manager fall short of certain performance requirements set out in the respective management agreements. The fees we pay to the third-party hotel managers generally comprise the basic management fee and the incentive fee. The amount of incentive fee paid to the hotel managers is determined as a percentage of revenue calculated with reference to the hotel's gross profit. For the year ended December 31, 2013, the combined total basic management fee and total incentive fee paid to third-party hotel managers were RMB96.1 million.

### **Hotel Facilities**

We offer a diverse range of food and beverage options at our hotels, including Western cuisine, Asian cuisine, lounges and lobby bars. Our hotels also offer a comprehensive range of facilities for conferences, meetings as well as for recreational and social events. Many of our hotels can also accommodate meeting, conference and exhibition activities. The hotels are equipped with wireless Internet technology and general information technology. The meeting rooms also feature audiovisual technologies to accommodate our business customers. With respect to social events, we are well-equipped to accommodate the growing demand for wedding banquet services in China.

### **Marketing of Hotels**

We promote and advertise our hotels primarily through the Internet, newspapers, television, radio, promotional materials, press coverage and outdoor billboards. Our sales and marketing departments are responsible for conducting promotional and marketing activities for hotels under the Wanda brand. As part of our sales and marketing strategy, we enter into special arrangements with corporate partners and offer them discounted rates for a given time period. We maintain a centralized online reservation system which allows potential customers to book rooms at any of our hotels and also manage their existing reservations. The reservation website provides brief descriptions of the various dining services and other services and facilities available at each hotel. Customers can also call our toll-free reservation telephone lines to make reservations.

For hotels managed by hotel managers, the hotel managers have agreed to provide various marketing and advertising services, reservation services and loyalty program services to the hotels they manage under their respective brand.

### **PROPERTIES FOR SELF USE**

As of June 30, 2014, we owned properties with a total GFA of approximately 109,848 sq.m. primarily in Beijing, Hebei and other places, which we use primarily as office premises and the campus of the Wanda Institute for employee training. See "Group I — Properties Held by the Group for Occupation in the PRC" in "Appendix IV — Property Valuation Report" for further details. As of the same date, we rented properties with a total GFA of approximately 289,990 sq.m.. We use these rented properties primarily as office spaces and parking spaces.



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### AWARDS

We have received awards from various organizations in the PRC. The following table sets forth the certain awards we received:

| Year       | Award   | Granting Authority   |
|------------|---|--|
| 2013       | Two-Star Certificate of Green Building Design Label (二星級綠色建築設計標識證書)   | MOHURD   |
| 2013       | The First Prize of National Green Building Innovation Award (2013年度全國綠色建築創新一等獎)                                   | MOHURD   |
| 2013       | The National High Quality Project Award of 2012-2013 (2012-2013年度國家優質工程獎)   | China Association of construction enterprise management (中國施工企業管理協會)   |
| 2013       | Best Global Communications (最佳海外傳播獎)  | PR Newswire (美通社)  |
| 2013       | The Most Influential Corporate University Award of 2013 (2013年度中國企業商學院最佳影響力獎)                                     | The 12th Conference of International Exchange of Professionals, Federation of Chinese Corporate University Deans (第12屆中國國際人才交流大會，中國企業商學院院長聯合會)   |
| 2013       | World Hotel & Continental Diamond—the Best Enterprise of Hotel Investment and Development (世界酒店•五洲鑽石獎—最佳酒店投資開發企業) | World Hotel Association (世界酒店聯盟)   |
| 2013       | The Most Influential Hotel Investment Platinum Award (最具影響力酒店投資建設白金獎)   | International Hotel Forum Organization, United Commercial Chamber of Direct VIP, International Hotel Magazine House, Ya Tai International Asia Pacific Information Group Limited (中外酒店論壇，直通VIP聯合商會，中外酒店雜誌社，亞太國際資訊集團) |
| 2013       | The Most Creative Hotel Group (最具創新能力酒店集團)  | World Magazine (《世界》雜誌)  |
| 2013       | Top 10 Business Hotels of China (中國十佳城市商務酒店)  | Judging Committee of China Hotel Starlight Awards (中國酒店星光獎評審委員會)   |
| 2013       | Joint President Corporation (聯席會長單位)  | Hotel Investors Association of China Real Estate Chamber of Commerce (全聯房地產商會酒店投資商務會)  |
| Since 2007 | Guangsha Award (廣廈獎) granted to our 17 property projects, respectively  | China Real Estate Association (中國房地產業協會) and the Residential Property Industry Promotion Center of MOHURD (住房和城鄉建設部住宅產業化促進中心)  |

### CUSTOMERS

Our principal customers are tenants of our investment properties in China. We have seven years of business relationship on average with our top 10 tenants for the six months ended June 30, 2014. Customers of our properties for sale are primarily individual and corporate purchasers from China. Given the nature of the hotel business, none of our hotels had any single customer that was material to our business during the Track Record Period. During the Track Record Period, revenue from our top five customers accounted for less than 30% of our total revenue.

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## BUSINESS

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### INFORMATION TECHNOLOGY

We rely on the effective operation of our information technology (“IT”) systems for our business operations. Our IT department is responsible for developing and maintaining an IT system that is on pace with the expansion of our business and is customized to meet our business needs. The centralized IT system is controlled and operated from our headquarters.

We face increasing security risks and threats from cyber-attacks with respect to our IT system. To help combat such attacks, we have established emergency recovery systems and are equipped with the latest anti-virus software. We also conduct regular reviews of our IT system and perform the necessary upgrades to prevent and address potential attacks. For example, our information security team schedules practice drills to ensure the continuous smooth operation of our IT system in the long term. As of the Latest Practicable Date, we had not experienced any disruptions to our IT system that materially impacted our business operations.

#### **Modular Management System**

We adopted our modular management system as part of our property development process. For a detailed discussion, see “— Property Development — Modular Management System”.

#### **Huiyun Integrated Management System**

The Huiyun integrated management system (“Huiyun IMS”) is a central monitoring, control and management system primarily used in management of our investment properties. The system also regulates energy usage, fire safety, equipment, heating, ventilation, air conditioning, lighting, building access and security, and numerous aspects of our daily business operations from the central control rooms. By integrating 16 distinct equipment regulating functions under one centralized platform, Huiyun IMS has enabled us to reduce our labor and energy costs and operate our properties effectively.

In addition, Huiyun IMS collects data on the overall consumer traffic flow at each Wanda Plaza as well as the number of visitors at each individual store. This information is used to analyze and improve the performance of our existing investment properties. The system serves as an important tool for us to understand the market and consumer preferences and adjust the tenant mix and store positioning at Wanda Plazas.

#### **OA System**

Our OA system utilizes existing office automation technology to integrate multiple office functions. It regulates various aspects of our daily business operations, including monitoring the overall approval process and managing outstanding tasks to ensure they are completed on a timely basis. For example, after the work stream for one module is completed, the OA system automatically transmits the information to the relevant management personnel for review and approval. The automated system has resulted in faster processing, reduced labor costs and increased efficiencies and productivity, as well as enhanced inter-departmental coordination.

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### RESEARCH AND DEVELOPMENT

Our CRE research department primarily analyzes the commercial real estate market and produces assessments which support our overall decision making and strategic positioning with respect to our investment properties. The CRE research department evaluates the life cycle of our investment properties, their business operations and branding position through company and market data, interviews with Wanda Plaza tenants and managers, research on our competitors and consumers and case studies. It subsequently prepares and submits assessment reports presenting its research findings to the management and operation departments, as well as other relevant departments, in order to engage in discussions to address problem areas and to improve overall operations. The CRE research department works closely with the business planning and research institute in the planning and design process and reviews our brand bank. It also collaborates with industry associations, universities and research institutes and participates in establishing certain industry standards.

### COMPETITION

The commercial and residential property market in China is highly competitive and fragmented. We compete primarily with other property developers, commercial property operators and hotel operators in each of our principal business segments. Some of our competitors may have more financial and other resources than us and may be more sophisticated than us in terms of engineering, technical, marketing and management skills. Our commercial and residential properties face competition from nearby properties in attracting office, retail and individual tenants in order to maintain high occupancy rates. Our hotels competes with other hotels, particularly those that offer a similar level of services and similar prices. See “Risk Factors — Risks Relating to Our Industry — Increasing competition in the PRC may materially and adversely affect our business and financial condition” for further details.

We believe that the major factor affecting competition in the residential property market is sales and marketing strategy, whereas the factors pertinent to the commercial property market include the operational and management capabilities of the management team. Other important factors include branding, financial resources, location, pricing and the quality of the properties. For the hotel industry, we believe that the brand name, room rates, availability of business and leisure facilities and service quality are the most important factors in providing a competitive advantage. Despite the high level of competition, we believe that there are high entry barriers in the markets in which we operate, such as limited land reserves available for development in economically-developed locations like Beijing. In addition, potential market entrants might encounter difficulties in understanding the local market preferences and conditions, promoting recognition of their brands and maintaining sufficient financial resources for large-scale project developments.

We have commissioned DTZ, an independent market consultant, to prepare the DTZ Market Report on the property and hospitality industries in the PRC, which is set out in “Appendix V — Market Report”. Our Directors, after taking reasonable care, are of the view that there has been no adverse change in the market information since the date of the commissioned Market Report which may qualify, contradict or have an impact on the information therein.

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### INSURANCE

There are no national mandatory provisions under the relevant PRC laws and regulations requiring property developers to maintain insurance coverage with respect to their property development operations. We maintain insurance policies including (i) property all risk insurance, (ii) machinery damage and loss, (iii) work-related accidents and (iv) third party liability insurance. As of the Latest Practicable Date, we had not experienced any significant loss or damage to our properties.

We believe we maintain adequate insurance coverage for our operations and that the scope of the coverage is in line with industry norms. However, there are certain risks for which we are not insured, and we may not have sufficient insurance coverage for damages and liabilities that may arise in the course of our business operations. See “Risk Factors — Risks Relating to Our Business — We may not have adequate insurance to cover all losses and claims associated with our operations” for further details.

### INTELLECTUAL PROPERTY

Our intellectual property portfolio consists of copyright, trademark and domain name registrations. As of the Latest Practicable Date, we had 196 trademarks registered in the PRC and 47 main domain names for which we were the registered proprietor. We have acquired copyrights for the two books we published through the Wanda Institute. We have also acquired the trademarks for the core technology used in the unique IT systems that enable us to monitor and manage our business operations more efficiently. As of the Latest Practicable Date, we held 10 registered software copyrights. Our principal brand names are registered trademarks in the PRC and we have several registered domain names, including [www.wanda.com.cn](http://www.wanda.com.cn) and [www.wandaplazas.com](http://www.wandaplazas.com). See “Appendix IX — Statutory and General Information” for further details of our intellectual property rights.

While we rely to a certain extent on our brand name when marketing our properties, our business is otherwise not materially dependent on any intellectual property right. As of the Latest Practicable Date, we were not aware of any material infringement by us of any intellectual property rights owned by third parties.

### EMPLOYEES

As of June 30, 2014, we had 56,242 full-time employees. The following table sets forth a breakdown of our full-time employees by function as of June 30, 2014:

| <b>Function</b>   | <b>Number of Employees</b> |
|---|----------------------------|
| Headquarter (including management, finance, cost control and other functions) . . . | 852                        |
| Planning and Design . . . . .   | 246                        |
| Property Development and Management . . . . .                                       | 9,374                      |
| Hotel Development and Management . . . . .  | 21,322                     |
| Commercial Management . . . . .   | 24,130                     |
| Employee Training . . . . .   | 157                        |
| Other . . . . .   | 161                        |
| <b>TOTAL . . . . .</b>  | <b>56,242</b>              |

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The following table sets forth a breakdown of our full-time employees by geographical location as of June 30, 2014:

| <b>Region</b>             | <b>Number of Employees</b> |
|---------------------------|----------------------------|
| <b>PRC</b>                |                            |
| North Region . . . . .    | 20,540                     |
| Central Region . . . . .  | 22,089                     |
| South Region . . . . .    | 13,603                     |
| <b>Overseas</b> . . . . . | 10                         |
| <b>TOTAL</b> . . . . .    | <u><u>56,242</u></u>       |

We offer our employees competitive remuneration packages which include basic salaries, discretionary bonuses, performance-based payments and year-end bonuses. We also contribute to social insurance for our employees, including medical insurance, work-related injury insurance, retirement insurance, maternity insurance, unemployment insurance and housing funds. Our employees do not negotiate their terms of employment through any labor union or by way of collective bargaining agreements. For the years ended December 31, 2011, 2012 and 2013 and the six months ended June 30, 2014, we incurred staff costs of RMB2,530 million, RMB3,908 million, RMB5,626 million and RMB3,142 million, respectively, representing 5.0%, 6.6%, 6.5% and 13.5% of our total revenue, respectively. Our PRC legal advisor, Tian Yuan Law Firm, has confirmed that we complied with all applicable employment laws and regulations in the PRC in all material respects, and that there were no material labor disputes or labor-related legal proceedings against us during the Track Record Period.

### Recruitment and Training

We mainly recruit our employees from the labor market, colleges and universities and through headhunting. We are committed to training and retaining skilled employees at all levels. Through our internal staff training and development center known as the Wanda Institute, our human resources department and our regional companies, we provide on-going training and development programs aimed at enhancing our employees' understanding and knowledge of the property industry. The Wanda Institute was established in 2009 and offers comprehensive training to mid- to high-level management personnel at different stages of their careers. We also offer basic training and guidance to all employees and provide them with the necessary resources to improve their job performance. The programs are implemented through an internally developed training model that utilizes a problem-solving approach designed to sharpen our employee's analytical skills. In 2014, we published two books, "Investment and Development of Commercial Properties" and "Commercial Real Estate Operation and Management", which demonstrate our commitment to being the leader in the PRC commercial property industry and our contribution to systematically promoting overall industry knowledge and expertise. We plan to publish more books in the future to share our business model with the public.

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### HEALTH AND SAFETY MATTERS

We are subject to PRC laws and regulations regarding safety and work-related incidents. We have developed a comprehensive safety management system to implement our safety policies and procedures. The safety supervision department at the headquarters level is responsible for overseeing the safety of our employees during the overall project development process. According to our policies, each department is assigned different safety compliance responsibilities and must meet the established safety control standards. We also engage independent third party supervisory companies to monitor safety measures throughout the construction process and submit weekly reports of the inspection results to our safety supervision department. In addition, we have installed a remote security surveillance system to monitor our safety operations.

With respect to construction site safety, our construction contractors are responsible for the safety of their workers on the construction sites and are required to maintain accident insurance for their workers. We generally do not carry insurance against personal injuries that may occur on-site but require our construction contractors to purchase accident insurance to cover their workers' medical and other related expenses. To ensure compliance with the relevant laws and regulations, we have set up a system of standards and specifications which the construction workers must follow during construction.

During the Track Record Period and up to October 31, 2014, we complied with the applicable PRC labor and safety regulations in all material respects and did not encounter any incident or complaint which had a material adverse effect on our operations.

### ENVIRONMENTAL MATTERS

We are subject to certain environmental protection laws and regulations, including those relating to air pollution, noise emissions and water and waste discharge. Each of our property development projects is required under PRC law to undergo environmental impact assessments. We must submit the relevant environmental impact study or report to the environmental authorities, along with other required documents, for evaluation and approval by the authorized environmental protection administrations. The approval from the relevant government authorities will specify the standards applicable to the implementation of the construction project with respect to areas such as air pollution, noise emissions and water and waste discharge. Such measures are required to be incorporated into the design, construction and operation of the particular project. Upon the completion of each project, the relevant government authorities will also inspect the site to ensure that all applicable environmental standards have been complied with before the property can be delivered to the purchaser.

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We take specific measures to ensure our compliance with the applicable environmental laws and regulations, including (i) strictly selecting construction contractors and supervising the process of construction; (ii) applying for review by the relevant government authorities in a timely manner after the project is completed; and (iii) actively adopting environmentally friendly equipment and designs. We also take voluntary actions with respect to environmental protection and make energy conservation and emission reduction top considerations when designing our property projects. Wanda Plazas that opened after 2010 all meet the national standards for energy efficiency and our projects were among the first in China to be granted the Green Label by the China Environmental United Certification Center. For the years ended December 31, 2011, 2012 and 2013 and the six months ended June 30, 2014, we incurred environmental compliance costs of approximately RMB144.3 million, RMB240.6 million, RMB331.8 million and RMB192.0 million, respectively. We expect the annual costs of compliance going forward to be substantially similar, assuming that there will not be any material changes in the environmental protection rules and regulations.

None of our properties had received any material fines or penalties associated with the breach of any environmental laws or regulations since the commencement of their operations and up to October 31, 2014. Our PRC legal advisor, Tian Yuan Law Firm, has confirmed that we have complied with all the relevant environmental laws and regulations in all material respects.

### **HEDGING ARRANGEMENTS**

There are limited hedging instruments available in the PRC to reduce our exposure to exchange rate fluctuations between the RMB and other currencies. As of the Latest Practicable Date, we had not entered into any hedging transactions against foreign currency risks. While we may seek to enter into hedging transactions in the future, the availability and effectiveness of currency hedging transactions may be limited and we may not be able to hedge our exposure to foreign currency risks successfully.

### **TITLE DEFECTS OF THE PROPERTIES LEASED BY US**

As of September 30, 2014, we leased 168 properties with an aggregate GFA of approximately 289,104 sq.m. in the PRC, primarily as business premises. Among these properties, 54 properties with an aggregate GFA of approximately 40,906 sq.m. were leased from lessors who were not able to provide the title certificates to these properties, which accounted for less than 1% of the aggregate GFA of all the properties we owned and used (including properties for self-use, completed hotels, completed investment properties and leased properties) as of the same date. As a result, these leases may be invalid. With respect to approximately 78.5% of the aggregate GFA of properties under these defective leases, the relevant lessors have undertaken to indemnify us for losses arising from their defective legal titles to these properties. See “Risk Factors — Risk Relating to Our Business—Certain of our lessors do not possess relevant title certificates for some of our leased properties, and we may be required to seek alternative premises for some of our properties.”



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### LEGAL PROCEEDINGS AND MATERIAL CLAIMS

As of the Latest Practicable Date, we were involved in the following outstanding lawsuits, which involved claims of over RMB30 million:

- We were the applicant in one unresolved arbitration in relation to a construction contract. Our subsidiary, Tianjin Wanda Center Investment Co., Ltd., appealed to the China International Economic and Trade Arbitration Commission for an arbitration due to the respondent's severe failure to meet a completion date, a material quality issue and the respondent's refusal to repair as well as the respondent's inability to continue construction. Our subsidiary requested to rescind the construction contract between our subsidiary and the respondent and requested penalties for overdue completion of RMB25.7 million, damages of RMB3.2 million and expenses of RMB3.0 million incurred to repair the problematic project product. China International Economic and Trade Arbitration accepted this case. As of the Latest Practicable Date, the case remained pending.
- Dongguan Chang'an Wanda Plaza Co., Ltd. ("**Dongguan Chang'an**"), one of our subsidiaries, was the defendant in 44 unresolved litigations in relation to the sale of properties. The plaintiffs, who were purchasers of properties sold by Dongguan Chang'an, filed lawsuits with Dongguan No. 2 People's Court separately due to disputes over land use term of those properties. The plaintiffs requested the court to rescind the commercial housing sales contracts and Dongguan Chang'an to pay relevant damages with amounts in each lawsuit ranging from approximately RMB0.4 million to RMB1.5 million. As advised by our PRC legal advisor, Tian Yuan Law Firm, the maximum damages under all such requests are estimated to be approximately RMB42 million and therefore, such litigations would not have any material adverse impact on our business. Dongguan No. 2 People's Court accepted these cases. As of the Latest Practicable Date, the cases were under trial.

We were a plaintiff in one litigation in relation to the sales of properties. In May 2011, the defendant bought 15 retail spaces in Nanchang Honggutan Wanda Plaza from our subsidiary, Nanchang Honggutan Wanda Plaza Investment Co., Ltd. The total price was RMB82.8 million, out of which the defendant had paid RMB41.5 million as a down payment, with the remaining RMB41.3 million to be paid through mortgage loans. Our subsidiary acted as a guarantor of the mortgage loans. The title of the relevant retail spaces was transferred to the defendant. Due to the defendant's delay in making mortgage payments, the bank deducted RMB23.5 million from the account of our subsidiary as the loan guarantor for the defendant. Consequently, our subsidiary filed a lawsuit requesting the court to rescind the purchase contract and to recover the property. Nanchang Intermediate People's Court accepted this case. On September 18, 2014, our subsidiary and the defendant settled the case and the Defendant agreed to compensate our subsidiary for the amount deducted by the bank and the accrued interest.

### COMPLIANCE WITH RELEVANT PRC LAWS, REGULATIONS AND REQUIREMENTS

A summary of the key laws and regulations which are applicable to our operations is set out in "Appendix VII — Summary of Principal PRC and Hong Kong Legal and Regulatory Provisions".

**PRC Non-Compliance Incidents**

A summary of the material PRC non-compliance incidents by the Group during the Track Record Period is set forth in the table below.

| No. | Non-compliance Incident  | Reasons   | Remedial Measures  | Legal Consequences and Impacts   |
|-----|--|---|--|--|
| 1.  | <p><b>Lack of Property Management Service Qualification Certificate</b></p> <p>Pursuant to the applicable PRC laws and regulations, companies undertaking property management activities must obtain the relevant qualification certificates for such activities.</p> <p>During the Track Record Period, certain of our subsidiaries failed to strictly comply with the relevant PRC regulations regarding property management service company qualifications. As of October 31, 2014, being the latest practicable date for determining such information, all of our subsidiaries which were engaged in the property management business had obtained valid property management service company qualification certificates.</p> | <p>Primarily due to oversight by our responsible staff at our respective property management companies.</p> | <p>Certain subsidiaries have applied for and obtained property management service company qualification certificates. The subsidiaries which failed to obtain property management service company qualification certificates have handed over their property management business to other subsidiaries with valid property management service company qualification certificates. In addition, to prevent similar occurrences in the future, we have formulated specific internal control measures. See “— Risk Management and Internal Control — Internal Control Measures to Prevent the Recurrence of Non-compliance Incidents”.</p> <p>As of October 31, 2014, being the latest practicable date for determining such information, no administrative penalty for failure to obtain a property management service company qualification certificate had been imposed.</p> | <p>Our PRC legal advisor, Tian Yuan Law Firm, has advised us that, during the Track Record Period, subsidiaries which were not in strict compliance with the relevant PRC regulations may be subject to confiscation of illegal gains of approximately RMB97.3 million by the relevant authority. In addition, our PRC legal advisor, Tian Yuan Law Firm, has also advised us that the estimated total maximum penalty is approximately RMB14.6 million. As advised by our PRC legal advisor, Tian Yuan Law Firm, the possibility of confiscation of illegal gains and payment of penalty is minimal given that: (i) all of such non-compliance incidents have been rectified either by obtaining the requisite property management service company qualification certificates or by handing over their property management business to other subsidiaries with valid property management service company qualification; (ii) according to the Administrative Penalty Law of the PRC and based on confirmation letters issued by, or interviews with, relevant competent authorities, those subsidiaries were unlikely to be subject to administrative actions due to violation of relevant laws and regulations in relation to property management qualification; and (iii) based on the enquiry and due diligence conducted by Tian Yuan Law Firm, historically, none of our subsidiaries has been required to pay any administrative penalties or none of their gains has been confiscated for such non-compliance incidents.</p> <p>Our legal advisor, Tian Yuan Law Firm, is of the view that such incident would not have any material adverse impact on our business.</p> |

| No. | Non-compliance Incident   | Reasons  | Remedial Measures  | Legal Consequences and Impacts  |
|-----|---|--|--|---|
| 2.  | <p><b>Civil Air Defense Matters</b></p> <p>Under the applicable PRC laws and regulations, enterprises in the PRC are required to construct and incorporate civil air defense projects in new buildings for civil use. Such civil air defense projects can be used and managed by investors after the projects pass the civil air defense project examination and obtain acceptance, and the income generated therefrom can be retained by such investors.</p> <p>As of October 31, 2014, being the latest practicable date for determining such information, we had 65 completed civil air defense projects that had been put into use. Of these 65 civil air projects, (i) two did not hold licenses for the use of civil air defense projects during peacetime and (ii) one civil air defense project did not obtain a Civil Defense Project Examination and Acceptance Certificate (民防工程驗收證書) before it was put into use. The total GFA of the three civil air defense projects not in compliance with applicable laws and regulations is approximately 107,219 sq.m., representing approximately 5.9% of the total GFA of our completed civil air defense projects.</p> | <p>Primarily due to (i) oversight by our responsible staff at our respective project companies or (ii) the local authorities in practice not accepting any applications for the use of civil air defense projects.</p> | <p>Of the three civil air defense projects that are not in compliance with applicable laws and regulations, two civil air defense projects will apply for the required licenses. If any of these two civil air defense projects cannot obtain the required licenses because the relevant local authorities in their current practice are not accepting any applications for the use of civil air defense projects, we will obtain confirmation from the authorities permitting the use of these civil air defense projects. We will apply for such licenses in due course as they become available. We will apply for the examination and acceptance of the one civil air defense project which did not obtain a Civil Defense Project Examination and Acceptance Certificate, and will apply for the required license afterwards. In addition, to prevent similar occurrences in the future, we have formulated specific internal control measures. See “— Risk Management and Internal Control — Internal Control Measures to Prevent the Recurrence of Non-compliance Incidents”.</p> | <p>Our PRC legal advisor, Tian Yuan Law Firm, has advised us that, for the two civil air defense projects that are in the process of applying for required licenses or obtaining compliance confirmation from relevant local authorities, there is no substantial legal obstacle for these projects to obtain such licenses or such government confirmation. In addition, our PRC legal advisor, Tian Yuan Law Firm, has advised us that the estimated total maximum penalty is approximately RMB0.2 million. Moreover, we may be required to refrain from using these three civil air defense projects until required licenses are obtained and may also be held liable for any losses or damages arising therefrom.</p> <p>Our PRC legal advisor, Tian Yuan Law Firm, is of the view that such incident would not have any material adverse impact on our business.</p> |

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Pursuant to the applicable PRC laws and regulations, property lease contracts must be registered with the local branch of the Ministry of Housing and Urban Development of the PRC. As of October 31, 2014, being the latest practicable date for determining such information, we failed to register approximately 3,650 leases, primarily due to the difficulty of cooperating with the tenants and our lessors to register such leases. We are in the process of registering the required leases with the local branch of the Ministry of Housing and Urban Development of the PRC. However, this will require the cooperation of both tenants and landlords. We will take all practicable and reasonable steps to ensure that such leases are registered. Our PRC legal advisor, Tian Yuan Law Firm, has advised us that the lack of registration of the lease contracts will not affect the validity of the lease agreements under PRC law. Our PRC legal advisor, Tian Yuan Law Firm, has also advised us that a maximum penalty of RMB10,000 may be imposed for non-registration of each lease. The estimated total maximum penalty is approximately RMB36.5 million. Our PRC legal advisor, Tian Yuan Law Firm, is of the view that such incident would not have any material adverse impact on our business operation.

During the Track Record Period and up to October 31, 2014, some of our subsidiaries were not in compliance with certain construction related PRC laws and regulations, including the following: (i) eight projects commenced were not in compliance with the construction work planning permit during the construction; (ii) 11 projects commenced construction works before obtaining the requisite construction work commencement permit; and (iii) three projects did not apply for acceptance examination upon completion and before properties were delivered and put into use. The fines in aggregate amounted to approximately RMB16.9 million. These non-compliance incidents are primarily caused by oversight relating to the relevant regulations or negligence on the part of the relevant employees. As of the Latest Practicable Date, we had fully settled such fines. Our PRC legal advisor, Tian Yuan Law Firm, is of the view that such incident will not have any material adverse impact on our business operations.

Based on currently available information, we estimate that there is a slight possibility that we will be penalized due to the non-compliance incidents described above. We have not made provisions for the non-compliance incidents above. Our Directors are of the view that such incidents will not have any material adverse impact on our business, financial condition or results of operations. Our Directors are responsible for our non-compliance incidents. We have taken remedial measures to address, and prevent recurrence of, these identified non-compliance incidents and matters. We have engaged an independent consulting firm as our internal control consultant to review the design and implementation of the internal control measures as described in “— Risk Management and Internal Control — Internal Control Measures to Prevent the Recurrence of Non-compliance Incidents”. The internal control consultant noted that we had implemented these measures, and had no further comments on our design and implementation of the internal control measures. Having considered the facts and causes of the non-compliance incidents described above and the strengthened internal control measures taken by us to prevent the recurrence of the identified non-compliance incidents, our Directors and the Joint Sponsors are of the view that the non-compliance incidents do not have any material impact on the suitability of the Directors under Rules 3.08 and 3.09 of the Listing Rules or on our suitability for listing under Rule 8.04 of the Listing Rules.

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Save as disclosed above, as advised by our PRC legal advisor, Tian Yuan Law Firm, during the Track Record Period, we were in compliance in all material respects with the relevant PRC laws, regulations and requirements relating to real estate development, property management and hotel operations, including the regulations that mandate the possession of relevant and valid licenses, certificates and permits.

### **RISK MANAGEMENT AND INTERNAL CONTROL**

#### **Risk Management Policies and Procedures**

We have established a set of risk management policies and measures to identify, evaluate and manage risks arising from our operations. The major features of our risk management policies include the following:

- We have adopted stringent quality control and supervision measures and procedures to prevent risks in relation to our property development. See “— Property Development — Quality Control and Development Supervision” for more details;
- Our human resources department is responsible for monitoring compliance with our internal rules and manuals by our employees to ensure that we comply with the relevant regulatory requirements and applicable laws, so as to reduce our legal risks; and
- Our internal audit department is responsible for monitoring the implementation of our internal control measures, the details of which are set out below.

#### **Implementation Measures of Internal Control Policies**

We have adopted, or expect to adopt before the Listing, a series of internal control policies, procedures and plans that are designed to reasonably assure effective and efficient operations, reliable financial reporting and compliance with applicable laws and regulations. In order to ensure the effective implementation of such internal control policies, we have adopted various on-going measures, including the following:

- we provided training to the Directors, senior management and key risk management personnel with respect to our internal control policies and expect to provide continuous training when necessary;
- our legal and internal audit department will assess and monitor the implementation of our internal control policies through periodic audits and inspections and will report any deviations observed to our management team;
- we have included the observation of our internal control policies in our overall performance assessment system to incentivize the implementation of our internal control policies;

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- we will continue to provide pre-employment and on-the-job internal control training to our employees;
- we have retained external PRC legal advisors to review and advise on our regulatory compliance with the relevant PRC laws and regulations that are material to our business operations in China;
- we have established a reporting procedure for non-compliance incidents; and
- we have established a system to enhance the accountability of our employees with regard to internal control and legal compliance issues.

### Internal Control Measures to Prevent the Recurrence of Non-compliance Incidents

In order to prevent the recurrence of the non-compliance incidents which occurred during the Track Record Period and to further strengthen our internal control system, we have adopted the following specific internal control measures:

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#### Matters of Non-compliance

Property Management Service  
Company Qualification  
Certificate Matters

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#### Internal Control Measures

We have established compliance committees both at the headquarters level and at each of our regional project centers to supervise compliance with the qualification requirements contained in the relevant laws and regulations. Our compliance committee at the headquarters level is responsible for formulating and maintaining a list for all requisite qualifications. Prior approval from our compliance committees is conditioned upon the obtainment of all requisite qualifications which are to be obtained before a newly established local property management company commences operations.

Each property management company shall apply for the renewal of its qualification at least one month prior to expiration and shall designate a person responsible for the renewal process. Regional compliance committees shall report to the compliance committee at the headquarter level on a quarterly basis. In the event that a property management company fails to renew its qualification before its expiration, the compliance committee will report to the general manager and regional general manager who will take measures to supervise and assist in the renewal process.

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### Registration of Leases

We have formulated a set of rules concerning compliance with the lease registration requirements contained in the relevant laws and regulations, including the following: (i) each project company shall designate a responsible person; (ii) revised lease contract templates shall be adopted which have incorporated provisions setting out the responsibilities of each party with regard to lease registration and the rights of the project company when it is penalized for failure to register as a result of the noncooperation of a tenant; (iii) each project company shall report its status with regard to lease registration to Wanda Commercial Management on a quarterly basis and in the event that any non-compliance incident persists, the designated person will be held accountable for any oversight; (iv) each project company shall maintain monthly communication with its tenants to ensure their cooperation with regard to lease registration.

### Civil Air Defense Matters

We have formulated specific internal control measures covering different stages of property development to ensure compliance with civil air defense laws and regulations. In particular, we will not allow the use of a civil air defense facility in our property project to be completed in future until we obtain the requisite licenses. Furthermore, an appropriate filing system shall be established to keep a record of all approvals and licenses.

Each project management center is required to conduct ongoing compliance assessments at reasonable intervals and shall ensure that the design, construction and quality of a property project conform to the protection and quality standards provided in the relevant laws and regulations. Each property management company shall apply for the renewal of its license at least one month prior to expiration and the continuous use of a civil air defense facility with an expired license is prohibited.

### Project Development Matters

Our compliance committee will compile a list of all necessary permits, certificates and approvals for different stages of development. Each project company shall report their progress and status with regard to obtaining such documents to the compliance committee. Prior approval from our compliance committees is conditioned upon the obtainment of all requisite qualifications for a development stage before a project company undertakes activities in that stage. In the event that a project company proceeds without such approval, the responsible person will be held accountable.



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Our internal control consultant had reviewed these measures in August 2014, which were adopted by us in the same month. The internal control consultant conducted a follow-up review in October 2014 and had no further comments.

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## RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

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### OVERVIEW

We were established as a joint stock limited liability company on December 10, 2009 in accordance with PRC laws. Mr. WANG Jianlin is one of the promoters of our Company. Immediately following the completion of the Global Offering, assuming no exercise of the Over-allotment Option, Mr. WANG Jianlin and his spouse, directly and indirectly through Dalian Wanda Group, will own approximately 54.31% of our enlarged issued share capital and Dalian Wanda Group alone will directly own approximately 44.23% of our enlarged issued share capital. As of the Latest Practicable Date, Mr. WANG Jianlin directly owned a 98.00% interest in Dalian Hexing and Dalian Hexing directly owned a 99.76% interest in Dalian Wanda Group. Mr. WANG Jianlin directly owns a 0.24% interest in Dalian Wanda Group. Accordingly, Mr. WANG Jianlin, Dalian Hexing and Dalian Wanda Group will control more than 30% of our issued share capital and are therefore our Controlling Shareholders.

### DELINEATION OF BUSINESS

#### Business of our Company

Our Company was established as the sole platform under Dalian Wanda Group to engage in (i) the development, leasing and management of commercial properties held by us for long-term investment; (ii) the development and sale of properties; and (iii) the development and operation of hotels.

#### Other Business of our Controlling Shareholder

Except for the above businesses in which Mr. WANG Jianlin is engaged through our Company, Mr. WANG Jianlin, through Dalian Wanda Group, is primarily engaged in cultural, tourism and e-commerce business in the PRC. Mr. WANG Jianlin is also engaged in the operation of department stores and retail business in the PRC through Wanda Department Store, and is engaged in children's entertainment business in the PRC through Wanda Kidsland Co. Limited.

Dalian Hexing is an investment holding company whose principal asset is its shareholding in Dalian Wanda Group.

Save as disclosed below, our Controlling Shareholders and each of our Directors confirm that as of the Latest Practicable Date, none of them has any interest in a business which competes with, or is likely to compete with, our business, whether directly or indirectly, which would otherwise require disclosure under Rule 8.10 of the Listing Rules.

#### Changbaishan International Tourism

##### *General information about Changbaishan International Tourism*

Changbaishan International Tourism Resort Development Co., Ltd. ("**Changbaishan International Tourism**"), which is 78.67% owned by Dalian Wanda Group, is engaged in cultural and tourism business as well as the development, sales and operation of residential and hotel properties, and does have some overlap with certain business operations of our Company. Changbaishan International Tourism is the first tourism real estate development project of Dalian Wanda Group, our Controlling Shareholder, its business model is not well

## RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

developed, however. As the Company is the only platform for real estate development, specializing in real estate development and management and has extensive experience in this field, in December 2012, the Company held the investments in Changbaishan International Tourism on behalf of Dalian Wanda Group in order to facilitate the development of the project. Subsequently, the Company proposed to apply for listing and in order to establish a clear shareholding structure, the Company decided to terminate the entrusted shareholding arrangement.

As of June 30, 2014, the revenue, net loss and total assets of Changbaishan International Tourism were RMB236 million, RMB454 million and RMB11,611 million, respectively.

The Company confirms that it is not currently holding any investments on behalf of Dalian Wanda Group or other third parties, and Dalian Wanda Group and other third parties are not currently holding any interests in any companies on behalf of the Company.

### *Management*

Except for one non-executive Director, Mr ZHANG Lin, who is also a director of Changbaishan International Tourism, as of the Latest Practicable Date, none of our Directors hold any directorship or senior management roles with Changbaishan International Tourism. Our Company also undertakes that proper arrangements will be implemented so that there will be no overlapping directors of our Company and Changbaishan International Tourism, except for Mr ZHANG Lin who will remain as a director of Changbaishan International Tourism. However, so far as our Company is concerned, Mr ZHANG Lin will act only in his capacity as a non-executive Director and will not be involved in the daily management of our Company.

### *Comparison of financial information between our Group and Changbaishan International Tourism*

|   | For the year ended December 31 |       |         |       |         |       | For the six months ended June 30 |       |
|---|--------------------------------|-------|---------|-------|---------|-------|----------------------------------|-------|
|   | 2011                           |       | 2012    |       | 2013    |       | 2014                             |       |
|   | Amount                         | Ratio | Amount  | Ratio | Amount  | Ratio | Amount                           | Ratio |
|   | RMB million                    |       |         |       |         |       |                                  |       |
| <i>Revenue</i>                                  |                                |       |         |       |         |       |                                  |       |
| - Our Group . . . . .                           | 50,772                         |       | 59,091  |       | 86,774  |       | 23,251                           |       |
| - Changbaishan International Tourism* . . . . . | 192                            | 0.4%  | 263     | 0.4%  | 249     | 0.3%  | 236                              | 1%    |
| <i>Net Profit</i>                               |                                |       |         |       |         |       |                                  |       |
| - Our Group . . . . .                           | 19,775                         |       | 27,821  |       | 24,882  |       | 4,917                            |       |
| - Changbaishan International Tourism* . . . . . | (144)                          | N.M.  | (28)    | N.M.  | (976)   | N.M.  | (454)                            | N.M.  |
| <i>Total Asset</i>                              |                                |       |         |       |         |       |                                  |       |
| - Our Group . . . . .                           | 250,779                        |       | 335,112 |       | 431,044 |       | 503,991                          |       |
| - Changbaishan International Tourism* . . . . . | 6,899                          | 2.8%  | 11,343  | 3.4%  | 11,781  | 2.7%  | 11,611                           | 2%    |

**\*Note:** The financial information of Changbaishan International Tourism is unaudited and was derived from unaudited management accounts prepared by the management of Changbaishan International Tourism without taking into account any possible audit adjustments and prepared in accordance with PRC GAAP.

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## RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

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### *Reason for non-inclusion of Changbaishan International Tourism*

Changbaishan International Tourism is owned by Dalian Wanda Group and other joint venture partners, who are independent third parties, for the purpose of developing and operating a cultural and natural scenic tourism project in Songjianghe town, Baishan City, Jilin Province. The Company is of the view that (i) the business model of Changbaishan International Tourism, as the first development featuring tourism resources, is not yet well developed; (ii) the Company will focus on the Wanda Plaza product line and Wanda City product line to enhance the overall value of the Company's portfolio with an increasing proportion; and (iii) the business operations of Changbaishan International Tourism purely on the unique scenic attractions particular to the location, which is different to the Company's "complex" concept (for example, Wanda City complexes usually include an amusement arcade, and a live-show theatre which Changbaishan International Tourism does not have). Changbaishan International Tourism has a different customer base, being tourists that are principally interested in the unique scenic attractions particular to the location and skiers. Accordingly, the Company is of the view that there is no significant competition between Changbaishan International Tourism and the Company.

### *Conclusion*

Our Directors have decided not to include Changbaishan International Tourism as part of our Group for the reasons set out above, and the Company currently has no business operation and has no plan to operate in the Changbaishan area.

According to the Non-competition Undertaking, Dalian Wanda Group has granted to us an option to acquire the equity interest held by Dalian Wanda Group in Changbaishan International Tourism at a fair market value to be determined by a third-party appraiser to be jointly nominated by Dalian Wanda Group and us. The option is exercisable at any time during the term of the Non-competition Undertaking, subject to the pre-emptive right that other joint venture partners in Changbaishan International Tourism have under relevant RPC law. We do not expect to exercise such option until certain criteria have been satisfied. These criteria are that (i) the business reaches a degree of maturity measured by a level of consumer spending comparable with similar attractions in the same industry and (ii) the business achieving profitability. As soon as practicable after the relevant criteria are satisfied, a decision whether or not to acquire Changbaishan International Tourism by the Company will be considered by all the independent non-executive Directors and any Directors who do not have any material interest in such decision (such Directors including the Independent non-executive Directors, being referred to as "Independent Directors"). Each of the Controlling Shareholders has also undertaken not to dispose of any interest in Changbaishan International Tourism at any time during the term of the Non-competition Undertaking without first offering it to the Company, subject to the pre-emptive right that other joint venture partners in Changbaishan International Tourism have under relevant RPC law.

Our Independent Directors will review at least annually whether the option should be exercised after taking into account the relevant criteria set out above. The decision of whether or not to exercise the option and the appointment of third-party appraiser will be made by a majority vote of our Independent Directors.

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## RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

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### Excluded Business engaged by our Controlling Shareholder

As of the Latest Practicable Date, our Controlling Shareholders and their respective associates also collectively owned the 2014 Excluded Companies, whose principal business activities compete with, or are likely to compete with, our business, whether directly or indirectly (the “**Excluded Business**”):

For the reason set forth in the paragraph below headed “Reason for non-inclusion of the Excluded Business”, the Company entered into the following equity transfer agreements in respect of the disposal of the 2014 Excluded Companies:

- (i) On October 16, 2014, our Company entered into an equity transfer agreement pursuant to which our Company transferred the entire equity interests in Xishuangbanna International Resort Development Co., Ltd. (“**Xishuangbanna International Resort**”) held by us to Wanda Cultural for a cash consideration of RMB2,144 million. The consideration was determined with reference to the fair value of net asset appraised by an independent third-party valuer.
- (ii) On October 22, 2014, our Company entered into an equity transfer agreement pursuant to which our Company transferred the entire equity interests in Qingdao Wanda Yacht Industry Investment Co., Ltd. (“**Qingdao Wanda Yacht**”) held by us to Wanda Cultural for a cash consideration of RMB1,042 million. The consideration was determined with reference to the fair value of net asset appraised by an independent third-party valuer.
- (iii) On October 20, 2014, our Company entered into an equity transfer agreement pursuant to which our Company transferred the entire equity interests in Dalian Jinshi Cultural Tourism Investment Co., Ltd. (“**Dalian Jinshi**”) held by us to Wanda Cultural for a cash consideration of RMB949 million. The consideration was determined with reference to the fair value of net asset appraised by an independent third-party valuer.

The Directors are of view that the abovementioned equity transfer agreements entered into between our Company and Wanda Cultural in respect of the transfer of the entire equity interests held by us in the 2014 Excluded Companies are fair and reasonable, on normal commercial terms and are in our Company’s and our Shareholders’ interest.

The development costs, incurred as of September 30, 2014, of the 2014 Excluded Companies were as follows:

|   | <b>Development costs incurred<br/>as of September 30, 2014</b> |
|---|--|
|   | <b>(Unaudited)</b>   |
|   | <b>(RMB million)</b>   |
| Xishuangbanna International Tourism . . . . . | 5,514  |
| Qingdao Wanda Yacht . . . . .                 | 1,946  |
| Dalian Jinshi . . . . .                       | 2,351  |

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## RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

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### **General Information about the 2014 Excluded Companies**

#### *Business activities*

During the Track Record Period, the 2014 Excluded Companies were principally engaged in the following business activities:

- (i) *Xishuangbanna International Resort*: Xishuangbanna International Resort was 80% owned by the Company and its principal business activities are development and operation of Xishuangbanna International Resort, one of our Wanda City products, which is a multi-phase, master-planned, mixed-use complex in Xishuangbanna Dai Autonomous Prefecture in Yunnan Province, the PRC. In December 2012, we acquired a 30.77% equity interest in Xishuangbanna International Resort from Dalian Wanda Group for a cash consideration of RMB408 million. We further increased our equity interest in Xishuangbanna International Resort to 55% by injecting additional capital of RMB700 million into Xishuangbanna International Resort in the same month. In April 2013, we acquired an additional 5% equity interest in Xishuangbanna International Resort from an independent third party and increased our equity interest in Xishuangbanna International Resort to 60%. In January 2014, we acquired an additional 20% equity interest in Xishuangbanna International Resort from Dalian Wanda Group and further increased our equity interest in Xishuangbanna International Resort to 80%.
- (ii) *Qingdao Wanda Yacht*: Qingdao Wanda Yacht was wholly owned by the Company and its principal business activities are the development and operation of Qingdao Wanda Yacht Industry Park, one of our Wanda City products, which is a multi-phase, master-planned, mixed-use complex in Qingdao, Shandong Province, the PRC.
- (iii) *Dalian Jinshi*: Dalian Jinshi was 80% owned by the Company and its principal business activities are the development and operation of Dalian Jinshi International Resort in Dalian, Liaoning Province, the PRC.

#### *Management*

Except for one non-executive Director, Mr ZHANG Lin, who is also a director of Xishuangbanna International Resort, as of the Latest Practicable Date, none of our Directors hold any directorship or senior management roles with Xishuangbanna International Resort.

Except for one non-executive Director, Mr ZHANG Lin, who is also a director of Dalian Jinshi, as of the Latest Practicable Date, none of our Directors hold any directorship or senior management roles in Dalian Jinshi.

Two executive Directors, Mr DING Benxi and Mr QI Jie, who are also directors of Qingdao Wanda Yacht, as of the Latest Practicable Date, none of our Directors hold any directorship or senior management roles with Qingdao Wanda Yacht. In order to devote more time to the business of our Company, each of Mr DING Benxi and Mr QI Jie will cease to act as a director of Qingdao Wanda Yacht before the Listing Date.

## RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

Our Company also undertakes that proper arrangements will be implemented so that there will be no overlapping directors of our Company and the 2014 Excluded Companies, except for Mr ZHANG Lin, who will remain as a director of the 2014 Excluded Companies. However, Mr ZHANG Lin will only act in his capacity as a non-executive Director and will not be involved in the daily management of our Company.

### *Guarantee provided by the Company*

During the Track Record Period, our Company provided guarantees in favour of certain lenders in respect of loan facilities in the aggregate amount of RMB6,500 million provided to the 2014 Excluded Companies. Based on the reason set forth below in the paragraph headed “Reason for non-inclusion of the Excluded Business”, the Company has transferred the entire equity interest it held in the 2014 Excluded Companies to Wanda Cultural. Such guarantees provided by our Company to the 2014 Excluded Companies will be released upon Listing.

### **Comparison of financial information between our Group and the 2014 Excluded Companies**

|   | For the year ended December 31,      |              |               |              |               |              | For the six months ended |              |
|---|--------------------------------------|--------------|---------------|--------------|---------------|--------------|--------------------------|--------------|
|   | 2011                                 |              | 2012          |              | 2013          |              | June 30, 2014            |              |
|   | (RMB million except for percentages) |              |               |              |               |              |                          |              |
| <b>Revenue</b>                                |                                      |              |               |              |               |              |                          |              |
|   | <i>Amount</i>                        | <i>Ratio</i> | <i>Amount</i> | <i>Ratio</i> | <i>Amount</i> | <i>Ratio</i> | <i>Amount</i>            | <i>Ratio</i> |
| Our Group . . . . .                           | 50,772                               |              | 59,091        |              | 86,774        |              | 23,251                   |              |
| Xishuangbanna International Resort . . . . .  | —                                    | —            | —             | —            | —             | —            | 1,005                    | 4.3%         |
| Qingdao Wanda Yacht . . . . .                 | —                                    | —            | —             | —            | —             | —            | —                        | —            |
| Dalian Jinshi . . . . .                       | —                                    | —            | —             | —            | —             | —            | 27                       | 0.1%         |
| <b>Total</b> . . . . .                        | —                                    | —            | —             | —            | —             | —            | 1,032                    | 4.4%         |
| <b>Net Profit</b>                             |                                      |              |               |              |               |              |                          |              |
|   | <i>Amount</i>                        | <i>Ratio</i> | <i>Amount</i> | <i>Ratio</i> | <i>Amount</i> | <i>Ratio</i> | <i>Amount</i>            | <i>Ratio</i> |
| Our Group . . . . .                           | 19,775                               |              | 27,821        |              | 24,882        |              | 4,917                    |              |
| Xishuangbanna International Tourism . . . . . | —                                    | —            | —             | —            | 166           | 0.7%         | (237)                    | N.M.         |
| Qingdao Wanda Yacht . . . . .                 | —                                    | —            | —             | —            | (2)           | —            | 11                       | 0.2%         |
| Dalian Jinshi . . . . .                       | —                                    | —            | —             | —            | —             | —            | (11)                     | N.M.         |
| <b>Total</b> . . . . .                        | —                                    | —            | —             | —            | 164           | 0.7%         | (237)                    | N.M.         |
| <b>Total Asset</b>                            |                                      |              |               |              |               |              |                          |              |
|   | <i>Amount</i>                        | <i>Ratio</i> | <i>Amount</i> | <i>Ratio</i> | <i>Amount</i> | <i>Ratio</i> | <i>Amount</i>            | <i>Ratio</i> |
| Our Group . . . . .                           | 250,779                              |              | 335,112       |              | 431,044       |              | 503,991                  |              |
| Xishuangbanna International Tourism . . . . . | —                                    | —            | 2,816         | 0.8%         | 4,860         | 1.1%         | 5,428                    | 1.1%         |
| Qingdao Wanda Yacht . . . . .                 | —                                    | —            | —             | —            | 1,742         | 0.4%         | 2,193                    | 0.4%         |
| Dalian Jinshi . . . . .                       | —                                    | —            | —             | —            | —             | —            | 3,385                    | 0.7%         |
| <b>Total</b> . . . . .                        | —                                    | —            | 2,816         | 0.8%         | 6,602         | 1.5%         | 11,006                   | 2.2%         |

The amount of gain on the disposal of the Excluded Business in October 2014 was estimated to be approximately RMB521 million. Please refer to disclosure in the Accountants' Report in Appendix I for further details.



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## RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

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### ***Reason for non-inclusion of the Excluded Business***

According to the Notice on Further Improving Regulation of the Real Estate Market (Guo Ban Fa (2013) No.17) issued by the State Council and other relevant regulations, the Company's H-Share listing application on the Hong Kong Stock Exchange is subject to approval by the CSRC after consulting with all the other relevant PRC authorities. According to feedback received from relevant authorities, the Company decided, as a practical and expedient measure, to dispose of the 2014 Excluded Companies in accordance with the recommendation of the relevant authorities as development on certain specific parts or parcels of land of the 2014 Excluded Companies involve contingencies due to zoning adjustments and certain incomplete preliminary land development work.

The Company and its PRC legal advisor are of the view that the 2014 Excluded Companies have entered into valid land use right grant contracts and supplemental agreements respectively with the local authorities and the development progress of the 2014 Excluded Companies is in accordance with the land use right grant contracts and supplemental agreements entered into by the 2014 Excluded Companies, respectively.

### ***Conclusion***

Our Directors have decided not to include the Excluded Business in our Group due to the uncertainties caused by the issues set out above, which could adversely impact on the Company's performance.

According to the Non-competition Undertaking, each of the Controlling Shareholders has granted us an option to purchase any equity interest held by each of them (as applicable) in the 2014 Excluded Companies as described above. Such option is exercisable at any time during the term of the Non-competition Undertaking, subject to resolving the contingencies due to zoning adjustment and certain incomplete land development works. As soon as practicable after the issues giving rise to the exclusion of the Excluded Business are resolved, a decision whether or not to acquire part/or all of the 2014 Excluded Companies by the Company will be made by a majority of the Independent Directors.

Each of the Controlling Shareholders has also undertaken not to dispose of any interest in the 2014 Excluded Companies at any time during the term of the Non-competition Undertaking without first offering it to the Company, subject to the pre-emptive right that other existing shareholders have under relevant PRC law.

As advised by our PRC legal advisor, Tian Yuan Law Firm, and after consulting with the relevant government authorities, the Company expects that the issues giving rise to the exclusion of the Excluded Business, being the contingencies due to zoning adjustments and certain incomplete land development work, can be resolved in the foreseeable future. If the Company decides to acquire the Excluded Business after such issues are resolved, the Company will comply with all the then applicable laws and regulations for such acquisition. The transfer of equity interest in Dalian Jinshi and Xishuangbanna International Resort will also be subject to the consent of the other joint venture partners in Dalian Jinshi and Xishuangbanna International Resort who, under relevant PRC law, have a pre-emptive right to acquire the interest of any equity holder proposing to transfer such equity interest.

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## RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

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The value of the 2014 Excluded Companies will be determined according to valuation conducted by a third-party appraiser to be jointly nominated by Dalian Wanda Group and our Independent Directors in the event that the Company acquires the 2014 Excluded Companies.

### **Non-Competition Undertaking**

Each of the Controlling Shareholders signed a non-competition undertaking on December 4, 2014, in favour of our Company (the “**Non-competition Undertaking**”). Pursuant to the Non-competition Undertaking, each of the Controlling Shareholders has irrevocably undertaken that it will not and will procure that its associates (except our Company) will not, directly or indirectly, whether as principal or agent, either on its own account or in conjunction with or on behalf of any person, firm or company, whether inside or outside the PRC, among other things, carry on, engage, participate or hold any right or interest in or render any services to or otherwise be involved in any business which is in competition with the business of our Company from time to time (the “**Restricted Business**”).

Each of the Controlling Shareholders has also undertaken to our Company that, if there is any new business opportunity in the Restricted Business, it shall within a reasonable period of time refer such new business opportunities to our Company on a pre-emptive basis. Each of the Controlling Shareholders shall not invest, participate, be engaged in and/or operate in such business opportunities unless our Company has declined in writing or failed to respond within thirty (30) days after being notified of such opportunities and the decision of whether or not to take up the new business opportunity in Restricted Business will be made by the Independent Directors by majority vote. The Company will disclose in the interim and annual report such Independent Directors’ decision, with the basis, regarding any new business opportunity or proposal to acquire the Changbaishan International Tourism and/or any part of the Excluded Business.

In addition, each of the Controlling Shareholders has also undertaken to our Company that at any time during the effective period of the Non-competition Undertaking, each of the Controlling Shareholders shall not dispose of any interest it holds in the Restricted Business without first offering to us the right to acquire such business or interest, subject to the pre-emptive rights under relevant law of any other existing shareholders. Each of the Controlling Shareholders has also undertaken not to dispose of any interest in the Excluded Business and Changbaishan International Tourism at any time during the term of the Non-competition Undertaking without first offering it to the Company, subject to the pre-emptive right of other existing shareholders under PRC law.

In relation to Changbaishan International Tourism and the Excluded Business, each of the Controlling Shareholders has also granted us an option to purchase the equity interest held by each of them (as applicable) in Changbaishan International Tourism and the Excluded Business as described above. Such option is exercisable at any time during the term of the Non-competition Undertaking, subject to satisfaction of the criteria set out above in the paragraph headed “Changbaishan International Tourism — Conclusion”, in the case of Changbaishan International Tourism and, subject to resolution of the contingencies due to zoning adjustment and certain incomplete land development works, in the case of the Excluded Business. As soon as practicable after the satisfaction of the criteria set out above

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## RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

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in the paragraph headed “Changbaishan International Tourism - Conclusion”, and the resolving of the issues giving rise to the exclusion of the Excluded Business, a decision whether or not to acquire the Changbaishan International Tourism and/or the Excluded Business, as the case may be, by the Company will be made by a majority of the Independent Directors.

Each of the Controlling Shareholders shall procure its associates (other than any listed subsidiary) to comply with the option granted to us.

The above undertaking does not apply where:

- the Controlling Shareholder holds, directly or indirectly, any equity interests in any companies listed on an accepted stock exchange other than our Company, and such companies are not engaged in the Restricted Business;
- the Controlling Shareholder holds any equity interests in any company other than our Company, and the conditions below must also be satisfied
  - according to the latest audited accounts of the relevant company, the Restricted Business in which the company is engaged (and its related assets) accounts for less than 10% of the consolidated sales or consolidated assets of such company; or
  - the total number of shares held by the Controlling Shareholder and/or its related parties account for no more than 10% of the shares of the same class issued by the relevant company, and the Controlling Shareholder and/or its related parties have no right to appoint most of the directors of the company.

Pursuant to the Non-competition Undertaking, the above restrictions would only cease to have effect upon the earlier of: (i) the H Shares of our Company ceasing to be listed on the Stock Exchange; and (ii) so far as a Controlling Shareholder is concerned, it ceases to be a Controlling Shareholder of our Company.

Other than Changbaishan International Tourism and the Excluded Business, the Controlling Shareholders will not engage in any business which competes with those of the Company.

### Corporate Governance Measures

To further protect the interests of our minority Shareholders, we will adopt below corporate governance measures to manage any potential conflicts of interest:

- our independent non-executive Directors will review, on an annual basis, the compliance with the Non-competition Undertaking by the Controlling Shareholders;
- the Controlling Shareholders undertake to provide all information requested by our Company which is necessary for the annual review by the independent non-executive Directors and the enforcement of the Non-competition Undertaking; unless invited by a majority of the Independent Directors. Executive Directors and non-executive Directors who are not Independent Directors and senior management shall exclude themselves from any meeting convened to consider any issues arising

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## RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

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under the Non-competition Undertaking. Our independent non-executive Directors may engage professional advisors at our Company's cost for advice on matters relating to the Non-competition Undertaking;

- we will disclose in the "Corporate Governance Report" section of our subsequent interim and annual reports how the Non-competition Undertaking has been complied with as well as any decision and the basis of such decision to acquire any new business opportunity relating to Restricted Business, any decision to acquire Changbaishan International Tourism or any of the Excluded Business as well as the appointment of a third-party appraiser in relation to the valuation for such acquisitions;
- we will disclose decisions on matters reviewed by our independent non-executive Directors relating to the compliance with the Non-competition Undertaking by the Controlling Shareholders in our subsequent annual reports; and
- we will disclose the annual statement on compliance with the Non-competition Undertaking made by the Controlling Shareholders in our subsequent annual reports.

Further, any transaction that is proposed between our Company and the Controlling Shareholders and their respective associates will be required to comply with the requirements of the Listing Rules, including, where appropriate, the reporting, annual review, announcement and independent Shareholders' approval requirements.

### INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

#### Operational Independence

Our Company makes business decisions independently of the Controlling Shareholders. We have established our own organizational structure with independent departments, each with specific areas of responsibility. We maintain a set of comprehensive internal control procedures to facilitate the effective operations of our business. Our operational functions are run independently of the Controlling Shareholders and their respective associates.

We have independent access to customers and suppliers and are not dependent on the Controlling Shareholders and their respective associates with respect to supplies for our business operations. We have our own employee headcount for our operations and our own management of human resources, cash and accounting, invoicing and billing.

We have obtained all the licenses, approvals and permits from appropriate regulatory authorities that are material for our business operations.

Whilst we will operate independently from Dalian Wanda Group, there will be certain transactions between our Company and Controlling Shareholders and their respective associates, which will continue following the completion of the Global Offering. For details of such transactions, please see "Connected Transactions".

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## RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

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Our Company has entered and will enter into certain Continuing Connected Transactions with the Controlling Shareholders and their respective associates, pursuant to which, we may provide certain services or commodities to the Controlling Shareholders and their respective associates, and vice versa. We provide services or commodities to the Controlling Shareholders on a non-exclusive basis which can be provided to independent third parties, except for the training services provided by Wanda Academy to our Controlling Shareholders and their respective associates which are not available to independent third parties. The commodities and services that our Company procured from the Controlling Shareholders are also made on a non-exclusive basis, and we can readily obtain such commodities and services from independent third parties.

Our Company has entered and will enter into framework agreements for the lease and management services of properties owned by our Company to the Controlling Shareholders and their respective associates including for their office use, cinema operation, retail and department store operation, karaoke entertainment and catering business, and children's entertainment business, details of which are set out in the section headed "Connected Transactions". These property lease and management agreements are on normal commercial terms after arm's-length negotiations in the ordinary course of our business. Our Directors believe that if the Controlling Shareholders terminate such agreements, we would be able to enter into leasing and management agreements in respect of the same properties with independent third parties without substantial undue delay or inconvenience.

We will enter into framework agreements with the Controlling Shareholders in respect of consultancy services, publicity and advertising services to be provided by the relevant associates of the Controlling Shareholders to our Company. These framework agreements in respect of such services to be provided to our Company are on normal commercial terms after arm's-length negotiations. We could readily find alternative providers of such services. Pursuant to the relevant framework agreements, we are able to, at our own discretion, seek the relevant services from, or enter into transactions with, other independent third parties if we are offered similar or more favourable terms and conditions for these services and/or transactions.

Despite the Continuing Connected Transactions, we will be able to function and operate independently from the Controlling Shareholders and their respective associates as we will not place undue reliance on the Controlling Shareholders and their respective associates in respect of such Continuing Connected Transactions after the Listing.

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## RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

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### Management Independence

We are able to carry on our business independently from the Controlling Shareholders from a management perspective. Our Board comprises three executive Directors, three non-executive Directors and three independent non-executive Directors. As of the Latest Practicable Date, save as disclosed below, none of our executive Directors and senior management team hold any directorship or senior management roles with the Controlling Shareholders. Set out below is a table summarizing the positions held by the Directors at our Company and the Controlling Shareholders.

| Name of Directors/<br>senior management | Position with our Company                       | Director or senior management<br>position with the Controlling<br>Shareholders as of the Latest<br>Practicable Date |
|---|---|---|
| Mr. DING Benxi . . . . .                | Executive Director and Chairman of<br>the Board | Director and president of Dalian<br>Wanda Group   |
| Mr. QI Jie . . . . .                    | Executive Director and president                | Director of Dalian Wanda Group  |
| Mr. ZHANG Lin . . . . .                 | Non-executive Director                          | Director of Dalian Wanda Group  |
| Mr. WANG Guiya . . . . .                | Non-executive Director                          | Director and senior vice president of<br>Dalian Wanda Group   |
| Mr. YIN Hai . . . . .                   | Non-executive Director                          | Director and vice president of Dalian<br>Wanda Group  |

As set out above, two of our executive Directors and three of our non-executive Directors hold certain positions within the Controlling Shareholders. However, our Directors are of the view that there are sufficient and effective control mechanisms to ensure that our Directors discharge their duties appropriately and safeguard the interests of our Shareholders as a whole on the following grounds:

- our non-executive Directors are not involved in the daily management and operation of our Company. The daily management and operation of our Company is managed by our senior management and overseen by our executive Directors. Save as disclosed above, none of our executive Directors and senior management holds any directorship or senior management position in the Controlling Shareholders, and they are our full-time employees;
- each of our Directors is aware of his fiduciary duties as a Director which require, among other things, that he acts for the benefit and in the best interests of our Company and does not allow any conflict between his duties as a Director and his personal interest. The decision-making mechanism of the Board set out in the Articles of Association includes provisions to avoid conflicts of interest. In the event that there is a potential conflict of interest between our Company and our Directors or their respective associates, arising out of any transaction to be entered into, the interested Director(s) shall abstain from voting at the relevant board meetings of our Company in respect of such transaction and shall not be counted in the quorum. Further, when considering Connected Transactions, our independent non-executive Directors will review the relevant transactions; and

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## RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

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- none of our three independent non-executive Directors has any relationship with the Controlling Shareholders and their respective associates.

Therefore, there are sufficient non-overlapping Directors who are independent and have relevant experience to allow the proper functioning of the Board.

Having considered the above factors, our Directors are satisfied that they are able to perform their roles in our Company independently and are of the view that we are capable of managing our business independently from the Controlling Shareholders after the Global Offering.

### Financial Independence

Immediately following the Listing, our Company expects to retain (i) certain loans provided by the Controlling Shareholders and their respective associates totalling approximately RMB5,000 million; (ii) certain loans which are secured by guarantees provided to us by the Controlling Shareholders totalling approximately RMB28,262 million (the “**Guaranteed Loans**”); and (iii) other amounts due to the Controlling Shareholders and their respective associates of a non-trade nature totalling approximately RMB530 million. Our Directors are of the view that our Company is financially independent from the Controlling Shareholders and the amount of the above mentioned loans will not affect our financial independence based on the following reasons:

- **Independent financial operation:** our Company has established a finance department which operates entirely independently of the Controlling Shareholders with a team of independent financial staff. In addition, our Company has established a sound and independent financial system and makes financial decisions according to our Company’s business needs, which are independent of its Controlling Shareholders;
- **Robust financial position:** our Company is in a strong financial position. For the year ended December 31, 2013 and the six months ended June 30, 2014, the net profit of our Company was approximately RMB24,882 million and RMB4,917 million, respectively, and 47% and 80% of the Company’s net profit for the year ended December 31, 2013 and the six months ended June 30, 2014, respectively, were generated from an increase in fair value of investment properties (net of deferred tax). As of December 31, 2013 and June 30, 2014, total cash and cash equivalents of our Company amounted to approximately RMB69,525 million and RMB74,761 million, respectively, and net assets were approximately RMB113,872 million and approximately RMB112,620 million, respectively;
- **Ability to secure financing independently:** our Company is able to secure financing based on its stand-alone credit. The Controlling Shareholders’ guarantees arose in the context of common industry practice and the practice of a private company group in the PRC. Our Directors believe that key financial institutions in China, where the operations of our Company are mainly carried out, recognize the stand-alone credit of our Company and are willing to grant credit lines without



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## RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

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financial assistance from the Controlling Shareholders. As of October 31, 2014, our Company has independently obtained additional unutilized lines of credit from banks in the aggregate amount of RMB63,823 million. The above unutilized banking facilities are not restricted to use in specific property development projects. Accordingly, such facilities may be used by the Company to fund its working capital requirements as well as other business needs. Immediately following the Listing, the principal amount of Guaranteed Loans and loans provided by the Controlling Shareholders and their respective associates would represent less than 20% of our Company's total borrowings as of October 31, 2014, and the principal amount of loans other than Guaranteed Loans and loans provided by the Controlling Shareholders and their respective associates would represent more than 80% of our Company's total borrowings as of October 31, 2014;

- **Standalone credit rating and ability to issue bonds:** as of the Latest Practicable Date, our Company has a BBB+ credit rating by Standard & Poor's Financial Services LLC, a BBB+ credit rating by Fitch Ratings, Inc. and a Baa2 credit rating by Moody's Investors Service, Inc. and has been able to borrow money from international financial markets. This is demonstrated by the issuance of US\$ bonds by our offshore subsidiaries in November 2013 in a principal amount of US\$600 million as well as in January 2014 in a principal amount of US\$600 million without any financial assistance from the Controlling Shareholders.

Save as disclosed above, upon the Listing, we shall settle all amounts due to the Controlling Shareholders and their respective associates of a non-trade nature and there are no other loans which are secured by guarantees provided to us by the Controlling Shareholders or loans provided by the Controlling Shareholders and their respective associates.

Notwithstanding the Guaranteed Loans, loans provided by the Controlling Shareholders and their respective associates and the non-trade payables due to the Controlling Shareholders, our Directors believe that, by the time of the Listing, our Company will be able to maintain financial independence from its Controlling Shareholders and their respective associates.

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## CONNECTED TRANSACTIONS

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We have entered, and will enter, into certain agreements with entities that will constitute our Connected Persons and such agreements will constitute our Continuing Connected Transactions under Chapter 14A of the Listing Rules following our Listing on the Stock Exchange.

### RELEVANT CONNECTED PERSONS

The following persons/entities, among others, will be regarded as our Connected Persons under the Listing Rules who conduct or will conduct Connected Transactions with us upon the Listing:

#### ***Our Controlling Shareholders***

Upon completion of the Global Offering, our Company will be directly owned by Dalian Wanda Group as to 44.23% (assuming that the Over-allotment Option is not exercised), or 43.35% (assuming that the Over-allotment Option is exercised in full). Mr. WANG Jianlin and his spouse will directly and beneficially, and indirectly through Dalian Hexing, own 54.31% of our Company (assuming that the Over-allotment Option is not exercised), or 53.24% (assuming that the Over-allotment Option is exercised in full). As at the Latest Practicable Date, Dalian Hexing is directly owned as to 98% by Mr. WANG Jianlin, Dalian Wanda Group is directly owned as to 99.76% by Dalian Hexing and Mr. WANG Jianlin directly owns a 0.24% interest in Dalian Wanda Group. Therefore, Mr. WANG Jianlin, Dalian Hexing and Dalian Wanda Group will be our Controlling Shareholders upon the Listing. Under Rules 14A.07(1) and 14A.07(4) of the Listing Rules, Mr. WANG Jianlin, Dalian Hexing, Dalian Wanda Group and their respective associates constitute our Connected Persons under the Listing Rules.

#### ***Wanda Cultural Group***

Wanda Cultural is 100% directly owned by Dalian Wanda Group. Therefore, Wanda Cultural and its subsidiaries (including but not limited to those listed below) (“Wanda Cultural Group”) constitute our Connected Persons under the Listing Rules.

#### ***Wanda Cinema***

Wanda Cinema is an indirect subsidiary of Dalian Wanda Group under the Wanda Cultural Group. Therefore, Wanda Cinema and its subsidiaries (“Wanda Cinemas Group”) constitute our Connected Persons under the Listing Rules. As of the Latest Practicable Date, Wanda Cinema has passed the examination by the Issuance Examination Committee of CSRC in respect of its proposed A-share Listing on Shenzhen Stock Exchange.

#### ***Beijing Dagexing***

Beijing Dagexing is an indirect subsidiary of Dalian Wanda Group under the Wanda Cultural Group. Therefore, Beijing Dagexing Group constitutes our Connected Persons under the Listing Rules.

## CONNECTED TRANSACTIONS

### ***Huaxia Times***

Beijing Huaxia Times Media and Advertising Co., Ltd. (北京華夏時報傳媒廣告有限公司) (“Huaxia Times”) is an indirect subsidiary of Dalian Wanda Group under Wanda Cultural Group. Therefore, Huaxia Times constitutes our Connected Person under the Listing Rules.

### ***Wanda Department Store***

Wanda Department Store is 100% indirectly owned by Mr. WANG Jianlin. Therefore, Wanda Department Store and its subsidiaries (“Wanda Department Store Group”) constitute our Connected Persons under the Listing Rules.

### ***Wanda Kidsland***

Wanda Kidsland Co. Limited (萬達兒童娛樂有限公司) (“Wanda Kidsland”) is 100% indirectly owned by Mr. WANG Jianlin. Therefore, Wanda Kidsland and its subsidiaries (“Wanda Kidsland Group”) constitute our Connected Persons under the Listing Rules.

## CONTINUING CONNECTED TRANSACTIONS

The following is a summary table of our Continuing Connected Transactions:

| Transaction  | Applicable Listing Rules | Waiver sought | Proposed annual cap for the year ending December 31, |      |      |
|--|--------------------------|---------------|--|------|------|
|  |                          |               | (RMB million)  |      |      |
|  |                          |               | 2014   | 2015 | 2016 |
| <b><i>Exempt Continuing Connected Transactions</i></b>         |                          |               |  |      |      |
| 1. Procurement of consumer goods and services                  | 14A.97                   | Exempted      | N/A  | N/A  | N/A  |
| 2. Provision of consumer goods and services                    | 14A.97                   | Exempted      | N/A  | N/A  | N/A  |
| 3. Publicity and advertising services provided by Huaxia Times | 14A.76(1)                | Exempted      | N/A  | N/A  | N/A  |
| 4. Provision of training and other services                    | 14A.76(1)                | Exempted      | N/A  | N/A  | N/A  |
| 5. Licensing of intellectual property rights                   | 14A.76(1)                | Exempted      | N/A  | N/A  | N/A  |
| 6. Guaranteed Loans and shareholder loans                      | 14A.90                   | Exempted      | N/A  | N/A  | N/A  |

## CONNECTED TRANSACTIONS

| Transactions  |  | Applicable Listing Rules | Waiver Sought            | Proposed annual cap for the year ending December 31 |                 |                 |
|---|--|--------------------------|--------------------------|---|-----------------|-----------------|
|   |  |                          |                          | 2014  | 2015            | 2016            |
| (RMB million)   |  |                          |                          |   |                 |                 |
| <b>Continuing Connected Transactions that are subject to waiver application</b> |  |                          |                          |   |                 |                 |
| 1.  | Provision of leasing and management services for headquarters to                       | 14A.35<br>14A.76(2)      |                          |   |                 |                 |
|   | Dalian Wanda Group, Wanda Cinemas Group and Wanda Department Store Group               |                          | announcement requirement | 32.90   | 32.90           | 32.90           |
|   | Headquarter lease  |                          |                          |   |                 |                 |
|   | Headquarter management services  |                          |                          | 2.70  | 2.70            | 2.70            |
|   | <b>Sub-total</b>   |                          |                          | <b>35.60</b>  | <b>35.60</b>    | <b>35.60</b>    |
|   | Provision of leasing and management services for commercial property                   |                          |                          |   |                 |                 |
|   | Commercial property lease  |                          | announcement requirement | 135.00  | 175.00          | 232.00          |
|   | Beijing Dagexing   |                          |                          |   |                 |                 |
|   | Wanda Cinemas Group  |                          |                          | 350.00  | 500.00          | 710.00          |
|   | Wanda Department Store Group   |                          |                          | 1,250.00  | 1,600.00        | 1,800.00        |
|   | Wanda Kidsland Group   |                          |                          | 3.00  | 15.80           | 29.60           |
|   | <b>Sub-total</b>   |                          |                          | <b>1,738.00</b>                                     | <b>2,290.80</b> | <b>2,771.60</b> |
|   | Commercial property management services  |                          | announcement requirement | 55.00   | 71.00           | 93.50           |
|   | Beijing Dagexing   |                          |                          |   |                 |                 |
|   | Wanda Cinemas Group  |                          |                          | 145.10  | 190.00          | 265.00          |
|   | Wanda Department Store Group   |                          |                          | 168.00  | 220.00          | 270.00          |
|   | Wanda Kidsland Group   |                          |                          | 0.30  | 1.60            | 3.30            |
|   | <b>Sub-total</b>   |                          |                          | <b>368.30</b>                                       | <b>482.60</b>   | <b>631.80</b>   |
|   | <b>Total</b>   |                          |                          | <b>2,142.00</b>                                     | <b>2,809.00</b> | <b>3,439.00</b> |
| 2.  | Design consultancy and operation consultancy services provided by Wanda Cultural Group | 14A.35,<br>14A.76(2)     | announcement requirement | 600   | 700             | 700             |

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## CONNECTED TRANSACTIONS

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### EXEMPT CONTINUING CONNECTED TRANSACTIONS

#### **(A) Buying or selling of consumer goods and services**

The following transactions concern goods or services of a type ordinarily supplied for private use or consumption for the purpose of Chapter 14A of the Listing Rules. Under Rule 14A.97 of the Listing Rules, such transactions are exempted from the reporting, annual review, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

##### ***(1) Procurement of consumer goods and services***

We have been procuring consumer goods and services from Wanda Cultural Group (including Wanda Cinemas Group, Beijing Dagexing Group and Huaxia Times) and Wanda Department Store Group, such as the purchase of magazines and newspapers, procurement of karaoke entertainment services and group purchases of film tickets, for our Company and members of our staff from time to time. It is expected that the procurement of consumer goods and services by us from such Connected Persons will continue after the Listing.

Our procurement of such consumer goods and services was (i) made on equivalent terms as those available to independent third-party consumers procuring such consumer goods and/or services from such Connected Persons in the open market and (ii) for our Company and the own use and consumption of members of our staff and was not for resale. For the three years ended December 31, 2013 and the six months ended June 30, 2014, the purchase price and service fees paid by us in connection with the procurement of consumer goods and services to such Connected Persons amounted to approximately RMB 73.40 million, RMB 38.70 million, RMB 87.56 million and RMB 40.62 million, respectively.

##### ***(2) Provision of consumer goods and services***

We have been providing consumer goods and services to our Connected Persons, including the directors, supervisors and chief executives of our Company and our subsidiaries and their respective associates as defined under the Listing Rules, such as hotel accommodation, catering services and the provision of car parking space rental services at our premises from time to time. It is expected that the provision of such consumer goods and services by us to such Connected Persons (in their capacity as individual customers) will continue after the Listing.

The provision of such consumer goods and services by us to such Connected Persons and their respective associates was made on equivalent terms as those we offered to independent third-party consumers in the open market.

#### **(B) De minimis transactions**

The following transactions are made in the ordinary and usual course of business and on normal commercial terms where each of the relevant percentage ratios (other than the profits ratio) calculated for the purpose of Chapter 14A of the Listing Rules will, as our Directors currently expect, not exceed 0.1% on an annual basis. Under Rule 14A.76(1) of the Listing Rules, such transactions are exempted from the reporting, annual review, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

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## CONNECTED TRANSACTIONS

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### **(1) *Huaxia Times Publicity and Advertising Services***

We will enter into a publicity and advertising services framework agreement with Huaxia Times on or before Listing (the “Publicity and Advertising Services Framework Agreement”) to set out the terms of the publicity and advertising services to be provided by Huaxia Times to us. The types of services provided by Huaxia Times to us mainly include publishing advertisements in newspapers and magazines issued by Huaxia Times, arranging publicity events and shows such as cultural performances and celebrity appearances to promote our brand and premises.

The Publicity and Advertising Services Framework Agreement is for a term of 3 years commencing upon the Listing. Pursuant to that agreement, Huaxia Times shall provide price quotations for its services to be rendered to us based on equivalent pricing principles offered by Huaxia Times to independent third parties having regard to (i) the size, position and duration of advertising services to be rendered and (ii) the scale and nature, estimated number of participants, time, location and duration of services in relation to organizing publicity events. The relevant subsidiaries of our Company will enter into separate underlying service agreements with Huaxia Times for individual projects after arm’s-length negotiation, respectively, which will set out the specific terms and conditions according to the principles provided in the Publicity and Advertising Services Framework Agreement.

For the three years ended December 31, 2013 and the six months ended June 30, 2014, the service fees paid by us to Huaxia Times in connection with the provision of publicity and advertising services amounted to approximately RMB7.55 million, RMB13.66 million, RMB 40.75 million and RMB12.88 million, respectively.

### **(2) *Provision of training and other services***

We have been providing other services to members of Wanda Cultural Group, including Wanda Cinemas Group, Beijing Dagexing Group and Huaxia Times, and Wanda Department Store Group including rental service of LED screen advertising spaces and provision of temporary site use and activities space at our premises from time to time. We have also been providing staff training services through Wanda Academy to our Controlling Shareholders and their respective associates. Save for the provision of staff training services through Wanda Academy which services were provided on a cost-recovery basis, the provision of such other services by us to such Connected Persons was made on equivalent terms as those available to independent third parties from us in the open market. For the three years ended December 31, 2013 and the six months ended June 30, 2014, the service fees received by us in connection with the provision of training and other services to such Connected Persons amounted to approximately nil, RMB10.79 million, RMB43.87 million and RMB3.08 million, respectively.

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## CONNECTED TRANSACTIONS

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### ***(3) Licensing of Intellectual Property Rights***

Our Company entered into a trademark transfer agreement and a trademark licence agreement with Dalian Wanda Group on December 12, 2009 to transfer certain real estate business-related trademarks owned by Dalian Wanda Group to our Company without consideration and agreed that our Company should grant a licence to Dalian Wanda Group and its wholly- or majority-controlled subsidiaries to continue to use such trademarks after completion of the trademark transfers within the territory of China (including Hong Kong) and within the scope of their respective business licence, provided that it would not constitute competition with our Company.

We will enter into an intellectual property rights licensing framework agreement (the “IP Licence Framework Agreement”) with Dalian Wanda Group on or before Listing, pursuant to which Dalian Wanda Group will agree to irrevocably grant to us the right to use certain intellectual property rights owned by Dalian Wanda Group at nil consideration (such intellectual property rights include certain trademarks, patents and copyrights owned by Dalian Wanda Group, which are used by us in our business operation). On the other hand, pursuant to the IP Licence Framework Agreement, we will agree to grant to Dalian Wanda Group the right to use certain intellectual property rights owned by us at nil consideration, which are to be used by Dalian Wanda Group in its business operation, provided that it would not constitute competition with us. For more information about our intellectual property rights, please refer to “Appendix IX — Statutory and General Information — Intellectual Property Rights” to this prospectus. Pursuant to the IP Licence Framework Agreement, both parties may, based on actual needs, further enter into separate intellectual property rights licence agreement(s) on normal commercial terms. Unless with the prior written consent of the other party, neither party may transfer its rights under the IP Licence Framework Agreement. The IP License Framework Agreement is for a term of 3 years commencing upon Listing and may be renewed by mutual agreement of both parties, subject to compliance with applicable Listing Rules requirements. The IP License Framework Agreement includes irrevocable provisions on the part of Dalian Wanda Group and therefore, Dalian Wanda Group cannot terminate intellectual property rights licences granted in our favor without our consent.

### ***(C) Guaranteed Loans and Shareholder Loan***

Our Controlling Shareholders have provided certain shareholder loans provided by the Controlling Shareholders and their respective associates and guarantees to secure certain of our loans. As some of the Guaranteed Loans and shareholder loans will remain after Listing, certain guarantee arrangements provided by our Controlling Shareholders in respect of such outstanding Guaranteed Loans and certain shareholder loans provided by the Controlling Shareholders and their respective associates are expected to continue after Listing and would therefore constitute our Continuing Connected Transactions upon Listing.

See “Relationship with Controlling Shareholders — Independence from our Controlling Shareholders — Financial Independence” for details of the Guaranteed Loans.



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## CONNECTED TRANSACTIONS

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The Directors are of the view that the provision of guarantees by our Controlling Shareholders in respect of the Guaranteed Loans and the shareholder loans provided by the Controlling Shareholders and their respective associates, being a form of financial assistance (as defined under the Listing Rules), for our benefit, is fair and reasonable, on normal commercial terms and is in our Company's and our Shareholders' interest. No security over our assets has been granted to our Controlling Shareholders in respect of the provision of the guarantees for the Guaranteed Loans or to the Controlling Shareholders and their respective associates in respect of the shareholder loans.

Accordingly, the guarantees provided by our Controlling Shareholders in respect of the Guaranteed Loans and the shareholder loans provided by the Controlling Shareholders and their respective associates are exempt from compliance with the reporting, announcement and independent Shareholders' approval requirement pursuant to Rule 14A.90 of the Listing Rules.

### NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

#### **Continuing Connected Transactions which are subject to the reporting, annual review and announcement requirements but exempt from the independent Shareholders' approval requirement**

The following transactions are made in the ordinary and usual course of business and on normal commercial terms where, as our Directors currently expect, the highest applicable percentage ratio calculated for the purpose of Chapter 14A of the Listing Rules will be more than 0.1%, but less than 5% on an annual basis. Under Rule 14A.76(2) of the Listing Rules, the following transactions will be subject to the reporting, announcement and annual review requirements under Chapter 14A of the Listing Rules, but will be exempted from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

#### ***(1) Provision of Leasing and Property Management Services for Headquarters and Commercial Property to Dalian Wanda Group, Wanda Cinemas Group, Wanda Department Store Group and Wanda Kidsland Group***

The transactions under the Wanda Group Framework Agreement, Wanda Cinemas Framework Agreement, Wanda Cinemas Headquarter Lease Agreement, Wanda Department Stores Framework Agreement and Wanda Kidsland Framework Agreement are aggregated pursuant to Rule 14A.81 of the Listing Rules. The transactions under the Wanda Group Framework Agreement, Wanda Cinemas Framework Agreement, Wanda Cinemas Headquarter Lease Agreement, Wanda Department Stores Framework Agreement and Wanda Kidsland Framework Agreement (collectively, the "Leasing and Property Management Agreements") are

## CONNECTED TRANSACTIONS

aggregated pursuant to Rule 14A.81 of the Listing Rules. The historical figures and proposed annual caps are summarized below. Details of each agreement are elaborated in the following sections of this prospectus.

| Transactions  |   | Historical figures                |                 |                 |                                       |   |                 |                 |
|---|---|-----------------------------------|-----------------|-----------------|---------------------------------------|---|-----------------|-----------------|
|   |   | For the year ended<br>December 31 |                 |                 | For six<br>months<br>ended<br>June 30 | Proposed annual cap<br>for the year ending<br>December 31 |                 |                 |
|   |   | 2011                              | 2012            | 2013            | 2014                                  | 2014  | 2015            | 2016            |
| (RMB million)                                       |   |                                   |                 |                 |                                       |   |                 |                 |
| Leasing and<br>Property<br>Management<br>Agreements |   |                                   |                 |                 |                                       |   |                 |                 |
| Headquarter<br>leases                               | Dalian Wanda Group<br>(incl. Beijing<br>Dagexing Group) | 0.50                              | 5.86            | 12.84           | 8.81                                  | 18.90   | 18.90           | 18.90           |
|   | Wanda Cinemas<br>Group                                  | 0.95                              | 5.03            | 6.71            | 3.35                                  | 7.00  | 7.00            | 7.00            |
|   | Wanda Department<br>Store Group                         | 0.64                              | 5.03            | 6.00            | 3.35                                  | 7.00  | 7.00            | 7.00            |
|   | <b>Subtotal</b>   | <b>2.09</b>                       | <b>15.92</b>    | <b>25.55</b>    | <b>15.51</b>                          | <b>32.90</b>  | <b>32.90</b>    | <b>32.90</b>    |
| Headquarter<br>management<br>services               | Dalian Wanda Group<br>(incl. Beijing<br>Dagexing Group) | 0.07                              | 0.33            | 1.33            | 0.99                                  | 1.40  | 1.40            | 1.40            |
|   | Wanda Cinemas<br>Group                                  | 0.13                              | 0.63            | 0.63            | 0.31                                  | 0.65  | 0.65            | 0.65            |
|   | Wanda Department<br>Store Group                         | 0.09                              | 0.63            | 0.63            | 0.31                                  | 0.65  | 0.65            | 0.65            |
|   | <b>Subtotal</b>   | <b>0.29</b>                       | <b>1.58</b>     | <b>2.58</b>     | <b>1.61</b>                           | <b>2.70</b>   | <b>2.70</b>     | <b>2.70</b>     |
| Commercial<br>property leases                       | Dalian Wanda Group<br>(incl. Beijing<br>Dagexing Group) | 61.74                             | 77.73           | 105.01          | 62.71                                 | 135.00  | 175.00          | 232.00          |
|   | Wanda Cinemas<br>Group                                  | 93.20                             | 153.10          | 215.47          | 139.15                                | 350.00  | 500.00          | 710.00          |
|   | Wanda Department<br>Store Group                         | 348.69                            | 580.10          | 909.06          | 571.66                                | 1,250.00  | 1,600.00        | 1,800.00        |
|   | Wanda Kidsland<br>Group                                 | —                                 | —               | —               | —                                     | 3.00  | 15.80           | 29.60           |
|   | <b>Subtotal</b>   | <b>503.63</b>                     | <b>810.92</b>   | <b>1,229.55</b> | <b>773.52</b>                         | <b>1,738.00</b>   | <b>2,290.80</b> | <b>2,771.60</b> |
| Comercial<br>property<br>management<br>services     | Dalian Wanda Group<br>(incl. Beijing<br>Dagexing Group) | 22.68                             | 32.22           | 43.32           | 25.08                                 | 55.00   | 71.00           | 93.50           |
|   | Wanda Cinemas<br>Group                                  | 52.62                             | 68.25           | 91.63           | 53.69                                 | 145.10  | 190.00          | 265.00          |
|   | Wanda Department<br>Store Group                         | 57.29                             | 89.00           | 129.75          | 75.27                                 | 168.00  | 220.00          | 270.00          |
|   | Wanda Kidsland<br>Group                                 | —                                 | —               | —               | —                                     | 0.30  | 1.60            | 3.30            |
|   | <b>Subtotal</b>   | <b>132.59</b>                     | <b>189.46</b>   | <b>264.70</b>   | <b>154.04</b>                         | <b>368.40</b>   | <b>482.60</b>   | <b>631.80</b>   |
| <b>Total</b>  |   | <b>638.60</b>                     | <b>1,017.89</b> | <b>1,522.38</b> | <b>944.68</b>                         | <b>2,142.00</b>   | <b>2,809.00</b> | <b>3,439.00</b> |

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## CONNECTED TRANSACTIONS

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**(a) Provision of Leasing and Property Management Services for Headquarters and Commercial Property to Dalian Wanda Group**

Our Company will enter into a property lease and management services framework agreement with Dalian Wanda Group (for itself and on behalf of its subsidiaries) on or before Listing (the “Wanda Group Framework Agreement”), with respect to (i) the leasing of commercial properties owned by us to Dalian Wanda Group and its subsidiaries (excluding Wanda Cinemas Group) for use as headquarter offices, (ii) the leasing of commercial properties owned by us to Beijing Dagexing Group for operating Wanda Cultural Group’s karaoke entertainment business under the name of ““大歌星”量贩式KTV”, and (iii) the provision of commercial property management services by us in respect of such leased properties.

**Terms:**

The Wanda Group Framework Agreement is for a term of 3 years commencing upon Listing.

**Price Determination:**

The pricing terms of the Wanda Group Framework Agreement are as follows:

- **Headquarter Leases:** The rent, excluding property management fee, payable for the office leases entered into or to be entered into under the Wanda Group Framework Agreement shall be calculated based on the benchmark monthly rental price of RMB200 to RMB400 per sq.m. (GFA) and is subject to annual rental adjustment having regard to the then prevailing market rate. The monthly rental benchmark price was determined at arm’s length, by reference to prevailing market rates and being not less than the rental rates we offer to independent third parties and on normal commercial terms.

The relevant subsidiaries of our Company will enter into separate underlying lease agreements for office premises with the relevant subsidiaries of Dalian Wanda Group (excluding Wanda Cinemas Group) after arm’s-length negotiation to set out the specific terms and conditions in respect of the relevant headquarter leases according to the pricing principles, and within the parameters, provided for under the Wanda Group Framework Agreement, having regard to the then prevailing market rates for commercial properties of similar quality in neighbouring areas.

- **Leases of Commercial Property to Beijing Dagexing Group:** The rent (excluding property management fee) payable for the leases of commercial properties to Beijing Dagexing Group entered into or to be entered into under the Wanda Group Framework Agreement shall be calculated based on the benchmark monthly rental price of RMB30 to RMB50 per sq.m. (GFA) and is subject to annual rental adjustment having regard to the then prevailing market rate. The monthly rental benchmark price was determined at arm’s length, by reference to prevailing market rates and being not less than the rental rates we offer to independent third parties and on normal commercial terms.

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## CONNECTED TRANSACTIONS

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The relevant subsidiaries of our Company will enter into separate underlying lease agreements with the relevant subsidiaries of Beijing Dagexing after arm's-length negotiation, respectively, to set out the specific terms and conditions in respect of the relevant leased properties according to the pricing principles, and within the parameters, provided for under the Wanda Group Framework Agreement, having regard to the then prevailing market rates for commercial properties of similar quality in neighbouring areas.

- **Property Management Fee:** The property management fee payable for the leases entered into or to be entered into under the Wanda Group Framework Agreement shall be calculated based on the benchmark monthly property management fee of (i) RMB25 to RMB40 per sq.m. (GFA) for office leases and (ii) RMB10 to RMB20 per sq.m. (GFA) for leases of commercial properties to Beijing Dagexing Group. The monthly property management benchmark prices were determined at arm's length, by reference to prevailing market rates and being not less than the rates we offer to independent third parties and on normal commercial terms.

The relevant subsidiaries of our Company will enter into separate property management service agreements with relevant subsidiaries of Dalian Wanda Group after arm's-length negotiation to set out the specific terms and conditions or property management services to be provided in respect of the relevant leased properties according to the pricing principles, and within the parameters, provided for under the Wanda Group Framework Agreement, and having regard to the specific services to be provided, the costs of such services and the prevailing market rates of property management service for commercial properties of similar quality in neighbouring areas.

DTZ Debenham Tie Leung Limited, an independent property valuer, has confirmed that the rental benchmark price and the property management fee under the Wanda Group Framework Agreement represent the prevailing market rates for commercial properties of similar quality in neighbouring areas to which the premises are located, and the terms of the Wanda Group Framework Agreement are fair, reasonable and on normal commercial terms.

## CONNECTED TRANSACTIONS

### **Historical Figures:**

For the three years ended December 31, 2013 and the six months ended June 30, 2014, the total aggregate rents and property management fees we received from Dalian Wanda Group (excluding Wanda Cinemas Group) in respect of leased properties for the type of transactions under the Wanda Group Framework Agreement are set out below. As at June 30, 2014, the aggregate area (LFA) of the properties leased to Dalian Wanda Group (excluding Wanda Cinema Group) represents 3.20% of the total area (LFA) of the properties available for lease. Our Directors are of the view that the Company is able to source alternative tenants on similar terms to those entered into with Dalian Wanda Group.

|   | Historical Figures (RMB million)              |   |   |   |
|---|---|---|---|---|
|   | For the year<br>ended<br>December 31,<br>2011 | For the year<br>ended<br>December 31,<br>2012 | For the year<br>ended<br>December 31,<br>2013 | For the 6<br>months ended<br>June 30,<br>2014 |
| Aggregate rents received in respect of<br>headquarter leases . . . . .                            | 0.50  | 5.86  | 12.84   | 8.81  |
| Aggregate rents received in respect of<br>commercial property leases . . . . .                    | 61.74   | 77.73   | 105.01  | 62.71   |
| Aggregate property management fees received<br>in respect of headquarter leases . . . . .         | 0.07  | 0.33  | 1.33  | 0.99  |
| Aggregate property management fees received<br>in respect of commercial property leases . . . . . | 22.68   | 32.22   | 43.32   | 25.08   |
| <b>Total . . . . .</b>  | <b>84.99</b>                                  | <b>116.13</b>                                 | <b>162.50</b>                                 | <b>97.59</b>                                  |

### **Annual Caps:**

For the years ending December 31, 2014, 2015 and 2016, the proposed annual caps for the rents and property management fees to be received by us from Dalian Wanda Group (excluding Wanda Cinemas Group) under the Wanda Group Framework Agreement are as follows:-

|   | Annual Caps (RMB million)                      |  |  |
|---|--|--|--|
|   | For the year<br>ending<br>December 31,<br>2014 | For the year<br>ending<br>December 31,<br>2015 | For the year<br>ending<br>December 31,<br>2016 |
| Headquarter leases . . . . .                      | 18.90  | 18.90  | 18.90  |
| Headquarter management services . . . . .         | 1.40   | 1.40   | 1.40   |
| Commercial property leases . . . . .              | 135.00   | 175.00   | 232.00   |
| Commercial property management services . . . . . | 55.00  | 71.00  | 93.50  |
| <b>Total . . . . .</b>                            | <b>210.30</b>                                  | <b>266.30</b>                                  | <b>345.80</b>                                  |

### **Basis of Annual Caps:**

The above annual caps are derived based on (i) historical transaction values set out above, (ii) the expected annual rental adjustment for existing leases, (iii) the benchmark monthly rental and property management fee unit price mentioned above and the total area of leased properties under the Wanda Group Framework Agreement, (iv) expected new leases and property management service agreements to be entered into in the next three years based

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## CONNECTED TRANSACTIONS

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on new projects expected to commence operation, which are expected to be 23 in 2014, 24 in 2015 and 20 in 2016 covering an approximate area of 76,600 sq.m. (GFA), 76,900 sq.m. (GFA) and 64,300 sq.m. (GFA), respectively, and pursuant to the overall strategic plan and cooperation between our Company and Dalian Wanda Group.

**(b) Provision of Leasing and Property Management Services for Headquarter and Commercial Property to Wanda Cinema**

**(I) Wanda Cinemas Framework Agreement**

Our Company entered into a property lease and management services framework agreement with Wanda Cinema on July 1, 2012 (the “Wanda Cinemas Framework Agreement”), with respect to leasing of commercial properties owned by us to Wanda Cinemas Group for the purpose of operating its cinemas business and the provision of commercial property management services by us in respect of such leased properties.

**Terms:**

The Wanda Cinemas Framework Agreement is for a term of 20 years commencing July 1, 2012. The Directors and the Joint Sponsors are of the view that it is fair and reasonable and that it is normal business practice for the Wanda Cinemas Framework Agreement to have a term of 20 years, based on the following reasons:

- (a) the presence of cinemas is a crucial and integral component to the type of consumer experience for the properties we own; entering into a long-term framework agreement with Wanda Cinema allows us to retain a high-quality cinema operator to support the cinema facility on our properties and could also provides us with a stable source of rental and management service fee income;
- (b) due to the large, initial investment required to fit out cinemas, high maintenance costs and slow rate of return, it is the prevailing industry practice for cinema operators in China to enter into long-term leases to prevent unnecessary costs, time and interruption of business caused by relocation arising from short-term leases; and
- (c) entering into long-term leases based on an agreed percentage of net cinema box office income allows us to share the future growth of this cinema business in China and may boost our rental income.

**Price Determination:**

The pricing terms of the Wanda Cinemas Framework Agreement are as follows:

- The rent, excluding property management fee, payable for the leases entered into or to be entered into under the Wanda Cinemas Framework Agreement shall be an amount calculated based on a pre-agreed percentage currently at 11% (with a range adjustable periodically between 9% to 13%) of the net cinema box office income generated from the movie screenings at the relevant premises which are subject to the leases.

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## CONNECTED TRANSACTIONS

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- The rental for leases under the Wanda Cinemas Framework Agreement calculated by a pre-agreed percentage of net cinema box office income was determined based on the average rent-to-box office income ratios for cinemas operated by independent third parties and is consistent with prevailing market and industry practice in China.
- The relevant subsidiaries of our Company will enter into separate underlying leases with the relevant subsidiaries of Wanda Cinema after arm's-length negotiations, respectively, to set out the specific terms and conditions for the relevant leased properties according to the pricing principles, and within the parameters, provided for under the Wanda Cinemas Framework Agreement.
- The property management fee payable for the leases entered into or to be entered into under the Wanda Cinemas Framework Agreement shall be calculated based on the benchmark monthly property management fee of RMB10 to RMB20 per sq.m. (GFA), which was determined at arm's length, by reference to prevailing market rates and the rates we offered to independent third parties and on normal commercial terms.
- The relevant subsidiaries of our Company will enter into separate underlying property management service agreements with the relevant subsidiaries of Wanda Cinema after arm's-length negotiations to set out the specific terms and conditions in respect of property management services to be provided in respect of the relevant leased properties according to the pricing principles, and within the parameters, provided for under the Wanda Cinemas Framework Agreement, and having regard to the specific services to be provided, the costs of such services and the then prevailing market rates of property management service for commercial properties of similar quality in neighbouring areas.
- DTZ Debenham Tie Leung Limited, an independent property valuer, has confirmed that the rents with reference to pre-agreed percentage sharing of net cinema box office income represents prevailing market practice and the pre-agreed percentage and the property management fee under the Wanda Cinemas Framework Agreement represents the prevailing market rates for commercial properties of similar quality in neighbouring areas to which the premises are located, and the terms of the Wanda Cinemas Framework Agreements are fair, reasonable and on normal commercial terms.

### (II) *Wanda Cinemas Headquarter Lease Agreement*

Wanda Cinema has also been leasing from us a part of the premises situated in Beijing for headquarter office use pursuant to a lease agreement that commenced on November 10, 2011 (the "Wanda Cinemas Headquarter Lease Agreement").

#### **Terms:**

The Wanda Cinemas Headquarter Lease Agreement was entered into in November 2011 supplemented by a supplemental agreement on July 27, 2012 for a term of 3 years. The Company expects that the Wanda Cinemas Headquarter Lease Agreement will be renewed on or before its expiry.



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## CONNECTED TRANSACTIONS

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### ***Price Determination:***

The pricing terms of the Wanda Cinemas Headquarter Lease Agreement are as follows:

- The rent, excluding property management fee, payable under the Wanda Cinemas Headquarter Lease Agreement shall be calculated based on the benchmark monthly rental price of RMB200 to RMB400 per sq.m. (GFA), which was determined at arm's length, by reference to prevailing market rates and the rental rates we offered to independent third parties and on normal commercial terms.
- The property management fee payable for the leases entered into or to be entered into under the Wanda Cinemas Headquarter Lease Agreement shall be calculated based on the benchmark monthly property management fee of RMB25 to RMB40 per sq.m. (GFA), which was determined at arm's length, by reference to prevailing market rates and the rates we offered to independent third parties and on normal commercial terms.
- DTZ Debenham Tie Leung Limited, an independent property valuer, has confirmed that the rental and the property management fee under the Wanda Cinemas Headquarter Lease Agreement represent the prevailing market rates for commercial properties of similar quality in neighbouring areas to which the premises are located, and the terms of the Wanda Cinemas Headquarter Lease Agreement are fair, reasonable and on normal commercial terms.

### ***Historical Figures:***

For the three years ended December 31, 2013 and the six months ended June 30, 2014, the total aggregate rents and property management fees we received from Wanda Cinemas Group in respect of leased properties for the type of transactions under the Wanda Cinemas Framework Agreement and the Wanda Cinemas Headquarter Lease Agreement are set out below. As at June 30, 2014, the aggregate area (LFA) of the properties leased to Wanda

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Cinemas Group represents 4.14% of the total area (LFA) of the properties available for lease. Our Directors are of the view that the Company is able to source alternative tenants on similar terms to those entered into with Wanda Cinemas Group.

|   | Historical Figures (RMB million)              |   |   |   |
|---|---|---|---|---|
|   | For the year<br>ended<br>December 31,<br>2011 | For the year<br>ended<br>December 31,<br>2012 | For the year<br>ended<br>December 31,<br>2013 | For the<br>6 months<br>ended June 30,<br>2014 |
| Aggregate rents received in respect of<br>headquarter leases . . . . .                      | 0.95  | 5.03  | 6.71  | 3.35  |
| Aggregate rents received in respect of<br>commercial property leases . . . . .              | 93.20   | 153.10  | 215.47  | 139.15  |
| Aggregate property management fees received<br>in respect of headquarter leases . . . . .   | 0.13  | 0.63  | 0.63  | 0.31  |
| Aggregate property management fees received<br>in respect of commercial property leases . . | 52.62   | 68.25   | 91.62   | 53.69   |
| <b>Total . . . . .</b>  | <b>146.90</b>                                 | <b>227.01</b>                                 | <b>314.43</b>                                 | <b>196.50</b>                                 |

### **Annual Caps:**

For the years ending December 31, 2014, 2015 and 2016, the proposed annual caps for the rents and property management fees to be received by us from Wanda Cinemas Group and its subsidiaries under the Wanda Cinemas Framework Agreement and the Wanda Cinemas Headquarter Lease Agreement are as follows:-

|   | Annual Caps (RMB million)                      |  |  |
|---|--|--|--|
|   | For the year<br>ending<br>December 31,<br>2014 | For the year<br>ending<br>December 31,<br>2015 | For the year<br>ending<br>December 31,<br>2016 |
| Headquarter leases . . . . .                      | 7.00   | 7.00   | 7.00   |
| Headquarter management services . . . . .         | 0.65   | 0.65   | 0.65   |
| Commercial property leases . . . . .              | 350.00   | 500.00   | 710.00   |
| Commercial property management services . . . . . | 145.10   | 190.00   | 265.00   |
| <b>Total . . . . .</b>                            | <b>502.75</b>                                  | <b>697.65</b>                                  | <b>982.65</b>                                  |

### **Basis of Annual Caps:**

The above annual caps are derived based on (i) historical transaction values and growth trend, (ii) the existing operating leases entered into between Wanda Cinema and us for the cinemas operated by Wanda Cinema, (iii) the expected future increase in cinema box office revenue in line with the expected rapid development of China's film industry and increase in market price for film tickets (iv) the expected adjustment in office rental and (v) expected new leases and property management service agreements to be entered into under the Wanda Cinemas Framework Agreement based on new cinemas expected to be established by Wanda Cinemas Group, which are expected to be 23 in 2014, 25 in 2015 and 23 in 2016, respectively, and pursuant to the overall strategic plan and cooperation between our Company and Wanda Cinema.

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## CONNECTED TRANSACTIONS

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**(c) Provision of Leasing and Management Services for Headquarters and Commercial Property to Wanda Department Store**

Our Company will enter into a property lease and management service framework agreement with Wanda Department Store on or before Listing (the “Wanda Department Stores Framework Agreement”), with respect to leasing of commercial properties owned by us to Wanda Department Store Group for the purpose of (i) operating the department store and retail business owned by Mr. WANG Jianlin, (ii) for use as headquarter offices and (iii) the provision of commercial property management services by us in respect of such leased properties.

**Terms:**

The Wanda Department Stores Framework Agreement is for a term of 3 years commencing upon the Listing.

**Price Determination:**

The pricing terms of the Wanda Department Stores Framework Agreement are as follows:

- **Headquarter Leases:** The rent, excluding property management fee, payable for the headquarter office leases entered into or to be entered into under the Wanda Department Stores Framework Agreement shall be calculated based on the benchmark monthly rental price of RMB200 to RMB400 per sq.m. (GFA) and subject to annual rental adjustment having regard to the then prevailing market rate. The monthly rental benchmark price was determined at arm’s length, by reference to prevailing market rates and is not less than the rental rates we offered to independent third parties and on normal commercial terms.

The relevant subsidiaries of our Company will enter into separate underlying lease agreements for office premises with Wanda Department Store Group after arm’s-length negotiations to set out the specific terms and conditions in respect of the relevant leased properties according to the pricing principles, and within the parameters, provided for under the Wanda Department Stores Framework Agreement, having regard to the then prevailing market rates for commercial properties of similar quality in neighbouring areas.

- **Leases of Commercial Properties:** The rents (excluding property management fee) payable for the leases entered into or to be entered into under the Wanda Department Stores Framework Agreement shall be calculated based on the benchmark monthly rental price of RMB30 to RMB40 per sq.m. (GFA) and is subject to annual rental adjustment having regard to the then prevailing market rate. The monthly rental benchmark price was determined at arm’s length, by reference to prevailing market rates and no less than the rental rates we offered to independent third parties and on normal commercial terms.

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## CONNECTED TRANSACTIONS

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The relevant subsidiaries of our Company will enter into separate underlying lease agreements with relevant subsidiaries of Wanda Department Store after arm's-length negotiation, respectively, to set out the specific terms and conditions in respect of the relevant leased properties according to the pricing principles, and within the parameters, provided for under the Wanda Department Stores Framework Agreement, having regard to the then prevailing market rates for commercial properties of similar quality in neighbouring areas.

- **Property Management Fee:** The property management fee payable for the leases entered into or to be entered into under the Wanda Department Stores Framework Agreement shall be calculated based on the benchmark monthly property management fee of (i) RMB25 to RMB40 per sq.m. (GFA) for headquarter office leases and (ii) for commercial properties, RMB5 to RMB10 per sq.m. (GFA). The monthly property management benchmark prices were determined at arm's length, by reference to prevailing market rates and no less than the rates we offered to independent third parties and on normal commercial terms.

The relevant subsidiaries of our Company will enter into separate underlying property management service agreement with relevant subsidiaries of Wanda Department Store after arm's-length negotiation to set out the specific terms and conditions in respect of property management service to be provided in respect of the relevant leased properties according to the pricing principles, and within the parameters, provided for under the Wanda Department Stores Framework Agreement, and having regard to the specific services to be provided, the costs of such services and the prevailing market rates of property management service for commercial properties of similar quality in neighbouring areas.

DTZ Debenham Tie Leung Limited, an independent property valuer, has confirmed that the rental benchmark price and the property management fee under the Wanda Department Stores Framework Agreement represents the prevailing market rates for commercial properties of similar quality in neighbouring areas to which the premises are located, and the terms of the Wanda Department Stores Framework Agreement are fair, reasonable and on normal commercial terms.

### ***Historical Figures:***

For the three years ended December 31, 2013 and the six months ended June 30, 2014, the total aggregate rents and property management fees we received from Wanda Department Store Group in respect of leased properties for the type of transactions under the Wanda Department Stores Framework Agreement are set out below. As at June 30, 2014, the aggregate area (LFA) of the properties leased to Wanda Department Store Group represents

## CONNECTED TRANSACTIONS

24.95% of the total area (LFA) of the properties available for lease. Notwithstanding this, our Directors are of the view that the Company would be able to source alternative tenants on similar terms to those entered into with Wanda Department Store Group if needed.

|   | Historical Figures (RMB million)              |   |   |   |
|---|---|---|---|---|
|   | For the year<br>ended<br>December 31,<br>2011 | For the year<br>ended<br>December 31,<br>2012 | For the year<br>ended<br>December 31,<br>2013 | For the<br>6 months<br>ended June 30,<br>2014 |
| Aggregate rents received in respect of<br>headquarter leases . . . . .                            | 0.64  | 5.03  | 6.00  | 3.35  |
| Aggregate rents received in respect of<br>commercial property leases . . . . .                    | 348.69  | 580.10  | 909.06  | 571.66  |
| Aggregate property management fees received<br>in respect of headquarter leases . . . . .         | 0.09  | 0.63  | 0.63  | 0.31  |
| Aggregate property management fees received<br>in respect of commercial property leases . . . . . | 57.29   | 89.00   | 129.75  | 75.27   |
| <b>Total . . . . .</b>  | <b>406.71</b>                                 | <b>674.75</b>                                 | <b>1,045.44</b>                               | <b>650.59</b>                                 |

### ***Annual Caps:***

For the years ending December 31, 2014, 2015 and 2016, the proposed annual caps for the rents and property management fees to be received by us from Wanda Department Store Group under the Wanda Department Stores Framework Agreement are as follows:-

|   | Annual Caps (RMB million)                      |  |  |
|---|--|--|--|
|   | For the year<br>ending<br>December 31,<br>2014 | For the year<br>ending<br>December 31,<br>2015 | For the year<br>ending<br>December 31,<br>2016 |
| Headquarter leases . . . . .                      | 7.00   | 7.00   | 7.00   |
| Headquarter management services . . . . .         | 0.65   | 0.65   | 0.65   |
| Commercial property leases . . . . .              | 1,250.00                                       | 1,600.00                                       | 1,800.00                                       |
| Commercial property management services . . . . . | 168.00   | 220.00   | 270.00   |
| <b>Total . . . . .</b>                            | <b>1,425.65</b>                                | <b>1,827.65</b>                                | <b>2,077.65</b>                                |

### ***Basis of Annual Caps:***

The above annual caps are derived based on (i) historical transaction values set out above, (ii) the expected annual rental and property management fee adjustment, (iii) the growth trend in total area of leased commercial properties under the Wanda Department Stores Framework Agreement and (iv) expected new leases and property management service agreements to be entered into under the Wanda Department Stores Framework Agreement based on new department stores to be established by Wanda Department Store Group, which are expected to be 23 in 2014, 25 in 2015 and 22 in 2016, covering an approximate area of 526,000 sq.m. (GFA), 506,400 sq.m. (GFA) and 383,800 sq.m. (GFA), respectively, and pursuant to the overall strategic plan and cooperation between our Company and Wanda Department Store Group.

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## CONNECTED TRANSACTIONS

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**(d) *Provision of Leasing and Management Service for Commercial Property to Wanda Kidsland***

Our Company will enter into a property lease and management services framework agreement with Wanda Kidsland Group on or before Listing (the “Wanda Kidsland Framework Agreement”), with respect to leasing of commercial properties owned by us to Wanda Kidsland Group for the purpose of operating the children entertainment and playground business of Wanda Kidsland Group and the provision of commercial property management services by us in respect of such leased properties.

***Terms:***

The Wanda Kidsland Framework Agreement is for a term of 3 years commencing upon the Listing.

***Price Determination:***

The pricing terms of the Wanda Kidsland Framework Agreement are as follows:

- The rents (excluding property management fee) payable for the leases entered into or to be entered into under the Wanda Kidsland Framework Agreement shall be calculated based on the benchmark monthly rental price of RMB45 to RMB65 per sq.m. (GFA) and are subject to annual rental adjustment having regard to the then prevailing market rate. The monthly rental benchmark price was determined at arm’s length, by reference to prevailing market rates and no less than the rental rates we offered to independent third parties and on normal commercial terms.
- The relevant subsidiaries of our Company will enter into separate underlying lease agreements with relevant subsidiaries of Wanda Kidsland Group after arm’s-length negotiation, to set out the specific terms and conditions in respect of the relevant leased properties according to the pricing principles, and within the parameters, provided for under the Wanda Kidsland Framework Agreement, having regard to the then prevailing market rates for commercial properties of similar quality in neighbouring areas.
- The property management fee payable for the leases entered into or to be entered into under the Wanda Kidsland Framework Agreement shall be calculated based on the benchmark monthly property management fee of RMB5 to RMB10 per sq.m. (GFA). The monthly property management benchmark prices were determined at arm’s length, by reference to prevailing market rates and the rates we offered to independent third parties and on normal commercial terms.
- The relevant subsidiaries of our Company will enter into separate underlying property management service agreement with relevant subsidiaries of Wanda Kidsland Group after arm’s-length negotiation to set out the specific terms and conditions in respect of property management services to be provided in respect of the relevant leased properties according to the pricing principles, and within the

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## CONNECTED TRANSACTIONS

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parameters, provided for under the Wanda Kidsland Framework Agreement, and having regards to the specific services to be provided, the costs of such services and the prevailing market rates of property management service for commercial properties of similar quality in neighbouring areas.

- DTZ Debenham Tie Leung Limited, an independent property valuer, confirmed that the rental benchmark price and the property management fee under the Wanda Kidsland Framework Agreement represents the prevailing market rates for commercial properties of similar quality in neighbouring areas to which the premises are located, and the terms of the Wanda Kidsland Framework Agreement are fair, reasonable and on normal commercial terms.

### ***Historical Figures:***

There were no historical transactions under the Wanda Kidsland Framework Agreement for the three years ended December 31, 2013 and the six months ended June 30, 2014.

### ***Annual Caps:***

For the years ending December 31, 2014, 2015 and 2016, the proposed annual caps for the rents and property management fees to be received by us from Wanda Kidsland Group for the type of transactions under the Wanda Kidsland Framework Agreement are as follows:-

|  | <b>Annual Caps (RMB million)</b>                         |  |  |
|--|--|--|--|
|  | <b>For the year<br/>ending<br/>December 31,<br/>2014</b> | <b>For the year<br/>ending<br/>December 31,<br/>2015</b> | <b>For the year<br/>ending<br/>December 31,<br/>2016</b> |
| Commercial property leases . . . . .             | 3.00   | 15.80  | 29.60  |
| Commercial property management services. . . . . | 0.30   | 1.60   | 3.30   |
| <b>Total.</b> . . . . .                          | <b>3.30</b>  | <b>17.40</b>   | <b>32.90</b>   |

### ***Basis of Annual Caps:***

The above annual caps are derived based on (i) leases and management service agreements entered into between Wanda Kidsland Group and us; (ii) the expected annual adjustment of rental price and property management fee and (iii) expected new leases and property management service agreements to be entered into under the Wanda Kidsland Framework Agreement based on new Wanda Kidsland stores currently planned to be established by Wanda Kidsland Group in the next three years, which are expected to be 5 in 2014, 2 in 2015 and 10 in 2016, covering an approximate area of 16,000 sq.m. (GFA) 6,000 sq. m. (GFA) and 35,000 sq. m. (GFA), respectively, and pursuant to the overall strategic plan and cooperation between our Company and Wanda Kidsland Group.



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## CONNECTED TRANSACTIONS

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### **(2) Design Consultancy and Operation Consultancy Services provided by Wanda Cultural Group**

We will enter into a design consultancy and operation consultancy services framework agreement with Wanda Cultural Group on or before Listing (the “Design Consultancy and Operation Consultancy Services Framework Agreement”), with respect to the provision of the design consultancy and operation consultancy services, including, but not limited to (i) engaging third party design company, review and modification of, and supervising the implementation of, relevant design plan for the projects during the construction phase; and (ii) overall services relating to the preparation for opening during the period from the completion of construction to commencing operation, such as materials procurement, recruitment, building up management team and the design of opening plan in connection with businesses of Wanda City (“Wanda City Business”).

#### **Terms:**

The Design Consultancy and Operation Consultancy Services Framework Agreement is for a term of 3 years commencing upon the Listing.

#### **Price Determination:**

The pricing terms of the Design Consultancy and Operation Consultancy Services Framework Agreement are as follows:

- We will pay reasonable fees for the design consultancy and operation consultancy services provided to us by the Wanda Cultural Group calculated based on an actual costs incurred basis plus a margin of not more than 40%.
- The relevant subsidiaries of both parties will enter into separate design consultancy and operation consultancy services agreements in connection with individual projects after arm’s-length negotiations which will set out the specific terms and conditions according to the principles provided in the Design Consultancy and Operation Consultancy Services Framework Agreement.
- The fee basis for the design and consultancy services rendered under the Design Consultancy and Operation Consultancy Services Framework Agreement was determined taking into consideration the expected quality and comprehensive management services to be rendered by Wanda Cultural Group, the initial investment made by Wanda Cultural Group, and by reference to the market price in respect of design consultancy services at the relevant time or as agreed by parties after arm’s-length negotiations. The Joint Sponsor and the Directors are of the view that the agreed margin of “not more than 40%” is fair, reasonable and based on normal commercial terms.

## CONNECTED TRANSACTIONS

### **Historical Figures:**

For the three years ended December 31, 2013 and the six months ended June 30, 2014, the total aggregate design consultancy and operation consultancy service fees we paid to the Wanda Cultural Group for the type of transactions under the Design Consultancy and Operation Consultancy Services Framework Agreement are as follows:-

|                                  | Historical Figures (RMB million)              |   |   |   |
|----------------------------------|---|---|---|---|
|                                  | For the year<br>ended<br>December 31,<br>2011 | For the year<br>ended<br>December 31,<br>2012 | For the year<br>ended<br>December 31,<br>2013 | For the<br>6 months<br>ended June 30,<br>2014 |
| Aggregate service fees . . . . . | —   | —   | 180.65  | 260.10  |

### **Annual Caps:**

For the years ending December 31, 2014, 2015 and 2016, the proposed annual caps for the design and consultancy services fees to be paid by us to Wanda Cultural Group under the Design Consultancy and Operation Consultancy Services Framework Agreement are as follows:-

|                                  | Annual Caps (RMB million)                      |  |  |
|----------------------------------|--|--|--|
|                                  | For the year<br>ending<br>December 31,<br>2014 | For the year<br>ending<br>December 31,<br>2015 | For the year<br>ending<br>December 31,<br>2016 |
| Aggregate service fees . . . . . | 600  | 700  | 700  |

### **Basis of Annual Caps:**

The above annual caps are derived based on (i) the number of new projects expected to commence operation between 2014 and 2016 in relation to the existing six Wanda City projects, (ii) the expected cost for the design and operation consultancy services of Wanda City Business provided by Wanda Cultural Group to Wanda City, as a new product line of our Company, which operates a wide range of entertainment, tourism and cultural business including show rooms, amusement arcades and ski slopes, in addition to the commercial properties, residential properties and hotels and (iii) the agreed rate of profit margin.

### **WAIVER APPLICATION FOR NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS**

Under Rule 14A.76(2) of the Listing Rules, the transactions under the subsection headed “— Non-exempt Continuing Connected Transactions” will constitute Connected Transactions which are subject to the reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules.

As the above non-exempt Continuing Connected Transactions are expected to continue on a recurring and continuing basis, our Directors consider that strict compliance with the above announcement and independent shareholders’ approval requirements would be impractical, and such requirements would lead to unnecessary administrative costs and would be unduly burdensome to us.

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## **CONNECTED TRANSACTIONS**

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Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver to us under Rule 14A.105 of the Listing Rules from strict compliance with the announcement requirements under the Listing Rules in respect of the above non-exempt Continuing Connected Transactions.

In the event of any future amendments to the Listing Rules imposing more stringent requirements than those applicable as of the Latest Practicable Date on the Continuing Connected Transactions referred to in this prospectus, we will take immediate steps to ensure compliance with such new requirements within a reasonable time.

The waiver granted by the Stock Exchange for the non-exempt Continuing Connected Transactions will expire on December 31, 2016. Upon the expiry of the waiver, those Continuing Connected Transactions will be subject to the then applicable Listing Rules.

### **CONFIRMATION FROM OUR DIRECTORS**

Our Directors (including our independent non-executive Directors) are of the view that the non-exempt Continuing Connected Transactions as set out above have been and will be entered into during our ordinary and usual course of business, on normal commercial terms, and are fair and reasonable and in the interest of us and our Shareholders as a whole, and that the proposed annual caps (where applicable) for these transactions are fair and reasonable and in the interest of us and our Shareholders as a whole.

### **CONFIRMATION FROM THE JOINT SPONSORS**

The Joint Sponsors are of the view that (i) the non-exempt Continuing Connected Transactions described in the subsection headed “— NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS” above have been and will be entered into in the ordinary and usual course of business, on normal commercial terms, and are fair and reasonable and in the interest of our Company and Shareholders as a whole; and (ii) the proposed annual caps (where applicable) of such non-exempt Continuing Connected Transactions mentioned above are fair and reasonable and in the interest of our Company and Shareholders as a whole.

## DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

### OVERVIEW

Our Board currently consists of nine Directors, of whom three are executive Directors, three are non-executive Directors and three are independent non-executive Directors. The Directors are appointed by our Shareholders for a term of three years, and may be appointed for consecutive terms. However, independent non-executive Directors shall not continue in office for more than six years according to our Articles.

Our Board of Supervisors currently consists of three Supervisors, of whom two are Shareholder representatives appointed by our Shareholders and one is an employee representative elected by our employees. The Supervisors are appointed for a term of three years and may be appointed for consecutive terms.

### Directors and Supervisors

The following table sets out information regarding our Directors and Supervisors. Each of the Directors and the Supervisors satisfies the qualification requirements under relevant PRC laws and regulations and the Listing Rules for his or her positions.

#### Executive Directors

| Name                            | Age | Position              | Appointment Date for the Current Term | First Appointment Date | Joining Date  | Responsibilities  |
|---------------------------------|-----|-----------------------|---------------------------------------|------------------------|---------------|---|
| Mr. DING Benxi<br>(丁本錫) . . . . | 59  | Chairman of the Board | December 2012                         | December 2009          | December 2009 | Overseeing the overall strategic planning, management and operations of our Company |
| Mr. QI Jie<br>(齊界) . . . . .    | 48  | Executive Director    | December 2012                         | December 2012          | December 2009 | Overseeing the overall strategic planning, management and operations of our Company |
| Mr. QU Dejun<br>(曲德君) . . . .   | 50  | Executive Director    | December 2012                         | December 2012          | December 2009 | Overseeing the overall strategic planning, management and operations of our Company |

#### Non-executive Directors

| Name                              | Age | Position               | Appointment Date for the Current Term | First Appointment Date | Joining Date  | Responsibilities   |
|-----------------------------------|-----|------------------------|---------------------------------------|------------------------|---------------|--|
| Mr. ZHANG Lin<br>(張霖) . . . . .   | 42  | Non-executive Director | December 2012                         | December 2009          | December 2009 | Overseeing the overall strategic planning of our Company |
| Mr. WANG Guiya<br>(王貴亞) . . . . . | 50  | Non-executive Director | December 2012                         | December 2009          | December 2009 | Overseeing the overall strategic planning of our Company |
| Mr. YIN Hai<br>(尹海) . . . . .     | 51  | Non-executive Director | December 2012                         | December 2009          | December 2009 | Overseeing the overall strategic planning of our Company |

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## DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

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### Independent Non-executive Directors

| Name                         | Age | Position                                 | Appointment Date<br>for the Current<br>Term | Responsibilities   |
|------------------------------|-----|--|---|--|
| Mr. LIU Jipeng (劉紀鵬) . . . . | 58  | Independent<br>non-executive<br>Director | December 2012                               | Supervising and providing<br>independent advice to our Board |
| Dr. XUE Yunkui (薛雲奎) . . . . | 50  | Independent<br>non-executive<br>Director | December 2012                               | Supervising and providing<br>independent advice to our Board |
| Dr. HU, Fred Zulu (胡祖六) . .  | 51  | Independent<br>non-executive<br>Director | August 2014                                 | Supervising and providing<br>independent advice to our Board |

### Executive Directors

**Mr. DING Benxi** is an executive Director and chairman of the Board, the positions he has held since December 2009 and December 2012, respectively. He concurrently serves as a director of Dalian Wanda Group and the chairman of Wanda Cultural. Mr. Ding also serves as a non-executive director and chairman of HK Listed Subsidiary since July 2013. Mr. Ding formerly worked as the president of our Company from December 2009 to December 2012. Prior to joining our Company in December 2009, Mr. Ding served as various roles in Dalian Wanda Group, such as the president, executive president and vice president.

Mr. Ding graduated by correspondence courses from Renmin University of China (中國人民大學) in July 1998. He was qualified as a senior engineer with China State Construction Engineering Corporation (中國建築工程總公司) in August 1997.

**Mr. QI Jie** is an executive Director and concurrently the president and the person in charge of finance of our Company, positions he has held since December 2012. He also serves as the director of Dalian Wanda Group. Mr. Qi concurrently serves as a non-executive director of HK Listed Subsidiary since July 2013. Mr. Qi joined Dalian Wanda Group in April 2000 and formerly served in various positions in our Company, including the chief executive officer, the vice president and the general manager of the Southern Project Management Centre (南方項目管理中心), an assistant to the president and the general manager of the cost control department.

Mr. Qi graduated with a master's degree in philosophy from Dalian University of Technology (大連理工大學) in April 1991. Mr. Qi was authorized as a Certified Public Accountant (註冊會計師) by the Ministry of Finance of the PRC (中國財政部) in April 1998 and as a Registered Tax Agent (註冊稅務師) granted by the Dalian Bureau of Human Resources (大連市人事局, now the Bureau of Human Resources and Social Security of Dalian (大連市人力資源和社會保障局)) in May 2000.

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## DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

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**Mr. QU Dejun** is an executive Director, a position he has held since December 2012. He concurrently serves as the senior vice president of our Company and general manager of Wanda Commercial Management, positions he has held since December 2012. Mr. Qu also serves as a non-executive director of HK Listed Subsidiary since July 2013. Mr. Qu formerly worked as a vice president of our Company from November 2010 to December 2012. He also worked as an assistant to the president of our Company and a vice president of Dalian Wanda Group. Prior to joining our Company in December 2009, Mr. Qu worked as the chief financial officer of Dalian Fortune Investment Co., Ltd. (大連華晟外經貿投資有限公司) and a chief officer of Dalian Bureau of Foreign Trade and Economy (大連市對外經濟貿易委員會).

Mr. Qu graduated with a bachelor's degree in economics from Dongbei University of Finance and Economics (東北財經大學) in July 1986 and a master's degree in management from Dongbei University of Finance and Economics (東北財經大學) in November 1999.

### Non-executive Directors

**Mr. ZHANG Lin** is a non-executive Director, a position he has held since December 2009. He concurrently serves as the president of Wanda Cultural, a position he has held since January 2014. Mr. Zhang also serves as the chairman of AMC Entertainment Holdings, Inc. (a company listed on the New York Stock Exchange, stock code: AMC), a position he has held since August 2012. He also serves as the director of Dalian Wanda Group. Mr. Zhang joined our Company in December 2009 and worked as the vice president of our Company. He joined Dalian Wanda Group in April 2000 and formerly worked as the executive president of Wanda Cultural, a vice president of Dalian Wanda Group and the general manager of the finance department of Dalian Wanda Group. He also served as the general manager of project companies in Chengdu, Shenyang and Nanjing respectively.

Mr. Zhang graduated with a bachelor's degree in economics from Dongbei University of Finance and Economics (東北財經大學) in July 1994 and an Executive Master of Business Administration degree from Peking University (北京大學) in January 2012. Mr. Zhang is qualified as a registered accountant accredited by the Ministry of Finance of the PRC (中國財政部) in 1994.

**Mr. WANG Guiya** is a non-executive Director, a position he has held since December 2009. He concurrently serves as a director of Dalian Wanda Group, a position he has held since February 2014. He also serves as the senior vice president of Dalian Wanda Group, a position he has held since July 2014. Prior to joining Dalian Wanda Group, Mr. Wang has 30 years of working experience in China Construction Bank since 1984. He has been serving as the chief officer of investment and wealth management of China Construction Bank Co., Ltd. since March 2011, the general manager of the investment banking department of China Construction Bank Co., Ltd. from August 2006 to March 2011 and concurrently served as the chairman of China Construction Bank International (Holdings) Ltd. (建銀國際(控股)有限公司) from January 2007 to August 2010, and also worked as the general manager and the deputy general manager of the planning finance department of China Construction Bank Co., Ltd. from March 2004 to August 2006 and from July 2000 to March 2004 respectively. Currently, Mr. Wang is the vice chairman of China Wealth Management 50 Forum (中國財富管理五十人論壇) and the vice president of China Securities Law Research Association (中國法學會證券法學研究會).

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## DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

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Mr. Wang graduated with a bachelor's degree in science from Anhui University (安徽大學) in July 1984 and an Executive Master of Business Administration degree from Peking University (北京大學) in January 2005.

**Mr. YIN Hai** is a non-executive Director, a position he has held since December 2009. He concurrently serves as a vice president of Dalian Wanda Group, a position he has held since January 2007. He also serves as a director of Dalian Wanda Group. Mr. Yin formerly worked as a vice president of our Company from December 2009 to November 2010. Prior to joining our Company in December 2009, Mr. Yin served in various positions in Dalian Wanda Group since January 1993, including the vice president, chief financial officer and deputy chief financial officer.

Mr. Yin graduated by correspondence courses in accounting from Fudan University (復旦大學) in July 1997. Mr. Yin was qualified as a senior accountant by Liaoning Bureau of Human Resources (遼寧省人事廳, now the Liaoning Provincial Department of Human Resources and Social Security (遼寧省人力資源和社會保障廳)) in September 1999.

### Independent non-executive Directors

**Mr. LIU Jipeng** is an independent non-executive Director, a position he has held since December, 2009. He concurrently serves as an independent non-executive director of HK Listed Subsidiary, a position he has held since July 2013. Mr. Liu has 28 years of experience in economics and corporate research. He serves as the chief, professor and doctoral tutor of the Capital Research Centre of the China University of Political Science and Law (中國政法大學資本研究中心) since 2009, and as a vice chairman of the China Enterprise Reform and Development Society (中國企業改革與發展研究會) since 2012. He is also a postgraduate tutor at the Postgraduate Department of the Research Institute for Fiscal Science of the Ministry of Finance of the PRC (中國財政部財政科學研究所研究生部) since 2003.

Mr. Liu serves as an independent director of AVIC Capital Co., Ltd (中航資本控股股份有限公司, a company listed on the Shanghai Stock Exchange, stock code: 600705) and Zhongjin Gold Corporation Limited (中金黃金股份有限公司, a company listed on the Shanghai Stock Exchange, stock code: 600489), since 2011 and 2014, respectively. He also serves as an independent director of CNNC Hua Yuan Titanium Dioxide Co., Ltd. (中核華原鈦白股份有限公司, a company listed on the Shenzhen Stock Exchange, stock code: 002145), since 2012.

Mr. Liu graduated with a bachelor's degree in economics from Beijing School of Economics (北京經濟學院) in July 1983 and a master's degree in economics from the Chinese Academy of Social Sciences (中國社會科學院) in July 1986.

**Dr. XUE Yunkui** is an independent non-executive Director, a position he has held since December 2009. He is also an independent non-executive director of HK Listed Subsidiary, a position he has held since July 2013. Dr. Xue has 30 years of experience in accounting research and practice. He served as the associate dean of the Cheung Kong Graduate School of Business (長江商學院) since 2002, the vice president of the Shanghai National Accounting Institute (上海國家會計學院) from 2000 to 2002, a post-doctorate fellow at the School of Accounting of the Shanghai University of Finance and Economics (上海財經大學會計學院) from 1996 to 1998.



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## DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

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Dr. Xue served as an independent director for Shanghai Shentong Metro Co., Ltd. (上海申通地鐵股份有限公司, a company listed on the Shanghai Stock Exchange, stock code: 600834), since 2011, and an independent director for Shanghai Baosight Software Co., Ltd. (上海寶信軟件股份有限公司, a company listed on the Shanghai Stock Exchange, stock code: 600845), since July 2013.

Dr. Xue graduated with a bachelor's degree in economics from Sichuan Finance Institute (四川財經學院, now renamed as the Southwestern University of Finance and Economics (西南財經大學)) in July 1984. He received a Ph.D. from the Southwest Agriculture University (西南農業大學, now renamed as Southwest University (西南大學)) in June 1995 and completed post-doctorate research in accounting with the Shanghai University of Finance and Economics (上海財經大學) in July 1999.

**Dr. HU, Fred Zulu** is an independent non-executive Director, a position he has held since August 2014. Dr. Hu is also the chief and professor of the National Center for Economic Research at Tsinghua University (清華大學中國經濟研究中心), the chairman of the Nature Conservatory's China Board (大自然保護協會中國理事會), a trustee of the China Medical Board (美國中華醫學基金會), a trustee of the Yale-China Association (雅理協會), a member of the Advisory Committees for Harvard University, a consultant of the Stanford Center for International Development (斯坦福大學國際經濟發展研究所) and the Jerome A. Chazen Institute of International Business at Columbia University (哥倫比亞大學Chazen國際商業研究所). Dr. Hu founded Primavera Capital Group (春華資本集團) in 2011. Before that, Dr. Hu was the managing director of Greater China at Goldman Sachs Group Inc. and held various positions, including serving on the Goldman Sachs Partnership Committee. Dr. Hu formerly worked as a member of the HKSAR Commission on Strategic Development (香港特別行政區策略發展委員會), a member of the Advisory Committee of the Securities and Futures Commission (香港證券及期貨事務監察委員會), and served on the International Monetary Fund (國際貨幣基金組織).

Dr. Hu serves as the external supervisor of Shanghai Pudong Development Bank Co., Ltd. (上海浦東發展銀行股份有限公司, a company listed on the Shanghai Stock Exchange, stock code: 600000), an independent non-executive director of Hang Seng Bank Limited (a company listed on the Hong Kong Stock Exchange, stock code: 00011), an independent non-executive director of SCMP Group Limited (a company listed on the Hong Kong Stock Exchange, stock code: 00583) and an independent non-executive director of Hong Kong Exchanges and Clearing Limited (a company listed on the Hong Kong Stock Exchange, stock code: 00388).

Dr. Hu graduated with a master's degree in engineering science from Tsinghua University (清華大學) in July 1986, and a master's degree and a Ph.D. in economics, respectively, from Harvard University.

### Supervisors

Our Supervisors are responsible for overseeing our Board and senior management in discharging their responsibilities and reviewing our financial statements.

| <u>Name</u>                     | <u>Age</u> | <u>Position</u>                       | <u>Appointment Date for the Current Term</u> |
|---------------------------------|------------|---------------------------------------|--|
| Ms. GAO Qian (高茜) . . . . .     | 64         | Chairman of the Board of Supervisors  | December 2012                                |
| Mr. WANG Yunan (王宇男) . . . . .  | 39         | Shareholder representative Supervisor | December 2012                                |
| Mr. GAO Xiaojun (高曉軍) . . . . . | 45         | Employee representative Supervisor    | December 2012                                |

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## DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

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**Ms. GAO Qian** is the chairman of the Board of Supervisors, a position she has held since December 2009. She concurrently serves as the general manager of the audit centre of Dalian Wanda Group, a position she has held since September 2013, and the general manager of the audit department of our Company, a position she has held since December 2009. Before that, Ms. Gao worked as the general manager of the audit department of Dalian Wanda Group and the deputy general manager of Dalian Wanda Group Real Estate Management Co., Ltd. Prior to joining Dalian Wanda Group in January 1996, Ms. Gao worked as a deputy general manager of Jilin Jixin International Commercial Trading Group Co., Ltd. (吉林吉信國際經貿集團股份有限公司), and a deputy general manager of China Jilin International Economic and Technical Cooperation (中國吉林國際經濟技術合作公司).

Ms. Gao graduated from Jilin University of Technology (吉林工業大學, which was merged into Jilin University (吉林大學) in June 2000) in December 1975. She was qualified as a senior economist granted by Bureau of Human Resource of Jilin (吉林省人事廳) in June 1992.

**Mr. WANG Yunan** is the shareholder representative Supervisor, a position he has held since December 2011. He concurrently serves as the general manager of the legal affairs centre of Dalian Wanda Group, a position he has held since June 2014. Mr. Wang joined Dalian Wanda Group in January 2004 and formerly served in various positions in Dalian Wanda Group, including a senior assistant to the president, an assistant to the president and general manager of the legal affairs department.

Mr. Wang graduated with a bachelor's degree in law from Peking University (北京大學) in July 1998. He obtained the Legal Professional Qualification Certificate (律師資格證書) in April 2001.

**Mr. GAO Xiaojun** is the employee representative Supervisor, a position he has held since December 2012. He concurrently serves as an assistant to the president of our Company and deputy general manager of Wanda Commercial Management, positions he has held since March 2014. Mr. Gao formerly worked as a deputy general manager of the finance department of our Company, a deputy general manager of Beijing Dagexing, a deputy general manager of our project companies in Taiyuan, Xi'an and Jilin, and a deputy general manager of the finance department of our project company in Nanjing.

Mr. Gao graduated with a bachelor's degree and a master's degree in economics from Dongbei University of Finance and Economics (東北財經大學) in July 1992 and July 1999, respectively.

We plan to change the composition of the Board of Supervisors within six months after the Listing to appoint two or more independent supervisors, who are independent from our Shareholders and do not hold any position in the Company or its subsidiaries, to further enhance our corporate governance. The Company will comply with all applicable laws and regulations, including the Listing Rules, in relation to the proposed change of composition of the Board of Supervisors.

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## DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

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### Senior Management

Each member of our senior management satisfies the qualification requirements under the relevant PRC laws and regulations for the respective position. The senior management is responsible for the day-to-day operation of our business. The following table sets forth information regarding our senior management:

| Name                            | Age | Position                                   | Appointment Date<br>for the Current<br>Term | Responsibilities  |
|---------------------------------|-----|--|---|---|
| Mr. QI Jie (齊界) . . . . .       | 48  | President, the person in charge of finance | December 2012                               | Responsible for the operation and corporate finance management of our Company                       |
| Mr. QU Dejun (曲德君) . . . . .    | 50  | Senior vice president                      | December 2012                               | Responsible for the operation of Wanda commercial management  |
| Mr. CHEN Ping (陳平) . . . . .    | 51  | Vice president                             | December 2009                               | Responsible for the operation of Wanda Academy  |
| Mr. NING Qifeng (寧奇峰) . . . . . | 49  | Vice president                             | December 2009                               | Responsible for the operation of Wanda hotel construction   |
| Mr. SUN Jiquan (孫繼泉) . . . . .  | 49  | Vice president                             | June 2014                                   | Responsible for the operation of culture and tourism project management centre                      |
| Mr. CHENG Erjun (成爾駿) . . . . . | 48  | Vice president                             | January 2012                                | Responsible for the operation of Wanda hotel management   |
| Mr. QU Xiaodong (曲曉東) . . . . . | 40  | Vice president                             | December 2012                               | Responsible for the operation of southern project management centre                                 |
| Mr. YU Xiuyang (于修陽) . . . . .  | 41  | Vice president                             | December 2013                               | Responsible for the operation of northern project management centre                                 |
| Mr. LIU Haibo (劉海波) . . . . .   | 44  | Vice president                             | December 2013                               | Responsible for the operation of the development department   |
| Mr. LAI Jianyan (賴建燕) . . . . . | 50  | Vice president                             | December 2013                               | Responsible for the operation of Wanda commercial planning and research institute and design centre |
| Mr. LV Zhengtao (呂正韜) . . . . . | 41  | Vice president                             | June 2014                                   | Responsible for the operation of central project management centre                                  |
| Mr. LIU Chaohui (劉朝暉) . . . . . | 42  | Secretary of the Board                     | December 2012                               | Responsible for the operation of the overseas properties centre and securities affairs department   |

**Mr. CHEN Ping** is a vice president of our Company and the dean of Wanda Academy, positions he has held since December 2009. He joined Dalian Wanda Group in June 2001 and formerly worked as a vice president of Dalian Wanda Group and the general manager of our project company in Nanjing.

Mr. Chen graduated with a bachelor's degree in engineering from South China Institute of Technology (華南工學院, now renamed as South China University of Technology (華南理工大學)) in July 1985.

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## DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

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**Mr. NING Qifeng** is a vice president of our Company, a position he has held since December 2009. Mr. Ning formerly served as a vice president and an assistant to the president of Dalian Wanda Group, and the general manager of Wanda Hotel Development. Prior to joining our Company in 2002, Mr. Ning worked as the dean of Xi'an Jingye Architecture Design Institute (西安敬業設計事務所) and a lecturer at the architecture department of Xi'an Jiaotong University (西安交通大學).

Mr. Ning obtained his bachelor's degree in engineering from Northwest Architecture Engineering Institute (西北建築工程學院) in July 1986, a master's degree in engineering from Northwest Metallurgical Construction Institute (西北冶金建築學院) in July 1992 and a Ph.D in engineering from Tongji University (同濟大學) in May 2004.

**Mr. SUN Jiquan** is a vice president of our Company, a position he has held since June 2014. He concurrently serves as the general manager of the culture and tourism project management centre (文旅項目管理中心) of our Company, a position he has held since June 2014. Mr. Sun joined Dalian Wanda Group in May 2009 and formerly served as a vice president of Wanda Cultural. He also served as the vice president and the general manager of the northern project management centre (北方項目中心) of our Company.

Mr. Sun graduated in industrial statistics from Northern University of Technology (北方工業大學) in July 1987 and a master's degree in building and real estate management from The Hong Kong Polytechnic University (香港理工大學) in November 2003. Mr. Sun was qualified as a senior engineer with China State Construction Engineering Corporation (中國建築工程總公司) in September 2001 and a Certified Commercial Investment Member with the Certified Commercial Investment Member Institute in October 2005.

**Mr. CHENG Erjun** is a vice president of our Company, a position he has held since January 2012. He concurrently serves as the president of Wanda Hotel & Resort Management Co., Ltd, a position he has held since February 2012. Prior to joining our Company in January 2012, Mr. Cheng worked in China Jin Mao Group Co., Ltd. (中國金茂(集團)有限公司) from March 1997 to January 2012.

Mr. Cheng graduated with his bachelor's degree in economics and a master's degree in law from Nanjing University (南京大學) in July 1987 and October 1990, respectively. He obtained a hotel management degree in Les Roches International School of Hotel Management in January 1996. He also obtained an Executive Master of Business Administration degree from China Europe International Business School (中歐商學院) in July 2006.

**Mr. QU Xiaodong** is a vice president of our Company, a position he has held since December 2012. He concurrently works as the general manager of the southern project management centre (南方項目管理中心) of our Company, a position he has held since December 2012. Mr. Qu joined Dalian Wanda Group in November 2002 and formerly served in various positions in our Company, including an assistant to the president, the general manager of the marketing centre, and the deputy general manager of the project management centre (項目管理中心).

Mr. Qu received his bachelor's degree in economics from Liaoning University (遼寧大學) in July 1997.

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## DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

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**Mr. YU Xiuyang** is a vice president of our Company, a position he has held since December 2013. He concurrently works as the general manager of the northern project management centre (北方項目管理中心) of our Company, a position held since April 2013. Mr. Yu joined our Company in December 2009 and formerly served in various positions in our Company, including an assistant to the president, the general manager of the cost-control department and the general manager of our project company in Huai'an.

Mr. Yu graduated in industrial engineering from Dongbei University (東北大學) in June 1999. He was qualified as an engineer with Dalian Urban Construction Group Co., Ltd. in November 2000.

**Mr. LIU Haibo** is a vice president of our Company, a position he has held since December 2013. Mr. Liu formerly served various positions in our Company, including an assistant to the president, the general manager of the development department, the deputy general manager and the regional general manager. Prior to joining our Company in July 2010, Mr. Liu worked as the deputy general manager of Eton Properties (Xiamen) Co., Ltd. (裕景興業(廈門)有限公司) from February 1994 to June 2010, and the teacher in electronic engineering in Beijing University of Aeronautics and Astronautics (北京航空航天大學) from July 1991 to February 1994.

Mr. Liu graduated with a bachelor's degree in engineering from Beijing University of Aeronautics and Astronautics (北京航空航天大學) in July 1991 and an Executive Master of Business Administration degree from Xiamen University (廈門大學) in June 2005.

**Mr. LAI Jianyan** is a vice president of our Company, a position he has held since December 2013. Mr. Lai formerly served as a senior assistant to the president of our Company and the dean of Wanda Commercial Planning and Research Institute Co., Ltd. Prior to joining Dalian Wanda Group in July 2007, Mr. Lai held a position in KSP Engel and Zimmermann Architects (Shanghai) Co., Ltd. (卡斯帕建築設計諮詢(上海)有限公司), and served as the head of the Architecture Institute of China Academy of Urban Planning and Design (中國城市規劃設計研究院), and the director of Zhongwei construction office of China Academy of Building Research (中國建築技術研究院中緯建築室).

Mr. Lai graduated with a bachelor's degree in engineering from Beijing University of Civil Engineering and Architecture (北京建築大學) (formerly known as Beijing Architecture and Engineering College (北京建築工程學院)) in July 1986. Mr. Lai was qualified as a senior architect with China Academy of Building Research (中國建築技術研究院) in December 1999 and a first class registered architect by National Administration Board of Architectural Registration (全國注冊建築師管理委員會) in July 2000.

**Mr. LV Zhengtao** is a vice president of our Company and concurrently works as the general manager of the Central Project Management Centre (中區項目管理中心) of our Company, both positions he has held since June 2014. Mr. Lv joined our Company in 2002 and formerly served in various positions in our Company, including the general manager of our project company in Shanghai, a deputy general manager of the north project management centre (北方項目管理中心), the general manager of the marketing department of the project management centre (項目管理中心), a deputy general manager of our project companies in Ningbo and Harbin.

Mr. Lv graduated from Shanghai Normal University (上海師範大學) in July 1995.

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## DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

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None of our Directors, Supervisors and senior management members are related to other Directors, Supervisors or senior management members.

Except as disclosed above, none of our Directors, Supervisors and senior management members has been a director of any public company, the securities of which are listed on any securities market in Hong Kong or overseas in the three years immediately preceding the date of this prospectus.

Save as disclosed here, there is no other information which needs to be disclosed under Rule 13.51(2) of the Listing Rules.

### COMPANY SECRETARY

**Mr. LIU Chaohui** is the secretary of the Board, a position he has held since December 2009. He concurrently works as the general manager of the Overseas Properties Centre (境外地產中心) of our Company, a position he has held since April 2014. Mr. Liu serves as an executive director of HK Listed Subsidiary since July 2013. He also works as a director of AMC Entertainment Holdings, Inc. (a company listed on the New York Stock Exchange, stock code: AMC) since August 2012. Mr. Liu formerly served as an assistant to the president of our Company and concurrently the general manager of the investment department (投資部) of our Company. He joined Dalian Wanda Group in October 2002 and served in various positions in Dalian Wanda Group, including as senior assistant to the president, the general manager of the Investment Management Centre (投資管理中心) and the chief officer of the finance department.

Mr. Liu graduated with a bachelor's degree in engineering from Chongqing University (重慶大學) in July 1993, a master's degree in economics from Xiamen University (廈門大學) in July 1996 and a Ph.D. in management from Xiamen University (廈門大學) in June 2004. Mr. Liu was qualified as a non-practising certified accountant by the Ministry of Finance of the PRC (中國財政部) in December 1997.

**Ms. LAM Wai Yee Sophie** was appointed as our assistant company secretary in August 2014. Ms. Lam has over 10 years of professional experience in handling corporate secretarial and compliance matters for listed companies in Hong Kong. She is a vice president of SW Corporate Services Group Limited ("SWCS") and is responsible for providing company secretarial and compliance services to a number of listed clients of SWCS. She is also a company secretary of several companies listed on the Hong Kong Stock Exchange, including Ares Asia Limited (Stock Code: 645), Haitong Securities Co., Ltd. (Stock Code: 6837) and China Titans Energy Technology Group Co., Limited (Stock Code: 2188). Ms. Lam was previously a company secretary of Tidetime Sun (Group) Limited (now known as UP Energy Development Group Limited)(Stock Code: 307) and an assistant company secretary of Haier Electronics Group Co., Ltd. (Stock Code: 1169). She holds a bachelor's degree in translation and a postgraduate diploma in corporate administration from City University of Hong Kong. She is also a fellow member of The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators in the United Kingdom.



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## DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

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### BOARD COMMITTEES

Our Board delegates certain responsibilities to various committees. We have formed four board committees, being the strategy committee, the audit committee, the nomination committee and the remuneration and evaluation committee.

#### Strategy Committee

Our strategy committee consists of two executive Directors, Mr. DING Benxi and Mr. QI Jie, and one independent non-executive Director, Mr. LIU Jipeng. Mr. DING Benxi is the chairman of the committee.

The principal responsibilities of the strategy committee include conducting research and making proposals on the long-term development strategies and plans; conducting research and making proposals on the significant investment and financing plans; conducting research and making proposals on the significant projects of capital manipulation and assets operation; conducting research and making proposals on the significant matters which affect the development of our Company; monitoring the implementation of the above-mentioned issues; other matters that the Board of Directors has authorized it to deal with.

#### Audit Committee

Our audit committee consists of one non-executive Director and two independent non-executive Directors, who are Mr. WANG Guiya, Dr. XUE Yunkui and Mr. LIU Jipeng. Dr. XUE Yunkui is the chairman of the committee.

The principal responsibilities of the audit committee include reviewing and supervising our financial reporting procedures, including making proposals on appointing or changing the external auditors; supervising the Company's internal audit system and its implementation; communication between the internal auditors and external auditors; auditing the financial information and its disclosure; reviewing the Company's internal control system and auditing the significant Connected Transactions; nominating the heads of the internal audit department; other matters that the Board has authorized it to deal with.

#### Nomination Committee

Our nomination committee consists of one non-executive Director Mr. YIN Hai and two independent non-executive Directors, Mr. LIU Jipeng and Dr. XUE Yunkui. Mr. LIU Jipeng is the chairman of the committee.

The principal responsibilities of the nomination committee include preparing the procedures and criteria for recommending appointments of Directors and senior management of the Company, including general managers and vice general managers and conducting a preliminary review candidates' qualifications and credentials; making recommendations to the Board on size and composition of the Board in accordance with the Company's operating results, assets and shareholding structure; and other matters that the Board has authorized it to deal with.



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## DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

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### Remuneration and Evaluation Committee

Our remuneration and evaluation committee consists of one non-executive Director Mr. YIN Hai, and two independent non-executive Directors, Dr. HU, Fred Zulu and Dr. XUE Yunkui. Dr. HU, Fred Zulu is the chairman of the committee.

The principal responsibilities of the remuneration and evaluation committee include formulating the criteria for assessing and conducting assessments of the Directors and senior management as well as formulating, implementing and reviewing the remuneration, reward and incentive policies and plans for the Directors and senior management in accordance with the terms of reference of the Directors and senior management and the importance of their positions as well as the remuneration benchmarks for the relevant positions in the other comparable companies and other matters that the Board has authorized it to deal with.

### COMPENSATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Our Directors and Supervisors receive compensation in the form of Directors' or Supervisors' fees, salaries, housing allowances and other allowances, benefits in kind, the employer's contribution to the pension schemes and discretionary bonuses.

The total compensation before taxation accrued to our Directors for the years ended December 31, 2011, 2012 and 2013 and the six months ended June 30, 2013 and 2014 was RMB25.3 million, RMB47.4 million, RMB25.3 million, RMB9.2 million and RMB9.2 million, respectively.

The total compensation before taxation accrued to our Supervisors for the years ended December 31, 2011, 2012 and 2013 and the six months ended June 30, 2013 and 2014 was RMB1.3 million, RMB1.4 million, RMB1.9 million, RMB0.7 million and RMB1.3 million, respectively.

The total compensation before taxation accrued to our senior management (other than those members of our senior management who were also Directors or Supervisors for the relevant period) for the years ended December 31, 2011, 2012 and 2013 and the six months ended June 30, 2013 and 2014 was RMB43.8 million, RMB49.9 million, RMB52.2 million, RMB19.7 million and RMB23.8 million, respectively.

The total compensation before taxation paid to the five highest paid individuals for the years ended December 31, 2011, 2012 and 2013 and the six months ended June 30, 2013 and 2014 was RMB38.8 million, RMB53.2 million, RMB51.6 million, RMB18.6 million and RMB18.7 million, respectively.

We did not pay to our Directors or the five highest paid individuals any inducement fees to join us or as compensation for loss of office for each of the years ended December 31, 2011, 2012, 2013 and the six months ended June 30, 2013 and 2014. Furthermore, none of our Directors or Supervisors waived compensation for the same period.

Under the arrangement currently in force, we estimate the total compensation before taxation to be accrued to our Directors, Supervisors and senior management for the year ending December 31, 2014 to be approximately RMB25.3 million, RMB3.7 million and RMB101.1 million, respectively.

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## DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

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Save as disclosed above, there was no other amount paid or payable to the Directors or Supervisors by our Company for the three years ended December 31, 2011, 2012 and 2013.

### COMPLIANCE ADVISOR

We have appointed China International Capital Corporation Hong Kong Securities Limited as our compliance advisor pursuant to Rules 3A.19 and 19A.05 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, we must consult with and, if necessary, seek advice from its compliance advisor on a timely basis in the following circumstances:

- (1) before the publication of any regulatory announcement, circular or financial report;
- (2) where a transaction, which might be a notifiable or Connected Transaction, is contemplated including but not limited to share issues and share repurchases;
- (3) where our Company proposes to use the proceeds of the Global Offering in a manner different from that detailed in this prospectus or where the business activities, developments or results of operation of our Group deviate from any forecast, estimate, or other information in this prospectus; and
- (4) where the Stock Exchange makes an inquiry of our Company regarding unusual movements in the price or trading volume of our Shares.

Pursuant to Rule 19A.06 of the Listing Rules, (1) the compliance advisor will inform our Company on a timely basis of any amendment or supplement to the Listing Rules and any new or amended law, regulation or code in Hong Kong applicable to us. Without limiting the generality of Chapter 3A of the Listing Rules, the compliance advisor will provide advice to us on the continuing requirements under the Listing Rules and applicable laws and regulations; and (2) the compliance advisor will also act as our additional channel of communication with the Stock Exchange in Hong Kong.

The term of appointment of the compliance advisor shall commence on the Listing Date and end on the date on which our Company complies with Rule 13.46 of the Listing Rules in respect of its financial results for the first full financial year commencing after the Listing Date and such appointment may be subject to extension by mutual agreement.

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## SHARE CAPITAL

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As of the date of this prospectus, the registered share capital of the Company is RMB 3,874,800,000, divided into 3,874,800,000 Domestic Shares with a nominal value of RMB1.00 each.

Assuming the Over-allotment Option is not exercised, the share capital of the Company immediately after the Global Offering will be as follows:

| Number of Shares | Description of Shares  | Approximate percentage to total share capital |
|------------------|--|---|
| 3,874,800,000    | Domestic Shares  | 86.59%  |
| 600,000,000      | H Shares to be issued by the Company under the Global Offering | 13.41%  |
| 4,474,800,000    |  | 100%  |

Assuming the Over-allotment Option is exercised in full, the share capital of the Company immediately after the Global Offering will be as follows:

| Number of Shares | Description of Shares  | Approximate percentage to total share capital |
|------------------|--|---|
| 3,874,800,000    | Domestic Shares  | 84.88%  |
| 690,000,000      | H Shares to be issued by the Company under the Global Offering | 15.12%  |
| 4,564,800,000    |  | 100%  |

### Our Shares

Our Domestic Shares and H Shares are both ordinary shares in the share capital of our Company. H Shares may only be subscribed for and traded in Hong Kong dollars. Apart from certain qualified domestic investors in the PRC, H Shares generally cannot be subscribed for by or traded between legal or natural persons of the PRC. We must pay all dividends in respect of H Shares in Hong Kong dollars and all dividends in respect of Domestic Shares in RMB.

Our promoters hold all existing Domestic Shares as promoter shares (as defined in the PRC Company Law). The PRC Company Law provides that in relation to the public share offering of a company, the shares of the company which have been issued prior to the offering shall not be transferred within one year from the date of the listing. Accordingly, Shares issued by our Company prior to the Listing Date shall be subject to this statutory restriction and shall not be transferred for a period of one year from the Listing Date.

Except as described in this prospectus and in relation to the dispatch of notices and financial reports to our Shareholders, dispute resolution, registration of Shares in different parts of our register of Shareholders, the method of share transfer and the appointment of dividend receiving agents, which are all provided for in the Articles of Association and summarized in Appendix VIII to this prospectus, our Domestic Shares and our H Shares will rank pari passu with each other in all respects and, in particular, will rank equally for all dividends or distributions to be declared, paid or made after the date of this prospectus. However, the transfer of Domestic Shares is subject to such restrictions as PRC law may

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## SHARE CAPITAL

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impose from time to time. Save for the Global Offering, we do not propose to carry out any public or private issue or to place securities simultaneously with the Global Offering or within the next six months from the date of this prospectus. We have not approved any share issue plan other than the Global Offering.

Upon the completion of the Global Offering, we will have two classes of ordinary shares, H Shares as one class of Shares and Domestic Shares as another class of Shares. As at the date of this prospectus, the Domestic Shares are unlisted Shares which are not listed or traded on any stock exchange. The Domestic Shares will not be converted into H Shares, and therefore will not be listed on the Stock Exchange, upon the completion of the Global Offering. The terms “unlisted Shares” are used to describe whether certain Shares are listed on a stock exchange and are not specific definitions under PRC laws. Given the above, Tian Yuan Law Firm, our legal advisor as to PRC laws, has advised us that the use of the terms “unlisted Shares” in the Articles of Association does not contravene, and is not inconsistent with, any PRC law or regulation (including the Special Regulations and Mandatory Provisions).

According to the stipulations by the State Council’s securities regulatory authority and the Articles of Association, our unlisted Shares may be converted into H Shares, and such converted H Shares may be listed or traded on an overseas stock exchange, provided that prior to the conversion and trading of such converted H Shares any requisite internal approval processes, including approval by Shareholders, shall have been duly completed and the approval from the relevant PRC regulatory authorities, including the CSRC, shall have been obtained. In addition, such conversion, trading and listing shall in all respects comply with the regulations prescribed by the State Council’s securities regulatory authorities and the regulations, requirements and procedures prescribed by the relevant overseas stock exchange.

Approval of the Stock Exchange is required for the listing of such converted H Shares on the Stock Exchange. Based on the methodology and procedures for the conversion of our unlisted Shares into H Shares as described in this section, we can apply for the listing of all or any portion of our unlisted Shares on the Stock Exchange as H Shares in advance of any proposed conversion to ensure that the conversion process can be completed promptly upon notice of the Stock Exchange and delivery of shares for entry on the H Share register. As any listing of additional shares after our initial listing on the Stock Exchange is ordinarily considered by the Stock Exchange to be a purely administrative matter, it does not require such prior application for listing at the time of our initial listing in Hong Kong.

No Shareholder voting by class is required for the listing and trading of the converted shares on an overseas stock exchange. Any application for listing of the converted shares on the Stock Exchange after our initial listing is subject to prior notification by way of announcement to inform our Shareholders and the public of any proposed conversion.

Following the listing of the converted shares on the Stock Exchange, any sale or possible sale of the converted shares may cause a significant decrease in the market price of the H Shares. See “RISKS RELATING TO THE GLOBAL OFFERING AND OUR H SHARES” in the Risk Factors section for further details.

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## SHARE CAPITAL

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### **Mechanism and Procedure for Conversion**

After all requisite approvals as set out above have been obtained, the following procedure will need to be completed in order to effect the conversion: the relevant unlisted Shares will be withdrawn from the Domestic Share register and we will re-register such Shares on our H Share register maintained in Hong Kong and instruct the H Share Registrar to issue H Share certificates. Registration on our H Share register will be conditional on (a) the H Share Registrar lodging with the Stock Exchange a letter confirming the proper entry of the relevant H Shares on the H Share register and the due dispatch of H Share certificates and (b) the admission of the H Shares to trade on the Stock Exchange in compliance with the Listing Rules, the General Rules of CCASS and the CCASS Operational Procedures in force from time to time. Until the converted Shares are re-registered on our H Share register, such Shares will not be listed as H Shares.

### **REGISTRATION OF SHARES NOT LISTED ON THE OVERSEAS STOCK EXCHANGE**

According to the Notice of Centralized Registration and Deposit of Non-overseas Listed Shares of Companies Listed on an Overseas Stock Exchange (《關於境外上市公司非境外上市股份集中登記存管有關事宜的通知》) issued by the CSRC, an overseas listed company is required to register its shares that are not listed on the overseas stock exchange with China Securities Depository and Clearing Corporation Limited within 15 Business Days after listing and provide a written report to the CSRC regarding the centralized registration and deposit of its non-overseas listed shares as well as the current offering and listing of shares.

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## CORNERSTONE INVESTORS

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### THE CORNERSTONE PLACING

We have entered into cornerstone investment agreements with the following cornerstone investors (the “Cornerstone Investors”), who agreed to (subject to certain conditions) subscribe at the Offer Price for such number of Offer Shares (rounded down to the nearest whole board lot of 100 H Shares) that may be purchased for an aggregate amount of US\$2,094,045,752 (the “Cornerstone Investments”). Assuming an Offer Price of HK\$45.70, (being the mid-point of the Offer Price range set forth in this prospectus), the total number of Offer Shares to be subscribed for by the Cornerstone Investors would be approximately 355,336,600 H Shares, representing approximately (i) 59.22% of the Offer Shares, assuming that the Over-allotment Option is not exercised, (ii) 7.94% of the Shares in issue upon completion of the Global Offering, assuming that the Over-allotment Option is not exercised, and (iii) 7.78% of the Shares in issue upon completion of the Global Offering, assuming that the Over-allotment Option is fully exercised. The cornerstone placing forms part of the International Offering and neither of the Cornerstone Investors will subscribe for any Offer Shares under the Global Offering (other than and pursuant to the respective cornerstone investment agreements). Details of the allocations to the Cornerstone Investors will be disclosed in the announcement of results of allocations in the Hong Kong Public Offering to be published on or about December 22, 2014.

The subscription obligation of each of the below Cornerstone Investors is subject to, among other things, the following conditions precedent:

- (1) the Hong Kong Underwriting Agreement and the International Underwriting Agreement having been entered into and having become effective and unconditional and not having been terminated by no later than the time and date as specified in those underwriting agreements in accordance with their respective original terms, or as subsequently varied by agreement of the parties thereto or waived, to the extent it may be waived, by the relevant parties;
- (2) the Listing Committee of the Stock Exchange having granted the approval for the listing of, and permission to deal in, the H Shares and that such approval or permission having not been revoked prior to the commencement of dealings in the H Shares on the Stock Exchange;
- (3) the respective representations, warranties, undertakings and acknowledgements of the respective Cornerstone Investor and the Company are and will be (as of the closing of the respective cornerstone investment agreement) accurate and true in all material respects and not misleading and there being no material breach of the cornerstone investment agreement on the part of the cornerstone investor; and
- (4) no laws shall have been enacted or promulgated which prohibit the consummation of the transactions contemplated in the Hong Kong Public Offering, the International Offering or herein and no orders or injunctions from a court of competent jurisdiction in effect precluding or prohibiting consummation of such transactions.

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## CORNERSTONE INVESTORS

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### OUR CORNERSTONE INVESTORS

#### **Kuwait Investment Authority**

Kuwait Investment Authority (“**KIA**”) has agreed to subscribe for such number of H Shares (rounded down to the nearest whole board lot of 100 H Shares) which may be purchased with US\$300 million (approximately HK\$2,326,440,000) at the Offer Price.

Assuming an Offer Price of HK\$45.70 (being the mid-point of the indicative Offer Price range stated in this prospectus), KIA will subscribe for approximately 50,906,700 H Shares, representing approximately 8.48% of the Offer Shares, and 1.14% of the Shares in issue upon completion of the Global Offering (assuming the Over-allotment Option is not exercised).

KIA is an autonomous government body responsible for the management and administration of the General Reserve Fund and the assets of the Future Generations Fund as well as any other funds entrusted to it by the Minister of Finance for and on behalf of the State of Kuwait. KIA invests across asset classes and markets around the globe with its main office located in Kuwait City and a branch office in London, UK.

#### **China Life Insurance Company Limited**

China Life Insurance Company Limited (“**China Life**”) has agreed to subscribe for such number of H Shares (rounded down to the nearest whole board lot of 100 H Shares) which may be purchased with US\$300 million (approximately HK\$2,326,440,000) at the Offer Price.

Assuming an Offer Price of HK\$45.70 (being the mid-point of the indicative Offer Price range stated in this prospectus), China Life will subscribe for approximately 50,906,700 H Shares, representing approximately 8.48% of the Offer Shares, and 1.14% of the Shares in issue upon completion of the Global Offering (assuming the Over-allotment Option is not exercised).

China Life is listed on the Stock Exchange with stock code of 2628 and is the largest life insurance company in the PRC. It has its headquarters in Beijing and a registered capital of RMB28,265 million as of the Latest Practicable Date. As at December 31, 2013, its total assets amounted to RMB1,972,941 million. Its ultimate controlling shareholder is China Life Insurance (Group) Company. China Life has a market share of approximately 30.4% and total market capitalization of US\$75,313 million.

#### **Ping An Asset Management Co., Ltd.**

Ping An - Wanda Commercial Properties Equity Investment Scheme (“**Ping An Scheme**”) is the beneficiary of a proposed asset management arrangement to be entered into with a qualified domestic institutional investor, China International Capital Corporation Limited, (the “**QDII Manager**”) in the capacity of a qualified domestic institutional investor (“**QDII**”) as asset manager of Ping An Scheme. Ping An Scheme has agreed to cause the QDII Manager to subscribe for such number of H Shares (rounded down to the nearest whole board lot of 100 H Shares) which may be purchased with HK\$2,320,000,000 at the Offer Price.



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## CORNERSTONE INVESTORS

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Assuming an Offer Price of HK\$45.70 (being the mid-point of the indicative Offer Price range stated in this prospectus), Ping An Scheme will subscribe for approximately 50,765,800 H Shares, representing approximately 8.46% of the Offer Shares, and 1.13% of the Shares in issue upon completion of the Global Offering (assuming the Over-allotment Option is not exercised).

Ping An Asset Management Co., Ltd. (“**PAAMC**”) is the entrusted manager of Ping An Scheme. Ping An Insurance (Group) Company of China, Ltd. (“**Ping An Group**”) is an integrated financial services group with three core businesses of insurance, banking and investment, enjoying parallel growth of its traditional and non-traditional financial businesses. Ping An Group’s shares are listed on the Hong Kong Stock Exchange (stock code: 2318) and on the Shanghai Stock Exchange (stock code: 601318). PAAMC is one of the major asset management platforms of Ping An Group. As of June 30, 2014, PAAMC had RMB1.43 trillion(USD 232.52billion) of assets under management.

The QDII Manager is the controlling shareholder of CICCHKS. The QDII Manager shall be treated in an equal manner as other cornerstone investors in the allocation process. The ultimate cornerstone investor is independent from the QDII Manager, CICCHKS and their respective associates. The Joint Sponsors confirm that material terms of the above cornerstone investment agreement are substantially the same as those entered into by other corporate investors taking part in the Global Offering. We have applied for and the Hong Kong Stock Exchange has granted its consent under paragraph 5(1) of Appendix 6 of the Listing Rules to allow Offer Shares to be placed to the QDII as a “connected client” (as defined under paragraph 13 of Appendix 6 of the Listing Rules) of CICCHKS.

### **Och-Ziff Capital Management Group**

Certain affiliated investment funds of Och-Ziff Capital Management Group LLC (collectively, “**OZ Funds**”) have agreed to subscribe for such number of H Shares (rounded down to the nearest whole board lot of 100 H Shares) which may be purchased with US\$250 million (approximately HK\$1,938,700,000) at the Offer Price.

Assuming an Offer Price of HK\$45.70 (being the mid-point of the indicative Offer Price range stated in this prospectus), OZ Funds will subscribe for approximately 42,422,300 H Shares, representing approximately 7.07% of the Offer Shares, and 0.95% of the Shares in issue upon completion of the Global Offering (assuming the Over-allotment Option is not exercised).

Each of the OZ Funds is incorporated or formed in the Cayman Islands, the British Virgin Islands or the State of Delaware, U.S.A.. The investment manager of each of the OZ Funds is either OZ Management LP or OZ Management II LP, affiliates of Och-Ziff Capital Management Group LLC. Och-Ziff Capital Management Group LLC is one of the largest institutional alternative asset managers in the world, with approximately US\$47.1 billion in assets under management as of December 1, 2014.

### **APG Strategic Real Estate Pool N.V.**

APG Strategic Real Estate Pool N.V. (“**SRE Pool NV**”) has agreed to subscribe for such number of H Shares (rounded down to the nearest whole board lot of 100 H Shares) which may be purchased with HK\$1,550,000,000 at the Offer Price.

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## CORNERSTONE INVESTORS

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Assuming an Offer Price of HK\$45.70 (being the mid-point of the indicative Offer Price range stated in this prospectus), SRE Pool NV will subscribe for approximately 33,916,800 H Shares, representing approximately 5.65% of the Offer Shares, and 0.76% of the Shares in issue upon completion of the Global Offering (assuming the Over-allotment Option is not exercised).

SRE Pool NV is a public liability company (Naamloze Vennootschap) incorporated under Dutch law on 2 October 2008. SRE Pool NV is a wholly owned subsidiary of APG Strategic Real Estate Pool (the “Pool”). The Pool is a collective investment fund established under Dutch law on 1 July 2009 in the form of a fund for joint account (fonds voor gemene rekening). The Pool is a contractual arrangement between APG Asset Management N.V. in its capacity as manager of the Pool, Stichting Depositary APG Strategic Real Estate Pool as depository of the Pool and each of the participants in the Pool. The purpose of the Pool is to build a diversified portfolio in listed, non-listed or nearly-listed real estate investments.

### HONG KONG GREE ELECTRIC APPLIANCES SALES LIMITED

HONG KONG GREE ELECTRIC APPLIANCES SALES LIMITED (“Gree”) has agreed to subscribe for such number of H Shares (rounded down to the nearest whole board lot of 100 H Shares) which may be purchased with US\$200 million (approximately HK\$1,550,960,000) at the Offer Price.

Assuming an Offer Price of HK\$45.70 (being the mid-point of the indicative Offer Price range stated in this prospectus), Gree will subscribe for approximately 33,937,800 H Shares, representing approximately 5.66% of the Offer Shares, and 0.76% of the Shares in issue upon completion of the Global Offering (assuming the Over-allotment Option is not exercised).

Gree is a company incorporated in Hong Kong in 2005 and a wholly-owned subsidiary of Gree Electric Appliances Inc. of Zhuhai (“Gree Electric Appliances”), which is a company listed on the Shenzhen Stock Exchange with stock code 000651. The ultimate controlling shareholder of Gree Electric Appliances is the State-owned Assets Supervision and Administration Commission of Zhuhai.

Gree was set up as the exporting platform of Gree Electric Appliances to the overseas market and now has also become its financing center and treasury arm. Gree Electric Appliances currently is the world’s largest specialized air conditioning enterprise which has integrated R&D, manufacturing, marketing and service with revenue of RMB120,043 million and net profit of RMB10,871 million respectively for the year ended December 31, 2013.

Gree may obtain external financing from The Hongkong and Shanghai Banking Corporation Limited for an amount up to US\$150 million to finance its subscription of H Shares. The loan, if obtained, will be on normal commercial terms after arm’s length negotiations. All or some of the H Shares to be subscribed for by Gree may be charged to The Hongkong and Shanghai Banking Corporation Limited as security for such loan. Under the financing arrangement, Gree may be required to repay the loan before its maturity following the occurrence of certain customary events of default. The Hongkong and Shanghai Banking Corporation Limited may therefore have the right to enforce their security interest in the H

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## CORNERSTONE INVESTORS

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Shares subject to such charge at any time upon the occurrence of certain customary events of default, save that The Hongkong and Shanghai Banking Corporation Limited undertakes to the Company not to dispose of the collateral shares through on-market disposal until after the date falling six months after the Listing Date.

### **Fubon Life Insurance Co., Ltd.**

Fubon Life Insurance Co., Ltd. (“Fubon Life”) has agreed to subscribe for such number of H Shares (rounded down to the nearest whole board lot of 100 H Shares) which may be purchased with US\$100 million (approximately HK\$775,480,000) at the Offer Price.

Assuming an Offer Price of HK\$45.70 (being the mid-point of the indicative Offer Price range stated in this prospectus), Fubon Life will subscribe for approximately 16,968,900 H Shares, representing approximately 2.83% of the Offer Shares, and 0.38% of the Shares in issue upon completion of the Global Offering (assuming the Over-allotment Option is not exercised).

Fubon Life is a company incorporated in Taiwan, which is wholly owned and controlled by Fubon Financial Holdings Co., Ltd.. Its principal activities include investment, asset management and life insurance products.

### **Timing Investment Fund Management (Beijing) Co., Ltd.**

Timing Investment Fund Management (Beijing) Co., Ltd. (“**Timing Investment**”) has agreed to subscribe for such number of H Shares (rounded down to the nearest whole board lot of 100 H Shares) which may be purchased with US\$100 million (approximately HK\$775,480,000) at the Offer Price.

Assuming an Offer Price of HK\$45.70 (being the mid-point of the indicative Offer Price range stated in this prospectus), Timing Investment will subscribe for approximately 16,968,900 H Shares, representing approximately 2.83% of the Offer Shares, and 0.38% of the Shares in issue upon completion of the Global Offering (assuming the Over-allotment Option is not exercised).

Timing Investment is a company incorporated in the PRC and its principal activities include investment management and non-securities advisory business. Mr. Jiang Ming is the president and ultimate controlling shareholder of Timing Investment. Mr. Jiang is a businessman and has investments in advertising and real estate businesses.

### **Heywin Investments Limited**

Heywin Investments Limited (“**Heywin**”) has agreed to subscribe for such number of H Shares (rounded down to the nearest whole board lot of 100 H Shares) which may be purchased with US\$100 million (approximately HK\$775,480,000) at the Offer Price.

Assuming an Offer Price of HK\$45.70 (being the mid-point of the indicative Offer Price range stated in this prospectus), Heywin will subscribe for approximately 16,968,900 H Shares, representing approximately 2.83% of the Offer Shares, and 0.38% of the Shares in issue upon completion of the Global Offering (assuming the Over-allotment Option is not exercised).

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## CORNERSTONE INVESTORS

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Heywin, being a wholly-owned subsidiary of TCL Corporation, is an investment company incorporated in the British Virgin Islands with limited liability. TCL Corporation is a company established under the laws of the PRC and its shares were listed on the Shenzhen Stock Exchange (stock code 000100) on 30 January 2004. Founded in 1981, TCL Corporation is one of the largest consumer electronics conglomerates in China with a global presence.

Heywin's purchase of such Offer Shares will be partially financed by a margin facility of up to HK\$400 million from ICBC International Securities Limited (one of the Joint Lead Managers), which is an affiliate of ICBC International Capital Limited (one of the Joint Bookrunners) on normal commercial terms and on an arm's length basis.

### **MACRO-LINK International Investment Co, Ltd.**

MACRO-LINK International Investment Co, Ltd. ("**Macro-Link**") has agreed to subscribe for such number of H Shares (rounded down to the nearest whole board lot of 100 H Shares) which may be purchased with US\$100 million (approximately HK\$775,480,000) at the Offer Price.

Assuming an Offer Price of HK\$45.70 (being the mid-point of the indicative Offer Price range stated in this prospectus), Macro-Link will subscribe for approximately 16,968,900 H Shares, representing approximately 2.83% of the Offer Shares, and 0.38% of the Shares in issue upon completion of the Global Offering (assuming the Over-allotment Option is not exercised).

Macro-Link was founded in 2003 in the British Virgin Islands and is a wholly-owned subsidiary of Macrolink Holdings Co., Ltd (together with its subsidiaries, "**Macrolink Group**"). As the overseas platform for the international cooperation and project development of Macrolink Group, Macro-Link mainly invests in energy, mining, finance, real estate and chemical sectors and has business in Asia-Pacific, Europe, Middle-East and Africa.

Macrolink Group was founded in 1990 and has become a large conglomerate engaged in the business of real estate, oil, mining, chemical engineering and finance through development over the years. Macrolink Group currently owns and invests in more than 80 companies, including 5 listed companies. The companies and business of Macrolink Group have spread widely across China and to more than 40 countries and regions around the globe.

The ultimate controlling shareholders of Macrolink Group are Fu Kwan, chairman of board of directors and president of Macrolink Group, and Xiao Wenhui, vice president of Macrolink Group.

Macro-Link may obtain external financing from The Hongkong and Shanghai Banking Corporation Limited and/or its affiliate for an amount up to US\$100,000,000 to finance its subscription of H Shares. The loan, if obtained, will be on normal commercial terms after arm's length negotiations. All or some of the H Shares to be subscribed for by Macro-Link may be charged to The Hongkong and Shanghai Banking Corporation Limited as security for such loan. Under the financing arrangement, Macro-Link may be required to repay the loan before its maturity following the occurrence of certain customary events of default. The Hongkong and Shanghai Banking Corporation Limited may therefore have the right to foreclose or enforce (whether during the Lock-up Period or otherwise) their security interest in the H Shares subject

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## CORNERSTONE INVESTORS

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to such charge at any time upon the occurrence of certain customary events of default, save that The Hongkong and Shanghai Banking Corporation Limited undertake to the Company not to dispose of the collateral shares through on-market disposal, unless agreed otherwise with the Company, until after the date falling six months after the Listing Date.

### **Shanghai Jupai Hehui Asset Management Co., Ltd.**

Shanghai Jupai Hehui Asset Management Co., Ltd. (“**Shanghai Jupai Hehui**”) has agreed to subscribe for such number of H Shares (rounded down to the nearest whole board lot of 100 H Shares) which may be purchased with US\$80 million (HK\$620,384,000) at the Offer Price.

Assuming an Offer Price of HK\$45.70 (being the mid-point of the indicative Offer Price range stated in this prospectus), Shanghai Jupai Hehui will subscribe for approximately 13,575,100 H Shares, representing approximately 2.26% of the Offer Shares, and 0.30% of the Shares in issue upon completion of the Global Offering (assuming the Over-allotment Option is not exercised).

Shanghai Jupai Hehui is a private equity fund manager incorporated in Shanghai, PRC and registered with Asset Management Association of China under registration no. P1001789. Its ultimate controlling shareholder is Hehui Investment Management (Shanghai) Co., Ltd. (“**Shanghai Hehui Investment**”). Shanghai Hehui Investment is primarily engaged in the business of private equity fund management. Shanghai Jupai Hehui will invest via Jupai Hehui Overseas IPO No. 2 Fund (the “**Shanghai Jupai Hehui QDII Fund**”) set up and maintained by China International Capital Corporation Limited (the “**QDII Manager**”), a PRC qualified domestic institutional investor. The Shanghai Jupai Hehui QDII Fund will invest in the H Shares on behalf of Shanghai Jupai Hehui and hold the H Shares on behalf of Shanghai Jupai Hehui.

The QDII Manager is the controlling shareholder of CICCHK. The QDII Manager shall be treated in an equal manner as other cornerstone investors in the allocation process. The ultimate cornerstone investor is independent from the QDII Manager, CICCHK and their respective associates. The Joint Sponsors confirm that material terms of the above cornerstone investment agreement are substantially the same as those entered into by other corporate investors taking part in the Global Offering. We have applied for and the Hong Kong Stock Exchange has granted its consent under paragraph 5(1) of Appendix 6 of the Listing Rules to allow Offer Shares to be placed to Shanghai Jupai Hehui QDII Fund set up and maintained by the QDII Manager as a “connected client” (as defined under paragraph 13 of Appendix 6 of the Listing Rules) of CICCHK.

### **Woodman Funds SICAV p.l.c.**

Woodman Funds SICAV p.l.c. (“**Woodman**”) has agreed to subscribe for such number of H Shares (rounded down to the nearest whole board lot of 100 H Shares) which may be purchased with US\$65 million (approximately HK\$504,062,000) at the Offer Price.

Assuming an Offer Price of HK\$45.70 (being the mid-point of the indicative Offer Price range stated in this prospectus), Woodman will subscribe for approximately 11,029,800 H Shares, representing approximately 1.84% of the Offer Shares, and 0.25% of the Shares in issue upon completion of the Global Offering (assuming the Over-allotment Option is not exercised).

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## CORNERSTONE INVESTORS

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Woodman is a company incorporated in Malta and is wholly owned by WOODMAN ASSET MANAGEMENT AG. WOODMAN ASSET MANAGEMENT AG is a privately owned company based in Zug, Switzerland and is owned by WOODMAN HOLDING AG, which was initially founded by a multi-family office with close connection with Scandinavian Region.

WOODMAN ASSET MANAGEMENT AG has 19 investment professionals managing investment in both liquid and illiquid asset globally across a number of funds as of the Latest Practicable Date. These funds follow different strategies, including L/S, absolute return and multi-asset allocation.

### GENERAL

Each of the above Cornerstone Investors is an Independent Third Party, not our core connected person, and not an existing Shareholder of our Company, its connected persons and their respective associates. Accordingly, the shareholdings of such Cornerstone Investors in our Company will be counted towards the public float of our Shares. The Offer Shares to be subscribed by the Cornerstone Investors will rank *pari passu* in all respects with the other fully paid H Shares. The Cornerstone Investors do not have any preferential rights compared with other public shareholders pursuant to the respective investment agreements. Immediately following completion of the Global Offering, neither of the above Cornerstone Investors will have any board representation in our Company, nor will either of them become a substantial shareholder of our Company.

The Offer Shares to be subscribed for by the Cornerstone Investors will not be affected by any reallocation of the Offer Shares between the International Offering and Hong Kong Public Offering as described in the section headed “The Structure of the Global Offering” in this prospectus.

### RESTRICTIONS ON THE CORNERSTONE INVESTORS’ INVESTMENT

Each of the above Cornerstone Investors has agreed that, without the prior written consent of our Company and the Joint Bookrunners, it will not, whether directly or indirectly, at any time during the period of six months following the Listing Date (the “**Lock-up Period**”), dispose of (as defined in the relevant cornerstone investment agreements) any of the H Shares subscribed for by it pursuant to the relevant cornerstone investment agreement (save in some cases, each of the Cornerstone Investors could transfer the H Shares that it subscribed to its wholly-owned subsidiary, provided that such subsidiary shall first give a written undertaking, addressed to the Company and the Joint Bookrunners in terms satisfactory to them, agreeing to, and the relevant Cornerstone Investor undertakes to procure that such subsidiary will, be bound by the relevant Cornerstone Investor’s obligations under the relevant cornerstone agreement, including the Lock-up Period restriction). Certain of our Cornerstone Investors, including Macro-Link and Gree may pledge to potential lenders in aggregate up to 39,028,450 H Shares out of the total number of H Shares of 50,906,700 that they intend to subscribe in the Global Offering, assuming an Offer Price of HK\$45.70 per H Share.



## SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, each of the following persons will, immediately following completion of the Global Offering (and any additional H Shares that may be offered for sale for the Over-allotment Option), have an interest or short position in the Shares or underlying Shares, which would be required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at our general meetings:

| Shareholder                         | Nature of interest   | Class           | Number of Shares held | Immediately after the completion of the Global Offering (assuming no exercise of the Over-allotment Option) <sup>(1)</sup> | Immediately after the completion of the Global Offering (assuming the Over-allotment Option is fully exercised) <sup>(2)</sup> | Approximate percentage of shareholding in the total share capital of the Company |  |
|-------------------------------------|--|-----------------|-----------------------|--|--|--|--|
|                                     |  |                 |                       | Approximate percentage of relevant class of Shares   | Approximate percentage of relevant class of Shares   | Approximate percentage of shareholding in the total share capital of the Company | Approximate percentage of shareholding in the total share capital of the Company |
| Mr. WANG Jianlin <sup>(3),(4)</sup> | (a) Beneficial owner<br>(b) Interest of controlled corporation<br>(c) Interest of spouse | Domestic Shares | 2,430,300,000         | 62.72%   | 54.31%   | 62.72%   | 53.24%   |
| Ms. LIN Ning <sup>(4)</sup>         | (a) Beneficial owner<br>(b) Interest of spouse   | Domestic Shares | 2,430,300,000         | 62.72%   | 54.31%   | 62.72%   | 53.24%   |
| Dalian Hexing <sup>(5)</sup>        | Interest of controlled corporation   | Domestic Shares | 1,979,000,000         | 51.07%   | 44.23%   | 51.07%   | 43.35%   |
| Dalian Wanda Group <sup>(6)</sup>   | Beneficial owner   | Domestic Shares | 1,979,000,000         | 51.07%   | 44.23%   | 51.07%   | 43.35%   |

**Notes:**

- (1) The calculation is based on the total number of 4,474,800,000 Shares in issue immediately after completion of the Global Offering (without taking into account any H Shares that may be issued upon any exercise of Over-allotment Option).
- (2) The calculation is based on the total number of 4,564,800,000 Shares in issue immediately after completion of the Global Offering (including such amount of H Shares to be issued assuming the exercise of Over-allotment Option in full).
- (3) Mr. WANG Jianlin directly holds 7.93% Shares of our Company and 0.24% of the issued share capital of Dalian Wanda Group, and indirectly holds 97.77% of the issued share capital of Dalian Wanda Group through his 98% direct interest in Dalian Hexing and is deemed to be interested in the Shares held by Dalian Wanda Group for the purpose of the SFO.
- (4) Ms. LIN Ning is the spouse of Mr. WANG Jianlin and therefore she and Mr. WANG Jianlin are deemed under the SFO to be interested in each other's interests in the Shares. Ms. LIN Ning directly holds 3.72% Shares.
- (5) Dalian Hexing directly holds 99.76% of the entire issued share capital of Dalian Wanda Group and is deemed to be interested in the Shares held by Dalian Wanda Group.
- (6) Dalian Wanda Group has created security interest over an aggregate of 614,087,945 Shares (equivalent to approximately 15.85% of the total number of issued Shares immediately before the completion of the Global Offering) in favour of financial institutions in the PRC for the purpose of securing Dalian Wanda Group's certain borrowing transactions.



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## **SUBSTANTIAL SHAREHOLDERS**

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For those who are directly and/or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group, see “Appendix IX — Statutory and General Information — Further Information about Directors, Supervisors, Chief Executive and Substantial Shareholders”.

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## FINANCIAL INFORMATION

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*The following discussion and analysis should be read in conjunction with the Accountants' Report (together with the accompanying notes) set out in "Appendix I — Accountants' Report" and the unaudited pro forma financial information set out in "Appendix II — Unaudited Pro Forma Financial Information".*

*Subsequent to the Track Record Period, our Company disposed of the 2014 Separated Projects, including Xishuangbanna International Resort, Qingdao Wanda Yacht Industry Park and Dalian Jinshi International Resort by transferring to Dalian Wanda Group, our Controlling Shareholder, all of the equity interests held by us in the 2014 Excluded Companies, namely Xishuangbanna International Resort Development Co., Ltd., Qingdao Wanda Yacht Industry Investment Co., Ltd. and Dalian Jinshi Cultural Tourism Investment Co., Ltd.. See "— Recent Developments" and "Relationship with Controlling Shareholders — Delineation of Business — Excluded Business engaged by our Controlling Shareholder" for more details. While the information and data of our properties as of June 30, 2014 have been given effect to the subsequent disposal of the 2014 Separated Projects, the financial information of the 2014 Separated Projects and the 2014 Excluded Companies have been included in the consolidated financial information of the Group during the Track Record Period pursuant to HKFRS.*

*The consolidated financial information is reported in RMB and was prepared and presented in accordance with HKFRS, which may differ in certain material respects from generally accepted accounting principles in other jurisdictions. Pursuant to HKFRS, the consolidated financial information of the Group has been prepared under the historical cost convention, except for investment properties and derivative financial instruments, which have been measured at fair value.*

*The following discussion and analysis contains forward-looking statements that involve risks and uncertainties. These statements are based on assumptions and analyses made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. You should not place undue reliance on any such statements. Our actual future results could differ materially from those discussed in the forward-looking statements as a result of various factors, including those set forth under "Risk Factors" and "Forward-Looking Statements".*

### OVERVIEW

We are the leading commercial property developer, owner and operator in China and the second largest commercial property owner and operator in the world. We are also the largest luxury hotel owner in China. In addition, we are engaged in developing residential properties to maintain a balanced development structure. We have established a track record of bringing to market large-scale, mixed-use property projects that encompass retail, office, hotel, residential, restaurant, entertainment and/or leisure uses in an integrated architectural complex.

For the years ended December 31, 2011, 2012 and 2013 and the six months ended June 30, 2013 and 2014, our revenue was RMB50,772 million, RMB59,091 million, RMB86,774 million, RMB31,834 million and RMB23,251 million, respectively, and our profit for the year/period amounted to RMB19,775 million, RMB27,821 million, RMB24,882 million, RMB10,086 million and RMB4,917 million, respectively.

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## FINANCIAL INFORMATION

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### Principal Business Segments

Our operations comprise three principal business segments: (i) development, leasing and management of commercial properties held by us for long-term investment, (ii) development and sale of residential, office and retail properties and (iii) development and operation of hotels.

### Property Portfolio

Our leading position in China is well supported by our geographically diversified property portfolio with a nationwide coverage. As of June 30, 2014<sup>(1)</sup>, we had 175 property projects in 111 cities across 29 provinces in China, of which we had:

- a total of 159 Wanda Plazas, our core property product line, in 110 cities, including 71 fully completed Wanda Plazas in 47 cities;
- a total of six Wanda Cities, our new property product line, under development in six cities; and
- a total of 10 other property projects in 10 cities.

In our 175 property projects in China, we have:

- a total of 166 shopping centers in 110 cities, including 89 shopping centers in operation in 59 cities; and
- a total of 99 hotels in 82 cities (with 89 hotels integrated into Wanda Plazas or Wanda Cities and 10 hotels which are separate from our large-scale complexes), including 48 completed hotels owned by us in 39 cities.

As of June 30, 2014, our property portfolio in China comprised a total GFA of approximately 84.7 million sq.m., including the following property categories:

- completed investment properties with a total GFA of approximately 14.7 million sq.m., which were owned and managed by us;
- completed hotels with a total GFA of approximately 2.1 million sq.m.; and
- land reserves with a total GFA of approximately 67.9 million sq.m., including:
  - completed properties held for sale with a total GFA of approximately 2.4 million sq.m.;

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#### Note:

- (1) In this prospectus, unless the context otherwise requires, the information and data of our properties as of June 30, 2014 have been given effect to the subsequent disposal of the 2014 Separated Projects as described in “— Recent Developments” and “Relationship with Controlling Shareholders — Delineation of Business — Excluded Business engaged by our Controlling Shareholder”.

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- properties under development with an estimated total GFA of approximately 54.8 million sq.m.; and
- properties held for future development with an estimated total GFA of approximately 10.7 million sq.m..

### **SIGNIFICANT FACTORS AFFECTING OUR RESULTS OF OPERATIONS**

Our results of operations and financial condition have been, and will continue to be, directly and indirectly affected by a number of factors, many of which are beyond our control, including those factors discussed in the section entitled “Risk Factors”. The key factors affecting our results of operations are set forth below.

#### **General Economic Conditions, Urbanization and Market Cyclicity in China**

Our business is heavily dependent on the continued economic growth, urbanization and rising standards of living and the resultant demand for properties in China. Economic growth and the concomitant urbanization have had a significant impact on the PRC property markets, including the cities and regions where we operate, and have affected the supply of and demand for properties and property pricing trends. The key macroeconomic factors in the PRC that we consider to be important to our operations include general economic development, growth of the private sector and government strategic planning. Economic growth has boosted the general level of disposable income and the number of middle to upper-middle income households in the PRC. Consumer spending power and confidence have also affected rental income from our investment properties and income from our hotels. We believe that these factors will continue to significantly impact our operations.

Moreover, the PRC property market has historically been cyclical. Periods of high economic growth are typically accompanied by higher selling prices or higher rental rates when compared to the prior selling prices or rental rates for a particular property. The opposite occurs during periods of lower economic growth or significant market disruptions. As lease terms and the periods between rental reviews typically are several years or more, rental rates on individual premises are locked in for several years at a level which may diverge from the prevailing market rate for similar premises during the period until the lease expires or until the next rental review.

The overall economic growth in the PRC and the rate of urbanization will continue to be affected by a number of macroeconomic factors, including changes in the global economy as well as the macroeconomic, fiscal and monetary policies of the PRC government. It is difficult to determine the exact impact of any prolonged global economic slowdown on the economy and, derivatively, the property markets in the PRC. Any economic downturn in China generally or, in particular, in the regions where we operate could adversely affect our business, financial condition and results of operations.

#### **Regulatory Environment and Measures Affecting the Real Estate Industry in China**

Our business has been, and will continue to be, affected by the regulatory environment in China, including, specifically, policies and measures taken by the PRC government with regard to property development and related industries. In recent years, the PRC government has implemented a series of measures to constrain the perceived over-heating in the real

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estate market. The PRC government has taken various restrictive measures to discourage speculation. From time to time, the PRC government adjusts or introduces macroeconomic policies to encourage or restrict development in the property sector through regulating, among other things, land grants, pre-sales of properties, bank financing, mortgages and taxation. These policies have led, and may continue to lead, to changes in market conditions, including changes in price stability, costs of ownership, costs of development and the balance of supply and demand with respect to commercial and residential properties. Measures taken by the PRC government to control the money supply, credit availability and fixed asset investment also have a direct impact on our business. The PRC government may further introduce initiatives which may affect our access to financing.

Since 2010, in response to the rising property prices across the country, the PRC government has announced policies and adopted measures to curtail speculation in the property market. These policies include the abolishment of certain preferential treatment with respect to business taxes payable upon transfer of residential properties, increased minimum down-payments for mortgage loans and more stringent requirements with respect to the payment of land grant premiums by property developers. PRC regulatory measures in the real estate industry will continue to impact our business. See “Risk Factors — Risks Relating to Our Industry,” “Supervision and Regulation,” “Appendix V — Market Report” and “Appendix VII — Summary of Principal PRC and Hong Kong Legal and Regulatory Provisions” for more details on the relevant PRC laws and regulations.

### **Access to and Cost of Financing**

Interest-bearing bank and other borrowings and bonds are important sources of funding for our property developments. As of December 31, 2011, 2012 and 2013 and June 30, 2014, our outstanding interest-bearing bank and other borrowings amounted to RMB69,747 million, RMB93,228 million, RMB130,318 million and RMB172,362 million, respectively. Our outstanding bonds amounted to nil, nil, RMB3,675 million and RMB7,326 million, respectively, as of the same dates. For the years ended December 31, 2011, 2012 and 2013 and the six months ended June 30, 2013 and 2014, our total interest expenses on bank and other borrowings and bonds (before capitalization of interests) were RMB5,279 million, RMB6,709 million, RMB9,798 million, RMB4,654 million and RMB6,210 million, respectively. The interest rates of our bank borrowings are generally floating with reference to the benchmark interest rate set by the PBOC, and any increase in this rate will increase the finance costs of our property development projects. See “Risk Factors — Risks Relating to Our Businesses — Our profitability and results of operations are affected by changes in interest rates” for further details. Moreover, the PRC government from time to time has imposed restrictions on bank lending for property development. To the extent the PRC government slows the development of the private property sector, either by restricting loans to the sector or by increasing lending rates to the sector, our access to capital and cost of financing may be adversely affected. As such, any increase in interest rates offered to us, together with the general availability of credit, may significantly impact our property development business.

In addition, during the Track Record Period, we obtained trust financings from various trust financing providers. As of December 31, 2011, 2012 and 2013 and June 30, 2014, we had a total principal amount of RMB11,461 million, RMB15,588 million, RMB36,392 million and RMB43,377 million, respectively, of trust financing outstanding. While trust financing providers generally do not link their interest rates to the PBOC benchmark lending rates, they typically charge higher interest rates than those charged by commercial banks. The PRC government

## FINANCIAL INFORMATION

may implement more stringent measures to control the risks associated with loan growth, which may include more stringent review procedures that trust financing providers are required to adopt when considering applications for trust financing and remedial actions that trust financing providers are required to take in the event of any non-compliance with applicable laws and regulations. Any such further measures that the PRC government may implement could limit the amount that trust financing providers can make available for the PRC property development industry as a whole and to us.

### Fair Value of Our Investment Properties

Property values are affected by, among other factors, supply of and demand for comparable properties, the rate of economic growth, interest rates, inflation, political and economic developments, construction costs and the timing of the development of properties. We state our investment properties at fair value on our consolidated statements of financial position as non-current assets as of each financial statements date based on the valuations prepared by DTZ, an independent property valuer, and record changes in fair value of investment properties in our consolidated statements of profit or loss. See “— Description of Selected Components of Consolidated Statements of Profit or Loss — Increase in Fair Value of Investment Properties”. Property valuation involves the exercise of professional judgment and requires the use of certain bases and assumptions. The fair value of our investment properties may be higher or lower if the valuer uses a different set of bases and assumptions or if the valuation is conducted by another qualified independent professional valuer using the same or a different set of bases and assumptions.

Gains or losses arising from changes in the fair value of our investment properties may have a substantial effect on our profits. As of December 31, 2011, 2012 and 2013 and June 30, 2014, the fair value of our investment properties amounted to RMB111,194 million, RMB159,074 million, RMB198,539 million and RMB220,580 million, respectively. For the years ended December 31, 2011, 2012 and 2013 and the six months ended June 30, 2013 and 2014, we recorded increase in fair value of investment properties of RMB13,992 million, RMB21,898 million, RMB15,443 million, RMB7,832 million and RMB5,227 million, respectively. The fair value of each of our investment properties has fluctuated, and is likely to continue to fluctuate, in accordance with the prevailing property market conditions. For the years ended December 31, 2011, 2012, 2013 and the six months ended June 30, 2014, projects held by 77, 102, 134 and 157 project companies recorded changes in fair value of investment properties, respectively. The following tables set forth projects held by the project companies that each accounted for over 5% of the total amount of increase in fair value of investment properties for the periods indicated:

*For the year ended December 31, 2011*

| Project Company   | Project   | Increase in Fair Value<br>of Investment<br>Properties<br><br>(RMB million) |
|---|---|--|
| Fuzhou Wanda Plaza Investment Co.,<br>Ltd. (福州萬達廣場投資有限公司) . . . . . | Fuzhou Cangshan Wanda Plaza<br>(福州倉山萬達廣場) and Fuzhou<br>Jinrongjie Wanda Plaza<br>(福州金融街萬達廣場) | 685  |
| Wuhan Wanda Donghu Property Co.,<br>Ltd. (武漢萬達東湖置業有限公司) . . . . .   | Wuhan Central Culture City<br>(武漢中央文化區)   | 1,979  |

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*For the year ended December 31, 2012*

| Project Company  | Project  | Increase in Fair Value<br>of Investment<br>Properties |
|--|--|---|
|  |  | (RMB million)   |
| Fuzhou Wanda Plaza Investment Co., Ltd. (福州萬達廣場投資有限公司) . . . . .               | Fuzhou Cangshan Wanda Plaza (福州倉山萬達廣場) and Fuzhou Jinrongjie Wanda Plaza (福州金融街萬達廣場) | 1,095   |
| Beijing Wanda Plaza Property Development Co., Ltd. (北京萬達廣場房地產開發有限公司) . . . . . | Beijing CBD Wanda Plaza (北京CBD萬達廣場)  | 1,168   |
| Shanghai Wanda Commercial Plaza Property Co., Ltd. (上海萬達商業廣場置業有限公司). . . . .   | Shanghai Wujiaochang Wanda Plaza (上海五角場萬達廣場)   | 2,762   |

*For the year ended December 31, 2013*

| Project Company  | Project                                  | Increase in Fair Value<br>of Investment<br>Properties |
|--|--|---|
|  |  | (RMB million)   |
| Dandong Wanda Plaza Co., Ltd (丹東萬達廣場有限公司) . . . . .              | Dandong Wanda Plaza (丹東萬達廣場)             | 831   |
| Nanjing Jiangning Wanda Plaza Co., Ltd. (南京江寧萬達廣場有限公司) . . . . . | Nanjing Jiangning Wanda Plaza (南京江寧萬達廣場) | 1,145   |
| Xi'an Daminggong Wanda Plaza Co., Ltd. (西安大明宮萬達廣場有限公司) . . . . . | Xi'an Daminggong Wanda Plaza (西安大明宮萬達廣場) | 757   |

*For the six months ended June 30, 2014*

| Project Company  | Project                                      | Increase in Fair Value<br>of Investment<br>Properties |
|--|--|---|
|  |  | (RMB million)   |
| Guangzhou Zengcheng Wanda Plaza Co., Ltd (廣州增城萬達廣場有限公司). . . . .             | Guangzhou Zengcheng Wanda Plaza (廣州增城萬達廣場)   | 645   |
| Shanghai Songjiang Wanda Plaza Investment Co., Ltd (上海松江萬達廣場投資有限公司). . . . . | Shanghai Songjiang Wanda Plaza (上海松江萬達廣場)    | 351   |
| Yinchuan Xixia Wanda Plaza Co., Ltd (銀川西夏萬達廣場有限公司) . . . . .                 | Yinchuan Xixia Wanda Plaza (銀川西夏萬達廣場)        | 295   |
| Shanghai Wanda Commercial Plaza Property Co., Ltd. (上海萬達商業廣場置業有限公司). . . . . | Shanghai Wujiaochang Wanda Plaza (上海五角場萬達廣場) | 251   |



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Any decrease in the fair value of our investment properties will adversely affect our profitability. In addition, increases in the fair value of investment properties are unrealized and do not generate any cash inflow to us until such investment properties are disposed of at considerations similar to the valuations. We may therefore experience higher profitability through increases in the fair value of investment properties without a corresponding improvement to our liquidity position. We cannot assure you that levels of increases in the fair value of investment properties similar to those recognized during the Track Record Period can be sustained in the future.

### Revenue Mix

Our revenue and results of operations may vary from period to period depending on the type of properties we sell or lease out and the source of our income.

We derive most of our revenue from sales of properties and retain a significant portion of our properties as investment properties to generate rental income and enjoy the benefit of any appreciation in property value. We also generate significant revenue from our hotel operations. See “— Description of Selected Components of Consolidated Statements of Profit or Loss — Revenue”. As a result, our results of operations, including particularly our gross margins, and the sources and amount of cash from operations, have varied and may continue to vary significantly from period to period depending on the mix of our revenues from sales of properties, property leasing and management and hotel operations. Our gross profit margin may improve with proportionally more revenue from property leasing and management, as our property leasing and management business generally has higher gross margins than our sales of properties business. On the other hand, revenues from sales of properties provide funds at the intended level of cash needs for the development of investment properties and hotels and balance the overall cash flow for the entire property development projects. We proactively and closely plan and manage the relative growth of our sales of properties, property leasing and management and hotel operations in order to achieve and maintain a desirable revenue mix from these three businesses.

In addition, the respective proportions of our commercial properties and our residential properties in our property development portfolio have an impact on our results of operations. Historically, our commercial properties have commanded higher average selling prices and gross profit margins than our residential properties. We believe the disparity is determined by the different nature and marketability of these two types of properties, and expect the trend to continue. As a result, our gross profit margin may improve with proportionally more sales from commercial properties, and vice versa. Such mix varies from period to period due to a number of reasons, including government-regulated plot ratios, project locations, land size and cost, market conditions and our development planning. We adjust the mix of commercial properties and residential properties from time to time according to our development plans.

### Suitability and Cost of Land

Our operating results and continuing growth will depend on our ability to secure high-quality land for development at costs that can yield reasonable returns. Even though we believe that we currently maintain sufficient land reserves to fulfill our development requirements for the next three years, we continue to look for suitable sites for future development projects, on which our continuing growth will partially depend. We strategically target land parcels that satisfy our internal evaluation requirements, such as site areas within

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## FINANCIAL INFORMATION

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a certain range, location and expected investment returns, which may restrict the availability of suitable target lands and may increase land acquisition costs. Furthermore, our results of operations are affected by land acquisition costs, which constitute a significant component of our cost of sales. Over the years, land acquisition costs have generally been increasing and are expected to continue to rise in China as the PRC economy continues to develop and competition in the property market continues to intensify. In addition, PRC governmental land supply policies and implementation measures (such as the statutory requirement of public tender, auction and listing-for-sale with respect to the grant of state-owned land use rights) may further intensify competition for undeveloped land and increase land acquisition costs. For example, in November 2009, the PRC Government raised the minimum down payment percentage for land grant premiums to 50% and required that land grant premiums be fully paid within one year after the signing of a land grant contract, subject to limited exceptions. These and future changes of policy may have a material adverse effect on our cash flows and our ability to acquire suitable land for our growth.

### **Project Development Schedules**

The number of property development projects that a developer can undertake during any particular period is limited due to substantial capital requirements for land acquisitions and construction costs as well as a limited land supply. The development of a property project may take several months before the commencement of pre-sale, depending on the size and difficulty of the project. Although a pre-sale of a property generates positive cash flows for us in the period in which it is made, no revenue is recognized in respect of the sale of a property until its development has been completed and the property has been delivered to the purchaser. As a result, our cash flows and results of operations may vary from period to period depending on the GFA pre-sold/sold and delivered in the relevant period. In addition, delays in construction, regulatory approvals and other processes may also adversely affect the timetable of our projects. As a result of our property development schedules, our revenue, cash flow and results of operations have fluctuated in the past and are likely to continue to fluctuate in the future.

### **Construction and Related Costs**

Construction and related costs constitute a substantial portion of our cost of sales and have had, and will continue to have, a significant impact on our business and results of operations. These costs primarily include construction materials and labor costs. The construction and related costs of our properties vary according to the GFA and height of the buildings, the geology of the construction sites, as well as the use and price of certain key construction materials, such as steel and cement. Costs for construction materials and construction labor for a property development project are generally specified and included in the contractor fees agreed between us and our general contractors. However, increases in construction and related costs will likely prompt our contractors to increase their fee quotes for new property development projects. Furthermore, as we typically pre-sell our properties prior to their completion, we may be unable to pass on any increases in costs to our customers if construction and related costs increase subsequent to such pre-sale. We expect our property development costs will continue to be influenced by fluctuations in the cost of construction materials and the rise in labor costs for our property developments.

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### Rental Rates, Daily Room Rates and Occupancy Trends

Our rental income depends principally on our rental rates and occupancy rates. Factors affecting our rental rates include the supply of comparable properties, the overall demand in the market, the floor area occupied by individual tenants, the trade sectors in which tenants operate, general macroeconomic conditions (including inflation rates) and occupancy rates. In addition, occupancy rates largely depend on rental rates at competing properties, the supply of and demand for comparable properties and the ability to minimize the intervals between lease expiries (or terminations) and the entry into new leases. In addition, occupancy rates of a new property tend to be lower during the initial ramp-up and subsequent renovation period.

Lease terms for our principal investment properties vary based on the types of the properties. Lease terms for anchor and sub-anchor tenants generally range from ten to 15 years, while the lease terms for other tenants generally range from three to five years. Rental rates under our retail property leases generally increase at a pre-agreed amount each year. In addition, our leases with terms of more than three years generally provide that the rents payable increase from the third year of the tenancy. Our ability to re-lease expiring space and the terms we achieve have an impact on our results of operations.

The daily room rates of our hotels are influenced by daily room rates charged by our competitors, the supply of hotel rooms in the market, the attractiveness of our hotels' locations, the breadth and quality of services provided, hotel industry trends, seasonality and general economic conditions. A shortage of rooms in the market will often have the effect of increasing achievable daily room rates as hotels increase their rates in response to demand, whereas an oversupply of rooms will often have the opposite effect. The occupancy rates of our hotels will be in part determined by the level of our daily room rates and our ability to minimize the period of time between customers during which rooms are unoccupied.

### BASIS OF PREPARATION

Our consolidated financial information has been prepared in accordance with HKFRS under the historical cost convention, except for investment properties and derivative financial instruments, which have been measured at fair value.

Our consolidated financial statements include the financial statements of the Company and its subsidiaries for the years ended December 31, 2011, 2012 and 2013 and the six months ended June 30, 2013 and 2014. The financial statements of our subsidiaries are prepared for the same reporting period as the Company using consistent accounting policies. The results of our subsidiaries are consolidated from the date on which we obtain 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 our parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

### CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of the consolidated financial statements of the Group requires selecting accounting policies and making judgments and estimates that affect items reported in the consolidated financial statements. The determination of these accounting policies and the making of these judgments and estimates is fundamental to our results of operations and

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financial condition and requires management to make subjective and complex judgments about matters that are inherently uncertain based on information and data that may change in future periods. As a result, determinations regarding these items necessarily involve the use of assumptions and subjective judgments as to future events and are subject to change, and the use of different assumptions or data could produce materially different results. In addition, actual results could differ from estimates and may have a material adverse effect on our business, financial condition, results of operations or cash flows. We also have other policies and make other judgments and estimates that we consider to be key accounting policies, judgments and estimates, which are set forth in detail in Notes 2.3 and 3 to the Accountants' Report in "Appendix I — Accountants' Report".

### Revenue Recognition

Revenue from the sale of properties in the ordinary course of business is recognized when all the following criteria are met:

- (a) the significant risks and rewards of ownership of the properties have been transferred to the buyers;
- (b) neither continuing managerial involvement to the degree usually associated with ownership, nor effective control over the properties is retained;
- (c) the amount of revenue can be measured reliably;
- (d) it is probable that the economic benefits associated with the transaction will flow to us; and
- (e) the cost incurred or to be incurred in respect of the transaction can be measured reliably.

The above criteria are met when construction of the relevant properties has been completed and we have obtained the project completion report issued by the relevant government authorities, the properties have been delivered to the buyers, and the collectability of related receivables is reasonably assured. Payments received on properties sold prior to the date of revenue recognition are included in the consolidated statement of financial position under current liabilities.

Rental income derived from the lease of our properties is recognized on a time proportion basis over the lease terms.

Property management fee income derived from the provision of property maintenance and management services is recognized when the relevant services are rendered.

Hotel operating income including room rental and service fee from provision of other ancillary services is recognized when the services are rendered.

Interest income is recognized on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

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Dividend income is recognized when the shareholders' right to receive payment has been established.

### **Investment properties**

Investment properties are interests in land and buildings (including the leasehold interest under an operating lease for a property which would otherwise meet the definition of an investment property) held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Investment properties comprise completed investment properties and investment properties under construction. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period.

Gains or losses arising from changes in the fair values of investment properties are included in the statement of profit or loss in the year in which they arise. Any gains or losses on the retirement or disposal of an investment property are recognized in the statement of profit or loss in the year of the retirement or disposal.

For a transfer from investment properties to owner-occupied properties or inventories, the deemed cost of a property for subsequent accounting is its fair value at the date of change in use. If a property occupied by us as an owner-occupied property becomes an investment property, we account for such property in accordance with our accounting policy for property, plant and equipment and depreciation up to the date of change in use, and any difference at that date between the carrying amount and the fair value of the property is accounted for as a revaluation reserve. For a transfer from inventories to investment properties, any difference between the fair value of the property at that date and its previous carrying amount is recognized in the statement of profit or loss.

### **Property, plant and equipment and depreciation**

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalized in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, we recognize such parts as individual assets with specific useful lives and depreciate them accordingly.

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Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The estimated residual values and useful lives for this purpose are as follows:

|                                  | <u>Useful lives</u> | <u>Residual values</u> |
|----------------------------------|---------------------|------------------------|
| Buildings . . . . .              | 35-40 years         | 5%                     |
| Plant and machinery. . . . .     | 10 years            | 5%                     |
| Motor vehicles. . . . .          | 5 years             | 5%                     |
| Furniture and fixtures . . . . . | 5 years             | 5%                     |
| Others . . . . .                 | 5 years             | 5%                     |

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately.

Residual value, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognized in the statement of profit or loss in the year the asset is derecognized is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents renovation works in progress and is stated at cost less any impairment losses, and is not depreciated. Cost mainly comprises the direct costs of construction during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

### **Properties under development**

Properties under development are stated at the lower of cost and net realizable value. Cost comprises land costs, construction costs, borrowing costs, professional fees and other costs directly attributable to such properties incurred during the development period.

Properties under development are classified as current assets unless the construction period of the relevant property development project is expected to complete beyond the normal operating cycle. On completion, the properties are transferred to completed properties held for sale.

### **Completed properties held for sale**

Completed properties held for sale are stated at the lower of cost and net realizable value. Cost is determined by an apportionment of the total land and building costs attributable to unsold properties. Net realizable value is estimated by the directors based on the prevailing market prices, on an individual property basis.

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### Financial liabilities

#### *Initial recognition and measurement*

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

Our financial liabilities include trade and other payables and interest-bearing bank and other borrowings.

#### *Subsequent measurement*

The subsequent measurement of financial liabilities depends on their classification as follows:

#### *Financial liabilities at fair value through profit or loss*

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of repurchasing in the near term. This category includes derivative financial instruments entered into by us that are not designated as hedging instruments in hedge relationships as defined by HKAS 39. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognized in the statement of profit or loss. The net fair value gain or loss recognized in the statement of profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the date of initial recognition and only if the criteria of HKAS 39 are satisfied.

#### *Loans and borrowings*

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognized in the statement of profit or loss when the liabilities are derecognized as well as through the effective interest rate amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortization is included in finance costs in the statement of profit or loss.



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### *Convertible bonds*

The component of convertible bonds that exhibits characteristics of a liability is recognized as a liability in the statement of financial position, net of transaction costs. On issuance of convertible bonds, the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond; and this amount is carried as a long term liability on the amortized cost basis until extinguished on conversion or redemption. The remainder of the proceeds is allocated to the conversion option that is recognized and included in shareholders' equity, net of transaction costs. The carrying amount of the conversion option is not remeasured in subsequent years. Transaction costs are apportioned between the liability and equity components of the convertible bonds based on the allocation of proceeds to the liability and equity components when the instruments are first recognized.

### **Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, that is, assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalized as part of the cost of those assets. The capitalization of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

### **Income tax**

Income tax comprises current tax and deferred tax. Income tax relating to items recognized outside profit or loss is recognized outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each reporting period, taking into consideration interpretations and practices prevailing in the countries in which we operate.

Deferred tax is provided, using the liability method, on all temporary differences at the end of each reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

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- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carry forward of unused tax credits and unused tax losses can be utilized, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognized to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

### **Estimation uncertainty**

#### *Fair value of investment properties*

The investment properties are measured at fair value. The fair value for completed investment properties was arrived at by considering the capitalized 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 surrounding areas. 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 interests to be incurred from the

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valuation date to completion as well as a reasonable margin. The determination of the fair value for completed investment properties requires us to estimate reversionary potential of the properties while for investment properties under development, estimates on costs to be incurred and future profit margin are required in the valuation.

### LAT

LAT in Mainland China is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sale of properties less deductible expenditures including land costs, borrowing costs, other property development expenditures.

When calculating the LAT, we need to estimate the deductible expenditures and make a judgment regarding the relevant tax rate on individual property basis under the relevant applicable tax laws and regulations. Given uncertainties regarding the basis for calculating LAT as determined by the local tax bureau, the actual outcomes may be higher or lower than that estimated. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the LAT expense and LAT provision in the period in which the differences are realized.

## DESCRIPTION OF SELECTED COMPONENTS OF CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

### Revenue

Our revenue comprises (i) sales of properties, including residential, office, SOHO, retail, car park and other properties, (ii) property leasing and management income, (iii) hotel operations income and (iv) other revenue. The following table sets out a breakdown of our revenue for the periods indicated:

|   | For the year ended December 31, |                |               |                |               |                | For the six months ended June 30, |                |               |                |
|---|---------------------------------|----------------|---------------|----------------|---------------|----------------|-----------------------------------|----------------|---------------|----------------|
|   | 2011                            |                | 2012          |                | 2013          |                | 2013                              |                | 2014          |                |
|   | (RMB million)                   | Percentage (%) | (RMB million) | Percentage (%) | (RMB million) | Percentage (%) | (RMB million)                     | Percentage (%) | (RMB million) | Percentage (%) |
|   | (unaudited)                     |                |               |                |               |                |                                   |                |               |                |
| Sales of properties . . .               | 45,505                          | 89.6           | 50,573        | 85.6           | 74,981        | 86.4           | 26,531                            | 83.3           | 16,293        | 70.1           |
| Property leasing and management . . . . | 3,769                           | 7.4            | 5,843         | 9.9            | 8,483         | 9.8            | 3,821                             | 12.0           | 5,177         | 22.3           |
| Hotel operations . . . .                | 1,450                           | 2.9            | 2,576         | 4.4            | 3,215         | 3.7            | 1,433                             | 4.5            | 1,770         | 7.6            |
| Others . . . . .                        | 48                              | 0.1            | 99            | 0.2            | 95            | 0.1            | 49                                | 0.2            | 11            | 0.0            |
| <b>Total . . . . .</b>                  | <b>50,772</b>                   | <b>100.0</b>   | <b>59,091</b> | <b>100.0</b>   | <b>86,774</b> | <b>100.0</b>   | <b>31,834</b>                     | <b>100.0</b>   | <b>23,251</b> | <b>100.0</b>   |

### Sales of Properties

During the Track Record Period, we derived most of our revenue from sales of properties. For the years ended December 31, 2011, 2012 and 2013 and the six months ended June 30, 2013 and 2014, revenue from sales of properties accounted for 89.6%, 85.6%, 86.4%, 83.3% and 70.1%, respectively, of our total revenue.

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The following table sets out a breakdown of our revenue from sales of properties based on the types of properties delivered for the periods indicated:

|                                 | For the year ended December 31, |           |           | For the six months ended<br>June 30, |         |
|---------------------------------|---------------------------------|-----------|-----------|--------------------------------------|---------|
|                                 | 2011                            | 2012      | 2013      | 2013                                 | 2014    |
|                                 |                                 |           |           | (unaudited)                          |         |
| <b>Residential properties</b>   |                                 |           |           |                                      |         |
| Revenue (RMB million) . . . . . | 16,945                          | 13,031    | 30,457    | 12,171                               | 4,673   |
| GFA (sq.m.) . . . . .           | 2,047,124                       | 1,336,318 | 3,419,982 | 1,368,716                            | 592,941 |
| ASP (RMB/sq.m.) . . . . .       | 8,277                           | 9,751     | 8,906     | 8,892                                | 7,881   |
| <b>Office spaces</b>            |                                 |           |           |                                      |         |
| Revenue (RMB million) . . . . . | 6,673                           | 6,970     | 14,701    | 3,233                                | 4,074   |
| GFA (sq.m.) . . . . .           | 670,451                         | 563,165   | 1,309,604 | 277,990                              | 430,120 |
| ASP (RMB/sq.m.) . . . . .       | 9,953                           | 12,376    | 11,226    | 11,630                               | 9,472   |
| <b>SOHO</b>                     |                                 |           |           |                                      |         |
| Revenue (RMB million) . . . . . | 6,459                           | 8,062     | 6,676     | 2,687                                | 2,180   |
| GFA (sq.m.) . . . . .           | 765,206                         | 884,074   | 854,187   | 342,267                              | 337,718 |
| ASP (RMB/sq.m.) . . . . .       | 8,441                           | 9,119     | 7,816     | 7,851                                | 6,455   |
| <b>Retail properties</b>        |                                 |           |           |                                      |         |
| Revenue (RMB million) . . . . . | 13,997                          | 20,970    | 20,451    | 7,963                                | 4,669   |
| GFA (sq.m.) . . . . .           | 580,648                         | 695,153   | 701,929   | 270,909                              | 177,795 |
| ASP (RMB/sq.m.) . . . . .       | 24,106                          | 30,166    | 29,135    | 29,394                               | 26,261  |
| <b>Car parks and others</b>     |                                 |           |           |                                      |         |
| Revenue (RMB million) . . . . . | 1,431                           | 1,540     | 2,696     | 477                                  | 697     |

During the Track Record Period, the changes in our revenue from sales of properties were primarily due to changes in the GFA delivered and the changes in recognized ASP for our properties delivered. The changes in the GFA of properties delivered were primarily due to our property development schedule. The changes in our recognized ASP for properties delivered were primarily due to the changes in the geographic locations of our properties delivered.

### *Property Leasing and Management*

Revenue from property leasing and management is primarily generated as rental income from the leasing of retail properties and offices. For the years ended December 31, 2011, 2012 and 2013 and the six months ended June 30, 2013 and 2014, our revenue from property leasing and management was RMB3,769 million, RMB5,843 million, RMB8,483 million, RMB3,821 million and RMB5,177 million, respectively. During the Track Record Period, the increase in our revenue from property leasing and management was primarily due to an increase in our leased GFA as we expand our completed investment property portfolio and an increase in the rent levels for our completed investment properties.

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### *Hotel Operations*

Revenue from hotel operations is generated from hotel rooms, food and beverage businesses and ancillary services. Revenue from ancillary services primarily includes revenue from business centers, laundry, telephone and internet charges, spa services, foreign exchange services, recreational services and hotel car services. For the years ended December 31, 2011, 2012 and 2013 and the six months ended June 30, 2013 and 2014, our revenue from hotel operations was RMB1,450 million, RMB2,576 million, RMB3,215 million, RMB1,433 million and RMB1,770 million, respectively. During the Track Record Period, the increase in our revenue from hotel operations was primarily due to an increase in our hotel rooms as we expand our hotel business. The following table sets out a breakdown of our revenue from hotel operations as of the periods indicated:

|   | For the year ended December 31, |                  |                  | For the six months ended<br>June 30, |                  |
|---|---------------------------------|------------------|------------------|--------------------------------------|------------------|
|   | 2011                            | 2012             | 2013             | 2013                                 | 2014             |
|   | (RMB<br>million)                | (RMB<br>million) | (RMB<br>million) | (RMB<br>million)                     | (RMB<br>million) |
|   |                                 |                  |                  | (unaudited)                          |                  |
| Self-operated hotels . . . . .            | 0                               | 118              | 580              | 219                                  | 543              |
| Hotels managed by third parties . . . . . | 1,450                           | 2,458            | 2,635            | 1,214                                | 1,227            |
| Total . . . . .                           | 1,450                           | 2,576            | 3,215            | 1,433                                | 1,770            |

During the Track Record Period, we derived less revenue from our self-operated hotels than from our hotels managed by third party hotel management companies, primarily because (i) we had fewer self-operated hotels than hotels managed by third parties and (ii) most of our self-operated hotels were still going through their initial ramp-up periods. See “Risk Factors — Risks Relating to Our Business — Our newly-opened hotels typically incur substantial pre-opening expenses and generate relatively low revenues during their initial ramp-up periods” for further information.

### *Others*

We derive other revenue primarily from (i) the placement of advertisements on our investment properties and hotels, (ii) the leasing of our self-used properties for special events, (iii) the provision of consultation services and (iv) the provision of other miscellaneous services.

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### Cost of Sales

Our cost of sales comprises (i) cost of property sales, (ii) direct operating expenses relating to property leasing and management, (iii) cost of hotel operations, and (iv) others. The following table sets out a breakdown of our cost of sales for the periods indicated:

|   | For the year ended December 31, |                   |                  |                   |                  |                   | For the six months ended June 30, |                   |                  |                   |
|---|---------------------------------|-------------------|------------------|-------------------|------------------|-------------------|-----------------------------------|-------------------|------------------|-------------------|
|   | 2011                            |                   | 2012             |                   | 2013             |                   | 2013                              |                   | 2014             |                   |
|   | (RMB<br>million)                | Percentage<br>(%) | (RMB<br>million) | Percentage<br>(%) | (RMB<br>million) | Percentage<br>(%) | (RMB<br>million)                  | Percentage<br>(%) | (RMB<br>million) | Percentage<br>(%) |
|   | (unaudited)                     |                   |                  |                   |                  |                   |                                   |                   |                  |                   |
| Cost of property sales . . . . .  | 23,999                          | 90.7              | 24,967           | 86.7              | 44,345           | 89.7              | 15,342                            | 87.2              | 9,928            | 77.4              |
| Direct operating expenses<br>relating to property leasing<br>and management . . . . . | 1,432                           | 5.4               | 2,059            | 7.1               | 2,871            | 5.8               | 1,347                             | 7.7               | 1,608            | 12.5              |
| Cost of hotel operations . . . . .  | 997                             | 3.8               | 1,706            | 5.9               | 2,148            | 4.3               | 897                               | 5.1               | 1,257            | 9.8               |
| Others . . . . .  | 41                              | 0.1               | 75               | 0.3               | 74               | 0.1               | 10                                | 0.1               | 28               | 0.3               |
| <b>Total</b> . . . . .  | <u>26,469</u>                   | <u>100.0</u>      | <u>28,807</u>    | <u>100.0</u>      | <u>49,438</u>    | <u>100.0</u>      | <u>17,596</u>                     | <u>100.0</u>      | <u>12,821</u>    | <u>100.0</u>      |

### Cost of property sales

Cost of property sales represents the costs we incur directly in connection with our property development activities, which primarily include land acquisition costs, construction costs, capitalized interests and related surcharges and other costs. We recognize the cost of sales of our properties for a given period to the extent that revenue from such properties has been recognized in the same period.

- *Land acquisition costs.* Land acquisition costs represent costs relating to the acquisition of the rights to occupy, use and develop land. Such costs primarily include the land grant premium incurred in connection with a land grant from the PRC government. Our land acquisition costs are affected by a number of factors, such as the location of the underlying property, regional real estate market conditions, the timing of the land acquisition, the project's plot ratios, the method of acquisition and changes in PRC regulations.
- *Construction costs.* Construction costs include all of the costs for the design and construction of a project, including payments to third-party designers and contractors and costs of construction materials. Our construction costs are affected by a number of factors, including the type and geological condition of the properties being constructed, the investment in ancillary facilities and the type and amount of construction materials used. Historically, construction material costs, particularly the cost of steel and cement, and construction labor costs have been the primary contributing factors to the fluctuations in our construction costs.

## FINANCIAL INFORMATION

- *Capitalized interest.* We capitalize a portion of our finance costs to the extent that such costs are directly attributable to the acquisition and construction of a particular property development project. Finance costs that are not directly attributable to the development of a property development project are expensed and recorded as finance costs in our consolidated statements of profit or loss in the period in which they are incurred.
- *Other costs.* We also incur other miscellaneous costs associated with our property development business.

The following table sets out a breakdown of our cost of property sales for the periods indicated based on the nature of the cost:

|                                  | For the year ended December 31, |                  |                  | For the six months ended<br>June 30, |                  |
|----------------------------------|---------------------------------|------------------|------------------|--------------------------------------|------------------|
|                                  | 2011                            | 2012             | 2013             | 2013                                 | 2014             |
|                                  | (RMB<br>million)                | (RMB<br>million) | (RMB<br>million) | (RMB<br>million)                     | (RMB<br>million) |
|                                  |                                 |                  |                  | (unaudited)                          |                  |
| Land acquisition costs . . . . . | 7,102                           | 8,014            | 11,709           | 4,635                                | 1,807            |
| Construction costs . . . . .     | 15,424                          | 15,305           | 30,398           | 9,947                                | 7,505            |
| Capitalized interest . . . . .   | 855                             | 817              | 1,426            | 457                                  | 413              |
| Other costs . . . . .            | 618                             | 831              | 812              | 303                                  | 203              |
| Total . . . . .                  | <u>23,999</u>                   | <u>24,967</u>    | <u>44,345</u>    | <u>15,342</u>                        | <u>9,928</u>     |

The following table sets out a breakdown of our cost of property sales for the periods indicated based on the types of properties delivered:

|                                | For the year ended December 31, |           |           | For the six months ended<br>June 30, |         |
|--------------------------------|---------------------------------|-----------|-----------|--------------------------------------|---------|
|                                | 2011                            | 2012      | 2013      | 2013                                 | 2014    |
|                                |                                 |           |           | (unaudited)                          |         |
| <b>Residential properties</b>  |                                 |           |           |                                      |         |
| Cost of properties sales       |                                 |           |           |                                      |         |
| (RMB million) . . . . .        | 10,328                          | 8,191     | 21,143    | 7,953                                | 3,618   |
| GFA (sq.m.) . . . . .          | 2,047,124                       | 1,336,318 | 3,419,982 | 1,368,716                            | 592,941 |
| Average cost (RMB/sq.m.) . . . | 5,045                           | 6,130     | 6,182     | 5,811                                | 6,102   |
| <b>Office spaces</b>           |                                 |           |           |                                      |         |
| Cost of properties sales       |                                 |           |           |                                      |         |
| (RMB million) . . . . .        | 4,164                           | 3,796     | 8,419     | 1,986                                | 2,476   |
| GFA (sq.m.) . . . . .          | 670,451                         | 563,165   | 1,309,604 | 277,990                              | 430,120 |
| Average cost (RMB/sq.m.) . . . | 6,211                           | 6,740     | 6,429     | 7,144                                | 5,757   |



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|   | For the year ended December 31, |         |         | For the six months ended<br>June 30, |         |
|---|---------------------------------|---------|---------|--------------------------------------|---------|
|   | 2011                            | 2012    | 2013    | 2013                                 | 2014    |
|   |                                 |         |         | (unaudited)                          |         |
| <b>SOHO</b>   |                                 |         |         |                                      |         |
| Cost of properties sales<br>(RMB million) . . . . . | 4,165                           | 5,273   | 5,693   | 2,239                                | 1,932   |
| GFA (sq.m.) . . . . .                               | 765,206                         | 884,074 | 854,187 | 342,267                              | 337,718 |
| Average cost (RMB/sq.m.) . . .                      | 5,443                           | 5,964   | 6,665   | 6,542                                | 5,721   |
| <b>Retail spaces</b>                                |                                 |         |         |                                      |         |
| Cost of properties sales<br>(RMB million) . . . . . | 4,595                           | 6,601   | 7,382   | 2,833                                | 1,531   |
| GFA (sq.m.) . . . . .                               | 580,648                         | 695,153 | 701,929 | 270,909                              | 177,795 |
| Average cost (RMB/sq.m.) . . .                      | 7,914                           | 9,496   | 10,517  | 10,457                               | 8,611   |
| <b>Car parks and others</b>                         |                                 |         |         |                                      |         |
| Cost of properties sales<br>(RMB million) . . . . . | 747                             | 1,106   | 1,708   | 331                                  | 371     |

### *Direct operating expenses relating to property leasing and management*

Direct operating expenses relating to property leasing and management primarily includes property maintenance costs, salaries for employees in our property leasing and management business and real estate taxes paid on the relevant investment properties.

### *Cost of hotel operations*

Our cost of hotel operations primarily comprises depreciation of our hotels, hotel maintenance costs, management fees paid to third-party hotel management companies, salaries for employees in our hotel operations and other miscellaneous expenses.

### *Others*

Our other cost of sales primarily comprise the direct costs arising from the generation of our other revenue.

## FINANCIAL INFORMATION

### Gross Profit

Gross profit represents revenue less cost of sales. For the years ended December 31, 2011, 2012 and 2013 and the six months ended June 30, 2013 and 2014, our gross profit was RMB24,303 million, RMB30,284 million, RMB37,336 million, RMB14,238 million and RMB10,430 million, respectively, and our gross profit margin was 47.9%, 51.2%, 43.0%, 44.7% and 44.9%, respectively. The following table sets out a breakdown of our gross profit for the periods indicated:

|  | For the year ended December 31, |                   |                  |                   |                  |                   | For the six months ended June 30, |                   |                  |                   |
|--|---------------------------------|-------------------|------------------|-------------------|------------------|-------------------|-----------------------------------|-------------------|------------------|-------------------|
|  | 2011                            |                   | 2012             |                   | 2013             |                   | 2013                              |                   | 2014             |                   |
|  | (RMB<br>million)                | Percentage<br>(%) | (RMB<br>million) | Percentage<br>(%) | (RMB<br>million) | Percentage<br>(%) | (RMB<br>million)                  | Percentage<br>(%) | (RMB<br>million) | Percentage<br>(%) |
|  | (unaudited)                     |                   |                  |                   |                  |                   |                                   |                   |                  |                   |
| Sales of properties . . . . .                | 21,506                          | 88.5              | 25,606           | 84.6              | 30,636           | 82.1              | 11,189                            | 78.6              | 6,365            | 61.0              |
| Property leasing and<br>management . . . . . | 2,337                           | 9.6               | 3,784            | 12.5              | 5,612            | 15.0              | 2,474                             | 17.4              | 3,569            | 34.2              |
| Hotel operations . . . . .                   | 453                             | 1.9               | 870              | 2.9               | 1,067            | 2.9               | 536                               | 3.8               | 513              | 4.9               |
| Others . . . . .                             | 7                               | 0.0               | 24               | 0.1               | 21               | 0.1               | 39                                | 0.3               | (17)             | (0.2)             |
| <b>Total</b> . . . . .                       | <u>24,303</u>                   | <u>100.0</u>      | <u>30,284</u>    | <u>100.0</u>      | <u>37,336</u>    | <u>100.0</u>      | <u>14,238</u>                     | <u>100.0</u>      | <u>10,430</u>    | <u>100.0</u>      |

The following table sets out the gross profit margin of our businesses for the periods indicated:

|  | For the year ended December 31, |      |      | For the six months ended<br>June 30, |      |
|--|---------------------------------|------|------|--------------------------------------|------|
|  | 2011                            | 2012 | 2013 | 2013                                 | 2014 |
|  | (%)                             | (%)  | (%)  | (%)                                  | (%)  |
| Sales of properties . . . . .                | 47.3                            | 50.6 | 40.9 | 42.2                                 | 39.1 |
| Property leasing and<br>management . . . . . | 62.0                            | 64.8 | 66.2 | 64.7                                 | 68.9 |
| Hotel operations . . . . .                   | 31.2                            | 33.8 | 33.2 | 37.4                                 | 29.0 |
| Others . . . . .                             | 14.6                            | 24.2 | 22.1 | 79.6                                 | N.M. |
| Overall . . . . .                            | 47.9                            | 51.2 | 43.0 | 44.7                                 | 44.9 |

**Note:**

N.M. indicates that the related figure is not meaningful.

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### Other Income and Gains

Other income primarily includes bank interest income and government grants.

Other gains primarily include gain on disposal of a subsidiary, gain on disposal of properties and equipment, net foreign exchange gain and gain on bargain purchase.

The following table sets out a breakdown of our other income and gains for the periods indicated:

|  | For the year ended December 31, |                  |                  | For the six months ended<br>June 30, |                  |
|--|---------------------------------|------------------|------------------|--------------------------------------|------------------|
|  | 2011                            | 2012             | 2013             | 2013                                 | 2014             |
|  | (RMB<br>million)                | (RMB<br>million) | (RMB<br>million) | (RMB<br>million)<br>(unaudited)      | (RMB<br>million) |
| <b>Other income</b>  |                                 |                  |                  |                                      |                  |
| Bank interest income . . . . .   | 520                             | 360              | 531              | 259                                  | 256              |
| Government grants . . . . .  | 1,358                           | 1,742            | 3,295            | 1,116                                | 308              |
| Others . . . . .   | <u>47</u>                       | <u>17</u>        | <u>48</u>        | <u>3</u>                             | <u>13</u>        |
| Subtotal . . . . .   | <u>1,925</u>                    | <u>2,119</u>     | <u>3,874</u>     | <u>1,378</u>                         | <u>577</u>       |
| <b>Gains</b>   |                                 |                  |                  |                                      |                  |
| Gain on disposal of<br>subsidiaries . . . . .                              | —                               | —                | 113              | —                                    | 387              |
| Gain on disposal of items of<br>property, plant and<br>equipment . . . . . | 1                               | 2                | —                | —                                    | —                |
| Fair value gain from derivative<br>financial instruments . . . . .         | —                               | —                | —                | —                                    | 1                |
| Foreign exchange gain, net . . .   | —                               | —                | 12               | —                                    | 129              |
| Gain on bargain purchase . . . .   | —                               | —                | 75               | —                                    | 2                |
| Gain on disposal of<br>available-for-sale<br>investments . . . . .         | —                               | —                | —                | —                                    | 40               |
| Others . . . . .   | <u>40</u>                       | <u>41</u>        | <u>68</u>        | <u>20</u>                            | <u>54</u>        |
| Subtotal . . . . .   | <u>41</u>                       | <u>43</u>        | <u>268</u>       | <u>20</u>                            | <u>613</u>       |
| <b>Total</b> . . . . .   | <u>1,966</u>                    | <u>2,162</u>     | <u>4,142</u>     | <u>1,398</u>                         | <u>1,190</u>     |

### Increase in Fair Value of Investment Properties

For the years ended December, 31, 2011, 2012 and 2013 and the six months ended June 30, 2013 and 2014, we recorded an increase in fair value of investment properties of RMB13,992 million, RMB21,898 million, RMB15,443 million, RMB7,832 million and RMB5,227 million, respectively.

Substantially all of our investment properties are situated in the PRC. The fair value of each of our investment properties is primarily affected by supply of and demand for comparable properties, the rate of economic growth, interest rates, inflation and political and economic developments in the areas where the investment properties are located. In addition, the fair value of each of our investment properties under development is also affected by construction costs and the schedule of the development of properties.

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### Selling and Distribution Costs

Selling and distribution costs primarily include promotional expenses relating to sales and rentals of our properties (including advertisements in print media, on billboards and on television, promotional offers made directly to our customers and certain other promotional events, publicity and exhibitions), selling and marketing staff costs and other distribution costs. Our selling and distribution costs in any period may be affected by the number of newly introduced property development projects in that period.

### Administrative Expenses

Administrative expenses primarily include salaries and benefits for our administrative personnel, service fees, consulting, auditing and litigation expenses, travel expenses and general office expenses.

### Other Expenses

Other expenses primarily include charitable donations and damages and compensation we paid for our breach of relevant contractual obligations.

### Finance Costs

Finance costs primarily include (i) interest on bank and other borrowings (net of interest capitalized) and (ii) interest on convertible and guaranteed bonds.

The following table sets out an analysis of finance costs for the Track Record Period:

|  | For the year ended December 31, |                  |                  | For the six months ended<br>June 30, |                  |
|--|---------------------------------|------------------|------------------|--------------------------------------|------------------|
|  | 2011                            | 2012             | 2013             | 2013                                 | 2014             |
|  | (RMB<br>million)                | (RMB<br>million) | (RMB<br>million) | (RMB<br>million)<br>(unaudited)      | (RMB<br>million) |
| Interest on bank and other borrowings . . . . .        |                                 |                  |                  |                                      |                  |
| - wholly repayable within five years . . . . .         | 4,345                           | 5,237            | 6,701            | 3,570                                | 4,794            |
| - wholly repayable over five years . . . . .           | 934                             | 1,472            | 3,067            | 1,084                                | 1,205            |
| Interest on convertible and guaranteed bonds . . . . . | —                               | —                | 30               | —                                    | 211              |
| Total interest expense . . . . .                       | 5,279                           | 6,709            | 9,798            | 4,654                                | 6,210            |
| Less: interest capitalized . . . . .                   | (2,223)                         | (2,848)          | (3,943)          | (1,874)                              | (2,570)          |
|  | <u>3,056</u>                    | <u>3,861</u>     | <u>5,855</u>     | <u>2,780</u>                         | <u>3,640</u>     |

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## FINANCIAL INFORMATION

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### Share of Loss of an Associate

Dalian Jinshi Culture and Tourism Investment Co., Ltd. (大連金石文化旅遊投資有限公司), or Dalian Jinshi, became our associate as a result of our acquisition of equity interests in Dalian Jinshi from independent third parties in 2013. As a result of our further acquisition of equity interests in Dalian Jinshi from Dalian Wanda Group, Dalian Jinshi became our subsidiary in 2014.

### Income Tax Expense

Our income tax expense primarily comprises current and deferred corporate income tax and LAT in the PRC. Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

During the Track Record Period and up to the Latest Practicable Date, we have paid all relevant taxes when due and there are no matters in dispute or unresolved with the relevant tax authorities.

#### *Corporate income tax*

The provision for corporate income tax during the Track Record Period was primarily based on the applicable rate of 25%, except for one of our PRC subsidiaries which enjoyed the preferential corporate income tax rate of 15%. Our effective corporate income tax rate, which is calculated by dividing the sum of current corporate income tax and deferred tax by profit before tax less LAT, was 24.2%, 25.8%, 27.4%, 30.6% and 28.6% for the years ended December 31, 2011, 2012 and 2013 and the six months ended June 30, 2013 and 2014, respectively. Our effectively corporate income tax rate for the years ended December 31, 2012 and 2013 and the six months ended June 30, 2013 and 2014 was higher than the statutory corporate income tax rate for the corresponding periods primarily due to the unused tax losses and deductible temporary differences which were not recognized as deferred tax assets for these periods and which may not be utilized against taxable profit in later periods.

#### *LAT*

Under PRC laws and regulations, our property development business in the PRC is subject to LAT at the progressive rates range of 30% to 60% of the appreciation in land value arising from the sale or transfer of land use rights and buildings and their attached facilities, which is measured as the proceeds from the sales of properties less deductible expenditures including land costs, borrowing costs and other property development expenditures as determined by the local authorities in the area where each property is located. Certain exemptions are available for the sale of ordinary residential properties, as defined by the local authorities, if the appreciation values do not exceed 20% of the total deductible items as defined in the relevant tax laws. Sales of commercial properties are not eligible for such exemptions. Historically, sales of higher end residential properties and commercial properties were generally assessed at higher appreciation values and were therefore generally subject to higher LAT rates. As required by the local tax authorities in the PRC, we pay 1% to 5% of our pre-sales and sales proceeds as prepaid LAT each year and settle the final LAT payable in respect of our property development projects after the sales of the properties meet certain

## FINANCIAL INFORMATION

criteria. We make provisions for LAT upon recognition of revenue. We made a LAT provision of RMB4,743 million, RMB5,749 million, RMB7,196 million, RMB2,355 million and RMB1,497 million for the years ended December 31, 2011, 2012 and 2013 and the six months ended June 30, 2013 and 2014, respectively.

### DISCUSSION OF RESULTS OF OPERATIONS

You should read the selected historical financial information set forth below in conjunction with our consolidated financial statements, together with the accompanying notes, included in the Accountants' Report set out in "Appendix I — Accountants' Report" and the unaudited pro forma financial information set out in "Appendix II — Unaudited Pro Forma Financial Information".

The following table sets forth our results of operations for the periods indicated:

|  | For the year ended December 31, |                  |                  | For the six months ended<br>June 30, |                  |
|--|---------------------------------|------------------|------------------|--------------------------------------|------------------|
|  | 2011                            | 2012             | 2013             | 2013                                 | 2014             |
|  | (RMB<br>million)                | (RMB<br>million) | (RMB<br>million) | (RMB<br>million)                     | (RMB<br>million) |
|  |                                 |                  |                  | <b>(unaudited)</b>                   |                  |
| Revenue . . . . .  | 50,772                          | 59,091           | 86,774           | 31,834                               | 23,251           |
| Cost of sales . . . . .                                      | (26,469)                        | (28,807)         | (49,438)         | (17,596)                             | (12,821)         |
| Gross profit . . . . .                                       | 24,303                          | 30,284           | 37,336           | 14,238                               | 10,430           |
| Other income and gains . . . . .                             | 1,966                           | 2,162            | 4,142            | 1,398                                | 1,190            |
| Increase in fair value of<br>investment properties . . . . . | 13,992                          | 21,898           | 15,443           | 7,832                                | 5,227            |
| Selling and distribution costs . . . . .                     | (2,829)                         | (2,997)          | (4,298)          | (1,621)                              | (2,104)          |
| Administrative expenses . . . . .                            | (3,226)                         | (3,950)          | (4,914)          | (2,062)                              | (2,633)          |
| Other expenses . . . . .                                     | (309)                           | (272)            | (353)            | (119)                                | (84)             |
| Finance costs . . . . .                                      | (3,056)                         | (3,861)          | (5,855)          | (2,780)                              | (3,640)          |
| Share of loss of an associate . . . . .                      | —                               | —                | (9)              | —                                    | (1)              |
| Profit before tax . . . . .                                  | 30,841                          | 43,264           | 41,492           | 16,886                               | 8,385            |
| Income tax expense . . . . .                                 | (11,066)                        | (15,443)         | (16,610)         | (6,800)                              | (3,468)          |
| Profit for the year/period . . . . .                         | <u>19,775</u>                   | <u>27,821</u>    | <u>24,882</u>    | <u>10,086</u>                        | <u>4,917</u>     |
| Attributable to:   |                                 |                  |                  |                                      |                  |
| Owners of the parent . . . . .                               | 19,779                          | 27,310           | 24,581           | 9,313                                | 4,965            |
| Non-controlling interests . . . . .                          | (4)                             | 511              | 301              | 773                                  | (48)             |
| Profit for the year/period . . . . .                         | <u>19,775</u>                   | <u>27,821</u>    | <u>24,882</u>    | <u>10,086</u>                        | <u>4,917</u>     |

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## FINANCIAL INFORMATION

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### Six months ended June 30, 2014 Compared to Six Months ended June 30, 2013

#### *Revenue*

Our revenue decreased by RMB8,583 million, or 27.0%, to RMB23,251 million for the six months ended June 30, 2014 from RMB31,834 million for the six months ended June 30, 2013, primarily due to a decrease in the revenue from sales of properties.

Our revenue from sales of properties decreased by RMB10,238 million, or 38.6%, to RMB16,293 million for the six months ended June 30, 2014 from RMB26,531 million for the six months ended June 30, 2013, primarily due to (i) a decrease in our GFA for residential properties delivered to 592,941 sq.m. for the six months ended June 30, 2014 from 1,368,716 sq.m. for the six months ended June 30, 2013, and (ii) a decrease in our GFA for retail properties delivered to 177,795 sq.m. for the six months ended June 30, 2014 from 270,909 sq.m. for the six months ended June 30, 2013. The decrease in our GFA delivered for residential and retail properties was primarily due to our property development schedule, as we completed less residential and retail properties for the six months ended June 30, 2014 compared to the six months ended June 30, 2013.

Our revenue from property leasing and management increased by RMB1,356 million, or 35.5%, to RMB5,177 million for the six months ended June 30, 2014 from RMB3,821 million for the six months ended June 30, 2013, primarily due to (i) an increase in our leased GFA as a result of the expansion of our completed investment property portfolio and (ii) an increase in the rent levels for our completed investment properties as a result of favorable real estate market conditions. The total LFA of our shopping centers, which represents a predominant portion of the total LFA of our completed investment properties, increased to 8,087,707 sq.m. as of June 30, 2014 from 6,476,415 sq.m. as of June 30, 2013. The average rent of our shopping centers increased to RMB75 per sq.m. per month for the six months ended June 30, 2014 from RMB70 per sq.m. per month for the six months ended June 30, 2013. For the calculation of the total LFA and the average rent of our shopping centers, see “— Business — Overview of Our Business Segments — Overview of Our investment Properties and Property Leasing”.

Our revenue from hotel operations increased by RMB337 million, or 23.5%, to RMB1,770 million for the six months ended June 30, 2014 from RMB1,433 million for the six months ended June 30, 2013, primarily due to an increase in the number of our hotel rooms as we expanded our hotel business. Our total number of room nights available for sale increased to 2,479,899 for the six months ended June 30, 2014 from 1,887,351 for the six months ended June 30, 2013.

Our other revenue decreased by RMB38 million, or 77.6%, to RMB11 million for the six months ended June 30, 2014 from RMB49 million for the six months ended June 30, 2013.



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## FINANCIAL INFORMATION

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### ***Cost of Sales***

Our cost of sales decreased by RMB4,775 million, or 27.1%, to RMB12,821 million for the six months ended June 30, 2014 from RMB17,596 million for the six months ended June 30, 2013, primarily due to a decrease in the cost of property sales.

Our cost of property sales decreased by RMB5,414 million, or 35.3%, to RMB9,928 million for the six months ended June 30, 2014 from RMB15,342 million for the six months ended June 30, 2013, primarily due to (i) a decrease in our GFA for residential properties delivered to 592,941 sq.m. for the six months ended June 30, 2014 from 1,368,716 sq.m. for the six months ended June 30, 2013, and (ii) a decrease in our GFA for retail properties delivered to 177,795 sq.m. for the six months ended June 30, 2014 from 270,909 sq.m. for the six months ended June 30, 2013. The decrease in our GFA delivered for residential and retail properties was primarily due to our property development schedule, as we completed less residential and retail properties for the six months ended June 30, 2014 compared to the six months ended June 30, 2013.

Our direct operating expenses relating to property leasing and management increased by RMB261 million, or 19.4%, to RMB1,608 million for the six months ended June 30, 2014 from RMB1,347 million for the six months ended June 30, 2013, primarily due to an increase in our leased GFA.

Our cost of hotel operations increased by RMB360 million, or 40.1%, to RMB1,257 million for the six months ended June 30, 2014 from RMB897 million for the six months ended June 30, 2013, primarily due to an increase in the number of our hotel rooms.

Our other cost of sales increased by RMB18 million, or 180.0%, to RMB28 million for the six months ended June 30, 2014 from RMB10 million for the six months ended June 30, 2013.

### ***Gross Profit***

As a result of the foregoing, our gross profit decreased by RMB3,808 million, or 26.7%, to RMB10,430 million for the six months ended June 30, 2014 from RMB14,238 million for the six months ended June 30, 2013. Our gross profit margin increased slightly to 44.9% for the six months ended June 30, 2014 from 44.7% for the six months ended June 30, 2013.

### ***Other Income and Gains***

Our other income and gains decreased by RMB208 million, or 14.9%, to RMB1,190 million for the six months ended June 30, 2014 from RMB1,398 million for the six months ended June 30, 2013, primarily due to a decrease in government grants, partially offset by an increase in gain on disposal of subsidiaries. In March 2014, we transferred our entire 100% equity interest in Sichuan Wanda Hotel Management Co., Ltd. (四川萬達大酒店管理有限公司) to an independent third party for a cash consideration of RMB560 million and recorded a gain on disposal of a subsidiary of RMB386 million.

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### ***Increase in Fair Value of Investment Properties***

Our increase in fair value of investment properties decreased by RMB2,605 million, or 33.3%, to RMB5,227 million for the six months ended June 30, 2014 from RMB7,832 million for the six months ended June 30, 2013, primarily due to the increase in the fair value of our investment properties located in less developed PRC cities as a portion of the total fair value of our investment properties portfolio, as investment properties located in less developed PRC cities generally appreciate less in fair value than investment properties located in more developed cities.

### ***Selling and Distribution Costs***

Our selling and distribution costs increased by RMB483 million, or 29.8%, to RMB2,104 million for the six months ended June 30, 2014 from RMB1,621 million for the six months ended June 30, 2013, primarily due to the increases in advertising and promotional expenses and employee benefit expense for our sales staff in the six months ended June 30, 2014 when compared to the six months ended June 30, 2013.

### ***Administrative Expenses***

Our administrative expenses increased by RMB571 million, or 27.7%, to RMB2,633 million for the six months ended June 30, 2014 from RMB2,062 million for the six months ended June 30, 2013, primarily due to the increases in staff salaries and other miscellaneous expenses as a result of the continued expansion of our operations.

### ***Other Expenses***

Our other expenses decreased by RMB35 million to RMB84 million for the six months ended June 30, 2014 from RMB119 million for the six months ended June 30, 2013, primarily due to a decrease in our charitable donations.

### ***Finance Costs***

Our finance costs increased by RMB860 million, or 30.9%, to RMB3,640 million for the six months ended June 30, 2014 from RMB2,780 million for the six months ended June 30, 2013, primarily due to an increase in the amount of interest on our bank and other borrowings, partially offset by an increase in interest capitalized. The increase in interest on bank and other borrowings was due to an increase in the average outstanding balance of our interest-bearing bank and other borrowings as we expanded our business operations.

### ***Share of Loss of an Associate***

Our share of loss of an associate was RMB1 million for the six months ended June 30, 2014, primarily due to the loss that Dalian Jinshi incurred for the period.

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### ***Profit before Tax***

As a result of the foregoing, our profit before tax decreased by RMB8,501 million, or 50.3%, to RMB8,385 million for the six months ended June 30, 2014 from RMB16,886 million for the six months ended June 30, 2013.

### ***Income Tax Expense***

Our income tax expenses decreased by RMB3,332 million, or 49.0%, to RMB3,468 million for the six months ended June 30, 2014 from RMB6,800 million for the six months ended June 30, 2013, primarily due to a decrease in our profit before tax. Our effective corporate income tax rate, calculated by dividing the sum of current corporate income tax and deferred tax by profit before tax less LAT, decreased to 28.6% for the six months ended June 30, 2014 from 30.6% for the six months ended June 30, 2013 primarily due to the decrease in unused tax losses which were not recognized as deferred tax assets for these periods and which may not be utilized against taxable profit in later periods.

### ***Profit for the Period***

As a result of the foregoing, our profit for the period decreased by RMB5,169 million, or 51.2%, to RMB4,917 million for the six months ended June 30, 2014 from RMB10,086 million for the six months ended June 30, 2013. Our net profit margin decreased to 21.1% for the six months ended June 30, 2014 from 31.7% for the six months ended June 30, 2013, primarily due to a decrease in the fair value gain of investment properties for the six months ended June 30, 2014 when compared with that for the six months ended June 30, 2013.

### ***Profit for the Period attributable to Non-controlling Interests***

Our loss for the period attributable to non-controlling interests was RMB48 million for the six months ended June 30, 2014, compared with profit for the period attributable to non-controlling interests of RMB773 million for the six months ended June 30, 2013, which was primarily due to the changes in the results of operations of the HK Listed Subsidiary and Yixing Wanda Plaza Co., Ltd. (宜興萬達廣場有限公司) for the six months ended June 30, 2014, compared with their results of operations for the six months ended June 30, 2013.

## **2013 Compared to 2012**

### ***Revenue***

Our revenue increased by RMB27,683 million, or 46.8%, to RMB86,774 million in 2013 from RMB59,091 million in 2012, primarily due to an increase in revenue from sales of properties.

Our revenue from sales of properties increased by RMB24,408 million, or 48.3%, to RMB74,981 million in 2013 from RMB50,573 million in 2012, primarily due to an increase in the GFA of residential properties delivered to 3,419,982 sq.m. in 2013 from 1,336,318 sq.m. in 2012, partially offset by a decrease in our recognized ASP for residential properties delivered to RMB8,906 per sq.m. in 2013 from RMB9,751 per sq.m. in 2012. The decrease in our recognized ASP for residential properties delivered was primarily due to the change in the geographic locations of our residential properties delivered.

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Our revenue from property leasing and management increased by RMB2,640 million, or 45.2%, to RMB8,483 million in 2013 from RMB5,843 million in 2012, primarily due to (i) an increase in leased GFA as a result of the expansion of our completed investment property portfolio and (ii) an increase in the rent levels for our completed investment properties as a result of favorable real estate market conditions. The total LFA of our shopping centers, which represents a predominant portion of the total LFA of our completed investment properties, increased to 7,706,027 sq.m. as of December 31, 2013 from 6,051,550 sq.m. as of December 31, 2012. The average rent of our shopping centers increased to RMB71 per sq.m. per month for the year ended December 31, 2013 from RMB63 per sq.m. per month for the year ended December 31, 2012. For the calculation of the total LFA and the average rent of our shopping centers, see “— Business — Overview of Our Business Segments — Overview of Our investment Properties and Property Leasing”.

Our revenue from hotel operations increased by RMB639 million, or 24.8%, to RMB3,215 million in 2013 from RMB2,576 million in 2012, primarily due to an increase in the number of our hotel rooms as we expanded our hotel business. The total number of room nights available for sale increased to 4,008,890 for the year ended December 31, 2013 from 3,177,086 for the year ended December 31, 2012.

Our other revenue decreased by RMB4 million, or 4.0%, to RMB95 million in 2013 from RMB99 million in 2012.

### ***Cost of Sales***

Our cost of sales increased by RMB20,631 million, or 71.6%, to RMB49,438 million in 2013 from RMB28,807 million in 2012, primarily due to an increase in our cost of property sales.

Our cost of property sales increased by RMB19,378 million, or 77.6%, to RMB44,345 million in 2013 from RMB24,967 million in 2012, primarily due to an increase in properties delivered.

Our direct operating expenses relating to property leasing and management increased by RMB812 million, or 39.4%, to RMB2,871 million in 2013 from RMB2,059 million in 2012, primarily due to an increase in our leased GFA.

Our cost of hotel operations increased by RMB442 million, or 25.9%, to RMB2,148 million in 2013 from RMB1,706 million in 2012, primarily due to an increase in the number of our hotel rooms.

Our other cost of sales decreased by RMB1 million, or 1.3%, to RMB74 million in 2013 from RMB75 million in 2012.

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### ***Gross Profit***

As a result of the foregoing, our gross profit increased by RMB7,052 million, or 23.3%, to RMB37,336 million in 2013 from RMB30,284 million in 2012. Our gross profit margin decreased to 43.0% in 2013 from 51.2% in 2012, primarily due to the change in our product mix. We delivered a higher proportion of residential properties in 2013 when compared to 2012 and residential properties generally have lower gross profit margins than those of commercial properties.

### ***Other Income and Gains***

Our other income and gains increased by RMB1,980 million, or 91.6%, to RMB4,142 million in 2013 from RMB2,162 million in 2012, primarily due to an increase in government grants.

### ***Increase in Fair Value of Investment Properties***

Our increase in fair value of investment properties decreased by RMB6,455 million, or 29.5%, to RMB15,443 million in 2013 from RMB21,898 million in 2012, primarily due to an increase in the fair value of our investment properties located in less developed PRC cities as a percentage of the total fair value of our investment properties portfolio, as investment properties located in less developed PRC cities generally appreciate less in fair value than investment properties located in more developed cities.

### ***Selling and Distribution Costs***

Our selling and distribution costs increased by RMB1,301 million, or 43.4%, to RMB4,298 million in 2013 from RMB2,997 million in 2012, primarily due to increases in advertising and promotional expenses as we intensified our marketing efforts.

### ***Administrative Expenses***

Our administrative expenses increased by RMB964 million, or 24.4%, to RMB4,914 million in 2013 from RMB3,950 million in 2012, primarily due to increases in employee benefit expenses and other miscellaneous expenses, as a result of the continued expansion of our operations.

### ***Other Expenses***

Our other expenses increased by RMB81 million, or 29.8%, to RMB353 million in 2013 from RMB272 million in 2012, primarily due to an increase in our charitable donations.

### ***Finance Costs***

Our finance costs increased by RMB1,994 million, or 51.6%, to RMB5,855 million in 2013 from RMB3,861 million in 2012, primarily due to an increase in the amount of interest on our bank and other borrowings, partially offset by an increase in interest capitalized. The increase in interest on bank and other borrowings was due to an increase in the average balance of our outstanding interest-bearing bank and other borrowings as we expanded our business operations.

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### ***Share of Loss of an Associate***

Our share of loss of an associate was RMB9 million in 2013, primarily due to the loss that Dalian Jinshi incurred in 2013.

### ***Profit before Tax***

As a result of the foregoing, our profit before tax decreased by RMB1,772 million, or 4.1%, to RMB41,492 million in 2013 from RMB43,264 million in 2012.

### ***Income Tax Expense***

Our income tax expenses increased by RMB1,167 million, or 7.6%, to RMB16,610 million in 2013 from RMB15,443 million in 2012, primarily due to an increase in current LAT for the year as a result of the significant appreciation in the value of the properties we delivered in 2013, partially offset by a decrease in our corporate income tax as a result of a decrease in profit before tax. Our effective corporate income tax rate, calculated by dividing the sum of current corporate income tax and deferred tax by profit before tax less LAT, increased to 27.4% in 2013 from 25.8% in 2012 primarily due to an increase in unused tax losses and deductible temporary differences which were not recognized as deferred tax assets for these periods and which may not be utilized against taxable profit in later periods.

### ***Profit for the Year***

As a result of the foregoing, our profit for the year decreased by RMB2,939 million, or 10.6%, to RMB24,882 million in 2013 from RMB27,821 million in 2012. Our net profit margin decreased to 28.7% in 2013 from 47.1% in 2012, primarily due to a decrease in the fair value gain of investment properties in 2013 when compared with that of 2012.

### ***Profit for the Year attributable to Non-controlling Interests***

Our profit for the year attributable to non-controlling interests decreased by RMB210 million, or 41.1%, to RMB301 million in 2013 from RMB511 million in 2012, primarily due to a decrease in the profit for the year of Shanghai Baoshan Wanda Investment Co., Ltd. (上海寶山萬達投資有限公司), or Baoshan Wanda.

## **2012 Compared to 2011**

### ***Revenue***

Our revenue increased by RMB8,319 million, or 16.4%, to RMB59,091 million in 2012 from RMB50,772 million in 2011, primarily due to an increase in revenue from sales of properties.

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Our revenue from sales of properties increased by RMB5,068 million, or 11.1%, to RMB50,573 million in 2012 from RMB45,505 million in 2011, primarily due to (i) an increase in our recognized ASP for retail properties to RMB30,166 per sq.m. in 2012 from RMB24,106 per sq.m. in 2011, and (ii) an increase in our GFA for retail properties delivered to 695,153 sq.m. in 2012 from 580,648 sq.m. in 2011, partially offset by a decrease in our GFA for residential properties delivered to 1,336,318 sq.m. in 2012 from 2,047,124 sq.m. in 2011.

Our revenue from property leasing and management increased by RMB2,074 million, or 55.0%, to RMB5,843 million in 2012 from RMB3,769 million in 2011, primarily due to an increase in leased GFA. The total LFA of our shopping centers, which represents a predominant portion of the total LFA of our completed investment properties, increased to 6,051,550 sq.m. as of December 31, 2012 from 4,425,056 sq.m. as of December 31, 2011. The average rent of our shopping centers increased to RMB63 per sq.m. per month for the year ended December 31, 2012 from RMB57 per sq.m. per month for the year ended December 31, 2011. For the calculation of the total LFA and the average rent of our shopping centers, see “— Business — Overview of Our Business Segments — Overview of Our investment Properties and Property Leasing”.

Our revenue from hotel operations increased by RMB1,126 million, or 77.7%, to RMB2,576 million in 2012 from RMB1,450 million in 2011, primarily due to an increase in the number of our hotel rooms as we expanded our hotel business. The total number of room nights available for sale increased to 3,177,086 for the year ended December 31, 2012 from 1,761,442 for the year ended December 31, 2011.

Our other revenue increased by RMB51 million, or 106.3%, to RMB99 million in 2012 from RMB48 million in 2011.

### ***Cost of Sales***

Our cost of sales increased by RMB2,338 million, or 8.8%, to RMB28,807 million in 2012 from RMB26,469 million in 2011, primarily due to an increase in cost of property sales and cost of hotel operations.

Our cost of property sales increased by RMB968 million, or 4.0%, to RMB24,967 million in 2012 from RMB23,999 million in 2011, primarily due to an increase in the average cost of properties delivered.

Our direct operating expenses relating to property leasing and management increased by RMB627 million, or 43.8%, to RMB2,059 million in 2012 from RMB1,432 million in 2011, primarily due to an increase in leasable GFA.

Our cost of hotel operations increased by RMB709 million, or 71.1%, to RMB1,706 million in 2012 from RMB997 million in 2011, primarily due to an increase in the number of our hotel rooms.

Our other cost of sales increased by RMB34 million, or 82.9%, to RMB75 million in 2012 from RMB41 million in 2011.



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### ***Gross Profit***

As a result of the foregoing, our gross profit increased by RMB5,981 million, or 24.6%, to RMB30,284 million in 2012 from RMB24,303 million in 2011. Our gross profit margin increased to 51.2% in 2012 from 47.9% in 2011, primarily due to a change in our product mix. We delivered a higher proportion of commercial properties in 2012 when compared to those of 2011 and commercial properties generally had higher gross profit margins than that of residential properties. The increase in our gross profit margin in 2012 was also due to an increase in our revenue from property leasing and management as a portion of our total revenue in 2012, as our property leasing and management business generally had a higher gross profit margin when compared to that of our sales of properties.

### ***Other Income and Gains***

Our other income and gains increased by RMB196 million, or 10.0%, to RMB2,162 million in 2012 from RMB1,966 million in 2011, primarily due to an increase in government grants.

### ***Increase in Fair Value of Investment Properties***

Our increase in fair value of investment properties increased by RMB7,906 million, or 56.5%, to RMB21,898 million in 2012 from RMB13,992 million in 2011, primarily due to additions to our investment properties portfolio and the potential favorable future changes in the rental income of our investment properties as a result of the favorable real estate market in 2012.

### ***Selling and Distribution Costs***

Our selling and distribution costs increased by RMB168 million, or 5.9%, to RMB2,997 million in 2012 from RMB2,829 million in 2011, primarily due to the increases in employee benefit expenses for our sales staff as a result of an increase in the number of our sales personnel and an increase in depreciation and amortization expenses as a result of an increase in our sales centers, which were generally in line with the increase in the number of property development projects we launched in 2012 when compared to that of 2011.

### ***Administrative Expenses***

Our administrative expenses increased by RMB724 million, or 22.4%, to RMB3,950 million in 2012 from RMB3,226 million in 2011, primarily due to increases in staff salaries and other miscellaneous expenses, as a result of the continued expansion of our operations.

### ***Other Expenses***

Our other expenses decreased by RMB37 million, or 12.0%, to RMB272 million in 2012 from RMB309 million in 2011, due to a decrease in our charitable donations.

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### ***Finance Costs***

Our finance costs increased by RMB805 million, or 26.3%, to RMB3,861 million in 2012 from RMB3,056 million in 2011, primarily due to an increase in interest on bank and other borrowings, partially offset by an increase in interest capitalized. The increase in interest on our bank and other borrowings was due to an increase in the average balance of our outstanding interest-bearing bank and other borrowings as we expand our business operations.

### ***Profit before Tax***

As a result of the foregoing, our profit before tax increased by RMB12,423 million, or 40.3%, to RMB43,264 million in 2012 from RMB30,841 million in 2011.

### ***Income Tax Expense***

Our income tax expenses increased by RMB4,377 million, or 39.6%, to RMB15,443 million in 2012 from RMB11,066 million in 2011, primarily due to (i) an increase in our corporate income tax as a result of an increase in profit before tax and (ii) an increase in our current LAT for the year as a result of a significant appreciation in the value of the properties we delivered in 2012. Our effective corporate income tax rate, calculated by dividing the sum of current corporate income tax and deferred tax by profit before tax less LAT, increased to 25.8% in 2012 from 24.2% in 2011 primarily due to an increase in unused tax losses which were not recognized as deferred tax assets for these periods and which may not be utilized against taxable profit in later periods.

### ***Profit for the Year***

As a result of the foregoing, our profit for the year increased by RMB8,046 million, or 40.7%, to RMB27,821 million in 2012 from RMB19,775 million in 2011. Our net profit margin increased to 47.1% in 2012 from 38.9% in 2011, primarily due to an increase in the fair value gain of investment properties in 2012 when compared with that of 2011.

### ***Profit for the Year attributable to Non-controlling Interests***

Our profit for the year attributable to non-controlling interests was RMB511 million in 2012, compared to a loss for the year attributable to non-controlling interests of RMB4 million in 2011, primarily due to an increase in the profit for the year of Baoshan Wanda.

## **CERTAIN ITEMS OF CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

### **Property, Plant and Equipment**

Property, plant and equipment primarily comprises land and buildings, machinery, motor vehicles, furniture and fixtures, construction-in-progress and others. Our property, plant and equipment amounted to RMB13,742 million, RMB18,246 million, RMB25,955 million and RMB29,396 million as of December 31, 2011, 2012 and 2013 and June 30, 2014, respectively. The increase in our property, plant and equipment during the Track Record Period was primarily due to an increase in our hotels and self-used properties as a result of our business expansion.

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As of June 30, 2014, we were in the process of applying for registration of title certificates for certain properties for self use. Such process involves the application review by the relevant government authorities before they issue to us the title certificates. As of June 30, 2014, the carrying amount of those self-use properties that were in the process of applying for registration of title certificates was RMB1,836 million. Given that we have fulfilled the requirements that mandate all the requisite permits and certificates for construction and completion of those properties to be owned by us, our PRC Legal advisor, Tian Yuan Law Firm, confirms that we are entitled to lawfully and validly occupy and use those self-use properties. The aforesaid matters have no material adverse effect on the our results of operations and financial position.

### Investment Properties

Investment properties are interests in land and buildings (including the leasehold interest under an operating lease for a property which would otherwise meet the definition of an investment property) held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. DTZ, an independent property valuer, valued our investment properties at RMB111,194 million, RMB159,074 million, RMB198,539 million and RMB220,580 million as of December 31, 2011, 2012 and 2013 and June 30, 2014, respectively.

The increase in the fair value of our investment properties from December 31, 2013 to June 30, 2014 was due to increases in the fair values of both our investment properties under construction and our completed investment properties. Investment properties under construction with the biggest contribution to the increase in the fair value of our investment properties from December 31, 2013 to June 30, 2014 included Qingdao Wanda Oriental Movie Metropolis, Xishuangbanna International Resort, Yiwu Wanda Plaza, Wuxi Wanda City and Wuhan Central Culture City. Investment properties completed during the six months ended June 30, 2014 with the biggest contribution to the increase in the fair value of our investment properties from December 31, 2013 to June 30, 2014 included Shanghai Songjiang Wanda Plaza, Guangzhou Zengcheng Wanda Plaza, Chifeng Wanda Plaza, Weifang Wanda Plaza and Yinchuan Xixia Wanda Plaza.

The increase in the fair value of our investment properties from December 31, 2012 to December 31, 2013 was primarily due to the addition to our investment property portfolio of investment properties completed in 2013. Investment properties completed in 2013 with the biggest contribution to the increase in the fair value of our investment properties from December 31, 2012 to December 31, 2013 included Nanjing Jiangning Wanda Plaza, Harbin Haxi Wanda Plaza, Dalian Gaoxin Wanda Plaza, Dongguan Changan Wanda Plaza, Changsha Kaifu Wanda Plaza and Xi'an Daminggong Wanda Plaza.

The increase in the fair value of our investment properties from December 31, 2011 to December 31, 2012 was primarily due to the addition to our investment property portfolio of investment properties completed in 2012. Investment properties completed in 2012 with the biggest contribution to the increase in the fair value of our investment properties from December 31, 2011 to December 31, 2012 included Shanghai Baoshan Wanda Plaza, Chengdu Jinniu Wanda Plaza, Wenzhou Longwan Wanda Plaza, Quanzhou Puxi Wanda Plaza, Jiangyin Wanda Plaza and Shenyang Beiyilu Wanda Plaza.

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The following table sets forth the changes in the fair value of our investment properties as of the dates indicated:

|  | Completed<br>investment<br>properties | Investment<br>properties under<br>construction or<br>development | Total         |
|--|---------------------------------------|--|---------------|
|  | (RMB million)                         | (RMB million)  | (RMB million) |
| At January 1, 2011 . . . . .                       | 55,459                                | 17,658   | 73,117        |
| Additions . . . . .                                | 1,708                                 | 22,388   | 24,096        |
| Net gain from a fair value adjustment . . . . .    | 10,908                                | 3,084  | 13,992        |
| Transfer upon completion . . . . .                 | 21,796                                | (21,796)   | —             |
| Disposal . . . . .                                 | (11)                                  | —  | (11)          |
| At December 31, 2011 and January 1, 2012 . . . . . | 89,860                                | 21,334   | 111,194       |
| Additions . . . . .                                | —                                     | 25,931   | 25,931        |
| Net gain from a fair value adjustment . . . . .    | 19,470                                | 2,428  | 21,898        |
| Transfer upon completion . . . . .                 | 25,683                                | (25,683)   | —             |
| Transfer from inventory . . . . .                  | 59                                    | —  | 59            |
| Disposal . . . . .                                 | (8)                                   | —  | (8)           |
| At December 31, 2012 and January 1, 2013 . . . . . | 135,064                               | 24,010   | 159,074       |
| Additions . . . . .                                | —                                     | 21,758   | 21,758        |
| Acquisition of subsidiaries . . . . .              | 2,150                                 | —  | 2,150         |
| Net gain from a fair value adjustment . . . . .    | 11,215                                | 4,228  | 15,443        |
| Transfer upon completion . . . . .                 | 23,855                                | (23,855)   | —             |
| Transfer from inventory . . . . .                  | 114                                   | —  | 114           |
| At December 31, 2013 and January 1, 2014 . . . . . | 172,398                               | 26,141   | 198,539       |
| Additions . . . . .                                | —                                     | 16,814   | 16,814        |
| Net gain from a fair value adjustment . . . . .    | 4,382                                 | 845  | 5,227         |
| Transfer upon completion . . . . .                 | 5,922                                 | (5,922)  | —             |
| At June 30, 2014 . . . . .                         | 182,702                               | 37,878   | 220,580       |

As of December 31, 2011, 2012 and 2013 and June 30, 2014, our investment properties with carrying amounts of RMB78,172 million, RMB133,858 million, RMB180,233 million and RMB170,506 million, respectively, were pledged as collateral to secure bank borrowings granted to us.

As of June 30, 2014, we were in the process of applying for registration of title certificates for certain investment properties. Such process involves the application review by the relevant government authorities before they issue to us the title certificates. As of June 30, 2014, the carrying amount of those investment properties that were in the process of applying for registration of title certificates was RMB12,478 million. Given that we have fulfilled the requirements that mandate all the requisite permits and certificates for construction and completion of those properties to be owned by us, our PRC Legal advisor, Tian Yuan Law Firm, confirms that we are entitled to lawfully and validly occupy and use those investment properties. The aforesaid matters have no material adverse effect on the our results of operations and financial position.

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### Inventories

Our inventories primarily comprise properties under development and completed properties held for sale. The following table sets forth a breakdown of our inventories as of the dates indicated:

|  | As of December 31, |               |                | As of                 |
|--|--------------------|---------------|----------------|-----------------------|
|  | 2011               | 2012          | 2013           | June 30,              |
|  | (RMB million)      | (RMB million) | (RMB million)  | 2014<br>(RMB million) |
| Raw materials . . . . .                      | 30                 | 30            | 30             | 36                    |
| Hotel merchandise . . . . .                  | 63                 | 19            | 23             | 26                    |
| Others . . . . .                             | 4                  | 20            | 4              | 6                     |
| Subtotal . . . . .                           | <u>97</u>          | <u>69</u>     | <u>57</u>      | <u>68</u>             |
| Properties under development . . . . .       | 53,960             | 69,842        | 86,728         | 114,980               |
| Completed properties held for sale . . . . . | <u>2,958</u>       | <u>6,467</u>  | <u>13,689</u>  | <u>16,843</u>         |
|  | <u>56,918</u>      | <u>76,309</u> | <u>100,417</u> | <u>131,823</u>        |
|  | <u>57,015</u>      | <u>76,378</u> | <u>100,474</u> | <u>131,891</u>        |

#### *Properties under development*

Our properties under development amounted to RMB53,960 million, RMB69,842 million, RMB86,728 million and RMB114,980 million as of December 31, 2011, 2012 and 2013 and June 30, 2014, respectively. Our properties under development increased during the Track Record Period due to an increase in our property development projects.

#### *Completed properties held for sale*

Completed properties held for sale are completed properties that had not been contracted for sales or completed properties that had been contracted for sales but had not been delivered to purchasers. Our completed properties held for sale amounted to RMB2,958 million, RMB6,467 million, RMB13,689 million and RMB16,843 million as of December 31, 2011, 2012 and 2013 and June 30, 2014, respectively. The increase in completed properties held for sale was primarily due to an increase in our completed properties which had been pre-sold but had not been delivered to purchaser, which reflected an increase in our property development projects.

As of December 31, 2011, 2012 and 2013 and June 30, 2014, our inventories with carrying amounts of RMB20,428 million, RMB20,210 million, RMB25,148 million and RMB37,405 million, respectively, were pledged as collateral to secure bank borrowings granted to us.

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### Prepayments, Deposits and other Receivables

Prepayments, deposits and other receivables primarily comprise prepayments, other receivables and due from Parent and its associate and fellow subsidiaries. Our prepayments, deposits and other receivables amounted to RMB13,856 million, RMB18,453 million, RMB18,654 million and RMB20,586 million as of December 31, 2011, 2012 and 2013 and June 30, 2014, respectively. The following table sets forth a breakdown of our prepayments, deposits and other receivables as of the dates indicated:

|   | As of December 31, |               |               | As of         |
|---|--------------------|---------------|---------------|---------------|
|   |                    |               |               | June 30,      |
|   | 2011               | 2012          | 2013          | 2014          |
|   | (RMB million)      | (RMB million) | (RMB million) | (RMB million) |
| Prepayments . . . . .   | 8,155              | 7,619         | 5,541         | 6,380         |
| Other receivables . . . . .   | 5,635              | 9,173         | 10,366        | 13,795        |
| Due from Parent and its associates and fellow subsidiaries . . . . .        | 1                  | 1,659         | 2,592         | 85            |
| Due from companies controlled by ultimate controlling shareholder . . . . . | 1                  | 1             | —             | —             |
| Entrusted loan . . . . .  | —                  | —             | 200           | 200           |
| Others . . . . .  | 118                | 90            | 94            | 250           |
| Impairment . . . . .  | (54)               | (89)          | (139)         | (124)         |
| Total . . . . .   | <u>13,856</u>      | <u>18,453</u> | <u>18,654</u> | <u>20,586</u> |

#### *Prepayments*

Prepayments primarily comprise prepaid land grant premium to local land authorities and prepayments to construction contractors for property development. The decrease in our prepayments from December 31, 2011 to December 31, 2013 primarily resulted from our enhanced cash management efforts. We leveraged our increased bargaining power with our construction contractors and equipment suppliers to reduce our prepayments to them. The increase in our prepayments from December 31, 2013 to June 30, 2014 was primarily due to an increase in unsettled prepayments with our construction contractors as a result of our property development schedule.

#### *Other receivables*

Other receivables primarily comprise tender deposits prepaid to local land authorities and prepaid business tax and other taxes. The increase in other receivables during the Track Record Period was primarily due to an increase in land acquisition as a result of our business expansion.

#### *Due from Parent and its associate and fellow subsidiaries*

Due from Parent and its associates and fellow subsidiaries primarily comprises funds we advance to Dalian Wanda Group and its associates and fellow subsidiaries to finance their funding needs. The amounts under due from Parent and its associate and fellow subsidiaries

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are unsecured, interest free and have no fixed terms of repayment. The increase in due from Parent and its associates and fellow subsidiaries from December 31, 2011 to December 31, 2013 was primarily attributable to the funds we advanced to Dalian Wanda Group for the purpose of financing its business acquisitions, which were settled prior to June 30, 2014. As of June 30, 2014, our due from Parent and its associate and fellow subsidiaries amounted to RMB85 million, of which RMB50 million was of non-trade in nature and was settled in October 2014. The remaining RMB35 million is of trade in nature.

### Trade and Bills Payables

Our trade and bills payables primarily comprise construction costs payable to third party contractors, land grant premium payable to local governments and other miscellaneous payables. Our trade and bills payables amounted to RMB20,782 million, RMB25,662 million, RMB34,628 million and RMB35,383 million as of December 31, 2011, 2012 and 2013 and June 30, 2014, respectively. The increase in trade and bills payables during the Track Record Period was primarily due to an increase in our properties under development as we expanded our property development business.

The following table sets forth an ageing analysis of our trade and bills payables as of the dates indicated:

|                            | As of December 31, |               |               | As of         |
|----------------------------|--------------------|---------------|---------------|---------------|
|                            | 2011               | 2012          | 2013          | June 30,      |
|                            | (RMB million)      | (RMB million) | (RMB million) | (RMB million) |
| Within one year . . . . .  | 19,323             | 22,680        | 31,556        | 32,377        |
| One to two years . . . . . | 1,285              | 2,770         | 2,274         | 2,479         |
| Over two years . . . . .   | 174                | 212           | 798           | 527           |
| Total . . . . .            | <u>20,782</u>      | <u>25,662</u> | <u>34,628</u> | <u>35,383</u> |

### Other Payables and Accruals

Our other payables and accruals primarily comprise advance from customers, staff costs payables, interest payable, other tax payable and other payables. The following table sets forth a breakdown of our other payables and accruals as of the dates indicated:

|                                  | As of December 31, |                |                | As of          |
|----------------------------------|--------------------|----------------|----------------|----------------|
|                                  | 2011               | 2012           | 2013           | June 30,       |
|                                  | (RMB million)      | (RMB million)  | (RMB million)  | (RMB million)  |
| Advance from customers . . . . . | 71,275             | 94,070         | 104,273        | 131,113        |
| Staff costs payables . . . . .   | 617                | 912            | 1,311          | 809            |
| Interest payable . . . . .       | 316                | 308            | 405            | 712            |
| Other tax payable . . . . .      | 79                 | 107            | 133            | 265            |
| Other payables . . . . .         | <u>8,613</u>       | <u>8,475</u>   | <u>10,887</u>  | <u>12,047</u>  |
| Total . . . . .                  | <u>80,900</u>      | <u>103,872</u> | <u>117,009</u> | <u>144,946</u> |



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The increase in our other payables and accruals during the Track Recording Period was primarily due to the increase in advance from customers. Advance from customers primarily comprises proceeds from the pre-sales of our properties. Advance from customers amounted to RMB71,275 million, RMB94,070 million, RMB104,273 million and RMB131,113 million as of December 31, 2011, 2012 and 2013 and June 30, 2014, respectively. The increase in advance from customers during the Track Record Period was primarily due to an increase in the number of properties we pre-sold as we expanded our property development business. Our other payables remain stable from December 31, 2011 to December 31, 2012. The increase in our other payables from December 31, 2012 to June 30, 2014 was primarily due to an increase in the sales deposits we received from the purchasers of our properties, the security deposits for construction performance we received from our construction contractors and the security deposits we received from our construction contractors during the tender process as a result of our business expansion.

### **Deferred Tax Liabilities**

Our deferred tax liabilities amounted to RMB13,223 million, RMB18,951 million, RMB23,612 million and RMB25,713 million as of December 31, 2011, 2012 and 2013 and June 30, 2014, respectively. The increase in our deferred tax liabilities during the Track Record Period was primarily due to the increase in the fair value of our investment properties.

### **Other Intangible Assets**

Our other intangible assets amounted to RMB50 million, RMB82 million, RMB155 million and RMB2,533 million as of December 31, 2011, 2012 and 2013 and June 30, 2014, respectively. Our other intangible assets as of December 31, 2011, 2012 and 2013 mainly included computer software. The significant increase in our other intangible assets from December 31, 2013 to June 30, 2014 was primarily due to additions in brand and trademark, order book, designs/technical drawings and distributor relationships as a result of the acquisition of Wanda Yacht Investment (Jersey) Company Limited.

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### NET CURRENT ASSETS / LIABILITIES

The following table sets forth our current assets and current liabilities as of the dates indicated:

|  | As of December 31, |                  |                  | As of<br>June 30, | As of<br>October 31,            |
|--|--------------------|------------------|------------------|-------------------|---------------------------------|
|  | 2011               | 2012             | 2013             | 2014              | 2014                            |
|  | (RMB<br>million)   | (RMB<br>million) | (RMB<br>million) | (RMB<br>million)  | (RMB<br>million)<br>(unaudited) |
| <b>Current Assets</b>                                    |                    |                  |                  |                   |                                 |
| Inventories . . . . .                                    | 57,015             | 76,378           | 100,474          | 131,891           | 146,801                         |
| Prepaid tax . . . . .                                    | 1,756              | 3,123            | 3,211            | 4,996             | 12,771                          |
| Trade and bills receivables . . . . .                    | 293                | 333              | 280              | 561               | 562                             |
| Prepayments, deposits and other<br>receivables . . . . . | 13,856             | 18,453           | 18,654           | 20,586            | 25,701                          |
| Available-for-sale investments . . . . .                 | —                  | —                | —                | —                 | 5,490                           |
| Derivative financial instruments . . . . .               | —                  | —                | 19               | 28                | —                               |
| Restricted cash . . . . .                                | 2,212              | 2,131            | 4,139            | 6,048             | 6,944                           |
| Cash and cash equivalents . . . . .                      | 44,048             | 48,585           | 69,525           | 74,761            | 53,770                          |
| <b>Total current assets</b> . . . . .                    | <u>119,180</u>     | <u>149,003</u>   | <u>196,302</u>   | <u>238,871</u>    | <u>252,039</u>                  |
| <b>Current Liabilities</b>                               |                    |                  |                  |                   |                                 |
| Trade and bills payables . . . . .                       | 20,782             | 25,662           | 34,628           | 35,383            | 43,918                          |
| Other payables and accruals . . . . .                    | 80,900             | 103,872          | 117,009          | 144,946           | 161,419                         |
| Interest-bearing bank and other<br>borrowings . . . . .  | 16,611             | 21,681           | 21,016           | 34,184            | 35,498                          |
| Government grants . . . . .                              | —                  | 191              | 450              | 487               | 420                             |
| Dividend payables . . . . .                              | —                  | 13               | 13               | 13                | 13                              |
| Tax payable . . . . .                                    | 5,586              | 5,710            | 7,161            | 4,347             | 2,919                           |
| <b>Total current liabilities</b> . . . . .               | <u>123,879</u>     | <u>157,129</u>   | <u>180,277</u>   | <u>219,360</u>    | <u>244,187</u>                  |
| <b>Net current assets /(liabilities)</b>                 | <u>(4,699)</u>     | <u>(8,126)</u>   | <u>16,025</u>    | <u>19,511</u>     | <u>7,852</u>                    |

Inventories, cash and cash equivalents and prepayments, deposits and other receivables constituted the largest components of our current assets during the Track Record Period. Other payables and accruals, trade and bills payables and interest-bearing bank and other borrowings constituted the largest components of our current liabilities during the Track Record Period.

The increase in net current assets from RMB16,025 million as of December 31, 2013 to RMB19,511 million as of June 30, 2014 was primarily due to (i) an increase in our inventories from RMB100,474 million as of December 31, 2013 to RMB131,891 million as of June 30, 2014 as we continued to expand our business and increase our properties under development and completed properties held for sale, (ii) an increase in cash and cash equivalents from RMB69,525 million as of December 31, 2013 to RMB74,761 million as of June 30, 2014 and (iii) a decrease in tax payable from RMB7,161 million as of December 31, 2013 to RMB4,347 million as of June 30, 2014, partially offset by (i) an increase in our other payables and

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accruals from RMB117,009 million as of December 31, 2013 to RMB144,946 million as of June 30, 2014 as we increased the pre-sales of our properties and (ii) an increase in the current portion of our interest-bearing bank and other borrowings from RMB21,016 million as of December 31, 2013 to RMB34,184 million as of June 30, 2014 as we expanded our business and increased our financing needs.

We had net current assets in the amount of RMB16,025 million as of December 31, 2013, compared with net current liabilities in the amount of RMB8,126 million as of December 31, 2012, primarily due to (i) an increase in inventories from RMB76,378 million as of December 31, 2012 to RMB100,474 million as of December 31, 2013 as we continued to expand our business and increase our properties under development and completed properties held for sale and (ii) an increase in cash and cash equivalents from RMB48,585 million as of December 31, 2012 to RMB69,525 million as of December 31, 2013 as we enhanced our cash management, partially offset by (i) an increase in other payables and accruals from RMB103,872 million as of December 31, 2012 to RMB117,009 million as of December 31, 2013 as we increased the pre-sales of our properties and (ii) an increase in our trade and bills payables from RMB25,662 million as of December 31, 2012 to RMB34,628 million as of December 31, 2013 as we expanded our property development business and increased our properties under construction.

The increase in net current liabilities from RMB4,699 million as of December 31, 2011 to RMB8,126 million as of December 31, 2012 was primarily due to an increase in other payables and accruals from RMB80,900 million as of December 31, 2011 to RMB103,872 million as of December 31, 2012 as we increased the pre-sales of our properties, partially offset by an increase in inventories from RMB57,015 million as of December 31, 2011 to RMB76,378 million as of December 31, 2012 as we continued to expand our business and increase our properties under development and completed properties held for sale.

As of October 31, 2014, being the latest practicable date for the purposes of this statement, our net current asset were RMB7,852 million, consisting of RMB252,039 million of current assets and RMB244,187 million of current liabilities. We had available-for-sale investments in the amount of RMB5,490 million as of October 31, 2014, primarily consisting of wealth management products we purchased from PRC commercial banks. As part of our short-term cash and liquidity management effort, we purchase short-term wealth management products from time to time. We set up separate accounts for the management of wealth management products and closely monitor the market performance of the wealth management products we purchased to ensure the safety of our investment in the wealth management products and the sufficiency of our liquidity. The wealth management products we purchased were offered by various PRC commercial banks, which are currently a source of credit in the PRC financing market. The wealth management products we purchased typically have predetermined rates of return and fixed terms. The underlying trust assets of the wealth management products we purchased consist of financial asset products offered by these commercial banks attributable to various domestic industries. The investment portfolio of the wealth management products we purchased has not been concentrated in any single industry. The majority of the wealth management products we purchased are principal-protected.

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### INDEBTEDNESS

#### Interest-bearing Bank and Other Borrowings

The following table sets forth the balances and effective interest rates of our interest-bearing bank and other borrowings as of the dates indicated:

|  | As of December 31, |                             |               |                             |                |                             | As of June 30, |                             |
|--|--------------------|-----------------------------|---------------|-----------------------------|----------------|-----------------------------|----------------|-----------------------------|
|  | 2011               |                             | 2012          |                             | 2013           |                             | 2014           |                             |
|  | (RMB million)      | Effective interest rate (%) | (RMB million) | Effective interest rate (%) | (RMB million)  | Effective interest rate (%) | (RMB million)  | Effective interest rate (%) |
| <b>Current</b>   |                    |                             |               |                             |                |                             |                |                             |
| Bank loans, secured and guaranteed . . . . .                                 | 670                | 5.13%-8.28%                 | 198           | 5.04%-6.72%                 | 607            | 1.41%-8.28%                 | 477            | 1.41%-8.46%                 |
| Other loans, secured and guaranteed . . . . .                                | 7,955              | 8.5%-12.2%                  | 2,880         | 11.4%-12.5%                 | 3,473          | 6.3%-13.4%                  | 1,500          | 6.3%-12.3%                  |
| Other loans, unsecured . . . . .   | —                  | —                           | 2,500         | 12.24%-13.7%                | 400            | 6.62%                       | 6,149          | 6.62%-12.6%                 |
| Current portion of long term bank loans, secured and guaranteed . . . . .    | 6,886              | 5.13%-8.28%                 | 11,197        | 5.04%-6.72%                 | 8,547          | 1.41%-8.28%                 | 11,577         | 1.41%-8.46%                 |
| Current portion of long term other loans, secured and guaranteed . . . . .   | 600                | 8.5%-12.2%                  | 4,906         | 11.4%-12.5%                 | 7,989          | 6.3%-13.4%                  | 14,481         | 6.3%-12.3%                  |
| Current portion of long term other loans, unsecured and guaranteed . . . . . | 500                | 7.93%                       | —             | —                           | —              | —                           | —              | —                           |
| <b>Non-current</b>   |                    |                             |               |                             |                |                             |                |                             |
| Bank loans, secured and guaranteed . . . . .                                 | 50,230             | 4.86%-8.51%                 | 61,568        | 5.04%-10.59%                | 81,995         | 5.94%-8.46%                 | 108,415        | 5.84%-10%                   |
| Bank loans, unsecured . . . . .  | —                  | —                           | —             | —                           | 200            | 6.61%-6.77%                 | 190            | 6.57%                       |
| Other loans, secured and guaranteed . . . . .                                | 2,906              | 10.50%-13.3%                | 8,979         | 9.5%-12.2%                  | 26,107         | 6%-12%                      | 28,573         | 6.4%-12%                    |
| Other loans, unsecured . . . . .   | —                  | —                           | 1,000         | 12.39%                      | 1,000          | 12.39%                      | 1,000          | 12.39%                      |
| <b>Total . . . . .</b>   | <b>69,747</b>      | <b>4.86%-13.3%</b>          | <b>93,228</b> | <b>5.04%-13.7%</b>          | <b>130,318</b> | <b>1.41%-13.4%</b>          | <b>172,362</b> | <b>1.41%-12.6%</b>          |

We had interest-bearing bank and other borrowings of RMB69,747 million, RMB93,228 million, RMB130,318 million and RMB172,362 million as of December 31, 2011, 2012 and 2013 and June 30, 2014, respectively. As of December 31, 2011, 2012 and 2013 and June 30, 2014, our gearing ratio (calculated by dividing interest-bearing bank and other borrowings plus bonds less cash and cash equivalents and restricted cash by total equity and multiplying the resulting value by 100) was 38.8%, 48.7%, 53.0% and 87.8%, respectively. The increase in our gearing ratio during the Track Record Period was primarily due to a continued increase in

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interest-bearing bank and other borrowings as we expanded our business and increased our financing needs in connection with the enlarged scale of our property development activities. The increase in the bank loans and other borrowings from December 31, 2011 to December 31, 2012, from December 31, 2012 to December 31, 2013 and from December 31, 2013 to June 30, 2014 was primarily attributable to 62, 69 and 71 project companies, respectively, with no single project company contributing more than 10% of the increase in our interest-bearing bank and other borrowings in any given year/period. The significant increase in our gearing ratio from December 31, 2013 to June 30, 2014 was also attributable to a decrease in our total equity from RMB113,872 million as of December 31, 2013 to RMB112,620 million as of June 30, 2014 primarily as a result of the acquisition of non-controlling interests in certain project companies.

### Bank Loans

We had bank loans of RMB57,786 million, RMB72,963 million, RMB91,349 million and RMB120,659 million as of December 31, 2011, 2012 and 2013 and June 30, 2014, respectively.

Certain of our bank loans are secured by pledges over our pledged bank deposits, inventories, prepaid land lease payments, investment properties and property, plant and equipment. The following table sets forth a breakdown of our assets pledged as collateral to secure bank loans as of the dates indicated:

|   | As of December 31, |                |                | As of          |
|---|--------------------|----------------|----------------|----------------|
|   | 2011               | 2012           | 2013           | June 30,       |
|   | (RMB million)      | (RMB million)  | (RMB million)  | (RMB million)  |
| Pledged bank deposits . . . . .         | 572                | 496            | 432            | 330            |
| Inventories . . . . .                   | 20,428             | 20,210         | 25,148         | 37,405         |
| Prepaid land lease payments . . . . .   | 2,596              | 3,110          | 2,307          | 5,412          |
| Investment properties . . . . .         | 78,172             | 133,858        | 180,233        | 170,506        |
| Property, plant and equipment . . . . . | 12,742             | 12,042         | 17,951         | 13,904         |
| <b>Total</b> . . . . .                  | <u>114,510</u>     | <u>169,716</u> | <u>226,071</u> | <u>227,557</u> |

In addition, some of our bank loans are guaranteed by the Controlling Shareholders. See “— Related Party Transactions — Guarantees Provided by Related Parties” for further details.

### Other Loans

We had other loans of RMB11,961 million, RMB20,265 million, RMB38,969 million and RMB51,703 million as of December 31, 2011, 2012 and 2013 and June 30, 2014, respectively.

Certain of our other loans in the amount of RMB8,235 million, RMB8,335 million, RMB20,618 million and RMB27,236 million as of December 31, 2011, 2012 and 2013 and June 30, 2014, respectively, were secured by pledges or transfers of the share capital of our subsidiaries. In addition, some of our other loans are guaranteed by the Controlling Shareholders. See “— Related Party Transactions — Guarantees Provided by Related Parties” for further details.

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### *Trust Loans*

During the Track Record Period, we obtained trust financing from various trust financing companies to fund some of our property development projects. Some of our trust loans were secured by pledges or transfers of the share capital of the relevant project companies we held or various forms of assets and/or supported by our guarantees. While consent from the trust financing companies is required for material corporate actions, such as mergers and liquidation proceedings, the trust financing companies do not have any rights with respect to the day-to-day operation and management of our project companies and their businesses. No special rights such as nomination of directors or veto rights are granted to the trust financing companies.

The trust financing companies we have cooperated with are reputable and well-established financial institutions in the PRC and are independent third parties to us. We use trust financing as a supplement to bank loans. As of December 31, 2011, 2012 and 2013 and June 30, 2014, we had a total principal amount of RMB11,461 million, RMB15,588 million, RMB36,392 million and RMB43,377 million, respectively, of trust financing outstanding, accounting for 16.4%, 16.7%, 27.9% and 25.2% of our total interest-bearing bank and other borrowings as of the same dates, respectively. We carried increasing trust financing during the Track Record Period because trust loans, when compared with bank loans, offer greater flexibility in terms and structures and more favorable timing with respect to draw-downs and repayments and help us diversify our financing channels even though they typically involves higher interest rates. Our borrowings with trust financing companies are specifically negotiated to fit the capital structure of the relevant project company, the risk-return profile of the relevant property development project and the funding requirements of our project development process.

### *Entrusted loans*

During the Track Record Period, we obtained entrusted loans from companies controlled by Mr. WANG Jianlin and an independent third party because these entrusted loans, when compared with bank loans, offer greater flexibility in terms and structures and more favorable timing with respect to draw-downs and repayments. In addition, compared with bank loans, which usually take up to several months to be approved by the commercial banks, entrusted loans get bank approvals in a more efficient manner. We did not encounter any difficulties in procuring bank financing at the relevant time for these entrusted loans.

We had entrusted loans from companies controlled by Mr. WANG Jianlin of RMB500 million, RMB2,900 million, RMB1,000 million and RMB6,950 million as of December 31, 2011, 2012 and 2013 and June 30, 2014, respectively. Our entrusted loans from companies controlled by Mr. WANG Jianlin were extended to us as part of the centralized cash management at the Dalian Wanda Group level to finance our funding needs. Our entrusted loans from companies controlled by Mr. WANG Jianlin are unsecured, have fixed terms of repayment from 2014 to 2017 and bear annual interest rates ranging from 9.5% to 12.57%. During the Track Record Period the balance of our entrusted loans from companies controlled by Mr. WANG Jianlin fluctuated depending on our funding needs and the amount of excess cash that companies controlled by Mr. WANG Jianlin had.

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Some of our entrusted loans from companies controlled by Mr. WANG Jianlin will remain outstanding after the Listing. See “Connected Transactions — Exempt Continuing Connected Transactions — (C) Guaranteed Loans and Shareholder Loan” and “Relationship with Controlling Shareholders — Independence from our Controlling Shareholders — Financial Independence” for further details.

We had entrusted loans from independent third parties with outstanding balance of nil, RMB1,777.00 million, RMB1,577 million and RMB1,376 million as of December 31, 2011, 2012 and 2013 and June 30, 2014, respectively.

We borrowed one of these entrusted loans with outstanding balance of nil, RMB1,177 million, RMB1,177 million and RMB1,177 million as of December 31, 2011, 2012 and 2013 and June 30, 2014, respectively, from an independent third party in January 2012 with a fixed term of three years. This entrusted loan is interest-free and guaranteed by Dalian Wanda Group. We acquired the 100% equity interest in the borrower of this entrusted loan from the lender of this entrusted loan in December 2011. We believe the lender of this entrusted loan was willing to provide this entrusted loan to us to facilitate us to make the acquisition.

We borrowed an entrusted loan in the amount of RMB600 million from an independent third party in June 2012 with a fixed term of five years (the “2012 Entrusted Loan”). This entrusted loan was secured and bore the one year benchmark lending interest rate set by PBOC. We prepaid this entrusted loan in 2013 due to changes in our financing needs.

We borrowed an entrusted loan in the amount of RMB400 million from an independent third party in April 2013 with a fixed term of 12 months (the “2013 Entrusted Loan”). This entrusted loan was unsecured and bore an interest rate of 6.62%. We fully repaid this entrusted loan in due course.

We borrowed an entrusted loan in the amount of RMB200 million from an independent third party in March 2014 with a fixed term of nine months (the “2014 Entrusted Loan”). This entrusted loan was unsecured and bore an interest rate of 7.07%.

We believe the lenders of the 2012 Entrusted Loan, the 2013 Entrusted Loan and the 2014 Entrusted Loan were willing to provide these entrusted loans to us because of our good credit rating and history and the competitive interest rates we offered.

The following table sets forth the maturity of our interest-bearing bank and other borrowings as of the dates indicated:

|  | As of December 31, |               |                | As of                 |
|--|--------------------|---------------|----------------|-----------------------|
|  | 2011               | 2012          | 2013           | June 30,              |
|  | (RMB million)      | (RMB million) | (RMB million)  | 2014<br>(RMB million) |
| <b>Repayable:</b>                              |                    |               |                |                       |
| Within one year or on demand . . . . .         | 16,611             | 21,681        | 21,016         | 34,184                |
| Over one year but within two years . . . . .   | 14,973             | 20,193        | 35,796         | 46,841                |
| Over two years but within five years . . . . . | 22,207             | 23,739        | 26,220         | 43,100                |
| Beyond five years . . . . .                    | 15,956             | 27,615        | 47,286         | 48,237                |
| <b>Total</b> . . . . .                         | <u>69,747</u>      | <u>93,228</u> | <u>130,318</u> | <u>172,362</u>        |



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During the Track Record Period and as of the Latest Practicable Date, the majority of our interest-bearing bank and other borrowings were incurred by our operating subsidiaries within the PRC from PRC commercial banks and trust financing companies and followed these PRC financial institutions' standard loan terms. The following sets out a summary of the material covenants of our outstanding interest-bearing bank and other borrowings as of September 30, 2014:

- The loans will not be used for investments in securities market and futures market;
- The borrower shall obtain consent from the creditor prior to any merger, division, capital reduction, equity transfer, material assets and liabilities transfer, material external investment, significant increase in debt financing or any other significant event which may affect its performance of obligations under the loan agreement;
- The borrower shall obtain consent from the creditor before providing any guarantee in favor of any third party or creating or imposing any lien, charge or encumbrance on any material property or asset for the benefit of any third party, which may affect its performance of obligations under the loan agreement;
- The borrower will not pay any dividend or other distribution without the creditor's prior consent before repaying outstanding principal and interest of the borrowing and other payables;
- The borrower shall obtain consent from the creditor before making any material adjustment to the construction plan or project budget of the property under development by the borrower; and
- For some of the loan agreements, the borrower shall maintain its debt-to-asset ratio (as defined in the respective loan agreement and calculated based on the financial data of such borrower) below a specific threshold ranging from 70% to 90%.

The Directors believe that there are no material covenants in our interest-bearing bank and other borrowings that impose a substantial limitation on our ability to obtain further financing. During the Track Record Period and up to the Latest Practicable Date, the Directors have confirmed that we had no material default with regard to covenants and/or breaches of covenants under our interest-bearing bank and other borrowings. For example, some of the loan agreements between our operating subsidiaries and banks obligate these subsidiaries to maintain their respective debt-to-asset ratio (as defined in the respective loan agreement and calculated based on their respective financial data) below the maximum level set forth in the relevant loan agreement, which ranges from 70% to 90%. The maximum level of such financial ratios and the formulas used to calculate them depending on, among other things, the financial condition and results of operation of the relevant borrower. We manage the debt-to-asset ratio of our subsidiary as part of our efforts to manage our cash and funding resources. We typically maintain a headroom of 5% below the specified threshold of debt-to-asset ratio and monitor the debt-to-asset ratio of the relevant subsidiary at the finance department at both subsidiary and headquarters level. We monitor the indebtedness level of the relevant subsidiary through monthly review of its management accounts to assess its financial condition and maintain its indebtedness at a reasonable level below the threshold specified by the loan agreement. If we find out that a subsidiary has breached the 5% headroom requirement, we will escalate the cash and funding resource management of such subsidiary to the headquarters level and

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impose extra approval requirements on the financing transactions of such subsidiary and seek to obtain consent from the relevant creditor for the potential breach of debt-to-asset ratio covenant as a precautionary measure. We have sent the required financial statements to the relevant banks on a routine basis as stipulated in the relevant loan agreement and maintained close communications with the relevant bank regarding the compliance with the financial ratio covenants. During the Track Record Period and up to the Latest Practicable Date, we have complied with the financial ratio covenants we were subject to under our interest-bearing bank and other borrowings in all material respects. For the risks associated with the covenants we are subject to under our loan and financial agreements, please see “Risk Factors — Risks Relating to Our Business — Certain restrictive covenants and risks normally associated with debt financing may limit or otherwise materially and adversely affect our business, financial condition and results of operations”.

As of October 31, 2014, we had aggregate independent credit facilities of RMB144,191 million, of which RMB80,368 million was utilized and RMB63,823 million remained un-utilized. Our Directors confirm that we will be able to utilize the un-utilized bank facilities by following the customary procedures of the relevant lending banks and are not subject to unusual restrictions or conditions. Except as set forth above and for the Global Offering, our Directors have confirmed that our Group currently has no material external debt financing in place and is not likely to raise any material external debt financing in the near future outside our ordinary course of business.

### **Bonds**

#### *Convertible bonds*

In June 2013, we acquired a 65% equity interest in the HK Listed Subsidiary and its convertible bonds with nominal value of HK\$209 million for a total cash consideration of HK\$675 million. In July 2014, all the convertible bonds have been converted into shares of the HK Listed Subsidiary at the conversion price of HK\$0.326 per share and thus the liabilities of the HK Listed Subsidiary under the convertible bonds have been satisfied and discharged in full.

#### *Guaranteed bonds*

In November 2013, Wanda Properties Overseas Limited, one of our wholly owned subsidiaries, issued guaranteed bonds in an aggregate principal amount of US\$600 million, or the GB2018 Bonds. The GB2018 Bonds will be due in November 2018, bear interest at a rate of 4.875% per annum and are guaranteed by Wanda Commercial Properties (Hong Kong) Co. Limited, Wanda Real Estate Investments Limited and Wanda Commercial Properties Overseas Limited, all of which are our wholly owned subsidiaries.

In January 2014, Wanda Properties International Co., Ltd., one of our wholly owned subsidiaries, issued guaranteed bonds in an aggregate principal amount of US\$ 600 million, or the GB2024 Bonds. The GB2024 Bonds will be due in January 2024, bear interest at a rate of 7.25% per annum and are guaranteed by Wanda Commercial Properties (Hong Kong) Co. Limited, Wanda Real Estate Investments Limited and Wanda Commercial Properties Overseas Limited, all of which are our wholly owned subsidiaries.

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### INDEBTEDNESS STATEMENT

As of October 31, 2014, being the latest practicable date for the purpose of liquidity disclosure in this prospectus, we had outstanding indebtedness of RMB181,364 million, consisting of interest-bearing bank and other borrowings of RMB174,100 million and guaranteed bonds of RMB7,264 million. As of October 31, 2014, RMB153,829 million of our interest-bearing bank and other borrowings were secured by pledged bank deposits, inventories, prepaid land lease payments, investment properties, property, plants and equipment and the pledges or transfers of the share capital of our subsidiaries. As of October 31, 2014, RMB30,230 million of our interest-bearing bank and other borrowings were guaranteed by our Controlling Shareholders.

Save as disclosed herein, we did not have any outstanding debt securities issued and outstanding or authorised or otherwise created but unissued, term loans, other borrowings or indebtedness in the nature of borrowing including bank overdrafts, liabilities under acceptances (other than normal trade bills), acceptance credits, hire purchase commitments, mortgages and charges, material contingent liabilities or guarantees outstanding as of October 31, 2014. Our Directors confirm that there has been no material change in our indebtedness position since June 30, 2014 up to the date of this prospectus.

### RELATED PARTY TRANSACTIONS

During the Track Record Period, we entered into various transactions with our related parties.

#### Acquisition of Equity Interests

In December 2012, we acquired a 30.77% equity interest in Xishuangbanna International Resort from Dalian Wanda Group for a cash consideration of RMB408 million. The consideration was determined with reference to the fair value of the identifiable assets and liabilities of Xishuangbanna International Resort as of the date of acquisition. We further increased our equity interest in Xishuangbanna International Resort to 55% by injecting additional capital of RMB700 million into Xishuangbanna International Resort in the same month. In April 2013, we acquired an additional 5% equity interest in Xishuangbanna International Resort from an independent third party and increased our equity interest in Xishuangbanna International Resort to 60%.

In March 2014, we acquired an additional 40% of the total registered capital of Dalian Jinshi, our associate in which we held 40% of the total registered capital prior to the acquisition, from Dalian Wanda Group for a cash consideration of RMB843 million. The consideration was determined with reference to the fair value of the identifiable assets and liabilities of Dalian Jinshi as of the date of the acquisition. Upon completion of acquisition, we held 80% of the total registered capital of Dalian Jinshi.

In the six months ended June 30, 2014, we acquired a 20% equity interest in Xishuangbanna International Resort, a 30% equity interest in Nanchang Wanda City Investment Co., Ltd. (南昌萬達城投資有限公司), a 30% equity interest in Hefei Wanda City Investment Co., Ltd. (合肥萬達城投資有限公司), a 30% equity interest in Harbin Wanda City Investment Co., Ltd. (哈爾濱萬達城投資有限公司), a 30% equity interest in Qingdao Wanda Oriental Movie Metropolis Investment Co., Ltd. (青島萬達東方影都投資有限公司) and a 30%

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equity interest in Qingdao Wanda Yacht Industry Investment Co., Ltd. (青島萬達遊艇產業投資有限公司) from Dalian Wanda Group for an aggregate cash consideration of RMB4,919 million. The consideration was determined with reference to the fair value of the identifiable assets and liabilities of these subsidiaries as of the date of acquisition. As a result of the above acquisition, we further increased our equity interest in Xishuangbanna International Resort to 80%.

### **Business Combination under Common Control**

In January 2011, we acquired 100% of the equity interests in Sichuan Wanda Hotel Management Co., Ltd., or Sichuan Wanda, and Beijing Wanda Plaza Real Estate Development Co., Ltd., or Beijing Wanda, from Dalian Wanda Group. We paid cash consideration of approximately RMB182million and RMB1,753 million for Sichuan Wanda and Beijing Wanda, respectively, in 2011. These amounts were based on the value asserted on March 31, 2010.

### **Purchase of Investment Properties**

In 2011, we purchased investment properties, including Nanchang Bayi Wanda Shopping Plaza, Shenyang Taiyuanlu Wanda Plaza, Changchun Chongqinglu Wanda Plaza and Tianjin Heping Jinjie Wanda Plaza, from fellow subsidiaries of Dalian Wanda Group for an aggregate cash consideration of RMB1,529 million. The consideration was based on the fair value of these investment properties.

### **Disposal of a Subsidiary**

In March 2014, we transferred our entire 100% equity interest in Kunming Wanda Real Estate Co., Ltd. (昆明萬達房地產有限公司), or Kunming Wanda, to Dalian Wanda Group for a cash consideration of RMB94 million. The consideration was determined with reference to the fair value of the identifiable assets and liabilities of Kunming Wanda as of the date of the agreement for the disposal.

### **Acquisition of a Subsidiary**

In June 2014, we acquired the entire equity interest of Wanda Yacht Investment (Jersey) Company Limited from Dalian Wanda Group for a cash consideration of RMB42 million.

### **Guarantees Provided by Related Parties**

We benefit from guarantees provided by Dalian Wanda Group and Mr. WANG Jianlin with respect to bank and other borrowings we obtained during the Track Record Period. During the years ended December 31, 2011, 2012 and 2013 and the six months ended June 30, 2013 and 2014, guarantees given by Dalian Wanda Group and Mr. WANG Jianlin amounted to RMB48,381 million, RMB13,703 million, RMB38,454 million, RMB21,863 million and RMB49,544 million, respectively. The outstanding balance of the guaranteed loans amounted to RMB33,261 million, RMB6,971 million, RMB31,296 million, RMB17,261 million and RMB42,519 million, respectively, for the same periods. See “Connected Transactions — Exempt Continuing Connected Transactions — (C) Guaranteed Loans and Shareholder Loan” and “Relationship with Controlling Shareholders — Independence from our Controlling Shareholders — Financial Independence” for further details on the guarantees provided by Dalian Wanda Group and Mr. WANG Jianlin.

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### Other Material Transaction with Related Parties

The following table sets forth a breakdown of our other material transactions with related parties during the periods indicated:

|  | For the year ended December 31, |                  |                  | For the six months ended<br>June 30, |                  |
|--|---------------------------------|------------------|------------------|--------------------------------------|------------------|
|  | 2011                            | 2012             | 2013             | 2013                                 | 2014             |
|  | (RMB<br>million)                | (RMB<br>million) | (RMB<br>million) | (RMB<br>million)<br>(unaudited)      | (RMB<br>million) |
| <b>Transactions with Dalian</b>  |                                 |                  |                  |                                      |                  |
| <b>Wanda Group</b>   |                                 |                  |                  |                                      |                  |
| Rendering of services . . . . .  | —                               | —                | 1                | 1                                    | 1                |
| <b>Transactions with fellow subsidiaries of Dalian Wanda Group</b>     |                                 |                  |                  |                                      |                  |
| Purchase of goods . . . . .  | 31                              | 7                | 15               | 10                                   | 10               |
| Purchase of services . . . . .   | 56                              | 43               | 321              | 56                                   | 313              |
| Disposal of property, plant and equipment . . . . .                    | 7                               | —                | —                | —                                    | —                |
| Rendering of services . . . . .  | 75                              | 109              | 179              | 64                                   | 86               |
| Rental income . . . . .  | 156                             | 242              | 340              | 136                                  | 214              |
| <b>Transactions with companies controlled by Mr. WANG Jianlin</b>      |                                 |                  |                  |                                      |                  |
| Purchase of goods . . . . .  | 4                               | 3                | 14               | 1                                    | 6                |
| Purchase of services . . . . .   | —                               | —                | 10               | —                                    | —                |
| Rendering of services . . . . .  | 57                              | 92               | 132              | 65                                   | 76               |
| Rental income . . . . .  | 349                             | 585              | 915              | 348                                  | 575              |
| <b>Transactions with Associates</b>                                    |                                 |                  |                  |                                      |                  |
| Rendering of services . . . . .  | —                               | —                | 13               | —                                    | —                |
| <b>Compensation of key management personnel of the Group . . . . .</b> |                                 |                  |                  |                                      |                  |
|  | 70                              | 105              | 84               | 29                                   | 34               |

The Directors confirm that all related party transactions have been conducted on normal commercial terms and that their terms are fair and reasonable to the Group.

See “Connected Transactions,” and Notes 25 and 43 to the Accountants’ Report in “Appendix I — Accountants’ Report” for further details regarding our related party transactions.

### LIQUIDITY AND CAPITAL MANAGEMENT

During the Track Record Period, we funded our capital requirements primarily through income generated from our operations, bank and other borrowings, bond issuances and capital contributions from our Shareholders. In the future, we may use funding from future fund raising transactions, credit facilities and cash flow from operations to finance working capital, debt service requirements and capital expenditures. We did not experience any liquidity shortage during the Track Record Period.

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### Management of Cash and Funding Resources

We seek to manage our working capital to monitor collection and deployment of our funds. We use annual budget, supplemented by monthly cash flow projections, to forecast and manage our cash inflows and outflows. In particular, we prepare cash flow and funding summaries on a monthly basis to monitor our cash flow in connection with property developments costs, investment property management and maintenance costs, hotel operation costs, financings, repayments of loans and bonds, taxes and other expenses. Our finance department also prepares periodic cash flow reports for the senior management to monitor and manage collection and use of cash. Our Directors and senior management hold regular meetings to review the monthly operating budget plan and cash flow estimates in respect of each project and determine relevant amount of disbursed funds.

As of October 31, 2014, we had aggregate independent credit facilities of RMB144,191 million, of which RMB80,368 million was utilized and RMB63,823 million remained un-utilized. See “— Indebtedness — Interest-bearing Bank and Other Borrowings”. We monitor our indebtedness level by reviewing our gearing ratio and debt-to-asset ratio. See “— Key Financial Ratios.” We also monitor our indebtedness level generally through monthly review of our management accounts to assess our financial condition and maintain our indebtedness at a reasonable level. We continuously monitor our compliance with the terms of our bank loans and other borrowings and repay them when due by using our then available cash resources.

To further enhance our working capital management, we will continue to improve our cash inflow associated with the sales and pre-sales of our properties by strengthening marketing efforts and further enhancing the payment collection from our customers with respect to the property sales and pre-sales. We also intend to better utilize the payment terms under the construction agreements provided by our general contractors through negotiation and the establishment of strategic relationships, in order to optimize the payment schedules for construction fees to match our proceeds collection and property sales plan. In addition, at our headquarters level, various departments will coordinate to control cash outflow by establishing our development and construction schedules, property sales and land acquisition plans based on the cash inflow associated with external financing opportunities and property sales and pre-sales proceeds.

We seek to manage the level of our liquid assets to ensure the availability of sufficient cash flows to meet any unexpected cash requirements arising from our business. We carefully consider our cash position and ability to obtain further financing when arranging payment for land reserves and project development costs. We maintain a certain flexibility to adjust the project development progress and the timing of associated expenditure items. We will continue to assess available resources to finance our business needs on an ongoing basis and plan and proactively adjust our property development schedule or implement cost control measures if necessitated by our then-existing financial conditions and cash requirements. Furthermore, we intend to continue to access existing capital, and to seek new sources of funding, to maintain and grow our business on a cost-effective basis.

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### Working Capital Sufficiency

After taking into consideration the financial resources available to the Group, including our internally generated cash, our available credit and financing facilities and the estimated net proceeds of the Global Offering and in the absence of unforeseeable circumstances, our Directors confirm that we have sufficient working capital for our present requirements for at least the next 12 months from the date of this prospectus.

Thereafter, we expect to finance our operations and our debt service requirements with net cash flows generated from our operations and, if required, additional debt or equity financing. However, our ability to obtain additional funding required for increased capital expenditures in the future beyond our anticipated cash needs for the next 12 months following the date of this prospectus is subject to a variety of uncertainties, including the future results of our operations, our financial condition and cash flows and economic, political and other conditions in China and elsewhere. The issue of additional equity or equity-linked securities may result in additional dilution to our Shareholders.

The Directors confirm that we did not have any material default in payment of trade and nontrade payables, bank borrowings and other debt financing obligations and/or breaches of finance covenants during the Track Record Period.

### CASH FLOW

#### Overview

The following table sets out a summary of our net cash flow for the periods indicated:

|   | For the year ended December 31, |                      |                      | For the six months ended<br>June 30, |                      |
|---|---------------------------------|----------------------|----------------------|--------------------------------------|----------------------|
|   | 2011                            | 2012                 | 2013                 | 2013                                 | 2014                 |
|   | (RMB<br>million)                | (RMB<br>million)     | (RMB<br>million)     | (RMB<br>million)<br>(unaudited)      | (RMB<br>million)     |
| Net cash flows generated from/<br>(used in) operating activities . . .        | 35,882                          | 11,481               | 6,807                | (1,599)                              | (8,953)              |
| Net cash flows used in investing<br>activities . . . . .                      | (25,392)                        | (25,495)             | (23,783)             | (7,821)                              | (20,909)             |
| Net cash flows (used in)/<br>generated from financing<br>activities . . . . . | (1,532)                         | 18,551               | 37,904               | 33,958                               | 35,136               |
| Net increase in cash and cash<br>equivalents . . . . .                        | 8,958                           | 4,537                | 20,928               | 24,538                               | 5,274                |
| Cash and cash equivalents at<br>the beginning of the<br>year/period . . . . . | <u>35,090</u>                   | <u>44,048</u>        | <u>48,585</u>        | <u>48,585</u>                        | <u>69,525</u>        |
| Effect of foreign exchange rate<br>changes, net . . . . .                     | —                               | —                    | 12                   | (8)                                  | (38)                 |
| <b>Cash and cash equivalents at<br/>the end of the year/period . .</b>        | <u><u>44,048</u></u>            | <u><u>48,585</u></u> | <u><u>69,525</u></u> | <u><u>73,115</u></u>                 | <u><u>74,761</u></u> |



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## FINANCIAL INFORMATION

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### Net Cash Flows Used in/Generated from Operating Activities

Our cash used in operating activities primarily comprises payments for our property development activities and land acquisitions. Our cash generated from operating activities primarily comprises proceeds from pre-sales and sales of our properties.

For the six months ended June 30, 2014, our net cash flow used in operating activities was RMB8,953 million, which was primarily the result of (i) corporate income tax and land appreciation tax paid of RMB6,923 million, and (ii) cash used in operations of RMB460 million. Cash used in operations primarily reflected an increase in inventories in the amount of RMB26,873 million, partially offset by (i) an increase in other payables and accruals in the amount of RMB21,998 million and (ii) profit before tax of RMB8,385 million, adjusted for the increase in fair value of investment properties in the amount of RMB5,227 million and finance costs of RMB3,640 million.

For the year ended December 31, 2013, our net cash flow generated from operating activities was RMB6,807 million, which was primarily the result of cash generated from operations of RMB20,294 million, partially offset by corporate income tax and land appreciation tax paid of RMB11,680 million and interest paid of RMB2,338 million. Cash generated from operations primarily comprised (i) profit before tax of RMB41,492 million, adjusted for the increase in fair value of investment properties in the amount of RMB15,443 million and finance costs of RMB5,855 million, (ii) an increase in trade and bills payables of RMB8,966 million and (iii) an increase in other payables and accruals of RMB5,063 million, partially offset by an increase in inventories in the amount of RMB24,121 million.

For the year ended December 31, 2012, our net cash flow generated from operating activities was RMB11,481 million, which was primarily the result of cash generated from operations of RMB24,568 million, partially offset by corporate income tax and land appreciation tax paid of RMB11,559 million. Cash generated from operations primarily comprised (i) profit before tax of RMB43,264 million, adjusted for the increase in fair value of investment properties in the amount of RMB21,898 million and finance costs of RMB3,861 million, (ii) an increase in other payables and accruals of RMB14,989 million and (iii) an increase in trade and bills payables of RMB4,639 million, partially offset by (i) an increase in inventories in the amount of RMB16,423 million and (ii) an increase in prepayments, deposits and other receivables of RMB4,850 million.

For the year ended December 31, 2011, our net cash flow generated from operating activities was RMB35,882 million, which was primarily the result of cash generated from operations of RMB47,010 million, partially offset by corporate income tax and land appreciation tax paid of RMB10,203 million. Cash generated from operations primarily comprised (i) profit before tax of RMB30,841 million, adjusted for the increase in fair value of investment properties in the amount of RMB13,992 million and finance costs of RMB3,056 million, (ii) an increase in other payables and accruals of RMB36,239 million and (iii) an increase in trade and bills payables of RMB12,553 million, partially offset by (i) an increase in inventories in the amount of RMB17,359 million and (ii) an increase in prepayments, deposits and other receivables of RMB2,804 million.

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### Net Cash Flows Used in Investing Activities

Cash used in our investing activities primarily reflects additions to investment properties and purchases of items of property, plant and equipment. Cash generated from our investing activities primarily reflects proceeds from disposal of a subsidiary, proceeds from disposal of items of property, plant and equipment and proceeds from disposal of investment properties.

For the six months ended June 30, 2014, our net cash flow used in investing activities was RMB20,909 million, primarily comprising (i) payment for additions to investment properties in the amount of RMB16,314 million, and (ii) payment for purchases of items of property, plant and equipment in the amount of RMB3,258 million.

For the year ended December 31, 2013, our net cash flow used in investing activities was RMB23,783 million, primarily comprising (i) payment for additions to investment properties in the amount of RMB14,953 million and (ii) payment for purchases of items of property, plant and equipment in the amount of RMB5,207 million.

For the year ended December 31, 2012, our net cash flow used in investing activities was RMB25,495 million, primarily comprising of (i) payment for additions to investment properties in the amount of RMB19,550 million, (ii) payment for purchases of items of property, plant and equipment in the amount of RMB3,255 million and (iii) payment for additions to prepaid land lease payments in the amount of RMB1,474 million.

For the year ended December 31, 2011, our net cash flow used in investing activities was RMB25,392 million, primarily comprising (i) payment for additions to investment properties in the amount of RMB17,256 million and (ii) payment for purchases of items of property, plant and equipment in the amount of RMB4,435 million.

### Net Cash Flows Generated from / Used in Financing Activities

Cash generated from our financing activities primarily reflects the proceeds from new bank loans, net proceeds from issue of bonds and capital contributions by non-controlling interests. Cash used in our financing activities primarily reflects the repayment of bank loans and interest and bank charge paid.

For the six months ended June 30, 2014, our net cash flow generated from financing activities was RMB35,136 million, primarily comprising (i) proceeds from the net increase in bank loans in the amount of RMB41,230 million and (ii) net proceeds from issue of bonds in the amount of RMB3,662 million, partially offset by (i) payment for the acquisition of non-controlling interests in the amount of RMB4,919 million, (ii) interest and bank charge paid in the amount of RMB3,509 million and (iii) dividends paid in the amount of RMB1,999 million.

For the year ended December 31, 2013, our net cash flow generated from financing activities was RMB37,904 million, primarily comprising (i) proceeds from the net increase in bank loans in the amount of RMB40,441 million, (ii) net proceeds from issue of bonds in the amount of RMB3,614 million and (iii) capital contributions by non-controlling interests in the amount of RMB2,940 million, partially offset by (i) interest and bank charge paid in the amount of RMB6,962 million and (ii) dividends paid in the amount of RMB1,999 million.

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For the year ended December 31, 2012, our net cash flow generated from financing activities was RMB18,551 million, primarily comprising proceeds from the net increase in bank loans in the amount of RMB23,622 million, partially offset by (i) interest and bank charge paid in the amount of RMB3,194 million and (ii) dividends paid in the amount of RMB1,967 million.

For the year ended December 31, 2011, our net cash flow used in financing activities was RMB1,532 million, primarily comprising (i) interest and bank charge paid in the amount of RMB8,705 million and (ii) payments in connection with business combination under common control in the amount of RMB1,935 million, partially offset by proceeds from the net increase in bank loans in the amount of RMB9,108 million.

### CAPITAL EXPENDITURE

For the years ended December 31, 2011, 2012 and 2013 and the six months ended June 30, 2013 and 2014, we incurred capital expenditures (including capitalized interest) in the amount of RMB31,818 million, RMB34,233 million, RMB36,008 million, RMB19,906 million and RMB21,551 million, respectively, primarily due to expenditures in connection with the development, construction and periodic renovation of investment properties and hotels.

### COMMITMENTS

#### Capital Commitments

The following table sets out our capital commitments as of the dates indicated:

|  | As of December 31, |               |                | As of<br>June 30, |
|--|--------------------|---------------|----------------|-------------------|
|  | 2011               | 2012          | 2013           | 2014              |
|  | (RMB million)      | (RMB million) | (RMB million)  | (RMB million)     |
| Contracted but not provided for:           |                    |               |                |                   |
| Land, buildings, plant and machinery . . . | 73,033             | 96,216        | 124,562        | 123,678           |
| Acquisition of equity interests . . . . .  | —                  | —             | 700            | 700               |
| Total . . . . .                            | <u>73,033</u>      | <u>96,216</u> | <u>125,262</u> | <u>124,378</u>    |

The increase in our capital commitments contracted but not provided for land, buildings, plant and machinery from December 31, 2011 to December 31, 2013 was primarily due to the expansion of our business.

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### Operating Lease Commitments

We lease certain office premises, plant and warehouses under operating lease arrangements. The following table sets out our future minimum lease payments under non-cancellable operating lease commitments as of the dates indicated:

|  | As of December 31, |               |               | As of<br>June 30, |
|--|--------------------|---------------|---------------|-------------------|
|  | 2011               | 2012          | 2013          | 2014              |
|  | (RMB million)      | (RMB million) | (RMB million) | (RMB million)     |
| Within one year . . . . .                        | 13                 | 20            | 37            | 19                |
| In the second to fifth years, inclusive. . . . . | 20                 | 28            | 109           | 57                |
| After five years . . . . .                       | —                  | —             | 91            | 13                |
| Total . . . . .                                  | <u>33</u>          | <u>48</u>     | <u>237</u>    | <u>89</u>         |

### CONTINGENT LIABILITIES

Our contingent liabilities primarily comprise guarantees we provided in respect of the mortgage facilities granted by commercial banks to the purchasers of our properties. Pursuant to the terms of the guarantee arrangements, in the case of a default on the mortgage payments by the purchasers, we are responsible for repaying the outstanding mortgage loans together with any accrued interest and penalties owed by the defaulting purchasers to the banks. We are then entitled to take over the legal titles of the related properties. Our guarantee periods commence from the dates that the relevant mortgage loans are granted and end after the execution of the individual purchasers' collateral agreements. We did not incur any material losses during the Track Record Period with respect to the guarantees provided for mortgage facilities granted to purchasers of our properties.

The following table sets out our total contingent liabilities as of the dates indicated:

|  | As of December 31, |               |               | As of<br>June 30, |
|--|--------------------|---------------|---------------|-------------------|
|  | 2011               | 2012          | 2013          | 2014              |
|  | (RMB million)      | (RMB million) | (RMB million) | (RMB million)     |
| Guarantees given to banks for:   |                    |               |               |                   |
| Mortgage facilities granted to purchasers<br>of our properties . . . . . | <u>29,317</u>      | <u>34,073</u> | <u>38,026</u> | <u>49,270</u>     |

As of October 31, 2014, being the latest practicable date for determining such information, and except as discussed above, we had no material contingent liabilities or guarantees. We are not currently involved in any significant litigation and we are not aware of any outstanding or threatened significant litigation. If we become involved in any such significant litigation that may result in the loss of an amount that can be reasonably estimated according to the available information at that time, we will record the loss or contingent liabilities accordingly.

## FINANCIAL INFORMATION

### KEY FINANCIAL RATIOS

The following table sets out our key financial ratios as of the dates and for the periods indicated:

|  | As of and for the year ended December 31, |       |        | As of and for<br>the six<br>months ended |
|--|---|-------|--------|--|
|  | 2011                                      | 2012  | 2013   | June 30,<br>2014                         |
| <b>Liquidity ratios</b>  |   |       |        |  |
| Current ratio <sup>(1)</sup>                                     | 96.2%                                     | 94.8% | 108.9% | 108.9%                                   |
| Quick ratio <sup>(2)</sup>                                       | 50.2%                                     | 46.2% | 53.2%  | 48.8%                                    |
| <b>Capital adequacy ratios</b>                                   |   |       |        |  |
| Gearing ratio <sup>(3)</sup>                                     | 38.8%                                     | 48.7% | 53.0%  | 87.8%                                    |
| Debt-to-asset ratio <sup>(4)</sup>                               | 47.4%                                     | 45.9% | 49.4%  | 51.6%                                    |
| <b>Profitability ratios</b>                                      |   |       |        |  |
| Return on average total assets <sup>(5)</sup>                    | 7.9%                                      | 9.5%  | 6.5%   | 1.1%                                     |
| Return on average equity <sup>(6)</sup>                          | 32.7%                                     | 37.6% | 24.7%  | 4.3%                                     |
| <b>Turnover ratios</b>   |   |       |        |  |
| Stock turnover days <sup>(7)</sup>                               | 409.9                                     | 412.0 | 371.9  | 904.4                                    |
| Debtors' turnover days (collection period) <sup>(8)</sup>        | 2.1                                       | 1.9   | 1.2    | 3.1                                      |
| Creditors' turnover days (average payment period) <sup>(9)</sup> | 149.4                                     | 143.4 | 126.8  | 272.5                                    |

**Notes:**

- (1) Current ratio is calculated by dividing total current assets by total current liabilities and multiplying the resulting value by 100%.
- (2) Quick ratio is calculated by dividing total current assets less inventories by total current liabilities and multiplying the resulting value by 100%.
- (3) Gearing ratio is calculated by dividing interest-bearing bank and other borrowings plus bonds less cash and cash equivalents and restricted cash by total equity and multiplying the resulting value by 100%.
- (4) Debt-to-asset ratio is calculated by dividing total liabilities net of advance from customers by total assets and multiplying the resulting value by 100%.
- (5) Return on average total assets is calculated (i) for 2011 by dividing profit for the year by total assets at the end of the year and multiplying the resulting value by 100%, as the consolidated financial information for 2010 is not included in this prospectus, and (ii) for 2012, 2013 and the six months ended June 30, 2014, by dividing profit for the year/period by the average of total assets at the beginning and the end of the year/period and multiplying the resulting value by 100%. The calculation for the return on average total assets for the six months ended June 30, 2014 has not been annualized.
- (6) Return on average equity is calculated (i) for 2011 by dividing profit for the year by total equity at the end of the year and multiplying the resulting value by 100%, as the consolidated financial information for 2010 is not included in this prospectus, and (ii) for 2012, 2013 and the six months ended June 30, 2014, by dividing profit for the year/period by the average of total equity at the beginning and the end of the year/period and multiplying the resulting value by 100%. The calculation for the return on average equity for the six months ended June 30, 2014 has not been annualized.
- (7) Stock turnover ratio is calculated (i) for 2011 by dividing inventories at the end of the year by revenue and multiplying the resulting value by 365 days, as the consolidated financial information for 2010 is not included in this prospectus, and (ii) for 2012, 2013 and the six months ended June 30, 2014, by dividing the average of inventories at the beginning and the end of the year/period by revenue and multiply the resulting value by 365 days (or the period generating the revenue).

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- (8) Debtors' turnover days (collection period) is calculated (i) for 2011 by dividing trade receivables at the end of the year by revenue and multiplying the resulting value by 365 days, as the consolidated financial information for 2010 is not included in this prospectus, and (ii) for 2012, 2013 and the six months ended June 30, 2014, by dividing the average of trade receivables at the beginning and the end of the year/period by revenue and multiply the resulting value by 365 days (or the period generating the revenue).
- (9) Creditors' turnover days (average payment period) is calculated (i) for 2011 by dividing trade and bills payables at the end of the year by revenue and multiplying the resulting value by 365 days, as the consolidated financial information for 2010 is not included in this prospectus, and (ii) for 2012, 2013 and the six months ended June 30, 2014, by dividing the average of trade and bills payables at the beginning and the end of the year/period by revenue and multiply the resulting value by 365 days (or the period generating the revenue).

### Current Ratio

As of December 31, 2011, 2012 and 2013 and June 30, 2014, our current ratio was 96.2%, 94.8%, 108.9% and 108.9%. Our current ratio remained stable from December 31, 2013 to June 30, 2014.

The increase in our current ratio from 94.8% as of December 31, 2012 to 108.9% as of December 31, 2013 was primarily due to an increase in inventories from RMB76,378 million as of December 31, 2012 to RMB100,474 million as of December 31, 2013 as we continued to expand our business and increase our properties under development and completed properties held for sale, and was partially offset by an increase in other payables and accruals from RMB103,872 million as of December 31, 2012 to RMB117,009 million as of December 31, 2013 as we increased the pre-sales of our properties.

The decrease in our current ratio from 96.2% as of December 31, 2011 to 94.8% as of December 31, 2012 was primarily due to an increase in other payables and accruals from RMB80,900 million as of December 31, 2011 to RMB103,872 million as of December 31, 2012 as we increased the pre-sales of our properties, and was partially offset by an increase in inventories from RMB57,015 million as of December 31, 2011 to RMB76,378 million as of December 31, 2012 as we continued to expand our business and increase our properties under development and completed properties held for sale.

### Quick Ratio

As of December 31, 2011, 2012 and 2013 and June 30, 2014, our quick ratio was 50.2%, 46.2%, 53.2% and 48.8%. The decrease in our quick ratio from 53.2% as of December 31, 2013 to 48.8% as of June 30, 2014 was primarily due to (i) an increase in our other payables and accruals from RMB117,009 million as of December 31, 2013 to RMB144,946 million as of June 30, 2014 as we increased the pre-sales of our properties and (ii) an increase in the current portion of our interest-bearing bank and other borrowings from RMB21,016 million as of December 31, 2013 to RMB34,184 million as of June 30, 2014 as we expanded our business and increased our financing needs.

The increase in our quick ratio from 46.2% as of December 31, 2012 to 53.2% as of December 31, 2013 was primarily due to an increase in cash and cash equivalents from RMB48,585 million as of December 31, 2012 to RMB69,525 million as of December 31, 2013 as we enhanced our cash management, and was partially offset by an increase in other payables and accruals from RMB103,872 million as of December 31, 2012 to RMB117,009 million as of December 31, 2013 as we increased the pre-sales of our properties.

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The decrease in our quick ratio from 50.2% as of December 31, 2011 to 46.2% as of December 31, 2012 was primarily due to an increase in other payables and accruals from RMB80,900 million as of December 31, 2011 to RMB103,872 million as of December 31, 2012 as we increased the pre-sales of our properties.

### **Gearing Ratio**

As of December 31, 2011, 2012 and 2013 and June 30, 2014, our gearing ratio was 38.8%, 48.7%, 53.0% and 87.8%. The increase in our gearing ratio during the Track Record Period was primarily due to an increase in interest-bearing bank and other borrowings as we expanded our business and increased our financing needs.

### **Debt-to-Asset Ratio**

As of December 31, 2011, 2012 and 2013 and June 30, 2014, our debt-to-asset ratio was 47.4%, 45.9%, 49.4% and 51.6%. The increase in our debt-to-asset ratio from December 31, 2012 to June 30, 2014 was primarily due to an increase in interest-bearing bank and other borrowings as we expanded our business and increased our financing needs. The decrease in our debt-to-asset ratio from December 31, 2011 to December 31, 2012 was primarily due to the significant increase in the fair value of our investment properties.

### **Return on Average Total Assets**

For the years ended December 31, 2011, 2012 and 2013 and the six months ended June 30, 2014, our return on average total assets was 7.9%, 9.5%, 6.5% and 1.1%. The decrease in our return on average total assets from 9.5% for the year ended December 31, 2012 to 6.5% for the year ended December 31, 2013 was primarily due to the decrease in our profit for the year.

### **Return on Average Equity**

For the years ended December 31, 2011, 2012 and 2013 and the six months ended June 30, 2014, our return on average equity was 32.7%, 37.6%, 24.7% and 4.3%. The decrease in our return on average equity from 37.6% for the year ended December 31, 2012 to 24.7% for the year ended December 31, 2013 was primarily due to the decrease in our profit for the year.

### **Stock Turnover Days**

For the years ended December 31, 2011, 2012 and 2013 and the six months ended June 30, 2014, our stock turnover days was 409.9, 412.0, 371.9 and 904.4. The decrease in our stock turnover days from 412.0 for the year ended December 31, 2012 to 371.9 for the year ended December 31, 2013 was primarily due to the increase in our revenue from sales of properties.

### **Debtors' Turnover Days (Collection Period)**

For the years ended December 31, 2011, 2012 and 2013 and the six months ended June 30, 2014, our debtors' turnover days (collection period) was 2.1, 1.9, 1.2 and 3.1. The decrease in our debtors' turnover days (collection period) from 1.9 for the year ended December 31, 2012 to 1.2 for the year ended December 31, 2013 was primarily due to the increase in our revenue.



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### Creditors' Turnover Days (Average Payment Period)

For the years ended December 31, 2011, 2012 and 2013 and the six months ended June 30, 2014, our creditors' turnover days (average payment period) was 149.4, 143.4, 126.8 and 272.5. The decrease in our creditors' turnover days (average payment period) from 143.4 for the year ended December 31, 2012 to 126.8 for the year ended December 31, 2013 was primarily due to the increase in our revenue.

### PROPERTIES AND VALUATION

The particulars of our properties are set out in "Business" and in "Appendix IV — Property Valuation Report". DTZ has valued the properties as of September 30, 2014. A full list of properties and a summary of the values issued by DTZ is included in "Appendix IV — Property Valuation Report". The full set valuation report issued by DTZ will be available for inspection at the offices of Reed Smith Richards Butler as described in Appendix X to this prospectus.

A reconciliation of the net book value of our properties as of June 30, 2014 as set out in "Appendix I — Accountants' Report" to their fair value as of September 30, 2014 as stated in the property valuation report set out in "Appendix IV — Property Valuation Report" is set out below:

|   | (RMB million)         |
|---|-----------------------|
| Net book value of following properties as of June 30, 2014  |                       |
| Buildings . . . . .   | 23,317                |
| Construction in progress . . . . .  | 5,087                 |
| Investment properties . . . . .   | 220,580               |
| Prepaid land lease payments . . . . .   | 6,979                 |
| Properties under development. . . . .   | 114,980               |
| Completed properties held for sale. . . . .   | <u>16,843</u>         |
|   | 387,786               |
| Add: Additions during the period from July 1, 2014 to September 30, 2014  | 50,619                |
| Less: Sold during the period from July 1, 2014 to September 30, 2014 . . .  | (10,069)              |
| Less: Depreciation and amortization during the period from July 1, 2014<br>to September 30, 2014 . . . . .                    | <u>(342)</u>          |
| Net book value of properties as of September 30, 2014. . . . .  | 427,994               |
| Valuation surplus . . . . .   | <u>40,975</u>         |
| Valuation as of September 30, 2014 as set out in the property valuation<br>report in Appendix IV of this prospectus . . . . . | <u><u>468,969</u></u> |

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### QUALITATIVE AND QUANTITATIVE DISCLOSURE ABOUT MARKET RISK

The main market risks arising from our operations during the Track Record Period were credit risk, interest rate risk and liquidity risk.

#### Credit Risk

We have no concentration of credit risk. Our cash and cash equivalents are mainly deposited with reputable state-owned banks and overseas banks in the PRC. The carrying amounts of the trade receivables, other receivables, restricted cash and cash and cash equivalents included in our consolidated statement of financial position represent our maximum exposure to credit risk in relation to our financial assets. We have no other financial assets which carry significant exposure to credit risk. We have arranged bank financing for certain purchasers of our properties and have provided guarantees to secure the obligations of such purchasers for repayment.

#### Interest Rate Risk

Our exposure to the risk of changes in market interest rates relates primarily to our long term debt obligations with floating interest rates.

If interest rates had been 100 basis points higher/lower with all other variables being held constant, our interest charge would be approximately RMB578 million, RMB578 million, RMB684 million and RMB381 million higher/lower in 2011, 2012 and 2013 and the six months ended June 30, 2014. This is mainly attributable to our exposure to interest rates in connection with our variable-rate bank and other borrowings.

#### Liquidity Risk

We monitor our risk to a shortage of funds by using a recurring liquidity planning tool. This tool considers the maturity of both our financial instruments and financial assets (e.g., trade receivables) and projected cash flows from operations.

Our objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans.

#### Capital Management

The primary objectives of our capital management are to safeguard our ability to continue as a going concern and to maintain healthy capital ratios in order to support our business and maximise shareholders' value.

We manage our capital structure and makes adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust our capital structure, we may adjust our dividend payments to Shareholders, return capital to Shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the Track Record Period.

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### DIVIDEND AND DIVIDEND POLICY

Our Board of Directors is responsible for submitting proposals in respect of dividend payments, if any, to the Shareholders' general meeting for approval. Our dividend distributions are based on our distributable profit and take into consideration our earnings, cash flow, financial condition, the availability of dividends from our subsidiaries, business planning, return to our Shareholders, capital requirements, finance costs, the external financing environment and any other factors that our Directors may deem relevant. We will not pay any dividends in a year in which we do not have any distributable profits. We cannot guarantee when, if and in what form dividends will be declared or distributed in the future. Under the Company Law and our Articles of Association, all of our Shareholders holding the same class of Shares have equal rights to dividends and other distributions proportionate to their shareholdings.

### Factors Affecting Our Dividend Distributions

#### *Allocations from profit of year before payment of dividends based on our Articles of Association*

According to our Articles of Association, we will pay dividends out of our distributable profit for the year only after we have made the following allocations from our profit for the year:

- recovery of accumulated losses, if any, for previous years;
- allocations to the statutory reserve equivalent to 10% of our profit for the year (when the statutory reserve reaches and is maintained at or above 50% of our registered capital, no further allocations to this statutory reserve will be required); and
- appropriation for the discretionary reserve upon approval by the Shareholders' general meeting.

In accordance with our Articles of Association, we may pay dividends only out of distributable profits as determined under PRC GAAP, HKFRS or the accounting rules of the listing venue, whichever is lower.

#### *Availability of dividends received from our subsidiaries*

Our future dividend payments to our Shareholders will also depend upon the availability of dividends received from our subsidiaries. There is no assurance that we will receive any dividend from our subsidiaries in any given year. We may not be able to pay any dividends in a year in which we do not actually receive adequate dividends from our subsidiaries.

Statutory requirements. PRC laws require dividends to be paid out of net profit calculated according to PRC accounting principles, which, in many aspects, differ from the generally accepted accounting principles in other jurisdictions, including HKFRS. PRC companies are also required to set aside as statutory reserve amount equivalent to 10% of their net profits (when the statutory reserve reaches and is maintained at or above 50% of their registered capital, no further allocations to this statutory reserve will be required). These statutory reserves are not available for distribution as cash dividends.

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Dividend distribution covenants under our loan agreements and trust financing agreements. Some of our loan agreements and trust financing agreements restrict our subsidiaries from distributing dividends. Although borrowings under loan agreements and trust financing agreements stipulating that our relevant subsidiaries shall not distribute dividends without notifying the relevant lenders and obtaining their prior consent or fully repaying the outstanding amount under the relevant agreement only accounted for approximately 40% of our outstanding interest-bearing bank and other borrowings as of September 30, 2014, the actual amount of distributable profits of our subsidiaries subject to these covenants may account for a much larger share of our consolidated distributable profit in future years. This is because in any given year our subsidiaries subject to these covenants may generate more distributable profits than our subsidiaries not subject to these covenants may do. In the extreme case, it is possible that in a future year all of our consolidated distributable profits will be generated by our subsidiaries subject to the dividend distribution covenants. These subsidiaries will not be able to distribute any of our consolidated distributable profits to us under the relevant dividend distribution covenant.

### *Other legal and contractual restrictions*

In addition, the declaration and/or payment of dividends may be limited by legal restrictions and/or by contracts or agreements that we may be subject to in the future. For example, we or our subsidiaries may enter into certain agreements such as bank credit facilities, trust financing agreements and joint venture agreements which may contain covenants which restrict our subsidiaries from making distributions to us.

We declared cash dividend in the amount of RMB1,980 million and paid cash dividend in the amount of RMB1,967 million in 2012 for the year ended December 31, 2011. We declared and paid cash dividend in the amount of RMB1,999 million in each of 2013 and 2014 for each of the years ended December 31, 2012 and 2013. Dividends paid in prior periods may not be indicative of future dividend payments.

### **OFF-BALANCE SHEET ARRANGEMENTS**

During the Track Record Period and as of the Latest Practicable Date, aside from the capital commitments, operating lease commitments and contingent liabilities discussed above, we had no material off-balance sheet arrangements.

### **UNAUDITED PRO FORMA ADJUSTED TANGIBLE ASSETS**

The following unaudited pro forma statement of our adjusted net tangible assets is prepared in accordance with Rule 4.29 of the Listing Rules and is set out below to illustrate the effect of the Global Offering on the net tangible assets of our Group attributable to the equity owners of the Company as of June 30, 2014 as if the Global Offering had taken place on that date.

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This pro forma statement of adjusted net tangible assets has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the financial position of our Group had the Global Offering been completed as of June 30, 2014 or at any future date.

|  | <b>Consolidated<br/>net tangible<br/>assets<br/>attributable<br/>to owners of<br/>our<br/>Company as<br/>of June 30,<br/>2014</b> | <b>Estimated<br/>net<br/>proceeds<br/>from the<br/>Global<br/>Offering</b> | <b>Adjustment<br/>for the 2014<br/>Excluded<br/>Companies</b> | <b>Unaudited<br/>pro forma<br/>adjusted<br/>consolidated<br/>net tangible<br/>assets</b> | <b>Unaudited pro forma<br/>adjusted consolidated net<br/>tangible assets per Share</b> |   |
|--|---|--|---|--|--|---|
|  | <b>RMB million<br/>(Note 1)</b>   | <b>RMB million<br/>(Note 2)</b>  | <b>RMB million<br/>(Note 3)</b>                               | <b>RMB million</b>   | <b>RMB<br/>(Note 4)</b>  | <b>HK\$<br/>equivalent<br/>(Note 5)</b> |
| Based on an Offer Price of HK\$41.80 per Share . . . . . | 105,648   | 19,296   | 521   | 125,465  | 28.04  | 35.43                                   |
| Based on an Offer Price of HK\$49.60 per Share . . . . . | 105,648   | 22,925   | 521   | 129,094  | 28.85  | 36.46                                   |

**Notes:**

- (1) The consolidated net tangible assets of our Group attributable to owners of our Company as of June 30, 2014 is extracted from the Accountants' Report as set out in Appendix I to this prospectus, which is based on the audited consolidated equity attributable to owners of Company as of June 30, 2014 of RMB109,611 million less goodwill and other intangible assets as of June 30, 2014 of RMB1,430 million and RMB2,533 million.
- (2) The estimated net proceeds from the Global Offering are based on the offer price of HK\$41.80 per share and HK\$49.60 per Share, after deduction of the underwriting fees and related expenses payable by the Company and do not take into account any Offer Shares which may be issued upon the exercise of the Over-allotment Option. The estimated net proceeds from the Global Offering are converted from Hong Kong dollars into Renminbi at the PBOC rate of HK\$1.00 to RMB0.79126 prevailing on November 28, 2014.
- (3) This adjustment is given effect to the disposal of the 2014 Excluded Companies as if the disposal had taken place on June 30, 2014.
- (4) The unaudited pro forma adjusted consolidated net tangible assets per Share is calculated based on 4,474,800,000 Shares in issue immediately following the completion of the Global Offering without taking into account any Shares which may be issued upon the exercise of the Over-allotment Option.
- (5) The unaudited pro forma adjusted consolidated net tangible assets per Share is converted into Hong Kong dollars at the PBOC rate of HK\$1.00 to RMB0.79126 prevailing on November 28, 2014.

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### PROFIT FORECAST FOR THE YEAR ENDING DECEMBER 31, 2014

We have prepared the following profit forecast for the year ending December 31, 2014. This profit forecast is based on accounting policies consistent with those adopted for the purpose of the Accountants' Report of our Group, the text of which is set forth in Appendix I to this prospectus, and the bases set forth in Appendix III to this prospectus. You should read these bases when you analyze our profit forecast. The following profit forecast is subject to change and may be further updated.

|   | <b>Forecast for the year<br/>ending December 31, 2014</b> |
|---|---|
| Forecast consolidated profit attributable to owners of our Company <sup>(1)</sup> . . . . .                 | not less than<br>RMB24,027 million                        |
| Forecast fair value gains on investment properties (net of deferred tax) . . . . .                          | RMB9,725 million  |
| Forecast consolidated profit attributable to owners of our Company<br>(excluding fair value gains). . . . . | not less than<br>RMB14,302 million                        |
| Unaudited pro forma forecast earnings per Share <sup>(2)</sup> . . . . .                                    | not less than RMB5.37<br>(approximately HK\$6.79)         |

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**Notes:**

- (1) The forecast consolidated profit attributable to owners of our Company for the year ending December 31, 2014 is extracted from Appendix III to this prospectus. The bases and assumptions on which the above forecast for the year ending December 31, 2014 has been prepared are summarised in Appendix III to this prospectus.
- (2) The calculation of the unaudited pro forma forecast earnings per Share is based on the forecast consolidated profit attributable to owners of our Company for the year ending December 31, 2014 and on the assumption that a total of 4,474,800,000 shares were in issue during the year ending December 31, 2014, taking no account of any shares which may be issued upon the exercise of the Over-allotment Option. The unaudited pro forma forecast earnings per Share is converted into Hong Kong dollars at the PBOC rate of HK\$1.00 to RMB0.79126 prevailing on November 28, 2014.

The construction status of all the properties under development that are forecasted to be delivered in the three months ending December 31, 2014 are in line with their respective development plans and such properties are expected to be completed and delivered on schedule. These properties that are in the process of applying for the acceptance and compliance form of construction completion (竣工驗收備案), which are expected to be obtained no later than December 20, 2014. The Directors are not aware of any matters which will delay the completion and delivery of such properties. The Directors expect that these properties will be delivered and all the revenues from the sales of these properties will be recognized by December 31, 2014.

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### Sensitivity Analysis

#### *Sensitivity Analysis on Fair Value Change of Investment Properties*

The total forecasted amount of fair value change on investment properties for the year ending December 31, 2014 is RMB12,967 million and its related deferred taxation expense is estimated to be RMB3,242 million. The following table illustrates the sensitivity of the net profit attributable to owners of our Company (net of deferred tax effect) to fair value change of investment properties for the year ending December 31, 2014:

|  |       |       |     |     |
|--|-------|-------|-----|-----|
| Changes in revaluation increase<br>percentage on investment properties<br>compared to our estimated revaluation<br>increase percentage on investment<br>properties . . . . . | -10%  | -5%   | 5%  | 10% |
| Impact on the net profit attributable to<br>owners of our Company targeted for<br>the year 2014 (RMB millions) . . . . .   | (972) | (486) | 486 | 972 |

If the forecast fair value of investment properties rises/declines by 5%, the consolidated profit attributable to owners of our Company for the year ending December 31, 2014 will be not less than RMB24,513 million/RMB23,541 million, respectively, or 2.0% higher/lower, respectively, than the targeted 2014 consolidated profit attributable to owners of our Company.

If the forecast fair value of investment properties rises/declines by 10%, the consolidated profit attributable to owners of our Company for the year ending December 31, 2014 will be not less than RMB24,999 million/RMB23,055 million, respectively, or 4.0% higher/lower, respectively, than the targeted 2014 consolidated profit attributable to owners of our Company.

#### *Sensitivity Analysis on Targeted GFA Sold and Delivered*

The following table illustrates the sensitivity of the net profit attributable to owners of our Company to the targeted GFA sold and delivered for the year ending December 31, 2014 by applying such sensitivity analysis to the six-month period ending December 31, 2014 including, for such analysis, the pre-sold properties for the three-month period ended September 30, 2014.

|  |         |         |       |
|--|---------|---------|-------|
| % change in targeted GFA sold and delivered . . . . .  | -10%    | -7.5%   | -5%   |
| Impact on the net profit attributable to owners of our<br>Company targeted for the year 2014 (RMB millions). . . . . | (1,919) | (1,434) | (948) |



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If the targeted GFA sold and delivered for all projects declines by 5%, the consolidated profit attributable to owners of our Company for the year ending December 31, 2014 will be not less than RMB23,079 million, i.e. 3.9% lower than the targeted 2014 consolidated profit attributable to owners of our Company.

If the targeted GFA sold and delivered for all projects declines by 7.5%, the consolidated profit attributable to owners of our Company for the year ending December 31, 2014 will be not less than RMB22,593 million, i.e. 6.0% lower than the targeted 2014 consolidated profit attributable to owners of our Company.

If the targeted GFA sold and delivered for all projects declines by 10%, the consolidated profit attributable to owners of our Company for the year ending December 31, 2014 will be not less than RMB22,108 million, i.e. 8.0% lower than the targeted 2014 consolidated profit attributable to owners of our Company.

The above sensitivity analysis is intended for reference only, and any variation could exceed the ranges given. We have considered for the purposes of the profit forecast what we believe is the best estimates of fair value change of investment properties and targeted GFA sold and delivered. However, fair value change of investment properties and targeted GFA sold and delivered as at the relevant date may differ materially from our estimate, and is dependent on market conditions and other factors that are beyond our control.

### **NO ADDITIONAL DISCLOSURE REQUIRED UNDER THE LISTING RULES**

Except as disclosed in this prospectus, we confirm that, as of the Latest Practicable Date, we were not aware of any circumstances that would give rise to a disclosure requirement under Rules 13.13 to Rules 13.19 of the Listing Rules.

### **DIRECTORS' CONFIRMATION OF NO MATERIAL ADVERSE CHANGE**

The Directors confirm that they have performed sufficient due diligence on the Company to ensure that, up to the date of this prospectus, there has been no material adverse change in our financial or trading position or prospects since June 30, 2014 and there has been no event since June 30, 2014, and up to the date of this prospectus, which would have material adverse effect on the information presented in the Accountants' Report in "Appendix I — Accountants' Report".

### **LISTING EXPENSES**

In relation to the Listing, we expect to incur listing expenses of approximately RMB586 million (including the underwriting commissions assuming an Offer Price of 45.70 per Offer Share (being the mid-joint of the Offer Price range stated in this prospectus)) prior to completion of the Global Offering, of which approximately RMB132 million will be recognized in our consolidated statements of profit or losses for 2014, and approximately RMB454 million will be deducted from our share premium for 2014. The Company did not incur listing expenses during the Track Record Period.

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### RECENT DEVELOPMENTS

#### Recent Developments in Our Business

During the three months ended September 30, 2014, we acquired land with a total site area of approximately 1.7 million sq.m. for the development of 11 additional property projects with an estimated total GFA of approximately 6.6 million sq.m. in 11 cities. The table below sets forth certain information of these 11 projects:

| No. | Project   | Location             | Site Area<br>(sq.m.) | Estimated<br>GFA<br>(sq.m.) |
|-----|---|----------------------|----------------------|-----------------------------|
| 1   | Changshu Wanda Plaza (常熟萬達廣場)                     | Jiangsu (江蘇)         | 138,912              | 651,100                     |
| 2   | Kunshan Wanda Plaza (昆山萬達廣場)                      | Jiangsu (江蘇)         | 93,789               | 426,050                     |
| 3   | Xuzhou Tongshan Wanda Plaza (徐州銅山萬達廣場)            | Jiangsu (江蘇)         | 144,925              | 638,550                     |
| 4   | Hefei Yaohai Wanda Plaza (合肥瑤海萬達廣場)               | Anhui (安徽)           | 149,904              | 746,134                     |
| 5   | Suining Wanda Plaza (遂寧萬達廣場)                      | Sichuan (四川)         | 76,987               | 291,100                     |
| 6   | Changchun Automobile City Wanda Plaza (長春汽車城萬達廣場) | Jilin (吉林)           | 178,974              | 680,900                     |
| 7   | Jilin Wanda Plaza (吉林昌邑萬達廣場)                      | Jilin (吉林)           | 198,654              | 682,990                     |
| 8   | Nanning Wanda Project (南寧萬達項目)                    | Guangxi (廣西)         | 340,461              | 812,929                     |
| 9   | Hohhot Huiminqu Wanda Plaza (呼和浩特回民區萬達廣場)         | Inner Mongolia (內蒙古) | 115,393              | 591,100                     |
| 10  | Zhuji Wanda Plaza (諸暨萬達廣場)                        | Zhejiang (浙江)        | 166,021              | 581,074                     |
| 11  | Shanghai Qingpu Wanda Project (上海青浦萬達項目)          | Shanghai (上海)        | 88,802               | 455,149                     |

In line with our further expansion of the Wanda City product line, on October 20, 2014, we entered into a land grant contract to acquire a parcel of land with a site area of 278,502 sq.m. in Guangzhou for development of Guangzhou Wanda Tourism City (廣州萬達旅遊城), our new Wanda City project. With respect to the 11 property projects as set forth in the table above and Guangzhou Wanda Tourism City, we expect to incur the total land acquisition costs of approximately RMB7.1 billion, all of which had been settled by us as of the Latest Practicable Date.

Since June 30, 2014 and up to the Latest Practicable Date, we completed and commenced operation of 14 shopping centers in the following property projects: Jining Taibailu Wanda Plaza (濟寧太白路萬達廣場), Yinchuan Xixia Wanda Plaza (銀川西夏萬達廣場), Jinhua Wanda Plaza (金華萬達廣場), Changzhou Wujin Wanda Plaza (常州武進萬達廣場), Foshan Nanhai Wanda Plaza (佛山南海萬達廣場), Dongguan Dongcheng Wanda Plaza (東莞東城萬達廣場), Ma'anshan Wanda Plaza (馬鞍山萬達廣場), Jingzhou Wanda Plaza (荊州萬達廣場), Lanzhou Chengguan Wanda Plaza (蘭州城關萬達廣場), Kunming Xishan Wanda Plaza (昆明西山萬達廣場), Longyan Wanda Plaza (龍岩萬達廣場), Guangzhou Panyu Wanda Plaza (廣州番禺萬達廣場), Yantai Zhifu Wanda Plaza (煙臺芝罘萬達廣場) and Jiangmen Wanda Plaza (江門萬達廣場).

We achieved a total amount of contracted sales of RMB40.4 billion for the three months ended September 30, 2014.

Since June 30, 2014, we have further expanded our property development business into North America and Australia. In July 2014, we entered into an arrangement with an

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## FINANCIAL INFORMATION

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independent third party to jointly develop a potential project in Chicago, Illinois. In September 2014, we acquired a parcel of land in Beverly Hills, Los Angeles. In October 2014, we acquired a 55% equity interest in a company, which holds the property rights for a parcel of land located in Surfers Paradise, Queensland, Australia and was not engaged in any business operation before entry into the arrangement for the acquisition. For more details of these transactions and development opportunities, see “Business — Description of Property Projects — Overseas Property Projects and Property Development Opportunities”.

In October 2014, we disposed of the 2014 Separated Projects, including Xishuangbanna International Resort, Qingdao Wanda Yacht Industry Park and Dalian Jinshi International Resort by transferring all of the equity interests held by us in the relevant project companies to Dalian Wanda Group, our Controlling Shareholder. The total consideration for the acquisition by Dalian Wanda Group of our equity interests in the 2014 Excluded Companies, namely Xishuangbanna International Resort Development Co., Ltd., Qingdao Wanda Yacht Industry Investment Co., Ltd. and Dalian Jinshi Cultural Tourism Investment Co., Ltd., was RMB4,135 million, determined with reference to fair value of net assets of each 2014 Excluded Companies as appraised by an independent third-party valuer. The amount of gain on the disposal of the 2014 Separated Projects was estimated to be approximately RMB521 million. The 2014 Separated Projects had a total site area of 4,931,203 sq.m. and comprised a total estimated GFA of 8,894,837 sq.m. as of June 30, 2014, of which 228,996 sq.m. were completed, 1,753,217 sq.m. were under development and 6,912,624 sq.m. were held for future development. While as confirmed by our PRC legal advisor, Tian Yuan Law Firm, the 2014 Excluded Companies had been in compliance with relevant laws and regulations relating to real estate development and land acquisition for the 2014 Separated Projects, development on certain parcels of land within these projects involve contingencies due to the zoning adjustment or certain incomplete preliminary land development work. After communicating with, and considering the recommendation of, the relevant authorities, our Company decided to exclude the 2014 Separated Projects to eliminate possible effect on us as a result of change in project development as planned or unforeseeable factors that beyond our control given the uncertainties associated with the matters as mentioned above. The 2014 Excluded Companies, in aggregate, accounted for less than 5% of our total assets, revenue and net profit, respectively, as of and for each year ended December 31, 2011, 2012 and 2013 and the six months ended June 30, 2014. For more details, please refer to “Relationship with Controlling Shareholders — Delineation of Business — Excluded Business engaged by our Controlling Shareholder”.

### Recent Corporate Actions

In July 2014, our Company issued a total of 138.8 million new Shares at an issue price of RMB7.36 per Share to 61 individuals, including some of our existing Shareholders, Directors, senior management members and employees as well as certain employees of Dalian Wanda Group. The issuance of new Shares to our employees as well as certain employees of Dalian Wanda Group as consideration for their services will be accounted for as equity-settled share-based payment transactions. The employee benefit expenses related to this equity-settled share-based payment transaction will be recognized, together with a corresponding increase in equity, over the period in which the relevant performance and/or service conditions are fulfilled. The issuance to our existing Shareholders will be treated as normal capital injection. It is estimated that the employee benefit expenses of RMB47 million related to the issuance of new Shares will be charged to our consolidated statements of profit or loss for the six months ending 31 December 2014. The new Shares we issued represented

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## FINANCIAL INFORMATION

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approximately 3.58% of the total number of our Shares after the issuance. As a result, our registered share capital was increased from RMB3,736.0 million to RMB3,874.8 million. Other than the increase in registered capital and reserves, we believe that the issuance of these new Shares will not have any significant impact on our Group's financial results for the year ending December 31, 2014. For more details, see "History and Development — Our Establishment and Major Changes in the Shareholding in Our Predecessor and Our Company".

On July 9, 2014, the HK Listed Subsidiary allotted and issued its new shares to one of our subsidiaries and other holders of its convertible bonds at the conversion price of HK\$0.326 per share. We, through a subsidiary, acquired a 65.02% equity interest in the HK Listed Subsidiary and its convertible bonds in June 2013. Upon completion of the conversion on July 9, 2014, the percentage of our shareholding in the HK Listed Subsidiary increased slightly to 65.04%. For more details, see "— Indebtedness — Bonds — Convertible Bonds".

### Proposed Joint Venture Arrangement

On August 23, 2014, Dalian Wanda Group, our Controlling Shareholder, entered into a strategic cooperation agreement (the "**e-Commerce Cooperation Agreement**") with Shenzhen Tencent Computer Systems Company Limited ("**Tencent**") and Beijing Baidu Netcom Science and Technology Co., Ltd ("**Baidu**") to establish a joint venture to engage in certain e-Commerce business (the "**Proposed e-Commerce JV**"). According to the e-Commerce Cooperation Agreement, Dalian Wanda Group, Tencent and Baidu, by themselves or through their respective affiliates, shall hold 70%, 15% and 15% of the equity interests, respectively, in the Proposed e-Commerce JV. The planned total investment into the Proposed e-Commerce JV shall be RMB5 billion, including RMB1 billion as the equity funding to be made by Dalian Wanda Group, Tencent and Baidu, by themselves or through their respective affiliates, in proportion to the respective equity holding of each party and an additional investment of RMB4 billion to be injected within three years after the establishment of the Proposed e-Commerce JV, provided that the form and proportion of the additional funding is subject to the further negotiation among the parties.

Under the e-Commerce Cooperation Agreement, the parties agreed to cooperate and leverage their and their affiliates' resources through the Proposed e-Commerce JV to create an online-to-offline ("**O2O**") e-Commerce business model, which is expected to primarily achieve (i) the integration of (A) certain online businesses and services operated by Tencent, Baidu and their affiliates, including search engines, instant messaging tools and services, online advertisements and promotions, online payment and finance services, online maps and online sales and distribution functions, and (B) offline businesses and services engaged in by Dalian Wanda Group and its affiliates, including department stores, cinemas and karaoke bars operated by our Controlling Shareholders in our investment properties as well as our hotel operation; (ii) cooperation based on the large and diverse data sets that make up the digital information often referred to as big data; and (iii) sharing and further development of customer resources. In light of the increasingly diverse consumption options and the development of e-Commerce market, we believe that prime venues for physical stores and offline businesses offered in our commercial investment properties and the O2O e-Commerce platform as described above will supplement each other and let people's consumption become more convenient. In anticipation of the support of the Proposed e-Commerce JV, we believe that we can exploit insights into consumer behavior and collect in-depth customer intelligence to form an informed basis for our continuous optimization of business operations and improvement of

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## FINANCIAL INFORMATION

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our operational efficiency. Further, we expect that tenants of our investment properties will be able to further explore consumer resources and better understand customer needs to enhance the consumer consumption experiences, which will in turn strengthen our business relationships with our tenants and further solidify customer loyalty.

The cooperation as contemplated in the e-Commerce Cooperation Agreement is currently at the preliminary stage. In connection with our equity participation in the Proposed e-Commerce JV, our Company and Wanda Investment Holding Co. Limited, a company wholly owned by Mr. WANG Jianlin, have established Wanda Information Technology Co., Ltd. (“**Wanda Information**”) for the purposes of holding the 70% equity interest in the Proposed e-Commerce JV attributable to Dalian Wanda Group and its affiliates (which includes our Company). Wanda Information was incorporated in the British Virgin Islands as a company limited by shares on January 16, 2014. At the time of Wanda Information’s establishment, 60% of its equity interest was held by Wanda Investment Holding Co., Limited while the other 40% equity interest was held by Wanda Commercial Properties (Hong Kong) Co., Limited, which is a wholly owned subsidiary of our Company. On November 10, 2014, Wanda Investment Holding Co. Limited transferred a 10% equity interest in Wanda Information to Wanda Commercial Properties (Hong Kong) Co. Limited. As a result, Wanda Commercial Properties (Hong Kong) Co. Limited and Wanda Investment Holding Co. Limited each currently holds a 50% equity interest in Wanda Information. Wanda Information is currently in the process of negotiation with Baidu and Tencent of the formal joint venture agreement with respect to the Proposed e-Commerce JV. As of the Latest Practicable Date, the Proposed e-Commerce JV had not been established, and we had not made any investment into the Proposed e-Commerce JV. Subject to the further negotiation and agreement among the parties to the Proposed e-Commerce JV, we expect to have a capital investment commitment of no more than RMB1.75 billion in the Proposed e-Commerce JV by 2017.

As far as the Directors are aware, there have been no material changes in the general economic and market conditions in the PRC or the property and hotel industries in which we operate that materially and adversely affected our business operations or financial condition since June 30, 2014 and up to the date of this prospectus.

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## FUTURE PLANS AND USE OF PROCEEDS

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### FUTURE PLANS

For a detailed description of our future plans, please see “Business — Business Strategies”.

### USE OF PROCEEDS

In the event that the Over-allotment Option is not exercised, we estimate the net proceeds of the Global Offering which we will receive, assuming an offering price of HK\$45.70 per Offer Share (being the mid-point of the Offer Price range stated in this prospectus), will be approximately HK\$26,679 million, after deduction of underwriting fees and commissions and estimated expenses payable by us in connection with the Global Offering.

We intend to use the net proceeds of the Global Offering for the following purpose, subject to changes in light of our evolving business needs and changing market conditions:

- approximately HK\$24,011 million (representing approximately 90% of our total estimate net proceeds), assuming an offering price of HK\$45.70 per Offer Share (being the mid-point of the Offer Price range stated in this prospectus), to finance the development of 10 projects, namely Guangyuan Wanda Plaza, Harbin Hanan Wanda Plaza, Wuhai Wanda Plaza, Fuyang Wanda Plaza, Nanning Anji Wanda Plaza, Jiaxing Wanda Plaza, Taizhou Jingkai Wanda Plaza, Tai’an Wanda Plaza, Xiangtan Wanda Plaza and Zhengzhou Wanda Center. The total costs incurred and to be incurred for the above 10 projects as at June 30, 2014 are RMB9,600 million and RMB31,047 million, respectively. The net proceeds allocated to the 10 projects will be used for funding of the construction costs to be incurred for these projects. The planned distribution of this portion of the net proceeds among the 10 projects is set out below. See “Business — Property Portfolio” for more details on these projects; and

| <b>Projects</b>                       | <b>Percentage of Proceeds</b> |
|---------------------------------------|-------------------------------|
| Guangyuan Wanda Plaza . . . . .       | 5.89%                         |
| Harbin Hanan Wanda Plaza . . . . .    | 13.39%                        |
| Wuhai Wanda Plaza . . . . .           | 8.66%                         |
| Fuyang Wanda Plaza . . . . .          | 7.83%                         |
| Nanning Anji Wanda Plaza . . . . .    | 8.14%                         |
| Jiaxing Wanda Plaza . . . . .         | 8.42%                         |
| Taizhou Jingkai Wanda Plaza . . . . . | 7.86%                         |
| Tai’an Wanda Plaza . . . . .          | 9.73%                         |
| Xiangtan Wanda Plaza . . . . .        | 11.58%                        |
| Zhengzhou Wanda Center . . . . .      | 8.50%                         |
| <b>Total</b> . . . . .                | <b>90.00%</b>                 |

- approximately HK\$2,668 million (representing approximately 10% of our total estimate net proceeds), assuming an offering price of HK\$45.70 per Offer Share (being the mid-point of the Offer Price range stated in this prospectus), will be used to provide funding for working capital and other general corporate purpose.

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## FUTURE PLANS AND USE OF PROCEEDS

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Assuming the Over-allotment Option is not exercised, (i) our net proceeds will be increased by approximately HK\$2,293 million in the event that the Offer Price is fixed at HK\$49.60 per Offer Share (being the high end of the Offer Price range stated in this prospectus); and (ii) our net proceeds will be decreased by approximately HK\$2,293 million in the event that the Offer Price is fixed at HK\$41.80 per Offer Share (being the low end of the Offer Price range stated in this prospectus).

In the event the Over-allotment Option is exercised in full and assuming an Offer Price of HK\$45.70 per Offer Share (being the mid-point of the Offer Price range stated in this prospectus), we will receive additional net proceeds of approximately HK\$4,031 million. We intend to use all the additional net proceeds proportionately as earmarked above. Assuming the Over-allotment Option is exercised in full, (i) our net proceeds will be increased by approximately HK\$2,637 million in the event that the Offer Price is fixed at HK\$49.60 per Offer Share (being the high end of the Offer Price range stated in this prospectus); and (ii) our net proceeds will be decreased by approximately HK\$2,637 million in the event that the Offer Price is fixed at HK\$41.80 per Offer Share (being the low end of the Offer Price range stated in this prospectus).

To the extent that the net proceeds are not immediately applied to the above purposes and to the extent permitted by applicable law and regulations, we intend to deposit the net proceeds into short-term demand deposits and/or money market instruments. The Company undertakes that the net proceeds will not be used for real estate development projects that do not comply with relevant laws and regulations, and will not be used for the acquisition of real estate development projects that do not meet the legal requirements.



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## UNDERWRITING

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### HONG KONG UNDERWRITERS

#### Hong Kong Underwriters

China International Capital Corporation Hong Kong Securities Limited  
Goldman Sachs (Asia) L.L.C.  
UBS AG, Hong Kong Branch  
The Hongkong and Shanghai Banking Corporation Limited  
BOCI Asia Limited  
Citigroup Global Markets Asia Limited  
Morgan Stanley Asia Limited  
Merrill Lynch Far East Limited  
ICBC International Securities Limited  
CCB International Capital Limited  
ABCI Securities Company Limited  
Deutsche Bank AG, Hong Kong Branch  
Credit Suisse (Hong Kong) Limited  
Oriental Patron Securities Limited  
Haitong International Securities Company Limited  
Nomura International (Hong Kong) Limited  
Barclays Bank PLC, Hong Kong Branch  
China Merchants Securities (HK) Co., Limited  
DBS Asia Capital Limited  
Cinda International Securities Limited

### UNDERWRITING ARRANGEMENTS AND EXPENSES

#### Hong Kong Public Offering

##### *Hong Kong Underwriting Agreement*

Pursuant to the Hong Kong Underwriting Agreement, we are initially offering 30,000,000 H Shares (subject to reallocation) for subscription by the public in Hong Kong on, and subject to the terms and conditions set out in this prospectus and the Application Forms.

Subject to:

- the Listing Committee of the Hong Kong Stock Exchange granting approval for the listing of, and permission to deal in, the H Shares to be offered pursuant to the Global Offering as mentioned herein (including any additional H Shares which may be issued pursuant to the exercise of the Over-allotment Option); and
- certain other conditions set out in the Hong Kong Underwriting Agreement (including but not limited to the Offer Price being agreed upon between us and the Underwriter Representatives (for themselves and on behalf of the Underwriters),

the Hong Kong Underwriters have agreed severally but not jointly to subscribe or procure subscribers to subscribe for, or failing which to subscribe for themselves, the Hong Kong Offer Shares which are being offered but not taken up under the Hong Kong Public Offering on the

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## UNDERWRITING

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terms and subject to the conditions in this prospectus, the Application Forms and the Hong Kong Underwriting Agreement. If, for any reason, the Offer Price is not agreed between us and the Underwriter Representatives (for themselves and on behalf of the Underwriters), the Global Offering will not proceed.

The Hong Kong Underwriting Agreement is conditional upon and subject to the International Underwriting Agreement having been signed and becoming unconditional and not having been terminated in accordance with its terms.

### ***Grounds for Termination***

The Underwriter Representatives (for themselves and on behalf of the Hong Kong Underwriters) shall be entitled by written notice to the Company to terminate the Hong Kong Underwriting Agreement with immediate effect if, at any time prior to 8:00 a.m. on the Listing Date:

- (1) there develops, occurs, exists or comes into effect:
  - (a) any event, series of events or circumstance, in the nature of force majeure (including, without limitation, any acts of government, declaration of a national or international emergency or war, calamity, crisis, epidemic, pandemic, outbreak of disease (including, but not limited to, SARS, H7N9, H5N1 and such related/mutated forms), economic sanctions, strikes, lock-outs, labour disputes, fire, explosion, flooding, earthquake, volcanic eruption, civil commotion, riots, public disorder, acts of war, any local, national, regional or international outbreak or escalation of hostilities (whether or not war is declared), acts of God or acts of terrorism) in or affecting Hong Kong, the PRC, the United States, the United Kingdom, any member of the European Union, Japan, Australia or Singapore (collectively, the “**Relevant Jurisdictions**”); or
  - (b) any change or development involving a prospective change, or any event or series of events or circumstances likely to result in or representing any change or development involving a prospective change, in local, national, regional or international financial, economic, political, military, industrial, fiscal, regulatory, currency, credit or market conditions or exchange control or any monetary or trading settlement system (including, without limitation, conditions in the stock and bond markets, money and foreign exchange markets, the interbank markets and credit markets or a change in the system under which the value of the Hong Kong currency is linked to that of the currency of the United States or the Renminbi is linked to any foreign currency or currencies) in or affecting any of the Relevant Jurisdictions; or
  - (c) any moratorium, suspension or restriction (including, without limitation, any imposition of or requirement for any minimum or maximum price limit or price range) in or on trading in securities generally on the Stock Exchange, the New York Stock Exchange, the NASDAQ Global Market, the London Stock Exchange, the Tokyo Stock Exchange, the Shanghai Stock Exchange, the Shenzhen Stock Exchange or the Singapore Stock Exchange; or

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- (d) any moratorium, suspension or restriction (including, without limitation, any imposition of or requirement for any minimum or maximum price limit or price range) in or on trading in any securities of our Company or of any other member of our Group listed or quoted on a stock exchange or any major disruption of any securities settlement or clearing services in any Relevant Jurisdiction; or
- (e) any general moratorium on commercial banking activities in any of the Relevant Jurisdictions (imposed by the Financial Secretary or the Hong Kong Monetary Authority or other competent administrative, governmental or regulatory commission, board, body, authority or agency, or any stock exchange, self-regulatory organization or other non-governmental regulatory authority, or any court, tribunal or arbitrator, in each case whether national, central, federal, provincial, state, regional, municipal, local, domestic or foreign), or any disruption in commercial banking or foreign exchange trading or securities settlement or clearance services, procedures or matters in any of the Relevant Jurisdictions; or
- (f) any new law, or any change or development involving a prospective change or any event or circumstance likely to result in a change or development involving a prospective change in existing laws or in the interpretation or application thereof by any court or other competent authority, in each case, in or affecting any of the Relevant Jurisdictions; or
- (g) the imposition of economic sanctions, or the withdrawal of the trade privileges in whatever form, directly or indirectly, by, or for, any of the Relevant Jurisdictions; or
- (h) a change or development involving a prospective change in taxation, or affecting taxation or exchange control, currency exchange rates or foreign investment regulations (including without limitation, a change in the system under which the value of the Hong Kong currency is linked to that of the currency of the United States or a material devaluation of the Hong Kong dollar or the Renminbi against any foreign currencies), or the implementation of any exchange control, in any of the Relevant Jurisdictions; or
- (i) any change or development involving a prospective change in, or a materialization of, any of the risks set out in the section headed “Risk Factors” of the prospectus; or
- (j) any litigation or claim of any third party being threatened or instigated against any member of the Group or any Director; or
- (k) a contravention by any member of the Group of the Listing Rules or applicable Laws; or
- (l) a prohibition (either governmental, regulatory or judicial) on the Company for whatever reason from offering, allotting, issuing or selling any of the H Shares (including the H Shares to be offered pursuant to the Over-allotment Option) pursuant to the terms of the Global Offering; or

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- (m) a valid demand by any creditor for repayment or payment of any indebtedness of any member of the Group or in respect of which any member of the Group is liable prior to its stated maturity; or
- (n) an order or petition for the winding up of any member of the Group or any composition or arrangement made by any member of the Group with its creditors or a scheme of arrangement entered into by any member of the Group or any resolution for the winding-up of any member of the Group or the appointment of a provisional liquidator, receiver or manager over all or part of the material assets or undertaking of any member of the Group or anything analogous thereto occurring in respect of any member of the Group; or
- (o) a Director being charged with an indictable offence or prohibited by operation of law or otherwise disqualified from taking part in the management of a company; or
- (p) the chairman or chief executive officer of the Company vacating his or her office; or
- (q) an authority or a political body or organization in any of the Relevant Jurisdictions announcing or commencing any investigation or other action, or announcing an intention to investigate or take other action, against any member of our Group, Director or any director or officer of any member of the Group; or
- (r) non-compliance of the prospectus (or any other documents used in connection with the contemplated offer and sale of the H Shares) or any aspect of the Global Offering with the Listing Rules or any other applicable laws; or
- (s) the issue or requirement to issue by the Company of any supplement or amendment to the prospectus or post hearing information pack (or to any other documents used in connection with the contemplated offer and sale of the H Shares) pursuant to the Companies (Winding Up and Miscellaneous Provisions) Ordinance or the Listing Rules or any requirement or request of the Stock Exchange and/or the SFC; or
- (t) any material loss or damage sustained by any member of our Group (howsoever caused and whether or not subject of any insurance or claim against any person);

which, individually or in the aggregate, in the sole and absolute opinion of the Underwriter Representatives (for themselves or on behalf of the Hong Kong Underwriters): (1) has or will result or may result in a material adverse change; or (2) has or will have or may have an adverse effect on the success of the Global Offering or the level of applications under the Hong Kong Public Offering or the level of interest under the International Offering or dealing in the H Shares on the secondary market; or (3) makes or will make or may make it inadvisable or inexpedient or impracticable or incapable for the Global Offering to proceed as envisaged or to market the Global Offering or to deliver the Offer Shares on the terms and in the manner contemplated by the prospectus; or (4) has or will have or may have the effect of making any part of the Hong Kong Underwriting Agreement (including

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## UNDERWRITING

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underwriting) inadvisable or inexpedient or impracticable or incapable of performance in accordance with its terms or preventing or delaying the processing of applications and/or payments pursuant to the Global Offering or pursuant to the underwriting thereof; or

- (2) there has come to the notice of the Underwriter Representatives:
- (a) that any statement contained in any of the Hong Kong Public Offering documents and/or in any notices, announcements, post hearing information pack, advertisements, communications or other documents issued by or on behalf of the Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto) was, when it was issued, or has become, untrue, incorrect or misleading in any material respect, or that any estimate, forecast, expression of opinion, intention or expectation contained in any of the Hong Kong Public Offering documents and/or any notices, announcements, post hearing information pack, advertisements, communications or other documents issued by or on behalf of the Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto) is not fair and honest and made on reasonable grounds or, where applicable, based on reasonable assumptions; or
  - (b) that any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the prospectus date, result in a material misstatement in, or constitute a material omission from any of the Hong Kong Public Offering documents, post hearing information pack and/or in any notices, announcements, advertisements, communications or other documents issued or used by or on behalf of the Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto); or
  - (c) any breach of any of the obligations imposed upon the Company, any of the Controlling Shareholders or any indemnifying party under the Hong Kong Underwriting Agreement or the International Underwriting Agreement (other than upon any of the Hong Kong Underwriters or the International Underwriters); or
  - (d) any event, act or omission which gives or is likely to give rise to any liability of any of the indemnifying parties pursuant to the Hong Kong Underwriting Agreement or the International Underwriting Agreement; or
  - (e) any material adverse change, or any development involving a prospective material adverse change, in or affecting the assets, liabilities, business, management, general affairs, prospects, shareholders' equity, profits, losses, results of operations, position or condition, financial or otherwise, or performance of the Company or any member of the Group, including any litigation or claim of any third party of material importance being threatened or instigated against the Company or any member of the Group; or
  - (f) any breach of, or any event or circumstances rendering untrue or incorrect or misleading in any respect, any of the warranties; or

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- (g) approval by the Listing Committee of the Stock Exchange of the listing of, and permission to deal in, the H Shares to be issued or sold (including any additional H Shares that may be issued or sold pursuant to the exercise of the Over-allotment Option) under the Global Offering is refused or not granted, other than subject to customary conditions, on or before the Listing Date, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld; or
- (h) the Company withdraws the prospectus (and/or any other documents issued or used in connection with the Global Offering) or the Global Offering; or
- (i) any of the expert (other than the Joint Sponsors) has withdrawn or is subject to withdraw its consent to being named in any of the Hong Kong Public Offering documents or to the issue of any of the Hong Kong Public Offering Documents.

### ***Undertakings to the Hong Kong Stock Exchange pursuant to the Listing Rules***

#### *Undertakings by our Company*

Pursuant to Rule 10.08 of the Listing Rules, no further Shares or securities convertible into equity securities of our Company (whether not of a class already listed) may be issued by us or form the subject of any agreement to such an issue by us within six months from the Listing Date (whether or not such issue of Shares or securities will be completed within six months from the commencement of dealing), except:

- (a) in certain circumstances prescribed by Rule 10.08 of the Listing Rules; or
- (b) pursuant to the Global Offering (including the Over-allotment Option).

#### *Undertaking by our Controlling Shareholders*

Pursuant to Rule 10.07 of the Listing Rules, each of the Controlling Shareholders has undertaken to the Hong Kong Stock Exchange and to our Company that, except pursuant to the Global Offering (including the Over-allotment Option), it / he will not and shall procure that the relevant registered holder(s) will not, without the prior written consent of the Hong Kong Stock Exchange and unless in compliance with the requirements of the Listing Rules:

- (a) in the period commencing on the date by reference to which disclosure of its / his shareholdings in our Company is made in the prospectus and ending on the date which is six months from the date on which dealings in our H Shares commence on the Hong Kong Stock Exchange, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the securities of our Company in respect of which it / he is shown by this prospectus to be the beneficial owners; and
- (b) in the period of six months commencing on the date on which the period referred to in paragraph (1) above expires, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of,

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## UNDERWRITING

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any of the securities referred to in paragraph (1) above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, it / he would then cease to be a controlling shareholder of our Company for the purposes of the Listing Rules.

In addition, in accordance to Note 3 to Rule 10.07(1) of the Listing Rules, each of our Controlling Shareholders has further undertaken to the Hong Kong Stock Exchange and us that, within the period commencing on the date by reference to which disclosure of its/his shareholdings is made in the prospectus and ending on the date which is 12 months from the Listing Date, it/he will, when it/he pledges or charges any securities of our Company or interests therein beneficially owned by it / him in favor of any authorized institution pursuant to Note 2 to Rule 10.07(2) of the Listing Rules, immediately inform our Company of such pledge or charge together with the number of securities so pledged or charged and when it / he receives indications, either verbal or written, from the pledgee or charge that any of the securities of our Company pledged or charged will be disposed of, immediately inform our Company of such indications.

We will also, as soon as we have been informed of the above matters (if any) by any of the Controlling Shareholders, inform the Hong Kong Stock Exchange and disclose such matters as soon as possible by way of an announcement as required under the Listing Rules.

### ***Undertakings to the Hong Kong Underwriters pursuant to the Hong Kong Underwriting Agreement***

#### *Undertakings by our Company*

Pursuant to the Hong Kong Underwriting Agreement, we have undertaken to each of the Underwriter Representatives, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Joint Sponsors and the Hong Kong Underwriters that, except pursuant to the Global Offering (including pursuant to the Over-allotment Option) at any time during the period commencing on the date of the Hong Kong Underwriting Agreement and ending on, and including the date falling six months after the Listing Date (the “**First Six-Month Period**”), our Company will not without the prior written consent of the Underwriter Representatives (for themselves and on behalf of the Hong Kong Underwriters) and unless in compliance with the Listing Rules:

- (a) offer, accept subscription for, pledge, charge, allot, issue, sell, lend, mortgage, assign, contract to allot, issue or sell, sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, make any short sale, lend or otherwise transfer or dispose of, either directly or indirectly, conditionally or unconditionally, or repurchase, any Shares or any other securities of our Company or any interest in any of the foregoing (including but not limited to any securities convertible into or exercisable or exchangeable for or that represent the right to receive, any Shares or any other securities of our Company) (the “**Held Interests**”); or
- (b) enter into any swap, derivative, lending, repurchase, mortgage or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of such Held Interests; or



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- (c) enter into any transaction with the same economic effect as any transaction described in paragraphs (a) or (b) above; or
- (d) offer or agree or contract to, or publicly announce any intention to enter into, any transaction described in paragraphs (a), (b) or (c) above,

whether any of the foregoing transactions described in paragraphs (a), (b), (c) and (d) above is to be settled by delivery of such Held Interests or such other securities, in cash or otherwise, provided that the foregoing restrictions shall not apply to the issue of Shares by our Company pursuant to the Global Offering (including pursuant to the Over-allotment Option) and our Company further agree that, in the event of an issue or disposal of any Shares or any interest therein during the six-month period immediately following the First Six-Month Period (the “**Second Six-Month Period**”), we shall take all reasonable steps to ensure that it will not create a disorderly or false market in the H Shares or any other securities of our Company.

### *Undertakings by our Controlling Shareholders*

Pursuant to the Hong Kong Underwriting Agreement, each of the Controlling Shareholders has jointly and severally undertaken to each of our Company, the Underwriter Representatives, the Joint Global Coordinators, the Joint Sponsors, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters that without the prior written consent of the Underwriter Representatives (for themselves and on behalf of the Hong Kong Underwriters) and unless in compliance with the Listing Rules:

- (a) at any time during the First Six-Month Period, it / he will not:
  - (i) sell, offer to sell, pledge, mortgage, charge, contract to sell, hypothecate, sell any option, warrant, contract or right to purchase, purchase any option, warrant, contract or right to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, make any short sale, lend or otherwise transfer or dispose of or create an encumbrance over, or agree to transfer or dispose of or create an Encumbrance over, either directly or indirectly, conditionally or unconditionally, any of its Held Interests held as at the Listing Date, or deposit any H Shares or any other securities of our Company with a depositary in connection with the issue of depositary receipts; or
  - (ii) enter into any swap, derivative, lending, repurchase, mortgage or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of such Held Interests; or
  - (iii) enter into any transaction with the same economic effect as any transaction described in paragraphs (i) or (ii) above; or
  - (iv) offer or agree or contract to, or publicly announce any intention to enter into, any transaction described in paragraphs (i), (ii) or (iii) above,

whether any of the foregoing transactions described in paragraphs (i), (ii) or (iii) above is to be settled by delivery of H Shares or such other securities of our Company or shares or other securities of such other member of the Group, as applicable, in cash or otherwise, (whether or not the issue of H Shares or other securities will be completed within the First Six-Month Period); and

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## UNDERWRITING

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- (b) at any time during the Second Six-Month Period, it / he will not enter into any of the foregoing transactions in paragraphs (a)(i) or (ii) or (iii) above or offer, agree or contract to or publicly announce any intention to enter into any such transactions if, immediately following such transfer or disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances or any other transactions, it / he will collectively cease to be a controlling shareholder of our Company (for the purpose of the Listing Rules);
- (c) until the expiry of the Second Six Month Period, in the event that he enters into any such transactions or agrees or contracts to, or publicly announces an intention to enter into any such transactions in paragraphs (a)(i) or (ii) or (iii) above or offer, agree or contract to or publicly announce any intention to enter into any such transactions, he will take all reasonable steps to ensure that it will not create a disorderly or false market in the securities of our Company; and
- (d) at any time during the period of 12 months after the Listing Date, (i) if it / he pledges or charges any Shares or other securities of our Company in respect of which it / he is the beneficial owner, it / he will immediately inform our Company, the Underwriter Representatives, the Joint Sponsors and the Stock Exchange of any such pledges or charges and the number of Shares or other securities of our Company so pledged or charged, and (ii), if he receives any indication, either verbal or written, from any such pledgee or chargee of Shares or other securities of our Company that such Shares or other securities of our Company will be disposed of, it / he will immediately inform our Company, the Underwriter Representatives, the Joint Sponsors and the Stock Exchange of any such indication.

### ***Indemnity***

We have agreed to indemnify, among others, the Underwriter Representatives, the Joint Global Coordinators, the Joint Sponsors, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters for certain losses which they may suffer, including, among other matters, losses arising from the performance of their obligations under the Hong Kong Underwriting Agreement and any breach by us of the Hong Kong Underwriting Agreement as the case may be.

### **Commission and Expenses**

The Hong Kong Underwriters will receive an underwriting commission of 1.5% of the aggregate Offer Price payable for the Hong Kong Offer Shares initially offered under the Hong Kong Public Offering, out of which they will pay any sub-underwriting commission. For unsubscribed Hong Kong Offer Shares reallocated to the International Offering, we will pay an underwriting commission at the rate applicable to the International Offering and such commission will be paid to the relevant International Underwriters (but not the Hong Kong Underwriters). The Company may also in its sole discretion pay the Hong Kong Underwriters an additional incentive fee of up to 0.5% of the aggregate Offer Price payable for the Hong Kong Offer Shares initially offered under the Hong Kong Public Offering.

The aggregate underwriting commissions payable to the Underwriters in relation to the Global Offering (assuming an Offer Price of HK\$45.70 per Offer Share (being the mid-point of the indicative Offer Price range), the full payment of the discretionary incentive fee and the exercise of the Over-allotment Option in full) are expected to be approximately HK\$631 million. Such commissions and fees are payable by our Company.

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## UNDERWRITING

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Assuming an Offer Price of HK\$45.70 per Offer Share (being the mid-point of the indicative Offer Price range), the aggregate commissions and fees (assuming the full payment discretionary incentive fee and no exercise of the Over-allotment Option), together with Hong Kong Stock Exchange listing fees, SFC transaction levy, Hong Kong Stock Exchange trading fees, legal and other professional fees and printing and other expenses relating to the Global Offering, are estimated to amount in aggregate to approximately HK\$741 million in total. Such commissions, fees and expenses are payable by our Company.

The commission and expenses were determined after arm's length negotiation between the Company and the Hong Kong Underwriters or other parties by reference to the current market conditions.

### ***Hong Kong Underwriters' Interest in our Company***

Save for its obligations under the Hong Kong Underwriting Agreement and as disclosed in this prospectus, none of the Hong Kong Underwriters has any shareholding interests in our Company or any other member of our Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in our Company or any member of our Group.

China Merchants Securities (HK) Co., Limited, a Hong Kong Underwriter, is an indirectly non-wholly owned subsidiary of China Merchants Group Co., Limited ("**China Merchants Group**"). As of the Latest Practicable Date, China Merchants Group held approximately 50.86% of the equity interest in China Merchants Securities (HK) Co., Limited. China Merchants Group indirectly controls the general partner of Ganzhou Yitai Investment Partnership Enterprise (Limited Partnership) (贛州壹泰投資合夥企業(有限合夥)) ("**Ganzhou Yitai**"), who is an existing shareholder of the Company, holding 1.385% of the equity interest in the Company. China Merchants Group also indirectly held approximately 23.58% equity interest in the limited partners of Ganzhou Yitai as of the Latest Practicable Date.

Following the completion of the Global Offering, the Underwriters and their affiliated companies may hold a certain portion of the H Shares as a result of fulfilling their obligations under the Underwriting Agreements.

### **The International Offering**

In connection with the International Offering, it is expected that we will enter into the International Underwriting Agreement with the Joint Global Coordinators, the Joint Bookrunners and the International Underwriters on or about the Price Determination Date, shortly after the determination of the Offer Price. Under the International Underwriting Agreement, the International Underwriters would, subject to certain conditions, severally and not jointly, agree to procure subscribers to subscribe for, or failing which to subscribe for themselves, their respective applicable proportions of the International Offer Shares being offered pursuant to the International Offering which are not taken up under the International Offering.

### **Restrictions on the Offer Shares**

No action has been taken to permit a public offering of the Offer Shares, other than in Hong Kong, or the distribution of this prospectus in any jurisdiction other than Hong Kong. Accordingly, this prospectus may not be used for the purpose of, and does not constitute, an

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## UNDERWRITING

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offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorized or to any person to whom it is unlawful to make an offer or invitation. In particular, the Offer Shares have not been offered or sold, and will not be offered or sold, directly or indirectly, in the PRC.

### INDEPENDENCE OF THE JOINT SPONSORS

Each of the Joint Sponsors satisfies the independence criteria applicable to sponsors set out in Rule 3.07 of the Listing Rules.

### ACTIVITIES BY SYNDICATE MEMBERS

The underwriters of the Hong Kong Public Offering and the International Offering (together, the “**Syndicate Members**”) and their affiliates may each individually undertake a variety of activities (as further described below) which do not form part of the underwriting or stabilising process.

The Syndicate Members and their affiliates are diversified financial institutions with relationships in countries around the world. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, trading, hedging, investing and other activities for their own account and for the account of others. In the ordinary course of their various business activities, the Syndicate Members and their respective affiliates may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers. Such investment and trading activities may involve or relate to assets, securities and/or instruments the Company and/or persons and entities with relationships with the Company and may also include swaps and other financial instruments entered into for hedging purposes in connection with the Group’s loans and other debt.

In relation to the H Shares, the activities of the Syndicate Members and their affiliates could include acting as agent for buyers and sellers of the H Shares, entering into transactions with those buyers and sellers in a principal capacity, including as a lender to initial purchasers of the H Shares (which financing may be secured by the H Shares) in the Global Offering, proprietary trading in the H Shares, and entering into over the counter or listed derivative transactions or listed or unlisted securities transactions (including issuing securities such as derivative warrants listed on a stock exchange) which have as their underlying assets, assets including the H Shares. Such transactions may be carried out as bilateral agreements or trades with selected counterparties. Those activities may require hedging activity by those entities involving, directly or indirectly, the buying and selling of the H Shares, which may have a negative impact on the trading price of the H Shares. All such activities could occur in Hong Kong and elsewhere in the world and may result in the Syndicate Members and their affiliates holding long and/or short positions in the H Shares, in baskets of securities or indices including the H Shares, in units of funds that may purchase the H Shares, or in derivatives related to any of the foregoing.

In relation to issues by Syndicate Members or their affiliates of any listed securities having the H Shares as their underlying securities, whether on the Stock Exchange or on any other stock exchange, the rules of the stock exchange may require the issuer of those securities (or one of its affiliates or agents) to act as a market maker or liquidity provider in the security, and this will also result in hedging activity in the H Shares in most cases.

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All such activities may occur both during and after the end of the stabilising period described in “Structure of the Global Offering”. Such activities may affect the market price or value of the H Shares, the liquidity or trading volume in the H Shares and the volatility of the price of the H Shares, and the extent to which this occurs from day to day cannot be estimated.

It should be noted that when engaging in any of these activities, the Syndicate Members will be subject to certain restrictions, including the following:

- (a) the Syndicate Members (other than the Stabilising Manager or any person acting for it) must not, in connection with the distribution of the Offer Share, effect any transactions (including issuing or entering into any option or other derivative transactions relating to the Offer Share), whether in the open market or otherwise, with a view to stabilising or maintaining the market price of any of the Offer Share at levels other than those which might otherwise prevail in the open market; and
- (b) the Syndicate Members must comply with all applicable laws and regulations, including the market misconduct provisions of the SFO, including the provisions prohibiting insider dealing, false trading, price rigging and stock market manipulation.

Certain of the Syndicate Members or their respective affiliates have provided from time to time, and expect to provide in the future, investment banking and other services to the Company and its affiliates for which such Syndicate Members or their respective affiliates have received or will receive customary fees and commissions.

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## STRUCTURE OF THE GLOBAL OFFERING

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### THE GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offering as part of the Global Offering. The Global Offering comprises (subject to reallocation and the Over-allotment Option):

- (i) the Hong Kong Public Offering of 30,000,000 Offer Shares (subject to reallocation as mentioned below) in Hong Kong as described below in the section entitled “The Hong Kong Public Offering” below; and
- (ii) the International Offering of an aggregate of 570,000,000 Offer Shares (subject to reallocation as mentioned below) outside the United States (including to professional and institutional investors within Hong Kong) in offshore transactions in reliance on Regulation S and in the United States to Qualified Institutional Buyers, or QIBs, in reliance on Rule 144A pursuant to an exemption from the registration requirements of the U.S. Securities Act.

Investors may apply for Offer Shares under the Hong Kong Public Offering or apply for or indicate an interest for Offer Shares under the International Offering, but may not do both.

Our Company has obtained the requisite PRC governmental approvals, including the approval of the CSRC, in respect of the Global Offering.

The Offer Shares will represent approximately 13.41% of the enlarged registered share capital of the Company immediately after completion of the Global Offering without taking into account the exercise of the Over-allotment Option. If the Over-allotment Option is exercised in full, the Offer Shares will represent approximately 15.12% of the enlarged registered share capital immediately after completion of the Global Offering and the exercise of the Over-allotment Option as set out in the paragraph entitled “Over-allotment Option” below.

The number of Offer Shares to be offered under the Hong Kong Public Offering and the International Offering may be subject to reallocation as described in the section entitled “The Hong Kong Public Offering - Reallocation” below.

### THE HONG KONG PUBLIC OFFERING

#### Number of Offer Shares initially offered

Our Company is initially offering 30,000,000 Offer Shares for subscription by the public in Hong Kong at the Offer Price, representing approximately 5% of the total number of Offer Shares initially available under the Global Offering.

The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional and professional investors. The Hong Kong Offer Shares will represent approximately 0.67% of the Company’s enlarged share capital immediately after completion of the Global Offering, assuming that the Over-allotment Option is not exercised. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities.

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## STRUCTURE OF THE GLOBAL OFFERING

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Completion of the Hong Kong Public Offering is subject to the conditions as set out in the section entitled “Conditions of the Hong Kong Public Offering” below.

### **Allocation**

The total number of Offer Shares initially available under the Hong Kong Public Offering (after taking account of any reallocation referred to below) is to be divided into two pools for allocation purposes: 15,000,000 Offer Shares for pool A and 15,000,000 Offer Shares for pool B.

The Offer Shares in pool A will be allocated on an equitable basis to successful applicants who have applied for Offer Shares with an aggregate price of HK\$5 million (excluding the brokerage, SFC transaction levy and the Hong Kong Stock Exchange trading fee payable) or less.

The Offer Shares in pool B will be allocated on an equitable basis to applicants who have applied for Offer Shares with an aggregate price of more than HK\$5 million (excluding the brokerage, SFC transaction levy and the Hong Kong Stock Exchange trading fee payable) and up to the total value in pool B.

Investors should be aware that applications in pool A and applications in pool B may receive different allocation ratios. If Offer Shares in one pool (but not both pools) are undersubscribed, the surplus Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly. For the purpose of this paragraph only, the “price” for Offer Shares means the price payable on application therefor (without regard to the Offer Price as finally determined).

Applicants can only receive an allocation of Offer Shares from either pool A or pool B but not from both pools. In addition, multiple or suspected multiple applications and any application for more than 15,000,000 Offer Shares, being the maximum number of Offer Shares initially comprised in pool B in the Hong Kong Public Offering, are liable to be rejected.

Allocation of Offer Shares to investors under the Hong Kong Public Offering, both in relation to pool A and B, will be based solely on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation in each pool may vary, depending on the number of Hong Kong Offer Shares validly applied for by each applicant. The allocation could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

### **Reallocation**

Paragraph 4.2 of Practice Note 18 of the Hong Kong Listing Rules requires a clawback mechanism to be put in place which would have the effect of increasing the number of Hong Kong Offer Shares to certain percentages of the total number of Offer Shares offered in the Global Offering if certain prescribed total demand levels are reached. An application has been made for, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with paragraph 4.2 of Practice Note 18 of the Listing Rules such that, providing the initial



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## STRUCTURE OF THE GLOBAL OFFERING

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allocation of H Shares under the Hong Kong Public Offering shall not be less than 5% of the Global Offering. In the event of over-applications, the Underwriter Representatives, after consultation with us, shall apply a clawback mechanism following the closing of the application lists on the following basis:

- If the number of the H Shares validly applied for in the Hong Kong Public Offering represents 15 times or more but less than 50 times of the number of H Shares initially available under the Hong Kong Public Offering, then H Shares will be reallocated to the Hong Kong Public Offering from the International Offering, so that the total number of Offer Shares available under the Hong Kong Public Offering will be 45,000,000 H Shares, representing 7.5% of the H Shares initially available under the Global Offering.
- If the number of the H Shares validly applied for in the Hong Kong Public Offering represents 50 times or more but less than 100 times of the number of the H Shares initially available under the Hong Kong Public Offering, then the number of H Shares to be reallocated to the Hong Kong Public Offering from the International Offering will be increased so that the total number of the H Shares available under the Hong Kong Public Offering will be 60,000,000 H Shares, representing 10% of the H Shares initially available under the Global Offering.
- If the number of the H Shares validly applied for in the Hong Kong Public Offering represents 100 times or more of the number of the H Shares initially available for subscription under the Hong Kong Public Offering, then the number of H Shares to be reallocated to the Hong Kong Public Offering from the International Offering will be increased, so that the total number of the H Shares available under the Hong Kong Public Offering will be 120,000,000 H Shares, representing 20% of the H Shares initially available under the Global Offering. In each such case, the number of the H Shares allocated to the International Offering will be correspondingly reduced.

In each case, the additional Offer Shares reallocated to the Hong Kong Public Offering will be allocated between pool A and pool B and the number of Offer Shares allocated to the International Offering will be correspondingly reduced in such manner as the Underwriter Representatives deem appropriate. In addition, the Underwriter Representatives may allocate Offer Shares from the International Offering to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public Offering.

If the Hong Kong Public Offering is not fully subscribed for, the Underwriter Representatives have the authority to reallocate all or any unsubscribed Hong Kong Offer Shares to the International Offering, in such proportions as the Underwriter Representatives deem appropriate.

### **Applications**

Each applicant under the Hong Kong Public Offering will also be required to give an undertaking and confirmation in the Application Form submitted by him that he and any person(s) for whose benefit he is making the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer

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## STRUCTURE OF THE GLOBAL OFFERING

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Shares under the International Offering, and such applicant's application is liable to be rejected if the said undertaking and/or confirmation is breached and/or untrue (as the case may be) or the applicant (or any person for whose benefit he is making the application) has been or will be placed or allocated Offer Shares under the International Offering.

Applicants under the Hong Kong Public Offering are required to pay, on application, the maximum price of HK\$49.60 per H Share in addition to any brokerage, SFC transaction levy and Hong Kong Stock Exchange trading fee payable on each Offer Share. If the Offer Price, as finally determined in the manner described in "Pricing of the Global Offering", is less than the maximum price of HK\$49.60 per H Share, appropriate refund payments (including the brokerage, SFC transaction levy and Hong Kong Stock Exchange trading fee attributable to the surplus application monies) will be made to successful applicants, without interest. For further details see "How to Apply for Hong Kong Offer Shares".

References in this prospectus to applications, Application Forms, application monies or the procedure for application relate solely to the Hong Kong Public Offering.

### THE INTERNATIONAL OFFERING

#### Number of Offer Shares offered

Subject to reallocation as described above and the Over-allotment Option, the International Offering will consist of an aggregate of 570,000,000 Offer Shares to be offered by us.

#### Allocation

The International Offering will include selective marketing of Offer Shares to institutional and professional investors and other investors anticipated to have a sizeable demand for such Offer Shares. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities. Allocation of Offer Shares pursuant to the International Offering will be effected in accordance with the "book-building" process described in "Pricing of the Global Offering" and based on a number of factors, including the level and timing of demand, the total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further Offer Shares, and/or hold or sell its Offer Shares, after the listing of the Offer Shares on the Hong Kong Stock Exchange. Such allocation is intended to result in a distribution of the Offer Shares on a basis which would lead to the establishment of a solid professional and institutional shareholder base to the benefit of our Company and its shareholders as a whole.

The Underwriter Representatives (for themselves and on behalf of the Underwriters) may require any investor who has been offered Offer Shares under the International Offering, and who has made an application under the Hong Kong Public Offering to provide sufficient information to the Underwriter Representatives so as to allow them to identify the relevant application under the Hong Kong Public Offering and to ensure that it is excluded from any application of Offer Shares under the Hong Kong Public Offering.

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## STRUCTURE OF THE GLOBAL OFFERING

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### Over-allotment Option

In connection with the Global Offering, we are expected to grant an Over-allotment Option to the International Underwriters exercisable by the Underwriter Representatives (for themselves and on behalf of the International Underwriters).

Pursuant to the Over-allotment Option, the Underwriter Representatives have the right, exercisable at any time from the date of the International Underwriting Agreement until 30 days after the last date for the lodging of applications under the Hong Kong Public Offering, to require our Company to issue and allot up to 90,000,000 additional Offer Shares, representing approximately 15% of the initial Offer Shares, at the same price per Offer Share under the International Offering to cover, among other things, over-allocation in the International Offering, if any. If the Over-allotment Option is exercised in full, the additional Offer Shares will represent approximately 1.97% of the Company's enlarged share capital immediately following the completion of the Global Offering and the exercise of the Over-allotment Option. In the event that the Over-allotment Option is exercised, an announcement will be made.

### PRICING OF THE GLOBAL OFFERING

The International Underwriters will be soliciting from prospective investors indications of interest in acquiring Offer Shares in the International Offering. Prospective professional and institutional investors will be required to specify the number of Offer Shares under the International Offering they would be prepared to acquire either at different prices or at a particular price. This process, known as "book-building" is expected to continue up to, and to cease on or around, the last day for lodging applications under the Hong Kong Public Offering.

Pricing for the Offer Shares for the purpose of the various offerings under the Global Offering will be fixed on the Price Determination Date, which is expected to be on or around Tuesday, December 16, 2014, and in any event on or before Monday, December 22, 2014, by agreement between the Underwriter Representatives (for themselves and on behalf of the Underwriters) and the Company and the number of Offer Shares to be allocated under various offerings will be determined shortly thereafter.

The Offer Price will not be more than HK\$49.60 per H Share and is expected to be not less than HK\$41.80 per H Share unless otherwise announced, as further explained below, not later than the morning of the last day for lodging applications under the Hong Kong Public Offering. **Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the indicative Offer Price range stated in this prospectus.**

The Underwriter Representatives (for themselves and on behalf of the Underwriters), may, where considered appropriate, based on the level of interest expressed by prospective professional and institutional investors during the book-building process, and with the consent of our Company, reduce the number of Offer Shares being offered under the Global Offering and/or the indicative Offer Price range below that stated in this prospectus at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, our Company will, as soon as practicable following the decision to make any such reduction, and in any event not later than the morning of the last day for lodging applications under the Hong Kong Public Offering, cause there to be published in the South

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## STRUCTURE OF THE GLOBAL OFFERING

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China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) notices of any such reduction in the number of Offer Shares being offered under the Global Offering and/or the indicative offer price range. Upon issue of a notice in the reduction of the Offer Price, the revised offer price range will be final and conclusive and the Offer Price, if agreed upon by the Underwriter Representatives (for themselves and on behalf of the Underwriters) and our Company, will be fixed within such revised offer price range. **Applicants should have regard to the possibility that any announcement of any such reduction in the number of Offer Shares being offered under the Global Offering and/or the indicative Offer Price range may not be made until the day which is the last day for lodging applications under the Hong Kong Public Offering.** Such notice will also include confirmation or revision, as appropriate, of the Global Offering statistics as currently set out in this prospectus and any other financial information which may change as a result of such reduction. If the number of Offer Shares and/or the indicative Offer Price range is so reduced, applicant(s) who have already submitted an application may or may not (depending on the information contained in the announcement) be notified that they are required to confirm their applications. All applicant(s) who have already submitted an application need to confirm their applications in accordance with the procedures set out in the announcement and all unconfirmed applications will not be valid. In the absence of any notice published in relation to the reduction in the Offer Price, the Offer Price, if agreed upon with our Company and the Underwriter Representatives will under no circumstances be set outside the offer price range as stated in this prospectus.

In the event of a reduction in the number of Offer Shares being offered under the Global Offering, the Underwriter Representatives may at their discretion reallocate the number of Offer Shares to be offered under the Hong Kong Public Offering and the International Offering, provided that the number of H Shares comprised in the Hong Kong Public Offering shall not be less than 5% of the total number of Offer Shares in the Global Offering. The Offer Shares to be offered in the International Offering and the Offer Shares to be offered in the Hong Kong Public Offering may, in certain circumstances, be reallocated as between these offerings at the discretion of the Underwriter Representatives.

The Offer Price for H Shares under the Global Offering is expected to be announced on Monday, December 22, 2014.

The final offer price, the indications of interest in the Global Offering, the results of applications and the basis of allocation of Offer Shares available under the Hong Kong Public Offering, are expected to be announced on Monday, December 22, 2014 in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) and to be posted on the website of the Hong Kong Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and on the website of the Company at [www.wandaplazas.com](http://www.wandaplazas.com).

### STABILIZATION

Stabilization is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilize, underwriters may bid for or purchase securities in the secondary market during a specified period of time to retard and, if possible, prevent a decline in the initial public market price of the securities below the offer price. Such transactions may be effected in all jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulatory requirements of the relevant jurisdictions. In Hong Kong, the price at which stabilization is effected is not permitted to exceed the offer price.

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## STRUCTURE OF THE GLOBAL OFFERING

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In connection with the Global Offering, the Stabilizing Manager, its affiliates or any persons acting for it (for itself and on behalf of the Underwriters) may, to the extent permitted by applicable laws of Hong Kong or elsewhere, over-allocate or effect transactions with a view to stabilizing or supporting the market price of our Shares at a level higher than that which might otherwise prevail in the open market for a limited period after the Listing Date. Any market purchases of our Shares will be effected in compliance with all applicable laws and regulatory requirements. However, there is no obligation on the Stabilizing Manager, its affiliates or any persons acting for it to conduct any such stabilizing action. Such stabilizing action, if taken, will be required to be brought to an end within 30 days of the last day for lodging applications under the Hong Kong Public Offering and conducted at the absolute discretion of the Stabilizing Manager, its affiliates or any persons acting for it, and may be discontinued at any time. The number of Shares that may be over-allocated will not be greater than the number of Shares that may be sold upon exercise of the Over-allotment Option, being an aggregate of 90,000,000 additional Shares, which is 15% of the Shares initially available under the Global Offering. If the Over-allotment Option is exercised in full, the Offer Shares will represent approximately 15.12% of our Company's enlarged issued share capital on completion of the Global Offering.

Stabilization action permitted in Hong Kong pursuant to the Securities and Futures (Price Stabilizing) Rules of the SFO includes (i) over-allocating for the purpose of preventing or minimising any reduction in the market price of our Shares; (ii) selling or agreeing to sell our Shares so as to establish a short position in them for the purpose of preventing or minimizing any reduction in the market price of our Shares; (iii) purchasing or agreeing to purchase our Shares pursuant to the Over-allotment Option in order to close out any position established under (i) or (ii) above; (iv) purchasing or agreeing to purchase our Shares for the sole purpose of preventing or minimising any reduction in the market price of our Shares; (v) selling or agreeing to sell our Shares in order to liquidate any position established as a result of the abovementioned purchases; and (vi) offering or attempting to do anything as described in (ii), (iii), (iv) or (v) above.

Specifically, prospective applicants for the Offer Shares should note that:

- the Stabilizing Manager, its affiliates or any person acting for it may, in connection with the stabilizing action, maintain a long position in our Shares.
- There is no certainty as to the extent to which, and the time or period for which, the Stabilizing Manager, its affiliates or any person acting for it will maintain such a long position;
- liquidation and selling of any such long position in the open market by the Stabilizing Manager, its affiliates or any person acting for it may have an adverse impact on the market price of our Shares;
- no stabilizing action can be taken to support the price of our Shares for longer than the stabilization period which will begin on the Listing Date and is expected to expire on Wednesday, January 14, 2015, being the 30th day after the last date for lodging applications under the Hong Kong Public Offering. After this date, when no further stabilizing action may be taken, demand for our Shares, and therefore the price of our Shares, could fall;

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## STRUCTURE OF THE GLOBAL OFFERING

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- the price of our Shares cannot be assured to stay at or above the Offer Price by the taking of any stabilizing action; and
- stabilizing bids or transactions effected in the course of the stabilizing action may be made at any price at or below the Offer Price and can, therefore, be done at a price below the price paid by applicants for the Offer Shares.

Our Company will ensure or procure that an announcement in compliance with the Securities and Futures (Price Stabilizing) Rules of the SFO will be made within seven days of the expiration of the stabilization period.

### DEALING

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Tuesday, December 23, 2014, it is expected that dealings in the Offer Shares on the Hong Kong Stock Exchange will commence at 9:00 a.m. on Tuesday, December 23, 2014. Our H Shares will be traded in board lots of 100 H Shares each.

### CONDITIONS OF THE HONG KONG PUBLIC OFFERING

Acceptance of all applications for Offer Shares pursuant to the Hong Kong Public Offering will be conditional on:

- (i) the Listing Committee of the Hong Kong Stock Exchange granting listing of, and permission to deal in, the H shares to be issued pursuant to the Global Offering (including the additional H Shares which may be issued pursuant to the exercise of the Over-allotment Option), and such listing and permission not subsequently having been revoked prior to the commencement of dealings in the H Shares on the Hong Kong Stock Exchange;
- (ii) the Offer Price having been fixed on or around the Price Determination Date;
- (iii) the execution and delivery of the International Underwriting Agreement on or around the Price Determination Date; and
- (iv) the obligations of the Underwriters under each of the respective Underwriting Agreements becoming and remaining unconditional and not having been terminated in accordance with the terms of the respective agreements,

in each case on or before the dates and times specified in the respective Underwriting Agreements (unless and to the extent such conditions are validly waived on or before such dates and times).

**If, for any reason, the Offer Price is not agreed between our Company and the Underwriter Representatives (for themselves and on behalf of the Underwriters), the Global Offering will not proceed.**

The consummation of each of the Hong Kong Public Offering and the International Offering is conditional upon, among other things, the other offering becoming unconditional and not having been terminated in accordance with its terms.

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## STRUCTURE OF THE GLOBAL OFFERING

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If the above conditions are not fulfilled or waived prior to the times and dates specified, the Global Offering will lapse and the Hong Kong Stock Exchange will be notified immediately. Notice of the lapse of the Hong Kong Public Offering will be published by our Company in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) on the next day following such lapse. In such eventuality, all application monies will be returned, without interest, on the terms set out in “How to Apply for Hong Kong Offer Shares”. In the meantime, all application monies will be held in separate bank account(s) with the receiving banks or other licensed bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) (as amended).



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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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### HOW TO APPLY

If you apply for Hong Kong Offer Shares, then you may not apply for or indicate an interest for International Offer Shares.

To apply for Hong Kong Offer Shares, you may:

- use a **WHITE** or **YELLOW** Application Form;
- apply online via the **White Form eIPO** at [www.eipo.com.hk](http://www.eipo.com.hk); or
- electronically cause HKSCC Nominees to apply on your behalf.

None of you or your joint applicant(s) may make more than one application, except where you are a nominee and provide the required information in your application.

The Company, the Underwriter Representatives, the **White Form eIPO** Service Provider and their respective agents may reject or accept any application in full or in part for any reason at their discretion.

### 2. WHO CAN APPLY

You can apply for Hong Kong Offer Shares on a **WHITE** or **YELLOW** Application Form if you or the person(s) for whose benefit you are applying:

- are 18 years of age or older;
- have a Hong Kong address;
- are outside the United States, and are not a United States Person (as defined in Regulation S under the US Securities Act); and
- are not a legal or natural person of the PRC (except qualified domestic institutional investors).

If you apply online through the **White Form eIPO** service, in addition to the above, you must also: (i) have a valid Hong Kong identity card number and (ii) provide a valid e-mail address and a contact telephone number.

If you are a firm, the application must be in the individual members' names. If you are a body corporate, the application form must be signed by a duly authorized officer, who must state his representative capacity, and stamped with your corporation's chop.

If an application is made by a person under a power of attorney, the Underwriter Representatives may accept it at their discretion and on any conditions they think fit, including evidence of the attorney's authority.

The number of joint applicants may not exceed four and they may not apply by means of the **White Form eIPO** for the Hong Kong Offer Shares.

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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Unless permitted by the Listing Rules, you cannot apply for any Hong Kong Offer Shares if you are:

- an existing beneficial owner of Shares in the Company and/or any its subsidiaries;
- a Director or chief executive officer of the Company and/or any of its subsidiaries;
- an associate (as defined in the Listing Rules) of any of the above;
- a Connected Person (as defined in the Listing Rules) of the Company or will become a Connected Person of the Company immediately upon completion of the Global Offering; and
- have been allocated or have applied for any International Offer Shares or otherwise participate in the International Offering.

### 3. APPLYING FOR HONG KONG OFFER SHARES

#### Which Application Channel to Use

For Hong Kong Offer Shares to be issued in your own name, use a **WHITE** Application Form or apply online through [www.eipo.com.hk](http://www.eipo.com.hk).

For Hong Kong Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant's stock account, use a **YELLOW** Application Form or electronically instruct HKSCC via CCASS to cause HKSCC Nominees to apply for you.

#### Where to Collect the Application Forms

You can collect a WHITE Application Form and a prospectus during normal business hours from 9:00 a.m. on Wednesday, December 10, 2014 till 12:00 noon on Monday, December 15, 2014 from:

- (i) any of the following offices of the Hong Kong Underwriters:

China International Capital Corporation Hong Kong Securities Limited  
29th Floor, One International Finance Center  
1 Harbour View Street  
Central  
Hong Kong

Goldman Sachs (Asia) L.L.C.  
68th Floor, Cheung Kong Center  
2 Queen's Road Central  
Hong Kong

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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UBS AG, Hong Kong Branch  
52nd Floor, Two International Finance Centre  
8 Finance Street  
Central  
Hong Kong

The Hongkong and Shanghai Banking Corporation Limited  
1 Queen's Road Central  
Hong Kong

BOCI Asia Limited  
26th Floor, Bank of China Tower  
1 Garden Road  
Central  
Hong Kong

Citigroup Global Markets Asia Limited  
50/F Citibank Tower, Citibank Plaza, 3 Garden Road  
Central  
Hong Kong

Morgan Stanley Asia Limited  
Level 46, International Commerce Centre  
1 Austin Road West  
Kowloon  
Hong Kong

Merrill Lynch Far East Limited  
55/F Cheung Kong Center  
2 Queen's Road Central  
Central  
Hong Kong

ICBC International Securities Limited  
37th Floor, ICBC Tower  
3 Garden Road  
Hong Kong

CCB International Capital Limited  
12/F., CCB Tower  
3 Connaught Road Central  
Central  
Hong Kong

ABCI Securities Company Limited  
10/F, Agricultural Bank of China Tower  
50 Connaught Road Central  
Hong Kong

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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Deutsche Bank AG, Hong Kong Branch  
Level 52, International Commerce Centre  
1 Austin Road West  
Kowloon  
Hong Kong

Credit Suisse (Hong Kong) Limited  
Level 88, International Commerce Centre  
One Austin Road West  
Kowloon  
Hong Kong

Oriental Patron Securities Limited  
27th Floor, Two Exchange Square  
8 Connaught Place  
Central  
Hong Kong

Haitong International Securities Company Limited  
22/F Li Po Chun Chambers  
189 Des Voeux Road Central,  
Hong Kong

Nomura International (Hong Kong) Limited  
30/F, Two International Finance Centre  
8 Finance Street  
Central  
Hong Kong

Barclays Bank PLC, Hong Kong Branch  
41/F, Cheung Kong Center  
2 Queen's Road Central  
Hong Kong

China Merchants Securities (HK) Co., Limited  
48th Floor One Exchange Square,  
8 Connaught Place  
Central  
Hong Kong

DBS Asia Capital Limited  
17th Floor, The Center  
99 Queen's Road Central  
Central  
Hong Kong

Cinda International Securities Limited  
45/F, COSCO Tower  
183 Queen's Road Central  
Hong Kong

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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(ii) any of the following branches of the receiving banks:

### ***Bank of China (Hong Kong) Limited***

| <b>District</b>           | <b>Branch name</b>                               | <b>Address</b>   |
|---------------------------|--|--|
| Hong Kong Island . . .    | Bank of China Tower Branch                       | 3/F, 1 Garden Road   |
|                           | Sheung Wan Branch                                | 252 Des Voeux Road Central                                     |
|                           | Wan Chai (Wu Chung House) Branch                 | 213 Queen's Road East, Wan Chai                                |
| Kowloon. . . . .          | Kowloon Plaza Branch                             | Unit 1, Kowloon Plaza, 485 Castle Peak Road                    |
|                           | Hoi Yuen Road Branch                             | 55 Hoi Yuen Road, Kwun Tong                                    |
| New Territories . . . . . | East Point City Branch                           | Shop 101, East Point City, Tseung Kwan O                       |
|                           | Kau Yuk Road Branch                              | 18-24 Kau Yuk Road, Yuen Long                                  |
|                           | Tuen Mun San Hui Branch                          | G13-G14 Eldo Court, Heung Sze Wui Road, Tuen Mun               |
|                           | Ma On Shan Plaza Branch                          | Shop 2103, Level 2, Ma On Shan Plaza, Sai Sha Road, Ma On Shan |
|                           | Sheung Shui Branch<br>Securities Services Centre | 136 San Fung Avenue, Sheung Shui                               |

### ***The Bank of East Asia, Limited***

| <b>District</b>           | <b>Branch name</b>    | <b>Address</b>  |
|---------------------------|-----------------------|---|
| Hong Kong Island . . .    | Main Branch           | 10 Des Voeux Road Central, Central                                      |
|                           | North Point Branch    | 326-328 King's Road, North Point  |
|                           | Quarry Bay Branch     | Shop G2-G4, G/F, Fok Cheong Building, 1032-1044 King's Road, Quarry Bay |
|                           | Taikoo Shing Branch   | Shop G1010-1011, Yiu Sing Mansion, Taikoo Shing                         |
| Kowloon. . . . .          | Whampoa Garden Branch | Shop 1-3, G/F, Site 9, Whampoa Garden, Hung Hom                         |
|                           | Wong Tai Sin Branch   | Shop UG15, Upper Ground Floor, Wong Tai Sin Plaza, Wong Tai Sin         |
| New Territories . . . . . | Tai Wai Branch        | Cheung Fung Mansion, 16-18 Tai Wai Road, Shatin                         |
|                           | Tai Po Plaza Branch   | Units 49-52, Level 1, Tai Po Plaza, Tai Po                              |
|                           | Park Central Branch   | Shop G6, G/F, Park Central, 9 Tong Tak Street, Tseung Kwan O            |
|                           | Ha Kwai Chung Branch  | 202 Hing Fong Road, Kwai Chung  |

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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### *Industrial and Commercial bank of China (Asia) Limited*

| District                  | Branch name          | Address  |
|---------------------------|----------------------|--|
| Hong Kong Island . . .    | Central Branch       | 1/F, 9 Queen's Road Central  |
|                           | Hennessy Road Branch | Shop 2A, G/F & Basement, Cameron Commercial Centre, 468 Hennessy Road, Causeway Bay  |
|                           | Sheung Wan Branch    | Shop F, G/F, Kai Tak Commercial Building, 317-319 Des Voeux Road Central, Sheung Wan |
| Kowloon. . . . .          | Tsimshatsui Branch   | Shop 1&2, G/F, No. 35-37 Hankow Road, Tsimshatsui                                    |
|                           | Yaumatei Branch      | 542 Nathan Road, Yaumatei  |
|                           | Hung Hom Branch      | Shop 2A, G/F, Hung Hom Shopping Mall, 2-34E Tak Man Street, Hung Hom                 |
|                           | Kwun Tong Branch     | Shop 5 & 6, 1/F, Crocodile Center, 79 Hoi Yuen Road, Kwun Tong                       |
| New Territories . . . . . | Shatin Branch        | Shop 22J, Level 3, Shatin Centre   |
|                           | Tseung Kwan O Branch | Shop Nos. 2011-2012, Level 2, Metro City, Plaza II, 8 Yan King Road, Tseung Kwan O   |
|                           | Kwai Chung Branch    | Unit G02, Tower A, Regent Centre, 63 Wo Yi Hop Road, Kwai Chung                      |

You can collect a **YELLOW** Application Form and a prospectus during normal business hours from 9:00 a.m. on Wednesday, December 10, 2014 till 12:00 noon on Monday, December 15, 2014 from the Depository Counter of HKSCC at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong or from your stockbroker.

### **Time for Lodging Application Forms**

Your completed **WHITE** or **YELLOW** Application Form, together with a cheque or a banker's cashier order attached and marked payable to "Bank of China (Hong Kong) Nominees Limited — Wanda Commercial Public Offer" for the payment, should be deposited in the special collection boxes provided at any of the branches of the receiving banks listed above, at the following times:

- Wednesday, December 10, 2014 — 9:00 a.m. to 5:00 p.m.
- Thursday, December 11, 2014 — 9:00 a.m. to 5:00 p.m.
- Friday, December 12, 2014 — 9:00 a.m. to 5:00 p.m.
- Saturday, December 13, 2014 — 9:00 a.m. to 1:00 p.m.
- Monday, December 15, 2014 — 9:00 a.m. to 12:00 noon

The application lists will be open from 11:45 a.m. to 12:00 noon on Monday, December 15, 2014, the last application day or such later time as described in "Effect of Bad Weather on the Opening of the Application Lists".

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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### 4. TERMS AND CONDITIONS OF AN APPLICATION

Follow the detailed instructions in the Application Form carefully; otherwise, your application may be rejected.

By submitting an Application Form or applying through the **White Form eIPO** service, among other things, you:

- (i) undertake to execute all relevant documents and instruct and authorize the Company and/or the Underwriter Representatives (or their agents or nominees), as agents of the Company, to execute any documents for you and to do on your behalf all things necessary to register any Hong Kong Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association;
- (ii) agree to comply with the Companies Ordinance, the PRC Company Law and the Articles of Association;
- (iii) confirm that you have read the terms and conditions and application procedures set out in this prospectus and in the Application Form and agree to be bound by them;
- (iv) confirm that you have received and read this prospectus and have only relied on the information and representations contained in this prospectus in making your application and will not rely on any other information or representations except those in any supplement to this prospectus;
- (v) confirm that you are aware of the restrictions on the Global Offering in this prospectus;
- (vi) agree that none of the Company, the Joint Global Coordinators, the Underwriters, their respective directors, officers, employees, partners, agents, advisors and any other parties involved in the Global Offering is or will be liable for any information and representations not in this prospectus (and any supplement to it);
- (vii) undertake and confirm that you or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering nor participated in the International Offering;
- (viii) agree to disclose to the Company, our H Share Registrar, receiving banks, the Joint Global Coordinators, the Underwriters and/or their respective advisors and agents any personal data which they may require about you and the person(s) for whose benefit you have made the application;
- (ix) if the laws of any place outside Hong Kong apply to your application, agree and warrant that you have complied with all such laws and none of the Company, the Joint Global Coordinators and the Underwriters nor any of their respective officers or advisors will breach any law outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus and the Application Form;



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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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- (x) agree that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;
- (xi) agree that your application will be governed by the laws of Hong Kong;
- (xii) represent, warrant and undertake that (i) you understand that the Hong Kong Offer Shares have not been and will not be registered under the U.S. Securities Act; and (ii) you and any person for whose benefit you are applying for the Hong Kong Offer Shares are outside the United States (as defined in Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;
- (xiii) warrant that the information you have provided is true and accurate;
- (xiv) agree to accept the Hong Kong Offer Shares applied for, or any lesser number allocated to you under the application;
- (xv) authorize the Company to place your name(s) or the name of the HKSCC Nominees, on the Company's register of members as the holder(s) of any Hong Kong Offer Shares allocated to you, and the Company and/or its agents to send any share certificate(s) and/or any e-Refund payment instructions and/or any refund cheque(s) to you or the first-named applicant for joint application by ordinary post at your own risk to the address stated on the application, unless you have chosen to collect the share certificate(s) and/or refund cheque(s) in person;
- (xvi) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;
- (xvii) understand that the Company and the Underwriter Representatives will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Offer Shares to you and that you may be prosecuted for making a false declaration;
- (xviii) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving electronic application instructions to HKSCC or to the **White Form eIPO** Service Provider by you or by any one as your agent or by any other person; and
- (xix) (if you are making the application as an agent for the benefit of another person) warrant that (i) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC; and (ii) you have due authority to sign the Application Form or give **electronic application instructions** on behalf of that other person as their agent.

### **Additional Instructions for Yellow Application Form**

You may refer to the Yellow Application Form for details.

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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### 5. APPLYING THROUGH WHITE FORM eIPO SERVICE

#### General

Individuals who meet the criteria in “Who can apply” section, may apply through the **White Form eIPO** service for the Offer Shares to be allotted and registered in their own names through the designated website at [www.eipo.com.hk](http://www.eipo.com.hk).

Detailed instructions for application through the **White Form eIPO** service are on the designated website at [www.eipo.com.hk](http://www.eipo.com.hk). If you do not follow the instructions, your application may be rejected and may not be submitted to the Company. If you apply through the designated website at [www.eipo.com.hk](http://www.eipo.com.hk), you authorize the **White Form eIPO** service to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **White Form eIPO** service.

#### Time for Submitting Applications under the White Form eIPO Service

You may submit your application to the **White Form eIPO** service at [www.eipo.com.hk](http://www.eipo.com.hk) (24 hours daily, except on the last application day) from 9:00 am on Wednesday, December 10, 2014 until 11:30 a.m. on Monday, December 15, 2014 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Monday, December 15, 2014 or such later time under the “Effects of Bad Weather on the Opening of the Applications Lists” in this section.

#### No Multiple Applications

If you apply by means of **White Form eIPO** service, once you complete payment in respect of any electronic application instruction given by you or for your benefit through the **White Form eIPO** service to make an application for Hong Kong Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an electronic application instruction under **White Form eIPO** service more than once and obtaining different application reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you are suspected of submitting more than one application through the **White Form eIPO** service or by any other means, all of your applications are liable to be rejected.

#### Section 40 of the Companies Ordinance

For the avoidance of doubt, the Company and all other parties involved in the preparation of this prospectus acknowledge that each applicant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies Ordinance (as applied by Section 342E of the Companies Ordinance).

#### Environmental Protection

The obvious advantage of **White Form eIPO** is to save the use of paper via the self-serviced and electronic application process. Computershare Hong Kong Investor Services

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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Limited, being the designated White Form eIPO Service Provider, will contribute HK\$2 for each “Dalian Wanda Commercial Properties Co., Ltd.” **White Form eIPO** application submitted via [www.eipo.com.hk](http://www.eipo.com.hk) to support the funding of “Source of DongJiang — Hong Kong Forest” project initiated by Friends of Earth (HK).

### 6. APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC VIA CCASS

#### General

CCASS Participants may give electronic application instructions to apply for the Hong Kong Offer Shares and to arrange payment of the money due on application and payment of refunds under their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a CCASS Investor Participant, you may give these electronic application instructions through the CCASS Phone System by calling (852) 2979-7888 or through the CCASS Internet System (<https://ip.ccass.com>) (using the procedures in HKSCC’s “An Operating Guide for Investor Participants” in effect from time to time).

HKSCC can also input electronic application instructions for you if you go to:

Hong Kong Securities Clearing Company Limited  
Customer Service Center  
1/F, One & Two Exchange Square  
8 Connaught Place, Central  
Hong Kong

and complete an input request form.

You can also collect a prospectus from this address.

If you are not a CCASS Investor Participant, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf.

You will be deemed to have authorized HKSCC and/or HKSCC Nominees to transfer the details of your application to the Company, the Underwriter Representatives and our H Share Registrar.

### GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC VIA CCASS

Where you have given **electronic application instructions** to apply for the Hong Kong Offer Shares and a **WHITE** Application Form is signed by HKSCC Nominees on your behalf:

- (i) HKSCC Nominees will only be acting as a nominee for you and is not liable for any breach of the terms and conditions of the **WHITE** Application Form or this prospectus;
- (ii) HKSCC Nominees will do the following things on your behalf:

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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- agree that the Hong Kong Offer Shares to be allotted shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the CCASS Participant's stock account on your behalf or your CCASS Investor Participant's stock account;
- agree to accept the Hong Kong Offer Shares applied for or any lesser number allocated;
- undertake and confirm that you have not applied for or taken up, will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering;
- (if the electronic application instructions are given for your benefit) declare that only one set of **electronic application instructions** has been given for your benefit;
- (if you are an agent for another person) declare that you have only given one set of **electronic application instructions** for the other person's benefit and are duly authorized to give those instructions as their agent;
- confirm that you understand that the Company, the Directors and the Underwriter Representatives will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Offer Shares to you and that you may be prosecuted if you make a false declaration;
- authorize the Company to place HKSCC Nominees' name on the Company's register of members as the holder of the Hong Kong Offer Shares allocated to you and to send share certificate(s) and/or refund monies under the arrangements separately agreed between us and HKSCC;
- confirm that you have read the terms and conditions and application procedures set out in this prospectus and agree to be bound by them;
- confirm that you have received and/or read a copy of this prospectus and have relied only on the information and representations in this prospectus in causing the application to be made, save as set out in any supplement to this prospectus;
- agree that none of the Company, the Joint Global Coordinators, the Underwriters, their respective directors, officers, employees, partners, agents, advisors and any other parties involved in the Global Offering, is or will be liable for any information and representations not contained in this prospectus (and any supplement to it);
- agree to disclose your personal data to the Company, our H Share Registrar, receiving banks, the Joint Global Coordinators, the Underwriters and/or its respective advisors and agents;
- agree (without prejudice to any other rights which you may have) that once HKSCC Nominees' application has been accepted, it cannot be rescinded for innocent misrepresentation;

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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- agree that any application made by HKSCC Nominees on your behalf is irrevocable before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), such agreement to take effect as a collateral contract with us and to become binding when you give the instructions and such collateral contract to be in consideration of the Company agreeing that it will not offer any Hong Kong Offer Shares to any person before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong) if a person responsible for this prospectus under Section 40 of the Companies Ordinance gives a public notice under that section which excludes or limits that person's responsibility for this prospectus;
- agree that once HKSCC Nominees' application is accepted, neither that application nor your **electronic application instructions** can be revoked, and that acceptance of that application will be evidenced by the Company's announcement of the Hong Kong Public Offering results;
- agree to the arrangements, undertakings and warranties under the participant agreement between you and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, for the giving **electronic application instructions** to apply for Hong Kong Offer Shares;
- agree with the Company, for itself and for the benefit of each Shareholder (and so that the Company will be deemed by its acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for itself and on behalf of each of the Shareholders, with each CCASS Participant giving **electronic application instructions**) to observe and comply with the Companies Ordinance and the Articles of Association; and
- agree that your application, any acceptance of it and the resulting contract will be governed by the Laws of Hong Kong;
- agree with the Company, for itself and for the benefit of each Shareholder of the Company and each Director, Supervisor, manager and other senior officer of the Company (and so that the Company will be deemed by its acceptance in whole or in part of this application to have agreed, for itself and on behalf of each Shareholder of the Company and each Director, Supervisor, manager and other senior officer of the Company, with each CCASS Participant giving electronic application instructions):
  - (a) to refer all differences and claims arising from the Articles of Association of the Company or any rights or obligations conferred or imposed by the PRC Company Law or other relevant laws and administrative regulations concerning the affairs of the Company to arbitration in accordance with the Articles of Association of the Company;

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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- (b) that any award made in such arbitration shall be final and conclusive; and
- (c) that the arbitration tribunal may conduct hearings in open sessions and publish its award;
- agree with the Company (for the Company itself and for the benefit of each Shareholder of the Bank) that H Shares in the Company are freely transferable by their holders; and
- authorise the Company to enter into a contract on its behalf with each Director and officer of the Company whereby each such Director and officer undertakes to observe and comply with his obligations to Shareholders stipulated in the Articles of Association of the Company.

### Effect of Giving Electronic Application Instructions to HKSCC via CCASS

By giving **electronic application instructions** to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees shall be liable to the Company or any other person in respect of the things mentioned below:

- instructed and authorized HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Hong Kong Offer Shares on your behalf;
- instructed and authorized HKSCC to arrange payment of the maximum Offer Price, brokerage, SFC transaction levy and the Hong Kong Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or if the Offer Price is less than the maximum Offer Price per Offer Share initially paid on application, refund of the application monies (including brokerage, SFC transaction levy and the Hong Kong Stock Exchange trading fee) by crediting your designated bank account; and
- instructed and authorized HKSCC to cause HKSCC Nominees to do on your behalf all the things stated in the **WHITE** Application Form and in this prospectus.

### Minimum Purchase Amount and Permitted Numbers

You may give or cause your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** for a minimum of 100 Hong Kong Offer Shares. Instructions for more than 100 Hong Kong Offer Shares must be in one of the numbers set out in the table in the Application Forms. No application for any other number of Hong Kong Offer Shares will be considered and any such application is liable to be rejected.

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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### Time for Inputting Electronic Application Instructions

CCASS Clearing/Custodian Participants can input **electronic application instructions** at the following times on the following dates:

- Wednesday, December 10, 2014 — 8:00 a.m. to 8:30 p.m.<sup>(1)</sup>
- Thursday, December 11, 2014 — 8:00 a.m. to 8:30 p.m.<sup>(1)</sup>
- Friday, December 12, 2014 — 8:00 a.m. to 8:30 p.m.<sup>(1)</sup>
- Saturday, December 13, 2014 — 8:00 a.m. to 1:00 p.m.<sup>(1)</sup>
- Monday, December 15, 2014 — 8:00 a.m.<sup>(1)</sup> to 12:00 noon

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**Note:**

- (1) These times are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/ Custodian Participants.

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m., Wednesday, December 10, 2014 until 12:00 noon, Monday, December 15, 2014 (24 hours daily, except on the last application day).

The latest time for inputting your electronic application instructions will be 12:00 noon, Monday, December 15, 2014, the last application day or such later time as described in “Effect of Bad Weather on the Opening of the Application Lists” in this section.

### No Multiple Applications

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Hong Kong Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Hong Kong Offer Shares for which you have given such instructions and/or for which such instructions have been given for your benefit. Any electronic **application instructions** to make an application for the Hong Kong Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made.



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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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### Section 40 of the Companies Ordinance

For the avoidance of doubt, the Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies Ordinance (as applied by Section 342E of the Companies Ordinance).

### Personal Data

The section of the Application Form headed “Personal Data” applies to any personal data held by the Company, the H Share Registrar, the receiving banks, the Joint Global Coordinators, the Underwriters and any of their respective advisors and agents about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

### 7. WARNING FOR ELECTRONIC APPLICATIONS

The subscription of the Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC is only a facility provided to CCASS Participants. Similarly, the application for Hong Kong Offer Shares through the **White Form eIPO** service is also only a facility provided by the **White Form eIPO** Service Provider to public investors. Such facilities are subject to capacity limitations and potential service interruptions and you are advised not to wait until the last application day in making your electronic applications. The Company, the Directors, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, and the Underwriters take no responsibility for such applications and provide no assurance that any CCASS Participant or person applying through the **White Form eIPO** service will be allotted any Hong Kong Offer Shares.

To ensure that CCASS Investor Participants can give their electronic application instructions, they are advised not to wait until the last minute to input their instructions to the systems. In the event that CCASS Investor Participants have problems in the connection to CCASS Phone System/CCASS Internet System for submission of **electronic application instructions**, they should either (i) submit a **WHITE** or **YELLOW** Application Form, or (ii) go to HKSCC’s Customer Service Centre to complete an input request form for **electronic application instructions** before 12:00 noon, Monday, December 15, 2014 or such later time under the “Effect of Bad Weather on the Opening of the Applications Lists” below.

### 8. HOW MANY APPLICATIONS CAN YOU MAKE

Multiple applications for the Hong Kong Offer Shares are not allowed except by nominees. If you are a nominee, in the box on the Application Form marked “For nominees” you must include:

- an account number; or
- some other identification code,

for each beneficial owner or, in the case of joint beneficial owners, for each joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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All of your applications will be rejected if more than one application on a **WHITE** or **YELLOW** Application Form (whether individually or jointly) or by giving **electronic application instructions** to HKSCC or through the **White Form eIPO** service, is made for your benefit (including the part of the application made by HKSCC Nominees acting on **electronic application instructions**). If an application is made by an unlisted company and:

- the principal business of that company is dealing in securities; and
- you exercise statutory control over that company,

then the application will be treated as being for your benefit.

“Unlisted company” means a company with no equity securities listed on the Hong Kong Stock Exchange.

“Statutory control” means you:

- control the composition of the board of directors of the company;
- control more than half of the voting power of the company; or
- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

### 9. HOW MUCH ARE THE HONG KONG OFFER SHARES

The **WHITE** and **YELLOW** Application Forms have tables showing the exact amount payable for Shares.

You must pay the maximum Offer Price, brokerage, SFC transaction levy and the Hong Kong Stock Exchange trading fee in full upon application for Shares under the terms set out in the Application Forms.

You may submit an application using a **WHITE** or **YELLOW** Application Form or through the **White Form eIPO** service in respect of a minimum of 100 Hong Kong Offer Shares. Each application or electronic application instruction in respect of more than 100 Hong Kong Offer Shares must be in one of the numbers set out in the table in the Application Form, or as otherwise specified on the designated website at [www.eipo.com.hk](http://www.eipo.com.hk).

If your application is successful, brokerage will be paid to the Exchange Participants, and the SFC transaction levy and the Hong Kong Stock Exchange trading fee are paid to the Hong Kong Stock Exchange (in the case of the SFC transaction levy, collected by the Hong Kong Stock Exchange on behalf of the SFC).

For further details on the Offer Price, see “Structure of the Global Offering — Pricing of the Global Offering”.

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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### 10. EFFECT OF BAD WEATHER ON THE OPENING OF THE APPLICATION LISTS

The application lists will not open if there is:

- a tropical cyclone warning signal number 8 or above; or
- a “black” rainstorm warning,

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Monday, December 15, 2014. Instead they will open between 11:45 a.m. and 12:00 noon on the next business day which does not have either of those warnings in Hong Kong in force at any time between 9:00 a.m. and 12:00 noon.

If the application lists do not open and close on Monday, December 15, 2014 or if there is a tropical cyclone warning signal number 8 or above or a “black” rainstorm warning signal in force in Hong Kong that may affect the dates mentioned in “Expected Timetable”, an announcement will be made in such event.

### 11. PUBLICATION OF RESULTS

The Company expects to announce the final Offer Price, the level of indication of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the basis of allocation of the Hong Kong Offer Shares on Monday, December 22, 2014 in South China Morning Post (in English) and Hong Kong Economic Times (in Chinese) on the Company’s website at [www.wandaplazas.com](http://www.wandaplazas.com) and the website of the Hong Kong Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk).

The results of allocations and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Hong Kong Public Offering will be available at the times and date and in the manner specified below:

- in the announcement to be posted on the Company’s website at [www.wandaplazas.com](http://www.wandaplazas.com) and the Hong Kong Stock Exchange’s website at [www.hkexnews.hk](http://www.hkexnews.hk) by no later than Monday, December 22, 2014;
- from the designated results of allocations website at [www.iporesults.com.hk](http://www.iporesults.com.hk) with a “search by ID” function on a 24-hour basis from 8:00 a.m. on Monday, December 22, 2014 to 12:00 midnight, Sunday, December 28, 2014;
- by telephone enquiry line by calling 2862 8669 between 9:00 a.m. and 10:00 p.m. from Monday, December 22, 2014 to Thursday, December 25, 2014;
- in the special allocation results booklets which will be available for inspection during opening hours from Monday, December 22, 2014 to Wednesday, December 24, 2014 at all the receiving bank branches and sub-branches.

If the Company accepts your offer to purchase (in whole or in part), which it may do by announcing the basis of allocations and/or making available the results of allocations publicly, there will be a binding contract under which you will be required to purchase the Hong Kong Offer Shares if the conditions of the Global Offering are satisfied and the Global Offering is not otherwise terminated. For further details see “Structure of the Global Offering”.

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

### 12. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED OFFER SHARES

You should note the following situations in which the Hong Kong Offer shares will not be allotted to you:

#### (i) If your application is revoked:

By completing and submitting an Application Form or giving **electronic application instructions** to HKSCC or through the **White Form eIPO** service, you agree that your application or the application made by HKSCC Nominees on your behalf cannot be revoked on or before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is Saturday, Sunday or public holiday in Hong Kong). This agreement will take effect as a collateral contract with the Company.

Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before such fifth day if a person responsible for this prospectus under Section 40 of the Companies Ordinance (as applied by Section 342E of the Companies Ordinance) gives a public notice under that section which excludes or limits that person's responsibility for this prospectus.

If any supplement to this prospectus is issued, applicants who have already submitted an application will be notified that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the announcement of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot respectively.

#### (ii) If the Company or its agents exercise their discretion to reject your application:

The Company, the Underwriter Representatives, the **White Form eIPO** Service Provider and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

#### (iii) If the allotment of Hong Kong Offer Shares is void:

The allotment of Hong Kong Offer Shares will be void if the Listing Committee of the Hong Kong Stock Exchange does not grant permission to list the Shares either:

- within three weeks from the closing date of the application lists; or

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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- within a longer period of up to six weeks if the Listing Committee notifies the Company of that longer period within three weeks of the closing date of the application lists.

**(iv) If:**

- you make multiple applications or suspected multiple applications;
- you or the person for whose benefit you are applying have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) Hong Kong Offer Shares and International Offer Shares;
- your Application Form is not completed in accordance with the stated instructions;
- your **electronic application instructions** through the **White Form eIPO** service are not completed in accordance with the instructions, terms and conditions on the designated website;
- your payment is not made correctly or the cheque or banker's cashier order paid by you is dishonoured upon its first presentation;
- the Underwriting Agreements do not become unconditional or are terminated;
- the Company or the Underwriter Representatives believe that by accepting your application, it or they would violate applicable securities or other laws, rules or regulations; or
- your application is for more than 50% of the Hong Kong Offer Shares initially offered under the Hong Kong Public Offering.

### 13. REFUND OF APPLICATION MONIES

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the maximum Offer Price of HK\$49.60 per Offer Share (excluding brokerage, SFC transaction levy and the Hong Kong Stock Exchange trading fee thereon), or if the conditions of the Hong Kong Public Offering are not fulfilled in accordance with "Structure of the Global Offering — Conditions of the Hong Kong Public Offering" or if any application is revoked, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy and the Hong Kong Stock Exchange trading fee, will be refunded, without interest or the cheque or banker's cashier order will not be cleared.

Any refund of your application monies will be made on Monday, December 22, 2014.

### 14. DESPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND MONIES

You will receive one share certificate for all Hong Kong Offer Shares allotted to you under the Hong Kong Public Offering (except pursuant to applications made on **YELLOW** Application Forms or by electronic application instructions to HKSCC via CCASS where the share certificates will be deposited into CCASS as described below).

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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No temporary document of title will be issued in respect of the Shares. No receipt will be issued for sums paid on application. If you apply by **WHITE** or **YELLOW** Application Form, subject to personal collection as mentioned below, the following will be sent to you (or, in the case of joint applicants, to the first-named applicant) by ordinary post, at your own risk, to the address specified on the Application Form:

- share certificate(s) for all the Hong Kong Offer Shares allotted to you (for **YELLOW** Application Forms, share certificates will be deposited into CCASS as described below); and
- refund cheque(s) crossed “Account Payee Only” in favor of the applicant (or, in the case of joint applicants, the first-named applicant) for (i) all or the surplus application monies for the Hong Kong Offer Shares, wholly or partially unsuccessfully applied for; and/or (ii) the difference between the Offer Price and the maximum Offer Price per Offer Share paid on application in the event that the Offer Price is less than the maximum Offer Price (including brokerage, SFC transaction levy and the Hong Kong Stock Exchange trading fee but without interest). Part of the Hong Kong identity card number/ passport number, provided by you or the first-named applicant (if you are joint applicants), may be printed on your refund cheque, if any. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque(s). Inaccurate completion of your Hong Kong identity card number/passport number may invalidate or delay encashment of your refund cheque(s).

Subject to arrangement on dispatch/collection of share certificates and refund monies as mentioned below, any refund cheques and share certificates are expected to be posted on or around Monday, December 22, 2014. The right is reserved to retain any share certificate(s) and any surplus application monies pending clearance of cheque(s) or banker’s cashier’s order(s).

Share certificates will only become valid at 8:00 a.m., Tuesday, December 23, 2014 provided that the Global Offering has become unconditional and the right of termination described in “Underwriting” has not been exercised. Investors who trade shares prior to the receipt of Share certificates or the Share certificates becoming valid do so at their own risk.

### **Personal Collection**

#### **(i) If you apply using a WHITE Application Form**

If you apply for 1,000,000 or more Hong Kong Offer Shares and have provided all information required by your Application Form, you may collect your refund cheque(s) and/or share certificate(s) from Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong from 9:00 a.m. to 1:00 p.m. on Monday, December 22, 2014 or such other date as notified by us in the newspapers.

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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If you are an individual who is eligible for personal collection, you must not authorize any other person to collect for you. If you are a corporate applicant which is eligible for personal collection, your authorized representative must bear a letter of authorization from your corporation stamped with your corporation's chop. Both individuals and authorized representatives must produce, at the time of collection, evidence of identity acceptable to the H Share Registrar.

If you do not collect your refund cheque(s) and/or share certificate(s) personally within the time specified for collection, they will be despatched promptly to the address specified in your Application Form by ordinary post at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares, your refund cheque(s) and/or share certificate(s) will be sent to the address on the relevant Application Form on Monday, December 22, 2014, by ordinary post and at your own risk.

### **(ii) If you apply using a YELLOW Application Form**

If you apply for 1,000,000 Hong Kong Offer Shares or more, please follow the same instructions as described above. If you have applied for less than 1,000,000 Hong Kong Offer Shares, your refund cheque(s) will be sent to the address on the relevant Application Form on Monday, December 22, 2014, by ordinary post and at your own risk.

If you apply by using a **YELLOW** Application Form and your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for credit to your or the designated CCASS Participant's stock account as stated in your Application Form on Monday, December 22, 2014, or upon contingency, on any other date determined by HKSCC or HKSCC Nominees.

- **If you apply through a designated CCASS participant (other than a CCASS investor participant)**

For Hong Kong Offer Shares credited to your designated CCASS participant's stock account (other than CCASS Investor Participant), you can check the number of Hong Kong Offer Shares allotted to you with that CCASS participant.

- **If you are applying as a CCASS investor participant**

The Company will publish the results of CCASS Investor Participants' applications together with the results of the Hong Kong Public Offering in the manner described in "Publication of Results". You should check the announcement published by the Company and report any discrepancies to HKSCC before 5:00 p.m., Monday, December 22, 2014 or any other date as determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Hong Kong Offer Shares to your stock account, you can check your new account balance via the CCASS Phone System and CCASS Internet System.



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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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### **(iii) If you apply through the White Form eIPO service**

If you apply for 1,000,000 Hong Kong Offer Shares or more and your application is wholly or partially successful, you may collect your Share certificate(s) from Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Monday, December 22, 2014, or such other date as notified by the Company in the newspapers as the date of despatch/collection of Share certificates/e-Refund payment instructions/refund cheques.

If you do not collect your Share certificate(s) personally within the time specified for collection, they will be sent to the address specified in your application instructions by ordinary post at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares, your Share certificate(s) (where applicable) will be sent to the address specified in your application instructions on Monday, December 22, 2014 by ordinary post at your own risk.

If you apply and pay the application monies from a single bank account, any refund monies will be despatched to that bank account in the form of e-Refund payment instructions. If you apply and pay the application monies from multiple bank accounts, any refund monies will be despatched to the address as specified in your application instructions in the form of refund cheque(s) by ordinary post at your own risk.

### **(iv) If you apply via Electronic Application Instructions to HKSCC**

#### ***Allocation of Hong Kong Offer Shares***

For the purposes of allocating Hong Kong Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives **electronic application instructions** or each person for whose benefit instructions are given will be treated as an applicant.

#### ***Deposit of Share Certificates into CCASS and Refund of Application Monies***

- If your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of your designated CCASS Participant's stock account or your CCASS Investor Participant stock account on Monday, December 22, 2014, or, on any other date determined by HKSCC or HKSCC Nominees.
- The Company expects to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, the Company will include information relating to the relevant beneficial owner), your Hong Kong identity card number/passport number or other identification code (Hong Kong business registration number for corporations) and the basis of allotment of the Hong Kong Public Offering in the manner specified in "Publication of Results" above on Monday, December 22, 2014. You should check the announcement published by the Company and report any discrepancies to HKSCC before 5:00 p.m., Monday, December 22, 2014 or such other date as determined by HKSCC or HKSCC Nominees.

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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- If you have instructed your broker or custodian to give **electronic application instructions** on your behalf, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you with that broker or custodian.
- If you have applied as a CCASS Investor Participant, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time) on Monday, December 22, 2014. Immediately following the credit of the Hong Kong Offer Shares to your stock account and the credit of refund monies to your bank account, HKSCC will also make available to you an activity statement showing the number of Hong Kong Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.
- Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Offer Price and the maximum Offer Price per Offer Share initially paid on application (including brokerage, SFC transaction levy and the Hong Kong Stock Exchange trading fee but without interest) will be credited to your designated bank account or the designated bank account of your broker or custodian on Monday, December 22, 2014.

### 15. ADMISSION OF THE SHARES INTO CCASS

If the Hong Kong Stock Exchange grants the listing of, and permission to deal in, the H Shares and we comply with the stock admission requirements of HKSCC, the H Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the H Shares or any other date HKSCC chooses. Settlement of transactions between Exchange Participants (as defined in the Listing Rules) is required to take place in CCASS on the second Business Day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Investors should seek the advice of their stockbroker or other professional advisor for details of the settlement arrangement as such arrangements may affect their rights and interests.

All necessary arrangements have been made enabling the H Shares to be admitted into CCASS.

*The following is the text of a report on Dalian Wanda Commercial Properties Co., Ltd., prepared for the purpose of incorporation in this Prospectus, received from the Company's reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong.*



22/F CITIC Tower,  
1 Tim Mei Avenue,  
Central, Hong Kong

10 December 2014

The Directors

Dalian Wanda Commercial Properties Co., Ltd.  
China International Capital Corporation Hong Kong Securities Limited  
HSBC Corporate Finance (Hong Kong) Limited

Dear Sirs,

We set out below our report on the financial information of Dalian Wanda Commercial Properties Co., Ltd. (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”) which comprises the consolidated statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group for each of the years ended 31 December 2011, 2012 and 2013 and the six months ended 30 June 2014 (the “Relevant Periods”), and the consolidated statements of financial position of the Group and the statements of financial position of the Company as at 31 December 2011, 2012 and 2013 and 30 June 2014, together with the notes thereto (the “Financial Information”), and the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the six months ended 30 June 2013 (the “Interim Comparative Information”), prepared on the basis of preparation set out in note 2.1 of Section II below, for inclusion in the prospectus of the Company dated 10 December 2014 (the “Prospectus”) in connection with the listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The Company was established as a joint stock company with limited liability on 16 September 2002 in the People’s Republic of China (the “PRC”). As at the end of the Relevant Periods, the Company has direct and indirect interests in the subsidiaries as set out in note 1 of Section II below. All companies now comprising the Group have adopted 31 December as their financial year end date. The statutory financial statements of the companies now comprising the Group were prepared in accordance with the relevant accounting principles applicable to these companies in the countries in which they were incorporated and/or established. Details of their statutory auditors during the Relevant Periods are set out in note 1 of Section II below.

For the purpose of this report, the directors of the Company (the “Directors”) have prepared the consolidated financial statements of the Group (the “Underlying Financial Statements”) 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 (the “HKICPA”). The Underlying Financial Statements for each of the years ended 31 December 2011, 2012, 2013 and the six months ended 30 June 2014 were audited by us in accordance with Hong Kong Standards on Auditing issued by the HKICPA.

The Financial Information set out in this report has been prepared from the Underlying Financial Statements with no adjustments made thereon.

**Directors’ responsibility**

The Directors are responsible for the preparation of the Underlying Financial Statements, the Financial Information and the Interim Comparative Information that give a true and fair view in accordance with HKFRSs, and for such internal control as the Directors determine is necessary to enable the preparation of the Underlying Financial Statements, the Financial Information and the Interim Comparative Information that are free from material misstatement, whether due to fraud or error.

**Reporting accountants’ responsibility**

It is our responsibility to form an independent opinion and a review conclusion on the Financial Information and the Interim Comparative Information, respectively, and to report our opinion and review conclusion thereon to you.

For the purpose of this report, we have carried out procedures on the Financial Information in accordance with Auditing Guideline 3.340 *Prospectuses and the Reporting Accountant* issued by the HKICPA.

We have also performed a review of the Interim Comparative Information in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Information performed by the Independent Auditor of the Entity” issued by the HKICPA. A review consists principally of making enquiries of management and applying analytical procedures to the financial information and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets and liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance than an audit. Accordingly, we do not express an opinion on the Interim Comparative Information.

**Opinion in respect of the Financial Information**

In our opinion, for the purpose of this report and on the basis of preparation set out in note 2.1 of Section II below, the Financial Information gives a true and fair view of the state of affairs of the Group and the Company as at 31 December 2011, 2012, 2013 and 30 June 2014 and of the consolidated results and cash flows of the Group for each of the Relevant Periods.

**Review conclusion in respect of the Interim Comparative Information**

Based on our review which does not constitute an audit, for the purpose of this report, nothing has come to our attention that causes us to believe that the Interim Comparative Information is not prepared, in all material respects, in accordance with the same basis adopted in respect of the Financial Information.

## I. FINANCIAL INFORMATION

## (A) CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

|   | Section II<br>Notes | Year ended 31 December |                |                | Six months ended<br>30 June |                |
|---|---------------------|------------------------|----------------|----------------|-----------------------------|----------------|
|   |                     | 2011                   | 2012           | 2013           | 2013                        | 2014           |
|   |                     | RMB'million            | RMB'million    | RMB'million    | RMB'million                 | RMB'million    |
|   |                     |                        |                |                |                             | (Unaudited)    |
| REVENUE . . . . .   | 5                   | 50,772                 | 59,091         | 86,774         | 31,834                      | 23,251         |
| Cost of sales . . . . .   |                     | (26,469)               | (28,807)       | (49,438)       | (17,596)                    | (12,821)       |
| Gross profit . . . . .  |                     | 24,303                 | 30,284         | 37,336         | 14,238                      | 10,430         |
| Other income and gains . . . . .  | 5                   | 1,966                  | 2,162          | 4,142          | 1,398                       | 1,190          |
| Increase in fair value of<br>investment properties . . . . .                      | 6                   | 13,992                 | 21,898         | 15,443         | 7,832                       | 5,227          |
| Selling and distribution costs . . . . .  |                     | (2,829)                | (2,997)        | (4,298)        | (1,621)                     | (2,104)        |
| Administrative expenses . . . . .   |                     | (3,226)                | (3,950)        | (4,914)        | (2,062)                     | (2,633)        |
| Other expenses . . . . .  |                     | (309)                  | (272)          | (353)          | (119)                       | (84)           |
| Finance costs . . . . .   | 7                   | (3,056)                | (3,861)        | (5,855)        | (2,780)                     | (3,640)        |
| Share of loss of an associate . . . . .   |                     | —                      | —              | (9)            | —                           | (1)            |
| PROFIT BEFORE TAX . . . . .   | 6                   | 30,841                 | 43,264         | 41,492         | 16,886                      | 8,385          |
| Income tax expense . . . . .  | 10                  | (11,066)               | (15,443)       | (16,610)       | (6,800)                     | (3,468)        |
| PROFIT FOR THE<br>YEAR/PERIOD . . . . .   |                     | 19,775                 | 27,821         | 24,882         | 10,086                      | 4,917          |
| Attributable to:  |                     |                        |                |                |                             |                |
| Owners of the parent . . . . .  | 11                  | 19,779                 | 27,310         | 24,581         | 9,313                       | 4,965          |
| Non-controlling interests . . . . .   |                     | (4)                    | 511            | 301            | 773                         | (48)           |
|   |                     | 19,775                 | 27,821         | 24,882         | 10,086                      | 4,917          |
| EARNINGS PER SHARE<br>ATTRIBUTABLE TO<br>ORDINARY EQUITY<br>HOLDERS OF THE PARENT |                     |                        |                |                |                             |                |
| Basic . . . . .   | 13                  | <u>RMB5.29</u>         | <u>RMB7.31</u> | <u>RMB6.58</u> | <u>RMB2.49</u>              | <u>RMB1.33</u> |
| Diluted . . . . .   | 13                  | <u>RMB5.29</u>         | <u>RMB7.31</u> | <u>RMB6.58</u> | <u>RMB2.49</u>              | <u>RMB1.33</u> |

Details of dividends proposed and declared for the Relevant Periods are disclosed in Note 12 of Section II below.

## (B) CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

|  | Year ended 31 December |               |               | Six months ended 30 June |              |
|--|------------------------|---------------|---------------|--------------------------|--------------|
|  | 2011                   | 2012          | 2013          | 2013                     | 2014         |
|  | RMB'million            | RMB'million   | RMB'million   | RMB'million              | RMB'million  |
| PROFIT FOR THE YEAR/PERIOD . . . .   | <u>19,775</u>          | <u>27,821</u> | <u>24,882</u> | <u>10,086</u>            | <u>4,917</u> |
| OTHER COMPREHENSIVE INCOME . . .   |                        |               |               |                          |              |
| Other comprehensive income to be reclassified to profit or loss in subsequent periods: |                        |               |               |                          |              |
| Exchange differences on translation of foreign operations . . . . .                    | <u>—</u>               | <u>—</u>      | <u>15</u>     | <u>(8)</u>               | <u>(30)</u>  |
| OTHER COMPREHENSIVE INCOME FOR THE YEAR/PERIOD NET OF TAX . . . . .                    | <u>—</u>               | <u>—</u>      | <u>15</u>     | <u>(8)</u>               | <u>(30)</u>  |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR/PERIOD . . . . .                               | <u>19,775</u>          | <u>27,821</u> | <u>24,897</u> | <u>10,078</u>            | <u>4,887</u> |
| Attributable to:   |                        |               |               |                          |              |
| Owners of the parent . . . . .   | <u>19,779</u>          | <u>27,310</u> | <u>24,592</u> | <u>9,308</u>             | <u>4,939</u> |
| Non-controlling interests . . . . .  | <u>(4)</u>             | <u>511</u>    | <u>305</u>    | <u>770</u>               | <u>(52)</u>  |
|  | <u>19,775</u>          | <u>27,821</u> | <u>24,897</u> | <u>10,078</u>            | <u>4,887</u> |



## (C) CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

|  | Section II<br>Notes | As at 31 December |                |                | As at<br>30 June |
|--|---------------------|-------------------|----------------|----------------|------------------|
|  |                     | 2011              | 2012           | 2013           | 2014             |
|  |                     | RMB'million       | RMB'million    | RMB'million    | RMB'million      |
| NON-CURRENT ASSETS                                       |                     |                   |                |                |                  |
| Property, plant and equipment . . . . .                  | 14                  | 13,742            | 18,246         | 25,955         | 29,396           |
| Investment properties . . . . .                          | 15                  | 111,194           | 159,074        | 198,539        | 220,580          |
| Prepaid land lease payments . . . . .                    | 16                  | 4,047             | 5,579          | 6,268          | 6,979            |
| Goodwill . . . . .                                       | 17                  | —                 | —              | 287            | 1,430            |
| Other intangible assets . . . . .                        | 18                  | 50                | 82             | 155            | 2,533            |
| Investment in an associate . . . . .                     | 19                  | —                 | —              | 114            | —                |
| Long-term receivables . . . . .                          |                     | 11                | 11             | 11             | 11               |
| Deferred tax assets . . . . .                            | 21                  | 2,545             | 3,107          | 3,376          | 4,156            |
| Available-for-sale investments . . . . .                 | 22                  | 10                | 10             | 37             | 35               |
| Total non-current assets . . . . .                       |                     | <u>131,599</u>    | <u>186,109</u> | <u>234,742</u> | <u>265,120</u>   |
| CURRENT ASSETS   |                     |                   |                |                |                  |
| Inventories . . . . .                                    | 23                  | 57,015            | 76,378         | 100,474        | 131,891          |
| Prepaid tax . . . . .                                    | 32                  | 1,756             | 3,123          | 3,211          | 4,996            |
| Trade and bills receivables . . . . .                    | 24                  | 293               | 333            | 280            | 561              |
| Prepayments, deposits and other<br>receivables . . . . . | 25                  | 13,856            | 18,453         | 18,654         | 20,586           |
| Derivative financial instrument . . . . .                | 26                  | —                 | —              | 19             | 28               |
| Restricted cash . . . . .                                | 27                  | 2,212             | 2,131          | 4,139          | 6,048            |
| Cash and cash equivalents . . . . .                      | 27                  | 44,048            | 48,585         | 69,525         | 74,761           |
| Total current assets . . . . .                           |                     | <u>119,180</u>    | <u>149,003</u> | <u>196,302</u> | <u>238,871</u>   |
| CURRENT LIABILITIES                                      |                     |                   |                |                |                  |
| Trade and bills payables . . . . .                       | 28                  | 20,782            | 25,662         | 34,628         | 35,383           |
| Other payables and accruals . . . . .                    | 29                  | 80,900            | 103,872        | 117,009        | 144,946          |
| Interest-bearing bank and other<br>borrowings . . . . .  | 30                  | 16,611            | 21,681         | 21,016         | 34,184           |
| Government grants . . . . .                              | 31                  | —                 | 191            | 450            | 487              |
| Dividend payables . . . . .                              |                     | —                 | 13             | 13             | 13               |
| Tax payable . . . . .                                    | 32                  | 5,586             | 5,710          | 7,161          | 4,347            |
| Total current liabilities . . . . .                      |                     | <u>123,879</u>    | <u>157,129</u> | <u>180,277</u> | <u>219,360</u>   |
| NET CURRENT ASSETS/<br>(LIABILITIES) . . . . .           |                     | <u>(4,699)</u>    | <u>(8,126)</u> | <u>16,025</u>  | <u>19,511</u>    |
| TOTAL ASSETS LESS CURRENT<br>LIABILITIES . . . . .       |                     | <u>126,900</u>    | <u>177,983</u> | <u>250,767</u> | <u>284,631</u>   |

|   | Section II<br>Notes | As at 31 December |                |                | As at<br>30 June |
|---|---------------------|-------------------|----------------|----------------|------------------|
|   |                     | 2011              | 2012           | 2013           | 2014             |
|   |                     | RMB'million       | RMB'million    | RMB'million    | RMB'million      |
| TOTAL ASSETS LESS CURRENT                               |                     |                   |                |                |                  |
| LIABILITIES . . . . .                                   |                     | <u>126,900</u>    | <u>177,983</u> | <u>250,767</u> | <u>284,631</u>   |
| NON-CURRENT LIABILITIES                                 |                     |                   |                |                |                  |
| Convertible bonds . . . . .                             | 33                  | —                 | —              | 61             | 76               |
| Guaranteed bonds . . . . .                              | 34                  | —                 | —              | 3,614          | 7,250            |
| Interest-bearing bank and other<br>borrowings . . . . . | 30                  | 53,136            | 71,547         | 109,302        | 138,178          |
| Government grants . . . . .                             | 31                  | —                 | 134            | 306            | 791              |
| Deferred tax liabilities . . . . .                      | 21                  | 13,223            | 18,951         | 23,612         | 25,713           |
| Other non-current liabilities . . . . .                 |                     | —                 | —              | —              | 3                |
| Total non-current liabilities . . . . .                 |                     | <u>66,359</u>     | <u>90,632</u>  | <u>136,895</u> | <u>172,011</u>   |
| Net assets . . . . .                                    |                     | <u>60,541</u>     | <u>87,351</u>  | <u>113,872</u> | <u>112,620</u>   |
| EQUITY  |                     |                   |                |                |                  |
| Equity attributable to owners of the<br>parent          |                     |                   |                |                |                  |
| Issued capital . . . . .                                | 35                  | 3,736             | 3,736          | 3,736          | 3,736            |
| Reserves . . . . .                                      | 36                  | <u>56,733</u>     | <u>81,991</u>  | <u>104,550</u> | <u>105,875</u>   |
|   |                     | 60,469            | 85,727         | 108,286        | 109,611          |
| Non-controlling interests . . . . .                     |                     | <u>72</u>         | <u>1,624</u>   | <u>5,586</u>   | <u>3,009</u>     |
| Total equity . . . . .                                  |                     | <u>60,541</u>     | <u>87,351</u>  | <u>113,872</u> | <u>112,620</u>   |

## (D) CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

|  | Attributable to owners of the parent          |   |   |   |   |   |                                    |                      |   |                             | Total equity<br>RMB'million |         |
|--|---|---|---|---|---|---|------------------------------------|----------------------|---|-----------------------------|-----------------------------|---------|
|  | Issued<br>capital<br>RMB'million<br>(note 35) | Share<br>premium<br>RMB'million<br>(note 36(a)) | Capital<br>reserve<br>RMB'million<br>(note 36(b)) | Revaluation<br>reserve<br>RMB'million<br>(note 36(c)) | Statutory<br>reserve<br>RMB'million<br>(note 36(d)) | Exchange<br>fluctuation<br>reserve<br>RMB'million | Retained<br>profits<br>RMB'million | Total<br>RMB'million | Non-<br>controlling<br>interests<br>RMB'million | Total equity<br>RMB'million |                             |         |
|  |   |   |   |   |   |   |                                    |                      |   |                             |                             | 244     |
| At 1 January 2011 . . . . .                                      | 3,736   | 7   | —   | —   | —   | —   | —                                  | 19,779               | —   | —                           | —                           | —       |
| Profit for the year . . . . .                                    | —   | —   | —   | —   | —   | —   | —                                  | 19,779               | —   | —                           | —                           | —       |
| Other comprehensive income for the<br>year . . . . .             | —   | —   | —   | —   | —   | —   | —                                  | —                    | —   | —                           | —                           | —       |
| Total comprehensive income for the<br>year . . . . .             | —   | —   | —   | —   | —   | —   | —                                  | 19,779               | (4)   | —                           | —                           | 19,775  |
| Business combination under common<br>control (note 37) . . . . . | —   | —   | (220)   | —   | —   | —   | —                                  | (1,935)              | —   | —                           | —                           | (1,935) |
| Transfer from retained profits . . . . .                         | —   | —   | —   | —   | 496   | —   | —                                  | (496)                | —   | —                           | —                           | —       |
| At 31 December 2011 . . . . .                                    | 3,736   | 7*  | 24*   | 35*   | 639*  | —*  | —                                  | 56,028*              | 72  | —                           | —                           | 60,541  |
| At 1 January 2012 . . . . .                                      | 3,736   | 7   | 24  | 35  | 639   | —   | —                                  | 56,028               | 72  | —                           | —                           | 60,541  |
| Profit for the year . . . . .                                    | —   | —   | —   | —   | —   | —   | —                                  | 27,310               | 511   | —                           | —                           | 27,821  |
| Other comprehensive income for the<br>year . . . . .             | —   | —   | —   | —   | —   | —   | —                                  | —                    | —   | —                           | —                           | —       |
| Total comprehensive income for the<br>year . . . . .             | —   | —   | —   | —   | —   | —   | —                                  | 27,310               | 511   | —                           | —                           | 27,821  |
| Acquisition of a subsidiary (note 38) . . . . .                  | —   | —   | —   | —   | —   | —   | —                                  | —                    | 879   | —                           | —                           | 879     |
| Transfer from retained profits . . . . .                         | —   | —   | —   | —   | 461   | —   | —                                  | (461)                | —   | —                           | —                           | —       |
| Disposal of non-controlling interests . . . . .                  | —   | —   | (24)**  | —   | —   | —   | —                                  | (48)**               | —   | —                           | —                           | —       |
| Dividend declared . . . . .                                      | —   | —   | —   | —   | —   | —   | —                                  | (1,980)              | —   | —                           | —                           | (1,980) |
| At 31 December 2012 . . . . .                                    | 3,736   | 7*  | —*  | 35*   | 1,100*  | —*  | —                                  | 80,849*              | 1,624   | —                           | —                           | 87,351  |
| At 1 January 2013 . . . . .                                      | 3,736   | 7   | —   | 35  | 1,100   | —   | —                                  | 80,849               | 1,624   | —                           | —                           | 87,351  |
| Profit for the year . . . . .                                    | —   | —   | —   | —   | —   | —   | —                                  | 24,581               | 301   | —                           | —                           | 24,882  |
| Other comprehensive income for the<br>year . . . . .             | —   | —   | —   | —   | —   | 11  | —                                  | —                    | 4   | —                           | —                           | 15      |
| Total comprehensive income for the<br>year . . . . .             | —   | —   | —   | —   | —   | 11  | —                                  | 24,581               | 305   | —                           | —                           | 24,897  |

continued/...

|   | Attributable to owners of the parent |                          |                          |                          |                          |                              |                  |             |                           |              |
|---|--------------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|------------------------------|------------------|-------------|---------------------------|--------------|
|   | Issued capital                       | Share premium            | Capital reserve          | Revaluation reserve      | Statutory reserve        | Exchange fluctuation reserve | Retained profits | Total       | Non-controlling interests | Total equity |
|   | RMB'million (note 35)                | RMB'million (note 36(a)) | RMB'million (note 36(b)) | RMB'million (note 36(c)) | RMB'million (note 36(d)) | RMB'million                  | RMB'million      | RMB'million | RMB'million               | RMB'million  |
| Capital contribution from non-controlling interests . . . . . | —                                    | —                        | —                        | —                        | —                        | —                            | —                | —           | 2,940                     | 2,940        |
| Acquisition of a subsidiary (note 38) . . . . .               | —                                    | —                        | —                        | —                        | —                        | —                            | —                | —           | 813                       | 813          |
| Transfer from retained profits . . . . .                      | —                                    | —                        | —                        | —                        | 429                      | —                            | (429)            | —           | —                         | —            |
| Acquisition of non-controlling interests . . . . .            | —                                    | —                        | —                        | —                        | —                        | —                            | (34)**           | (34)        | (96)                      | (130)        |
| Dividend declared and paid . . . . .                          | —                                    | —                        | —                        | —                        | —                        | —                            | (1,999)          | (1,999)     | —                         | (1,999)      |
| At 31 December 2013 . . . . .                                 | 3,736                                | 7*                       | —*                       | 35*                      | 1,529*                   | 11*                          | 102,968*         | 108,286     | 5,586                     | 113,872      |
| At 1 January 2014 . . . . .                                   | 3,736                                | 7                        | —                        | 35                       | 1,529                    | 11                           | 102,968          | 108,286     | 5,586                     | 113,872      |
| Profit for the period . . . . .                               | —                                    | —                        | —                        | —                        | —                        | —                            | 4,965            | 4,965       | (48)                      | 4,917        |
| Other comprehensive income for the period . . . . .           | —                                    | —                        | —                        | —                        | —                        | (26)                         | —                | (26)        | (4)                       | (30)         |
| Total comprehensive income for the period . . . . .           | —                                    | —                        | —                        | —                        | —                        | (26)                         | 4,965            | 4,939       | (52)                      | 4,887        |
| Capital contribution from non-controlling interests . . . . . | —                                    | —                        | —                        | —                        | —                        | —                            | —                | —           | 671                       | 671          |
| Acquisition of subsidiaries (note 38) . . . . .               | —                                    | —                        | —                        | —                        | —                        | —                            | —                | —           | 108                       | 108          |
| Acquisition of non-controlling interests . . . . .            | —                                    | —                        | —                        | —                        | —                        | —                            | (1,615)**        | (1,615)     | (3,304)                   | (4,919)      |
| Dividend declared and paid . . . . .                          | —                                    | —                        | —                        | —                        | —                        | —                            | (1,999)          | (1,999)     | —                         | (1,999)      |
| At 30 June 2014 . . . . .                                     | 3,736                                | 7*                       | —*                       | 35*                      | 1,529*                   | (15)*                        | 104,319*         | 109,611     | 3,009                     | 112,620      |

\* These reserve accounts comprise the consolidated reserves of RMB56,733 million, RMB81,991 million, RMB104,550 million and RMB105,875 million in the consolidated statements of financial position at 31 December 2011, 2012, 2013 and 30 June 2014, respectively.

\*\* Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received are directly recognised in equity, and attributed to the owners of the parent. The differences were first recognised in capital reserve, and then to retained profits if the capital reserve was reversed to zero.

| Attributable to owners of the parent                          |                |               |                 |                     |                   |                              |                  |             |                           |              |
|---|----------------|---------------|-----------------|---------------------|-------------------|------------------------------|------------------|-------------|---------------------------|--------------|
|   | Issued capital | Share premium | Capital reserve | Revaluation reserve | Statutory reserve | Exchange fluctuation reserve | Retained profits | Total       | Non-controlling interests | Total equity |
|   | RMB'million    | RMB'million   | RMB'million     | RMB'million         | RMB'million       | RMB'million                  | RMB'million      | RMB'million | RMB'million               | RMB'million  |
| At 1 January 2013 . . . . .                                   | 3,736          | 7             | —               | 35                  | 1,100             | —                            | 80,849           | 85,727      | 1,624                     | 87,351       |
| Profit for the period . . . . .                               | —              | —             | —               | —                   | —                 | —                            | 9,313            | 9,313       | 773                       | 10,086       |
| Other comprehensive income for the period . . . . .           | —              | —             | —               | —                   | —                 | (5)                          | —                | (5)         | (3)                       | (8)          |
| Total comprehensive income for the period . . . . .           | —              | —             | —               | —                   | —                 | (5)                          | 9,313            | 9,308       | 770                       | 10,078       |
| Capital contribution from non-controlling interests . . . . . | —              | —             | —               | —                   | —                 | —                            | —                | —           | 750                       | 750          |
| Acquisition of a subsidiary (note 38) . . . . .               | —              | —             | —               | —                   | —                 | —                            | —                | —           | 813                       | 813          |
| Transfer from retained profits . . . . .                      | —              | —             | —               | —                   | 212               | —                            | (212)            | —           | —                         | —            |
| Acquisition of non-controlling interests . . . . .            | —              | —             | —               | —                   | —                 | —                            | (34)             | (34)        | (96)                      | (130)        |
| Dividend declared and paid . . . . .                          | —              | —             | —               | —                   | —                 | —                            | (1,999)          | (1,999)     | —                         | (1,999)      |
| At 30 June 2013 . . . . .                                     | 3,736          | 7             | —               | 35                  | 1,312             | (5)                          | 87,917           | 93,002      | 3,861                     | 96,863       |

## (E) CONSOLIDATED STATEMENTS OF CASH FLOWS

|  | Section II<br>Notes | Year ended 31 December |             |             | Six months ended<br>30 June |             |
|--|---------------------|------------------------|-------------|-------------|-----------------------------|-------------|
|  |                     | 2011                   | 2012        | 2013        | 2013                        | 2014        |
|  |                     | RMB'million            | RMB'million | RMB'million | RMB'million<br>(Unaudited)  | RMB'million |
| CASH FLOWS FROM OPERATING ACTIVITIES   |                     |                        |             |             |                             |             |
| Profit before tax . . . . .  |                     | 30,841                 | 43,264      | 41,492      | 16,886                      | 8,385       |
| Adjustments for:   |                     |                        |             |             |                             |             |
| Finance costs . . . . .  | 7                   | 3,056                  | 3,861       | 5,855       | 2,780                       | 3,640       |
| Share of loss of an associate . . . . .  |                     | —                      | —           | 9           | —                           | 1           |
| Interest income . . . . .  | 5                   | (520)                  | (360)       | (531)       | (259)                       | (256)       |
| Depreciation of property, plant and equipment . . . . .                          | 6                   | 517                    | 881         | 1,054       | 455                         | 610         |
| Impairment of trade receivables . . . . .  | 6                   | 5                      | 5           | —           | —                           | 15          |
| Impairment of other receivables . . . . .  | 6                   | 11                     | 35          | 51          | 17                          | (15)        |
| Amortisation of prepaid land lease payments . . . . .                            | 6                   | 45                     | 79          | 100         | 41                          | 57          |
| Amortisation of other intangible assets . . . . .                                | 6                   | 3                      | 10          | 17          | 8                           | 13          |
| Loss/(gain) on disposal of items of property, plant and equipment, net . . . . . | 6                   | 1                      | (1)         | 1           | —                           | —           |
| Gain on bargain purchase . . . . .   | 38                  | —                      | —           | (75)        | —                           | (2)         |
| Loss on disposal of investment properties . . . . .                              | 6                   | 2                      | 8           | —           | —                           | —           |
| Gain on disposal of subsidiaries . . . . .                                       | 5                   | —                      | —           | (113)       | —                           | (387)       |
| Gain on disposal of available-for-sale investment . . . . .                      |                     | —                      | —           | —           | —                           | (40)        |
| Remeasurement loss of equity interest in an associate . . . . .                  | 38                  | —                      | —           | —           | —                           | 8           |
| Changes in fair value of derivative financial instruments . . . . .              | 5                   | —                      | —           | —           | —                           | (1)         |
| Increase in fair value of investment properties . . . . .                        |                     | (13,992)               | (21,898)    | (15,443)    | (7,832)                     | (5,227)     |
|  |                     | 19,969                 | 25,884      | 32,417      | 12,096                      | 6,801       |
| Increase in inventories . . . . .  |                     | (17,359)               | (16,423)    | (24,121)    | (10,631)                    | (26,873)    |
| (Increase)/decrease in trade and bills receivables . . . . .                     |                     | (111)                  | (77)        | 102         | 188                         | (4)         |
| (Increase)/decrease in prepayments, deposits and other receivables . . . . .     |                     | (2,804)                | (4,850)     | (556)       | 216                         | (1,320)     |
| Decrease in long-term receivables . . . . .                                      |                     | 1                      | —           | —           | —                           | —           |
| Decrease/(increase) in restricted cash . . . . .                                 |                     | (1,478)                | 81          | (2,008)     | (471)                       | (1,909)     |
| Increase/(decrease) in trade and bills payables . . . . .                        |                     | 12,553                 | 4,639       | 8,966       | (1,359)                     | 325         |

|   | Section II<br>Notes | Year ended 31 December |             |             | Six months ended<br>30 June |             |
|---|---------------------|------------------------|-------------|-------------|-----------------------------|-------------|
|   |                     | 2011                   | 2012        | 2013        | 2013                        | 2014        |
|   |                     | RMB'million            | RMB'million | RMB'million | RMB'million<br>(Unaudited)  | RMB'million |
| Increase in other payables and<br>accruals . . . . .                          |                     | 36,239                 | 14,989      | 5,063       | 6,869                       | 21,998      |
| Increase in government grants . . . . .                                       |                     | —                      | 325         | 431         | 6                           | 522         |
| Cash generated from / (used in)<br>operations . . . . .                       |                     | 47,010                 | 24,568      | 20,294      | 6,914                       | (460)       |
| Interest received . . . . .   |                     | 520                    | 360         | 531         | 259                         | 256         |
| Interest paid . . . . .   |                     | (1,445)                | (1,888)     | (2,338)     | (1,026)                     | (1,826)     |
| Corporate income tax and land<br>appreciation tax paid . . . . .              |                     | (10,203)               | (11,559)    | (11,680)    | (7,746)                     | (6,923)     |
| Net cash flows from/(used in)<br>operating activities . . . . .               |                     | 35,882                 | 11,481      | 6,807       | (1,599)                     | (8,953)     |
| <b>CASH FLOWS FROM INVESTING<br/>ACTIVITIES</b>                               |                     |                        |             |             |                             |             |
| Purchases of items of property,<br>plant and equipment . . . . .              |                     | (4,435)                | (3,255)     | (5,207)     | (1,176)                     | (3,258)     |
| Additions to investment properties . . . . .                                  |                     | (17,256)               | (19,550)    | (14,953)    | (4,924)                     | (16,314)    |
| Additions to prepaid land lease<br>payments . . . . .                         |                     | (1,271)                | (1,474)     | (772)       | (472)                       | (997)       |
| Additions to other intangible<br>assets . . . . .                             |                     | (38)                   | (42)        | (90)        | (24)                        | (38)        |
| Purchases of available-for-sale<br>investments . . . . .                      |                     | (8)                    | —           | (30)        | (30)                        | —           |
| Proceeds of disposal of available-<br>for-sale investments . . . . .          |                     | —                      | —           | 3           | —                           | 42          |
| Acquisitions of subsidiaries . . . . .  | 38                  | (1,635)                | (226)       | (443)       | (454)                       | (162)       |
| Proceeds from disposal of items of<br>property, plant and equipment . . . . . |                     | 20                     | 13          | 119         | 30                          | 30          |
| Proceeds from disposal of<br>investment properties . . . . .                  |                     | 9                      | —           | —           | —                           | —           |
| Cash flows relating to disposal of<br>subsidiaries . . . . .                  | 39                  | —                      | —           | (1,083)     | —                           | 533         |
| Additions to investment in an<br>associate . . . . .                          | 19                  | —                      | —           | (123)       | (123)                       | —           |
| Interest paid . . . . .   |                     | (778)                  | (961)       | (1,204)     | (648)                       | (745)       |
| Net cash flows used in investing<br>activities . . . . .                      |                     | (25,392)               | (25,495)    | (23,783)    | (7,821)                     | (20,909)    |



|   | Section II<br>Notes | Year ended 31 December |               |               | Six months ended<br>30 June |               |
|---|---------------------|------------------------|---------------|---------------|-----------------------------|---------------|
|   |                     | 2011                   | 2012          | 2013          | 2013                        | 2014          |
|   |                     | RMB'million            | RMB'million   | RMB'million   | RMB'million<br>(Unaudited)  | RMB'million   |
| CASH FLOWS FROM FINANCING<br>ACTIVITIES   |                     |                        |               |               |                             |               |
| Net proceeds from issue of bonds . . . . .  |                     | —                      | —             | 3,614         | —                           | 3,662         |
| New bank loans . . . . .  |                     | 39,478                 | 57,470        | 80,745        | 47,272                      | 61,497        |
| Repayment of bank loans . . . . .   |                     | (30,370)               | (33,848)      | (40,304)      | (9,263)                     | (20,267)      |
| Interest and bank charge paid . . . . .   |                     | (8,705)                | (3,194)       | (6,962)       | (2,672)                     | (3,509)       |
| Dividends paid . . . . .  |                     | —                      | (1,967)       | (1,999)       | (1,999)                     | (1,999)       |
| Capital contributions from<br>non-controlling interests . . . . .                           |                     | —                      | —             | 2,940         | 750                         | 671           |
| Proceeds from disposal of<br>non-controlling interests . . . . .                            |                     | —                      | 90            | —             | —                           | —             |
| Business combination under<br>common control . . . . .                                      | 37                  | (1,935)                | —             | —             | —                           | —             |
| Acquisition of non-controlling<br>interests . . . . .                                       |                     | —                      | —             | (130)         | (130)                       | (4,919)       |
| Net cash flows (used in)/ from<br>financing activities . . . . .                            |                     | (1,532)                | 18,551        | 37,904        | 33,958                      | 35,136        |
| NET INCREASE IN CASH AND<br>CASH EQUIVALENTS . . . . .                                      |                     |                        |               |               |                             |               |
| Cash and cash equivalents at<br>beginning of year/period . . . . .                          |                     | 35,090                 | 44,048        | 48,585        | 48,585                      | 69,525        |
| Effect of foreign exchange rate<br>changes, net . . . . .                                   |                     | —                      | —             | 12            | (8)                         | (38)          |
| CASH AND CASH EQUIVALENTS<br>AT END OF YEAR/PERIOD . . . . .                                |                     | <u>44,048</u>          | <u>48,585</u> | <u>69,525</u> | <u>73,115</u>               | <u>74,761</u> |
| ANALYSIS OF BALANCES OF<br>CASH AND CASH<br>EQUIVALENTS                                     |                     |                        |               |               |                             |               |
| Cash and cash equivalents as<br>stated in the statements of<br>financial position . . . . . |                     | <u>44,048</u>          | <u>48,585</u> | <u>69,525</u> | <u>73,115</u>               | <u>74,761</u> |
| Cash and cash equivalents as<br>stated in the statements of cash<br>flows . . . . .         |                     | <u>44,048</u>          | <u>48,585</u> | <u>69,525</u> | <u>73,115</u>               | <u>74,761</u> |

## (F) STATEMENTS OF FINANCIAL POSITION

|  | Section II<br>Notes | As at 31 December |             |             | As at<br>30 June |
|--|---------------------|-------------------|-------------|-------------|------------------|
|  |                     | 2011              | 2012        | 2013        | 2014             |
|  |                     | RMB'million       | RMB'million | RMB'million | RMB'million      |
| <b>NON-CURRENT ASSETS</b>                                |                     |                   |             |             |                  |
| Property, plant and equipment . . . . .                  | 14                  | 900               | 1,143       | 1,115       | 1,100            |
| Investment properties . . . . .                          | 15                  | 905               | 1,452       | 1,470       | 1,415            |
| Prepaid land lease payments . . . . .                    | 16                  | 335               | 329         | 321         | 316              |
| Other intangible assets . . . . .                        |                     | 14                | 27          | 59          | 68               |
| Investment in an associate . . . . .                     | 19                  | —                 | —           | 114         | —                |
| Investments in subsidiaries . . . . .                    | 20                  | 42,892            | 58,993      | 84,683      | 105,877          |
| Long-term receivables . . . . .                          |                     | —                 | 11          | 11          | 11               |
| Deferred tax assets . . . . .                            |                     | 88                | 101         | —           | —                |
| Available-for-sale investments . . . . .                 | 22                  | 10                | 10          | 37          | 35               |
| Total non-current assets . . . . .                       |                     | 45,144            | 62,066      | 87,810      | 108,822          |
| <b>CURRENT ASSETS</b>                                    |                     |                   |             |             |                  |
| Inventories . . . . .                                    | 23                  | 1,053             | 782         | 381         | 351              |
| Prepaid tax . . . . .                                    | 32                  | 18                | 71          | —           | —                |
| Trade and bills receivables . . . . .                    | 24                  | 5                 | 6           | 7           | 269              |
| Prepayments, deposits and other<br>receivables . . . . . | 25                  | 16,956            | 22,547      | 25,813      | 32,843           |
| Restricted cash . . . . .                                | 27                  | —                 | —           | 174         | 249              |
| Cash and cash equivalents . . . . .                      | 27                  | 12,924            | 7,373       | 10,028      | 6,833            |
| Total current assets . . . . .                           |                     | 30,956            | 30,779      | 36,403      | 40,545           |
| <b>CURRENT LIABILITIES</b>                               |                     |                   |             |             |                  |
| Trade and bills payables . . . . .                       | 28                  | 557               | 394         | 134         | 96               |
| Other payables and accruals . . . . .                    | 29                  | 53,303            | 64,848      | 89,893      | 104,899          |
| Interest-bearing bank and other<br>borrowings . . . . .  | 30                  | 10,605            | 6,786       | 6,641       | 12,839           |
| Dividend payables . . . . .                              |                     | —                 | 13          | 13          | 13               |
| Tax payable . . . . .                                    | 32                  | 61                | 66          | 66          | 378              |
| Total current liabilities . . . . .                      |                     | 64,526            | 72,107      | 96,747      | 118,225          |
| NET CURRENT LIABILITIES . . . . .                        |                     | (33,570)          | (41,328)    | (60,344)    | (77,680)         |

|  | Section II<br>Notes | As at 31 December   |                      |                      | As at                |
|--|---------------------|---------------------|----------------------|----------------------|----------------------|
|  |                     | 2011                | 2012                 | 2013                 | 30 June              |
|  |                     | RMB'million         | RMB'million          | RMB'million          | RMB'million          |
| TOTAL ASSETS LESS CURRENT LIABILITIES . . . . .      |                     | <u>11,574</u>       | <u>20,738</u>        | <u>27,466</u>        | <u>31,142</u>        |
| NON-CURRENT LIABILITIES                              |                     |                     |                      |                      |                      |
| Interest-bearing bank and other borrowings . . . . . | 30                  | 3,586               | 9,799                | 14,200               | 14,560               |
| Deferred tax liabilities . . . . .                   |                     | <u>30</u>           | <u>111</u>           | <u>121</u>           | <u>109</u>           |
| Total non-current liabilities . . . . .              |                     | <u>3,616</u>        | <u>9,910</u>         | <u>14,321</u>        | <u>14,669</u>        |
| Net assets. . . . .                                  |                     | <u><u>7,958</u></u> | <u><u>10,828</u></u> | <u><u>13,145</u></u> | <u><u>16,473</u></u> |
| EQUITY   |                     |                     |                      |                      |                      |
| Equity attributable to owners of the parent          |                     |                     |                      |                      |                      |
| Share capital . . . . .                              | 35                  | 3,736               | 3,736                | 3,736                | 3,736                |
| Reserves . . . . .                                   | 36                  | <u>4,222</u>        | <u>7,092</u>         | <u>9,409</u>         | <u>12,737</u>        |
| Total equity . . . . .                               |                     | <u><u>7,958</u></u> | <u><u>10,828</u></u> | <u><u>13,145</u></u> | <u><u>16,473</u></u> |

## II. NOTES TO FINANCIAL INFORMATION

## 1. Corporate 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, China.

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

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.

As at the end of the Relevant Periods, the Company had direct and indirect interests in its subsidiaries, most of which are private limited liability companies, the particulars of which are set out below:

| English Name  | Chinese Name    | Place and date of incorporation/ registration and business | Nominal value of issued ordinary/ registered capital | Percentage of equity attributable to the Company as at 30 June 2014 |          | Principal activities |
|---|-----------------|--|--|---|----------|----------------------|
|   |                 |  |  | Direct  | Indirect |                      |
| <b>RMB'000</b>  |                 |  |  |   |          |                      |
| Fujian Zhonglv Real Estate Development Co., Ltd.***   | 福建中旅房地產開發有限公司   | PRC<br>25 November 1992                                    | 129,820  | —   | 95%      | Property development |
| Shanxi Huayuan Real Estate Development Co., Ltd.      | 陝西華源房地產開發有限公司   | PRC<br>26 November 1992                                    | 100,000  | 100%  | —        | Property development |
| Beijing Wanda Plaza Real Estate Development Co., Ltd. | 北京萬達廣場房地產開發有限公司 | PRC<br>10 October 1999                                     | 200,000  | 100%  | —        | Property development |
| Dalian Pearl Real Estate Development Co., Ltd.        | 大連明珠房地產開發有限公司   | PRC<br>15 January 2001                                     | 150,000  | 100%  | —        | Property development |
| Nanjing Wanda Real Estate Development Co., Ltd.       | 南京萬達房地產開發有限公司   | PRC<br>28 August 2001                                      | 115,000  | 100%  | —        | Property development |
| Beijing Jingcang Health Property Co., Ltd.            | 北京景藏健康置業有限公司    | PRC<br>12 March 2002                                       | 60,000   | 100%  | —        | Property development |

| English Name  | Chinese Name   | Place and date of incorporation/ registration and business | Nominal value of issued ordinary/ registered capital | Percentage of equity attributable to the Company as at 30 June 2014 |          | Principal activities |
|---|----------------|--|--|---|----------|----------------------|
|   |                |  |  | Direct  | Indirect |                      |
| RMB'000   |                |  |  |   |          |                      |
| Nanchang Wanda Real Estate Development Co., Ltd.    | 南昌萬達房地產開發有限公司  | PRC<br>23 April 2002                                       | 50,000   | 100%  | —        | Property development |
| Shanghai Wanda commercial Plaza Property Co., Ltd.  | 上海萬達商業廣場置業有限公司 | PRC<br>13 December 2002                                    | 80,000   | 100%  | —        | Property development |
| Ningbo Wanda Commercial Plaza Co., Ltd.             | 寧波萬達商業廣場有限公司   | PRC<br>16 February 2004                                    | 50,000   | 100%  | —        | Property development |
| Ningbo Wanda Property Co., Ltd.                     | 寧波萬達置業有限公司     | PRC<br>1 September 2004                                    | 50,000   | 100%  | —        | Property development |
| Xi'an Wanda Commercial Plaza Co., Ltd.              | 西安萬達商業廣場有限公司   | PRC<br>2 September 2005                                    | 50,000   | 100%  | —        | Property development |
| Suzhou Wanda Plaza Investment Co., Ltd.             | 蘇州萬達廣場投資有限公司   | PRC<br>19 January 2006                                     | 90,000   | 100%  | —        | Property development |
| Harbin Wanda Commercial Investment Co., Ltd.        | 哈爾濱萬達商業投資有限公司  | PRC<br>15 March 2006                                       | 50,000   | 100%  | —        | Property development |
| Chengdu Wanda commercial Plaza Investment Co., Ltd. | 成都萬達商業廣場投資有限公司 | PRC<br>20 March 2006                                       | 100,000  | 100%  | —        | Property development |
| Chongqing Wanda Commercial Plaza Co., Ltd.          | 重慶萬達商業廣場有限公司   | PRC<br>10 May 2006   | 200,000  | 100%  | —        | Property development |
| Wuxi Wanda commercial Plaza Investment Co., Ltd.    | 無錫萬達商業廣場投資有限公司 | PRC<br>19 October 2006                                     | 100,000  | 100%  | —        | Property development |
| Shenyang Wanda Real Estate Co., Ltd.                | 瀋陽萬達房地產有限公司    | PRC<br>26 October 2006                                     | 1,600,000  | 100%  | —        | Property development |
| Taiyuan Wanda Plaza Co., Ltd.                       | 太原萬達廣場有限公司     | PRC<br>8 February 2007                                     | 100,000  | 100%  | —        | Property development |

## APPENDIX I

## ACCOUNTANTS' REPORT

| English Name                                     | Chinese Name   | Place and date of incorporation/ registration and business | Nominal value of issued ordinary/ registered capital | Percentage of equity attributable to the Company as at 30 June 2014 |          | Principal activities                  |
|--|----------------|--|--|---|----------|---------------------------------------|
|  |                |  |  | Direct  | Indirect |                                       |
|  |                |  | RMB'000  |   |          |                                       |
| Wanda Hotel Investment and Development Co., Ltd. | 萬達酒店建設有限公司     | PRC<br>13 April 2007                                       | 50,000   | 100%  | —        | Hotel management service              |
| Beijing Yinhe Wanda Property Co., Ltd.           | 北京銀河萬達置業有限公司   | PRC<br>29 May 2007   | 28,000   | 100%  | —        | Hotel operations                      |
| Nanjing Wanda Plaza Investment Co., Ltd.         | 南京萬達廣場投資有限公司   | PRC<br>16 August 2007                                      | 300,000  | 100%  | —        | Property development                  |
| Qingdao Wanda Plaza Property Co., Ltd.           | 青島萬達廣場置業有限公司   | PRC<br>24 September 2007                                   | 50,000   | 100%  | —        | Property development                  |
| Jilin Diwang Property Development Co., Ltd.      | 吉林省地王置業開發有限公司  | PRC<br>29 September 2007                                   | 1,050,000  | 100%  | —        | Property development                  |
| Jinan Wanda Commercial Plaza Property Co., Ltd.  | 濟南萬達商業廣場置業有限公司 | PRC<br>30 October 2007                                     | 100,000  | 100%  | —        | Property development                  |
| Shanghai Wanda Plaza Property Co., Ltd.          | 上海萬達廣場置業有限公司   | PRC<br>20 November 2007                                    | 100,000  | 100%  | —        | Property development                  |
| Huai'an Wanda Plaza Investment Co., Ltd.         | 淮安萬達廣場投資有限公司   | PRC<br>28 December 2007                                    | 170,000  | 100%  | —        | Property development                  |
| Shanxi Yinfengminle Property Co., Ltd.           | 陝西銀豐民樂置業有限公司   | PRC<br>30 May 2008   | 50,000   | 100%  | —        | Property development                  |
| Tangshan Wanda Plaza Investment Co., Ltd.        | 唐山萬達廣場投資有限公司   | PRC<br>12 November 2008                                    | 2,400,000  | 100%  | —        | Property development                  |
| Luoyang Wanda Jianye Property Co., Ltd.          | 洛陽萬達建業置業有限公司   | PRC<br>19 December 2008                                    | 50,000   | 100%  | —        | Property development                  |
| Shijiazhuang Wanda Plaza Investment Co., Ltd.    | 石家莊萬達廣場投資有限公司* | PRC<br>29 December 2008                                    | 3,125,000  | 100%  | —        | Property leasing and hotel operations |
| Shanghai Jiading Wanda Investment Co., Ltd.      | 上海嘉定萬達投資有限公司   | PRC<br>11 February 2009                                    | 50,000   | 100%  | —        | Property leasing                      |

## APPENDIX I

## ACCOUNTANTS' REPORT

| English Name                                     | Chinese Name    | Place and date of incorporation/ registration and business | Nominal value of issued ordinary/ registered capital | Percentage of equity attributable to the Company as at 30 June 2014 |          | Principal activities                  |
|--|-----------------|--|--|---|----------|---------------------------------------|
|  |                 |  |  | Direct  | Indirect |                                       |
|  |                 |  | RMB'000  |   |          |                                       |
| Baotou Wanda Plaza Investment Co., Ltd.          | 包頭萬達廣場投資有限公司    | PRC<br>3 April 2009  | 100,000  | 100%  | —        | Property development                  |
| Hohhot Wanda Plaza Investment Co., Ltd.          | 呼和浩特萬達廣場投資有限公司  | PRC<br>7 April 2009  | 100,000  | 100%  | —        | Property development                  |
| Yichang Wanda Plaza Investment Co., Ltd.         | 宜昌萬達廣場投資有限公司    | PRC<br>10 April 2009                                       | 80,000   | 100%  | —        | Property development                  |
| Tianjin Hedong Wanda Plaza Investment Co., Ltd.  | 天津河東萬達廣場投資有限公司* | PRC<br>16 April 2009                                       | 100,000  | 100%  | —        | Property development                  |
| Wuhan Wanda Plaza Investment Co., Ltd.           | 武漢萬達廣場投資有限公司    | PRC<br>28 April 2009                                       | 1,224,490  | 100%  | —        | Property development                  |
| Dalian Yifang Commercial Investment Co., Ltd.    | 大連一方商業投資有限公司    | PRC<br>31 May 2009   | 20,000   | 100%  | —        | Property development                  |
| Fuzhou Wanda Plaza Investment Co., Ltd.          | 福州萬達廣場投資有限公司    | PRC<br>10 June 2009  | 1,100,000  | 100%  | —        | Property leasing and hotel operations |
| Xiangyang Wanda Plaza Investment Co., Ltd.       | 襄陽萬達廣場投資有限公司    | PRC<br>10 June 2009  | 2,080,000  | 100%  | —        | Property development                  |
| Hefei Wanda Plaza Investment Co., Ltd.           | 合肥萬達廣場投資有限公司    | PRC<br>12 June 2009  | 100,000  | 100%  | —        | Property leasing and hotel operations |
| Shaoxing Keqiao Wanda Plaza Investment Co., Ltd. | 紹興柯橋萬達廣場投資有限公司  | PRC<br>31 July 2009  | 2,100,000  | 100%  | —        | Property development                  |
| Ningbo Jiangbei Wanda Plaza Investment Co., Ltd. | 寧波江北萬達廣場投資有限公司  | PRC<br>19 August 2009                                      | 100,000  | 100%  | —        | Property development                  |
| Chengdu Jinniu Wanda Plaza Investment Co., Ltd.  | 成都金牛萬達廣場投資有限公司  | PRC<br>27 August 2009                                      | 2,040,000  | 100%  | —        | Property leasing                      |
| Wuhan Wuchang Wanda Plaza Investment Co., Ltd.   | 武漢武昌萬達廣場投資有限公司  | PRC<br>11 September 2009                                   | 100,000  | 100%  | —        | Hotel operations                      |



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## ACCOUNTANTS' REPORT

| English Name                                      | Chinese Name    | Place and date of incorporation/ registration and business | Nominal value of issued ordinary/ registered capital | Percentage of equity attributable to the Company as at 30 June 2014 |          | Principal activities |
|---|-----------------|--|--|---|----------|----------------------|
|   |                 |  |  | Direct  | Indirect |                      |
| RMB'000   |                 |  |  |   |          |                      |
| Zhengzhou Wanda Plaza Investment Co., Ltd.        | 鄭州萬達廣場投資有限公司*   | PRC<br>14 October 2009                                     | 2,050,000  | 100%  | —        | Property development |
| Guangzhou Wanda Plaza Investment Co., Ltd.        | 廣州萬達廣場投資有限公司*   | PRC<br>20 October 2009                                     | 1,632,650  | 100%  | —        | Property development |
| Daqing Saertu Wanda Plaza Investment Co., Ltd.    | 大慶薩爾圖萬達廣場投資有限公司 | PRC<br>3 November 2009                                     | 100,000  | 100%  | —        | Property development |
| Zhenjiang Wanda Plaza Investment Co., Ltd.        | 鎮江萬達廣場投資有限公司    | PRC<br>25 November 2009                                    | 100,000  | 100%  | —        | Property development |
| Yinchuan Jinfeng Wanda Plaza Investment Co., Ltd. | 銀川金鳳萬達廣場投資有限公司  | PRC<br>10 December 2009                                    | 100,000  | 100%  | —        | Property development |
| Wuhan Wanda Donghu Property Co., Ltd.             | 武漢萬達東湖置業有限公司    | PRC<br>30 December 2009                                    | 2,700,000  | 100%  | —        | Property development |
| Dalian Gaoxin Wanda Plaza Investment Co., Ltd.    | 大連高新萬達廣場投資有限公司  | PRC<br>26 February 2010                                    | 800,000  | —   | 100%     | Property development |
| Xiamen Huli Wanda Plaza Investment Co., Ltd.      | 廈門湖裏萬達廣場投資有限公司  | PRC<br>11 March 2010                                       | 20,000   | 100%  | —        | Property leasing     |
| Wuhan Jingkai Wanda Plaza Investment Co., Ltd.    | 武漢經開萬達廣場投資有限公司  | PRC<br>23 March 2010                                       | 100,000  | 100%  | —        | Property development |
| Taizhou Hailing Wanda Plaza Investment Co., Ltd.  | 泰州海陵萬達廣場投資有限公司  | PRC<br>24 March 2010                                       | 1,250,000  | 100%  | —        | Property development |
| Changsha Kaifu Wanda Plaza Investment Co., Ltd.   | 長沙開福萬達廣場投資有限公司  | PRC<br>19 April 2010                                       | 3,060,000  | 100%  | —        | Property development |
| Langfang Wanda Plaza Investment Co., Ltd.         | 廊坊萬達廣場投資有限公司    | PRC<br>11 May 2010   | 100,000  | 100%  | —        | Property development |

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| English Name   | Chinese Name      | Place and date of incorporation/ registration and business | Nominal value of issued ordinary/ registered capital | Percentage of equity attributable to the Company as at 30 June 2014 |          | Principal activities |
|--|-------------------|--|--|---|----------|----------------------|
|  |                   |  |  | Direct  | Indirect |                      |
|  |                   |  | RMB'000  |   |          |                      |
| Quanzhou Puxi Wanda Plaza Investment Co., Ltd.                   | 泉州浦西萬達廣場投資有限公司    | PRC<br>25 May 2010   | 311,300  | 100%  | —        | Property development |
| Changzhou Xinbei Wanda Plaza Investment Co., Ltd.                | 常州新北萬達廣場投資有限公司    | PRC<br>28 May 2010   | 1,030,000  | 100%  | —        | Property development |
| Chongqing Wanzhou Wanda Commercial Plaza Co., Ltd.               | 重慶萬州萬達商業廣場有限公司    | PRC<br>28 June 2010  | 200,000  | 100%  | —        | Property development |
| Shanghai Baoshan Wanda Investment Co., Ltd.                      | 上海寶山萬達投資有限公司*     | PRC<br>23 July 2010  | 100,000  | 65%   | —        | Property development |
| Langfang Wanda Xueyuan Investment Co., Ltd.                      | 廊坊萬達學苑投資有限公司      | PRC<br>13 August 2010                                      | 50,000   | 100%  | —        | Property development |
| Hefei Tian'e'hu Wanda Plaza Investment Co., Ltd.                 | 合肥天鵝湖萬達廣場投資有限公司   | PRC<br>17 September 2010                                   | 100,000  | 100%  | —        | Property development |
| Nanchang Honggutan Wanda Plaza Investment Co., Ltd.              | 南昌紅穀灘萬達廣場投資有限公司   | PRC<br>9 October 2010                                      | 100,000  | 100%  | —        | Property development |
| Lanzhou Wanda Plaza Investment Co., Ltd.                         | 蘭州萬達廣場投資有限公司      | PRC<br>15 October 2010                                     | 100,000  | 100%  | —        | Property development |
| Xishuangbanna International Tourism Resort Development Co., Ltd. | 西雙版納國際旅遊度假區開發有限公司 | PRC<br>20 October 2010                                     | 2,000,000  | 80%   | —        | Property development |
| Jinjiang Wanda Plaza Co., Ltd.                                   | 晉江萬達廣場有限公司        | PRC<br>26 October 2010                                     | 100,000  | 100%  | —        | Property development |
| Zhengzhou Erqi Wanda Plaza Co., Ltd.                             | 鄭州二七萬達廣場有限公司      | PRC<br>15 November 2010                                    | 100,000  | 100%  | —        | Property leasing     |
| Yantai Zhifu Wanda Plaza Co., Ltd.                               | 煙台芝罘萬達廣場有限公司      | PRC<br>15 November 2010                                    | 50,000   | 70%   | —        | Property development |

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| English Name                                     | Chinese Name    | Place and date of incorporation/ registration and business | Nominal value of issued ordinary/ registered capital | Percentage of equity attributable to the Company as at 30 June 2014 |          | Principal activities                  |
|--|-----------------|--|--|---|----------|---------------------------------------|
|  |                 |  |  | Direct  | Indirect |                                       |
|  |                 |  | RMB'000  |   |          |                                       |
| Ningde Wanda Plaza Co., Ltd.                     | 寧德萬達廣場有限公司      | PRC<br>23 November 2010                                    | 100,000  | 100%  | —        | Property development                  |
| Jiangyin Wanda Plaza Investment Co., Ltd.        | 江陰萬達廣場投資有限公司    | PRC<br>26 November 2010                                    | 1,300,000  | 100%  | —        | Property development                  |
| Zhangzhou Wanda Plaza Co., Ltd.                  | 漳州萬達廣場有限公司      | PRC<br>30 November 2010                                    | 100,000  | 100%  | —        | Property leasing and hotel operations |
| Qingdao Licang Wanda Plaza Investment Co., Ltd.  | 青島李滄萬達廣場投資有限公司* | PRC<br>17 December 2010                                    | 100,000  | 100%  | —        | Property development                  |
| Fushun Wanda Plaza Co., Ltd.                     | 撫順萬達廣場有限公司      | PRC<br>23 December 2010                                    | 100,000  | 100%  | —        | Property development                  |
| Mianyang Fucheng Wanda Plaza Co., Ltd.           | 綿陽涪城萬達廣場有限公司    | PRC<br>4 January 2011                                      | 100,000  | 100%  | —        | Property development                  |
| Changchun Kuancheng Wanda Plaza Co., Ltd.        | 長春寬城萬達廣場有限公司*   | PRC<br>4 January 2011                                      | 100,000  | 100%  | —        | Property development                  |
| Wenzhou Longwan Wanda Plaza Investment Co., Ltd. | 溫州龍灣萬達廣場投資有限公司  | PRC<br>5 January 2011                                      | 100,000  | 100%  | —        | Property leasing                      |
| Harbin Haxi Wanda Plaza Co., Ltd.                | 哈爾濱哈西萬達廣場有限公司*  | PRC<br>19 January 2011                                     | 100,000  | 100%  | —        | Property leasing and hotel operations |
| Wuhu Wanda Plaza Co., Ltd.                       | 蕪湖萬達廣場有限公司*     | PRC<br>21 January 2011                                     | 100,000  | 100%  | —        | Property development                  |
| Taicang Wanda Plaza Investment Co., Ltd.         | 太倉萬達廣場投資有限公司    | PRC<br>23 February 2011                                    | 1,630,000  | 100%  | —        | Property development                  |
| Yixing Wanda Plaza Co., Ltd.                     | 宜興萬達廣場有限公司      | PRC<br>7 March 2011  | 930,000  | 70%   | —        | Property development                  |

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|---|-------------------------|--|--|---|----------|----------------------|
|   |                         |  |  | Direct  | Indirect |                      |
|   |                         |  | RMB'000  |   |          |                      |
| Guangzhou Wannuo Investment Management Co., Ltd.    | 廣州市萬諾投資管理有限公司*          | PRC<br>13 May 2011   | 8,000  | 100%  | —        | Property development |
| Wuxi Huishan Wanda Plaza Co., Ltd.                  | 無錫惠山萬達廣場有限公司            | PRC<br>16 May 2011   | 960,000  | 100%  | —        | Property development |
| Putian Wanda Plaza Co., Ltd.                        | 莆田萬達廣場有限公司              | PRC<br>17 May 2011   | 100,000  | 100%  | —        | Property development |
| Tianjin Wanda Center Investment Co., Ltd.           | 天津萬達中心投資有限公司            | PRC<br>19 May 2011   | 100,000  | 100%  | —        | Property development |
| Fujian Hengli Savills Property Management Co., Ltd. | 福州市恒力第一太平戴維斯物業管理有限公司*** | PRC<br>12 July 2011  | 500  | —   | 55%      | Property development |
| Dongguan Chang'an Wanda Plaza Co., Ltd.             | 東莞長安萬達廣場有限公司*           | PRC<br>25 May 2011   | 100,000  | 100%  | —        | Property development |
| Xiamen Jimei Wanda Plaza Co., Ltd.                  | 廈門集美萬達廣場有限公司            | PRC<br>19 July 2011  | 200,000  | 100%  | —        | Property development |
| Jining Taibailu Wanda Plaza Co., Ltd.               | 濟寧太白路萬達廣場有限公司           | PRC<br>2 August 2011                                       | 100,000  | 100%  | —        | Property development |
| Shenyang Aoti Wanda Plaza Co., Ltd.                 | 瀋陽奧體萬達廣場有限公司*           | PRC<br>8 September 2011                                    | 300,000  | 100%  | —        | Property development |
| Yuyao Wanda Plaza Investment Co., Ltd.              | 余姚萬達廣場投資有限公司            | PRC<br>29 September 2011                                   | 250,000  | 100%  | —        | Property development |
| Xuzhou Wanda Plaza Co., Ltd.                        | 徐州萬達廣場有限公司              | PRC<br>20 October 2011                                     | 350,000  | 100%  | —        | Property development |
| Bengbu Wanda Plaza Co., Ltd.                        | 蚌埠萬達廣場有限公司*             | PRC<br>24 October 2011                                     | 350,000  | 100%  | —        | Property development |
| Xi'an Daminggong Wanda Plaza Co., Ltd.              | 西安大明宮萬達廣場有限公司*          | PRC<br>30 November 2011                                    | 600,000  | 100%  | —        | Property development |

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|---|----------------|--|--|---|----------|----------------------|
|   |                |  |  | Direct  | Indirect |                      |
|   |                |  | RMB'000  |   |          |                      |
| Chifeng Wanda Plaza Co., Ltd.                       | 赤峰萬達廣場有限公司*    | PRC<br>16 December 2011                                    | 400,000  | 100%  | —        | Property development |
| Shanghai Songjiang Wanda Plaza Investment Co., Ltd. | 上海松江萬達廣場投資有限公司 | PRC<br>22 December 2011                                    | 200,000  | 100%  | —        | Property development |
| Nanjing Jiangning Wanda Plaza Co., Ltd.             | 南京江寧萬達廣場有限公司*  | PRC<br>29 December 2011                                    | 400,000  | 100%  | —        | Property development |
| Dandong Wanda Plaza Co., Ltd.                       | 丹東萬達廣場有限公司*    | PRC<br>9 February 2012                                     | 550,000  | 100%  | —        | Property development |
| Weifang Wanda Plaza Co., Ltd.                       | 濰坊萬達廣場有限公司*    | PRC<br>10 February 2012                                    | 400,000  | 100%  | —        | Property development |
| Guangzhou Zengcheng Wanda Plaza Co., Ltd.           | 廣州增城萬達廣場有限公司   | PRC<br>12 March 2012                                       | 250,000  | 100%  | —        | Property development |
| Dongguan Dongcheng Wanda Plaza Investment Co., Ltd. | 東莞東城萬達廣場投資有限公司 | PRC<br>9 May 2012  | 500,000  | 100%  | —        | Property development |
| Kunming Wanda Plaza Investment Co., Ltd.            | 昆明萬達廣場投資有限公司*  | PRC<br>11 May 2012   | 600,000  | 100%  | —        | Property development |
| Foshan Nanhai Wanda Plaza Co., Ltd.                 | 佛山南海萬達廣場有限公司   | PRC<br>24 May 2012   | 600,000  | 100%  | —        | Property development |
| Manzhouli Wanda Plaza Co., Ltd.                     | 滿洲里萬達廣場有限公司    | PRC<br>30 May 2012   | 150,000  | 100%  | —        | Property development |
| Yinchuan Wanda Investment Property Co., Ltd.        | 銀川萬達投資置業有限公司   | PRC<br>19 June 2012  | 100,000  | 100%  | —        | Property development |
| Yinchuan Xixia Wanda Plaza Co., Ltd.                | 銀川西夏萬達廣場有限公司   | PRC<br>20 June 2012  | 500,000  | 100%  | —        | Property development |
| Jinhua Wanda Plaza Investment Co., Ltd.             | 金華萬達廣場投資有限公司*  | PRC<br>17 August 2012                                      | 800,000  | 100%  | —        | Property development |

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|   |                 |  |  | Direct  | Indirect |                      |
| RMB'000   |                 |  |  |   |          |                      |
| Nanning Qingxiu Wanda Plaza Investment Co., Ltd.  | 南寧青秀萬達廣場投資有限公司  | PRC<br>14 September 2012                                   | 1,000,000  | 100%  | —        | Property development |
| Ma'anshan Wanda Plaza Investment Co., Ltd.        | 馬鞍山萬達廣場投資有限公司*  | PRC<br>19 September 2012                                   | 800,000  | 100%  | —        | Property development |
| Changzhou Wujin Wanda Plaza Investment Co., Ltd.  | 常州武進萬達廣場投資有限公司* | PRC<br>21 September 2012                                   | 900,000  | 100%  | —        | Property development |
| Shanghai Wanda Hotel Investment Co., Ltd.         | 上海萬達酒店投資有限公司    | PRC<br>9 October 2012                                      | 50,000   | 100%  | —        | Property development |
| Mianyang Jingkai Wanda Plaza Investment Co., Ltd. | 綿陽經開萬達廣場投資有限公司* | PRC<br>22 October 2012                                     | 800,000  | 100%  | —        | Property development |
| Longyan Wanda Plaza Investment Co., Ltd.          | 龍岩萬達廣場投資有限公司    | PRC<br>2 November 2012                                     | 800,000  | 100%  | —        | Property development |
| Yingkou Wanda Plaza Investment Co., Ltd.          | 營口萬達廣場投資有限公司    | PRC<br>3 December 2012                                     | 600,000  | 100%  | —        | Property development |
| Qiqihar Wanda Plaza Investment Co., Ltd.          | 齊齊哈爾萬達廣場投資有限公司  | PRC<br>6 December 2012                                     | 600,000  | 100%  | —        | Property development |
| Fuqing Wanda Plaza Co., Ltd.                      | 福清萬達廣場有限公司      | PRC<br>18 December 2012                                    | 400,000  | 100%  | —        | Property development |
| Jingzhou Wanda Plaza Investment Co., Ltd.         | 荊州萬達廣場投資有限公司*   | PRC<br>21 December 2012                                    | 600,000  | 100%  | —        | Property development |
| Jiangmen Wanda Plaza Investment Co., Ltd.         | 江門萬達廣場投資有限公司*   | PRC<br>22 January 2013                                     | 600,000  | 100%  | —        | Property development |
| Wenzhou Pingyang Wanda Plaza Investment Co., Ltd. | 溫州平陽萬達廣場投資有限公司  | PRC<br>1 March 2013  | 600,000  | 100%  | —        | Property development |
| Anyang Wanda Plaza Investment Co., Ltd.           | 安陽萬達廣場投資有限公司    | PRC<br>4 March 2013  | 600,000  | 100%  | —        | Property development |

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|   |                |  |  | Direct  | Indirect |                      |
|   |                |  | RMB'000  |   |          |                      |
| Hangzhou Gongshu Wanda Investment Co., Ltd.       | 杭州拱墅萬達投資有限公司   | PRC<br>22 March 2013                                       | 800,000  | 100%  | —        | Property development |
| Shanghai Jinshan Wanda Plaza Investment Co., Ltd. | 上海金山萬達廣場投資有限公司 | PRC<br>2 April 2013  | 700,000  | 100%  | —        | Property development |
| Harbin Wanda City Investment Co., Ltd.            | 哈爾濱萬達城投資有限公司   | PRC<br>16 April 2013                                       | 2,000,000  | 100%  | —        | Property development |
| Zhengzhou Jinshui Wanda Investment Co., Ltd.      | 鄭州金水萬達投資有限公司*  | PRC<br>18 April 2013                                       | 700,000  | 100%  | —        | Property development |
| Jiamusi Wanda Plaza Investment Co., Ltd.          | 佳木斯萬達廣場投資有限公司  | PRC<br>19 April 2013                                       | 500,000  | 100%  | —        | Property development |
| Jixi Wanda Plaza Investment Co., Ltd.             | 雞西萬達廣場投資有限公司   | PRC<br>24 April 2013                                       | 300,000  | 100%  | —        | Property development |
| Guangyuan Wanda Plaza Investment Co., Ltd.        | 廣元萬達廣場投資有限公司*  | PRC<br>2 May 2013  | 500,000  | 100%  | —        | Property development |
| Weinan Wanda Plaza Investment Co., Ltd.           | 渭南萬達廣場投資有限公司   | PRC<br>29 May 2013   | 300,000  | 100%  | —        | Property development |
| Dongying Dalian Wanda Plaza Investment Co., Ltd.  | 東營大連萬達廣場投資有限公司 | PRC<br>3 June 2013   | 500,000  | 100%  | —        | Property development |
| Jiaying Wanda Plaza Investment Co., Ltd.          | 嘉興萬達廣場投資有限公司   | PRC<br>3 June 2013   | 800,000  | 100%  | —        | Property development |
| Nanchang Wanda City Investment Co., Ltd.          | 南昌萬達城投資有限公司    | PRC<br>9 June 2013   | 2,000,000  | 100%  | —        | Property development |
| Tongliao Wanda Plaza Investment Co., Ltd.         | 通遼萬達廣場投資有限公司   | PRC<br>17 June 2013  | 500,000  | 100%  | —        | Property development |
| Xining Wanda Plaza Investment Co., Ltd.           | 西寧萬達廣場投資有限公司*  | PRC<br>17 June 2013  | 800,000  | 100%  | —        | Property development |
| Tai'an Wanda Plaza Investment Co., Ltd.           | 泰安萬達廣場投資有限公司   | PRC<br>19 June 2013  | 500,000  | 100%  | —        | Property development |
| Dezhou Wanda Plaza Investment Co., Ltd.           | 德州萬達廣場投資有限公司   | PRC<br>20 June 2013  | 600,000  | 100%  | —        | Property development |



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|  |                 |  |  | Direct  | Indirect |                      |
|  |                 |  | RMB'000  |   |          |                      |
| Neijiang Wanda Plaza Investment Co., Ltd.                    | 內江萬達廣場投資有限公司*   | PRC<br>1 July 2013   | 500,000  | 100%  | —        | Property development |
| Huangshi Wanda Plaza Investment Co., Ltd.                    | 黃石萬達廣場投資有限公司    | PRC<br>2 July 2013   | 700,000  | 100%  | —        | Property development |
| Wuhai Wanda Plaza Investment Co., Ltd.                       | 烏海萬達廣場投資有限公司    | PRC<br>12 July 2013  | 500,000  | 100%  | —        | Property development |
| Guangzhou Luogang Wanda Plaza Co., Ltd.                      | 廣州蘿崗萬達廣場有限公司    | PRC<br>25 July 2013  | 800,000  | 100%  | —        | Property development |
| Siping Wanda Plaza Investment Co., Ltd.                      | 四平萬達廣場投資有限公司    | PRC<br>6 August 2013                                       | 300,000  | 100%  | —        | Property development |
| Qingdao Wanda Oriental Movie Metropolis Investment Co., Ltd. | 青島萬達東方影都投資有限公司  | PRC<br>23 August 2013                                      | 3,000,000  | 100%  | —        | Property development |
| Zhanjiang Development Zone Wanda Plaza Investment Co., Ltd.  | 湛江開發區萬達廣場投資有限公司 | PRC<br>2 September 2013                                    | 800,000  | 100%  | —        | Property development |
| Qingdao Wanda Yacht Industry Investment Co., Ltd.            | 青島萬達游艇產業投資有限公司  | PRC<br>3 September 2013                                    | 1,000,000  | 100%  | —        | Property development |
| Chongqing Wanda Plaza Property Co., Ltd.                     | 重慶萬達廣場置業有限公司    | PRC<br>3 September 2013                                    | 700,000  | 100%  | —        | Property development |
| Dongguan Houjie Wanda Plaza Investment Co., Ltd.             | 東莞厚街萬達廣場投資有限公司  | PRC<br>5 September 2013                                    | 800,000  | 100%  | —        | Property development |
| Fuyang Wanda Plaza Investment Co., Ltd.                      | 阜陽萬達廣場投資有限公司*   | PRC<br>9 September 2013                                    | 700,000  | 100%  | —        | Property development |
| Liuzhou Wanda Plaza Investment Co., Ltd.                     | 柳州萬達廣場投資有限公司    | PRC<br>23 September 2013                                   | 800,000  | 100%  | —        | Property development |

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| English Name   | Chinese Name      | Place and date of incorporation/ registration and business | Nominal value of issued ordinary/ registered capital | Percentage of equity attributable to the Company as at 30 June 2014 |          | Principal activities |
|--|-------------------|--|--|---|----------|----------------------|
|  |                   |  |  | Direct  | Indirect |                      |
|  |                   |  | RMB'000  |   |          |                      |
| Hefei Wanda City Investment Co., Ltd.                                | 合肥萬達城投資有限公司       | PRC<br>30 September 2013                                   | 2,000,000  | 100%  | —        | Property development |
| Zhangzhou Taiwanese Investment Zone Wanda Plaza Investment Co., Ltd. | 漳州台商投資區萬達廣場投資有限公司 | PRC<br>18 October 2013                                     | 500,000  | 100%  | —        | Property development |
| Suzhou Wuzhong Wanda Plaza Investment Co., Ltd.                      | 蘇州吳中萬達廣場投資有限公司    | PRC<br>27 November 2013                                    | 1,000,000  | 100%  | —        | Property development |
| Urumqi Wanda Plaza Investment Co., Ltd.                              | 烏魯木齊萬達廣場投資有限公司    | PRC<br>3 December 2013                                     | 600,000  | 100%  | —        | Property development |
| Xiangtan Wanda Plaza Investment Co., Ltd.                            | 湘潭萬達廣場投資有限公司      | PRC<br>4 December 2013                                     | 500,000  | 100%  | —        | Property development |
| Taizhou Jingkai Wanda Property Co., Ltd.                             | 台州經開萬達置業有限公司      | PRC<br>16 December 2013                                    | 700,000  | 100%  | —        | Property development |
| Nanning Anji Wanda Plaza Investment Co., Ltd.                        | 南寧安吉萬達廣場投資有限公司    | PRC<br>17 December 2013                                    | 200,000  | 100%  | —        | Property development |
| Chengdu Wanda Hotel Investment Co., Ltd.                             | 成都萬達酒店投資有限公司      | PRC<br>23 December 2013                                    | 100,000  | 100%  | —        | Property development |
| Nantong Wanda Plaza Investment Co., Ltd.                             | 南通萬達廣場投資有限公司      | PRC<br>23 December 2013                                    | 700,000  | 100%  | —        | Property development |
| Dalian Jingkai Wanda Plaza Investment Co., Ltd.                      | 大連經開萬達廣場投資有限公司    | PRC<br>25 December 2013                                    | 900,000  | 100%  | —        | Property development |
| Bozhou Wanda Plaza Investment Co., Ltd.                              | 亳州萬達廣場投資有限公司      | PRC<br>16 December 2013                                    | 500,000  | 100%  | —        | Property development |
| Harbin Hanan Wanda Plaza Investment Co., Ltd. ****                   | 哈爾濱哈南萬達廣場投資有限公司   | PRC<br>2 January 2014                                      | 900,000  | 100%  | —        | Property development |

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|--|----------------|--|--|---|----------|----------------------|
|  |                |  |  | Direct  | Indirect |                      |
|  |                |  | RMB'000  |   |          |                      |
| Jingmen Wanda Plaza Investment Co., Ltd. ....        | 荊門萬達廣場投資有限公司   | PRC<br>2 January 2014                                      | 400,000  | 100%  | —        | Property development |
| Wuxi Wanda City Investment Co., Ltd. ....            | 無錫萬達城投資有限公司    | PRC<br>3 January 2014                                      | 2,000,000  | 100%  | —        | Property development |
| Guangzhou Nansha Wanda Plaza Co., Ltd. ....          | 廣州南沙萬達廣場有限公司   | PRC<br>22 January 2014                                     | 900,000  | 100%  | —        | Property development |
| Yiwu Wanda Plaza Investment Co., Ltd. ....           | 義烏萬達廣場投資有限公司   | PRC<br>23 January 2014                                     | 1,000,000  | 100%  | —        | Property development |
| Guilin Gaoxin Wanda Plaza Co., Ltd. ....             | 桂林高新萬達廣場有限公司   | PRC<br>7 March 2014  | 1,108,484  | —   | 100%     | Property development |
| Shangrao Wanda Plaza Investment Co., Ltd. ....       | 上饒萬達廣場投資有限公司   | PRC<br>14 March 2014                                       | 900,000  | 100%  | —        | Property development |
| Jinan Gaoxin Wanda Plaza Property Co., Ltd. ....     | 濟南高新萬達廣場置業有限公司 | PRC<br>14 March 2014                                       | 1,000,000  | 100%  | —        | Property development |
| Mudanjiang Wanda Plaza Investment Co., Ltd. ....     | 牡丹江萬達廣場投資有限公司  | PRC<br>17 March 2014                                       | 500,000  | 100%  | —        | Property development |
| Panjin Wanda Plaza Property Co., Ltd. ....           | 盤錦萬達廣場置業有限公司   | PRC<br>18 March 2014                                       | 1,800,000  | —   | 100%     | Property development |
| Suzhou Wanda Plaza Investment Co., Ltd. ....         | 宿州萬達廣場投資有限公司   | PRC<br>21 March 2014                                       | 500,000  | 100%  | —        | Property development |
| Chengdu Pixian Wanda Plaza Investment Co., Ltd. .... | 成都郫縣萬達廣場投資有限公司 | PRC<br>31 March 2014                                       | 600,000  | 100%  | —        | Property development |
| Jiujiang Wanda Plaza Investment Co., Ltd. ....       | 九江萬達廣場投資有限公司   | PRC<br>1 April 2014  | 1,000,000  | 100%  | —        | Property development |

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|--|----------------|--|--|---|----------|----------------------|
|  |                |  |  | Direct  | Indirect |                      |
| RMB'000  |                |  |  |   |          |                      |
| Dongguan Humen Wanda Plaza Investment Co., Ltd. ****   | 東莞虎門萬達廣場投資有限公司 | PRC<br>15 May 2014   | 900,000  | 100%  | —        | Property development |
| Hohhot Wanda Plaza Property Co., Ltd. ****             | 呼和浩特萬達廣場置業有限公司 | PRC<br>15 May 2014   | 600,000  | 100%  | —        | Property development |
| Quanzhou Anxi Wanda Plaza Investment Co., Ltd. ****    | 泉州安溪萬達廣場投資有限公司 | PRC<br>16 May 2014   | 500,000  | 100%  | —        | Property development |
| Ziyang Wanda Plaza Investment Co., Ltd. ****           | 資陽萬達廣場投資有限公司   | PRC<br>23 May 2014   | 500,000  | 100%  | —        | Property development |
| Yanji Wanda Plaza Investment Co., Ltd. ****            | 延吉萬達廣場投資有限公司   | PRC<br>29 May 2014   | 400,000  | 100%  | —        | Property development |
| Meizhou Wanda Plaza Investment Co., Ltd. ****          | 梅州萬達廣場投資有限公司   | PRC<br>30 May 2014   | 600,000  | 100%  | —        | Property development |
| Shaoxing Shangyu Wanda Plaza Investment Co., Ltd. **** | 紹興上虞萬達廣場投資有限公司 | PRC<br>9 June 2014   | 800,000  | 100%  | —        | Property development |
| Xuzhou Wanda Plaza Property Co., Ltd. ****             | 徐州萬達廣場置業有限公司   | PRC<br>11 June 2014  | 700,000  | 100%  | —        | Property development |
| Suining Wanda Plaza Investment Co., Ltd. ****          | 遂寧萬達廣場投資有限公司   | PRC<br>13 June 2014  | 300,000  | 100%  | —        | Property development |
| Shiyan Wanda Plaza Property Co., Ltd. ****             | 十堰萬達廣場置業有限公司   | PRC<br>17 June 2014  | 1,700,000  | —   | 100%     | Property development |
| Jilin Wanda Plaza Investment Co., Ltd. ****            | 吉林市萬達廣場投資有限公司  | PRC<br>20 June 2014  | 900,000  | 100%  | —        | Property development |
| Hefei Yaohai Wanda Plaza Investment Co., Ltd. ****     | 合肥瑤海萬達廣場投資有限公司 | PRC<br>25 June 2014  | 900,000  | 100%  | —        | Property development |

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|---|------------------|--|--|---|----------|----------------------|
|   |                  |  |  | Direct  | Indirect |                      |
| <b>RMB'000</b>  |                  |  |  |   |          |                      |
| Dalian Wanda Property Management Co., Ltd.                    | 大連萬達物業管理有限公司     | PRC<br>30 December 1994                                    | 5,000  | —   | 100%     | Property management  |
| Dalian Wanda Building Property Management Co., Ltd.           | 大連萬達大廈物業管理有限公司   | PRC<br>13 May 1997   | 2,000  | —   | 100%     | Property management  |
| Dalian Wanda Group Changchun Property Management Co., Ltd.    | 大連萬達集團長春物業管理有限公司 | PRC<br>8 June 2000   | 600  | —   | 100%     | Property management  |
| Qingdao Wanda Plaza Commercial Management Co., Ltd.           | 青島萬達廣場商業管理有限公司   | PRC<br>28 August 2002                                      | 3,000  | —   | 100%     | Property management  |
| Nanjing Wanda Property Management Co., Ltd.                   | 南京萬達物業管理有限公司     | PRC<br>4 April 2002  | 1,500  | —   | 100%     | Property management  |
| Changsha Wanda Plaza Commercial Property Management Co., Ltd. | 長沙萬達廣場商業物業管理有限公司 | PRC<br>9 August 2002                                       | 3,000  | —   | 100%     | Property management  |
| Changchun Wanda Plaza Commercial Property Service Co., Ltd.   | 長春萬達廣場商業物業服務有限公司 | PRC<br>23 August 2002                                      | 500  | —   | 100%     | Property management  |
| Nanchang Wanda Plaza Commercial Management Co., Ltd.          | 南昌萬達廣場商業管理有限公司   | PRC<br>30 August 2002                                      | 500  | —   | 100%     | Property management  |
| Jinan Wanda Plaza Commercial Management Co., Ltd.             | 濟南萬達廣場商業管理有限公司   | PRC<br>17 September 2002                                   | 500  | —   | 100%     | Property management  |
| Chengdu Hebinxian Property Management Co., Ltd.               | 成都河濱印象物業管理有限公司   | PRC<br>13 December 2002                                    | 500  | —   | 100%     | Property management  |
| Tianjin Wanda Plaza Commercial Management Co., Ltd.           | 天津萬達廣場商業管理有限公司   | PRC<br>3 January 2003                                      | 600  | —   | 100%     | Property management  |

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|---|-------------------|--|--|---|----------|----------------------|
|   |                   |  |  | Direct  | Indirect |                      |
|   |                   |  | RMB'000  |   |          |                      |
| Nanjing Wanda Plaza Xinjiekou Commercial Management Co., Ltd. | 南京萬達廣場新街口商業管理有限公司 | PRC<br>16 January 2003                                     | 500  | —   | 100%     | Property management  |
| Shenyang Wanda Plaza Commercial Management Co., Ltd.          | 瀋陽萬達廣場商業管理有限公司    | PRC<br>3 April 2003  | 500  | —   | 100%     | Property management  |
| Nanchang Wanda Property Management Co., Ltd.                  | 南昌萬達物業管理有限公司      | PRC<br>7 May 2003  | 3,000  | —   | 100%     | Property management  |
| Nanning Wanda Plaza Commercial Management Co., Ltd.           | 南寧萬達廣場商業管理有限公司    | PRC<br>20 June 2003  | 1,000  | —   | 100%     | Property management  |
| Wuhan Wanda Plaza Commercial Management Co., Ltd.             | 武漢萬達廣場商業管理有限公司    | PRC<br>25 June 2003  | 30,000   | —   | 100%     | Property management  |
| Beijing Wanda Shidai Property Management Co., Ltd.            | 北京萬達時代物業管理有限公司    | PRC<br>1 August 2003                                       | 3,000  | —   | 100%     | Property management  |
| Harbin Wanda Plaza Commercial Management Co., Ltd.            | 哈爾濱萬達廣場商業管理有限公司   | PRC<br>7 August 2003                                       | 3,000  | —   | 100%     | Property management  |
| Dalian Wanda Plaza Commercial Management Co., Ltd.            | 大連萬達廣場商業管理有限公司    | PRC<br>26 November 2004                                    | 1,000  | —   | 100%     | Property management  |
| Kunming Wanda Property Service Co., Ltd.                      | 昆明萬達物業服務有限公司      | PRC<br>14 July 2005  | 5,000  | —   | 100%     | Property management  |
| Shanghai Wanda Plaza Commercial Management Co., Ltd.          | 上海萬達廣場商業管理有限公司    | PRC<br>29 March 2006                                       | 5,000  | —   | 100%     | Property management  |
| Ningbo Wanda Plaza Commercial Management Co., Ltd.            | 寧波萬達廣場商業管理有限公司    | PRC<br>19 April 2006                                       | 3,000  | —   | 100%     | Property management  |
| Chengdu Wanda Plaza Commercial Management Co., Ltd.           | 成都萬達廣場商業管理有限公司    | PRC<br>19 December 2006                                    | 5,000  | —   | 100%     | Property management  |

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|---|----------------|--|--|---|----------|---------------------------------------|
|   |                |  |  | Direct  | Indirect |                                       |
|   |                |  | RMB'000  |   |          |                                       |
| Beijing Wanda Plaza Commercial Management Co., Ltd.   | 北京萬達廣場商業管理有限公司 | PRC<br>7 February 2007                                     | 5,000  | —   | 100%     | Property management                   |
| Wanda Commercial Management Co., Ltd.                 | 萬達商業管理有限公司     | PRC<br>8 February 2007                                     | 50,000   | 100%  | —        | Business and hotel management service |
| Chongqing Wanda Plaza Property Management Co., Ltd.   | 重慶萬達廣場物業管理有限公司 | PRC<br>8 February 2007                                     | 5,000  | —   | 100%     | Property management                   |
| Xi'an Wanda Plaza Commercial Management Co., Ltd.     | 西安萬達廣場商業管理有限公司 | PRC<br>12 February 2007                                    | 5,000  | —   | 100%     | Property management                   |
| Suzhou Wanda Plaza Commercial Management Co., Ltd.    | 蘇州萬達廣場商業管理有限公司 | PRC<br>31 May 2007   | 3,000  | —   | 100%     | Property management                   |
| Suzhou Wanda Plaza Property Management Co., Ltd.      | 蘇州萬達廣場物業管理有限公司 | PRC<br>6 August 2007                                       | 500  | —   | 100%     | Property management                   |
| Beijing Wanda Dahu Property Management Co., Ltd.      | 北京萬達大湖物業管理有限公司 | PRC<br>9 August 2007                                       | 500  | —   | 100%     | Property management                   |
| Wuxi Wanda Plaza Commercial Management Co., Ltd.      | 無錫萬達廣場商業管理有限公司 | PRC<br>29 September 2007                                   | 2,000  | —   | 100%     | Property management                   |
| Chongqing Wanda Plaza Commercial Management Co., Ltd. | 重慶萬達廣場商業管理有限公司 | PRC<br>26 October 2007                                     | 3,000  | —   | 100%     | Property management                   |
| Dalian Wanda Mingzhu Property Management Co., Ltd.    | 大連萬達明珠物業管理有限公司 | PRC<br>23 November 2007                                    | 500  | —   | 100%     | Property management                   |
| Shenyang Wanda Plaza Property Management Co., Ltd.    | 瀋陽萬達廣場物業管理有限公司 | PRC<br>26 June 2008  | 500  | —   | 100%     | Property management                   |
| Huai'an Wanda Plaza Commercial Management Co., Ltd.   | 淮安萬達廣場商業管理有限公司 | PRC<br>20 August 2008                                      | 1,000  | —   | 100%     | Property management                   |



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|   |                  |  |  | Direct  | Indirect |                      |
| <b>RMB'000</b>  |                  |  |  |   |          |                      |
| Shanghai Wanda Plaza Nanhui Commercial Management Co., Ltd. | 上海萬達廣場南匯商業管理有限公司 | PRC<br>19 November 2008                                    | 3,000  | —   | 100%     | Property management  |
| Luoyang Wanda Plaza Commercial Management Co., Ltd.         | 洛陽萬達廣場商業管理有限公司   | PRC<br>17 March 2009                                       | 3,000  | —   | 100%     | Property management  |
| Taiyuan Wanda Plaza Commercial Management Co., Ltd.         | 太原萬達廣場商業管理有限公司   | PRC<br>9 April 2009  | 3,000  | —   | 100%     | Property management  |
| Xi'an Wanda Plaza Property Management Co., Ltd.             | 西安萬達廣場物業管理有限公司   | PRC<br>6 May 2009  | 500  | —   | 100%     | Property management  |
| Changchun Wanda Plaza Property Service Co., Ltd.            | 長春萬達廣場物業服務有限公司   | PRC<br>25 May 2009   | 500  | —   | 100%     | Property management  |
| Nanjing Wanda Plaza Commercial Management Co., Ltd.         | 南京萬達廣場商業管理有限公司   | PRC<br>3 June 2009   | 3,000  | —   | 100%     | Property management  |
| Shijiazhuang Wanda Plaza Commercial Management Co., Ltd.    | 石家莊萬達廣場商業管理有限公司  | PRC<br>27 July 2009  | 3,000  | —   | 100%     | Property management  |
| Yichang Wanda Plaza Commercial Management Co., Ltd.         | 宜昌萬達廣場商業管理有限公司   | PRC<br>30 July 2009  | 3,000  | —   | 100%     | Property management  |
| Yichang Wanda Plaza Property Management Co., Ltd.           | 宜昌萬達廣場物業管理有限公司   | PRC<br>30 July 2009  | 500  | —   | 100%     | Property management  |
| Xiangyang Wanda Plaza Commercial Management Co., Ltd.       | 襄陽萬達廣場商業管理有限公司   | PRC<br>11 August 2009                                      | 3,000  | —   | 100%     | Property management  |
| Shijiazhuang Wanda Plaza Property Management Co., Ltd.      | 石家莊萬達廣場物業管理有限公司  | PRC<br>18 August 2009                                      | 500  | —   | 100%     | Property management  |
| Hefei Wanda Plaza Commercial Management Co., Ltd.           | 合肥萬達廣場商業管理有限公司   | PRC<br>11 November 2009                                    | 1,000  | —   | 100%     | Property management  |

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|  |                     |  |  | Direct  | Indirect |                      |
| RMB'000  |                     |  |  |   |          |                      |
| Hohhot Wanda Plaza Property Service Co., Ltd.                  | 呼和浩特市萬達廣場物業服務有限責任公司 | PRC<br>10 September 2009                                   | 500  | —   | 100%     | Property management  |
| Hohhot Wanda Plaza Commercial Management Co., Ltd.             | 呼和浩特萬達廣場商業管理有限公司    | PRC<br>29 September 2009                                   | 1,000  | —   | 100%     | Property management  |
| Fuzhou Wanda Plaza Commercial Property Management Co., Ltd.    | 福州萬達廣場商業物業管理有限公司    | PRC<br>15 October 2009                                     | 1,000  | —   | 100%     | Property management  |
| Tangshan Wanda Plaza Commercial Property Service Co., Ltd.     | 唐山萬達廣場商業物業服務有限公司    | PRC<br>19 October 2009                                     | 1,000  | —   | 100%     | Property management  |
| Baotou Wanda Plaza Commercial Management Co., Ltd.             | 包頭萬達廣場商業管理有限公司      | PRC<br>27 October 2009                                     | 1,000  | —   | 100%     | Property management  |
| Shaoxing Keqiao Wanda Plaza Commercial Management Co., Ltd.    | 紹興柯橋萬達廣場商業管理有限公司    | PRC<br>2 November 2009                                     | 1,000  | —   | 100%     | Property management  |
| Hefei Wanda Plaza Commercial Management Co., Ltd.              | 合肥萬達廣場商業管理有限公司      | PRC<br>11 November 2009                                    | 1,000  | —   | 100%     | Property management  |
| Ningbo Jiangbei Wanda Plaza Commercial Management Co., Ltd.    | 寧波江北萬達廣場商業管理有限公司    | PRC<br>23 November 2009                                    | 1,000  | —   | 100%     | Property management  |
| Guangzhou Wanda Plaza Commercial Property Management Co., Ltd. | 廣州萬達廣場商業物業管理有限公司    | PRC<br>9 December 2009                                     | 3,000  | —   | 100%     | Property management  |
| Shenyang Tiexi Wanda Plaza Commercial Management Co., Ltd.     | 瀋陽鐵西萬達廣場商業管理有限公司    | PRC<br>28 December 2009                                    | 1,000  | —   | 100%     | Property management  |

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|  |                  |  |  | Direct  | Indirect |                      |
| <b>RMB'000</b>   |                  |  |  |   |          |                      |
| Tianjin Hedong Wanda Plaza Commercial Management Co., Ltd.     | 天津河東萬達廣場商業管理有限公司 | PRC<br>26 January 2010                                     | 1,000  | —   | 100%     | Property management  |
| Yinchuan Jinfeng Wanda Plaza Property Service Co., Ltd.        | 銀川金鳳萬達廣場物業服務有限公司 | PRC<br>31 March 2010                                       | 500  | —   | 100%     | Property management  |
| Zhenjiang Wanda Plaza Commercial Management Co., Ltd.          | 鎮江萬達廣場商業管理有限公司   | PRC<br>22 April 2010                                       | 1,000  | —   | 100%     | Property management  |
| Zhenjiang Wanda Plaza Property Management Co., Ltd.            | 鎮江萬達廣場物業管理有限公司   | PRC<br>22 April 2010                                       | 500  | —   | 100%     | Property management  |
| Daqing Wanda Plaza Property Management Co., Ltd.               | 大慶萬達廣場物業管理有限公司   | PRC<br>28 April 2010                                       | 500  | —   | 100%     | Property management  |
| Daqing Wanda Plaza Commercial Management Co., Ltd.             | 大慶萬達廣場商業管理有限公司   | PRC<br>2 June 2010   | 1,000  | —   | 100%     | Property management  |
| Xiamen Huli Wanda Plaza Commercial Management Co., Ltd.        | 廈門湖裏萬達廣場商業管理有限公司 | PRC<br>2 June 2010   | 1,000  | —   | 100%     | Property management  |
| Xiamen Huli Wanda Plaza Property Management Co., Ltd.          | 廈門湖裏萬達廣場物業管理有限公司 | PRC<br>2 June 2010   | 500  | —   | 100%     | Property management  |
| Yinchuan Jinfeng Wanda Plaza Commercial Management Co., Ltd.   | 銀川金鳳萬達廣場商業管理有限公司 | PRC<br>9 June 2010   | 1,000  | —   | 100%     | Property management  |
| Shanghai Jiangqiao Wanda Plaza Commercial Management Co., Ltd. | 上海江橋萬達廣場商業管理有限公司 | PRC<br>11 August 2010                                      | 1,000  | —   | 100%     | Property management  |
| Taizhou Wanda Plaza Commercial Management Co., Ltd.            | 泰州萬達廣場商業管理有限公司   | PRC<br>12 August 2010                                      | 1,000  | —   | 100%     | Property management  |

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|--|--------------------|--|--|---|----------|----------------------|
|  |                    |  |  | Direct  | Indirect |                      |
| <b>RMB'000</b>   |                    |  |  |   |          |                      |
| Taizhou Wanda Plaza Property Management Co., Ltd.              | 泰州萬達廣場物業管理有限公司     | PRC<br>12 August 2010                                      | 500  | —   | 100%     | Property management  |
| Langfang Wanda Plaza Commercial Management Co., Ltd.           | 廊坊萬達廣場商業管理有限公司     | PRC<br>30 August 2010                                      | 1,000  | —   | 100%     | Property management  |
| Langfang Wanda Plaza Property Management Co., Ltd.             | 廊坊萬達廣場物業管理有限公司     | PRC<br>30 August 2010                                      | 500  | —   | 100%     | Property management  |
| Quanzhou Wanda Plaza Commercial Property Management Co., Ltd.  | 泉州萬達廣場商業物業管理有限公司   | PRC<br>16 September 2010                                   | 1,000  | —   | 100%     | Property management  |
| Zhengzhou Wanda Plaza Commercial Management Co., Ltd.          | 鄭州萬達廣場商業管理有限公司     | PRC<br>27 September 2010                                   | 1,000  | —   | 100%     | Property management  |
| Chongqing Wanzhou Wanda Plaza Commercial Management Co., Ltd.  | 重慶市萬州區萬達廣場商業管理有限公司 | PRC<br>14 October 2010                                     | 1,000  | —   | 100%     | Property management  |
| Changzhou Wanda Plaza Commercial Management Co., Ltd.          | 常州萬達廣場商業管理有限公司     | PRC<br>17 January 2011                                     | 1,000  | —   | 100%     | Property management  |
| Shanghai Baoshan Wanda Plaza Commercial Management Co., Ltd.   | 上海寶山萬達廣場商業管理有限公司   | PRC<br>28 April 2011                                       | 1,000  | —   | 100%     | Property management  |
| Nanchang Honggutan Wanda Plaza Commercial Management Co., Ltd. | 南昌紅穀灘萬達廣場商業管理有限公司  | PRC<br>9 June 2011   | 1,000  | —   | 100%     | Property management  |
| Jiangyin Wanda Plaza Commercial Management Co., Ltd.           | 江陰萬達廣場商業管理有限公司     | PRC<br>20 June 2011  | 1,000  | —   | 100%     | Property management  |
| Jinjiang Wanda Plaza Commercial Property Management Co., Ltd.  | 晉江萬達廣場商業物業管理有限公司   | PRC<br>27 June 2011  | 1,000  | —   | 100%     | Property management  |

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|   |                    |  |  | Direct  | Indirect |                      |
|   |                    |  | RMB'000  |   |          |                      |
| Chengdu Jinniu Wanda Plaza Commercial Management Co., Ltd.        | 成都金牛萬達廣場商業管理有限公司   | PRC<br>28 June 2011  | 1,000  | —   | 100%     | Property management  |
| Ningde Wanda Plaza Commercial Property Management Co., Ltd.       | 寧德萬達廣場商業物業管理有限公司   | PRC<br>7 July 2011   | 1,000  | —   | 100%     | Property management  |
| Mianyang Wanda Plaza Commercial Management Co., Ltd.              | 綿陽萬達廣場商業管理有限公司     | PRC<br>18 July 2011  | 1,000  | —   | 100%     | Property management  |
| Wenzhou Wanda Plaza Commercial Management Co., Ltd.               | 溫州萬達廣場商業管理有限公司     | PRC<br>22 July 2011  | 1,000  | —   | 100%     | Property management  |
| Wuhu Jinghu Wanda Plaza Commercial Management Co., Ltd.           | 蕪湖鏡湖萬達廣場商業管理有限公司   | PRC<br>25 July 2011  | 1,000  | —   | 100%     | Property management  |
| Zhangzhou Wanda Plaza Commercial Management Co., Ltd.             | 漳州萬達廣場商業管理有限公司     | PRC<br>16 August 2011                                      | 1,000  | —   | 100%     | Property management  |
| Putian Wanda Plaza Commercial Property Management Co., Ltd.       | 莆田萬達廣場商業物業管理有限公司   | PRC<br>15 September 2011                                   | 1,000  | —   | 100%     | Property management  |
| Taicang Wanda Plaza Commercial Management Co., Ltd.               | 太倉萬達廣場商業管理有限公司     | PRC<br>26 October 2011                                     | 1,000  | —   | 100%     | Property management  |
| Xiamen Jimei Wanda Plaza Commercial Property Management Co., Ltd. | 廈門集美萬達廣場商業物業管理有限公司 | PRC<br>9 December 2011                                     | 1,000  | —   | 100%     | Property management  |
| Yixing Wanda Plaza Commercial Management Co., Ltd.                | 宜興萬達廣場商業管理有限公司     | PRC<br>15 December 2011                                    | 1,000  | —   | 100%     | Property management  |
| Fushun Wanda Plaza Commercial Management Co., Ltd.                | 撫順萬達廣場商業管理有限公司     | PRC<br>15 December 2011                                    | 1,000  | —   | 100%     | Property management  |

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| RMB'000  |                    |  |  |   |          |                      |
| Shenyang Aoti Wanda Plaza Commercial Management Co., Ltd.                | 瀋陽奧體萬達廣場商業管理有限公司   | PRC<br>19 December 2011                                    | 1,000  | —   | 100%     | Property management  |
| Wuxi Huishan Wanda Plaza Commercial Management Co., Ltd.                 | 無錫惠山萬達廣場商業管理有限公司   | PRC<br>19 December 2011                                    | 1,000  | —   | 100%     | Property management  |
| Dongguan Wanda Plaza Commercial Management Co., Ltd.                     | 東莞萬達廣場商業管理有限公司     | PRC<br>11 January 2012                                     | 1,000  | —   | 100%     | Property management  |
| Guangzhou Panyu Wanda Plaza Commercial Property Management Co., Ltd.     | 廣州番禺萬達廣場商業物業管理有限公司 | PRC<br>10 April 2012                                       | 1,000  | —   | 100%     | Property management  |
| Yuyao Wanda Plaza Commercial Management Co., Ltd.                        | 余姚萬達廣場商業管理有限公司     | PRC<br>19 April 2012                                       | 1,000  | —   | 100%     | Property management  |
| Bengbu Wanda Plaza Commercial Management Co., Ltd.                       | 蚌埠萬達廣場商業管理有限公司     | PRC<br>18 May 2012   | 1,000  | —   | 100%     | Property management  |
| Dalian Wenlv Property Management Co., Ltd.                               | 大連文旅物業管理有限公司       | PRC<br>20 June 2012  | 500  | —   | 100%     | Property management  |
| Xishuangbanna International Tourism Resort Property Management Co., Ltd. | 西雙版納國際度假區物業管理有限公司  | PRC<br>4 July 2012   | 500  | —   | 100%     | Property management  |
| Dandong Wanda Plaza Commercial Management Co., Ltd.                      | 丹東萬達廣場商業管理有限公司     | PRC<br>11 July 2012  | 1,000  | —   | 100%     | Property management  |
| Chifeng Wanda Plaza Commercial Management Co., Ltd.                      | 赤峰萬達廣場商業管理有限公司     | PRC<br>7 August 2012                                       | 1,000  | —   | 100%     | Property management  |
| Manzhouli Wanda Plaza Commercial Management Co., Ltd.                    | 滿洲里萬達廣場商業管理有限公司    | PRC<br>9 August 2012                                       | 1,000  | —   | 100%     | Property management  |

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|  |                    |  |  | Direct  | Indirect |                      |
| <b>RMB'000</b>   |                    |  |  |   |          |                      |
| Shanghai Songjiang Wanda Plaza Commercial Management Co., Ltd.           | 上海松江萬達廣場商業管理有限公司   | PRC<br>10 August<br>2012                                   | 1,000  | —   | 100%     | Property management  |
| Nanjing Jiangning Wanda Plaza Commercial Management Co., Ltd.            | 南京江寧萬達廣場商業管理有限公司   | PRC<br>16 August<br>2012                                   | 1,000  | —   | 100%     | Property management  |
| Xuzhou Wanda Plaza Commercial Management Co., Ltd.                       | 徐州萬達廣場商業管理有限公司     | PRC<br>16 August<br>2012                                   | 1,000  | —   | 100%     | Property management  |
| Lanzhou Wanda Plaza Commercial Management Co., Ltd.                      | 蘭州萬達廣場商業管理有限公司     | PRC<br>28 August<br>2012                                   | 1,000  | —   | 100%     | Property management  |
| Kunming Wanda Plaza Commercial Management Co., Ltd.                      | 昆明萬達廣場商業管理有限公司     | PRC<br>21 September<br>2012                                | 1,000  | —   | 100%     | Property management  |
| Weifang Wanda Plaza Commercial Management Co., Ltd.                      | 濰坊萬達廣場商業管理有限公司     | PRC<br>26 September<br>2012                                | 1,000  | —   | 100%     | Property management  |
| Guangzhou Zengcheng Wanda Plaza Commercial Property Management Co., Ltd. | 廣州增城萬達廣場商業物業管理有限公司 | PRC<br>28 September<br>2012                                | 1,000  | —   | 100%     | Property management  |
| Dongguan Dongcheng Wanda Plaza Commercial Management Co., Ltd.           | 東莞東城萬達廣場商業管理有限公司   | PRC<br>15 October<br>2012                                  | 1,000  | —   | 100%     | Property management  |
| Foshan Wanda Plaza Commercial Property Management Co., Ltd.              | 佛山萬達廣場商業物業管理有限公司   | PRC<br>8 November<br>2012                                  | 1,000  | —   | 100%     | Property management  |
| Yantai Wanda Plaza Commercial Management Co., Ltd.                       | 煙台萬達廣場商業管理有限公司     | PRC<br>3 December<br>2012                                  | 1,000  | —   | 100%     | Property management  |
| Jinhua Wanda Plaza Commercial Management Co., Ltd.                       | 金華萬達廣場商業管理有限公司     | PRC<br>7 December<br>2012                                  | 1,000  | —   | 100%     | Property management  |



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|  |                    |  |  | Direct  | Indirect |                      |
| RMB'000  |                    |  |  |   |          |                      |
| Yinchuan Xixia Wanda Plaza Commercial Management Co., Ltd.           | 銀川西夏萬達廣場商業管理有限公司   | PRC<br>27 December 2012                                    | 1,000  | —   | 100%     | Property management  |
| Changzhou Wujin Wanda Plaza Commercial Property Management Co., Ltd. | 常州武進萬達廣場商業物業管理有限公司 | PRC<br>24 January 2013                                     | 1,000  | —   | 100%     | Property management  |
| Ma'anshan Wanda Plaza Commercial Management Co., Ltd.                | 馬鞍山萬達廣場商業管理有限公司    | PRC<br>6 February 2013                                     | 1,000  | —   | 100%     | Property management  |
| Jining Wanda Plaza Commercial Management Co., Ltd.                   | 濟寧萬達廣場商業管理有限公司     | PRC<br>7 March 2013  | 1,000  | —   | 100%     | Property management  |
| Fuqing Wanda Plaza Commercial Management Co., Ltd.                   | 福清萬達廣場商業管理有限公司     | PRC<br>22 April 2013                                       | 1,000  | —   | 100%     | Property management  |
| Beijing Tongzhou Wanda Plaza Commercial Management Co., Ltd.         | 北京通州萬達廣場商業管理有限公司   | PRC<br>23 April 2013                                       | 1,000  | —   | 100%     | Property management  |
| Yingkou Wanda Plaza Commercial Management Co., Ltd.                  | 營口萬達廣場商業管理有限公司     | PRC<br>28 April 2013                                       | 1,000  | —   | 100%     | Property management  |
| Jiangmen Wanda Plaza Commercial Property Management Co., Ltd.        | 江門萬達廣場商業物業管理有限公司   | PRC<br>13 May 2013   | 1,000  | —   | 100%     | Property management  |
| Longyan Wanda Plaza Commercial Property Management Co., Ltd.         | 龍岩萬達廣場商業物業管理有限公司   | PRC<br>15 May 2013   | 1,000  | —   | 100%     | Property management  |
| Qiqihar Wanda Plaza Commercial Management Co., Ltd.                  | 齊齊哈爾萬達廣場商業管理有限公司   | PRC<br>23 May 2013   | 1,000  | —   | 100%     | Property management  |
| Mianyang Jingkai Wanda Plaza Commercial Management Co., Ltd.         | 綿陽經開萬達廣場商業管理有限公司   | PRC<br>23 May 2013   | 1,000  | —   | 100%     | Property management  |

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| <b>RMB'000</b>  |                  |  |  |   |          |                      |
| Jingzhou Wanda Plaza Commercial Management Co., Ltd.          | 荊州萬達廣場商業管理有限公司   | PRC<br>31 May 2013   | 1,000  | —   | 100%     | Property management  |
| Jiamusi Wanda Plaza Commercial Management Co., Ltd.           | 佳木斯萬達廣場商業管理有限公司  | PRC<br>26 June 2013  | 1,000  | —   | 100%     | Property management  |
| Jixi Wanda Plaza Commercial Management Co., Ltd.              | 雞西萬達廣場商業管理有限公司   | PRC<br>10 July 2013  | 1,000  | —   | 100%     | Property management  |
| Hangzhou Gongshu Wanda Plaza Commercial Management Co., Ltd.  | 杭州拱墅萬達廣場商業管理有限公司 | PRC<br>25 July 2013  | 1,000  | —   | 100%     | Property management  |
| Anyang Wanda Plaza Commercial Management Co., Ltd.            | 安陽萬達廣場商業管理有限公司   | PRC<br>10 September 2013                                   | 1,000  | —   | 100%     | Property management  |
| Weinan Wanda Plaza Commercial Management Co., Ltd.            | 渭南萬達廣場商業管理有限公司   | PRC<br>11 September 2013                                   | 1,000  | —   | 100%     | Property management  |
| Xining Wanda Plaza Commercial Management Co., Ltd.            | 西寧萬達廣場商業管理有限公司   | PRC<br>25 September 2013                                   | 1,000  | —   | 100%     | Property management  |
| Chongqing Banan Wanda Plaza Commercial Management Co., Ltd.   | 重慶巴南萬達廣場商業管理有限公司 | PRC<br>18 October 2013                                     | 1,000  | —   | 100%     | Property management  |
| Liuzhou Wanda Plaza Commercial Property Management Co., Ltd.  | 柳州萬達廣場商業物業管理有限公司 | PRC<br>25 October 2013                                     | 1,000  | —   | 100%     | Property management  |
| Guangyuan Wanda Plaza Commercial Management Co., Ltd.         | 廣元萬達廣場商業管理有限公司   | PRC<br>1 November 2013                                     | 1,000  | —   | 100%     | Property management  |
| Dongying Wanda Plaza Commercial Property Management Co., Ltd. | 東營萬達廣場商業物業管理有限公司 | PRC<br>8 November 2013                                     | 1,000  | —   | 100%     | Property management  |

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| RMB'000  |                    |  |  |   |          |                      |
| Neijiang Wanda Plaza Commercial Management Co., Ltd.                   | 內江萬達廣場商業管理有限公司     | PRC<br>11 November 2013                                    | 1,000  | —   | 100%     | Property management  |
| Wuhai Wanda Plaza Commercial Management Co., Ltd.                      | 烏海萬達廣場商業管理有限公司     | PRC<br>13 November 2013                                    | 1,000  | —   | 100%     | Property management  |
| Jiaxing Wanda Plaza Commercial Management Co., Ltd.                    | 嘉興萬達廣場商業管理有限公司     | PRC<br>22 November 2013                                    | 1,000  | —   | 100%     | Property management  |
| Guangzhou Luogang Wanda Plaza Commercial Property Management Co., Ltd. | 廣州蘿崗萬達廣場商業物業管理有限公司 | PRC<br>25 November 2013                                    | 1,000  | —   | 100%     | Property management  |
| Zhanjiang Wanda Plaza Commercial Property Management Co., Ltd.         | 湛江萬達廣場商業物業管理有限公司   | PRC<br>20 December 2013                                    | 1,000  | —   | 100%     | Property management  |
| Dezhou Wanda Plaza Commercial Management Co., Ltd.****                 | 德州萬達廣場商業管理有限公司     | PRC<br>8 January 2014                                      | 1,000  | —   | 100%     | Property management  |
| Shanghai Jinshan Wanda Plaza Commercial Management Co., Ltd.****       | 上海金山萬達廣場商業管理有限公司   | PRC<br>13 February 2014                                    | 1,000  | —   | 100%     | Property management  |
| Tai'an Wanda Plaza Commercial Management Co., Ltd.****                 | 泰安萬達廣場商業管理有限公司     | PRC<br>20 February 2014                                    | 1,000  | —   | 100%     | Property management  |
| Huangshi Wanda Plaza Commercial Management Co., Ltd.****               | 黃石萬達廣場商業管理有限公司     | PRC<br>11 March 2014                                       | 1,000  | —   | 100%     | Property management  |
| Xiangtan Wanda Plaza Property Management Co., Ltd.****                 | 湘潭萬達廣場商業管理有限公司     | PRC<br>12 March 2014                                       | 1,000  | —   | 100%     | Property management  |

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|   |                  |  |  | Direct  | Indirect |  |
| RMB'000   |                  |  |  |   |          |  |
| Fuyang Wanda Plaza Commercial Management Co., Ltd. ****         | 阜陽萬達廣場商業管理有限公司   | PRC<br>9 April 2014  | 1,000  | —   | 100%     | Property management                      |
| Urumqi Wanda Plaza Property Management Co., Ltd. ****           | 烏魯木齊萬達廣場商業管理有限公司 | PRC<br>2 April 2014  | 1,000  | —   | 100%     | Property management                      |
| Nantong Wanda Plaza Property Management Co., Ltd. ****          | 南通萬達廣場商業管理有限公司   | PRC<br>3 April 2014  | 1,000  | —   | 100%     | Property management                      |
| Suzhou Wuzhong Wanda Plaza Commercial Management Co., Ltd. **** | 蘇州吳中萬達廣場商業管理有限公司 | PRC<br>8 April 2014  | 1,000  | —   | 100%     | Property management                      |
| Xishuangbanna Wanda Plaza Property Management Co., Ltd. ****    | 西雙版納萬達廣場商業管理有限公司 | PRC<br>12 May 2014   | 1,000  | —   | 100%     | Property management                      |
| Guilin Wanda Plaza Property Management Co., Ltd. ****           | 桂林萬達廣場商業管理有限公司   | PRC<br>20 May 2014   | 1,000  | —   | 100%     | Property management                      |
| Dongguan Wanda Plaza Property Management Co., Ltd. ****         | 東莞厚街萬達廣場商業管理有限公司 | PRC<br>21 May 2014   | 1,000  | —   | 100%     | Property management                      |
| Wanda Commercial & Planning Research Institute Co., Ltd.        | 萬達商業規劃研究院有限公司    | PRC<br>9 January 2007                                      | 50,000   | 100%  | —        | Business planning and project consulting |
| Chongqing Wanda Hotel Management Co., Ltd.                      | 重慶萬達酒店管理有限公司     | PRC<br>30 March 2007                                       | 10,000   | 100%  | —        | Hotel management service                 |
| Sanya Wanda Hotel Co., Ltd.                                     | 三亞萬達大酒店有限公司      | PRC<br>17 July 2007  | 50,000   | 100%  | —        | Hotel operation and caterings            |

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|---|----------------|--|--|---|----------|-------------------------------------|
|   |                |  |  | Direct  | Indirect |                                     |
|   |                |  | RMB'000  |   |          |                                     |
| Beijing Oulante Management Co., Ltd.                      | 北京歐蘭特企業管理有限公司  | PRC<br>25 January 2008                                     | 1,000  | —   | 100%     | Business administration             |
| Beijing Oulante Catering & Entertainment Co., Ltd.        | 北京歐蘭特餐飲娛樂有限公司  | PRC<br>11 November 2008                                    | 7,000  | —   | 100%     | Catering services                   |
| Chongqing Wanzhou Wanda Hotel Management Co., Ltd.        | 重慶萬州萬達酒店管理有限公司 | PRC<br>28 June 2010  | 10,000   | 100%  | —        | Hotel management service            |
| Beijing Wanda Organic Agriculture Co., Ltd.               | 北京萬達有機農業有限公司   | PRC<br>18 January 2011                                     | 60,000   | —   | 100%     | Agriculture                         |
| Beijing Wanda Yacht Management Co., Ltd.                  | 北京萬達游艇管理有限公司   | PRC<br>10 March 2011                                       | 10,000   | —   | 100%     | Yacht sales                         |
| Dalian Jinshi Cultural Tourism Investment Co., Ltd. ***** | 大連金石文化旅游投資有限公司 | PRC<br>8 September 2011                                    | 2,000,000  | 80%   | —        | Cultural Tourism                    |
| Wanda Hotel Design and Research Institute Co., Ltd.       | 萬達酒店設計研究院有限公司  | PRC<br>9 November 2012                                     | 50,000   | 100%  | —        | Decoration and designing management |
| Wanda Information Technology Co., Ltd.                    | 萬達信息科技有限公司     | PRC<br>4 March 2013  | 60,000   | 100%  | —        | Technology development              |
| Sunseeker International Limited*****                      |                | UK<br>17 November 1960                                     | GBP21,000  | —   | 100%     | Production and sales of yacht       |
| Quay West Marina Ltd. *****                               |                | UK<br>10 February 1977                                     | GBP200   | —   | 100%     | Dormant Company                     |
| Totesbury Ltd. *****                                      |                | UK<br>29 September 1977                                    | —**  | —   | 100%     | Dormant Company                     |
| Quay Boats Ltd. *****                                     |                | UK<br>23 October 1979                                      | —**  | —   | 100%     | Dormant Company                     |

| English Name  | Chinese Name      | Place and date of incorporation/ registration and business | Nominal value of issued ordinary/ registered capital | Percentage of equity attributable to the Company as at 30 June 2014 |          | Principal activities          |
|---|-------------------|--|--|---|----------|-------------------------------|
|   |                   |  |  | Direct  | Indirect |                               |
|   |                   |  | RMB'000  |   |          |                               |
| Don Shead Ltd. *****                                |                   | UK<br>21 December<br>1982                                  | GBP2,000   | —   | 100%     | Dormant Company               |
| Sunseeker International (Mouldings) Limited *****   |                   | UK<br>23 December<br>1982                                  | GBP1,000   | —   | 100%     | Dormant Company               |
| Sunseeker Customer Services Ltd. *****              |                   | UK<br>5 June 1992  | —**  | —   | 100%     | Dormant Company               |
| Fujian Zhonglv Real Estate Development (HK) Ltd.*** | 福建中旅房地產開發(香港)有限公司 | HK<br>25 November<br>1992                                  | HK\$1,000  | —   | 100%     | Investment holding            |
| Maritime Warranties Ltd.                            |                   | UK<br>30 March<br>1993                                     | —**  | —   | 100%     | Dormant Company               |
| Dalong Industrial Group Ltd.***                     | 大隆實業集團有限公司        | HK<br>14 February<br>1995                                  | HK\$10,000,000                                       | —   | 100%     | Investment holding            |
| Poole Stainless Ltd. *****                          |                   | UK<br>3 April 1995   | —**  | —   | 100%     | Dormant Company               |
| Sunseeker Exhibitions Ltd. *****                    |                   | UK<br>6 February<br>1997                                   | —**  | —   | 100%     | Dormant Company               |
| Wanda Commercial Properties (Group) Co., Ltd. ***   |                   | Bermuda<br>2 November<br>2000                              | HK\$371,268,391                                      | —   | 65%      | Investment holding            |
| Sunseeker International (Holdings) Limited*****     |                   | UK<br>23 August<br>2006                                    | GBP100,000   | —   | 92%      | Investment management         |
| Amazing Wise Ltd.***                                |                   | BVI<br>28 August<br>2007                                   | US\$1,000  | —   | 53%      | Investment holding            |
| Sunseeker USA Holdings Inc. *****                   |                   | USA<br>23 May 2011   | US\$5,000  | —   | 100%     | production and sales of yacht |
| Sunseeker USA Sales Co., Inc. *****                 |                   | USA<br>1 June 2011   | US\$3,000  | —   | 100%     | production and sales of yacht |

| English Name   | Chinese Name       | Place and date of incorporation/ registration and business | Nominal value of issued ordinary/ registered capital | Percentage of equity attributable to the Company as at 30 June 2014 |          | Principal activities |
|--|--------------------|--|--|---|----------|----------------------|
|  |                    |  |  | Direct  | Indirect |                      |
|  |                    |  | RMB'000  |   |          |                      |
| Fujian Hengli Assets Management Co., Ltd.**          | 福建恒力資產管理有限公司       | PRC<br>15 November 2012                                    | 50,000   | —   | 100%     | Asset management     |
| Wanda Commercial Properties (Hong Kong) Co., Ltd*/** | 萬達商業地產(香港)有限公司*/** | HK<br>6 February 2013                                      | —**  | 100%  | —        | Investment holding   |
| Wanda Real Estate Investments Ltd.**                 |                    | BVI<br>26 March 2013                                       | —**  | —   | 100%     | Investment holding   |
| Wanda Commercial Properties Overseas Ltd.            |                    | BVI<br>26 March 2013                                       | —**  | —   | 100%     | Investment holding   |
| Wanda Commercial Group Americas LLC                  |                    | USA<br>2 May 2013  | —  | —   | 100%     | Investment holding   |
| Wanda Yacht Investment (Jersey) Company Limited****  |                    | UK<br>23 May 2013  | —**  | 100%  | —        | Investment holding   |
| Wanda International Real Estate Investment Co., Ltd. | 萬達國際地產投資有限公司       | HK<br>6 August 2013  | —**  | —   | 100%     | Investment holding   |
| Wanda One (UK) Ltd.**                                |                    | UK<br>26 September 2013                                    | GBP10,000  | —   | 100%     | Investment holding   |
| Wanda One Nine Elms (UK) Ltd.**                      |                    | UK<br>26 September 2013                                    | GBP10,000  | —   | 100%     | Investment holding   |
| Wanda Properties Overseas Co., Ltd.                  | 萬達地產海外有限公司         | BVI<br>15 October 2013                                     | —**  | —   | 100%     | Investment holding   |
| Wanda Properties Investment Limited                  |                    | BVI<br>29 November 2013                                    | —**  | —   | 100%     | Investment holding   |
| Wanda 717 Fifth Avenue LLC                           |                    | USA<br>4 December 2013                                     | —**  | —   | 100%     | Investment holding   |



| English Name  | Chinese Name       | Place and date of incorporation/ registration and business | Nominal value of issued ordinary/ registered capital | Percentage of equity attributable to the Company as at 30 June 2014 |          | Principal activities |
|---|--------------------|--|--|---|----------|----------------------|
|   |                    |  |  | Direct  | Indirect |                      |
|   |                    |  | RMB'000  |   |          |                      |
| Wanda Commercial Properties Investment Limited****                    | 萬達商業地產投資有限公司       | HK<br>23 January 2014                                      | —**  | —   | 100%     | Investment holding   |
| Wanda Properties International Co., Limited****                       |                    | BVI<br>16 January 2014                                     | —**  | —   | 100%     | Investment holding   |
| Wanda Madrid Development, S.L.****                                    |                    | Spain<br>13 February 2014                                  | EUR3,000   | —   | 100%     | Investment holding   |
| Wanda Commercial Properties First Investment Limited****              | 萬達商業地產第一投資有限公司     | BVI<br>19 February 2014                                    | —**  | —   | 100%     | Investment holding   |
| Wanda Commercial Properties Second Investment Limited****             | 萬達商業地產第二投資有限公司     | BVI<br>19 February 2014                                    | —**  | —   | 100%     | Investment holding   |
| Wanda Commercial Properties First Investment (Hong Kong) Limited****  | 萬達商業地產第一投資(香港)有限公司 | HK<br>3 March 2014   | —**  | —   | 100%     | Investment holding   |
| Wanda Commercial Properties Second Investment (Hong Kong) Limited**** | 萬達商業地產第二投資(香港)有限公司 | HK<br>21 May 2014  | —**  | —   | 100%     | Investment holding   |
| Wanda Europe Real Estate Investment Co., Ltd. ****                    | 萬達歐洲地產投資有限公司       | HK<br>26 May 2014  | —**  | —   | 100%     | Investment holding   |
| Wanda Americas Commercial properties Co., Ltd. ****                   | 萬達商業地產(美洲)有限公司     | USA<br>20 June 2014  | —**  | —   | 100%     | Investment holding   |

\* Certain of the Group's interests in these entities have been pledged as collateral for bank borrowings (note 30).

\*\* The share capital of these subsidiaries is presented as zero rounded to the nearest thousand.

\*\*\* The statutory financial statements of these subsidiaries of the Group for each of the three years ended 31 December 2011, 2012 and 2013, or since their respective dates of establishment or acquisitions by the Group, where later than the beginning of the three years ended 31 December 2011, 2012 and 2013 prepared under HKFRS, were audited by KPMG Huazhen Certified Public Accountants (Special General Partnership). The other remaining subsidiaries were audited by Da Hua Certified Public Accountants (Special General Partnership).

\*\*\*\* No statutory financial statements have been prepared for these subsidiaries as they were established by the Group during the six months ended 30 June 2014.

\*\*\*\*\* These subsidiaries were acquired by the Group during the six months ended 30 June 2014.

## 2 Basis of preparation and accounting policies

### 2.1 Basis of preparation

The Financial Information has been prepared in accordance with HKFRSs, which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), and the generally accepted accounting principles in Hong Kong. All HKFRSs effective for the accounting period commencing from 1 January 2014, together with the relevant transitional provisions, have been early adopted by the Group in preparation of the Financial Information throughout the Relevant Periods.

The Financial Information has been prepared under the historical cost convention, except for investment properties and derivative financial instrument, which have been measured at fair value as explained in the accounting policies set out below. The Financial Information is presented in Renminbi (“RMB”) and all values are rounded to the nearest million except when otherwise indicated.

#### Basis of consolidation

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

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

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

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling 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 Issued but not yet effective Hong Kong Financial Reporting Standards

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in the Financial Information.

|  |   |
|--|---|
| HKFRS 9                                    | <i>Financial Instruments</i> <sup>4</sup>   |
| HKFRS 9, HKFRS 7 and HKAS 39 Amendments    | <i>Hedge Accounting and amendments to HKFRS 9, HKFRS 7 and HKAS 39</i> <sup>4</sup>                         |
| HKFRS 14                                   | <i>Regulatory Deferral Accounts</i> <sup>2</sup>  |
| HKFRS 15                                   | <i>Revenue from Contracts with Customers</i> <sup>3</sup>   |
| HKAS 16 and HKFRS 38 Amendments            | <i>Clarification of Acceptable Methods of Depreciation and Amortisation</i> <sup>2</sup>                    |
| HKFRS 11 Amendments                        | <i>Accounting for Acquisitions of Interests in Joint Operations</i> <sup>2</sup>                            |
| HKAS 19 Amendments                         | <i>Amendments to HKAS 19 Employee Benefits — Defined Benefit Plans: Employee Contributions</i> <sup>1</sup> |
| <i>Annual Improvements 2010-2012 Cycle</i> | <i>Amendments to a number of HKFRSs issued in December 2013</i> <sup>1</sup>                                |
| <i>Annual Improvements 2011-2013 Cycle</i> | <i>Amendments to a number of HKFRSs issued in December 2013</i> <sup>1</sup>                                |

1 Effective for annual periods beginning on or after 1 July 2014

2 Effective for annual periods beginning on or after 1 January 2016

3 Effective for annual periods beginning on or after 1 January 2017

4 No mandatory effective date yet determined but is available for adoption

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, the Group considers that these new and revised HKFRSs may result in changes in accounting policies and are unlikely to have a significant impact on the Group's results of operations and financial position.

## 2.3 Summary of significant accounting policies

### Subsidiaries

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

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

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

(b) rights arising from other contractual arrangements; and

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

The results of subsidiaries are included in the Company's statement of profit or loss to the extent of dividends received and receivable. The Company's investments in subsidiaries that are not classified as held for sale in accordance with HKFRS 5 are stated at cost less any impairment losses.

#### Investment in associates

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Group's investments in associates are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses.

The Group's share of the post-acquisition results and other comprehensive income of associates is included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's investments in the associates, except where unrealised losses provide evidence of an impairment of the asset transferred. Goodwill arising from the acquisition of associates is included as part of the Group's investments in associates.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

The results of associates are included in the Company's statement of profit or loss to the extent of dividends received and receivable. The Company's investment in associates is treated as non-current assets and is stated at cost less any impairment losses.

When an investment in an associate is classified as held for sale, it is accounted for in accordance with *HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations*.

Business combinations and goodwill

Business combinations not under common control are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of HKAS 39 is measured at fair value with changes in fair value either recognised in profit or loss or as a change to other comprehensive income. If the contingent consideration is not within the scope of HKAS 39, it is measured in accordance with the appropriate HKFRS. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling shareholders and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed in these circumstances is measured based on the relative value of the disposed operation and the portion of the cash-generating unit retained.

#### Merger accounting for common control combination

The merger method of accounting involves incorporating the financial statement items of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party. The net assets of the combining entities or businesses are combined using the existing book values from the controlling party's perspective. No amount is recognised in respect of goodwill or the excess of the acquirers' interest in the net fair value of acquirees' identifiable assets, liabilities and contingent liabilities over the cost of investment at the time of common control combination. The consolidated income statements include the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under common control, where this is a shorter period, regardless of the date of the common control combination.

#### Fair value measurement

The Group measures its investment properties and derivative financial instruments at fair value at the end of each of Relevant Periods. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the Financial Information are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the Financial Information on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each of the Relevant Periods.

#### Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, financial assets, investment properties, goodwill and non-current assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

An assessment is made at the end of each the Relevant Periods as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.



Related parties

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and that person
  - (i) has control or joint control over the Group;
  - (ii) has significant influence over the Group; or
  - (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

- (b) the party is an entity where any of the following conditions applies:
  - (i) the entity and the Group are members of the same group;
  - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
  - (iii) the entity and the Group are joint ventures of the same third party;
  - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
  - (vi) the entity is controlled or jointly controlled by a person identified in (a); and
  - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The estimated residual values and useful lives for this purpose are as follows:

|                                  | <u>Useful lives</u> | <u>Residual values</u> |
|----------------------------------|---------------------|------------------------|
| Buildings . . . . .              | 35-40 years         | 5%                     |
| Plant and machinery . . . . .    | 10 years            | 5%                     |
| Motor vehicles . . . . .         | 5 years             | 5%                     |
| Furniture and fixtures . . . . . | 5 years             | 5%                     |
| Others . . . . .                 | 5 years             | 5%                     |

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately.

Residual value, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents construction works in progress and is stated at cost less any impairment losses, and is not depreciated. Cost mainly comprises the direct costs of construction during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

#### Other intangible assets (other than goodwill)

Other intangible assets acquired separately are measured on initial recognition at cost. The cost of other intangible assets acquired in a business combination is the fair value as at the date of acquisition. The useful lives of other intangible assets are assessed to be either finite or indefinite. Other intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the other intangible asset may be impaired. The amortisation period and the amortisation method for the other intangible asset with a finite useful life are reviewed at least at each financial year end. Other intangible assets acquired in a business combination comprise brand, designs, orders and business relationship and their useful economic lives are 1 to 25 years.

### Investment properties

Investment properties are interests in land and buildings (including the leasehold interest under an operating lease for a property which would otherwise meet the definition of an investment property) held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Investment properties comprise completed investment properties and investment properties under construction. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period.

Gains or losses arising from changes in the fair values of investment properties are included in the statement of profit or loss in the year in which they arise. Any gains or losses on the retirement or disposal of an investment property are recognised in the statement of profit or loss in the year of the retirement or disposal.

For a transfer from investment properties to owner-occupied properties or inventories, the deemed cost of a property for subsequent accounting is its fair value at the date of change in use. If a property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under "Property, plant and equipment and depreciation" up to the date of change in use, and any difference at that date between the carrying amount and the fair value of the property is accounted for as a revaluation reserve. For a transfer from inventories to investment properties, any difference between the fair value of the property at that date and its previous carrying amount is recognised in the statement of profit or loss.

### Leases

Leases that transfer substantially all the rewards and risks of ownership of assets to the Group, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalised at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing. Assets held under capitalised finance leases, including prepaid land lease payments under finance leases, are included in property, plant and equipment, and depreciated over the shorter of the lease terms and the estimated useful lives of the assets. The finance costs of such leases are charged to the statement of profit or loss so as to provide a constant periodic rate of charge over the lease terms.

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to the statement of profit or loss on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under the operating leases net of any incentives received from the lessor are charged to the statement of profit or loss on the straight-line basis over the lease terms.

Prepaid land lease payments under operating leases are initially stated at cost and subsequently recognised on the straight-line basis over the lease terms.

Investments and other financial assets*Initial recognition and measurement*

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, and available-for-sale financial investments, as appropriate. When financial assets are recognised initially, they are measured at fair value plus transaction costs that are attributed to the acquisition of the financial assets, except in the case of financial assets recorded at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

*Subsequent measurement*

The subsequent measurement of financial assets depends on their classification as follows:

*Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments as defined by HKAS 39.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with positive net changes in fair value presented as other income and gains and negative net changes in fair value presented as finance costs in the statement of profit or loss. These net fair value changes do not include any dividends or interest earned on these financial assets, which are recognised in accordance with the policies set out for "Revenue recognition" below.

Financial assets designated upon initial recognition as at fair value through profit or loss are designated at the date of initial recognition and only if the criteria in HKAS 39 are satisfied.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated as at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in the statement of profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

*Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in other income and gains in the statement of profit or loss. The loss arising from impairment is recognised in the statement of profit or loss in finance costs for loans and in other expenses for receivables.

*Available-for-sale financial investments*

Available-for-sale financial investments are non-derivative financial assets in listed and unlisted equity investments and debt securities. Equity investments classified as available for sale are those which are neither classified as held for trading nor designated as at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in market conditions.

After initial recognition, available-for-sale financial investments are subsequently measured at fair value, with unrealised gains or losses recognised as other comprehensive income in the available-for-sale investment revaluation reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in the statement of profit or loss in other income, or until the investment is determined to be impaired, when the cumulative gain or loss is reclassified from the available-for-sale investment revaluation reserve to the statement of profit or loss in other expenses or other income and gains. Interest and dividends earned whilst holding the available-for-sale financial investments are reported as interest income and dividend income, respectively, and are recognised in the statement of profit or loss as other income in accordance with the policies set out for "Revenue recognition" below.

When the fair value of unlisted equity investments cannot be reliably measured because (a) the variability in the range of reasonable fair value estimates is significant for that investment or (b) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value, such investments are stated at cost less any impairment losses.

The Group evaluates whether the ability and intention to sell its available-for-sale financial assets in the near term are still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets, the Group may elect to reclassify these financial assets if management has the ability and intention to hold the assets for the foreseeable future or until maturity.

For a financial asset reclassified from the available-for-sale category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on that asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the effective interest rate. Any difference

between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the effective interest rate. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the statement of profit or loss.

#### Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the assets.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

#### Impairment of financial assets

The Group assesses at the end of each of the Relevant Periods whether there is any objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that occurred after the initial recognition of the asset have an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

#### *Financial assets carried at amortised cost*

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset,

whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition).

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in the statement of profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to other expenses in the statement of profit or loss.

#### *Assets carried at cost*

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Impairment losses on these assets are not reversed.

#### *Available-for-sale financial investments*

For available-for-sale financial investments, the Group assesses at the end of each of the Relevant Periods whether there is objective evidence that an investment or a group of investments is impaired.

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the statement of profit or loss, is removed from other comprehensive income and recognised in the statement of profit or loss.



In the case of equity investments classified as available for sale, objective evidence would include a significant or prolonged decline in the fair value of an investment below its cost. "Significant" is evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss — measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of profit or loss — is removed from other comprehensive income and recognised in the statement of profit or loss. Impairment losses on equity instruments classified as available for sale are not reversed through the statement of profit or loss. Increases in their fair value after impairment are recognised directly in other comprehensive income.

In the case of debt instruments classified as available for sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of profit or loss. Future interest income continues to be accrued based on the reduced carrying amount of the asset and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. Impairment losses on debt instruments are reversed through the statement of profit or loss if the subsequent increase in fair value of the instruments can be objectively related to an event occurring after the impairment loss was recognised in the statement of profit or loss.

### Financial liabilities

#### *Initial recognition and measurement*

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables and interest-bearing bank and other borrowings.

#### *Subsequent measurement*

The subsequent measurement of financial liabilities depends on their classification as follows:

#### *Financial liabilities at fair value through profit or loss*

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of repurchasing in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by HKAS 39. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the statement of profit or loss. The net fair value gain or loss recognised in the statement of profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the date of initial recognition and only if the criteria of HKAS 39 are satisfied.

#### *Loans and borrowings*

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

#### *Convertible bonds*

The component of convertible bonds that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of transaction costs. On issuance of convertible bonds, the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond; and this amount is carried as a long term liability on the amortised cost basis until extinguished on conversion or redemption. The remainder of the proceeds is allocated to the conversion option that is recognised and included in shareholders' equity, net of transaction costs. The carrying amount of the conversion option is not remeasured in subsequent years. Transaction costs are apportioned between the liability and equity components of the convertible bonds based on the allocation of proceeds to the liability and equity components when the instruments are first recognised.

#### Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

### Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

### Inventories

Inventories other than properties under development and completed properties held for sale are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

### Properties under development

Properties under development are stated at the lower of cost and net realisable value. Cost comprises land costs, construction costs, borrowing costs, professional fees and other costs directly attributable to such properties incurred during the development period. The net realisable value of properties under development is determined by establishing the market values of the properties on an "as-if" completed basis with appropriate deduction on construction costs, professional fees and interests to be incurred from the valuation date to completion as well as a reasonable profit margin.

Properties under development are classified as current assets unless the construction period of the relevant property development project is expected to complete beyond the normal operating cycle. On completion, the properties are transferred to completed properties held for sale.

### Completed properties held for sale

Completed properties held for sale are stated at the lower of cost and net realisable value. Cost is determined by an apportionment of the total land and building costs attributable to unsold properties. The net realisable value is determined by reference to the sales proceeds of properties sold in the ordinary course of business, less applicable variable selling expenses, or by management's estimates based on the prevailing market conditions, on an individual property basis.

### Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are

readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

#### Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of each of the Relevant Periods of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

A contingent liability recognised in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of (i) the amount that would be recognised in accordance with the general guidance for provisions above; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with the guidance for revenue recognition.

#### Other employee benefits

##### Pension scheme

The employees of the Group in Mainland China are required to participate in a central pension scheme operated by the local municipal government. The Group is required to contribute certain percentage of its payroll costs to the central pension scheme. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension scheme.

#### Income tax

Income tax comprises current tax and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each of the Relevant Periods, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of each of the Relevant Periods between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carry forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each of the Relevant Periods and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each of the Relevant Periods and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end each of the Relevant Periods.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

### Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to the statement of profit or loss by way of a reduced depreciation charge.

### Revenue recognition

Revenue from the sale of properties in the ordinary course of business is recognised when all the following criteria are met:

- (a) the significant risks and rewards of ownership of the properties have been transferred to the buyers;
- (b) neither continuing managerial involvement to the degree usually associated with ownership, nor effective control over the properties is retained;
- (c) the amount of revenue can be measured reliably;
- (d) it is probable that the economic benefits associated with the transaction will flow to the Group; and
- (e) the cost incurred or to be incurred in respect of the transaction can be measured reliably.

The above criteria are met when construction of the relevant properties has been completed and the Group has obtained the project completion report issued by the relevant government authorities, the properties have been delivered to the buyers, and the collectability of related receivables is reasonably assured. Payments received on properties sold prior to the date of revenue recognition are included in the consolidated statement of financial position under current liabilities.

Rental income derived from the lease of the Group's properties is recognised on a time proportion basis over the lease terms.

Property management fee income derived from the provision of property maintenance and management services is recognised when the relevant services are rendered.

Hotel operating income including room rental and service fee from provision of other ancillary services is recognised when the services are rendered.

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Dividend income is recognised when the shareholders' right to receive payment has been established.

#### Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

#### Foreign currencies

The Financial Information is presented in RMB, which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of each of the Relevant Periods. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in other comprehensive income until the net investment is disposed of, at which time the cumulative amount is reclassified to the statement of profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).



The functional currencies of certain overseas subsidiaries are currencies other than the RMB. As at the end of each of the Relevant Periods, the assets and liabilities of these entities are translated into the presentation currency of the Company at the exchange rates prevailing at the end of each of the Relevant Periods and their statements of profit or loss are translated into RMB at the weighted average exchange rates for each of the Relevant Periods.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the statement of profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

For the purpose of the consolidated statement of cash flows, the cash flows of certain overseas subsidiaries are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of certain overseas subsidiaries which arise throughout the year are translated into RMB at the weighted average exchange rates for each of the Relevant Periods.

### **Dividends**

Dividends proposed by the directors are classified as a separate allocation of retained profits within the equity section of the statement of financial position, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

### **3. Significant accounting judgements and estimates**

The preparation of the Financial Information requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

#### Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the Financial Information:

(i) Operating lease commitments — the Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties which are leased out on operating leases.

(ii) Classification between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group. Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately, the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

(iii) Classification between investment properties and properties held for sale

The Group develops properties held for sale and properties held to earn rentals and/or for capital appreciation. Judgement is made by the management on determining whether a property is classified as a property held for sale or an investment property. The Group considers its intention for holding the properties at the early development stage of the related properties. During the course of construction, the properties are accounted for as properties under development included in current assets if the properties are intended for sale after completion of construction, whereas, the properties are accounted for as investment properties under construction or development included in non-current assets if the properties are intended to be held to earn rentals and/or for capital appreciation.

(iv) Determination of assets related government grants

The Group receives government grants for its project development or as financial assistance for its operation. Judgement is made by the management on determining whether the government grants are relating to assets or income. The Group considers the primary condition for the receipt of the government grants. If the primary condition of the government grants is that the Group purchase, construct or otherwise acquire long-term assets, the grants acquired are accounted for as government grants related to assets, whereas, government grants acquired are related to income.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each of the Relevant Periods, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below:

(i) Fair value of investment properties

The investment properties of the Group are measured at fair value. The fair value 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 or, where appropriate, by reference to market evidence of transaction prices for the similar properties in

the surrounding areas. 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 interests to be incurred from the valuation date to completion as well as a reasonable margin. The determination of the fair value for completed investment properties requires the Group to estimate reversionary potential of the properties while for investment properties under development, estimates on costs to be incurred and future margin are required in the valuation.

The carrying amount of investment properties at 31 December 2011, 2012 and 2013 and 30 June 2014 was RMB111,194 million, RMB159,074 million, RMB198,539 million and RMB220,580 million, respectively. Further details, including the key assumptions used for fair value measurement, are stated in note 15 of this section.

(ii) Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at 31 December 2011, 2012 and 2013 and 30 June 2014 was RMB nil, RMB nil, RMB 287 million and RMB 1,430 million, respectively. Further details are given in note 17 of this section.

(iii) PRC corporate income tax (“CIT”)

The Group is subject to “CIT” in Mainland China. As a result of the fact that certain matters relating to the CIT have not been confirmed by the local tax bureau, objective estimate and judgement based on currently enacted tax laws, regulations and other related policies are required in determining the CIT provision to be made. Where the final tax outcome of these matters is different from the amounts originally recorded, the differences will have an impact on the CIT expense and CIT provision in the period in which the differences are realised.

(iv) PRC land appreciation tax (“LAT”)

LAT in Mainland China is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sale of properties less deductible expenditures including land costs, borrowing costs, other property development expenditures.

When calculating the LAT, the Group needs to estimate the deductible expenditures and make judgement on the relevant tax rate on individual property basis under the relevant applicable tax laws and regulations. Given the uncertainties of the calculation basis of LAT to be interpreted by the local tax bureau, the actual outcomes may be higher or lower than that estimated. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the LAT expense and LAT provision in the period in which the differences are realised.

(v) Deferred tax assets

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences and tax losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

(vi) Useful lives and impairment of property, plant and equipment

The Group's management determines the estimated useful lives and related depreciation charges for its items of property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of items of property, plant and equipment of similar nature and functions. It could change significantly as a result of technical innovations and competitors' actions. Management will increase the depreciation charge where useful lives are less than previously estimates, or it will write off or write down technically obsolete assets that have been abandoned.

The carrying value of an item of property, plant and equipment is reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable in accordance with the accounting policy as disclosed in note 2.3 of this section. The net realisable value of an item of property, plant and equipment is calculated as the higher of its fair value less costs to sell and value in use, the calculation of which involves the use of estimates.

(vii) The net realisable value for properties under development and completed properties held for sale

The net realisable value is determined by reference to the sales proceeds of properties sold in the ordinary course of business, less applicable variable selling expenses, or by management's estimates based on the prevailing market conditions, on an individual property basis. The net realisable value of properties under development is determined by establishing the market values of the properties on an "as-if" completed basis with appropriate deduction on construction costs, professional fees and interests to be incurred from the valuation date to completion as well as a reasonable profit margin.

#### 4. Operating segment information

Management monitors the operating results of the Group's business which includes property development, leasing and management and hotel operation by project locations for the purpose of making decisions about resources allocation and performance assessment, while no single location's revenue, net profit or total assets exceeds 10% of the Group's combined revenue, net profit or total assets. As all the locations have similar economic characteristics and are similar in the nature of property development, leasing and management and hotel operation, the nature of the aforementioned business processes, the type or class of customer for the aforementioned business and the methods used to distribute the properties or provide the services, thus all locations were aggregated as one reportable operating segment.

##### Geographical information

All 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 segments 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 Relevant Periods.

## 5. Revenue, other income and gains

Revenue, which is also the Group's turnover, represents income from the sale of properties, lease of properties, property management and related services and hotel operations earned during the Relevant Periods and the six months ended 30 June 2013, net of business tax and other sales related taxes and discounts allowed.

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

|   | Year ended 31 December |               |               | Six months ended 30 June |               |
|---|------------------------|---------------|---------------|--------------------------|---------------|
|   | 2011                   | 2012          | 2013          | 2013                     | 2014          |
|   | RMB'million            | RMB'million   | RMB'million   | RMB'million              | RMB'million   |
|   |                        |               |               | (Unaudited)              |               |
| <b>Revenue</b>  |                        |               |               |                          |               |
| Sales of properties . . . . .   | 45,505                 | 50,573        | 74,981        | 26,531                   | 16,293        |
| Properties leasing and management . . . . .                             | 3,769                  | 5,843         | 8,483         | 3,821                    | 5,177         |
| Hotel operation . . . . .   | 1,450                  | 2,576         | 3,215         | 1,433                    | 1,770         |
| Others . . . . .  | 48                     | 99            | 95            | 49                       | 11            |
|   | <u>50,772</u>          | <u>59,091</u> | <u>86,774</u> | <u>31,834</u>            | <u>23,251</u> |
| <b>Other income</b>   |                        |               |               |                          |               |
| Bank interest income . . . . .  | 520                    | 360           | 531           | 259                      | 256           |
| Government grants . . . . .   | 1,358                  | 1,742         | 3,295         | 1,116                    | 308           |
| Others . . . . .  | 47                     | 17            | 48            | 3                        | 13            |
|   | <u>1,925</u>           | <u>2,119</u>  | <u>3,874</u>  | <u>1,378</u>             | <u>577</u>    |
| <b>Gains</b>  |                        |               |               |                          |               |
| Gain on disposal of subsidiaries<br>(note 39) . . . . .                 | —                      | —             | 113           | —                        | 387           |
| Gain on disposal of items of property,<br>plant and equipment . . . . . | 1                      | 2             | —             | —                        | —             |
| Fair value gain from derivative<br>financial instrument . . . . .       | —                      | —             | —             | —                        | 1             |
| Foreign exchange gain, net . . . . .                                    | —                      | —             | 12            | —                        | 129           |
| Gain on bargain purchase (note 38) . . . . .                            | —                      | —             | 75            | —                        | 2             |
| Gain on disposal of available-for-sale<br>investments . . . . .         | —                      | —             | —             | —                        | 40            |
| Others . . . . .  | 40                     | 41            | 68            | 20                       | 54            |
|   | <u>41</u>              | <u>43</u>     | <u>268</u>    | <u>20</u>                | <u>613</u>    |
|   | <u>1,966</u>           | <u>2,162</u>  | <u>4,142</u>  | <u>1,398</u>             | <u>1,190</u>  |

## 6. Profit before tax

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

|  | Year ended 31 December |              |              | Six months ended 30 June   |              |
|--|------------------------|--------------|--------------|----------------------------|--------------|
|  | 2011                   | 2012         | 2013         | 2013                       | 2014         |
|  | RMB'million            | RMB'million  | RMB'million  | RMB'million<br>(Unaudited) | RMB'million  |
| Cost of properties sold . . . . .  | 23,999                 | 24,967       | 44,345       | 15,342                     | 9,928        |
| Government grants released (note 31) . . . . .   | (1,358)                | (1,742)      | (3,295)      | (1,116)                    | (308)        |
| Loss/(gain) on disposal of items of property, plant and equipment, net. . . . .          | 1                      | (1)          | 1            | —                          | —            |
| Loss on disposal of investment properties . . . . .                                      | 2                      | 8            | —            | —                          | —            |
| Depreciation of property, plant and equipment (note 14) . . . . .                        | 517                    | 881          | 1,054        | 455                        | 610          |
| Amortisation of prepaid land lease payments* (note 16) . . . . .                         | 45                     | 79           | 100          | 41                         | 57           |
| Amortisation of other intangible assets* (note 18) . . . . .                             | 3                      | 10           | 17           | 8                          | 13           |
| Impairment of trade receivables (note 24) . . . . .                                      | 5                      | 5            | —            | —                          | 15           |
| Impairment of other receivables (note 25) . . . . .                                      | 11                     | 35           | 51           | 17                         | (15)         |
| Minimum lease payments under operating leases in respect of land and buildings . . . . . | 91                     | 64           | 91           | 43                         | 113          |
| Auditors' remuneration . . . . .   | 8                      | 5            | 12           | —                          | —            |
| Employee benefit expense (including directors' remuneration)                             |                        |              |              |                            |              |
| Wages, salaries and bonuses . . . . .  | 2,231                  | 3,435        | 4,947        | 1,624                      | 2,695        |
| Pension scheme contributions . . . . .   | 189                    | 292          | 422          | 203                        | 280          |
| Social welfare and other costs . . . . .   | 110                    | 181          | 257          | 92                         | 167          |
|  | <u>2,530</u>           | <u>3,908</u> | <u>5,626</u> | <u>1,919</u>               | <u>3,142</u> |
| Increase in fair value of investment properties . . . . .                                | (13,992)               | (21,898)     | (15,443)     | (7,832)                    | (5,227)      |
| Foreign exchange gain, net (note 5) . . . . .  | —                      | —            | (12)         | —                          | (129)        |
| Remeasurement loss of equity interest in an associate . . . . .                          | —                      | —            | —            | —                          | 8            |
| Direct operating expenses relating to properties leasing and management                  | <u>1,432</u>           | <u>2,059</u> | <u>2,871</u> | <u>1,347</u>               | <u>1,608</u> |

\* The amortisation of prepaid land lease payments and other intangible assets are included in "Administrative expenses" and "Cost of sales" in the consolidated statements of profit or loss.



## 7. Finance costs

An analysis of finance costs is as follows:

|   | Year ended 31 December |              |              | Six months ended 30 June   |              |
|---|------------------------|--------------|--------------|----------------------------|--------------|
|   | 2011                   | 2012         | 2013         | 2013                       | 2014         |
|   | RMB'million            | RMB'million  | RMB'million  | RMB'million<br>(Unaudited) | RMB'million  |
| Interest on bank and other loans                          |                        |              |              |                            |              |
| - wholly repayable within five years . . .                | 4,345                  | 5,237        | 6,701        | 3,570                      | 4,794        |
| - wholly repayable over five years . . . .                | 934                    | 1,472        | 3,067        | 1,084                      | 1,205        |
| Interest on convertible and<br>guaranteed bonds . . . . . | —                      | —            | 30           | —                          | 211          |
| Total interest expense . . . . .                          | 5,279                  | 6,709        | 9,798        | 4,654                      | 6,210        |
| Less: Interest capitalised . . . . .                      | (2,223)                | (2,848)      | (3,943)      | (1,874)                    | (2,570)      |
|   | <u>3,056</u>           | <u>3,861</u> | <u>5,855</u> | <u>2,780</u>               | <u>3,640</u> |

Where funds have been borrowed generally and used for the purpose of obtaining qualifying assets, capitalisation rates ranging between 6.15% and 11.48% have been applied to the expenditure on the individual assets during the Relevant Periods and the six months ended 30 June 2013.

## 8. Directors' remuneration

The aggregate amount of the Directors' remuneration during the Relevant Periods and the six months ended 30 June 2013 is as follows:

|  | Year ended 31 December |             |             | Six months ended 30 June   |             |
|--|------------------------|-------------|-------------|----------------------------|-------------|
|  | 2011                   | 2012        | 2013        | 2013                       | 2014        |
|  | RMB'million            | RMB'million | RMB'million | RMB'million<br>(Unaudited) | RMB'million |
| Fees . . . . .   | —**                    | —**         | —**         | —**                        | —**         |
| Other emoluments:                                      |                        |             |             |                            |             |
| Salaries, allowances and benefits<br>in kind . . . . . | 18                     | 32          | 18          | 9                          | 9           |
| Performance related bonuses . . . . .                  | 7                      | 15          | 7           | —                          | —           |
| Pension schemes contributions . . . . .                | —**                    | —**         | —**         | —**                        | —**         |
|  | <u>25</u>              | <u>47</u>   | <u>25</u>   | <u>9</u>                   | <u>9</u>    |

The remuneration of each of the Directors for the year ended 31 December 2011 is set out below:

|                             | Fees        | Salaries,<br>allowances<br>and benefits<br>in kind | Performance<br>related<br>bonus | Pension<br>schemes<br>contributions | Total       |
|-----------------------------|-------------|--|---------------------------------|-------------------------------------|-------------|
|                             | RMB'million | RMB'million  | RMB'million                     | RMB'million                         | RMB'million |
| Executive directors:        |             |  |                                 |                                     |             |
| Mr. Ding Benxi* . . . . .   | —           | 8  | 3                               | —**                                 | 11          |
| Mr. Zhang Lin . . . . .     | —           | 5  | 2                               | —**                                 | 7           |
| Mr. Xiao Guangrui . . . . . | —           | 5  | 2                               | —**                                 | 7           |
| Non-executive directors:    |             |  |                                 |                                     |             |
| Mr. WANG Jianlin . . . . .  | —           | —  | —                               | —                                   | —           |
| Mr. Wang Guiya . . . . .    | —           | —  | —                               | —                                   | —           |
| Mr. Yin Hai . . . . .       | —           | —  | —                               | —                                   | —           |
| Mr. Liu Jipeng . . . . .    | —**         | —  | —                               | —                                   | —**         |
| Mr. Xue Yunkui . . . . .    | —**         | —  | —                               | —                                   | —**         |
| Mr. Ba Shusong . . . . .    | —**         | —  | —                               | —                                   | —**         |
|                             | —           | 18   | 7                               | —                                   | 25          |

\* Mr. Ding Benxi was also the chief executive officer of the Company for the year.

The remuneration of each of the Directors for the year ended 31 December 2012 is set out below:

|                             | Fees        | Salaries,<br>allowances<br>and benefits<br>in kind | Performance<br>related<br>bonus | Pension<br>schemes<br>contributions | Total       |
|-----------------------------|-------------|--|---------------------------------|-------------------------------------|-------------|
|                             | RMB'million | RMB'million  | RMB'million                     | RMB'million                         | RMB'million |
| Executive directors:        |             |  |                                 |                                     |             |
| Mr. Ding Benxi* . . . . .   | —           | 12   | 5                               | —**                                 | 17          |
| Mr. Qi Jie . . . . .        | —           | 1  | 3                               | —**                                 | 4           |
| Mr. Zhang Lin . . . . .     | —           | 7  | 3                               | —**                                 | 10          |
| Mr. Xiao Guangrui . . . . . | —           | 6  | 2                               | —**                                 | 8           |
| Mr. Qu Dejun . . . . .      | —           | 6  | 2                               | —**                                 | 8           |
| Non-executive directors:    |             |  |                                 |                                     |             |
| Mr. WANG Jianlin . . . . .  | —           | —  | —                               | —                                   | —           |
| Mr. Wang Guiya . . . . .    | —           | —  | —                               | —                                   | —           |
| Mr. Yin Hai . . . . .       | —           | —  | —                               | —                                   | —           |
| Mr. Liu Jipeng . . . . .    | —*          | —  | —                               | —                                   | —**         |
| Mr. Xue Yunkui . . . . .    | —*          | —  | —                               | —                                   | —**         |
| Mr. Ba Shusong . . . . .    | —*          | —  | —                               | —                                   | —**         |
|                             | —           | 32   | 15                              | —                                   | 47          |

\* Mr. Ding Benxi was also the chief executive officer of the Company for the year.

The remuneration of each of the Directors for the year ended 31 December 2013 is set out below:

|                          | Fees        | Salaries,<br>allowances<br>and benefits<br>in kind | Performance<br>related<br>bonus | Pension<br>schemes<br>contributions | Total       |
|--------------------------|-------------|--|---------------------------------|-------------------------------------|-------------|
|                          | RMB'million | RMB'million  | RMB'million                     | RMB'million                         | RMB'million |
| Executive directors:     |             |  |                                 |                                     |             |
| Mr. Ding Benxi . . . . . | —           | —  | —                               | —                                   | —           |
| Mr. Qi Jie* . . . . .    | —           | 11   | 4                               | —**                                 | 15          |
| Mr. Qu Dejun . . . . .   | —           | 7  | 3                               | —**                                 | 10          |
| Non-executive directors: |             |  |                                 |                                     |             |
| Mr. Zhang Lin . . . . .  | —           | —  | —                               | —                                   | —           |
| Mr. Wang Guiya . . . . . | —           | —  | —                               | —                                   | —           |
| Mr. Yin Hai . . . . .    | —           | —  | —                               | —                                   | —           |
| Mr. Liu Jipeng . . . . . | —**         | —  | —                               | —                                   | —**         |
| Mr. Xue Yunkui . . . . . | —**         | —  | —                               | —                                   | —**         |
| Mr. Ba Shusong . . . . . | —**         | —  | —                               | —                                   | —**         |
|                          | —           | 18   | 7                               | —                                   | 25          |

\* Mr. Qi Jie was also the chief executive officer of the Company for the year.

The remuneration of each of the Directors for the six months ended 30 June 2013 is set out below:

|                          | Fees                       | Salaries,<br>allowances<br>and benefits<br>in kind | Performance<br>related<br>bonus | Pension<br>schemes<br>contributions | Total                      |
|--------------------------|----------------------------|--|---------------------------------|-------------------------------------|----------------------------|
|                          | RMB'million<br>(Unaudited) | RMB'million<br>(Unaudited)                         | RMB'million<br>(Unaudited)      | RMB'million<br>(Unaudited)          | RMB'million<br>(Unaudited) |
| Executive directors:     |                            |  |                                 |                                     |                            |
| Mr. Ding Benxi . . . . . | —                          | —  | —                               | —                                   | —                          |
| Mr. Qi Jie* . . . . .    | —                          | 5  | —                               | —**                                 | 5                          |
| Mr. Qu Dejun . . . . .   | —                          | 4  | —                               | —**                                 | 4                          |
| Non-executive directors: |                            |  |                                 |                                     |                            |
| Mr. Zhang Lin . . . . .  | —                          | —  | —                               | —                                   | —                          |
| Mr. Wang Guiya . . . . . | —                          | —  | —                               | —                                   | —                          |
| Mr. Yin Hai . . . . .    | —                          | —  | —                               | —                                   | —                          |
| Mr. Liu Jipeng . . . . . | —**                        | —  | —                               | —                                   | —**                        |
| Mr. Xue Yunkui . . . . . | —**                        | —  | —                               | —                                   | —**                        |
| Mr. Ba Shusong . . . . . | —**                        | —  | —                               | —                                   | —**                        |
|                          | —                          | 9  | —                               | —                                   | 9                          |

\* Mr. Qi Jie was also the chief executive officer of the Company for the period.

The remuneration of each of the Directors for the six months ended 30 June 2014 is set out below:

|                          | Fees        | Salaries,<br>allowances<br>and benefits<br>in kind | Performance<br>related<br>bonus | Pension<br>schemes<br>contributions | Total       |
|--------------------------|-------------|--|---------------------------------|-------------------------------------|-------------|
|                          | RMB'million | RMB'million  | RMB'million                     | RMB'million                         | RMB'million |
| Executive directors:     |             |  |                                 |                                     |             |
| Mr. Ding Benxi . . . . . | —           | —  | —                               | —                                   | —           |
| Mr. Qi Jie* . . . . .    | —           | 5  | —                               | —**                                 | 5           |
| Mr. Qu Dejun . . . . .   | —           | 4  | —                               | —**                                 | 4           |
| Non-executive directors: |             |  |                                 |                                     |             |
| Mr. Zhang Lin . . . . .  | —           | —  | —                               | —                                   | —           |
| Mr. Wang Guiya . . . . . | —           | —  | —                               | —                                   | —           |
| Mr. Yin Hai . . . . .    | —           | —  | —                               | —                                   | —           |
| Mr. Liu Jipeng . . . . . | —**         | —  | —                               | —                                   | —**         |
| Mr. Xue Yunkui . . . . . | —**         | —  | —                               | —                                   | —**         |
| Mr. Ba Shusong . . . . . | —**         | —  | —                               | —                                   | —           |
|                          | —           | 9  | —                               | —                                   | 9           |

\* Mr. Qi Jie was also the chief executive officer of the Company for the period.

\*\* The remuneration of the Directors is presented as zero rounded to the nearest million.

Mr. Qi Jie and Mr. Qu Dejun were appointed as directors in December 2012. Mr. WANG Jianlin and Mr. Xiao Guangrui resigned as directors in December 2012. Mr. Ba Shusong resigned as director in May 2014. Mr. Zhang Lin resigned as executive director and was appointed as non-executive director in 2012.

There was no arrangement under which a director waived or agreed to waive any remuneration during the Relevant Periods and the six months ended 30 June 2013.

### 9. Five highest paid employees

The five highest paid employees included three directors, four directors, two directors, two directors and two directors for the three years ended 31 December 2011, 2012 and 2013 and for the six months ended 30 June 2013 and 2014 respectively, details of whose remuneration are set out in note 8 above. Details of the remuneration for the Relevant Periods of the remaining other highest paid employees who are non-director of the Group are as follows:

|  | Year ended 31 December |             |             | Six months ended 30 June   |             |
|--|------------------------|-------------|-------------|----------------------------|-------------|
|  | 2011                   | 2012        | 2013        | 2013                       | 2014        |
|  | RMB'million            | RMB'million | RMB'million | RMB'million<br>(Unaudited) | RMB'million |
| Salaries, allowances and benefits<br>in kind . . . . . | 10                     | 6           | 20          | 10                         | 10          |
| Performance related bonuses . . . . .                  | 4                      | —           | 7           | —                          | —           |
| Pension scheme contributions . . . . .                 | —*                     | —*          | —*          | —*                         | —*          |
|  | <u>14</u>              | <u>6</u>    | <u>27</u>   | <u>10</u>                  | <u>10</u>   |

The number of non-director highest paid employees whose remuneration fell within the following bands is as follows:

|   | Year ended 31 December |          |          | Six months ended 30 June |          |
|---|------------------------|----------|----------|--------------------------|----------|
|   | 2011                   | 2012     | 2013     | 2013                     | 2014     |
|   |                        |          |          | (Unaudited)              |          |
| Nil to HK\$3,000,000 . . . . .            | —                      | —        | —        | —                        | —        |
| HK\$3,000,001 to HK\$7,000,000 . . . . .  | —                      | —        | —        | 3                        | 3        |
| HK\$7,000,001 to HK\$11,000,000 . . . . . | 2                      | 1        | 3        | —                        | —        |
|   | <u>2</u>               | <u>1</u> | <u>3</u> | <u>3</u>                 | <u>3</u> |

\* The remuneration of non director highest paid employees is presented as zero rounded to the nearest million.

**10. Income tax**

No provision for Hong Kong profits tax and United Kingdom income tax has been made as the Group had no assessable profits arising in Hong Kong and United Kingdom during the Relevant Periods.

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 sale of properties less deductible expenditures including land costs, borrowing costs and other property development expenditures. The Group has estimated, made and included in taxation a provision for LAT according to the requirements set forth in the relevant Mainland China tax laws and regulations. The LAT provision is subject to the final review/approval by the local tax bureau.

|  | Year ended 31 December |               |               | Six months ended 30 June |              |
|--|------------------------|---------------|---------------|--------------------------|--------------|
|  | 2011                   | 2012          | 2013          | 2013                     | 2014         |
|  | RMB'million            | RMB'million   | RMB'million   | RMB'million              | RMB'million  |
|  |                        |               |               | (Unaudited)              |              |
| Current -Mainland China CIT . . . . .      | 3,916                  | 4,543         | 5,444         | 1,943                    | 983          |
| Current -Mainland China LAT . . . . .      | 4,743                  | 5,749         | 7,196         | 2,355                    | 1,497        |
| Deferred (note 21) . . . . .               | 2,407                  | 5,151         | 3,970         | 2,502                    | 988          |
| Total tax charge for the year/period . . . | <u>11,066</u>          | <u>15,443</u> | <u>16,610</u> | <u>6,800</u>             | <u>3,468</u> |

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 rates, are as follows:

|  | Year ended 31 December |              |                |              |                |              | Six months ended 30 June |              |              |              |
|--|------------------------|--------------|----------------|--------------|----------------|--------------|--------------------------|--------------|--------------|--------------|
|  | 2011                   |              | 2012           |              | 2013           |              | 2013                     |              | 2014         |              |
|  | RMB'million            | %            | RMB'million    | %            | RMB'million    | %            | RMB'million              | %            | RMB'million  | %            |
| Profit before tax . . . . .  | <u>30,841</u>          |              | <u>43,264</u>  |              | <u>41,492</u>  |              | <u>16,886</u>            |              | <u>8,385</u> |              |
| CIT at the statutory tax rate . . . . .  | 7,710                  | 25.0         | 10,816         | 25.0         | 10,373         | 25.0         | 4,222                    | 25.0         | 2,096        | 25.0         |
| Effect of different tax levy enacted by local authorities* . . . . .                           | (175)                  | (0.6)        | (2)            | (0.0)        | 3              | 0.0          | (11)                     | (0.1)        | 7            | 0.1          |
| Adjustments in respect of current tax of previous years/periods . . . . .                      | (68)                   | (0.2)        | 75             | 0.2          | 58             | 0.1          | 4                        | 0.0          | (93)         | (1.1)        |
| Losses attributable to an associate . . . . .  | —                      | —            | —              | —            | 2              | 0.0          | —                        | —            | —            | —            |
| Income not subject to tax . . . . .  | —                      | —            | (10)           | (0.0)        | —              | —            | —                        | —            | —            | —            |
| Expenses not deductible for tax . . . . .  | 123                    | 0.4          | 74             | 0.2          | 44             | 0.1          | 9                        | 0.1          | 11           | 0.1          |
| Tax losses and deductible temporary differences utilised from previous years/periods . . . . . | (279)                  | (0.9)        | (381)          | (0.9)        | (146)          | (0.4)        | (45)                     | (0.3)        | (46)         | (0.5)        |
| Deductible temporary differences not recognised . . . . .                                      | 108                    | 0.4          | 125            | 0.3          | 85             | 0.2          | 299                      | 1.7          | 259          | 3.1          |
| Tax losses not recognised . . . . .  | 89                     | 0.3          | 434            | 1.0          | 794            | 1.9          | 556                      | 3.3          | 111          | 1.3          |
| LAT . . . . .  | 4,743                  | 15.4         | 5,749          | 13.3         | 7,196          | 17.3         | 2,355                    | 13.9         | 1,497        | 17.9         |
| CIT effect of LAT . . . . .  | <u>(1,185)</u>         | <u>(3.8)</u> | <u>(1,437)</u> | <u>(3.3)</u> | <u>(1,799)</u> | <u>(4.3)</u> | <u>(589)</u>             | <u>(3.5)</u> | <u>(374)</u> | <u>(4.5)</u> |
| Tax charge at the Group's effective rates . . . . .  | <u>11,066</u>          | 35.9         | <u>15,443</u>  | 35.7         | <u>16,610</u>  | 40.0         | <u>6,800</u>             | 40.3         | <u>3,468</u> | 41.4         |

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

## 11. Profit attributable to owners of the parent

The consolidated profits attributable to owners of the parent includes a profit of RMB5,046 million, RMB4,850 million, RMB4,316 million, RMB2,120 million and RMB5,327 million for the three years ended 31 December 2011, 2012 and 2013 and for the six months ended 30 June 2013 and 2014 respectively, which have been dealt with in the financial statements of the Company.



**12. Dividends**

|  | Year ended 31 December |             |             | Six months ended 30 June |             |
|--|------------------------|-------------|-------------|--------------------------|-------------|
|  | 2011                   | 2012        | 2013        | 2013                     | 2014        |
|  | RMB'million            | RMB'million | RMB'million | RMB'million              | RMB'million |
| Dividend proposed and declared . . . . . | —                      | 1,980       | 1,999       | 1,999                    | 1,999       |

**13. 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 the Company in issue during the Relevant Periods and the six months ended 30 June 2013 respectively.

|   | Year ended 31 December |             |             | Six months ended 30 June |             |
|---|------------------------|-------------|-------------|--------------------------|-------------|
|   | 2011                   | 2012        | 2013        | 2013                     | 2014        |
|   | RMB'million            | RMB'million | RMB'million | RMB'million              | RMB'million |
| Earnings  |                        |             |             |                          |             |
| Profit attributable to ordinary equity holders of the parent used in the basic earnings per share calculation | 19,779                 | 27,310      | 24,581      | 9,313                    | 4,965       |

|  | Year ended 31 December |         |         | Six months ended 30 June |         |
|--|------------------------|---------|---------|--------------------------|---------|
|  | 2011                   | 2012    | 2013    | 2013                     | 2014    |
|  | million                | million | million | million                  | million |
| Shares   |                        |         |         |                          |         |
| Weighted average number of ordinary shares in issue during the Relevant Periods used in the basic earnings per share calculation . . . . . | 3,736                  | 3,736   | 3,736   | 3,736                    | 3,736   |

The calculation of the diluted 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 the Company in issue during the Relevant Periods and the six months ended 30 June 2013 respectively, after adjusting for the effect of conversion and redemption of convertible bonds issued by a subsidiary, Wanda Commercial Properties (Group) Co., Ltd. Details of the convertible bonds are set out in note 33.

## 14. Property, plant and equipment

## Group

|   | Buildings     | Plant and machinery | Motor vehicles | Furniture and fixtures | Others      | Construction in progress | Total         |
|---|---------------|---------------------|----------------|------------------------|-------------|--------------------------|---------------|
|   | RMB'million   | RMB'million         | RMB'million    | RMB'million            | RMB'million | RMB'million              | RMB'million   |
| At 1 January 2011, net of accumulated depreciation . . . . .                      | 5,591         | 34                  | 267            | 81                     | 97          | 2,327                    | 8,397         |
| Additions . . . . .   | 369           | 3                   | 78             | 90                     | 81          | 4,547                    | 5,168         |
| Disposals . . . . .   | (7)           | (1)                 | (1)            | —                      | (12)        | —                        | (21)          |
| Acquisition of a subsidiary (note 38) . . . . .                                   | —             | —                   | —              | —                      | —           | 715                      | 715           |
| Depreciation provided during the year . . . . .                                   | (412)         | (8)                 | (42)           | (29)                   | (26)        | —                        | (517)         |
| Transfers . . . . .   | 5,740         | —                   | —              | —                      | —           | (5,740)                  | —             |
| At 31 December 2011 and 1 January 2012, net of accumulated depreciation . . . . . | 11,281        | 28                  | 302            | 142                    | 140         | 1,849                    | 13,742        |
| Additions . . . . .   | 553           | 9                   | 59             | 105                    | 81          | 4,520                    | 5,327         |
| Disposals . . . . .   | (10)          | —                   | (1)            | (1)                    | —           | —                        | (12)          |
| Acquisition of a subsidiary (note 38) . . . . .                                   | —             | —                   | 3              | 7                      | —           | 60                       | 70            |
| Depreciation provided during the year . . . . .                                   | (729)         | (11)                | (55)           | (46)                   | (40)        | —                        | (881)         |
| Transfers . . . . .   | 4,448         | —                   | —              | —                      | —           | (4,448)                  | —             |
| At 31 December 2012 and 1 January 2013, net of accumulated depreciation . . . . . | 15,543        | 26                  | 308            | 207                    | 181         | 1,981                    | 18,246        |
| Additions . . . . .   | 703           | 25                  | 86             | 130                    | 59          | 8,811                    | 9,814         |
| Disposals . . . . .   | (115)         | —                   | (1)            | (2)                    | (2)         | —                        | (120)         |
| Acquisition of subsidiaries (note 38) . . . . .                                   | 12            | —                   | 1              | —                      | —           | —                        | 13            |
| Disposal of a subsidiary (note 39) . . . . .                                      | —             | —                   | —              | (1)                    | (1)         | (942)                    | (944)         |
| Depreciation provided during the year . . . . .                                   | (861)         | (9)                 | (65)           | (69)                   | (50)        | —                        | (1,054)       |
| Transfers . . . . .   | 5,603         | —                   | —              | —                      | —           | (5,603)                  | —             |
| At 31 December 2013 and 1 January 2014, net of accumulated depreciation . . . . . | 20,885        | 42                  | 329            | 265                    | 187         | 4,247                    | 25,955        |
| Additions . . . . .   | 343           | 4                   | 47             | 54                     | 30          | 3,524                    | 4,002         |
| Disposals . . . . .   | (24)          | —                   | (1)            | (1)                    | (4)         | —                        | (30)          |
| Acquisition of subsidiaries (note 38) . . . . .                                   | 205           | 95                  | 50             | 9                      | 7           | —                        | 366           |
| Disposal of subsidiaries (note 39) . . . . .                                      | (274)         | (3)                 | (1)            | (2)                    | (7)         | —                        | (287)         |
| Depreciation provided during the period . . . . .                                 | (502)         | (6)                 | (37)           | (39)                   | (26)        | —                        | (610)         |
| Transfers . . . . .   | 2,684         | —                   | —              | —                      | —           | (2,684)                  | —             |
| At 30 June 2014, net of accumulated depreciation . . . . .                        | <u>23,317</u> | <u>132</u>          | <u>387</u>     | <u>286</u>             | <u>187</u>  | <u>5,087</u>             | <u>29,396</u> |

## Group

|   | <u>Buildings</u> | <u>Plant and machinery</u> | <u>Motor vehicles</u> | <u>Furniture and fixtures</u> | <u>Others</u> | <u>Construction in progress</u> | <u>Total</u>  |
|---|------------------|----------------------------|-----------------------|-------------------------------|---------------|---------------------------------|---------------|
|   | RMB'million      | RMB'million                | RMB'million           | RMB'million                   | RMB'million   | RMB'million                     | RMB'million   |
| At 1 January 2011                         |                  |                            |                       |                               |               |                                 |               |
| Cost . . . . .                            | 5,959            | 67                         | 309                   | 121                           | 184           | 2,327                           | 8,967         |
| Accumulated depreciation . . .            | (368)            | (33)                       | (42)                  | (40)                          | (87)          | —                               | (570)         |
| Net carrying amount . . . . .             | <u>5,591</u>     | <u>34</u>                  | <u>267</u>            | <u>81</u>                     | <u>97</u>     | <u>2,327</u>                    | <u>8,397</u>  |
| At 31 December 2011 and<br>1 January 2012 |                  |                            |                       |                               |               |                                 |               |
| Cost . . . . .                            | 12,023           | 69                         | 385                   | 210                           | 250           | 1,849                           | 14,786        |
| Accumulated depreciation . . .            | (742)            | (41)                       | (83)                  | (68)                          | (110)         | —                               | (1,044)       |
| Net carrying amount . . . . .             | <u>11,281</u>    | <u>28</u>                  | <u>302</u>            | <u>142</u>                    | <u>140</u>    | <u>1,849</u>                    | <u>13,742</u> |
| At 31 December 2012 and<br>1 January 2013 |                  |                            |                       |                               |               |                                 |               |
| Cost . . . . .                            | 16,902           | 78                         | 441                   | 318                           | 329           | 1,981                           | 20,049        |
| Accumulated depreciation . . .            | (1,359)          | (52)                       | (133)                 | (111)                         | (148)         | —                               | (1,803)       |
| Net carrying amount . . . . .             | <u>15,543</u>    | <u>26</u>                  | <u>308</u>            | <u>207</u>                    | <u>181</u>    | <u>1,981</u>                    | <u>18,246</u> |
| At 31 December 2013 and<br>1 January 2014 |                  |                            |                       |                               |               |                                 |               |
| Cost . . . . .                            | 23,021           | 102                        | 523                   | 442                           | 382           | 4,247                           | 28,717        |
| Accumulated depreciation . . .            | (2,136)          | (60)                       | (194)                 | (177)                         | (195)         | —                               | (2,762)       |
| Net carrying amount . . . . .             | <u>20,885</u>    | <u>42</u>                  | <u>329</u>            | <u>265</u>                    | <u>187</u>    | <u>4,247</u>                    | <u>25,955</u> |
| At 30 June 2014:                          |                  |                            |                       |                               |               |                                 |               |
| Cost . . . . .                            | 25,694           | 592                        | 802                   | 503                           | 328           | 5,087                           | 33,006        |
| Accumulated depreciation . . .            | (2,377)          | (460)                      | (415)                 | (217)                         | (141)         | —                               | (3,610)       |
| Net carrying amount . . . . .             | <u>23,317</u>    | <u>132</u>                 | <u>387</u>            | <u>286</u>                    | <u>187</u>    | <u>5,087</u>                    | <u>29,396</u> |

## Company

|   | Buildings   | Plant and machinery | Motor vehicles | Furniture and fixtures | Others      | Construction in progress | Total       |
|---|-------------|---------------------|----------------|------------------------|-------------|--------------------------|-------------|
|   | RMB'million | RMB'million         | RMB'million    | RMB'million            | RMB'million | RMB'million              | RMB'million |
| At 1 January 2011, net of accumulated depreciation . . . . .                      | 18          | —                   | 85             | 9                      | 2           | 519                      | 633         |
| Additions. . . . .  | 11          | —                   | 7              | 14                     | —           | 275                      | 307         |
| Disposals . . . . .   | —           | —                   | (1)            | —                      | —           | —                        | (1)         |
| Depreciation provided during the year . . . . .                                   | (29)        | —                   | (8)            | (2)                    | —           | —                        | (39)        |
| At 31 December 2011 and 1 January 2012, net of accumulated depreciation . . . . . | —           | —                   | 83             | 21                     | 2           | 794                      | 900         |
| Additions. . . . .  | —           | —                   | 10             | 35                     | 10          | 225                      | 280         |
| Depreciation provided during the year . . . . .                                   | (20)        | —                   | (10)           | (6)                    | (1)         | —                        | (37)        |
| Transfers . . . . .   | 1,019       | —                   | —              | —                      | —           | (1,019)                  | —           |
| At 31 December 2012 and 1 January 2013, net of accumulated depreciation . . . . . | 999         | —                   | 83             | 50                     | 11          | —                        | 1,143       |
| Additions. . . . .  | 15          | —                   | —              | 7                      | 2           | —                        | 24          |
| Disposals . . . . .   | —           | —                   | —              | —                      | (1)         | —                        | (1)         |
| Depreciation provided during the year . . . . .                                   | (27)        | —                   | (10)           | (12)                   | (2)         | —                        | (51)        |
| At 31 December 2013 and 1 January 2014, net of accumulated depreciation . . . . . | 987         | —                   | 73             | 45                     | 10          | —                        | 1,115       |
| Additions. . . . .  | 2           | —                   | —              | 5                      | 2           | —                        | 9           |
| Depreciation provided during the period . . . . .                                 | (13)        | —                   | (3)            | (6)                    | (2)         | —                        | (24)        |
| At 30 June 2014, net of accumulated depreciation . . . . .                        | 976         | —                   | 70             | 44                     | 10          | —                        | 1,100       |

## Company

|   | Buildings   | Plant and machinery | Motor vehicles | Furniture and fixtures | Others      | Construction in progress | Total        |
|---|-------------|---------------------|----------------|------------------------|-------------|--------------------------|--------------|
|   | RMB'million | RMB'million         | RMB'million    | RMB'million            | RMB'million | RMB'million              | RMB'million  |
| At 1 January 2011                         |             |                     |                |                        |             |                          |              |
| Cost . . . . .                            | 31          | —                   | 89             | 10                     | 3           | 519                      | 652          |
| Accumulated depreciation . . .            | (13)        | —                   | (4)            | (1)                    | (1)         | —                        | (19)         |
| Net carrying amount . . . . .             | <u>18</u>   | <u>—</u>            | <u>85</u>      | <u>9</u>               | <u>2</u>    | <u>519</u>               | <u>633</u>   |
| At 31 December 2011 and<br>1 January 2012 |             |                     |                |                        |             |                          |              |
| Cost . . . . .                            | 42          | —                   | 94             | 24                     | 3           | 794                      | 957          |
| Accumulated depreciation . . .            | (42)        | —                   | (11)           | (3)                    | (1)         | —                        | (57)         |
| Net carrying amount . . . . .             | <u>—</u>    | <u>—</u>            | <u>83</u>      | <u>21</u>              | <u>2</u>    | <u>794</u>               | <u>900</u>   |
| At 31 December 2012 and<br>1 January 2013 |             |                     |                |                        |             |                          |              |
| Cost . . . . .                            | 1,061       | —                   | 103            | 60                     | 13          | —                        | 1,237        |
| Accumulated depreciation . . .            | (62)        | —                   | (20)           | (10)                   | (2)         | —                        | (94)         |
| Net carrying amount . . . . .             | <u>999</u>  | <u>—</u>            | <u>83</u>      | <u>50</u>              | <u>11</u>   | <u>—</u>                 | <u>1,143</u> |
| At 31 December 2013:                      |             |                     |                |                        |             |                          |              |
| Cost . . . . .                            | 1,076       | —                   | 103            | 68                     | 13          | —                        | 1,260        |
| Accumulated depreciation . . .            | (89)        | —                   | (30)           | (23)                   | (3)         | —                        | (145)        |
| Net carrying amount . . . . .             | <u>987</u>  | <u>—</u>            | <u>73</u>      | <u>45</u>              | <u>10</u>   | <u>—</u>                 | <u>1,115</u> |
| At 30 June 2014:                          |             |                     |                |                        |             |                          |              |
| Cost . . . . .                            | 1,078       | —                   | 103            | 73                     | 15          | —                        | 1,269        |
| Accumulated depreciation . . .            | (102)       | —                   | (33)           | (29)                   | (5)         | —                        | (169)        |
| Net carrying amount . . . . .             | <u>976</u>  | <u>—</u>            | <u>70</u>      | <u>44</u>              | <u>10</u>   | <u>—</u>                 | <u>1,100</u> |

The Group's and the Company's certain items of property, plant and equipment were pledged to secure the loans granted to the Group and the Company (note 30).

As at the date of this report, the Group and the Company are in the process of applying for registration of title certificates for certain buildings. As at 30 June 2014, the carrying amount of the Group's certain buildings in the process of applying for registration of title certificates was RMB1,836 million. In the Directors' opinion, the Group is entitled to lawfully and validly occupy and use the certain buildings. The aforesaid matter has no significant impact on the Group's/Company's financial position at 30 June 2014.

## 15. Investment properties

## Group

|   | Completed<br>Investment<br>properties | Investment<br>properties under<br>construction or<br>development | Total                |
|---|---------------------------------------|--|----------------------|
|   | RMB'million                           | RMB'million  | RMB'million          |
| At 1 January 2011 . . . . .   | 55,459                                | 17,658   | 73,117               |
| Additions . . . . .   | 1,708                                 | 22,388   | 24,096               |
| Net gain from a fair value adjustment . . . . .                     | 10,908                                | 3,084  | 13,992               |
| Transfer upon completion . . . . .                                  | 21,796                                | (21,796)   | —                    |
| Disposal . . . . .  | (11)                                  | —  | (11)                 |
| At 31 December 2011 and 1 January 2012 . . . . .                    | 89,860                                | 21,334   | 111,194              |
| Additions . . . . .   | —                                     | 25,931   | 25,931               |
| Net gain from a fair value adjustment . . . . .                     | 19,470                                | 2,428  | 21,898               |
| Transfer upon completion . . . . .                                  | 25,683                                | (25,683)   | —                    |
| Transfer from inventories . . . . .                                 | 59                                    | —  | 59                   |
| Disposal . . . . .  | (8)                                   | —  | (8)                  |
| At 31 December 2012 and 1 January 2013 . . . . .                    | 135,064                               | 24,010   | 159,074              |
| Additions . . . . .   | —                                     | 21,758   | 21,758               |
| Acquisition of subsidiaries (note 38) . . . . .                     | 2,150                                 | —  | 2,150                |
| Net gain from a fair value adjustment . . . . .                     | 11,215                                | 4,228  | 15,443               |
| Transfer upon completion . . . . .                                  | 23,855                                | (23,855)   | —                    |
| Transfer from inventories . . . . .                                 | 114                                   | —  | 114                  |
| At 31 December 2013 and 1 January 2014 . . . . .                    | 172,398                               | 26,141   | 198,539              |
| Additions . . . . .   | —                                     | 16,814   | 16,814               |
| Net gain from a fair value adjustment . . . . .                     | 4,382                                 | 845  | 5,227                |
| Transfer upon completion . . . . .                                  | 5,922                                 | (5,922)  | —                    |
| At 30 June 2014 . . . . .   | 182,702                               | 37,878   | 220,580              |
|   | <b>As at 31 December</b>              |  |                      |
|   | <b>2011</b>                           | <b>2012</b>  | <b>2013</b>          |
|   | <b>RMB'million</b>                    | <b>RMB'million</b>   | <b>RMB'million</b>   |
| Located in Mainland China and held under the following lease terms: |                                       |  | <b>As at 30 June</b> |
| Between 10 and 50 years . . . . .                                   | 111,194                               | 159,074  | 198,539              |
|   | 111,194                               | 159,074  | 198,539              |
|   |                                       |  | 220,580              |

## Company

|  | Completed<br>Investment<br>properties | Investment<br>properties under<br>construction or<br>development | Total       |
|--|---------------------------------------|--|-------------|
|  | RMB'million                           | RMB'million  | RMB'million |
| At 1 January 2011 . . . . .                      | —                                     | 517  | 517         |
| Additions . . . . .                              | —                                     | 272  | 272         |
| Net gain from a fair value adjustment . . . . .  | —                                     | 116  | 116         |
| At 31 December 2011 and 1 January 2012 . . . . . | —                                     | 905  | 905         |
| Additions . . . . .                              | —                                     | 241  | 241         |
| Net gain from a fair value adjustment . . . . .  | 306                                   | —  | 306         |
| Transfer upon completion . . . . .               | 1,146                                 | (1,146)  | —           |
| At 31 December 2012 and 1 January 2013 . . . . . | 1,452                                 | —  | 1,452       |
| Additions . . . . .                              | 13                                    | —  | 13          |
| Net gain from a fair value adjustment . . . . .  | 5                                     | —  | 5           |
| At 31 December 2013 and 1 January 2014 . . . . . | 1,470                                 | —  | 1,470       |
| Net loss from a fair value adjustment . . . . .  | (55)                                  | —  | (55)        |
| At 30 June 2014 . . . . .                        | 1,415                                 | —  | 1,415       |

|   | As at 31 December |             |             | As at 30 June |
|---|-------------------|-------------|-------------|---------------|
|   | 2011              | 2012        | 2013        | 2014          |
|   | RMB'million       | RMB'million | RMB'million | RMB'million   |
| Located in Mainland China and held under the following lease terms: |                   |             |             |               |
| Between 10 and 50 years . . . . .                                   | 905               | 1,452       | 1,470       | 1,415         |
|   | 905               | 1,452       | 1,470       | 1,415         |

The Group's and the Company's investment properties are all situated in Mainland China. All the completed 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 each of the Relevant Periods based on valuations performed by independent qualified valuers, DTZ Debenham Tie Leung Limited ("DTZ") or CBRE HK Limited ("CBRE"). DTZ and CBRE are industry specialists in investment property valuation, who have 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 or, where appropriate, by reference to market evidence of transaction prices for the similar properties in the surrounding areas. 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 interests 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 Relevant Periods.



The Group's and the Company's certain investment properties were pledged to secure bank borrowings granted to the Group and the Company (note 30).

As at the date of this report, the Group and the Company are in the process of applying for registration of the relevant property certificates for certain investment properties. As at 30 June 2014, the carrying amount of the Group's certain investment properties in the process of applying for registration of title certificates was RMB12,478 million. In the Directors' opinion, the Group is entitled to lawfully and validly occupy and use the certain investment properties.

At the end of each of the Relevant Periods, 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 Relevant Periods.

The Group has determined that the current use of all investment properties equates to the highest and best use.

The Group's finance department includes a team that reviews the valuations performed by the independent valuers for financial reporting purpose. This team reports directly to the senior management. Discussions of valuation processes and results are held between the 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 each of the Relevant Periods and the six months ended 30 June 2013, the finance department:

- verifies all major inputs to the independent valuation reports;
- assesses property valuation movements when compared 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                           |
|-------------|---------------------|----------------------------------|--|
| Office      | Investment approach | Prevailing market rents          | RMB50—RMB300 per square meter per month                |
|             |                     | Reversionary capitalisation rate | 5.5% — 7.0%  |
| Retail      | Investment approach | Prevailing market rents          | RMB34—RMB900 per square meter per month                |
|             |                     | Reversionary capitalisation rate | Anchor Stores: 4.5%—6.0%<br>Standard Retail: 5.0%—7.0% |
| Carpark     | Investment approach | Prevailing market rents          | RMB200—RMB1,500 per lot per month                      |
|             |                     | Reversionary capitalisation rate | 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 capitalisation rate is estimated by the independent valuer based on the risk profile of the properties being valued. The higher the reversionary capitalisation rate, the lower the fair value is.

## 16. Prepaid land lease payments

### Group

|  | As at 31 December |              |              | As at 30 June |
|--|-------------------|--------------|--------------|---------------|
|  | 2011              | 2012         | 2013         | 2014          |
|  | RMB'million       | RMB'million  | RMB'million  | RMB'million   |
| At beginning of year/period . . . . .  | 2,821             | 4,047        | 5,579        | 6,268         |
| Additions . . . . .  | 1,271             | 1,474        | 772          | 997           |
| Acquisition of subsidiaries (note 38) . . . . .  | —                 | 137          | 17           | 20            |
| Disposals of subsidiaries (note 39) . . . . .  | —                 | —            | —            | (249)         |
| Recognised during the year/period . . . . .  | (45)              | (79)         | (100)        | (57)          |
| At end of year/period . . . . .  | <u>4,047</u>      | <u>5,579</u> | <u>6,268</u> | <u>6,979</u>  |
| Less: Current portion included in prepayments,<br>deposits and other receivables . . . . . | —                 | —            | —            | —             |
| Non-current portion . . . . .  | <u>4,047</u>      | <u>5,579</u> | <u>6,268</u> | <u>6,979</u>  |

### Company

|  | As at 31 December |             |             | As at 30 June |
|--|-------------------|-------------|-------------|---------------|
|  | 2011              | 2012        | 2013        | 2014          |
|  | RMB'million       | RMB'million | RMB'million | RMB'million   |
| At beginning of year/period . . . . .  | 335               | 335         | 329         | 321           |
| Recognised during the year/period . . . . .  | —                 | (6)         | (8)         | (5)           |
| At end of year/period . . . . .  | <u>335</u>        | <u>329</u>  | <u>321</u>  | <u>316</u>    |
| Less: Current portion included in prepayments,<br>deposits and other receivables . . . . . | —                 | —           | —           | —             |
| Net-current portion . . . . .  | <u>335</u>        | <u>329</u>  | <u>321</u>  | <u>316</u>    |

The Group's and the Company's certain prepaid land lease payments were pledged to secure bank borrowings granted to the Group and the Company as described in note 30.

The leasehold land is situated in Mainland China and is held under a medium-term (10-50 years).

## 17. Goodwill

## Group

|   | RMB'million  |
|---|--------------|
| At 31 December 2013:  |              |
| Cost . . . . .  | 287          |
| Accumulated impairment . . . . .                                | <u>—</u>     |
| Net carrying amount . . . . .                                   | <u>287</u>   |
| Cost at 1 January 2013, net of accumulated impairment . . . . . | —            |
| Acquisition of subsidiaries (note 38) . . . . .                 | <u>287</u>   |
| Cost and net carrying amount at 31 December 2013 . . . . .      | <u>287</u>   |
| Cost at 1 January 2014, net of accumulated impairment . . . . . | 287          |
| Acquisition of a subsidiary (note 38) . . . . .                 | <u>1,143</u> |
| Cost and net carrying amount at 30 June 2014 . . . . .          | <u>1,430</u> |
| At 30 June 2014:  |              |
| Cost . . . . .  | 1,430        |
| Accumulated impairment . . . . .                                | <u>—</u>     |
| Net carrying amount . . . . .                                   | <u>1,430</u> |

The goodwill mainly arose from the business combinations of Wanda Commercial Properties (Group) Co., Limited ("Wanda Commercial") and Wanda Yacht Investment (Jersey) Company Limited ("Wanda Jersey"). The carrying amounts of goodwill allocated to each of the cash-generating units are as follows:

|                            | At 30 June 2014 |
|----------------------------|-----------------|
|                            | RMB'million     |
| Wanda Commercial . . . . . | 287             |
| Wanda Jersey . . . . .     | <u>1,143</u>    |
|                            | <u>1,430</u>    |

The recoverable amount of Wanda Commercial has been determined based on its fair value less costs of disposal, which is measured based on the quoted prices for Wanda Commercial at the Stock Exchange. The recoverable amount of Wanda Jersey has been determined based on a value in use calculation using discounted cash flow projections based on Wanda Jersey's 3-year financial budgets approved by Wanda Jersey's senior management. The discount rate applied to the cash flow projections is 10.5%. The growth rate used to extrapolate the cash flows beyond the 3-year period is descendingly to 3%. Wanda Jersey's senior management believes that this growth rate is justified, given the unique infrastructure and characteristic services developed by Wanda Jersey.

## 18. Other intangible assets

## Group

|  | As at 31 December |              |              | As at 30 June |
|--|-------------------|--------------|--------------|---------------|
|  | 2011              | 2012         | 2013         | 2014          |
|  | RMB' million      | RMB' million | RMB' million | RMB' million  |
| Cost at beginning of year/period net of accumulated amortisation . . . . . | 15                | 50           | 82           | 155           |
| Additions . . . . .  | 38                | 42           | 90           | 38            |
| Acquisition of subsidiaries (note 38) . . . . .                            | —                 | —            | —            | 2,353         |
| Amortisation provided during the year/period . . . . .                     | (3)               | (10)         | (17)         | (13)          |
| At end of year/period . . . . .  | <u>50</u>         | <u>82</u>    | <u>155</u>   | <u>2,533</u>  |
| Cost . . . . .   | 56                | 98           | 188          | 2,579         |
| Accumulated amortisation . . . . .   | (6)               | (16)         | (33)         | (46)          |
| Net carrying amount . . . . .  | <u>50</u>         | <u>82</u>    | <u>155</u>   | <u>2,533</u>  |

The other intangible assets arisen from the business contribution of Wanda Jersey mainly comprise brand, technology and business relationships:

## 19 Investment in an associate

## Group

|                               | As at 31 December |              |              | As at 30 June |
|-------------------------------|-------------------|--------------|--------------|---------------|
|                               | 2011              | 2012         | 2013         | 2014          |
|                               | RMB' million      | RMB' million | RMB' million | RMB' million  |
| Share of net assets . . . . . | <u>—</u>          | <u>—</u>     | <u>114</u>   | <u>—</u>      |

## Company

|                               | As at 31 December |              |              | As at 30 June |
|-------------------------------|-------------------|--------------|--------------|---------------|
|                               | 2011              | 2012         | 2013         | 2014          |
|                               | RMB' million      | RMB' million | RMB' million | RMB' million  |
| Share of net assets . . . . . | <u>—</u>          | <u>—</u>     | <u>114</u>   | <u>—</u>      |

Particulars of the Group and Company's associate as at 31 December 2013 are as follows:

| Name                 | Particulars of registered capital | Place of incorporation | Percentage of ownership attributable to the Group | Principal activity               |
|----------------------|-----------------------------------|------------------------|---|----------------------------------|
| 大連金石文化旅游投資有限公司 . . . | RMB 3,000,000,000                 | Mainland China         | 11.11%  | Resort development and operation |

In May 2013, the Group acquired 5% of registered capital in 大連金石文化旅游投資有限公司 (“Dalian Jinshi”), whose principal activity is resort development and operation, for a cash consideration of RMB123 million.

As at 31 December 2013, the paid-in capital of Dalian Jinshi was RMB900 million, consisting of RMB800 million from the Parent and RMB100 million from the Group. The shareholders of Dalian Jinshi had not made the full capital contribution yet which resulted in the difference between the registered capital and the paid-in capital. The Group's equity interest on Dalian Jinshi of 11.11% was calculated based on the paid-in capital.

Pursuant to the capital contribution agreement with Dalian Jinshi in June 2013, the Group agreed to make a capital contribution of RMB700 million into Dalian Jinshi by September 2016. Upon the completion of capital contribution, the Group would effectively hold 40% of registered capital in Dalian Jinshi.

Further, on 31 March 2014, the Group acquired 40% of registered capital in Dalian Jinshi from the Parent for a cash consideration of RMB843 million. Accordingly, Dalian Jinshi became a subsidiary of the Group. Further details are given in note 38(e).

The following table illustrates the summarised financial information of Dalian Jinshi as at 31 December 2013 and for the year then ended:

|  | <b>2013</b>        |
|--|--------------------|
|  | <b>RMB'million</b> |
| Inventories . . . . .  | 2,137              |
| Others . . . . .   | 643                |
| Current assets . . . . .   | <u>2,780</u>       |
| Non-current assets . . . . .   | <u>276</u>         |
| Other payables and accruals . . . . .                                      | (936)              |
| Others . . . . .   | (521)              |
| Current liabilities . . . . .  | <u>(1,457)</u>     |
| Non-current liabilities . . . . .  | <u>(574)</u>       |
| Net assets . . . . .   | <u>1,025</u>       |
| Group's share of net assets of the associate, excluding goodwill . . . . . | 114                |
| Carrying amount of the investment . . . . .                                | <u>114</u>         |
| Revenue . . . . .  | —                  |
| Loss for the year . . . . .  | <u>(78)</u>        |

## 20. Investments in subsidiaries

## Company

|                                    | As at 31 December |               |               | As at 30 June  |
|------------------------------------|-------------------|---------------|---------------|----------------|
|                                    | 2011              | 2012          | 2013          | 2014           |
|                                    | RMB' million      | RMB' million  | RMB' million  | RMB' million   |
| Unlisted shares, at cost . . . . . | 43,185            | 59,187        | 84,877        | 106,071        |
| Impairment . . . . .               | (293)             | (194)         | (194)         | (194)          |
|                                    | <u>42,892</u>     | <u>58,993</u> | <u>84,683</u> | <u>105,877</u> |

Particulars of the principal subsidiaries are set out in note 1.

Details of the Group's subsidiaries that have material non-controlling interests (NCI) are set out below:

上海寶山萬達投資有限公司

|                                       | As at 31 December |              |              | As at 30 June |
|---------------------------------------|-------------------|--------------|--------------|---------------|
|                                       | 2011              | 2012         | 2013         | 2014          |
|                                       | RMB' million      | RMB' million | RMB' million | RMB' million  |
| NCI percentage . . . . .              | 35.00%            | 35.00%       | 35.00%       | 35.00%        |
| Current assets . . . . .              | 1,903             | 1,378        | 599          | 316           |
| Non-current assets . . . . .          | 1,287             | 2,661        | 2,791        | 2,838         |
| Current liabilities . . . . .         | (2,480)           | (1,443)      | (491)        | (292)         |
| Non-current liabilities . . . . .     | (541)             | (1,045)      | (1,010)      | (908)         |
| Accumulated balances of NCI . . . . . | <u>59</u>         | <u>543</u>   | <u>661</u>   | <u>684</u>    |

|   | Year ended 31 December |              |              | Six months ended 30 June    |              |
|---|------------------------|--------------|--------------|-----------------------------|--------------|
|   | 2011                   | 2012         | 2013         | 2013                        | 2014         |
|   | RMB' million           | RMB' million | RMB' million | RMB' million<br>(Unaudited) | RMB' million |
| Revenue . . . . .   | —                      | 2,145        | 962          | 715                         | 136          |
| Total expenses . . . . .  | (6)                    | (765)        | (623)        | (592)                       | (71)         |
| (Loss)/profit for the year/period . . . . .                     | (6)                    | 1,380        | 339          | 123                         | 65           |
| Total comprehensive income for the<br>year/period . . . . .     | (6)                    | 1,380        | 339          | 123                         | 65           |
| (Loss)/profit for the year/period<br>allocated to NCI . . . . . | <u>(2)</u>             | <u>483</u>   | <u>119</u>   | <u>43</u>                   | <u>23</u>    |
| Dividends paid to NCI . . . . .                                 | <u>—</u>               | <u>—</u>     | <u>—</u>     | <u>—</u>                    | <u>—</u>     |

**APPENDIX I**
**ACCOUNTANTS' REPORT**

|   | Year ended 31 December |              |              | Six months ended 30 June    |              |
|---|------------------------|--------------|--------------|-----------------------------|--------------|
|   | 2011                   | 2012         | 2013         | 2013                        | 2014         |
|   | RMB' million           | RMB' million | RMB' million | RMB' million<br>(Unaudited) | RMB' million |
| Net cash flows from/(used in)<br>operating activities . . . . .   | 694                    | (34)         | 57           | (119)                       | (180)        |
| Net cash flows used in investing<br>activities . . . . .          | (371)                  | (257)        | (145)        | —                           | —            |
| Net cash flows from/(used in) financing<br>activities . . . . .   | 332                    | 224          | (181)        | (112)                       | (66)         |
| Net increase/(decrease) in cash and<br>cash equivalents . . . . . | <u>655</u>             | <u>(67)</u>  | <u>(269)</u> | <u>(231)</u>                | <u>(246)</u> |

煙台芝罘萬達廣場有限公司

|                                       | As at 31 December |              |              | As at 30 June |
|---------------------------------------|-------------------|--------------|--------------|---------------|
|                                       | 2011              | 2012         | 2013         | 2014          |
|                                       | RMB' million      | RMB' million | RMB' million | RMB' million  |
| NCI percentage . . . . .              | 30.00%            | 30.00%       | 30.00%       | 30.00%        |
| Current assets . . . . .              | 89                | 831          | 3,723        | 4,013         |
| Non-current assets . . . . .          | 3                 | 263          | 794          | 1,247         |
| Current liabilities . . . . .         | (49)              | (624)        | (2,127)      | (4,360)       |
| Non-current liabilities . . . . .     | —                 | (376)        | (2,336)      | (887)         |
| Accumulated balances of NCI . . . . . | <u>13</u>         | <u>28</u>    | <u>16</u>    | <u>4</u>      |

|   | Year ended 31 December |              |              | Six months ended 30 June    |              |
|---|------------------------|--------------|--------------|-----------------------------|--------------|
|   | 2011                   | 2012         | 2013         | 2013                        | 2014         |
|   | RMB' million           | RMB' million | RMB' million | RMB' million<br>(Unaudited) | RMB' million |
| Revenue . . . . .   | —                      | —            | —            | —                           | —            |
| Total other income/(expenses) . . . . .                         | (7)                    | 51           | (39)         | (34)                        | (41)         |
| (Loss)/profit for the year/period . . . . .                     | (7)                    | 51           | (39)         | (34)                        | (41)         |
| Total comprehensive income for the<br>year/period . . . . .     | (7)                    | 51           | (39)         | (34)                        | (41)         |
| (Loss)/profit for the year/period<br>allocated to NCI . . . . . | <u>(2)</u>             | <u>15</u>    | <u>(12)</u>  | <u>(10)</u>                 | <u>(12)</u>  |
| Dividends paid to NCI . . . . .                                 | <u>—</u>               | <u>—</u>     | <u>—</u>     | <u>—</u>                    | <u>—</u>     |



**APPENDIX I**
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|  | Year ended 31 December |              |              | Six months ended 30 June    |              |
|--|------------------------|--------------|--------------|-----------------------------|--------------|
|  | 2011                   | 2012         | 2013         | 2013                        | 2014         |
|  | RMB' million           | RMB' million | RMB' million | RMB' million<br>(Unaudited) | RMB' million |
| Net cash flows (used in)/from operating activities . . . . .   | (7)                    | 191          | (876)        | (1,351)                     | 343          |
| Net cash flows used in investing activities . . . . .          | (1)                    | (152)        | (407)        | —                           | (206)        |
| Net cash flows from/(used in) financing activities . . . . .   | —                      | 349          | 1,726        | 1,587                       | (423)        |
| Net (decrease)/increase in cash and cash equivalents . . . . . | <u>(8)</u>             | <u>388</u>   | <u>443</u>   | <u>236</u>                  | <u>(286)</u> |

宜興萬達廣場有限公司

|                                       | As at 31 December |              |              | As at 30 June |
|---------------------------------------|-------------------|--------------|--------------|---------------|
|                                       | 2011              | 2012         | 2013         | 2014          |
|                                       | RMB' million      | RMB' million | RMB' million | RMB' million  |
| NCI percentage . . . . .              | —                 | 30.00%       | 30.00%       | 30.00%        |
| Current assets . . . . .              | —                 | 2,545        | 2,665        | 2,136         |
| Non-current assets . . . . .          | —                 | 1,288        | 2,337        | 2,351         |
| Current liabilities . . . . .         | —                 | (2,064)      | (2,397)      | (1,586)       |
| Non-current liabilities . . . . .     | —                 | (557)        | (797)        | (1,050)       |
| Accumulated balances of NCI . . . . . | <u>—</u>          | <u>174</u>   | <u>353</u>   | <u>369</u>    |

|  | Year ended 31 December |              |              | Six months ended 30 June    |              |
|--|------------------------|--------------|--------------|-----------------------------|--------------|
|  | 2011                   | 2012         | 2013         | 2013                        | 2014         |
|  | RMB' million           | RMB' million | RMB' million | RMB' million<br>(Unaudited) | RMB' million |
| Revenue . . . . .  | —                      | —            | 1,435        | 9                           | 425          |
| Total other income/(expenses) . . . . .                  | —                      | 43           | (839)        | 710                         | (374)        |
| Profit for the year/period . . . . .                     | —                      | 43           | 596          | 719                         | 51           |
| Total comprehensive income for the year/period . . . . . | —                      | 43           | 596          | 719                         | 51           |
| Profit for the year/period allocated to NCI . . . . .    | <u>—</u>               | <u>13</u>    | <u>179</u>   | <u>216</u>                  | <u>15</u>    |
| Dividends paid to NCI . . . . .                          | <u>—</u>               | <u>—</u>     | <u>—</u>     | <u>—</u>                    | <u>—</u>     |

|                                     | Year ended 31 December |              |              | Six months ended 30 June    |              |
|-------------------------------------|------------------------|--------------|--------------|-----------------------------|--------------|
|                                     | 2011                   | 2012         | 2013         | 2013                        | 2014         |
|                                     | RMB' million           | RMB' million | RMB' million | RMB' million<br>(Unaudited) | RMB' million |
| Net cash flows from/(used in)       |                        |              |              |                             |              |
| operating activities . . . . .      | —                      | 133          | 663          | 383                         | (114)        |
| Net cash flows used in investing    |                        |              |              |                             |              |
| activities . . . . .                | —                      | (430)        | (267)        | (188)                       | (179)        |
| Net cash flows from /(used in)      |                        |              |              |                             |              |
| financing activities . . . . .      | —                      | 348          | (231)        | (86)                        | (27)         |
| Net increase/(decrease) in cash and |                        |              |              |                             |              |
| cash equivalents . . . . .          | —                      | 51           | 165          | 109                         | (320)        |

## 西雙版納國際旅遊度假區開發有限公司

|                                       | As at 31 December |              |              | As at 30 June |
|---------------------------------------|-------------------|--------------|--------------|---------------|
|                                       | 2011              | 2012         | 2013         | 2014          |
|                                       | RMB' million      | RMB' million | RMB' million | RMB' million  |
| NCI percentage . . . . .              | —                 | 45.00%       | 40.00%*      | 20.00%*       |
| Current assets . . . . .              | —                 | 2,540        | 3,665        | 3,752         |
| Non-current assets . . . . .          | —                 | 276          | 1,195        | 1,599         |
| Current liabilities . . . . .         | —                 | (733)        | (2,177)      | (2,248)       |
| Non-current liabilities . . . . .     | —                 | (130)        | (561)        | (1,219)       |
| Accumulated balances of NCI . . . . . | —                 | 879          | 849          | 377           |

\* The percentage of NCI decreased from 45% to 40% in April 2013 and decreased from 40% to 20% in January 2014.

|   | Year ended 31 December |              |              | Six months ended 30 June    |              |
|---|------------------------|--------------|--------------|-----------------------------|--------------|
|   | 2011                   | 2012         | 2013         | 2013                        | 2014         |
|   | RMB' million           | RMB' million | RMB' million | RMB' million<br>(Unaudited) | RMB' million |
| Revenue . . . . .                           | —                      | —            | 279          | —                           | 1,065        |
| Total expenses . . . . .                    | —                      | —            | (113)        | —                           | (1,314)      |
| Profit/(loss) for the year/period . . . . . | —                      | —            | 166          | —                           | (249)        |
| Total comprehensive income for the          |                        |              |              |                             |              |
| year/period . . . . .                       | —                      | —            | 166          | —                           | (249)        |
| Profit/(loss) for the year/period           |                        |              |              |                             |              |
| allocated to NCI . . . . .                  | —                      | —            | 65           | —                           | (58)         |
| Dividends paid to NCI . . . . .             | —                      | —            | —            | —                           | —            |

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|   | Year ended 31 December |              |              | Six months ended 30 June    |              |
|---|------------------------|--------------|--------------|-----------------------------|--------------|
|   | 2011                   | 2012         | 2013         | 2013                        | 2014         |
|   | RMB' million           | RMB' million | RMB' million | RMB' million<br>(Unaudited) | RMB' million |
| Net cash flows from/(used in)           |                        |              |              |                             |              |
| operating activities . . . . .          | —                      | 4            | (84)         | (207)                       | (60)         |
| Net cash flows used in investing        |                        |              |              |                             |              |
| activities . . . . .                    | —                      | —            | (249)        | (19)                        | (518)        |
| Net cash flows from/(used in) financing |                        |              |              |                             |              |
| activities . . . . .                    | —                      | (4)          | 318          | 189                         | 686          |
| Net increase/(decrease) in cash and     |                        |              |              |                             |              |
| cash equivalents . . . . .              | —                      | —            | (15)         | (37)                        | 108          |

南昌萬達城投資有限公司

|                                       | As at 31 December |              |              | As at 30 June |
|---------------------------------------|-------------------|--------------|--------------|---------------|
|                                       | 2011              | 2012         | 2013         | 2014          |
|                                       | RMB' million      | RMB' million | RMB' million | RMB' million  |
| NCI percentage . . . . .              | —                 | —            | 30.00%       | —*            |
| Current assets . . . . .              | —                 | —            | 4,931        | —             |
| Non-current assets . . . . .          | —                 | —            | 671          | —             |
| Current liabilities . . . . .         | —                 | —            | (3,149)      | —             |
| Non-current liabilities . . . . .     | —                 | —            | (430)        | —             |
| Accumulated balances of NCI . . . . . | —                 | —            | 607          | —             |

\* The percentage of NCI decreased from 30.00% to nil in March 2014.

|   | Year ended 31 December |              |              | Six months ended 30 June    |              |
|---|------------------------|--------------|--------------|-----------------------------|--------------|
|   | 2011                   | 2012         | 2013         | 2013                        | 2014         |
|   | RMB' million           | RMB' million | RMB' million | RMB' million<br>(Unaudited) | RMB' million |
| Revenue . . . . .                           | —                      | —            | —            | —                           | —            |
| Total other income/(expenses) . . . . .     | —                      | —            | 24           | 13                          | (64)         |
| Profit/(loss) for the year/period . . . . . | —                      | —            | 24           | 13                          | (64)         |
| Total comprehensive income/(loss) for       |                        |              |              |                             |              |
| the year/period . . . . .                   | —                      | —            | 24           | 13                          | (64)         |
| Profit/(loss) for the year/period           |                        |              |              |                             |              |
| allocated to NCI . . . . .                  | —                      | —            | 7            | 4                           | (19)         |

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|                                     | Year ended 31 December |              |              | Six months ended 30 June    |              |
|-------------------------------------|------------------------|--------------|--------------|-----------------------------|--------------|
|                                     | 2011                   | 2012         | 2013         | 2013                        | 2014         |
|                                     | RMB' million           | RMB' million | RMB' million | RMB' million<br>(Unaudited) | RMB' million |
| Net cash flows from/(used in)       |                        |              |              |                             |              |
| operating activities . . . . .      | —                      | —            | 546          | (127)                       | (610)        |
| Net cash flows used in investing    |                        |              |              |                             |              |
| activities . . . . .                | —                      | —            | (88)         | (23)                        | (727)        |
| Net cash flows from financing       |                        |              |              |                             |              |
| activities . . . . .                | —                      | —            | 2,386        | 700                         | 685          |
| Net increase/(decrease) in cash and |                        |              |              |                             |              |
| cash equivalents . . . . .          | —                      | —            | 2,844        | 550                         | (652)        |

哈爾濱萬達城投資有限公司

|                                       | As at 31 December |              |              | As at 30 June |
|---------------------------------------|-------------------|--------------|--------------|---------------|
|                                       | 2011              | 2012         | 2013         | 2014          |
|                                       | RMB' million      | RMB' million | RMB' million | RMB' million  |
| NCI percentage . . . . .              | —                 | —            | 30.00%       | —*            |
| Current assets . . . . .              | —                 | —            | 5,414        | —             |
| Non-current assets . . . . .          | —                 | —            | 542          | —             |
| Current liabilities . . . . .         | —                 | —            | (1,204)      | —             |
| Non-current liabilities . . . . .     | —                 | —            | (3,009)      | —             |
| Accumulated balances of NCI . . . . . | —                 | —            | 523          | —             |

\* The percentage of NCI decreased from 30.00% to nil in March 2014.

|                                       | Year ended 31 December |              |              | Six months ended 30 June    |              |
|---------------------------------------|------------------------|--------------|--------------|-----------------------------|--------------|
|                                       | 2011                   | 2012         | 2013         | 2013                        | 2014         |
|                                       | RMB' million           | RMB' million | RMB' million | RMB' million<br>(Unaudited) | RMB' million |
| Revenue . . . . .                     | —                      | —            | —            | —                           | —            |
| Total expenses . . . . .              | —                      | —            | (58)         | —                           | (28)         |
| Loss for the year/period . . . . .    | —                      | —            | (58)         | —                           | (28)         |
| Total comprehensive income for the    |                        |              |              |                             |              |
| year/period . . . . .                 | —                      | —            | (58)         | —                           | (28)         |
| Loss for the year/period allocated to |                        |              |              |                             |              |
| NCI . . . . .                         | —                      | —            | (17)         | —                           | (8)          |
| Dividends paid to NCI . . . . .       | —                      | —            | —            | —                           | —            |

|  | Year ended 31 December |              |              | Six months ended 30 June    |              |
|--|------------------------|--------------|--------------|-----------------------------|--------------|
|  | 2011                   | 2012         | 2013         | 2013                        | 2014         |
|  | RMB' million           | RMB' million | RMB' million | RMB' million<br>(Unaudited) | RMB' million |
| Net cash flows used in operating activities . . . . .          | —                      | —            | (3,382)      | (2,044)                     | (182)        |
| Net cash flows used in investing activities . . . . .          | —                      | —            | (388)        | (172)                       | (330)        |
| Net cash flows from financing activities . . . . .             | —                      | —            | 4,477        | 1,628                       | 765          |
| Net increase/(decrease) in cash and cash equivalents . . . . . | —                      | —            | 707          | (588)                       | 253          |

合肥萬達城投資有限公司

|                                       | As at 31 December |              |              | As at 30 June |
|---------------------------------------|-------------------|--------------|--------------|---------------|
|                                       | 2011              | 2012         | 2013         | 2014          |
|                                       | RMB' million      | RMB' million | RMB' million | RMB' million  |
| NCI percentage . . . . .              | —                 | —            | 30.00%       | —*            |
| Current assets . . . . .              | —                 | —            | 4,310        | —             |
| Non-current assets . . . . .          | —                 | —            | 146          | —             |
| Current liabilities . . . . .         | —                 | —            | (2,389)      | —             |
| Non-current liabilities . . . . .     | —                 | —            | (100)        | —             |
| Accumulated balances of NCI . . . . . | —                 | —            | 590          | —             |

\* The percentage of NCI decreased from 30.00% to nil in March 2014.

|  | Year ended 31 December |              |              | Six months ended 30 June    |              |
|--|------------------------|--------------|--------------|-----------------------------|--------------|
|  | 2011                   | 2012         | 2013         | 2013                        | 2014         |
|  | RMB' million           | RMB' million | RMB' million | RMB' million<br>(Unaudited) | RMB' million |
| Revenue . . . . .  | —                      | —            | —            | —                           | —            |
| Total expenses . . . . .                                 | —                      | —            | (34)         | —                           | (28)         |
| Loss for the year/period . . . . .                       | —                      | —            | (34)         | —                           | (28)         |
| Total comprehensive income for the year/period . . . . . | —                      | —            | (34)         | —                           | (28)         |
| Loss for the year/period allocated to NCI . . . . .      | —                      | —            | (10)         | —                           | (8)          |
| Dividends paid to NCI . . . . .                          | —                      | —            | —            | —                           | —            |

|   | Year ended 31 December |              |              | Six months ended 30 June    |              |
|---|------------------------|--------------|--------------|-----------------------------|--------------|
|   | 2011                   | 2012         | 2013         | 2013                        | 2014         |
|   | RMB' million           | RMB' million | RMB' million | RMB' million<br>(Unaudited) | RMB' million |
| Net cash flows from operating activities . . . . .    | —                      | —            | 1,185        | —                           | 926          |
| Net cash flows used in investing activities . . . . . | —                      | —            | (52)         | —                           | (1,112)      |
| Net cash flows from financing activities . . . . .    | —                      | —            | 2,100        | —                           | 1,619        |
| Net increase in cash and cash equivalents . . . . .   | —                      | —            | 3,233        | —                           | 1,433        |

青島萬達東方影都投資有限公司

|                                       | As at 31 December |              |              | As at 30 June |
|---------------------------------------|-------------------|--------------|--------------|---------------|
|                                       | 2011              | 2012         | 2013         | 2014          |
|                                       | RMB' million      | RMB' million | RMB' million | RMB' million  |
| NCI percentage . . . . .              | —                 | —            | 30.00%       | —*            |
| Current assets . . . . .              | —                 | —            | 5,008        | —             |
| Non-current assets . . . . .          | —                 | —            | 226          | —             |
| Current liabilities . . . . .         | —                 | —            | (1,424)      | —             |
| Non-current liabilities . . . . .     | —                 | —            | (900)        | —             |
| Accumulated balances of NCI . . . . . | —                 | —            | 873          | —             |

\* The percentage of NCI decreased from 30.00% to nil in March 2014.

|  | Year ended 31 December |              |              | Six months ended 30 June    |              |
|--|------------------------|--------------|--------------|-----------------------------|--------------|
|  | 2011                   | 2012         | 2013         | 2013                        | 2014         |
|  | RMB' million           | RMB' million | RMB' million | RMB' million<br>(Unaudited) | RMB' million |
| Revenue . . . . .  | —                      | —            | —            | —                           | —            |
| Total other income/(expenses) . . . . .                      | —                      | —            | (89)         | —                           | 114          |
| (Loss)/profit for the year/period . . . . .                  | —                      | —            | (89)         | —                           | 114          |
| Total comprehensive income for the year/period . . . . .     | —                      | —            | (89)         | —                           | 114          |
| (Loss)/profit for the year/period allocated to NCI . . . . . | —                      | —            | (27)         | —                           | 34           |
| Dividends paid to NCI . . . . .                              | —                      | —            | —            | —                           | —            |

**APPENDIX I**
**ACCOUNTANTS' REPORT**

|   | Year ended 31 December |              |              | Six months ended 30 June    |              |
|---|------------------------|--------------|--------------|-----------------------------|--------------|
|   | 2011                   | 2012         | 2013         | 2013                        | 2014         |
|   | RMB' million           | RMB' million | RMB' million | RMB' million<br>(Unaudited) | RMB' million |
| Net cash flows used in operating activities . . . . . | —                      | —            | (838)        | —                           | (1,724)      |
| Net cash flows used in investing activities . . . . . | —                      | —            | (5)          | —                           | (335)        |
| Net cash flows from financing activities . . . . .    | —                      | —            | 3,884        | —                           | 2,310        |
| Net increase in cash and cash equivalents . . . . .   | —                      | —            | 3,041        | —                           | 251          |

青島萬達游艇產業投資有限公司

|                                       | As at 31 December |              |              | As at 30 June |
|---------------------------------------|-------------------|--------------|--------------|---------------|
|                                       | 2011              | 2012         | 2013         | 2014          |
|                                       | RMB' million      | RMB' million | RMB' million | RMB' million  |
| NCI percentage . . . . .              | —                 | —            | 37.50%       | —*            |
| Current assets . . . . .              | —                 | —            | 1,741        | —             |
| Non-current assets . . . . .          | —                 | —            | —            | —             |
| Current liabilities . . . . .         | —                 | —            | (944)        | —             |
| Non-current liabilities . . . . .     | —                 | —            | —            | —             |
| Accumulated balances of NCI . . . . . | —                 | —            | 299          | —             |

\* The percentage of NCI decreased from 37.5% to nil in March 2014.

|  | Year ended 31 December |              |              | Six months ended 30 June    |              |
|--|------------------------|--------------|--------------|-----------------------------|--------------|
|  | 2011                   | 2012         | 2013         | 2013                        | 2014         |
|  | RMB' million           | RMB' million | RMB' million | RMB' million<br>(Unaudited) | RMB' million |
| Revenue . . . . .  | —                      | —            | —            | —                           | —            |
| Total expenses . . . . .                                 | —                      | —            | (2)          | —                           | —            |
| Loss for the year/period . . . . .                       | —                      | —            | (2)          | —                           | —            |
| Total comprehensive income for the year/period . . . . . | —                      | —            | (2)          | —                           | —            |
| Loss for the year/period allocated to NCI . . . . .      | —                      | —            | (1)          | —                           | —            |



|  | Year ended 31 December |              |              | Six months ended 30 June    |              |
|--|------------------------|--------------|--------------|-----------------------------|--------------|
|  | 2011                   | 2012         | 2013         | 2013                        | 2014         |
|  | RMB' million           | RMB' million | RMB' million | RMB' million<br>(Unaudited) | RMB' million |
| Net cash flows (used in)/from operating activities . . . . . | —                      | —            | (592)        | —                           | 73           |
| Net cash flows used in investing activities . . . . .        | —                      | —            | (171)        | —                           | (111)        |
| Net cash flows from financing activities . . . . .           | —                      | —            | 800          | —                           | 318          |
| Net increase in cash and cash equivalents . . . . .          | <u>—</u>               | <u>—</u>     | <u>37</u>    | <u>—</u>                    | <u>280</u>   |

## Wanda Commercial Properties (Group) Co., Limited

|                                       | As at 31 December |              |              | As at 30 June |
|---------------------------------------|-------------------|--------------|--------------|---------------|
|                                       | 2011              | 2012         | 2013         | 2014          |
|                                       | RMB' million      | RMB' million | RMB' million | RMB' million  |
| NCl percentage . . . . .              | —                 | —            | 35.00%       | 35.00%        |
| Current assets . . . . .              | —                 | —            | 1,296        | 4,194         |
| Non-current assets . . . . .          | —                 | —            | 2,495        | 2,589         |
| Current liabilities . . . . .         | —                 | —            | (1,125)      | (2,119)       |
| Non-current liabilities . . . . .     | —                 | —            | (1,608)      | (1,750)       |
| Accumulated balances of NCl . . . . . | <u>—</u>          | <u>—</u>     | <u>815</u>   | <u>1,467</u>  |

|   | Year ended 31 December |              |              | Six months ended 30 June    |              |
|---|------------------------|--------------|--------------|-----------------------------|--------------|
|   | 2011                   | 2012         | 2013         | 2013                        | 2014         |
|   | RMB' million           | RMB' million | RMB' million | RMB' million<br>(Unaudited) | RMB' million |
| Revenue . . . . .   | —                      | —            | 161          | —                           | 70           |
| Total other income/(expenses) . . . . .                         | —                      | —            | (4)          | —                           | 25           |
| Profit/(loss) for the year/period . . . . .                     | —                      | —            | 18           | —                           | (59)         |
| Total comprehensive income/(loss) for the year/period . . . . . | —                      | —            | (6)          | —                           | (43)         |
| Loss for the year/period allocated to NCl . . . . .             | <u>—</u>               | <u>—</u>     | <u>(2)</u>   | <u>—</u>                    | <u>(15)</u>  |
| Dividends paid to NCl . . . . .                                 | <u>—</u>               | <u>—</u>     | <u>—</u>     | <u>—</u>                    | <u>—</u>     |

|   | Year ended 31 December |              |              | Six months ended 30 June    |              |
|---|------------------------|--------------|--------------|-----------------------------|--------------|
|   | 2011                   | 2012         | 2013         | 2013                        | 2014         |
|   | RMB' million           | RMB' million | RMB' million | RMB' million<br>(Unaudited) | RMB' million |
| Net cash flows used in operating activities . . . . . | —                      | —            | (722)        | —                           | (236)        |
| Net cash flows used in investing activities . . . . . | —                      | —            | (267)        | —                           | (193)        |
| Net cash flows from financing activities . . . . .    | —                      | —            | 1,044        | —                           | 2,512        |
| Net increase in cash and cash equivalents . . . . .   | —                      | —            | 55           | —                           | 2,083        |

## Sunseeker International (Holdings) Limited

|                                       | As at 31 December |              |              | As at 30 June |
|---------------------------------------|-------------------|--------------|--------------|---------------|
|                                       | 2011              | 2012         | 2013         | 2014          |
|                                       | RMB' million      | RMB' million | RMB' million | RMB' million  |
| NCI percentage . . . . .              | —                 | —            | —            | 8.19%         |
| Current assets . . . . .              | —                 | —            | —            | 1,008         |
| Non-current assets . . . . .          | —                 | —            | —            | 2,668         |
| Current liabilities . . . . .         | —                 | —            | —            | (1,837)       |
| Non-current liabilities . . . . .     | —                 | —            | —            | (519)         |
| Accumulated balances of NCI . . . . . | —                 | —            | —            | 108           |

As Sunseeker International (Holdings) Limited was acquired at the end of June 2014, no revenue or cash flows was consolidated into the Financial Information.

## 21. Deferred tax

## Group

|  | Revaluation<br>of<br>investment<br>properties | Land<br>appreciation<br>tax | Profit of<br>pre-sales<br>and related<br>cost of<br>sales | Fair value<br>adjustments<br>arising from<br>business<br>combination | Others          | Total           |
|--|---|-----------------------------|---|--|-----------------|-----------------|
|  | RMB' million                                  | RMB' million                | RMB' million  | RMB' million   | RMB'<br>million | RMB'<br>million |
| At 1 January 2011 . . . . .  | (9,627)                                       | 358                         | 933   | —  | 68              | (8,268)         |
| Deferred tax credited/<br>(charged) to the<br>statement of profit or<br>loss . . . . . | (3,452)                                       | 83                          | 879   | —  | 83              | (2,407)         |
| Acquisition of a subsidiary<br>(note 38) . . . . .                                     | —   | (3)                         | —   | —  | —               | (3)             |
| At 31 December 2011 and 1<br>January 2012 . . . . .                                    | (13,079)                                      | 438                         | 1,812   | —  | 151             | (10,678)        |
| Deferred tax credited/<br>(charged) to the<br>statement of profit or<br>loss . . . . . | (5,730)                                       | (14)                        | 390   | —  | 203             | (5,151)         |
| Acquisition of a subsidiary<br>(note 38) . . . . .                                     | —   | —                           | —   | —  | (15)            | (15)            |
| At 31 December 2012 and 1<br>January 2013 . . . . .                                    | (18,809)                                      | 424                         | 2,202   | —  | 339             | (15,844)        |
| Deferred tax credited/<br>(charged) to the<br>statement of profit or<br>loss . . . . . | (4,286)                                       | 80                          | (338)   | —  | 574             | (3,970)         |
| Acquisition of subsidiaries<br>(note 38) . . . . .                                     | —   | —                           | —   | (480)  | 58              | (422)           |
| At 31 December 2013 and 1<br>January 2014 . . . . .                                    | (23,095)                                      | 504                         | 1,864   | (480)  | 971             | (20,236)        |
| Deferred tax credited/<br>(charged) to the<br>statement of profit or<br>loss . . . . . | (1,569)                                       | 301                         | 275   | 31   | (26)            | (988)           |
| Acquisition of subsidiaries<br>(note 38) . . . . .                                     | —   | —                           | —   | (536)  | 203             | (333)           |
| At 30 June 2014 . . . . .  | <u>(24,664)</u>                               | <u>805</u>                  | <u>2,139</u>  | <u>(985)</u>   | <u>1,148</u>    | <u>(21,557)</u> |

|  | As at 31 December |                 |                 | As at 30 June   |
|--|-------------------|-----------------|-----------------|-----------------|
|  | 2011              | 2012            | 2013            | 2014            |
|  | RMB' million      | RMB' million    | RMB' million    | RMB' million    |
| Gross deferred tax liabilities . . . . . | (13,223)          | (18,951)        | (23,612)        | (25,713)        |
| Gross deferred tax assets . . . . .      | 2,545             | 3,107           | 3,376           | 4,156           |
|  | <u>(10,678)</u>   | <u>(15,844)</u> | <u>(20,236)</u> | <u>(21,557)</u> |

Deferred tax assets have not been recognised in respect of the following items.

|                      | As at 31 December |              |              | As at 30 June |
|----------------------|-------------------|--------------|--------------|---------------|
|                      | 2011              | 2012         | 2013         | 2014          |
|                      | RMB' million      | RMB' million | RMB' million | RMB' million  |
| Tax losses . . . . . | <u>1,977</u>      | <u>2,883</u> | <u>2,853</u> | <u>4,234</u>  |

The above tax losses arising in Mainland China are available for offsetting against future taxable profit between one to five years. Deferred tax assets have not been recognised in respect of the above items as it is not considered probable that taxable profits will be available against which the above items can be utilised.

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

## 22. Available-for-sale investments

### Group

|   | As at 31 December |              |              | As at 30 June |
|---|-------------------|--------------|--------------|---------------|
|   | 2011              | 2012         | 2013         | 2014          |
|   | RMB' million      | RMB' million | RMB' million | RMB' million  |
| Unlisted equity investment, at cost . . . . . | <u>10</u>         | <u>10</u>    | <u>37</u>    | <u>35</u>     |

### Company

|   | As at 31 December |              |              | As at 30 June |
|---|-------------------|--------------|--------------|---------------|
|   | 2011              | 2012         | 2013         | 2014          |
|   | RMB' million      | RMB' million | RMB' million | RMB' million  |
| Unlisted equity investment, at cost . . . . . | <u>10</u>         | <u>10</u>    | <u>37</u>    | <u>35</u>     |

The unlisted equity investments are equity securities issued by private entities established in the Mainland China. Unlisted equity investments with a carrying amount of RMB10 million, RMB10 million, RMB37 million and RMB35 million as at 31 December 2011, 2012 and 2013 and 30 June 2014, respectively, were stated at cost less impairment because the range of reasonable fair values estimate is so significant that the Directors are of the opinion that their fair value cannot be measured reliably. The Group does not intend to dispose of them in the near future.

### 23. Inventories

#### Group

|  | As at 31 December |               |                | As at 30 June  |
|--|-------------------|---------------|----------------|----------------|
|  | 2011              | 2012          | 2013           | 2014           |
|  | RMB' million      | RMB' million  | RMB' million   | RMB' million   |
| Raw materials . . . . .                          | 30                | 30            | 30             | 36             |
| Hotel Merchandise . . . . .                      | 63                | 19            | 23             | 26             |
| Others . . . . .                                 | 4                 | 20            | 4              | 6              |
|  | <u>97</u>         | <u>69</u>     | <u>57</u>      | <u>68</u>      |
| Properties under development (a) . . . . .       | 53,960            | 69,842        | 86,728         | 114,980        |
| Completed properties held for sale (b) . . . . . | 2,958             | 6,467         | 13,689         | 16,843         |
|  | <u>56,918</u>     | <u>76,309</u> | <u>100,417</u> | <u>131,823</u> |
|  | <u>57,015</u>     | <u>76,378</u> | <u>100,474</u> | <u>131,891</u> |

#### Company

|   | As at 31 December |              |              | As at 30 June |
|---|-------------------|--------------|--------------|---------------|
|   | 2011              | 2012         | 2013         | 2014          |
|   | RMB' million      | RMB' million | RMB' million | RMB' million  |
| Hotel Merchandise . . . . .                     | —                 | 2            | 1            | 1             |
|   | <u>—</u>          | <u>2</u>     | <u>1</u>     | <u>1</u>      |
| Completed properties held for sale(b) . . . . . | 1,053             | 780          | 380          | 350           |
|   | <u>1,053</u>      | <u>780</u>   | <u>380</u>   | <u>350</u>    |
|   | <u>1,053</u>      | <u>782</u>   | <u>381</u>   | <u>351</u>    |

**(a) Properties under development****Group**

|  | As at 31 December |               |               | As at 30 June  |
|--|-------------------|---------------|---------------|----------------|
|  | 2011              | 2012          | 2013          | 2014           |
|  | RMB' million      | RMB' million  | RMB' million  | RMB' million   |
| Situated in:                                       |                   |               |               |                |
| <b>Mainland China</b>                              |                   |               |               |                |
| Long term leases (over 50 years) . . . . .         | 21,373            | 31,095        | 33,528        | 49,110         |
| Medium term leases (from 10 to 50 years) . . . . . | 32,587            | 38,747        | 52,439        | 65,033         |
|  | <u>53,960</u>     | <u>69,842</u> | <u>85,967</u> | <u>114,143</u> |
| United Kingdom                                     |                   |               |               |                |
| Permanent . . . . .                                | —                 | —             | 761           | 837            |
|  | <u>—</u>          | <u>—</u>      | <u>761</u>    | <u>837</u>     |
|  | <u>53,960</u>     | <u>69,842</u> | <u>86,728</u> | <u>114,980</u> |

**(b) Completed properties held for sale****Group**

|   | As at 31 December |              |               | As at 30 June |
|---|-------------------|--------------|---------------|---------------|
|   | 2011              | 2012         | 2013          | 2014          |
|   | RMB' million      | RMB' million | RMB' million  | RMB' million  |
| Situated in:  |                   |              |               |               |
| <b>Mainland China</b>                                 |                   |              |               |               |
| Long term leases (over 50 years) . . . . .            | 1,124             | 2,371        | 2,777         | 3,798         |
| Medium term leases<br>(from 10 to 50 years) . . . . . | 1,834             | 4,096        | 10,912        | 13,045        |
|   | <u>2,958</u>      | <u>6,467</u> | <u>13,689</u> | <u>16,843</u> |

**Company**

|  | As at 31 December |              |              | As at 30 June |
|--|-------------------|--------------|--------------|---------------|
|  | 2011              | 2012         | 2013         | 2014          |
|  | RMB' million      | RMB' million | RMB' million | RMB' million  |
| Situated in:                                       |                   |              |              |               |
| <b>Mainland China</b>                              |                   |              |              |               |
| Medium term leases (from 10 to 50 years) . . . . . | 1,053             | 780          | 380          | 350           |
|  | <u>1,053</u>      | <u>780</u>   | <u>380</u>   | <u>350</u>    |

The Group's properties under development with a carrying amount of RMB 25,172 million, RMB 25,913 million, RMB 23,911 million and RMB 31,171 million as at 31 December 2011, 2012 and 2013 and 30 June 2014 respectively, expected to be recovered within one year.

Certain properties under development of the Group and the Company were pledged to secure bank borrowings granted to the Group and the Company details are set out in note 30.

## 24. Trade and bills receivables

### Group

|                             | As at 31 December |              |              | As at 30 June |
|-----------------------------|-------------------|--------------|--------------|---------------|
|                             | 2011              | 2012         | 2013         | 2014          |
|                             | RMB' million      | RMB' million | RMB' million | RMB' million  |
| Trade receivables . . . . . | 294               | 333          | 227          | 566           |
| Bill receivables . . . . .  | 6                 | 6            | 59           | 16            |
| Impairment . . . . .        | (7)               | (6)          | (6)          | (21)          |
|                             | <u>293</u>        | <u>333</u>   | <u>280</u>   | <u>561</u>    |

An aged analysis of the trade receivables of the Group as at the end of each of the Relevant Periods, based on the invoice date and net of impairment, is as follows:

|                         | As at 31 December |              |              | As at 30 June |
|-------------------------|-------------------|--------------|--------------|---------------|
|                         | 2011              | 2012         | 2013         | 2014          |
|                         | RMB' million      | RMB' million | RMB' million | RMB' million  |
| Within 1 year . . . . . | 208               | 309          | 249          | 185           |
| Over 1 year . . . . .   | 85                | 24           | 31           | 376           |
|                         | <u>293</u>        | <u>333</u>   | <u>280</u>   | <u>561</u>    |

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

|   | Year ended 31 December |              |              | Six months ended |
|---|------------------------|--------------|--------------|------------------|
|   | 2011                   | 2012         | 2013         | 30 June          |
|   | RMB' million           | RMB' million | RMB' million | RMB' million     |
| At beginning of year/period . . . . .         | 2                      | 7            | 6            | 6                |
| Impairment losses recognised . . . . .        | 5                      | 6            | —            | 15               |
| Amount written off as uncollectible . . . . . | —                      | (6)          | —            | —                |
| Impairment losses reversed . . . . .          | —                      | (1)          | —            | —                |
| At end of year/period . . . . .               | <u>7</u>               | <u>6</u>     | <u>6</u>     | <u>21</u>        |

The aged analysis of trade receivables that are not individually nor collectively considered to be impaired is as follows:

|   | Year ended 31 December |             |             | Six months ended 30 June |
|---|------------------------|-------------|-------------|--------------------------|
|   | 2011                   | 2012        | 2013        | 2014                     |
|   | RMB'million            | RMB'million | RMB'million | RMB'million              |
| Neither past due nor impaired . . . . . | —                      | —           | —           | —                        |
|   | —                      | —           | —           | —                        |
|   | <u>—</u>               | <u>—</u>    | <u>—</u>    | <u>—</u>                 |

### Company

|                             | As at 31 December |              |              | As at 30 June |
|-----------------------------|-------------------|--------------|--------------|---------------|
|                             | 2011              | 2012         | 2013         | 2014          |
|                             | RMB' million      | RMB' million | RMB' million | RMB' million  |
| Trade receivables . . . . . | 5                 | 6            | 7            | 269           |
| Impairment . . . . .        | —                 | —            | —            | —             |
|                             | <u>5</u>          | <u>6</u>     | <u>7</u>     | <u>269</u>    |

An aged analysis of the trade receivables of the Company as at the end of each of the Relevant Periods, based on the invoice date and net of impairment, is as follows:

|                         | As at 31 December |              |              | As at 30 June |
|-------------------------|-------------------|--------------|--------------|---------------|
|                         | 2011              | 2012         | 2013         | 2014          |
|                         | RMB' million      | RMB' million | RMB' million | RMB' million  |
| Within 1 year . . . . . | 5                 | 3            | 6            | 262           |
| Over 1 year . . . . .   | —                 | 3            | 1            | 7             |
|                         | <u>5</u>          | <u>6</u>     | <u>7</u>     | <u>269</u>    |

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



## 25. Prepayments, deposits and other receivables

## Group

|   | As at 31 December |               |               | As at 30 June |
|---|-------------------|---------------|---------------|---------------|
|   | 2011              | 2012          | 2013          | 2014          |
|   | RMB' million      | RMB' million  | RMB' million  | RMB' million  |
| Prepayments . . . . .   | 8,155             | 7,619         | 5,541         | 6,380         |
| Other receivables . . . . .   | 5,635             | 9,173         | 10,366        | 13,795        |
| Due from the Parent and the Parent's<br>associates and the Company's fellow<br>subsidiaries . . . . . | 1                 | 1,659         | 2,592         | 85            |
| Due from companies controlled by the ultimate<br>controlling shareholder . . . . .                    | 1                 | 1             | —             | —             |
| Entrusted loan . . . . .  | —                 | —             | 200           | 200           |
| Others . . . . .  | 118               | 90            | 94            | 250           |
| Impairment . . . . .  | (54)              | (89)          | (139)         | (124)         |
|   | <u>13,856</u>     | <u>18,453</u> | <u>18,654</u> | <u>20,586</u> |

None of the above is past due. The financial assets included in the above balances related to receivables for which had no recent history of default.

The aging of other receivables, due from the Parent and the Parent's associates and the Company's fellow subsidiaries, due from companies controlled by the ultimate controlling shareholder is mainly within one year.

The aging of entrusted loan is as follow:

|                         | As at 31 December |             |             | As at 30 June |
|-------------------------|-------------------|-------------|-------------|---------------|
|                         | 2011              | 2012        | 2013        | 2014          |
|                         | RMB'million       | RMB'million | RMB'million | RMB'million   |
| Within 1 year . . . . . | —                 | —           | 200         | —             |
| Over 1 year . . . . .   | —                 | —           | —           | 200           |
|                         | <u>—</u>          | <u>—</u>    | <u>200</u>  | <u>200</u>    |

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

|   | Year ended 31 December |              |              | Six months ended |
|---|------------------------|--------------|--------------|------------------|
|   |                        |              |              | 30 June          |
|   | 2011                   | 2012         | 2013         | 2014             |
|   | RMB' million           | RMB' million | RMB' million | RMB' million     |
| At beginning of year/period . . . . .         | 43                     | 54           | 89           | 139              |
| Impairment losses recognised . . . . .        | 11                     | 35           | 51           | —                |
| Amount written off as uncollectible . . . . . | —                      | —            | (1)          | —                |
| Impairment losses reversed . . . . .          | —                      | —            | —            | (15)             |
| At end of year/period . . . . .               | <u>54</u>              | <u>89</u>    | <u>139</u>   | <u>124</u>       |

### Company

|   | As at 31 December |               |               | As at 30 June |
|---|-------------------|---------------|---------------|---------------|
|   |                   |               |               | 2014          |
|   | 2011              | 2012          | 2013          |               |
|   | RMB' million      | RMB' million  | RMB' million  | RMB' million  |
| Prepayments . . . . .   | 1,308             | 1,370         | 1,359         | 1,377         |
| Other receivables . . . . .   | 1,456             | 2,918         | 3,647         | 3,989         |
| Due from the Parent and the Parent's<br>associates and the Company's fellow<br>subsidiaries . . . . . | —                 | 1,558         | 2,581         | —             |
| Due from subsidiaries . . . . .   | 14,298            | 15,643        | 16,656        | 25,307        |
| Dividend receivable . . . . .   | 110               | 1,413         | 2,178         | 2,735         |
| Impairment . . . . .  | (216)             | (355)         | (608)         | (565)         |
|   | <u>16,956</u>     | <u>22,547</u> | <u>25,813</u> | <u>32,843</u> |

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

|  | Year ended 31 December |              |              | Six months ended |
|--|------------------------|--------------|--------------|------------------|
|  |                        |              |              | 30 June          |
|  | 2011                   | 2012         | 2013         | 2014             |
|  | RMB' million           | RMB' million | RMB' million | RMB' million     |
| At beginning of year/period . . . . .  | 141                    | 216          | 355          | 608              |
| Impairment losses recognised . . . . . | 75                     | 139          | 253          | —                |
| Impairment losses reversed . . . . .   | —                      | —            | —            | (43)             |
| At end of year/period . . . . .        | <u>216</u>             | <u>355</u>   | <u>608</u>   | <u>565</u>       |

**26. Derivative financial instrument****Group**

|                               | As at 31 December |              |              | As at 30 June |
|-------------------------------|-------------------|--------------|--------------|---------------|
|                               | 2011              | 2012         | 2013         | 2014          |
|                               | RMB' million      | RMB' million | RMB' million | RMB' million  |
| Right of redemption . . . . . | <u>N/A</u>        | <u>N/A</u>   | <u>19</u>    | <u>28</u>     |

According to the terms of the convertible bonds issued by Wanda Commercial, a subsidiary acquired by the Group in June 2013, Wanda Commercial has the right at any time to redeem the whole or any part of the outstanding convertible bonds at their face value. The option to redeem the convertible bonds is considered as a derivative financial instrument of the Group and revalued at each reporting date. As at 31 December 2013 and 30 June 2014, the fair values of the redemption right were approximately RMB19 million and RMB 28 million, respectively. Details of the convertible bonds issued by Wanda Commercial are set out in note 33.

**27. Cash and cash equivalents****Group**

|  | Notes | As at 31 December |                |                | As at 30 June  |
|--|-------|-------------------|----------------|----------------|----------------|
|  |       | 2011              | 2012           | 2013           | 2014           |
|  |       | RMB' million      | RMB' million   | RMB' million   | RMB' million   |
| Cash and bank balances . . . . .       | (a)   | 46,260            | 50,716         | 73,664         | 80,809         |
| Less: Restricted cash                  |       |                   |                |                |                |
| - Government regulation fund . . . . . | (b)   | (352)             | (444)          | (2,458)        | (3,484)        |
| - Pledged for bank loans . . . . .     |       | (572)             | (496)          | (432)          | (330)          |
| - Pledged for others . . . . .         |       | <u>(1,288)</u>    | <u>(1,191)</u> | <u>(1,249)</u> | <u>(2,234)</u> |
|  |       | <u>(2,212)</u>    | <u>(2,131)</u> | <u>(4,139)</u> | <u>(6,048)</u> |
| Cash and cash equivalents . . . . .    |       | <u>44,048</u>     | <u>48,585</u>  | <u>69,525</u>  | <u>74,761</u>  |

- (a) The cash and bank balances of the Group denominated in RMB amounted to RMB46,259 million, RMB50,714 million, RMB70,215 million and RMB75,909 million at 31 December 2011, 2012, 2013, and 30 June 2014 respectively. The RMB is not freely convertible into other currencies, however, under the Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business. Cash at banks earns interest at floating rates based on daily bank deposit rates.

- (b) In accordance with the requirement of the Local Construction Committees, certain property development companies are required to place the proceeds received for pre-sale of properties in designated bank accounts for the construction of related property projects. The deposits can only be used for purchases of construction materials and payments of construction fees for the related property projects upon the approval of the local Construction Committees. Such deposits will be released according to the completion status of the related property projects.

### Company

|                                     | Notes | As at 31 December |              |               | As at 30     |
|-------------------------------------|-------|-------------------|--------------|---------------|--------------|
|                                     |       | 2011              | 2012         | 2013          | June         |
|                                     |       | RMB' million      | RMB' million | RMB' million  | 2014         |
| Cash and bank balances . . . . .    | (a)   | 12,924            | 7,373        | 10,202        | 7,082        |
| Less: Restricted cash               |       |                   |              |               |              |
| - Pledged for others . . . . .      |       | —                 | —            | (174)         | (249)        |
|                                     |       | —                 | —            | (174)         | (249)        |
| Cash and cash equivalents . . . . . |       | <u>12,924</u>     | <u>7,373</u> | <u>10,028</u> | <u>6,833</u> |

- (a) The cash and bank balances of the Company are denominated in RMB.

### 28. Trade and bills payables

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

### Group

|                         | As at 31 December |               |               | As at 30 June |
|-------------------------|-------------------|---------------|---------------|---------------|
|                         | 2011              | 2012          | 2013          | 2014          |
|                         | RMB' million      | RMB' million  | RMB' million  | RMB' million  |
| Within 1 year . . . . . | 19,323            | 22,680        | 31,556        | 32,377        |
| 1 to 2 years . . . . .  | 1,285             | 2,770         | 2,274         | 2,479         |
| Over 2 years . . . . .  | 174               | 212           | 798           | 527           |
|                         | <u>20,782</u>     | <u>25,662</u> | <u>34,628</u> | <u>35,383</u> |

**Company**

|                         | As at 31 December |              |              | As at 30 June |
|-------------------------|-------------------|--------------|--------------|---------------|
|                         | 2011              | 2012         | 2013         | 2014          |
|                         | RMB' million      | RMB' million | RMB' million | RMB' million  |
| Within 1 year . . . . . | 516               | 289          | 36           | 17            |
| 1 to 2 years . . . . .  | 32                | 92           | 53           | 1             |
| Over 2 years. . . . .   | 9                 | 13           | 45           | 78            |
|                         | <u>557</u>        | <u>394</u>   | <u>134</u>   | <u>96</u>     |

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

**29. Other payables and accruals****Group**

|                                  | As at 31 December |                |                | As at 30 June  |
|----------------------------------|-------------------|----------------|----------------|----------------|
|                                  | 2011              | 2012           | 2013           | 2014           |
|                                  | RMB' million      | RMB' million   | RMB' million   | RMB' million   |
| Advance from customers . . . . . | 71,275            | 94,070         | 104,273        | 131,113        |
| Staff costs payables . . . . .   | 617               | 912            | 1,311          | 809            |
| Interest payable . . . . .       | 316               | 308            | 405            | 712            |
| Other taxes payable . . . . .    | 79                | 107            | 133            | 265            |
| Other payables . . . . .         | <u>8,613</u>      | <u>8,475</u>   | <u>10,887</u>  | <u>12,047</u>  |
|                                  | <u>80,900</u>     | <u>103,872</u> | <u>117,009</u> | <u>144,946</u> |

**Company**

|   | As at 31 December |               |               | As at 30 June  |
|---|-------------------|---------------|---------------|----------------|
|   | 2011              | 2012          | 2013          | 2014           |
|   | RMB' million      | RMB' million  | RMB' million  | RMB' million   |
| Advance from customers . . . . .            | 210               | 369           | 111           | 120            |
| Staff costs payables . . . . .              | 49                | 116           | 136           | 43             |
| Interest payable . . . . .                  | 161               | 73            | 73            | 186            |
| Other taxes payable . . . . .               | 28                | 46            | 53            | 35             |
| Other payables . . . . .                    | 1,694             | 1,520         | 431           | 1,148          |
| Due to the Company's subsidiaries . . . . . | <u>51,161</u>     | <u>62,724</u> | <u>89,089</u> | <u>103,367</u> |
|   | <u>53,303</u>     | <u>64,848</u> | <u>89,893</u> | <u>104,899</u> |

Other payables are non-interest-bearing and have no fixed terms for repayment.

## 30. Interest-bearing bank and other borrowings

## Group

|   | As at 31 December |               |                | As at 30 June  |
|---|-------------------|---------------|----------------|----------------|
|   | 2011              | 2012          | 2013           | 2014           |
|   | RMB' million      | RMB' million  | RMB' million   | RMB' million   |
| <b>Current:</b>   |                   |               |                |                |
| Bank loans-secured and guaranteed . . . . .                               | 670               | 198           | 607            | 477            |
| Other loans-secured and guaranteed . . . . .                              | 7,955             | 2,880         | 3,473          | 1,500          |
| Other loans-unsecured . . . . .   | —                 | 2,500         | 400            | 6,149          |
| Current portion of long term bank loans-secured and guaranteed . . . . .  | 6,886             | 11,197        | 8,547          | 11,577         |
| Current portion of long term other loans-secured and guaranteed . . . . . | 600               | 4,906         | 7,989          | 14,481         |
| Current portion of long term other loans-unsecured . . . . .              | 500               | —             | —              | —              |
|   | <u>16,611</u>     | <u>21,681</u> | <u>21,016</u>  | <u>34,184</u>  |
| <b>Non-current:</b>   |                   |               |                |                |
| Bank loans-secured and guaranteed . . . . .                               | 50,230            | 61,568        | 81,995         | 108,415        |
| Bank loans-unsecured . . . . .  | —                 | —             | 200            | 190            |
| Other loans-secured and guaranteed . . . . .                              | 2,906             | 8,979         | 26,107         | 28,573         |
| Other loans-unsecured . . . . .   | —                 | 1,000         | 1,000          | 1,000          |
|   | <u>53,136</u>     | <u>71,547</u> | <u>109,302</u> | <u>138,178</u> |
|   | <u>69,747</u>     | <u>93,228</u> | <u>130,318</u> | <u>172,362</u> |

## Group

|  | As at 31 December |               |                | As at 30 June  |
|--|-------------------|---------------|----------------|----------------|
|  | 2011              | 2012          | 2013           | 2014           |
|  | RMB' million      | RMB' million  | RMB' million   | RMB' million   |
| Repayable:                                     |                   |               |                |                |
| Within one year or on demand . . . . .         | 16,611            | 21,681        | 21,016         | 34,184         |
| Over one year but within two years . . . . .   | 14,973            | 20,193        | 35,796         | 46,841         |
| Over two years but within five years . . . . . | 22,207            | 23,739        | 26,220         | 43,100         |
| Beyond five years . . . . .                    | 15,956            | 27,615        | 47,286         | 48,237         |
|  | <u>69,747</u>     | <u>93,228</u> | <u>130,318</u> | <u>172,362</u> |

Bank and other borrowings bear interests at fixed rates and floating rates. The Group's bank and other borrowings bear effective interest rates ranging as follows:

|                                    | As at 31 December |             |             | As at 30 June |
|------------------------------------|-------------------|-------------|-------------|---------------|
|                                    | 2011              | 2012        | 2013        | 2014          |
| Effective interest rates . . . . . | 4.86%-13.3%       | 5.04%-13.7% | 1.41%-13.4% | 1.41%-12.6%   |

Assets that have been pledged as collateral to secure bank and other borrowing are as follows:

|   | As at 31 December |                |                | As at 30 June  |
|---|-------------------|----------------|----------------|----------------|
|   | 2011              | 2012           | 2013           | 2014           |
|   | RMB' million      | RMB' million   | RMB' million   | RMB' million   |
| Pledged bank deposits (note 27) . . . . . | 572               | 496            | 432            | 330            |
| Inventories . . . . .                     | 20,428            | 20,210         | 25,148         | 37,405         |
| Prepaid land lease payments . . . . .     | 2,596             | 3,110          | 2,307          | 5,412          |
| Investment properties . . . . .           | 78,172            | 133,858        | 180,233        | 170,506        |
| Property, plant and equipment . . . . .   | 12,742            | 12,042         | 17,951         | 13,904         |
|   | <u>114,510</u>    | <u>169,716</u> | <u>226,071</u> | <u>227,557</u> |

## Company

|   | As at 31 December |               |               | As at 30 June |
|---|-------------------|---------------|---------------|---------------|
|   | 2011              | 2012          | 2013          | 2014          |
|   | RMB' million      | RMB' million  | RMB' million  | RMB' million  |
| <b>Current:</b>   |                   |               |               |               |
| Bank loans-secured and guaranteed . . . . .                               | 600               | —             | —             | —             |
| Other loans-secured and guaranteed . . . . .                              | 7,705             | 780           | 1,500         | 500           |
| Other loans-unsecured . . . . .   | —                 | 1,900         | —             | 5,950         |
| Current portion of long term bank loans-secured and guaranteed . . . . .  | 1,200             | —             | —             | —             |
| Current portion of long term other loans-secured and guaranteed . . . . . | 600               | 4,106         | 4,639         | 6,389         |
| Current portion of long term other loans-unsecured . . . . .              | 500               | —             | 502           | —             |
|   | <u>10,605</u>     | <u>6,786</u>  | <u>6,641</u>  | <u>12,839</u> |
| <b>Non-current:</b>   |                   |               |               |               |
| Bank loans-secured and guaranteed . . . . .                               | 1,480             | 3,400         | 2,455         | 2,415         |
| Other loans-secured and guaranteed . . . . .                              | 2,106             | 4,799         | 10,145        | 11,145        |
| Other loans-unsecured . . . . .   | —                 | 1,600         | 1,600         | 1,000         |
|   | <u>3,586</u>      | <u>9,799</u>  | <u>14,200</u> | <u>14,560</u> |
|   | <u>14,191</u>     | <u>16,585</u> | <u>20,841</u> | <u>27,399</u> |

## Company

|  | As at 31 December |               |               | As at 30 June |
|--|-------------------|---------------|---------------|---------------|
|  | 2011              | 2012          | 2013          | 2014          |
|  | RMB' million      | RMB' million  | RMB' million  | RMB' million  |
| Repayable:                                     |                   |               |               |               |
| Within one year or on demand . . . . .         | 10,605            | 6,786         | 6,641         | 12,839        |
| Over one year but within two years . . . . .   | 2,106             | 5,299         | 7,785         | 10,028        |
| Over two years but within five years . . . . . | —                 | 3,300         | 3,960         | 2,117         |
| Beyond five years . . . . .                    | 1,480             | 1,200         | 2,455         | 2,415         |
|  | <u>14,191</u>     | <u>16,585</u> | <u>20,841</u> | <u>27,399</u> |

Bank and other borrowings bear interests at fixed rates and floating rates. The Company's bank and other borrowings bear effective interest rates ranging as follows:

|                                    | As at 31 December |             |             | As at 30 June |
|------------------------------------|-------------------|-------------|-------------|---------------|
|                                    | 2011              | 2012        | 2013        | 2014          |
| Effective interest rates . . . . . | 5.4%-12.7%        | 6.94%-13.7% | 6.55%-13.4% | 7.05%-12.6%   |

Assets that have been pledged as collateral to secure bank and other borrowing are as follows:

|   | As at 31 December |              |              | As at 30 June |
|---|-------------------|--------------|--------------|---------------|
|   | 2011              | 2012         | 2013         | 2014          |
|   | RMB' million      | RMB' million | RMB' million | RMB' million  |
| Inventories . . . . .                   | 1,053             | —            | —            | —             |
| Prepaid land lease payments . . . . .   | 335               | 302          | 293          | 289           |
| Investment properties . . . . .         | 905               | 1,452        | 1,470        | 1,415         |
| Property, plant and equipment . . . . . | 794               | 999          | 986          | 972           |
|   | <u>3,087</u>      | <u>2,753</u> | <u>2,749</u> | <u>2,676</u>  |

- (a) Certain subsidiaries in the Mainland China which are engaged in development of real estate projects have entered into fund arrangements with certain financial institutions (the "Trustees"), pursuant to which the Trustees raised trust funds and injected the funds to these subsidiaries. All the funds bear fixed interest rates, have fixed repayment terms, and are secured by equity interests of these subsidiaries. The share of net assets in connection with the secured equity interests were approximately RMB8,751 million, RMB7,835 million, RMB16,896 million and RMB30,997 million as at 31 December 2011, 2012 and 2013 and 30 June 2014 respectively.

The Company has certain funds from the Trustees secured by equity interests of certain subsidiaries. The share of net assets in connection with the secured equity interests were approximately RMB8,751 million, RMB7,835 million, RMB16,295 million and RMB21,538 million as at 31 December 2011, 2012 and 2013 and 30 June 2014 respectively.



- (b) The Group's secured and guaranteed bank and other loans include guaranteed bank loan of RMB4,620 million, RMB6,566 million, RMB8,179 million and RMB13,414 million (including current portion of RMB611 million, RMB884 million, RMB680 million and RMB2,257 million and non-current portion of RMB4,009 million, RMB5,682 million, RMB7,499 million and RMB11,157 million) and guaranteed other loans of RMB1,426 million, RMB4,827 million, RMB10,562 million and RMB11,497 million (including current portion of RMB1,426 million, RMB2,900 million, RMB1,600 million and RMB4,312 million and non-current portion of nil, RMB1,927 million, RMB8,962 million and RMB7,185 million) as at 31 December 2011, 2012 and 2013 and 30 June 2014 respectively. The Company's guaranteed loans only are other loans, amounted to RMB1,176 million, RMB750 million, RMB750 million and RMB750 million (including current portion of RMB1,176 million, nil, RMB750 million and RMB750 million and non-current portion of nil, RMB750 million, nil and nil) as at 31 December 2011, 2012 and 2013 and 30 June 2014, respectively.

### 31. Government grants

#### Group

|   | Year ended 31 December |              |              | Six months ended |
|---|------------------------|--------------|--------------|------------------|
|   |                        |              |              | 30 June          |
|   | 2011                   | 2012         | 2013         | 2014             |
|   | RMB' million           | RMB' million | RMB' million | RMB' million     |
| Carrying amount at the beginning of year/period . . . . . | —                      | —            | 325          | 756              |
| Additions during the year/period . . . . .                | 1,358                  | 2,067        | 3,726        | 830              |
| Recognised as income during the year/period . . . . .     | (1,358)                | (1,742)      | (3,295)      | (308)            |
| Carrying amount at the end of year/period . . . . .       | —                      | 325          | 756          | 1,278            |
| Current portion . . . . .                                 | —                      | (191)        | (450)        | (487)            |
| Non-current portion . . . . .                             | —                      | 134          | 306          | 791              |

#### Company

|   | Year ended 31 December |              |              | Six months ended |
|---|------------------------|--------------|--------------|------------------|
|   |                        |              |              | 30 June          |
|   | 2011                   | 2012         | 2013         | 2014             |
|   | RMB' million           | RMB' million | RMB' million | RMB' million     |
| Carrying amount at the beginning of year/period . . . . . | —                      | —            | —            | —                |
| Additions during the year/ period . . . . .               | 38                     | 90           | 43           | —                |
| Recognised as income during the year/ period . . . . .    | (38)                   | (90)         | (43)         | —                |
| Carrying amount at the end of year/period . . . . .       | —                      | —            | —            | —                |

Government grants received by the Group as financial subsidies were recognised as income over the periods necessary to match the grants on a systematic basis to the costs that they were intended to compensate. There are no unfulfilled conditions or contingencies relating to the grants.

### 32. Tax payable and prepaid tax

#### Group

|                       | As at 31 December |              |              | As at 30 June |
|-----------------------|-------------------|--------------|--------------|---------------|
|                       | 2011              | 2012         | 2013         | 2014          |
|                       | RMB' million      | RMB' million | RMB' million | RMB' million  |
| LAT payable . . . . . | 2,881             | 3,071        | 2,948        | 2,751         |
| CIT payable . . . . . | 2,705             | 2,639        | 4,213        | 1,596         |
| Prepaid LAT . . . . . | (1,271)           | (2,676)      | (2,762)      | (4,430)       |
| Prepaid CIT . . . . . | (485)             | (447)        | (449)        | (566)         |
|                       | <u>3,830</u>      | <u>2,587</u> | <u>3,950</u> | <u>(649)</u>  |

#### Company

|                       | As at 31 December |              |              | As at 30 June |
|-----------------------|-------------------|--------------|--------------|---------------|
|                       | 2011              | 2012         | 2013         | 2014          |
|                       | RMB' million      | RMB' million | RMB' million | RMB' million  |
| LAT payable . . . . . | 55                | 60           | 60           | 372           |
| CIT payable . . . . . | 6                 | 6            | 6            | 6             |
| Prepaid LAT . . . . . | (18)              | (71)         | —            | —             |
|                       | <u>43</u>         | <u>(5)</u>   | <u>66</u>    | <u>378</u>    |

### 33. Convertible bonds

As at 30 June 2014, the convertible bonds of Wanda Commercial with a principal amount of HK\$112,000,000 were held by Mr. Chen Chang Wei ("Mr. Chen", a non-controlling shareholder of Wanda Commercial) and his family. The convertible bonds were secured by the shares of Amazing Wise Limited, a subsidiary of the Group.

The rights of the convertible bond holders to convert the convertible bonds into ordinary shares of Wanda Commercial are as follows:

- (a) Conversion rights are exercisable at any time up to maturity at the option of the convertible bond holders.
- (b) Pursuant to the terms of the convertible bonds, the conversion price and the number of shares to be issued upon exercise of the subscription rights attached to the convertible bonds have been adjusted as a result of a rights issue in January 2011. Wanda Commercial was required to issue ordinary shares at HK\$0.334 per share (originally HK\$0.5 per share before the rights issue of Wanda Commercial in January

2011). Wanda Commercial announced a rights issue in December 2013 and dealings of shares issued under the rights issue commenced in January 2014. As a result of the rights issue in January 2014, the conversion price of the convertible bonds was adjusted to HK\$0.326 per share accordingly.

According to the terms of the convertible bonds, if the convertible bond holders' conversion rights have not been exercised or the convertible bonds have not been repurchased or redeemed up to the maturity date of 20 January 2018, Wanda Commercial will redeem the convertible bonds at face value on that day.

The liability and equity component of convertible bonds recognised in the consolidated statements of financial position are analysed as follows:

|  | Year ended 31 December |             |             | Six months ended |
|--|------------------------|-------------|-------------|------------------|
|  | 2011                   | 2012        | 2013        | 30 June          |
|  | RMB'million            | RMB'million | RMB'million | RMB'million      |
| Nominal value of convertible bonds at the beginning of year/period . . . . . | —                      | —           | —           | 66               |
| Acquisition of a subsidiary . . . . .  | —                      | —           | 66          | —                |
| Equity component . . . . .   | —                      | —           | (5)         | (5)              |
| Liability component . . . . .  | —                      | —           | 61          | 61               |
| Interest expense . . . . .   | —                      | —           | 7           | 4                |
| Exchange realignment . . . . .   | —                      | —           | (7)         | 11               |
| At the end of year/period . . . . .  | —                      | —           | 61          | 76               |

#### 34. Guaranteed bonds

|   | As at 31 December |              |              | As at 30 June |
|---|-------------------|--------------|--------------|---------------|
|   | 2011              | 2012         | 2013         | 2014          |
|   | RMB' million      | RMB' million | RMB' million | RMB' million  |
| Guaranteed bonds due 2018, listed . . . . . | —                 | —            | 3,614        | 3,619         |
| Guaranteed bonds due 2024, listed . . . . . | —                 | —            | —            | 3,631         |
|   | —                 | —            | 3,614        | 7,250         |

On 21 November 2013, a subsidiary of the Group issued guaranteed bonds with due date in November 2018 ("GB2018 Bonds") in an aggregate principal amount of US\$600 million. The GB2018 Bonds were admitted to the Official List of the Hong Kong Exchange Securities Trading Limited. The GB2018 Bonds bear interest at a rate of 4.875% per annum, payable in arrear half-yearly on 21 May and 21 November of each year, commencing on 21 May 2014.

On 30 January 2014, a subsidiary of the Group issued guaranteed bonds with due date in January 2024 ("GB2024 Bonds") in an aggregate principal amount of US\$600 million. The GB2024 Bonds bear interest at a rate of 7.25% per annum, payable in arrear half-yearly on 29 January and 29 June of each year, commencing on 29 July 2014.

**35. Issued capital**

|  | As at 31 December |              |              | As at 30 June |
|--|-------------------|--------------|--------------|---------------|
|  | 2011              | 2012         | 2013         | 2014          |
|  | RMB' million      | RMB' million | RMB' million | RMB' million  |
| Registered, issued and fully paid: . . . . . | <u>3,736</u>      | <u>3,736</u> | <u>3,736</u> | <u>3,736</u>  |

During the Relevant Periods, there were no movements in issued capital.

**36. Reserves****Group****(a) Share premium**

Included in share premium are reserves resulting from the amount subscribed for issued capital in excess of nominal value.

**(b) Capital reserve**

Capital reserve comprises mainly the difference arising from changes in ownership interests in subsidiaries which do not result in change of control.

**(c) Revaluation reserve**

The property revaluation reserve arose from the transfer of owner-occupied properties to investment properties at the date of change in use.

**(d) Statutory reserve**

In accordance with the PRC Company Law and the articles of association of the Company, the Company is required to appropriate 10% of its net profits after tax, as determined under the Chinese Accounting Standards, to the statutory surplus reserve until the reserve balance reaches 50% of its registered capital. Subject to certain restrictions set out in the relevant PRC regulations and in the articles of association of the Company, the statutory surplus reserve may be used either to offset losses, or to be converted to increase share capital provided that the balance after such conversion is not less than 25% of the registered capital of the Company. The reserve cannot be used for purposes other than those for which it is created and is not distributable as cash dividends.

## Company

|   | Capital<br>reserve | Statutory<br>reserve | Retained<br>profits | Total reserve |
|---|--------------------|----------------------|---------------------|---------------|
|   | RMB'million        | RMB'million          | RMB'million         | RMB'million   |
| At 1 January 2011 . . . . .                         | 31                 | 143                  | 843                 | 1,017         |
| Profit for the year . . . . .                       | —                  | —                    | 5,046               | 5,046         |
| Total comprehensive income for the year . . . . .   | —                  | —                    | 5,046               | 5,046         |
| Acquisition of subsidiaries . . . . .               | (31)               | —                    | (1,810)             | (1,841)       |
| Transfer from retained profits . . . . .            | —                  | 505                  | (505)               | —             |
| At 31 December 2011 . . . . .                       | —                  | 648                  | 3,574               | 4,222         |
| At 1 January 2012 . . . . .                         | —                  | 648                  | 3,574               | 4,222         |
| Profit for the year . . . . .                       | —                  | —                    | 4,850               | 4,850         |
| Total comprehensive income for the year . . . . .   | —                  | —                    | 4,850               | 4,850         |
| Transfer from retained profits . . . . .            | —                  | 485                  | (485)               | —             |
| Dividend declared and paid . . . . .                | —                  | —                    | (1,980)             | (1,980)       |
| At 31 December 2012 . . . . .                       | —                  | 1,133                | 5,959               | 7,092         |
| At 1 January 2013 . . . . .                         | —                  | 1,133                | 5,959               | 7,092         |
| Profit for the year . . . . .                       | —                  | —                    | 4,316               | 4,316         |
| Total comprehensive income for the year . . . . .   | —                  | —                    | 4,316               | 4,316         |
| Transfer from retained profits . . . . .            | —                  | 432                  | (432)               | —             |
| Dividend declared and paid . . . . .                | —                  | —                    | (1,999)             | (1,999)       |
| At 31 December 2013 . . . . .                       | —                  | 1,565                | 7,844               | 9,409         |
| At 1 January 2014 . . . . .                         | —                  | 1,565                | 7,844               | 9,409         |
| Profit for the period . . . . .                     | —                  | —                    | 5,327               | 5,327         |
| Total comprehensive income for the period . . . . . | —                  | —                    | 5,327               | 5,327         |
| Dividend declared and paid . . . . .                | —                  | —                    | (1,999)             | (1,999)       |
| At 30 June 2014 . . . . .                           | —                  | 1,565                | 11,172              | 12,737        |

## 37. Business combinations under common control

Pursuant to the agreements signed on 5 January 2011, the Company acquired 100% equity interests in Sichuan Wanda Hotel Management Co., Ltd. ("Sichuan Wanda") and Beijing Wanda Plaza Real Estate Development Co., Ltd. ("Beijing Wanda") from the Parent. The Company paid cash consideration of approximately RMB182 million and RMB1,753 million for Sichuan Wanda and Beijing Wanda respectively during the year. These considerations were based on the values asserted on 31 March 2010. Sichuan Wanda is engaged in hotel management, while Beijing Wanda is mainly engaged in property development.

**38. Acquisition of subsidiaries****(a) Acquisition of Guangzhou Wannuo Investment Management Co. Ltd. (“Guangzhou Wannuo”)**

On 22 December 2011, the Group acquired 100% equity interest in Guangzhou Wannuo from a third party, Guangzhou Panyu Information Technology Investment and Development Co., Ltd. for a cash consideration of RMB 1,635 million. The principal activities of Guangzhou Wannuo are investment, property development and hotel management in Mainland China. The Directors consider the acquisition could expand the Group's existing scale of operation and enlarge the Group's market presence.

The fair values of the identifiable assets and liabilities of Guangzhou Wannuo as at the date of acquisition were as follows:

|  | <b>Fair value recognised on acquisition</b> |
|--|---|
|  | <b>RMB'million</b>                          |
| Completed properties held for sale . . . . .           | 982   |
| Property, plant and equipment . . . . .                | 715   |
| Trade payables, other payables, and accruals . . . . . | (59)  |
| Deferred tax liabilities . . . . .                     | (3)   |
| Total identifiable net assets at fair value. . . . .   | <u>1,635</u>                                |
| Satisfied by:  |   |
| Cash . . . . .   | <u>1,635</u>                                |

An analysis of the net cash flow in respect of the acquisition of Guangzhou Wannuo is as follows:

|   | <b>RMB'million</b> |
|---|--------------------|
| Cash consideration . . . . .  | 1,635              |
| Cash and bank balances acquired. . . . .                                    | <u>—</u>           |
| Net cash outflow included in cash flows from investing activities . . . . . | <u>1,635</u>       |

Since the acquisition, Guangzhou Wannuo had no contribution to the Group's revenue and profit for the year ended 31 December 2011.

Had the combination taken place on 1 January 2011, the Group's revenue and profit for the year ended 31 December 2011 would have been RMB50,772 million and RMB19,773 million respectively.

**(b) Acquisition of Xishuangbanna International Resort Development Co. Ltd. ("Xishuangbanna International")**

On 20 December 2012, the Group acquired 30.77% equity interest in Xishuangbanna International from the Parent for a cash consideration of RMB408 million. As the Parent obtained controlling equity interest at April of 2012 and the Parent's control over Xishuangbanna International was transitory, this acquisition is treated as business combination, rather than that under common control. The Group further increased its equity interest to 55% by injecting additional capital of RMB700 million into Xishuangbanna International before the end of 2012. The principal activities of Xishuangbanna International are resort development and management in Mainland China. The Directors consider the acquisition could expand the Group's existing scale of operation and enlarge the Group's market presence. The non-controlling interests were measured at their proportionate share of Xishuangbanna International's identifiable net assets.

The fair values of the identifiable assets and liabilities of Xishuangbanna International as at the date of acquisition were as follows:

|   | <b>Fair value recognised on acquisition</b> |
|---|---|
|   | <b>RMB'million</b>                          |
| Cash and bank balances . . . . .  | 882   |
| Trade receivables, prepayments and other receivables*. . . . .                        | 681   |
| Completed properties held for sale . . . . .  | 1,078                                       |
| Property, plant and equipment . . . . .   | 70  |
| Prepaid land lease payment . . . . .  | 137   |
| Trade payables, other payables, and accruals . . . . .                                | (731)                                       |
| Interest bearing bank and other borrowings . . . . .                                  | (115)                                       |
| Deferred tax liabilities . . . . .  | (15)  |
| Total identifiable net assets . . . . .   | 1,987                                       |
| Non-controlling interests at proportionate share of identifiable net assets . . . . . | (879)                                       |
|   | <u>1,108</u>                                |
| Satisfied by:   |   |
| Cash . . . . .  | <u>1,108</u>                                |

An analysis of the net cash flow in respect of the acquisition of Xishuangbanna International is as follows:

|   | <b>RMB'million</b> |
|---|--------------------|
| Cash consideration . . . . .  | 1,108              |
| Cash and bank balances acquired . . . . .                                   | (882)              |
| Net cash outflow included in cash flows from investing activities . . . . . | <u>226</u>         |

\* The fair values of the trade receivables and other receivables equal the gross contractual amounts, all of which are expected to be collectible.

Since the acquisition, Xishuangbanna International had no contribution to the Group's revenue and profit for the year ended 31 December 2012.

Had the combination taken place on 1 January 2012, the Group's revenue and profit for the year ended 31 December 2012 would have been RMB59,091 million and RMB27,753 million respectively.

### (c) Acquisition of Wanda Commercial

On 25 June 2013, the Group acquired 65% equity interest in Wanda Commercial and its convertible bonds with a nominal value of HK\$209 million from a third party for a total cash consideration of HK\$675 million (equivalent to RMB536 million). The principal activities of Wanda Commercial are property development and investment. The Directors consider the acquisition could expand the Group's existing scale of operation and enlarge the Group's market reputation. The non-controlling interests were measured at their proportionate share of Wanda Commercial's identifiable net assets plus the fair value of the equity component of the convertible bonds held by non-controlling shareholders.

The fair values of the identifiable assets and liabilities of Wanda Commercial as at the date of acquisition were as follows:

|   | Fair value recognised on<br>acquisition |
|---|---|
|   | RMB'million                             |
| Cash and bank balances . . . . .                                | 82                                      |
| Trade receivables, prepayments and other receivables* . . . . . | 47                                      |
| Completed properties held for sale . . . . .                    | 553                                     |
| Property, plant and equipment . . . . .                         | 13                                      |
| Investment properties . . . . .                                 | 1,980                                   |
| Prepaid land lease payment . . . . .                            | 17                                      |
| Deferred tax assets . . . . .                                   | 58                                      |
| Derivative financial instrument . . . . .                       | 19                                      |
| Trade payables, other payables and accruals . . . . .           | (733)                                   |
| Interest bearing bank and other borrowings . . . . .            | (49)                                    |
| Tax payables . . . . .  | (402)                                   |
| Convertible bonds . . . . .                                     | (61)                                    |
| Deferred tax liabilities . . . . .                              | (462)                                   |
| Total identifiable net assets at fair value . . . . .           | 1,062                                   |
| Non-controlling interests . . . . .                             | (813)                                   |
| Goodwill on acquisition . . . . .                               | 287                                     |
|   | <u>536</u>                              |
| Satisfied by:   |   |
| Cash . . . . .  | <u>536</u>                              |

The goodwill was generated mainly due to the expected synergies from combining operations of Wanda Commercial.



An analysis of the net cash flow in respect of the acquisition of Wanda Commercial is as follows:

|   | <u>RMB'million</u> |
|---|--------------------|
| Cash consideration . . . . .  | 536                |
| Cash and bank balances acquired . . . . .                                   | <u>(82)</u>        |
| Net cash outflow included in cash flows from investing activities . . . . . | <u><u>454</u></u>  |

\* The fair values of the trade receivables and other receivables equal the gross contractual amounts, all of which are expected to be collectible.

Since the acquisition, Wanda Commercial has contributed RMB150 million to the Group's revenue and RMB16 million to the consolidated profit for the year ended 31 December 2013.

Had the combination taken place on 1 January 2013, the Group's revenue and profit for the year ended 31 December 2013 would have been RMB87,684 million and RMB25,050 million respectively.

#### (d) Acquisition of Dalian Yifang Commercial Investment Co., Ltd. ("Dalian Yifang")

On 31 August 2013, the Group acquired 100% equity interest in Dalian Yifang from an independent third party for a cash consideration of RMB20 million. The principal activities of Dalian Yifang are property development and investment. The Directors consider the acquisition could expand the Group's existing scale of operation and enlarge the Group's market presence.

The fair values of the identifiable assets and liabilities of Dalian Yifang as at the date of acquisition were as follows:

|   | <u>Fair value recognised on acquisition</u> |
|---|---|
|   | <u>RMB'million</u>                          |
| Cash and bank balances . . . . .  | 31  |
| Investment properties . . . . .   | 170   |
| Trade payables, other payables, and accruals . . . . .                  | (88)  |
| Deferred tax liabilities . . . . .                                      | <u>(18)</u>                                 |
| Total identifiable net assets at fair value . . . . .                   | 95  |
| Gain on bargain purchase recognised in other income and gains . . . . . | <u>(75)</u>                                 |
|   | <u><u>20</u></u>                            |
| Satisfied by:   |   |
| Cash . . . . .  | <u><u>20</u></u>                            |

An analysis of the net cash flow in respect of the acquisition of Dalian Yifang is as follows:

|  | <u>RMB'million</u> |
|--|--------------------|
| Cash consideration . . . . .                                 | 20                 |
| Cash and bank balances acquired . . . . .                    | <u>(31)</u>        |
| Net cash inflow from acquisition of the subsidiary . . . . . | <u><u>(11)</u></u> |

Since the acquisition, Dalian Yifang has contributed RMB6 million to the Group's revenue and RMB2 million to the consolidated profit for the year ended 31 December 2013.

Had the combination taken place on 1 January 2013, the Group's revenue and the profit for the year ended 31 December 2013 would have been RMB86,783 million and RMB24,886 million respectively.

**(e) Acquisition of 大連金石文化旅游投資有限公司 (“Dalian Jinshi”)**

In May 2013, the Group acquired 5% of registered capital in Dalian Jinshi from a third party for a cash consideration of RMB123 million. In June 2013, pursuant to the capital contribution agreement, the Group agreed to make a capital contribution of RMB700 million into Dalian Jinshi by September 2016, representing 35% of registered capital. On 31 March 2014, the Group acquired 40% of registered capital in Dalian Jinshi from the Parent for a cash consideration of RMB843 million. As the Parent obtained controlling equity interest at May of 2013 and the Parent's control over Dalian Jinshi was transitory, this acquisition is treated as business combination, rather than that under common control. Accordingly, Dalian Jinshi became a subsidiary upon completion of the acquisition, whose principal activities are resort development and operation. The acquisition-date fair value of the previously hold equity interest in Dalian Jinshi was RMB 106 million, with a remeasurement loss of RMB 8 million recognised in other expenses during the six months ended 30 June 2014. The non-controlling interests were measured at their proportionate share of Dalian Jinshi's identifiable net assets.

The fair values of the identifiable assets and liabilities of Dalian Jinshi as at the date of acquisition were as follows:

|   | Fair value recognised on<br>acquisition |
|---|---|
|   | RMB'million                             |
| Cash and bank balances . . . . .  | 488                                     |
| Trade receivables, prepayments and other receivables **. . . . .                      | 84                                      |
| Properties under development . . . . .  | 2,206                                   |
| Property, plant and equipment . . . . .   | 96                                      |
| Prepaid land lease payments . . . . .   | 20                                      |
| Deferred tax assets . . . . .   | 159                                     |
| Trade payables, other payables and accruals . . . . .                                 | (1,538)                                 |
| Interest-bearing bank borrowings . . . . .  | (500)                                   |
| Deferred tax liabilities . . . . .  | (67)                                    |
| Total identifiable net assets at fair value. . . . .                                  | 948                                     |
| Non-controlling interests at proportionate share of identifiable net assets . . . . . | —                                       |
|   | <u>948</u>                              |
| Satisfied by:   |   |
| Fair value of the previously held 11.11% equity interest in Dalian Jinshi *. . . . .  | 105                                     |
| Cash . . . . .  | 843                                     |
|   | <u>948</u>                              |

An analysis of the net cash flow in respect of the acquisition of Dalian Jinshi is as follows:

|   | <u>RMB'million</u> |
|---|--------------------|
| Cash consideration . . . . .  | 843                |
| Cash and bank balances acquired. . . . .                                    | <u>(488)</u>       |
| Net cash outflow included in cash flows from investing activities . . . . . | <u><u>355</u></u>  |

\* Equity interest 11.11% was calculated based on the paid-in capital.

\*\* The fair values of the trade receivables and other receivables equal the gross contractual amounts, all of which are expected to be collectible.

Since the acquisition, Dalian Jinshi has contributed RMB29 million to the Group's revenue and a loss of RMB9 million to the consolidated profit for the six months ended 30 June 2014.

Had the combination taken place on 1 January 2014, the Group's revenue and profit for six months ended 30 June 2014 would have been RMB23,251 million and RMB4,910 million.

**(f) Acquisition of Wanda Yacht Investment (Jersey) Company Limited ("Wanda Jersey")**

On 6 January 2014, the Group entered into an agreement with the Parent, pursuant to which the Group acquired from the Parent its 100% equity interest in Wanda Jersey and its shareholder's loan to Wanda Jersey for a total consideration of RMB3,197 million. The consideration allocated to the equity interest in Wanda Jersey is approximately RMB42 million and the acquisition was completed by 30 June 2014. As the Parent obtained controlling equity interest at August of 2013 and the Parent's control over Wanda Jersey was transitory, this acquisition is treated as business combination, rather than that under common control. The principal activity of Wanda Jersey is investment holding which holds 91.81% equity interest in Sunseeker International (Holdings) Limited ("Sunseeker"), a subsidiary acquired by Wanda Jersey from a third party in August 2013. The principal activities of Sunseeker are production and sales of luxury yachts. The Directors consider the acquisition could expand the Group's existing business and scale of operation. The non-controlling interests were measured at their proportionate share of Sunseeker's identifiable net assets.

The identification and determination of fair values of the identifiable assets and liabilities of Wanda Jersey including Sunseeker as at the acquisition date of 30 June 2014 was not finalized and hence, the following amounts recognized in the Group's consolidated financial statements were on provisional basis.

|  | <b>Fair value recognised on acquisition</b> |
|--|---|
|  | <b>RMB'million</b>                          |
| Cash and bank balances . . . . .   | 226   |
| Trade receivables, prepayments and other receivables** . . . . .                                   | 689   |
| Inventories . . . . .  | 517   |
| Property, plant and equipment . . . . .  | 270   |
| Other intangible assets* . . . . .   | 2,353                                       |
| Deferred tax assets . . . . .  | 44  |
| Trade payables, other payables and accruals . . . . .  | (1,151)                                     |
| Due to the Parent . . . . .  | (3,155)                                     |
| Interest-bearing bank borrowing . . . . .  | (314)                                       |
| Deferred tax liabilities . . . . .   | (469)                                       |
| Other non-current liabilities . . . . .  | (3)   |
| Non-controlling interests of Sunseeker at proportionate share of identifiable net assets . . . . . | (108)                                       |
| Total identifiable net liabilities at fair value . . . . .   | (1,101)                                     |
| Goodwill on acquisition . . . . .  | 1,143                                       |
|  | <u>42</u>                                   |
| Satisfied by:  |   |
| Cash . . . . .   | <u>42</u>                                   |

The goodwill of RMB1,143 million recognized above is due to the new markets entered by the Group to achieve the business diversification. The above factor is neither separable nor contractual and therefore do not meet the criteria for recognition as intangible assets under HKAS 38 Intangible Assets. None of the goodwill recognised is expected to be deductible for income tax purposes.

An analysis of the net cash flow in respect of the acquisition of Wanda Jersey (including Sunseeker) is as follows:

|  | <b>RMB'million</b> |
|--|--------------------|
| Cash consideration . . . . .   | 42                 |
| Cash and bank balances acquired . . . . .                                  | (226)              |
| Net cash inflow included in cash flows from investing activities . . . . . | <u>(184)</u>       |

\* The other intangible assets of Wanda Jersey mainly comprise brand, technology and business relationship.

\*\* The fair values of the trade receivables and other receivables equal the gross contractual amounts, all of which are expected to be collectible.

Since the acquisition, Wanda Jersey had no contribution to the Group's revenue and profit for the six months ended 30 June 2014.

Had the combination taken place on 1 January 2014, the Group's revenue and profit for the six months ended 30 June 2014 would have been RMB23,368 million and RMB4,810 million.

**(g) Acquisition of 北京歐蘭特餐飲娛樂有限公司 (“Oulante Catering”)**

On 30 June 2014, the Group acquired 100% equity interest in Oulante Catering from Ms. Lin Ning and Mr. Wang Sicong, the family members of Wang Jianlin, for a nominal consideration of RMB 1. The principal activity of Oulante Catering is provision of catering services. The Directors consider the acquisition could expand the Group's existing scale of operation.

The fair values of the identifiable assets and liabilities of Oulante Catering as at the date of acquisition were as follows:

|   | <b>Fair value recognised on acquisition</b> |
|---|---|
|   | <b>RMB'million</b>                          |
| Cash and bank balances . . . . .  | 9   |
| Inventories . . . . .   | 1   |
| Other payables and accruals . . . . .                                   | (7)   |
| Tax payables . . . . .  | <u>(1)</u>                                  |
| Total identifiable net assets at fair value. . . . .                    | 2   |
| Gain on bargain purchase recognised in other income and gains . . . . . | <u>(2)</u>                                  |
|   | <u>—</u>                                    |
| Satisfied by:   |   |
| Cash . . . . .  | <u>—</u>                                    |

An analysis of the net cash flow in respect of the acquisition of Oulante Catering is as follows:

|   | <b>RMB'million</b> |
|---|--------------------|
| Cash consideration . . . . .  | —                  |
| Cash and bank balances acquired. . . . .                                  | <u>(9)</u>         |
| Net cash inflow included in cash flows from investing activities. . . . . | <u>(9)</u>         |

Since the acquisition, Oulante Catering had no contribution to the Group's revenue and profit for the six months ended 30 June 2014.

Had the combination taken place on 1 January 2014, the Group's revenue and profit for the six months ended 30 June 2014 would have been RMB 23,260 million and RMB 4,926 million.

**(h) Acquisition of 北京歐蘭特企業管理有限公司 (“Oulante Management”)**

on 30 June 2014, the Group acquired 100% equity interest in Oulante Management from Ms. Lin Ning and Mr. Wang Sicong, the family members of Wang Jianlin for a consideration of nil. The principal activity of Oulante Management is business administration. The Directors consider the acquisition could expand the Group's existing scale of operation.

The fair values of the identifiable assets and liabilities of Oulante Management as at the date of acquisition were as follows:

|  | <b>Fair value recognised on acquisition</b> |
|--|---|
|  | <b>RMB'million</b>                          |
| Trade receivables, prepayments and other receivables . . . . . | 1   |
| Trade payables, other payables and accruals . . . . .          | <u>(1)</u>                                  |
| Total identifiable net assets at fair value. . . . .           | <u><u>—</u></u>                             |
| Satisfied by:  |   |
| Cash . . . . .   | <u><u>—</u></u>                             |

An analysis of the net cash flow in respect of the acquisition of Oulante Management is as follows:

|   | <b>RMB'million</b> |
|---|--------------------|
| Cash consideration . . . . .  | —                  |
| Cash and bank balances acquired. . . . .                                  | <u>—</u>           |
| Net cash inflow included in cash flows from investing activities. . . . . | <u><u>—</u></u>    |

Since the acquisition, Oulante Management had no contribution to the Group's revenue and profit for the six months ended 30 June 2014.

Had the combination taken place on 1 January 2014, the Group's revenue and profit for the six months ended 30 June 2014 would have been RMB23,251 million and RMB4,917 million.

**39. Disposal of subsidiaries****(a) Disposal of 北京萬方置業有限公司("Wanfang Zhiye")**

In August 2013, the Company disposed its entire 100% equity interest in Wanfang Zhiye to a third party for a cash consideration of RMB1,076 million.

|  | <b>2013</b>        |
|--|--------------------|
|  | <b>RMB'million</b> |
| Net assets disposed of:  |                    |
| Cash and bank balances . . . . .   | 2,159              |
| Prepayments, deposits and other receivables . . . . .                                      | 1,130              |
| Completed properties held for sale . . . . .   | 3,203              |
| Property, plant and equipment . . . . .  | 944                |
| Other payables and accruals . . . . .  | (3,073)            |
| Interest-bearing bank and other borrowings . . . . .                                       | (3,400)            |
| Total net assets . . . . .   | 963                |
| Gain on disposal of Wanfang Zhiye . . . . .  | 113                |
| Satisfied by cash . . . . .  | <u>1,076</u>       |
| An analysis of the cash flows in respect of the disposal of Wanfang Zhiye is as follows:   |                    |
| Cash consideration received . . . . .  | 1,076              |
| Cash and bank balances disposed of . . . . .   | (2,159)            |
| Net outflow of cash and cash equivalents in respect of disposal of Wanfang Zhiye . . . . . | <u>(1,083)</u>     |

**(b) Disposal of 昆明萬達房地產有限公司 ("Kunming Wanda")**

In March 2014, the Company disposed its 100% equity interest in Kunming Wanda to the Parent for a cash consideration of RMB94 million based on the agreed value of net assets.

|  | <b>2014</b>        |
|--|--------------------|
|  | <b>RMB'million</b> |
| Net assets disposed of:  |                    |
| Cash and bank balances . . . . .                               | 96                 |
| Trade receivables, prepayments and other receivables . . . . . | 64                 |
| Inventories . . . . .  | 5                  |
| Property, plant and equipment . . . . .                        | 161                |
| Prepaid land lease payments . . . . .                          | 211                |
| Trade payables, other payables and accruals . . . . .          | (95)               |
| Dividend payables . . . . .                                    | (263)              |
| Taxes payable . . . . .  | (86)               |
| Total net assets . . . . .                                     | 93                 |
| Gain on disposal of Kunming Wanda . . . . .                    | 1                  |
| Satisfied by cash . . . . .                                    | <u>94</u>          |

An analysis of the cash flows in respect of the disposal of Kunming Wanda is as follows:

|  | <u>RMB'million</u> |
|--|--------------------|
| Cash consideration received . . . . .  | 94                 |
| Cash and bank balances disposed of . . . . .   | <u>(96)</u>        |
| Net outflow of cash and cash equivalents in respect of disposal of Kunming Wanda . . . . . | <u><u>(2)</u></u>  |

**(c) Disposal of 四川萬達大酒店管理有限公司 (“Sichuan Wanda”)**

In March 2014, the Company disposed its 100% equity interest in Sichuan Wanda to a third party for a cash consideration of RMB560 million.

|  | <u>2014</u>        |
|--|--------------------|
|  | <u>RMB'million</u> |
| Net assets disposed of:  |                    |
| Cash and bank balances . . . . .                               | 25                 |
| Trade receivables, prepayments and other receivables . . . . . | 14                 |
| Inventories . . . . .  | 1                  |
| Property, plant and equipment . . . . .                        | 126                |
| Prepaid land lease payments . . . . .                          | 38                 |
| Trade payables, other payables and accruals . . . . .          | (29)               |
| Taxes payable . . . . .  | <u>(1)</u>         |
| Total net assets . . . . .                                     | 174                |
| Gain on disposal of Sichuan Wanda . . . . .                    | <u>386</u>         |
| Satisfied by cash . . . . .                                    | <u><u>560</u></u>  |

An analysis of the cash flows in respect of the disposal of Sichuan Wanda is as follows:

|   | <u>RMB'million</u> |
|---|--------------------|
| Cash consideration received . . . . .   | 560                |
| Cash and bank balances disposed of . . . . .  | <u>(25)</u>        |
| Net inflow of cash and cash equivalents in respect of disposal of Sichuan Wanda . . . . . | <u><u>535</u></u>  |



**40. Contingent liabilities**

At the end of each of the Relevant Periods, contingent liabilities not provided were as follows:

**Group**

|   | As at 31 December |             |             | As at 30 June |
|---|-------------------|-------------|-------------|---------------|
|   | 2011              | 2012        | 2013        | 2014          |
|   | RMB'million       | RMB'million | RMB'million | RMB'million   |
| Guarantees given to banks for:  |                   |             |             |               |
| Mortgage facilities granted to purchasers of the Group's properties . . . . . | 29,317            | 34,073      | 38,026      | 49,270        |

**Company**

|   | As at 31 December |             |             | As at 30 June |
|---|-------------------|-------------|-------------|---------------|
|   | 2011              | 2012        | 2013        | 2014          |
|   | RMB'million       | RMB'million | RMB'million | RMB'million   |
| Guarantees given to banks for:  |                   |             |             |               |
| Loans to the subsidiaries . . . . .                                   | 31,402            | 42,779      | 94,479      | 89,223        |
| Outstanding balance of the guaranteed loans to subsidiaries . . . . . | 15,624            | 22,199      | 50,328      | 77,382        |

The Group provided guarantees in respect of the mortgage facilities granted by certain banks to the purchasers of the Group's properties. Pursuant to the terms of the guarantee arrangements, in case of default on mortgage payments by the purchasers, the Group is responsible for repaying the outstanding mortgage loans together with any accrued interest and penalty owed by the defaulted purchasers to the banks. The Group is then entitled to take over the legal titles of the related properties. The Group's guarantee periods commence from the dates of grant of the relevant mortgage loans and end after the execution of individual purchasers' collateral agreements.

The Group did not incur any material losses during the Relevant Periods in respect of the guarantees provided for mortgage facilities granted to the purchasers of the Group's properties. The Directors consider that in case of default on payments, the net realisable values of the related properties can cover the repayments of the outstanding mortgage loans together with any accrued interest and penalty, and therefore no provision has been made in connection with the guarantees.

**41. Operating lease arrangements****(a) As lessor**

The Group leases out its investment properties under operating lease arrangements on terms ranging from one to twenty five years and with an option for renewal after the expiry dates, at which time all terms will be renegotiated.

At the end of each of the Relevant Periods, the Group and the Company had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

**Group**

|   | As at 31 December |               |               | As at 30 June |
|---|-------------------|---------------|---------------|---------------|
|   | 2011              | 2012          | 2013          | 2014          |
|   | RMB'million       | RMB'million   | RMB'million   | RMB'million   |
| Within one year . . . . .                         | 3,285             | 4,761         | 5,349         | 5,055         |
| In the second to fifth years, inclusive . . . . . | 13,599            | 23,256        | 21,810        | 19,217        |
| After five years . . . . .                        | 14,557            | 13,875        | 19,507        | 13,477        |
|   | <u>31,441</u>     | <u>41,892</u> | <u>46,666</u> | <u>37,749</u> |

**Company**

|  | As at 31 December |             |             | As at 30 June |
|--|-------------------|-------------|-------------|---------------|
|  | 2011              | 2012        | 2013        | 2014          |
|  | RMB'million       | RMB'million | RMB'million | RMB'million   |
| Within one year . . . . .                        | —                 | 15          | 19          | 55            |
| In the second to fifth years inclusive . . . . . | —                 | 33          | 80          | 61            |
| After five years . . . . .                       | —                 | 8           | 4           | 27            |
|  | <u>—</u>          | <u>56</u>   | <u>103</u>  | <u>143</u>    |

**(b) As lessee**

The Group leases certain of its office premise, plant and warehouses under operating lease arrangements. Leases of the properties are negotiated for terms ranging from one to five years.

At the end of each of the Relevant Periods, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

**Group**

|   | As at 31 December |             |             | As at 30 June |
|---|-------------------|-------------|-------------|---------------|
|   | 2011              | 2012        | 2013        | 2014          |
|   | RMB'million       | RMB'million | RMB'million | RMB'million   |
| Within one year . . . . .                         | 13                | 20          | 37          | 19            |
| In the second to fifth years, inclusive . . . . . | 20                | 28          | 109         | 57            |
| After five years . . . . .                        | —                 | —           | 91          | 13            |
|   | <u>33</u>         | <u>48</u>   | <u>237</u>  | <u>89</u>     |

**42. Commitments**

The Group and the Company had the following capital commitments at the end of each of the Relevant Periods:

**Group**

|  | As at 31 December |               |                | As at 30 June  |
|--|-------------------|---------------|----------------|----------------|
|  | 2011              | 2012          | 2013           | 2014           |
|  | RMB'million       | RMB'million   | RMB'million    | RMB'million    |
| Contracted, but not provided for:              |                   |               |                |                |
| Land, buildings, plant and machinery . . . . . | 73,033            | 96,216        | 124,562        | 123,678        |
| Capital contribution to an investee . . . . .  | —                 | —             | 700            | 700            |
|  | <u>73,033</u>     | <u>96,216</u> | <u>125,262</u> | <u>124,378</u> |

**Company**

|  | As at 31 December |             |             | As at 30 June |
|--|-------------------|-------------|-------------|---------------|
|  | 2011              | 2012        | 2013        | 2014          |
|  | RMB'million       | RMB'million | RMB'million | RMB'million   |
| Contracted, but not provided for:              |                   |             |             |               |
| Land, buildings, plant and machinery . . . . . | 613               | 620         | 555         | —             |
|  | <u>613</u>        | <u>620</u>  | <u>555</u>  | <u>—</u>      |

## 43. Related party transactions

## (a) Significant related party transactions

In addition to the transactions detailed elsewhere in the Financial Information, the Group had the following transactions with related parties during the Relevant Periods and the six months ended 30 June 2013:

|  | Year ended 31 December |             |             | Six months ended 30 June   |             |
|--|------------------------|-------------|-------------|----------------------------|-------------|
|  | 2011                   | 2012        | 2013        | 2013                       | 2014        |
|  | RMB'million            | RMB'million | RMB'million | RMB'million<br>(Unaudited) | RMB'million |
| <b>The Parent:</b>   |                        |             |             |                            |             |
| Acquisition of equity interests . . . . .                                | —                      | 408         | —           | —                          | 5,804       |
| Business combination under<br>common control (note 37) . . . . .         | 1,935                  | —           | —           | —                          | —           |
| Rendering of services*/** . . . . .                                      | —                      | —           | 1           | 1                          | 1           |
| Disposal of subsidiaries<br>(note 39(b)). . . . .                        | —                      | —           | —           | —                          | 94          |
| <b>Fellow subsidiaries:</b>  |                        |             |             |                            |             |
| Purchase of goods** . . . . .  | 31                     | 7           | 15          | 10                         | 10          |
| Purchase of investment properties . .                                    | 1,529                  | —           | —           | —                          | —           |
| Purchase of services*/** . . . . .                                       | 56                     | 43          | 321         | 56                         | 313         |
| Disposal of property, plant and<br>equipment . . . . .                   | 7                      | —           | —           | —                          | —           |
| Rendering of services*/** . . . . .                                      | 75                     | 109         | 179         | 64                         | 86          |
| Rental income** . . . . .  | 156                    | 242         | 340         | 136                        | 214         |
| <b>Companies controlled by the<br/>ultimate controlling shareholder:</b> |                        |             |             |                            |             |
| Purchase of goods** . . . . .  | 4                      | 3           | 14          | 1                          | 6           |
| Purchase of service*/** . . . . .  | —                      | —           | 10          | —                          | —           |
| Rendering of services*/** . . . . .                                      | 57                     | 92          | 132         | 65                         | 76          |
| Rental income** . . . . .  | 349                    | 585         | 915         | 348                        | 575         |
| <b>An associate:</b>   |                        |             |             |                            |             |
| Rendering of services . . . . .  | —                      | —           | 13          | —                          | —           |

All the transactions with related parties were made according to the published prices and conditions offered to the major customers of the Group.

\* These transactions with related parties mainly include properties management service, design and implementation and executive charges.

\*\* These transactions also constitute connected transactions under Chapter 14A of the Listing Rules of following our listing on the Stock Exchange.

**(b) Outstanding balances with related parties**

|   | As at 31 December |             |             | As at 30 June |
|---|-------------------|-------------|-------------|---------------|
|   | 2011              | 2012        | 2013        | 2014          |
|   | RMB'million       | RMB'million | RMB'million | RMB'million   |
| <b>Trade receivables due from</b>   |                   |             |             |               |
| Fellow subsidiaries . . . . .   | 13                | 24          | 55          | 31            |
| Companies controlled by the ultimate<br>controlling shareholder . . . . . | 31                | 45          | 1           | —             |
| Associate of the Parent . . . . .   | —                 | 22          | —           | —             |
| <b>Other receivables due from</b>   |                   |             |             |               |
| The Parent . . . . .  | —                 | 1,558       | 2,581       | —             |
| Fellow subsidiaries . . . . .   | 1                 | 1           | 11          | 85            |
| Companies controlled by the ultimate<br>controlling shareholder . . . . . | 1                 | 1           | —           | —             |
| Associate of the Parent . . . . .   | —                 | 100         | —           | —             |
| <b>Trade payables due to</b>  |                   |             |             |               |
| Fellow subsidiaries . . . . .   | 2                 | 4           | 17          | 13            |
| Companies controlled by the ultimate<br>controlling shareholder . . . . . | —                 | —           | 7           | 5             |
| <b>Other payables due to</b>  |                   |             |             |               |
| The Parent . . . . .  | 300               | 300         | 300         | 347           |
| Fellow subsidiaries . . . . .   | 29                | 50          | 73          | 82            |
| Companies controlled by the ultimate<br>controlling shareholder . . . . . | 5                 | 34          | 99          | 101           |
| <b>Loans due to</b>   |                   |             |             |               |
| The Parent . . . . .  | —                 | —           | —           | 2,500         |
| Fellow subsidiaries . . . . .   | —                 | —           | —           | 1,650         |
| Companies controlled by the ultimate<br>controlling shareholder . . . . . | 500               | 2,900       | 1,000       | 2,800         |

The above loan balances are unsecured, have fixed terms of repayment from 2014 to 2017 and bear annual interest rates ranging from 9.5% to 12.57%.

**(c) Guarantees provided by related parties**

|  | Year ended 31 December |              |               | Six months ended 30 June   |               |
|--|------------------------|--------------|---------------|----------------------------|---------------|
|  | 2011                   | 2012         | 2013          | 2013                       | 2014          |
|  | RMB'million            | RMB'million  | RMB'million   | RMB'million<br>(Unaudited) | RMB'million   |
| Transactions:  |                        |              |               |                            |               |
| Guarantees given by the Parent and<br>the ultimate controlling shareholder<br>for the Group's bank and other<br>borrowings . . . . . | 48,381                 | 13,703       | 38,454        | 21,863                     | 49,544        |
| Balances:  |                        |              |               |                            |               |
| Outstanding balances of the<br>guaranteed loans . . . . .  | <u>33,261</u>          | <u>6,971</u> | <u>31,296</u> | <u>17,261</u>              | <u>42,519</u> |

**(d) Compensation of key management personnel of the Group**

|   | Year ended 31 December |             |             | Six months ended 30 June   |             |
|---|------------------------|-------------|-------------|----------------------------|-------------|
|   | 2011                   | 2012        | 2013        | 2013                       | 2014        |
|   | RMB'million            | RMB'million | RMB'million | RMB'million<br>(Unaudited) | RMB'million |
| Salaries, allowances and benefits in kind . . . . .           | 53                     | 74          | 60          | 29                         | 34          |
| Performance related bonuses . . . . .                         | 17                     | 31          | 24          | —                          | —           |
| Pensions schemes contributions . . . . .                      | —*                     | —*          | —*          | —*                         | —*          |
| Total compensation paid to key management personnel . . . . . | <u>70</u>              | <u>105</u>  | <u>84</u>   | <u>29</u>                  | <u>34</u>   |

\* The pensions schemes contribution is presented as zero rounded to the nearest million.

**44. Financial instruments by category**

The carrying amounts of each of the categories of financial instruments as at end of each of the Relevant Periods are as follows:

**Group**

|  | As at 31 December 2011 |                                     |               |
|--|------------------------|-------------------------------------|---------------|
|  | Loans and receivables  | Available-for-sale financial assets | Total         |
|  | RMB'million            | RMB'million                         | RMB'million   |
| <b>Financial assets:</b>   |                        |                                     |               |
| Long-term receivables . . . . .  | 11                     | —                                   | 11            |
| Available-for-sale investments . . . . .   | —                      | 10                                  | 10            |
| Trade and bills receivables . . . . .  | 293                    | —                                   | 293           |
| Financial assets included in prepayments, deposits and other receivables . . . . . | 5,583                  | —                                   | 5,583         |
| Restricted cash . . . . .  | 2,212                  | —                                   | 2,212         |
| Cash and cash equivalents . . . . .  | <u>44,048</u>          | <u>—</u>                            | <u>44,048</u> |
|  | <u>52,147</u>          | <u>10</u>                           | <u>52,157</u> |

## As at 31 December 2012

|   | Loans and<br>receivables | Available-for-sale<br>financial assets | Total         |
|---|--------------------------|--|---------------|
|   | RMB'million              | RMB'million                            | RMB'million   |
| <b>Financial assets:</b>  |                          |  |               |
| Long-term receivables . . . . .   | 11                       | —                                      | 11            |
| Available-for-sale investments . . . . .  | —                        | 10                                     | 10            |
| Trade and bills receivables . . . . .   | 333                      | —                                      | 333           |
| Financial assets included in prepayments, deposits and<br>other receivables . . . . . | 10,744                   | —                                      | 10,744        |
| Restricted cash . . . . .   | 2,131                    | —                                      | 2,131         |
| Cash and cash equivalents . . . . .   | 48,585                   | —                                      | 48,585        |
|   | <u>61,804</u>            | <u>10</u>                              | <u>61,814</u> |

## As at 31 December 2013

|   | Derivative<br>financial<br>instruments | Loans and<br>receivables | Available-for-sale<br>financial<br>assets | Total         |
|---|--|--------------------------|---|---------------|
|   | RMB'million                            | RMB'million              | RMB'million                               | RMB'million   |
| <b>Financial assets:</b>  |  |                          |   |               |
| Long-term receivables . . . . .   | —                                      | 11                       | —   | 11            |
| Available-for-sale investments . . . . .  | —                                      | —                        | 37  | 37            |
| Trade and bills receivables . . . . .   | —                                      | 280                      | —   | 280           |
| Financial assets included in prepayments,<br>deposits and other receivables . . . . . | —                                      | 13,019                   | —   | 13,019        |
| Derivative financial instruments . . . . .  | 19                                     | —                        | —   | 19            |
| Restricted cash . . . . .   | —                                      | 4,139                    | —   | 4,139         |
| Cash and cash equivalents . . . . .   | —                                      | 69,525                   | —   | 69,525        |
|   | <u>19</u>                              | <u>86,974</u>            | <u>37</u>                                 | <u>87,030</u> |

## As at 30 June 2014

|   | Derivative<br>financial<br>instruments | Loans and<br>receivables | Available-for-sale<br>financial<br>assets | Total         |
|---|--|--------------------------|---|---------------|
|   | RMB'million                            | RMB'million              | RMB'million                               | RMB'million   |
| <b>Financial assets:</b>  |  |                          |   |               |
| Long-term receivables . . . . .   | —                                      | 11                       | —   | 11            |
| Available-for-sale investments . . . . .  | —                                      | —                        | 35  | 35            |
| Trade and bills receivables . . . . .   | —                                      | 561                      | —   | 561           |
| Financial assets included in prepayments,<br>deposits and other receivables . . . . . | —                                      | 13,956                   | —   | 13,956        |
| Derivative financial instruments . . . . .  | 28                                     | —                        | —   | 28            |
| Restricted cash . . . . .   | —                                      | 6,048                    | —   | 6,048         |
| Cash and cash equivalents . . . . .   | —                                      | 74,761                   | —   | 74,761        |
|   | <u>28</u>                              | <u>95,337</u>            | <u>35</u>                                 | <u>95,400</u> |

|  | As at 31 December   |   |   | As at 30 June   |
|--|---|---|---|---|
|  | 2011  | 2012  | 2013  | 2014  |
|  | RMB'million<br>Financial<br>liabilities at<br>amortised<br>cost | RMB'million<br>Financial<br>liabilities at<br>amortised<br>cost | RMB'million<br>Financial<br>liabilities at<br>amortised<br>cost | RMB'million<br>Financial<br>liabilities at<br>amortised<br>cost |
| <b>Financial liabilities:</b>  |   |   |   |   |
| Trade and bills payables . . . . .   | 20,782  | 25,662  | 34,628  | 35,383  |
| Financial liabilities included in other payables<br>and accruals . . . . . | 9,008   | 8,890   | 11,425  | 13,024  |
| Convertible bonds . . . . .  | —   | —   | 61  | 76  |
| Guaranteed bonds . . . . .   | —   | —   | 3,614   | 7,250   |
| Interest-bearing bank and other borrowings. . . . .                        | <u>69,747</u>   | <u>93,228</u>   | <u>130,318</u>  | <u>172,362</u>  |
|  | <u>99,537</u>   | <u>127,780</u>  | <u>180,046</u>  | <u>228,095</u>  |

### Company

The carrying amounts of each of the categories of financial instruments as at the end of each of the Relevant Periods are as follows:

|   | As at 31 December 2011   |  |               |
|---|--------------------------|--|---------------|
|   | Loans and<br>receivables | Available-for-sale<br>financial assets | Total         |
|   | RMB'million              | RMB'million                            | RMB'million   |
| <b>Financial assets:</b>  |                          |  |               |
| Available-for-sale investments . . . . .  | —                        | 10                                     | 10            |
| Trade and bills receivables . . . . .   | 5                        | —                                      | 5             |
| Financial assets included in prepayments, deposits and<br>other receivables . . . . . | 15,648                   | —                                      | 15,648        |
| Cash and cash equivalents . . . . .   | <u>12,924</u>            | <u>—</u>                               | <u>12,924</u> |
|   | <u>28,577</u>            | <u>10</u>                              | <u>28,587</u> |

|   | As at 31 December 2012   |  |               |
|---|--------------------------|--|---------------|
|   | Loans and<br>receivables | Available-for-sale<br>financial assets | Total         |
|   | RMB'million              | RMB'million                            | RMB'million   |
| <b>Financial assets:</b>  |                          |  |               |
| Long-term receivables . . . . .   | 11                       | —                                      | 11            |
| Available-for-sale investments . . . . .  | —                        | 10                                     | 10            |
| Trade and bills receivables . . . . .   | 6                        | —                                      | 6             |
| Financial assets included in prepayments, deposits and<br>other receivables . . . . . | 21,177                   | —                                      | 21,177        |
| Cash and cash equivalents . . . . .   | <u>7,373</u>             | <u>—</u>                               | <u>7,373</u>  |
|   | <u>28,567</u>            | <u>10</u>                              | <u>28,577</u> |



## As at 31 December 2013

|   | Loans and<br>receivables | Available-for-sale<br>financial assets | Total         |
|---|--------------------------|--|---------------|
|   | RMB'million              | RMB'million                            | RMB'million   |
| <b>Financial assets:</b>  |                          |  |               |
| Long-term receivables . . . . .   | 11                       | —                                      | 11            |
| Available-for-sale investments . . . . .  | —                        | 37                                     | 37            |
| Trade and bills receivables . . . . .   | 7                        | —                                      | 7             |
| Financial assets included in prepayments, deposits and<br>other receivables . . . . . | 24,454                   | —                                      | 24,454        |
| Restricted cash . . . . .   | 174                      | —                                      | 174           |
| Cash and cash equivalents . . . . .   | 10,028                   | —                                      | 10,028        |
|   | <u>34,674</u>            | <u>37</u>                              | <u>34,711</u> |

## As at 30 June 2014

|   | Loans and<br>receivables | Available-for-sale<br>financial assets | Total         |
|---|--------------------------|--|---------------|
|   | RMB'million              | RMB'million                            | RMB'million   |
| <b>Financial assets:</b>  |                          |  |               |
| Long-term receivables . . . . .   | 11                       | —                                      | 11            |
| Available-for-sale investments . . . . .  | —                        | 35                                     | 35            |
| Trade and bills receivables . . . . .   | 269                      | —                                      | 269           |
| Financial assets included in prepayments, deposits and<br>other receivables . . . . . | 31,466                   | —                                      | 31,466        |
| Restricted cash . . . . .   | 249                      | —                                      | 249           |
| Cash and cash equivalents . . . . .   | 6,833                    | —                                      | 6,833         |
|   | <u>38,828</u>            | <u>35</u>                              | <u>38,863</u> |

## As at 31 December

## As at 30 June

|  | 2011  | 2012  | 2013  | 2014  |
|--|---|---|---|---|
|  | RMB'million<br>Financial<br>liabilities at<br>amortised<br>cost | RMB'million<br>Financial<br>liabilities at<br>amortised<br>cost | RMB'million<br>Financial<br>liabilities at<br>amortised<br>cost | RMB'million<br>Financial<br>liabilities at<br>amortised<br>cost |
| <b>Financial liabilities:</b>  |   |   |   |   |
| Trade and bills payables . . . . .   | 557   | 394   | 134   | 96  |
| Financial liabilities included in other payables<br>and accruals . . . . . | 53,044  | 64,363  | 89,646  | 104,736   |
| Interest-bearing bank and other borrowings . . . . .                       | 14,191  | 16,585  | 20,841  | 27,399  |
|  | <u>67,792</u>   | <u>81,342</u>   | <u>110,621</u>  | <u>132,231</u>  |

## 45. Fair value and fair value hierarchy of financial instruments

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

|  | Carrying amounts  |               |                |                |
|--|-------------------|---------------|----------------|----------------|
|  | As at 31 December |               |                | As at 30 June  |
|  | 2011              | 2012          | 2013           | 2014           |
|  | RMB'million       | RMB'million   | RMB'million    | RMB'million    |
| <b>Financial assets</b>                              |                   |               |                |                |
| Available-for-sale investments . . . . .             | 10                | 10            | 37             | 35             |
| Derivative financial instrument . . . . .            | —                 | —             | 19             | 28             |
|  | <u>10</u>         | <u>10</u>     | <u>56</u>      | <u>63</u>      |
| <b>Financial liabilities</b>                         |                   |               |                |                |
| Convertible bonds . . . . .                          | —                 | —             | 61             | 76             |
| Guaranteed bonds . . . . .                           | —                 | —             | 3,614          | 7,250          |
| Interest-bearing bank and other borrowings . . . . . | <u>69,747</u>     | <u>93,228</u> | <u>130,318</u> | <u>172,362</u> |
|  | <u>69,747</u>     | <u>93,228</u> | <u>133,993</u> | <u>179,688</u> |
| <b>Fair values</b>                                   |                   |               |                |                |
|  | Fair values       |               |                |                |
|  | As at 31 December |               |                | As at 30 June  |
|  | 2011              | 2012          | 2013           | 2014           |
|  | RMB'million       | RMB'million   | RMB'million    | RMB'million    |
| <b>Financial assets</b>                              |                   |               |                |                |
| Available-for-sale investments . . . . .             | 10                | 10            | 37             | 35             |
| Derivative financial instrument . . . . .            | —                 | —             | 19             | 28             |
|  | <u>10</u>         | <u>10</u>     | <u>56</u>      | <u>63</u>      |
| <b>Financial liabilities</b>                         |                   |               |                |                |
| Convertible bonds . . . . .                          | —                 | —             | 61             | 76             |
| Guaranteed bonds . . . . .                           | —                 | —             | 3,614          | 7,250          |
| Interest-bearing bank and other borrowings . . . . . | <u>69,747</u>     | <u>93,228</u> | <u>130,318</u> | <u>172,362</u> |
|  | <u>69,747</u>     | <u>93,228</u> | <u>133,993</u> | <u>179,688</u> |

Management has assessed that the fair values of cash and cash equivalents, restricted cash, trade and bills receivables, financial assets included in prepayments, deposits and other receivables, trade and bills payables and financial liabilities included in other payables and accruals approximate to their carrying amounts largely due to the short term maturities of these instruments.

**Fair value hierarchy**

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

**Assets measured at fair value:****Group**

*As at 31 December 2013*

|   | Fair value measurement using                       |  |  | Total |
|---|--|--|--|-------|
|   | Quoted prices<br>in active<br>markets<br>(Level 1) | Significant<br>observable<br>inputs<br>(Level 2) | Significant<br>unobservable<br>inputs<br>(Level 3) |       |
|   | RMB'million  | RMB'million                                      | RMB'million  |       |
| Derivative financial instrument . . . . . | —  | 19   | —  | 19    |
|   | —  | 19   | —  | 19    |

*As at 30 June 2014*

|   | Fair value measurement using                       |  |  | Total |
|---|--|--|--|-------|
|   | Quoted prices<br>in active<br>markets<br>(Level 1) | Significant<br>observable<br>inputs<br>(Level 2) | Significant<br>unobservable<br>inputs<br>(Level 3) |       |
|   | RMB'million  | RMB'million                                      | RMB'million  |       |
| Derivative financial instrument . . . . . | —  | 28   | —  | 28    |
|   | —  | 28   | —  | 28    |

The Group did not have any financial assets measured at fair value as at 31 December 2011 and 2012.

The Group did not have any financial liabilities measured at fair value as at 31 December 2011, 2012 and 2013 and 30 June 2014.

During the Relevant Periods, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities.

**46. Financial risk management objectives and policies**

The Group's principal financial instruments comprise cash and cash equivalents, restricted cash, bonds and interest-bearing bank and other borrowings. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The Group does not hold or issue derivative financial instruments for trading purposes. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below:

**(a) Credit risk**

The Group has no concentration of credit risk. The Group's cash and cash equivalents are mainly deposited with reputable overseas banks and state-owned banks in Mainland China. The carrying amounts of the trade receivables, other receivables, restricted cash, cash and cash equivalents included in the consolidated statement of financial position represent the Group's maximum exposure to credit risk in relation to its financial assets. The Group has no other financial assets which carry significant exposure to credit risk. The Group has arranged bank financing for certain purchasers of its properties and has provided guarantees to secure the obligations of such purchasers for repayments.

**(b) Interest rate risk**

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long term debt obligations with a floating interest rate.

If interest rates had been 100 basis points higher/lower and all other variables are held constant, the Group's interest charge would have increased/decreased by approximately RMB578 million, RMB578 million, RMB684 million, RMB500 million and RMB381 million for the years ended 31 December 2011, 2012 and 2013 and the six months ended 30 June 2013 and 2014. This is mainly attributable to the Group's exposure to interest rates on its variable-rate bank and other borrowings.

**(c) Liquidity risk**

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets (e.g., trade receivables) and projected cash flows from operations.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans.

The maturity profile of the Group's financial liabilities as at the end of each of the Relevant Periods, based on the contractual undiscounted payments, is as follows:

| As at 31 December 2011                               |                     |               |               |               |                |
|--|---------------------|---------------|---------------|---------------|----------------|
|  | Less than<br>1 year | 1 to 2 years  | 2 to 5 years  | Over 5 years  | Total          |
|  | RMB'million         | RMB'million   | RMB'million   | RMB'million   | RMB'million    |
| Interest-bearing bank and other borrowings . . . . . | 21,783              | 18,723        | 27,140        | 20,028        | 87,674         |
| Trade payables and other payables . . .              | 29,790              | —             | —             | —             | 29,790         |
|  | <u>51,573</u>       | <u>18,723</u> | <u>27,140</u> | <u>20,028</u> | <u>117,464</u> |
| As at 31 December 2012                               |                     |               |               |               |                |
|  | Less than<br>1 year | 1 to 2 years  | 2 to 5 years  | Over 5 years  | Total          |
|  | RMB'million         | RMB'million   | RMB'million   | RMB'million   | RMB'million    |
| Interest-bearing bank and other borrowings . . . . . | 29,042              | 25,527        | 33,803        | 31,543        | 119,915        |
| Trade payables and other payables . . .              | 34,552              | —             | —             | —             | 34,552         |
|  | <u>63,594</u>       | <u>25,527</u> | <u>33,803</u> | <u>31,543</u> | <u>154,467</u> |
| As at 31 December 2013                               |                     |               |               |               |                |
|  | Less than<br>1 year | 1 to 2 years  | 2 to 5 years  | Over 5 years  | Total          |
|  | RMB'million         | RMB'million   | RMB'million   | RMB'million   | RMB'million    |
| Interest-bearing bank and other borrowings . . . . . | 29,309              | 42,673        | 37,697        | 57,282        | 166,961        |
| Trade payables and other payables . . .              | 46,053              | —             | —             | —             | 46,053         |
| Guaranteed bonds . . . . .                           | 178                 | 178           | 4,194         | —             | 4,550          |
| Convertible bonds . . . . .                          | 7                   | 7             | 104           | —             | 118            |
|  | <u>75,547</u>       | <u>42,858</u> | <u>41,995</u> | <u>57,282</u> | <u>217,682</u> |
| As at 30 June 2014                                   |                     |               |               |               |                |
|  | Less than<br>1 year | 1 to 2 years  | 2 to 5 years  | Over 5 years  | Total          |
|  | RMB'million         | RMB'million   | RMB'million   | RMB'million   | RMB'million    |
| Interest-bearing bank and other borrowings . . . . . | 45,105              | 55,756        | 56,754        | 61,100        | 218,715        |
| Trade payables and other payables . . .              | 48,407              | —             | —             | —             | 48,407         |
| Guaranteed bonds . . . . .                           | 448                 | 448           | 4,937         | 4,956         | 10,789         |
| Convertible bonds . . . . .                          | 7                   | 8             | 100           | —             | 115            |
|  | <u>93,967</u>       | <u>56,212</u> | <u>61,791</u> | <u>66,056</u> | <u>278,026</u> |

The maturity profile of the Company's financial liabilities as at the end of each of the Relevant Periods, the reporting period, based on the contractual undiscounted payments, is as follows:

| As at 31 December 2011                               |                     |              |              |              |               |
|--|---------------------|--------------|--------------|--------------|---------------|
|  | Less than<br>1 year | 1 to 2 years | 2 to 5 years | Over 5 years | Total         |
|  | RMB'million         | RMB'million  | RMB'million  | RMB'million  | RMB'million   |
| Interest-bearing bank and other borrowings . . . . . | 11,190              | 2,290        | 287          | 2,081        | 15,848        |
| Trade payables and other payables . . .              | 53,601              | —            | —            | —            | 53,601        |
|  | <u>64,791</u>       | <u>2,290</u> | <u>287</u>   | <u>2,081</u> | <u>69,449</u> |

| As at 31 December 2012                               |                     |              |              |              |               |
|--|---------------------|--------------|--------------|--------------|---------------|
|  | Less than<br>1 year | 1 to 2 years | 2 to 5 years | Over 5 years | Total         |
|  | RMB'million         | RMB'million  | RMB'million  | RMB'million  | RMB'million   |
| Interest-bearing bank and other borrowings . . . . . | 8,198               | 6,046        | 4,353        | 1,780        | 20,377        |
| Trade payables and other payables . . .              | 64,757              | —            | —            | —            | 64,757        |
|  | <u>72,955</u>       | <u>6,046</u> | <u>4,353</u> | <u>1,780</u> | <u>85,134</u> |

| As at 31 December 2013                               |                     |              |              |              |                |
|--|---------------------|--------------|--------------|--------------|----------------|
|  | Less than<br>1 year | 1 to 2 years | 2 to 5 years | Over 5 years | Total          |
|  | RMB'million         | RMB'million  | RMB'million  | RMB'million  | RMB'million    |
| Interest-bearing bank and other borrowings . . . . . | 8,356               | 8,595        | 5,011        | 3,016        | 24,978         |
| Trade payables and other payables . . .              | 89,780              | —            | —            | —            | 89,780         |
|  | <u>98,136</u>       | <u>8,595</u> | <u>5,011</u> | <u>3,016</u> | <u>114,758</u> |

| As at 30 June 2014                                   |                     |               |              |              |                |
|--|---------------------|---------------|--------------|--------------|----------------|
|  | Less than<br>1 year | 1 to 2 years  | 2 to 5 years | Over 5 years | Total          |
|  | RMB'million         | RMB'million   | RMB'million  | RMB'million  | RMB'million    |
| Interest-bearing bank and other borrowings . . . . . | 14,798              | 10,859        | 3,209        | 2,882        | 31,748         |
| Trade payables and other payables . . .              | 104,832             | —             | —            | —            | 104,832        |
|  | <u>119,630</u>      | <u>10,859</u> | <u>3,209</u> | <u>2,882</u> | <u>136,580</u> |

#### (d) Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the Relevant Periods.

The Group monitors capital using gearing ratio and debt-to-asset ratio. Gearing ratio is defined as net debt divided by capital. Net debt represents interest-bearing bank and other borrowings plus bonds less cash and cash equivalents and restricted cash. Capital represents total equity. Debt-to-asset ratio is total liabilities net of advance from customers divided by total assets. The gearing ratios at the end of each of the Relevant Periods were as follows:

|  | As at 31 December |               |                | As at 30 June  |
|--|-------------------|---------------|----------------|----------------|
|  | 2011              | 2012          | 2013           | 2014           |
|  | RMB'million       | RMB'million   | RMB'million    | RMB'million    |
| Interest-bearing bank and other borrowings . . . . . | 69,747            | 93,228        | 130,318        | 172,362        |
| Bonds . . . . .                                      | —                 | —             | 3,675          | 7,326          |
| Less:  |                   |               |                |                |
| Cash and cash equivalents . . . . .                  | (44,048)          | (48,585)      | (69,525)       | (74,761)       |
| Restricted cash . . . . .                            | (2,212)           | (2,131)       | (4,139)        | (6,048)        |
| Net debt . . . . .                                   | <u>23,487</u>     | <u>42,512</u> | <u>60,329</u>  | <u>98,879</u>  |
| Total equity . . . . .                               | <u>60,541</u>     | <u>87,351</u> | <u>113,872</u> | <u>112,620</u> |
| Gearing ratio . . . . .                              | <u>39%</u>        | <u>49%</u>    | <u>53%</u>     | <u>88%</u>     |

The debt-to-asset ratios at the end of each of the Relevant Periods were as follows:

|                                  | As at 31 December |                |                | As at 30 June  |
|----------------------------------|-------------------|----------------|----------------|----------------|
|                                  | 2011              | 2012           | 2013           | 2014           |
|                                  | RMB'million       | RMB'million    | RMB'million    | RMB'million    |
| Total liabilities . . . . .      | 190,238           | 247,761        | 317,172        | 391,371        |
| Less:                            |                   |                |                |                |
| Advance from customers . . . . . | (71,275)          | (94,070)       | (104,273)      | (131,113)      |
|                                  | <u>118,963</u>    | <u>153,691</u> | <u>212,899</u> | <u>260,258</u> |
| Total assets . . . . .           | <u>250,779</u>    | <u>335,112</u> | <u>431,044</u> | <u>503,991</u> |
| Debt-to-asset ratio . . . . .    | <u>47%</u>        | <u>46%</u>     | <u>49%</u>     | <u>52%</u>     |

#### 47. Events after the Relevant Periods

- a) On 9 July 2014, the Company's subsidiary, Wanda Commercial, allotted and issued a total of 984,662,575 new shares upon receiving notices for conversion dated 9 July 2014 from holders of convertible bonds issued by Wanda Commercial at the conversion price of HK\$0.326 per share.

- b) In July 2014, the Company issued a total of 138.8 million new shares at an issue price of RMB7.36 per share to 61 individuals, who were existing shareholders of the Company and employees of the Group, the Parent and the Company's fellow subsidiaries, for a total consideration of RMB1,022 million. The issuance of new shares to certain employees of the Group, the Parent and the Company's fellow subsidiaries as consideration for their services will be accounted for as equity-settled share-based payment transactions. The issuance from rights issue to existing shareholders will be treated as normal capital injection. Other than the increase in registered capital and reserves, the Directors consider that the aforesaid transaction will not have significant impact on the Group's financial results for the year ending 31 December 2014.
- c) In October 2014, the Company transferred its entire equity interests in three subsidiaries, namely Xishuangbanna International Resort Development Co., Ltd., Qingdao Wanda Yacht Industry Investment Co., Ltd. and Dalian Jinshi Cultural Tourism Investment Co., Ltd. (the "Disposed Subsidiaries"), to Dalian Cultural Group, a related party of the Company, with a total cash consideration of RMB4,135 million. Based on the equity attributable to owners of the Company of the Disposed Subsidiaries on the latest available unaudited management account before the disposal date of RMB3,614 million, the disposal gain is estimated to be approximately RMB521 million.

#### **48. Subsequent Financial Statements**

No audited financial statements have been prepared by the Group or any of its subsidiaries in respect of any period subsequent to 30 June 2014.

Yours faithfully  
**ERNST & YOUNG**  
*Certified Public Accountants*  
Hong Kong



The following information does not form part of the Accountants' Report from Ernst & Young, Certified Public Accountants, Hong Kong, the Company's reporting accountants, as set out in Appendix I to this prospectus, and is included for information purposes only. The pro forma financial information should be read in conjunction with the section headed "Financial Information" in this prospectus and the Accountants' Report set out in Appendix I to this prospectus.

#### A. UNAUDITED PRO FORMA ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following unaudited pro forma adjusted consolidated net tangible assets have been prepared in accordance with Rule 4.29 of the Hong Kong Listing Rules and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for inclusion in Investment Circulars" issued by the HKICPA for illustration purposes only, and is set out here to illustrate the effect of the Global Offering on our consolidated net tangible assets as of June 30, 2014 as if it had taken place on June 30, 2014.

The unaudited pro forma adjusted consolidated net tangible assets has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the financial position of our Group had the Global Offering been completed as of June 30, 2014 or any future date. It is prepared based on our consolidated net tangible assets as of June 30, 2014 as set out in the Accountants' Report as set out in Appendix I to this prospectus, and adjusted as described below. The unaudited pro forma adjusted consolidated net tangible assets does not form part of the Accountants' Report as set out in Appendix I to this prospectus.

|   | Consolidated net tangible assets attributable to owners of our Company as of June 30, 2014 | Estimated net proceeds from the Global Offering | Adjustment for the 2014 Excluded Companies | Unaudited pro forma adjusted consolidated net tangible assets | Unaudited pro forma adjusted consolidated net tangible assets per share |                               |
|---|--|---|--|---|---|-------------------------------|
|   | RMB million<br>(Note 1)  | RMB million<br>(Note 2)                         | RMB million<br>(Note 3)                    | RMB million   | RMB<br>(Note 4)   | (HK\$ equivalent)<br>(Note 5) |
| Based on an offer price of HK\$41.80 per Share. . . . . | 105,648  | 19,296  | 521  | 125,465   | 28.04   | 35.43                         |
| Based on an offer price of HK\$49.60 per Share. . . . . | 105,648  | 22,925  | 521  | 129,094   | 28.85   | 36.46                         |

#### Notes:

- (1) The consolidated net tangible assets of our Group attributable to owners of our Company as of June 30, 2014 is extracted from the Accountants' Report as set out in Appendix I to this prospectus, which is based on the audited consolidated equity attributable to owners of our Company as of June 30, 2014 of RMB109,611 million less goodwill and other intangible assets as of June 30, 2014 of RMB1,430 million and RMB2,533 million.

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## APPENDIX II                      UNAUDITED PRO FORMA FINANCIAL INFORMATION

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- (2) The estimated net proceeds from the Global Offering are based on the offer price of HK\$41.80 per share and HK\$49.60 per share, after deduction of the underwriting fees and related expenses payable by the Company and do not take into account any Offer Shares which may be issued upon the exercise of the Over-allotment Option. The estimated net proceeds from the Global Offering are converted from Hong Kong dollars into Renminbi at the PBOC rate of HK\$1.00 to RMB0.79126 prevailing on November 28, 2014.
- (3) This adjustment is to give effect of the disposal of the 2014 Excluded Companies as if the disposal had taken place on June 30, 2014.
- (4) The unaudited pro forma adjusted consolidated net tangible assets per share is calculated based on 4,474,800,000 Shares in issue immediately following the completion of the Global Offering without taking into account any Shares which may be issued upon the exercise of the Over-allotment Option.
- (5) The unaudited pro forma adjusted consolidated net tangible assets per share is converted into Hong Kong dollars at the PBOC rate of HK\$1.00 to RMB0.79126 prevailing on November 28, 2014.

### B. UNAUDITED PRO FORMA FORECAST EARNINGS PER SHARE

The unaudited pro forma forecast earnings per Share of our Group for the year ending December 31, 2014 has been prepared, on the basis of the notes set forth below, for the purpose of illustrating the effect of the Global Offering as if it had taken place on January 1, 2014. It has been prepared for illustrative purpose only and, because of its hypothetical nature, may not give a true and fair picture of the financial results of our Group.

#### Profit forecast for the year ending December 31, 2014

|   | <b>Forecast for the year<br/>ending December 31, 2014</b> |
|---|---|
| Forecast consolidated profit attributable to owners of our Company <sup>(1)</sup> . . . . .                 | not less than RMB24,027<br>million                        |
| Forecast fair value gains on investment properties (net of deferred tax) . . . . .                          | RMB9,725 million  |
| Forecast consolidated profit attributable to owners of our Company<br>(excluding fair value gains). . . . . | not less than RMB14,302<br>million                        |
| Unaudited pro forma forecast earnings per Share <sup>(2)</sup> . . . . .                                    | not less than RMB5.37<br>(approximately HK\$6.75)         |

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**Notes:**

- (1) The forecast consolidated profit attributable to owners of our Company for the year ending December 31, 2014 is extracted from Appendix III to this prospectus. The bases and assumptions on which the above forecast for the year ending December 31, 2014 has been prepared are summarised in Appendix III to this prospectus.
- (2) The calculation of the unaudited pro forma forecast earnings per Share is based on the forecast consolidated profit attributable to owners of our Company for the year ending December 31, 2014 and on the assumption that a total of 4,474,800,000 Shares were in issue during the year ending December 31, 2014, taking no account of any Shares which may be issued upon the exercise of the Over-allotment Option. The unaudited pro forma forecast earnings per Share is converted into Hong Kong dollars at the PBOC rate of HK\$1.00 to RMB0.79126 prevailing on November 28, 2014.

**C. INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION**

The following is the text of a report received from the reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus.



22/F CITIC Tower,  
1 Tim Mei Avenue,  
Central, Hong Kong

To the Directors of Dalian Wanda Commercial Properties Co., Ltd.

We have completed our assurance engagement to report on the compilation of pro forma financial information of Dalian Wanda Commercial Properties Co., Ltd. (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”) by the directors of the Company (the “Directors”) for illustrative purposes only. The pro forma financial information consists of the pro forma consolidated net tangible assets as of June 30, 2014, and the pro forma forecast earnings per share for the year ending December 31, 2014, and related notes as set out on pages II-1 to II-2 of the Prospectus issued by the Company (the “Pro Forma Financial Information”). The applicable criteria on the basis of which the Directors have compiled the Pro Forma Financial Information are described in Appendix II to the Prospectus.

The Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the global offering of shares of the Company on the Group’s financial position as of June 30, 2014 and the Group’s forecast earnings per share for the year ending December 31, 2014 as if the transaction had taken place at June 30, 2014 and January 1, 2014 respectively. As part of this process, information about the Group’s financial position and forecast profit has been extracted by the Directors from the Group’s financial statements for the period ended June 30, 2014, on which an accountants’ report has been published, and the Group’s profit forecast for the year ending December 31, 2014, respectively.

**Directors’ responsibility for the Pro Forma Financial Information**

The Directors are responsible for compiling the Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

**Reporting Accountant’s responsibilities**

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus* issued by the HKICPA. This standard requires that the reporting accountant comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Pro Forma Financial Information, in accordance with paragraph 4.29 of the Listing Rules and with reference to AG7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* issued by HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Financial Information.

The purpose of Pro Forma Financial Information included in the Prospectus is solely to illustrate the impact of the global offering of shares of the Company on unadjusted financial information of the Group as if the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the transaction would have been as presented.

A reasonable assurance engagement to report on whether the Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgement, having regard to the reporting accountant's understanding of the nature of the Group, the transaction in respect of which the Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Opinion**

In our opinion:

- (a) the Pro Forma Financial Information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purpose of the Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully,  
**ERNST & YOUNG**  
*Certified Public Accountants*  
Hong Kong  
10 December 2014

*Our forecast of the consolidated profit for the year ending December 31, 2014 is set out in the section headed “Financial Information — Profit Forecast for the year ending December 31, 2014” in this prospectus.*

#### **A. PROFIT FORECAST FOR THE YEAR ENDING DECEMBER 31, 2014**

The Profit Forecast of our Group for the year ending December 31, 2014 prepared by our Directors is based on the audited results of our Group for the year ended December 31, 2013, six months ended June 30, 2014 and the unaudited results of our Group for the three months ended September 30, 2014. Our Directors are not aware of any extraordinary items which have arisen or are likely to arise during the year ending December 31, 2014. The forecast has been prepared on the basis of the accounting policies consistent in all material aspects with those currently adopted by our Group as summarised in the accountants’ report, the text of which is set out in Appendix I to this prospectus and the principal assumptions set out below.

#### **Principal Assumptions for the Profit Forecast**

The principal assumptions adopted by the Directors of the Company in preparing the profit forecast are as follows:

- There will be no material changes in the existing political, legal, fiscal, economic or regulatory conditions in the PRC or in the countries or territories in which our Group operates or has arrangements or agreements, which may have adverse effect on the business of our Group;
- There will be no material changes in the bases or rates of taxation in countries in which our Group operates or in the countries in which our Company or our subsidiaries were incorporated;
- There will be no material change in the inflation rate, interest rate, tariff and duties in the PRC and any other places in which our Group operates from those currently prevailing;
- Our Group’s operations, results and financial condition will not be materially and adversely affected by the risk factors set forth in the section headed “Risk Factors” in this Prospectus;
- Our Group will be able to continually obtain adequate finance for its business and to operate as going concern in the foreseeable future; and
- Our Group’s operations and business will not be materially affected or interrupted by any force majeure events or unforeseeable factors or any unforeseeable reasons that are beyond the control of the Directors, including but not limited to the occurrence of natural disasters, supply failure, labour dispute, significant lawsuit and arbitration.

### Profit forecast for the year ending December 31, 2014

|   | <b>Forecast for the year<br/>ending December 31, 2014</b> |
|---|---|
| Forecast consolidated profit attributable to owners of our Company . . . . .                                | not less than RMB24,027<br>million                        |
| Forecast fair value gains on investment properties (net of deferred tax) . . . . .                          | RMB9,725 million  |
| Forecast consolidated profit attributable to owners of our Company<br>(excluding fair value gains). . . . . | not less than RMB14,302<br>million                        |
| Unaudited pro forma forecast earnings per Share <sup>(1)</sup> . . . . .                                    | not less than RMB5.37<br>(approximately HK\$6.79)         |

#### Note:

- (1) The calculation of the unaudited pro forma forecast earnings per Share is based on the forecast consolidated profit attributable to owners of our Company for the year ending December 31, 2014 and on the assumption that a total of 4,474,800,000 Shares were in issue during the year ending December 31, 2014, taking no account of any shares which may be issued upon the exercise of the Over-allotment Option. The unaudited pro forma forecast earnings per Share is converted into Hong Kong dollars at the PBOC rate of HK\$1.00 to RMB0.79126 prevailing on November 28, 2014.

### Sensitivity Analysis

#### *Sensitivity analysis on fair value change of investment properties*

The total forecasted amount of fair value change on investment properties for the year ending December 31, 2014 is RMB12,967 million and its related deferred taxation expense is estimated to be RMB3,242 million. The following table illustrates the sensitivity of the net profit attributable to owners of our Company (net of deferred tax effect) to fair value change of investment properties for the year ending December 31, 2014:

|   |       |       |     |     |
|---|-------|-------|-----|-----|
| Changes in revaluation increase percentage on<br>investment properties compared to our estimated<br>revaluation increase percentage on investment<br>properties . . . . . | -10%  | -5%   | 5%  | 10% |
| Impact on the net profit attributable to owners of our<br>Company targeted for the year 2014 (RMB<br>millions) . . . . .  | (972) | (486) | 486 | 972 |

If the forecast fair value of investment properties rises/declines by 5%, the consolidated profit attributable to owners of our Company for the year ending December 31, 2014 will be not less than RMB24,513 million/RMB23,541 million, respectively, or 2.0% higher/lower, respectively, than the targeted 2014 consolidated profit attributable to owners of our Company.

If the forecast fair value of investment properties rises/declines by 10%, the consolidated profit attributable to owners of our Company for the year ending December 31, 2014 will be not less than RMB24,999 million/RMB23,055 million, respectively, or 4.0% higher/lower, respectively, than the targeted 2014 consolidated profit attributable to owners of our Company.

***Sensitivity Analysis on Targeted GFA Sold and Delivered***

The following table illustrates the sensitivity of the net profit attributable to owners of our Company to the targeted GFA sold and delivered for the year ending December 31, 2014 by applying such sensitivity analysis to the six-month period ending December 31, 2014.

|   |         |         |       |
|---|---------|---------|-------|
| % change in targeted GFA sold and delivered . . . . .   | -10%    | -7.5%   | -5%   |
| Impact on the net profit attributable to owners of our Company<br>targeted for the year 2014 (RMB millions) . . . . . | (1,919) | (1,434) | (948) |

If the targeted GFA sold and delivered for all projects declines by 5%, the consolidated profit attributable to owners of our Company for the year ending December 31, 2014 will be not less than RMB23,079 million, i.e. 3.9% lower than the targeted 2014 consolidated profit attributable to owners of our Company.

If the targeted GFA sold and delivered for all projects declines by 7.5%, the consolidated profit attributable to owners of our Company for the year ending December 31, 2014 will be not less than RMB22,593 million, i.e. 6.0% lower than the targeted 2014 consolidated profit attributable to owners of our Company.

If the targeted GFA sold and delivered for all projects declines by 10%, the consolidated profit attributable to owners of our Company for the year ending December 31, 2014 will be not less than RMB22,108 million, i.e. 8.0% lower than the targeted 2014 consolidated profit attributable to owners of our Company.

The above sensitivity analysis is intended for reference only, and any variation could exceed the ranges given. We have considered for the purposes of the profit forecast what we believe is the best estimate of fair value change of investment properties and targeted GFA sold and delivered. However, fair value change of investment properties and targeted GFA sold and delivered as at the relevant date may differ materially from our estimate, and is dependent on market conditions and other factors that are beyond our control.



**B. LETTER FROM THE REPORTING ACCOUNTANTS**

*The following is the text of a letter received from Ernst & Young, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus.*



22/F CITIC Tower,  
1 Tim Mei Avenue,  
Central, Hong Kong

The Directors  
Dalian Wanda Commercial Properties Co., Ltd.  
China International Capital Corporation Hong Kong Securities Limited  
HSBC Corporate Finance (Hong Kong) Limited

Dear Sirs,

**Dalian Wanda Commercial Properties Co., Ltd. (“the Company”)**

**Profit forecast for the year ending December 31, 2014**

We refer to the forecast of the consolidated profit attributable to equity holders of the Company for the year ending December 31, 2014 (“the Profit Forecast”) set forth in the section headed “Financial Information” in the prospectus of the Company dated December 10, 2014 (“the Prospectus”).

**Responsibilities**

The Profit Forecast has been prepared by the directors of the Company based on the audited consolidated results of the Company and its subsidiaries (collectively referred to as “the Group”) for the year ended December 31, 2013 and the six months ended June 30, 2014, the unaudited consolidated results based on the management accounts of the Group for the three months ended September 30, 2014 and a forecast of the consolidated results of the Group for the remaining three months ending December 31, 2014.

The Company’s directors are solely responsible for the Profit Forecast. It is our responsibility to form an opinion on the accounting policies and calculations of the Profit Forecast based on our procedures.

**Basis of opinion**

We carried out our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 500 “Reporting on Profit Forecasts, Statements of Sufficiency of Working Capital and Statements of Indebtedness” and with reference to Hong Kong Standard on Assurance Engagements 3000 “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). Those standards require that we plan and perform our work to obtain reasonable assurance as to whether, so far as the accounting policies and calculations are concerned, the Company’s directors have properly compiled the Profit Forecast in accordance with the bases and assumptions made by the directors and as to whether the Profit Forecast

is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group. Our work is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Accordingly, we do not express an audit opinion.

**Opinion**

In our opinion, so far as the accounting policies and calculations are concerned, the Profit Forecast has been properly compiled in accordance with the bases and assumptions adopted by the directors as set out in Appendix III to the Prospectus and is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group as set out in our accountants' report dated December 10, 2014, the text of which is set out in Appendix I of the Prospectus.

Yours faithfully,  
**Ernst & Young**  
*Certified Public Accountants*  
Hong Kong  
10 December 2014

**C. LETTER FROM THE SPONSOR**

*The following is the text of a letter, prepared for inclusion in this prospectus by China International Capital Corporation Hong Kong Securities Limited and HSBC Corporate Finance (Hong Kong) Limited in connection with the forecast net profit attributable to owners of the Company for the year ending December 31, 2014.*



29th Floor, One International Finance Centre  
1 Harbour View Street Central  
Hong Kong



1 Queen's Road Central  
Hong Kong

December 10, 2014

The Directors  
Dalian Wanda Commercial Properties Co., Ltd.

Dear Sirs,

We refer to the forecast of the consolidated profit attributable to the owners of Dalian Wanda Commercial Properties Co., Ltd. (the "Company") and its subsidiaries (together, the "Group") for the year ending December 31, 2014. (the "Forecast") as set out in the section headed "Financial Information" of the prospectus of the Company dated December 10 (the "Prospectus").

We have discussed with you the bases and assumptions upon which the Forecast has been made. We have also considered, and relied upon, the letter dated December 10 addressed to you and us from Ernst & Young regarding the accounting policies and calculations upon which the Forecast has been made.

On the basis of the foregoing and on the bases and assumptions made by you and the accounting policies and calculations adopted by you and reviewed by Ernst & Young, we are of the opinion that the Forecast, for which you as Directors of the Company are solely responsible, has been made after due and careful enquiry and consideration.

Yours faithfully,

For and on behalf of  
**China International Capital Corporation**  
**Hong Kong Securities Limited**  
**Chan Wing Hing Barry**  
*Managing Director*  
*Investment Banking Department*

For and on behalf of  
**HSBC Corporate Finance (Hong Kong) Limited**  
**Wang Xin**  
*Managing Director*

*The following is the extract of the text of a letter and a summary of valuations prepared for the purpose of incorporation in this Prospectus received from DTZ Debenham Tie Leung Limited, an independent property valuer, in connection with its opinion of value of the property interests of the Group as at 30 September 2014. As described in section “Documents Available for Inspection” in Appendix X, a copy of the full property valuation report will be made available for public inspection.*



16th Floor  
Jardine House  
1 Connaught Place  
Central  
Hong Kong

10 December 2014

The Directors  
Dalian Wanda Commercial Properties Co., Limited  
Levels 21 to 25, Block B  
Wanda Building, No. 93 Jianguo Road  
Chaoyang District  
Beijing, the PRC

Dear Sirs,

### **1. Instructions, Purpose and Date of Valuation**

In accordance with your instructions for us to value the property interests of Dalian Wanda Commercial Property Co., Limited (referred to as the “Company”) and its subsidiaries (hereinafter together referred to as the “Group”) in the People’s Republic of China (the “PRC”) and in the United Kingdom (the “UK”) (as more particularly described in the attached summary of valuations), we confirm that we have inspected the properties, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the values of such property interests as at 30 September 2014 (the “Valuation Date”) for incorporation in the prospectus of the Company.

### **2. Definition of Market Value**

Our valuation of each of the properties represents its market value which in accordance with The HKIS Valuation Standards 2012 Edition issued by the Hong Kong Institute of Surveyors is defined as “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

### 3. Valuation Basis and Assumptions

In valuing the properties, we have complied with the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities published by The Stock Exchange of the Hong Kong Limited and The HKIS Valuation Standards 2012 Edition published by the Hong Kong Institute of Surveyors.

Our valuations exclude any estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangement, special considerations or concessions granted by anyone associated with the sale, or any element of special value.

In the course of our valuation of the properties, we have relied on the information and advice given by the Group and its legal advisors, Tian Yuan Law Firm (北京市天元律師事務所) and Reed Smith LLP Solicitors regarding the title to each of the properties and the interests of the Group in the properties in the PRC and the UK respectively. In valuing the properties, we have assumed that the Group has an enforceable title to each of the properties and has free and uninterrupted rights to use, occupy or assign the properties for the whole of the respective unexpired land use term as granted.

In respect of the properties situated in the PRC and in the UK, the status of titles and grant of major certificates approvals and licenses, in accordance with the information provided by the Group are set out in the notes of the respective valuation certificate.

No allowance has been made in our valuations for any charges, mortgages or amounts owing on the properties nor for any expenses or taxation which may be incurred in effecting a sale.

### 4. Method of Valuation

In respect of classification of the properties in different groups as at the valuation date, the properties in Groups I, II, III and IV are completed properties in the PRC and the relevant title certificates including Construction Works Completion Examination Certificates, Building Ownership Certificates or Real Estate Title Certificates have been obtained. The properties in Group V comprise properties under development in the PRC. Permits for Commencement of Construction Works have been obtained but Construction Works Completion Examination Certificates, Building Ownership Certificates or Real Estate Title Certificates have not been obtained yet. The properties in Group VI comprise properties held for future development in the PRC. Permits for Commencement of Construction Works have not been obtained but State-owned Land Use Rights Certificates or Grant Contracts of Land Use Rights have been obtained with full land premium being paid as at the date of valuation. The property in Group VII comprises a property in the UK held for redevelopment and is at the stage of demolition of existing buildings and structures.

In valuing the properties in Group I, which are properties held by the Group for occupation in the PRC, we have used Direct Comparison Approach assuming sale of each of these properties in its existing state with the benefit of vacant possession by making reference to comparable sales transactions as available in the relevant market or by using Investment Approach on the basis of capitalisation of the potential rental income.

In valuing the properties in Group II, which are properties held by the Group for operation as hotel in the PRC, we have used Discounted Cash Flow (“DCF”) Approach, which involves discounting future net cash flow of each property till the end of the land use term to its present value by using an appropriate discount rate that reflects the rate of return required by a third party investor for an investment of this type. We have prepared a 10-year cash flow forecast with reference to the current and anticipated market conditions.

In valuing the properties in Group III, which are properties held by the Group for investment in the PRC, we have used Investment Approach on the basis of capitalisation of rental income derived from the existing tenancies with due allowance for reversionary potential of the property or by reference to comparable market transactions.

Property Nos. 4, 14, 16, 24, 28, 31, 34, 40, 44, 46, 49, 54, 69, 71, 73, 75, 77, 83 and 85 in Group III, which are properties held by the Group for investment purpose in the PRC, comprise civil defense car parking spaces. We have generally ascribed no commercial value to the civil defense portions of the properties on market value basis as the Group has no title ownership of such civil defense spaces. For the Group’s management reference, however, we are requested to separately assess the worth of the civil defense car parking spaces of those properties held by the Group for investment purpose in their respective existing state on a non-market value basis. Such worth, known as investment value, according to the International Valuation Standards, which the HKIS Valuation Standards follow, is defined as “the value of an asset to the owner or a prospective owner for individual investment or operational objectives”. Investment value is an entity-specific basis of value which reflects the benefits received by an entity from holding the asset and, therefore, does not necessarily involve a hypothetical exchange. Investment value of each of these properties to the Group has been separately stated in the notes of the respective valuation certificate. It must be emphasized that the investment value is not market value.

In valuing the properties in Group IV, which are properties held by the Group for sale in the PRC, we have used the Direct Comparison Approach assuming sale of each of these properties in its existing state with the benefit of vacant possession by making reference to comparable sales transactions as available in the relevant market.

In respect of the properties in Group V, which are the properties held by the Group under development in the PRC, we have valued them on the basis that each of these properties will be developed and completed in accordance with the Group’s latest development scheme provided to us (if any). We have assumed that all consents, approvals and licenses from the relevant government authorities for the development scheme have been obtained without onerous conditions or delays. We have also assumed that the design and construction of the development are in compliance with the local planning regulations and have been approved by the relevant authorities. In arriving at our opinion of value, we have adopted Direct Comparison Approach or Investment Approach to assess the market value when completed and have also taken into account the expended construction costs and the costs that will be expended to complete the development to reflect the quality of the completed development.

In valuing the properties in Group VI, which are the properties held by the Group for future development in the PRC, we have used the Direct Comparison Approach assuming sale of each of these properties in its existing state by making reference to comparable land sales transactions as available in the relevant market.

Property No. 24 in Group VI, which is a property held by the Group for future development in the PRC, has been granted with Grant Contract of Land Use Rights but the land premium has not been fully settled. We have therefore ascribed no commercial value to this property. For the Group's management reference, however, we have separately advised the market value of this property on the assumption that the land premium had been fully settled.

Regarding the property in Group VII which is held by the Group for redevelopment in the UK, we have valued it on the basis that the property will be redeveloped and completed in accordance with the Group's latest redevelopment scheme provided to us (if any). We have assumed that all consents, approvals and licenses from the relevant government authorities for the redevelopment scheme have been obtained without onerous conditions or delays. We have also assumed that the design and construction of the redevelopment are in compliance with the local planning regulations and have been approved by the relevant authorities. In arriving at our opinion of value, we have adopted Direct Comparison Approach, Investment Approach or DCF Approach to assess the market value when completed and have also taken into account the expended construction costs and the costs that will be expended to complete the redevelopment to reflect the quality of the completed redevelopment.

## **5. Sources of Information**

We have been provided by the Group with extracts of documents in relation to the titles to the properties. However, we have not inspected the original documents to ascertain any amendments which may not appear on the copies handed to us.

In the course of our valuation, we have relied to a considerable extent on the information given to us by the Group and its legal advisors, Tian Yuan Law Firm (北京市天元律師事務所) and Reed Smith LLP Solicitors regarding the title to each of the properties and the interests of the Group in the properties in the PRC and the UK respectively. We have accepted advice given by the Group on such matters as planning approvals or statutory notices, easements, tenure, identification of land buildings, completion date of buildings, number of car parking spaces and guest rooms, particulars of occupancy, tenancy details, development or redevelopment schemes, construction costs, site and floor areas, interest attributable to the Group and all other relevant matters.

Dimensions, measurements and areas included in our valuations are based on information provided to us and are therefore only approximations. We have had no reason to doubt the truth and accuracy of the information provided to us by the Group which is material to the valuations. We were also advised by the Group that no material facts have been omitted from the information provided.

## **6. Title Investigation**

We have been provided with extracts of documents relating to the titles of the properties in the PRC and in the UK, but no searches have been made in respect of the properties. We have not searched the original documents to verify ownership or to ascertain any amendment which may not appear on the copies handed to us. We are also unable to ascertain the titles of the properties in the PRC and in the UK and we have therefore relied on the advice given by the Group and its legal advisors regarding the Group's interests in the properties.

## 7. Site Inspection

We inspected the exterior and, whenever possible, the interior of the properties in 2014. However, we have not carried out any investigations on site to determine the suitability of the soil conditions and the services etc. for any future development. Our valuations are prepared on the assumption that these aspects are satisfactory and that no extraordinary costs or delays will be incurred during the construction period. Moreover, no structural survey has been made, but in the course of our inspection, we did not note any serious defects. We are not, however, able to report that the properties are free of rot, infestation or any other structural defects. No tests were carried out with respect to any of the services. Unless otherwise stated, we have not been able to carry out on-site measurements to verify the site and floor areas of the properties and we have assumed that the areas shown on the documents handed to us are correct.

## 8. Currency and Exchange Rates

Unless otherwise stated, all sums stated in our valuations are in Renminbi (“RMB”), the official currency of the PRC, in respect of the properties in the PRC, or in Pound Sterling (“GBP”), the official currency of the UK, in respect of the property in the UK.

We enclose herewith a summary of our valuations.

Yours faithfully,  
for and on behalf of  
**DTZ Debenham Tie Leung Limited**  
**Andrew K.F. Chan**  
Registered Professional Surveyor  
(General Practice)  
Registered China Real Estate Appraiser  
MSc., M.H.K.I.S.  
Senior Director  
Valuation and Advisory Services

*Note:* Andrew K. F. Chan was elected a professional member of The Hong Kong Institute of Surveyors in 1992. Mr. Chan is a Registered Professional Surveyor (General Practice) with over 27 years’ experience in various fields of the property industry in the PRC and Europe. He has been providing advice relating to property valuation, development consultancy and land administration matters in the PRC and Europe and has participated in assignments in relation to property market research.

The valuation of the property in the UK in Group VII was undertaken by Andrew K.F. Chan in collaboration with Jonathan Stickells and Victoria Baker-Sinclair of our London office. Jonathan Stickells is a senior director of DTZ London office. He is a member of The Royal Institution of Chartered Surveyors with 21 years’ experience in real estate industry and property valuation. Victoria Baker-Sinclair is an associate director of DTZ London office. She is a member of The Royal Institution of Chartered Surveyors with 8 years’ experience in property valuation.



**APPENDIX IV**
**PROPERTY VALUATION REPORT**

| Property Group<br>(Group I - Group VI)  | No. of<br>Properties | Market Value in<br>Existing State as at<br>Valuation Date<br><br>(RMB Million) | Market Value<br>in Existing State<br>Attributable to the<br>Group as at<br>Valuation Date<br><br>(RMB Million) |
|---|----------------------|--|--|
| Group I - Properties held by the Group for occupation in the PRC . . . . .          | 13                   | 1,439  | 1,415  |
| Group II - Properties held by the Group for operation as hotel in the PRC . . . . . | 54                   | 32,510   | 32,510   |
| Group III - Properties held by the Group for investment in the PRC . . . . .        | 107                  | 191,351  | 188,947  |
| Group IV - Properties held by the Group for sale in the PRC. . . . .                | 67                   | 37,648   | 37,117   |
| Group V - Properties held by the Group under development in the PRC. . . . .        | 105                  | 183,500  | 181,479  |
| Group VI - Properties held by the Group for future development in the PRC. . . . .  | 24                   | 21,192   | 20,776   |
| Sub-Total . . . . .   | 370                  | 467,640  | 462,244  |

| Property Group<br>(Group VII)  | No. of<br>Properties | Market Value in<br>Existing State as at<br>Valuation Date<br><br>(GBP Million) | Market Value<br>in Existing State<br>Attributable to the<br>Group as at<br>Valuation Date<br><br>(GBP Million) |
|--|----------------------|--|--|
| Group VII - Property held by the Group for redevelopment in the UK . . . . . | 1                    | 133  | 105  |
| Sub-Total . . . . .  | 1                    | 133  | 105  |

**Note:**

- (1) The market value of the property in Group VII as at the valuation date was approximately RMB1,329 million. The market value of the property in Group VII attributable to the Group as at the valuation date was approximately RMB1,049 million. The exchange rate adopted in our valuation is GBP1=RMB9.99 which was the middle rate published by the Bank of China as at the valuation date.

## GROUP I - PROPERTIES HELD BY THE GROUP FOR OCCUPATION IN THE PRC

## Valuation Summary as at 30 September 2014

| No. | Property Name   | Holding Entity                                     | City      | District               | Land Use  | Expiry Date of Land Use Term                  | Type of Property   | GFA<br>(sq. m.) | Year & Month Built | No. of Car Parking Spaces | Market Value in Existing State as at Valuation Date<br>(RMB Million) | Interest to the Group<br>(%) | Market Value in Existing State as at Valuation Date<br>(RMB Million) |
|-----|---|--|-----------|------------------------|---|---|--|-----------------|--------------------|---------------------------|--|------------------------------|--|
| 1   | Beijing Dahu Apartments                               | Beijing Jingzhangjianshang Property Co., Ltd.      | Beijing   | Chaoyang District      | Residential, Commercial, Basement Commercial, Basement Car Park     | 30 Aug 2044                                   | Clubhouse  | 3,128.48        | Jul 2009           | —                         | 71   | 100%                         | 71   |
| 2   | Owner-occupied Portion of Beijing CBD Wanda Plaza     | Beijing Wanda Plaza Property Development Co., Ltd. | Beijing   | Chaoyang District      | Residential, Office, Commercial, Basement Car Park, Basement Office | Residential: 11 Mar 2073; Office: 11 Mar 2053 | Apartment, Office  | 2,034.07        | Dec 2006           | —                         | 89   | 100%                         | 89   |
| 3   | Owner-occupied Office of Mianyang Fucheng Wanda Plaza | Mianyang Fucheng Wanda Plaza Co., Ltd.             | Mianyang  | Fucheng District       | Commercial, Residential   | 25 Jan 2051                                   | Office   | 1,042.26        | Dec 2012           | —                         | 4  | 100%                         | 4  |
| 4   | Owner-occupied Office of Guangzhou Baiyun Wanda Plaza | Guangzhou Wanda Plaza Investment Co., Ltd.         | Guangzhou | Baiyun District        | Commercial & Office   | 29 Nov 2059                                   | Office   | 1,434.69        | Dec 2010           | —                         | 24   | 100%                         | 24   |
| 5   | Hefei Wanda City Exhibition Centre                    | Hefei Wanda City Investment Co., Ltd.              | Hefei     | Binhu New District     | Commercial  | 18 Oct 2053                                   | Retail   | 5,054.59        | Apr 2014           | —                         | 99   | 100%                         | 99   |
| 6   | Langfang Wanda Academy                                | Langfang Wanda Academy Investment Co., Ltd.        | Langfang  | Development Zone       | Education   | 2 Nov 2060                                    | Office, Stadium, Information Centre, Canteen, Teaching Building, Canteen | 61,610.23       | Apr 2013           | —                         | 724  | 100%                         | 724  |
| 7   | Nanchang Wanda City Exhibition Centre                 | Nanchang Wanda City Investment Co., Ltd.           | Nanchang  | Hongguyan New District | Commercial  | 18 Mar 2054                                   | Exhibition Centre  | 4,316.60        | Aug 2013           | —                         | 100  | 100%                         | 100  |
| 8   | Nanchang Yongjingtai Ancillary Retail Podium          | Nanchang Wanda Property Development Co., Ltd.      | Nanchang  | Hongguyan New District | Residential   | 7 Jul 2072                                    | Retail Podium of Residential Building                                    | 1,592.53        | May 2009           | —                         | 7  | 100%                         | 7  |
| 9   | Nanjing Jiangnan Mingzhu Club                         | Nanjing Wanda Property Development Co., Ltd.       | Nanjing   | Baixia District        | —   | —   | Clubhouse  | 792.32          | May 2003           | —                         | 5  | 100%                         | 5  |

## GROUP I - PROPERTIES HELD BY THE GROUP FOR OCCUPATION IN THE PRC (con't)

## Valuation Summary as at 30 September 2014 (con't)

| No.   | Property Name   | Holding Entity   | City    | District          | Land Use   | Expiry Date of Land Use Term | Type of Property  | GFA<br>(sq. m.) | Year & Month Built | No. of Car Parking Spaces | Market Value in Existing State as at Valuation Date<br>(RMB Million) | Interest to the Group | Market Value in Existing State as at Valuation Date<br>(RMB Million) | Market Value in Existing State as at Valuation Date<br>(RMB Million) |
|-------|---|--|---------|-------------------|--|------------------------------|-------------------|-----------------|--------------------|---------------------------|--|-----------------------|--|--|
|       |   |  |         |                   |  |                              |                   |                 |                    |                           |  |                       |  |  |
| 10    | Qingdao Wanda Oriental Movie Metropolis Exhibition Centre | Qingdao Wanda Oriental Movie Metropolis Investment Co., Ltd. | Qingdao | Huangdao District | Commercial & Office  | 11 Sep 2053                  | Exhibition Centre | 4,000.00        | Nov 2013           | —                         | 50   | 100%                  | 50   | 50   |
| 11    | Car Park of Nanjing Jianye Wanda Plaza                    | Nanjing Wanda Plaza Investment Co., Ltd.                     | Nanjing | Jianye District   | Entertainment, Commercial (Tourism, Culture, Commercial, Serviced Apartment, Ancillary Facilities) | 21 May 2048                  | Car Park          | 23,861.47       | Jan 2012           | 1,117                     | 134  | 100%                  | 134  | 134  |
| 12    | Owner-occupied Office of Fuzhou Hengji City               | Wanda Commercial Properties (Hong Kong) Co., Ltd.            | Fuzhou  | Gulou District    | Commercial, Office, Residential  | 29 Aug 2054                  | Office            | 981.21          | Jun 2012           | —                         | 35   | 32.70%                | 11   | 11   |
| 13    | Harbin Wanda City Exhibition Centre                       | Harbin Wanda City Investment Co., Ltd.                       | Harbin  | Songbei District  | Commercial   | 1 Jul 2053                   | Exhibition Centre | 4,024.00        | Jul 2013           | —                         | 97   | 100%                  | 97   | 97   |
| Total |   |  |         |                   |  |                              |                   | 113,872.45      |                    | 1,117                     | 1,439  |                       | 1,439  | 1,415  |

## GROUP II - PROPERTIES HELD BY THE GROUP FOR OPERATION AS HOTEL IN THE PRC

## Valuation Summary as at 30 September 2014

| No. | Property Name             | Holding Entity                                     | City      | District             | Land Use   | Expiry Date of Land Use Term | Type of Property | GFA<br>(sq. m.) | Opening Date | No. of Rooms | Market Value in Existing State as at Valuation Date<br>(RMB Million) | Interest Attributable to the Group (%) | Market Value in Existing State Attributable to the Group as at Valuation Date<br>(RMB Million) |
|-----|---------------------------|--|-----------|----------------------|--|------------------------------|------------------|-----------------|--------------|--------------|--|--|--|
| 1   | Beijing Wanda Hotel       | Beijing Wanda Plaza Property Development Co., Ltd. | Beijing   | Chaoyang District    | Commercial, Office, Hotel, Basement Car Park               | 28 Jul 2044                  | Hotel            | 56,301.00       | Aug 2007     | 417          | 1,800  | 100%                                   | 1,800  |
| 2   | Beijing Wanda Realm Hotel | Beijing Yinhe Wanda Property Co., Ltd.             | Beijing   | Shijingshan District | Commercial, Office, Basement Commercial, Basement Car Park | 20 Jun 2047                  | Hotel            | 35,827.50       | Dec 2008     | 312          | 632  | 100%                                   | 632  |
| 3   | Changzhou Wanda Hotel     | Changzhou Xinbei Wanda Plaza Investment Co., Ltd.  | Changzhou | Xinbei District      | Commercial   | 29 Jun 2050                  | Hotel            | 31,516.44       | Dec 2011     | 247          | 370  | 100%                                   | 370  |
| 4   | Dalian Wanda A Hotel      | Dalian Wanda Commercial Properties Co., Ltd.       | Dalian    | Zhongshan District   | Accommodation & Catering                                   | 22 Sep 2048                  | Hotel            | 66,293.91       | Feb 2012     | 370          | 940  | 100%                                   | 940  |
| 5   | Dalian Wanda B Hotel      | Dalian Wanda Commercial Properties Co., Ltd.       | Dalian    | Zhongshan District   | Accommodation & Catering                                   | 22 Sep 2048                  | Hotel            | 32,787.46       | Feb 2012     | 210          | 670  | 100%                                   | 670  |
| 6   | Daqing Wanda Hotel        | Daqing Saertu Wanda Plaza Investment Co., Ltd.     | Daqing    | Saertu District      | Commercial   | 21 Dec 2049                  | Hotel            | 42,960.26       | Nov 2011     | 290          | 420  | 100%                                   | 420  |
| 7   | Dandong Wanda Realm Hotel | Dandong Wanda Plaza Co., Ltd.                      | Dandong   | Zhenxing District    | Residential, Commercial & Office                           | 15 Jun 2052                  | Hotel            | 48,499.06       | Dec 2013     | 302          | 480  | 100%                                   | 480  |
| 8   | Fuzhou Wanda Hotel        | Fuzhou Wanda Plaza Investment Co., Ltd.            | Fuzhou    | Taijiang District    | Commercial   | 22 Jul 2049                  | Hotel            | 40,893.09       | Dec 2010     | 305          | 760  | 100%                                   | 760  |
| 9   | Fushun Wanda Realm Hotel  | Fushun Wanda Plaza Co., Ltd.                       | Fushun    | Xinfu District       | Accommodation & Catering                                   | 30 May 2051                  | Hotel            | 39,540.32       | Aug 2013     | 280          | 410  | 100%                                   | 410  |
| 10  | Guangzhou Wanda Hotel     | Guangzhou Wanda Plaza Investment Co., Ltd.         | Guangzhou | Baiyun District      | Commercial & Office  | 29 Nov 2049                  | Hotel            | 43,833.00       | Aug 2011     | 308          | 1,090  | 100%                                   | 1,090  |

## GROUP II - PROPERTIES HELD BY THE GROUP FOR OPERATION AS HOTEL IN THE PRC (con't)

## Valuation Summary as at 30 September 2014 (con't)

| No. | Property Name                         | Holding Entity                                      | City      | District               | Land Use                           | Expiry Date of Land Use Term | Type of Property | GFA (sq. m.) | Opening Date | No. of Rooms | Market Value in Existing State as at Valuation Date (RMB Million) | Interest Attributable to the Group (%) | Market Value in Existing State Attributable to the Group as at Valuation Date (RMB Million) |
|-----|---------------------------------------|---|-----------|------------------------|------------------------------------|------------------------------|------------------|--------------|--------------|--------------|---|--|---|
| 11  | Guangzhou Zengcheng Wanda Realm Hotel | Guangzhou Zengcheng Wanda Plaza Co., Ltd.           | Guangzhou | Zengcheng District     | Commercial & Office                | 10 Apr 2052                  | Hotel            | 36,400.00    | May 2014     | 285          | 420   | 100%                                   | 420   |
| 12  | Harbin Haxi Wanda Realm Hotel         | Harbin Haxi Wanda Plaza Co., Ltd.                   | Harbin    | Nangang District       | Commercial                         | 20 Mar 2051                  | Hotel            | 47,918.45    | Sep 2013     | 345          | 510   | 100%                                   | 510   |
| 13  | Harbin Xiangfang Wanda Hotel          | Harbin Wanda Commercial Investment Co., Ltd.        | Harbin    | Xiangfang District     | Commercial                         | Jun 2045                     | Hotel            | 43,692.59    | Oct 2007     | 324          | 890   | 100%                                   | 890   |
| 14  | Hefei Wanda Hotel                     | Hefei Wanda Plaza Investment Co., Ltd.              | Hefei     | Baohu District         | Commercial                         | Jun 2049                     | Hotel            | 48,527.10    | Dec 2010     | 310          | 700   | 100%                                   | 700   |
| 15  | Huai'an Wanda Realm Hotel             | Huai'an Wanda Plaza Investment Co., Ltd.            | Huai'an   | Qinghe District        | Commercial, Finance, Hotel, Office | 16 Oct 2048                  | Hotel            | 44,644.76    | Nov 2012     | 230          | 330   | 100%                                   | 330   |
| 16  | Jinan Wanda Hotel                     | Jinan Wanda Commercial Plaza Property Co., Ltd.     | Jinan     | Shizhong District      | Commercial                         | 9 Aug 2049                   | Hotel            | 52,984.70    | Sep 2011     | 343          | 670   | 100%                                   | 670   |
| 17  | Langfang Wanda Realm Hotel            | Langfang Wanda Plaza Investment Co., Ltd.           | Langfang  | Guangyang District     | Commercial, Residential            | 19 Jun 2050                  | Hotel            | 41,864.57    | Nov 2011     | 295          | 420   | 100%                                   | 420   |
| 18  | Nanchang Wanda Realm Hotel            | Nanchang Honggutan Wanda Plaza Investment Co., Ltd. | Nanchang  | Honggutan New District | Commercial                         | Oct 2050                     | Hotel            | 35,753.83    | Dec 2013     | 298          | 440   | 100%                                   | 440   |
| 19  | Nanjing Wanda Realm Hotel             | Nanjing Jiangning Wanda Plaza Co., Ltd.             | Nanjing   | Jiangning District     | Accommodation & Catering           | 15 Feb 2052                  | Hotel            | 41,595.13    | Dec 2013     | 302          | 490   | 100%                                   | 490   |
| 20  | Nanjing Wanda Hotel                   | Nanjing Wanda Plaza Investment Co., Ltd.            | Nanjing   | Jianye District        | Composite Residential              | 23 Jul 2048                  | Hotel            | 48,923.52    | Nov 2011     | 350          | 760   | 100%                                   | 760   |

## GROUP II - PROPERTIES HELD BY THE GROUP FOR OPERATION AS HOTEL IN THE PRC (con't)

## Valuation Summary as at 30 September 2014 (con't)

| No. | Property Name              | Holding Entity                                   | City         | District             | Land Use   | Expiry Date of Land Use Term | Type of Property | GFA<br>(sq. m.) | Opening Date | No. of Rooms | Market Value in Existing State as at Valuation Date<br>(RMB Million) | Interest Attributable to the Group (%) | Market Value in Existing State Attributable to the Group as at Valuation Date<br>(RMB Million) |
|-----|----------------------------|--|--------------|----------------------|--|------------------------------|------------------|-----------------|--------------|--------------|--|--|--|
|     |                            |  |              |                      |  |                              |                  |                 |              |              |  |  |  |
| 21  | Ningbo Wanda Hotel         | Ningbo Wanda Property Co., Ltd.                  | Ningbo       | Yinzhou District     | Accommodation & Catering                                   | 11 Jan 2045                  | Hotel            | 40,735.30       | Dec 2008     | 291          | 450  | 100%                                   | 450  |
| 22  | Ningde Wanda Realm Hotel   | Ningde Wanda Plaza Co., Ltd.                     | Ningde       | Jiaocheng District   | Commercial (Accommodation & Catering)                      | 3 Jan 2051                   | Hotel            | 40,793.25       | Sep 2012     | 289          | 500  | 100%                                   | 500  |
| 23  | Qingdao Wanda Hotel        | Qingdao Wanda Plaza Property Co., Ltd.           | Qingdao      | Shibei District      | Residential, Commercial                                    | 24 Nov 2047                  | Hotel            | 51,077.53       | Nov 2009     | 348          | 640  | 100%                                   | 640  |
| 24  | Quanzhou Wanda Vista Hotel | Quanzhou Puxi Wanda Plaza Investment Co., Ltd.   | Quanzhou     | Fengze District      | Accommodation & Catering, Commercial & Office, Residential | 2 Aug 2050                   | Hotel            | 47,767.47       | Aug 2012     | 322          | 590  | 100%                                   | 590  |
| 25  | Sanya Wanda A Hotel        | Sanya Wanda Hotel Co., Ltd.                      | Sanya        | Haitang Bay Town     | Commercial   | 17 Jul 2047                  | Hotel            | 23,401.36       | Dec 2010     | 97           | 420  | 100%                                   | 420  |
| 26  | Sanya Wanda B Hotel        | Sanya Wanda Hotel Co., Ltd.                      | Sanya        | Haitang Bay Town     | Commercial   | 17 Jul 2047                  | Hotel            | 57,178.79       | Dec 2010     | 463          | 880  | 100%                                   | 880  |
| 27  | Xi'an Wanda Hotel          | Shaanxi Huayuan Property Development Co., Ltd.   | Xi'an        | Xincheng District    | Composite  | 30 Mar 2049                  | Hotel            | 36,819.20       | Aug 2011     | 309          | 730  | 100%                                   | 730  |
| 28  | Shenyang Wanda Vista Hotel | Shenyang Aoti Wanda Plaza Co., Ltd.              | Shenyang     | Dongling District    | Composite Residential                                      | 19 Sep 2051                  | Hotel            | 51,739.38       | Jul 2013     | 298          | 660  | 100%                                   | 660  |
| 29  | Shijiazhuang Wanda Hotel   | Shijiazhuang Wanda Plaza Investment Co., Ltd.    | Shijiazhuang | Yuhua District       | Commercial & Office, Residential, Entertainment            | 30 Dec 2048                  | Hotel            | 44,461.68       | Sep 2011     | 293          | 500  | 100%                                   | 500  |
| 30  | Taiyuan Wanda Vista Hotel  | Taiyuan Wanda Plaza Co., Ltd.                    | Taiyuan      | Xinghualing District | Accommodation & Catering                                   | Sep 2047                     | Hotel            | 52,425.45       | Aug 2012     | 358          | 600  | 100%                                   | 600  |
| 31  | Taizhou Wanda Hotel        | Taizhou Hailing Wanda Plaza Investment Co., Ltd. | Taizhou      | Hailing District     | Accommodation & Catering                                   | 30 Mar 2050                  | Hotel            | 38,711.84       | Dec 2011     | 253          | 370  | 100%                                   | 370  |

## GROUP II - PROPERTIES HELD BY THE GROUP FOR OPERATION AS HOTEL IN THE PRC (con't)

## Valuation Summary as at 30 September 2014 (con't)

| No. | Property Name               | Holding Entity                                   | City      | District           | Land Use                           | Expiry Date of Land Use Term | Type of Property | GFA<br>(sq. m.) | Opening Date | No. of Rooms | Market Value in Existing State |                                    |               |
|-----|-----------------------------|--|-----------|--------------------|------------------------------------|------------------------------|------------------|-----------------|--------------|--------------|--------------------------------|------------------------------------|---------------|
|     |                             |  |           |                    |                                    |                              |                  |                 |              |              | as at Valuation Date           | Interest Attributable to the Group |               |
|     |                             |  |           |                    |                                    |                              |                  |                 |              |              | (RMB Million)                  | (%)                                | (RMB Million) |
| 32  | Tangshan Wanda Hotel        | Tangshan Wanda Plaza Investment Co., Ltd.        | Tangshan  | Lunan District     | Accommodation & Catering           | 29 Jan 2049                  | Hotel            | 47,467.25       | Dec 2011     | 285          | 510                            | 100%                               | 510           |
| 33  | Tianjin Wanda Vista Hotel   | Tianjin Wanda Center Investment Co., Ltd.        | Tianjin   | Hedong District    | Accommodation & Catering           | 23 Jun 2051                  | Hotel            | 48,100.78       | Sep 2013     | 295          | 690                            | 100%                               | 690           |
| 34  | Wuxi Wanda Hotel            | Wuxi Wanda Commercial Plaza Investment Co., Ltd. | Wuxi      | Binhu District     | Commercial                         | 30 Oct 2047                  | Hotel            | 40,150.72       | Sep 2010     | 350          | 640                            | 100%                               | 640           |
| 35  | Wuhan Wanda Realm Hotel     | Wuhan Wanda Donghu Property Co., Ltd.            | Wuhan     | Wuchang District   | Commercial & Office                | 18 Oct 2052                  | Hotel            | 41,497.00       | Sep 2013     | 409          | 560                            | 100%                               | 560           |
| 36  | Wuhan Wanda Reign Hotel     | Wuhan Wanda Donghu Property Co., Ltd.            | Wuhan     | Wuchang District   | Commercial & Office, Entertainment | 30 Jul 2052                  | Hotel            | 49,625.68       | Mar 2014     | 413          | 1,420                          | 100%                               | 1,420         |
| 37  | Wuhan Wanda Hotel           | Wuhan Wuchang Wanda Plaza Investment Co., Ltd.   | Wuhan     | Wuchang District   | Commercial                         | 16 Dec 2049                  | Hotel            | 42,563.00       | Jul 2011     | 305          | 808                            | 100%                               | 808           |
| 38  | Xiangyang Wanda Hotel       | Xiangyang Wanda Plaza Investment Co., Ltd.       | Xiangyang | Gaoxin District    | Commercial                         | 20 Jul 2049                  | Hotel            | 42,691.00       | Nov 2010     | 305          | 440                            | 100%                               | 440           |
| 39  | Yichang Wanda Hotel         | Yichang Wanda Plaza Investment Co., Ltd.         | Yichang   | Wujiagang District | Accommodation & Catering           | 30 May 2049                  | Hotel            | 39,120.70       | Nov 2010     | 276          | 450                            | 100%                               | 450           |
| 40  | Yixing Wanda Hotel          | Yixing Wanda Plaza Co., Ltd.                     | Yixing    | Yixing             | Commercial                         | 16 Mar 2051                  | Hotel            | 41,500.00       | May 2013     | 280          | 470                            | 100%                               | 470           |
| 41  | Yinchuan Wanda Realm Hotel  | Yinchuan Wanda Investment Property Co., Ltd.     | Yinchuan  | Jinfeng District   | Composite Residential              | 5 Jul 2052                   | Hotel            | 46,346.15       | Dec 2013     | 303          | 420                            | 100%                               | 420           |
| 42  | Zhangzhou Wanda Realm Hotel | Zhangzhou Wanda Plaza Co., Ltd.                  | Zhangzhou | Longwen District   | Commercial, Residential            | 24 Dec 2050                  | Hotel            | 43,000.00       | Oct 2012     | 289          | 610                            | 100%                               | 610           |

## GROUP II - PROPERTIES HELD BY THE GROUP FOR OPERATION AS HOTEL IN THE PRC (con't)

## Valuation Summary as at 30 September 2014 (con't)

| No. | Property Name                        | Holding Entity                                      | City      | District           | Land Use                             | Expiry Date of Land Use Term | Type of Property | GFA<br>(sq. m.) | Opening Date | No. of Rooms | Market Value in Existing State as at Valuation Date<br>(RMB Million) | Interest Attributable to the Group (%) | Market Value in Existing State Attributable to the Group as at Valuation Date<br>(RMB Million) |
|-----|--------------------------------------|---|-----------|--------------------|--------------------------------------|------------------------------|------------------|-----------------|--------------|--------------|--|--|--|
|     |                                      |   |           |                    |                                      |                              |                  |                 |              |              |  |  |  |
| 43  | Changsha Wanda Vista Hotel           | Changsha Kaifu Wanda Plaza Investment Co., Ltd.     | Changsha  | Kaifu District     | Commercial, Residential              | 29 Jul 2050                  | Hotel            | 67,536.38       | Aug 2012     | 424          | 930  | 100%                                   | 930  |
| 44  | Zhenjiang Wanda Hotel                | Zhenjiang Wanda Plaza Investment Co., Ltd.          | Zhenjiang | Runzhou District   | Accommodation & Catering             | 20 Dec 2049                  | Hotel            | 43,289.65       | Aug 2011     | 280          | 520  | 100%                                   | 520  |
| 45  | Chongqing Wanda B Hotel              | Chongqing Wanda Hotel Management Co., Ltd.          | Chongqing | Nan'an District    | Accommodation & Catering, Commercial | 9 Jun 2046                   | Hotel            | 40,904.42       | Dec 2009     | 319          | 630  | 100%                                   | 630  |
| 46  | Chongqing Wanda A Hotel              | Chongqing Wanzhou Wanda Hotel Management Co., Ltd.  | Chongqing | Wanzhou District   | Accommodation & Catering             | 13 Jul 2050                  | Hotel            | 36,136.21       | Jul 2013     | 253          | 390  | 100%                                   | 390  |
| 47  | Weifang Wanda Hotel                  | Weifang Wanda Plaza Co., Ltd.                       | Weifang   | Kuiwen District    | Commercial & Office, Residential     | 4 Apr 2052                   | Hotel            | 30,742.61       | May 2014     | 271          | 430  | 100%                                   | 430  |
| 48  | Chifeng Wanda Realm Hotel            | Chifeng Wanda Plaza Co., Ltd.                       | Chifeng   | Xincheng District  | Residential, Commercial              | 30 Dec 2051                  | Hotel            | 40,069.48       | Jun 2014     | 353          | 430  | 100%                                   | 430  |
| 49  | Jining Wanda Realm Hotel             | Jining Taibailu Wanda Plaza Co., Ltd.               | Jining    | Shizhong District  | Residential, Commercial              | 31 Oct 2052                  | Hotel            | 30,500.38       | Jul 2014     | 307          | 410  | 100%                                   | 410  |
| 50  | Jinhua Wanda Realm Hotel             | Jinhua Wanda Plaza Investment Co., Ltd.             | Jinhua    | Jindong District   | Commercial                           | 31 Aug 2052                  | Hotel            | 35,676.68       | Jul 2014     | 330          | 420  | 100%                                   | 420  |
| 51  | Changzhou Wanda Realm Hotel          | Changzhou Wujin Wanda Plaza Investment Co., Ltd.    | Changzhou | Wujin District     | Residential, Commercial              | 8 Oct 2052                   | Hotel            | 37,050.14       | Aug 2014     | 263          | 410  | 100%                                   | 410  |
| 52  | Dongguan Dongcheng Wanda Vista Hotel | Dongguan Dongcheng Wanda Plaza Investment Co., Ltd. | Dongguan  | Dongcheng District | Commercial, Residential              | 1 Jun 2052                   | Hotel            | 37,419.85       | Sep 2014     | 306          | 570  | 100%                                   | 570  |



## GROUP II - PROPERTIES HELD BY THE GROUP FOR OPERATION AS HOTEL IN THE PRC (con't)

## Valuation Summary as at 30 September 2014 (con't)

| No. | Property Name               | Holding Entity                             | City      | District          | Land Use                | Expiry Date of Land Use Term | Type of Property | GFA<br>(sq. m.) | Opening Date | No. of Rooms | Market Value in Existing State |  |      |
|-----|-----------------------------|--|-----------|-------------------|-------------------------|------------------------------|------------------|-----------------|--------------|--------------|--------------------------------|--|------|
|     |                             |  |           |                   |                         |                              |                  |                 |              |              | as at Valuation Date           | Interest Attributable to the Group (%) |      |
| 53  | Ma'anshan Wanda Realm Hotel | Ma'anshan Wanda Plaza Investment Co., Ltd. | Ma'anshan | Yushan District   | Commercial, Residential | 21 Sep 2052                  | Hotel            | 30,107.80       | Sep 2014     | 280          | 360                            | 360                                    | 100% |
| 54  | Jingzhou Wanda Realm Hotel  | Jingzhou Wanda Plaza Investment Co., Ltd.  | Jingzhou  | Jingzhou District | Commercial, Residential | 29 Jan 2053                  | Hotel            | 36,959.31       | Sep 2014     | 285          | 450                            | 450                                    | 100% |
|     | Total                       |  |           |                   |                         |                              |                  | 2,314,323.13    |              | 16,625       | 32,510                         | 32,510                                 |      |

## GROUP III - PROPERTIES HELD BY THE GROUP FOR INVESTMENT IN THE PRC

## Valuation Summary as at 30 September 2014

| No. | Property Name                      | Holding Entity                                       | City      | District           | Land Use                                     | Expiry Date of Land Use Term  | Type of Property         | GFA<br>(sq. m.) | Opening Date | No. of Car Parking Spaces | Occupancy Rate | Annual Passing Rent<br>(RMB Million) | Market Value in Existing State as at Valuation Date<br>(RMB Million) | Interest Attributable to the Group<br>(%) | Market Value in Existing State Attributable to the Group as at Valuation Date<br>(RMB Million) |
|-----|------------------------------------|--|-----------|--------------------|--|---|--------------------------|-----------------|--------------|---------------------------|----------------|--------------------------------------|--|---|--|
| 1   | Changchun Chongqinglu Wanda Plaza  | Jilin Province Diwang Property Development Co., Ltd. | Changchun | Chaoyang District  | Commercial                                   | 19 Feb 2053   | Retail                   | 47,134.82       | Jan 2003     | 169                       | 100%           | 20                                   | 739  | 100%                                      | 739  |
| 2   | Nanchang Bayi Wanda Shopping Plaza | Nanchang Honggutan Wanda Plaza Investment Co., Ltd.  | Nanchang  | Donghu District    | Commercial                                   | Jun 2042  | Retail                   | 36,279.50       | Aug 2003     | 184                       | 100%           | 11                                   | 329  | 100%                                      | 329  |
| 3   | Tianjin Hepingjinjie Wanda Plaza   | Tianjin Hedong Wanda Plaza Investment Co., Ltd.      | Tianjin   | Heping District    | Commercial                                   | 11 Jul 2042   | Retail                   | 28,483.14       | Dec 2003     | —                         | 0%             | —                                    | 435  | 100%                                      | 435  |
| 4   | Beijing CBD Wanda Plaza            | Beijing Wanda Plaza Property Development Co., Ltd.   | Beijing   | Chaoyang District  | Commercial, Office, Basement Car Park, Hotel | Commercial: 28 Jul 2044; Office: 28 Jul 2054; Car Park: 28 Jul 2054 | Retail, Car Park, Office | 159,170.48      | Dec 2006     | 1,383                     | 100%           | 95                                   | 5,866  | 100%                                      | 5,866  |
| 5   | Ningbo Yinzhou Wanda Plaza         | Ningbo Wanda Commercial Plaza Co., Ltd.              | Ningbo    | Yinzhou District   | Commercial                                   | 29 Nov 2044   | Retail                   | 280,573.19      | Dec 2006     | 1,233                     | 100%           | 155                                  | 3,315  | 100%                                      | 3,315  |
| 6   | Shanghai Wujiaochang Wanda Plaza   | Shanghai Wanda Commercial Plaza Property Co., Ltd.   | Shanghai  | Yangpu District    | Commercial, Office                           | 12 Jan 2053   | Retail, Car Park         | 242,120.00      | Dec 2006     | 753                       | 100%           | 387                                  | 10,549   | 100%                                      | 10,549   |
| 7   | Harbin Xiangfang Wanda Plaza       | Harbin Wanda Commercial Investment Co., Ltd.         | Harbin    | Xiangfang District | Commercial                                   | Jun 2045  | Retail                   | 132,868.22      | Oct 2007     | 767                       | 100%           | 72                                   | 1,373  | 100%                                      | 1,373  |

## GROUP III - PROPERTIES HELD BY THE GROUP FOR INVESTMENT IN THE PRC (con't)

## Valuation Summary as at 30 September 2014 (con't)

| No. | Property Name                   | Holding Entity                                      | City      | District             | Land Use   | Expiry Date of Land Use Term                   | Type of Property | GFA<br>(sq. m.) | Opening Date | No. of Car Parking Spaces | Occupancy Rate | Annual Passing Rent<br>(RMB Million) | Market Value in Existing State as at Valuation Date<br>(RMB Million) | Interest Attributable to the Group<br>(%) | Market Value in Existing State Attributable to the Group as at Valuation Date<br>(RMB Million) |
|-----|---------------------------------|---|-----------|----------------------|--|--|------------------|-----------------|--------------|---------------------------|----------------|--------------------------------------|--|---|--|
| 8   | Chengdu Jinhualu Wanda Plaza    | Chengdu Wanda Commercial Plaza Investment Co., Ltd. | Chengdu   | Jinjiang District    | Residential, Commercial                                    | 6 Jul 2046                                     | Retail           | 228,487.24      | Dec 2007     | 1,419                     | 100%           | 144                                  | 3,114  | 100%                                      | 3,114  |
| 9   | Xian Lujiajun Wanda Plaza       | Xian Wanda Commercial Plaza Co., Ltd.               | Xian      | Beilin District      | Commercial   | 17 Jul 2047                                    | Retail           | 131,425.38      | May 2008     | 562                       | 100%           | 81                                   | 1,857  | 100%                                      | 1,857  |
| 10  | Beijing Shijingshan Wanda Plaza | Beijing Yinhe Wanda Property Co., Ltd.              | Beijing   | Shijingshan District | Basement Car Park, Office, Basement Commercial, Commercial | Commercial: 20 Jun 2047; Car Park: 20 Jun 2057 | Retail, Car Park | 128,120.34      | Dec 2008     | 771                       | 100%           | 90                                   | 2,744  | 100%                                      | 2,744  |
| 11  | Suzhou Pingjiang Wanda Plaza    | Suzhou Wanda Plaza Investment Co., Ltd.             | Suzhou    | Gusu District        | Commercial   | 16 Jan 2046                                    | Retail           | 150,460.15      | Sep 2009     | 719                       | 92%            | 56                                   | 1,180  | 100%                                      | 1,180  |
| 12  | Shanghai Zhoupu Wanda Plaza     | Shanghai Wanda Plaza Property Co., Ltd.             | Shanghai  | Pudong New District  | Commercial, Office, Finance                                | 30 Dec 2047                                    | Retail           | 156,071.51      | Sep 2009     | 888                       | 100%           | 122                                  | 3,335  | 100%                                      | 3,335  |
| 13  | Shenyang Taiyuanjie Wanda Plaza | Shenyang Wanda Property Co., Ltd.                   | Shenyang  | Heping District      | Commercial   | 7 Jun 2042                                     | Retail           | 89,812.54       | Nov 2009     | 292                       | 100%           | 76                                   | 1,446  | 100%                                      | 1,446  |
| 14  | Qingdao CBD Wanda Plaza         | Qingdao Wanda Plaza Property Co., Ltd.              | Qingdao   | Shibei District      | Residential, Commercial                                    | 24 Nov 2047                                    | Retail           | 125,157.43      | Nov 2009     | 126                       | 100%           | 88                                   | 2,013  | 100%                                      | 2,013  |
| 15  | Chongqing Nanping Wanda Plaza   | Chongqing Wanda Commercial Plaza Co., Ltd.          | Chongqing | Nan'an District      | Commercial   | 9 Jun 2046                                     | Retail, Car Park | 123,587.04      | Dec 2009     | 697                       | 100%           | 91                                   | 2,147  | 100%                                      | 2,147  |
| 16  | Nanjing Jianye Wanda Plaza      | Nanjing Wanda Plaza Investment Co., Ltd.            | Nanjing   | Jianye District      | Commercial   | 22 Jun 2048                                    | Retail           | 149,053.03      | Dec 2009     | —                         | 100%           | 114                                  | 2,360  | 100%                                      | 2,360  |

## GROUP III - PROPERTIES HELD BY THE GROUP FOR INVESTMENT IN THE PRC (con't)

## Valuation Summary as at 30 September 2014 (con't)

| No. | Property Name                   | Holding Entity                                       | City      | District          | Land Use                | Expiry Date of Land Use Term | Type of Property | GFA<br>(sq. m.) | Opening Date | No. of Car Parking Spaces | Occupancy Rate | Annual Passing Rent<br>(RMB Million) | Market Value in Existing State as at Valuation Date<br>(RMB Million) | Interest Attributable to the Group<br>(%) | Market Value in Existing State Attributable to the Group as at Valuation Date<br>(RMB Million) |
|-----|---------------------------------|--|-----------|-------------------|-------------------------|------------------------------|------------------|-----------------|--------------|---------------------------|----------------|--------------------------------------|--|---|--|
| 17  | Xian Minleyuan Wanda Plaza      | Shaanxi Yinfeng Minle Property Co., Ltd.             | Xi'an     | Xincheng District | Commercial              | 29 Jul 2048                  | Retail           | 146,387.63      | Dec 2009     | 674                       | 100%           | 90                                   | 1,765  | 100%                                      | 1,765  |
| 18  | Luoyang Wanda Plaza             | Luoyang Wanda Jianye Property Co., Ltd.              | Luoyang   | Jianxi District   | Composite               | 6 Jul 2063                   | Retail           | 96,240.40       | Dec 2009     | 512                       | 100%           | 50                                   | 1,046  | 100%                                      | 1,046  |
| 19  | Shenyang Tiexi Wanda Plaza      | Shenyang Wanda Property Co., Ltd.                    | Shenyang  | Tiexi District    | Composite Residential   | 1 Nov 2046                   | Retail           | 157,238.00      | Aug 2010     | 856                       | 88%            | 71                                   | 1,629  | 100%                                      | 1,629  |
| 20  | Wuxi Binhu Wanda Plaza          | Wuxi Wanda Commercial Plaza Investment Co., Ltd.     | Wuxi      | Binhu District    | Commercial              | 25 Oct 2046                  | Retail           | 162,940.02      | Sep 2010     | 859                       | 95%            | 88                                   | 1,804  | 100%                                      | 1,804  |
| 21  | Changchun Hongqilie Wanda Plaza | Jilin Province Diwang Property Development Co., Ltd. | Changchun | Chaoyang District | Commercial              | 29 May 2059                  | Retail           | 132,992.71      | Oct 2010     | 765                       | 100%           | 88                                   | 2,034  | 100%                                      | 2,034  |
| 22  | Baotou Qingshan Wanda Plaza     | Baotou Wanda Plaza Investment Co., Ltd.              | Baotou    | Qingshan District | Commercial, Residential | 25 May 2049                  | Retail, Car Park | 174,795.37      | Nov 2010     | 754                       | 100%           | 102                                  | 2,010  | 100%                                      | 2,010  |
| 23  | Hohhot Wanda Plaza              | Hohhot Wanda Plaza Investment Co., Ltd.              | Hohhot    | Saihan District   | Residential, Commercial | 26 Apr 2049                  | Retail, Car Park | 162,009.16      | Nov 2010     | 830                       | 100%           | 95                                   | 1,927  | 100%                                      | 1,927  |
| 24  | Jinan Weijiazhuang Wanda Plaza  | Jinan Wanda Commercial Plaza Property Co., Ltd.      | Jinan     | Shizhong District | Commercial              | 9 Aug 2049                   | Retail           | 112,283.97      | Nov 2010     | —                         | 100%           | 96                                   | 1,978  | 100%                                      | 1,978  |
| 25  | Tianjin Hedong Wanda Plaza      | Tianjin Hedong Wanda Plaza Investment Co., Ltd.      | Tianjin   | Hedong District   | Commercial              | 25 Jun 2049                  | Retail           | 165,853.14      | Nov 2010     | 750                       | 100%           | 91                                   | 1,807  | 100%                                      | 1,807  |

## GROUP III - PROPERTIES HELD BY THE GROUP FOR INVESTMENT IN THE PRC (con't)

## Valuation Summary as at 30 September 2014 (con't)

| No. | Property Name                 | Holding Entity                                   | City      | District           | Land Use                              | Expiry Date of Land Use Term | Type of Property | GFA<br>(sq. m.) | Opening Date | No. of Car Parking Spaces | Occupancy Rate | Annual Passing Rent<br>(RMB Million) | Market Value in Existing State as at Valuation Date<br>(RMB Million) | Interest Attributable to the Group<br>(%) | Market Value in Existing State Attributable to the Group as at Valuation Date<br>(RMB Million) |
|-----|-------------------------------|--|-----------|--------------------|---------------------------------------|------------------------------|------------------|-----------------|--------------|---------------------------|----------------|--------------------------------------|--|---|--|
| 26  | Xiangyang Wanda Plaza         | Xiangyang Wanda Plaza Investment Co., Ltd.       | Xiangyang | Gaoxin District    | Commercial, Composite                 | 20 Jul 2049                  | Retail           | 165,162.88      | Nov 2010     | 1,050                     | 100%           | 81                                   | 1,432  | 100%                                      | 1,432  |
| 27  | Yichang Wanda Plaza           | Yichang Wanda Plaza Investment Co., Ltd.         | Yichang   | Wujiagang District | Commercial                            | 30 May 2049                  | Retail           | 145,784.80      | Nov 2010     | 761                       | 100%           | 75                                   | 1,446  | 100%                                      | 1,446  |
| 28  | Ningbo Jiangbei Wanda Plaza   | Ningbo Jiangbei Wanda Plaza Investment Co., Ltd. | Ningbo    | Jiangbei District  | Commercial & Office                   | 14 Sep 2049                  | Retail           | 127,292.41      | Dec 2010     | 179                       | 100%           | 86                                   | 1,806  | 100%                                      | 1,806  |
| 29  | Guangzhou Baiyun Wanda Plaza  | Guangzhou Wanda Plaza Investment Co., Ltd.       | Guangzhou | Baiyun District    | Commercial & Office                   | 29 Nov 2049                  | Retail           | 194,332.98      | Dec 2010     | 1,607                     | 100%           | 105                                  | 2,209  | 100%                                      | 2,209  |
| 30  | Shaoxing Keqiao Wanda Plaza   | Shaoxing Keqiao Wanda Plaza Investment Co., Ltd. | Shaoxing  | Keqiao District    | Commercial, Basement<br>Car Park      | 29 Sep 2049                  | Retail           | 172,152.01      | Dec 2010     | 992                       | 100%           | 95                                   | 1,601  | 100%                                      | 1,601  |
| 31  | Wuhan Lingjiaohu Wanda Plaza  | Wuhan Wanda Plaza Investment Co., Ltd.           | Wuhan     | Jianghan District  | Commercial                            | 22 Jun 2049                  | Retail           | 115,460.31      | Dec 2010     | —                         | 100%           | 98                                   | 1,833  | 100%                                      | 1,833  |
| 32  | Fuzhou Jinrongjie Wanda Plaza | Fuzhou Wanda Plaza Investment Co., Ltd.          | Fuzhou    | Taijiang District  | Commercial                            | 22 Jul 2049                  | Retail, Car Park | 163,016.16      | Dec 2010     | 923                       | 100%           | 89                                   | 2,162  | 100%                                      | 2,162  |
| 33  | Hefei Baohu Wanda Plaza       | Hefei Wanda Plaza Investment Co., Ltd.           | Hefei     | Baohu District     | Commercial                            | 23 Jun 2049                  | Retail           | 179,034.59      | Dec 2010     | 1,088                     | 100%           | 101                                  | 1,924  | 100%                                      | 1,924  |
| 34  | Huai'an Wanda Plaza           | Huai'an Wanda Plaza Investment Co., Ltd.         | Huai'an   | Qinghe District    | Commercial, Finance,<br>Hotel, Office | 16 Oct 2048                  | Retail           | 127,521.88      | Jan 2011     | —                         | 83%            | 68                                   | 1,457  | 100%                                      | 1,457  |

## GROUP III - PROPERTIES HELD BY THE GROUP FOR INVESTMENT IN THE PRC (con't)

## Valuation Summary as at 30 September 2014 (con't)

| No. | Property Name                   | Holding Entity                                      | City         | District                                    | Land Use  | Expiry Date of Land Use Term | Type of Property          | GFA        | Opening Date | No. of Car Parking Spaces | Occupancy Rate | Annual Passing Rent | Market Value in Existing State as at Valuation Date | Interest Attributable to the Group | Market Value in Existing State Attributable to the Group as at Valuation Date |
|-----|---------------------------------|---|--------------|---|---|------------------------------|---------------------------|------------|--------------|---------------------------|----------------|---------------------|---|------------------------------------|---|
|     |                                 |   |              |   |   |                              |                           | (sq. m.)   |              |                           |                | (RMB Million)       | (RMB Million)                                       | (%)                                | (RMB Million)   |
| 35  | Shanghai Jiangqiao Wanda Plaza  | Shanghai Jiading Wanda Investment Co., Ltd.         | Shanghai     | Jiading District                            | Commercial, Residential, Office                 | 7 May 2049                   | Retail                    | 212,346.29 | Jun 2011     | 1,642                     | 100%           | 140                 | 3,843   | 100%                               | 3,843   |
| 36  | Zhenjiang Wanda Plaza           | Zhenjiang Wanda Plaza Investment Co., Ltd.          | Zhenjiang    | Runzhou District                            | Commercial & Office                             | 20 Dec 2049                  | Retail                    | 167,431.16 | Aug 2011     | 1,100                     | 100%           | 71                  | 1,584   | 100%                               | 1,584   |
| 37  | Wuhan Jingkai Wanda Plaza       | Wuhan Jingkai Wanda Plaza Investment Co., Ltd.      | Wuhan        | Economic and Technological Development Zone | Commercial                                      | 3 Jun 2050                   | Retail                    | 160,142.74 | Aug 2011     | 998                       | 100%           | 80                  | 1,674   | 100%                               | 1,674   |
| 38  | Xiamen Hui Wanda Plaza          | Xiamen Hui Wanda Plaza Investment Co., Ltd.         | Xiamen       | Huli District                               | Commercial Facilities, Car Park                 | 29 Apr 2050                  | Retail, Canteen, Car Park | 177,151.86 | Sep 2011     | 1,221                     | 99%            | 100                 | 1,766   | 100%                               | 1,766   |
| 39  | Yinchuan Jinfeng Wanda Plaza    | Yinchuan Jinfeng Wanda Plaza Investment Co., Ltd.   | Yinchuan     | Jinfeng District                            | Commercial                                      | 30 Jan 2050                  | Retail                    | 166,318.61 | Sep 2011     | 1,072                     | 100%           | 97                  | 1,699   | 100%                               | 1,699   |
| 40  | Shijiazhuang Yuhua Wanda Plaza  | Shijiazhuang Yuhua Wanda Plaza Investment Co., Ltd. | Shijiazhuang | Yuhua District                              | Commercial & Office, Residential, Entertainment | 30 Dec 2048                  | Retail                    | 191,946.62 | Sep 2011     | 844                       | 100%           | 117                 | 2,539   | 100%                               | 2,539   |
| 41  | Wuhan Central Culture City      | Wuhan Wanda Donghu Property Co., Ltd.               | Wuhan        | Wuchang District                            | Commercial                                      | 25 Apr 2051                  | Retail                    | 185,484.84 | Sep 2011     | 1,617                     | 82%            | 153                 | 4,120   | 100%                               | 4,120   |
| 42  | Zhengzhou Zhongyuan Wanda Plaza | Zhengzhou Wanda Plaza Investment Co., Ltd.          | Zhengzhou    | Zhongyuan District                          | Commercial, Residential                         | 8 Sep 2050                   | Retail                    | 164,585.02 | Oct 2011     | 936                       | 100%           | 99                  | 1,946   | 100%                               | 1,946   |
| 43  | Langfang Wanda Plaza            | Langfang Wanda Plaza Investment Co., Ltd.           | Langfang     | Guangyang District                          | Commercial, Residential                         | 19 Jun 2050                  | Retail                    | 161,396.75 | Nov 2011     | 1,158                     | 100%           | 76                  | 1,638   | 100%                               | 1,638   |

## GROUP III - PROPERTIES HELD BY THE GROUP FOR INVESTMENT IN THE PRC (con't)

## Valuation Summary as at 30 September 2014 (con't)

| No. | Property Name                | Holding Entity                                    | City      | District           | Land Use                        | Expiry Date of Land Use Term | Type of Property | GFA        | Opening Date | No. of Car Parking Spaces | Occupancy Rate | Annual Passing Rent | Market Value in Existing State as at Valuation Date | Interest Attributable to the Group | Market Value in Existing State Attributable to the Group as at Valuation Date |
|-----|------------------------------|---|-----------|--------------------|---------------------------------|------------------------------|------------------|------------|--------------|---------------------------|----------------|---------------------|---|------------------------------------|---|
|     |                              |   |           |                    |                                 |                              |                  | (sq. m.)   |              |                           |                | (RMB Million)       | (RMB Million)                                       | (%)                                | (RMB Million)   |
| 44  | Daqing Saertu Wanda Plaza    | Daqing Saertu Wanda Plaza Investment Co., Ltd.    | Daqing    | Saertu District    | Commercial                      | 21 Dec 2049                  | Retail           | 141,600.47 | Nov 2011     | 528                       | 100%           | 67                  | 1,463   | 100%                               | 1,463   |
| 45  | Fuzhou Cangshan Wanda Plaza  | Fuzhou Wanda Plaza Investment Co., Ltd.           | Fuzhou    | Cangshan District  | Commercial                      | 27 Jul 2050                  | Retail, Car Park | 183,794.82 | Dec 2011     | 1,012                     | 100%           | 93                  | 2,395   | 100%                               | 2,395   |
| 46  | Taizhou Wanda Plaza          | Taizhou Hailing Wanda Plaza Investment Co., Ltd.  | Taizhou   | Hailing District   | Commercial                      | Mar 2050                     | Retail           | 117,153.64 | Dec 2011     | 156                       | 87%            | 73                  | 1,466   | 100%                               | 1,466   |
| 47  | Changzhou Xinbei Wanda Plaza | Changzhou Xinbei Wanda Plaza Investment Co., Ltd. | Changzhou | Xinbei District    | Commercial, Residential, Office | 29 Jun 2050                  | Retail           | 172,498.47 | Dec 2011     | 1,313                     | 100%           | 83                  | 1,734   | 100%                               | 1,734   |
| 48  | Tangshan Lunan Wanda Plaza   | Tangshan Wanda Plaza Investment Co., Ltd.         | Tangshan  | Lunan District     | Commercial                      | 29 Jan 2049                  | Retail, Car Park | 191,824.28 | Dec 2011     | 907                       | 88%            | 103                 | 2,352   | 100%                               | 2,352   |
| 49  | Dalian Wanda Centre          | Dalian Wanda Commercial Properties Co., Ltd.      | Dalian    | Zhongshan District | Accommodation & Catering        | 22 Sep 2048                  | Office           | 93,849.56  | Feb 2012     | 350                       | 73%            | 64                  | 1,395   | 100%                               | 1,395   |
| 50  | Shanghai Baoshan Wanda Plaza | Shanghai Baoshan Wanda Investment Co., Ltd.       | Shanghai  | Baoshan District   | Commercial                      | 15 Sep 2050                  | Retail           | 169,026.23 | Jun 2012     | 1,155                     | 100%           | 98                  | 2,848   | 65%                                | 1,851   |
| 51  | Hefei Tian'ehu Wanda Plaza   | Hefei Tian'ehu Wanda Plaza Investment Co., Ltd.   | Hefei     | Zhengwu District   | Commercial                      | Sep 2050                     | Retail           | 176,955.30 | Jul 2012     | 1,395                     | 100%           | 86                  | 1,709   | 100%                               | 1,709   |

## GROUP III - PROPERTIES HELD BY THE GROUP FOR INVESTMENT IN THE PRC (con't)

## Valuation Summary as at 30 September 2014 (con't)

| No. | Property Name                  | Holding Entity                                      | City      | District               | Land Use  | Expiry Date of Land Use Term | Type of Property | GFA        | Opening Date | No. of Car Parking Spaces | Occupancy Rate | Annual Passing Rent | Market Value in Existing State as at Valuation Date | Interest Attributable to the Group | Market Value in Existing State Attributable to the Group as at Valuation Date |
|-----|--------------------------------|---|-----------|------------------------|---|------------------------------|------------------|------------|--------------|---------------------------|----------------|---------------------|---|------------------------------------|---|
|     |                                |   |           |                        |   |                              |                  | (sq. m.)   |              |                           |                | (RMB Million)       | (RMB Million)                                       | (%)                                | (RMB Million)   |
| 52  | Jinjiang Wanda Plaza           | Jinjiang Wanda Plaza Co., Ltd.                      | Jinjiang  | Jinjiang               | Commercial  | 11 Nov 2050                  | Retail, Car Park | 202,747.19 | Aug 2012     | 1,813                     | 99%            | 91                  | 1,846   | 100%                               | 1,846   |
| 53  | Ningde Wanda Plaza             | Ningde Wanda Plaza Co., Ltd.                        | Ningde    | Jiaocheng District     | Commercial, Commercial & Office, Accommodation & Catering, Residential  | 3 Jan 2051                   | Retail, Car Park | 164,928.39 | Aug 2012     | 991                       | 100%           | 77                  | 1,538   | 100%                               | 1,538   |
| 54  | Nanchang Honggutan Wanda Plaza | Nanchang Honggutan Wanda Plaza Investment Co., Ltd. | Nanchang  | Honggutan New District | Commercial  | Oct 2050                     | Retail           | 156,412.71 | Aug 2012     | 634                       | 100%           | 83                  | 1,668   | 100%                               | 1,668   |
| 55  | Shenyang Beiyilu Wanda Plaza   | Shenyang Wanda Property Co., Ltd.                   | Shenyang  | Tiexi District         | Commercial  | 13 Jun 2050                  | Retail           | 169,810.18 | Aug 2012     | 940                       | 87%            | 75                  | 2,007   | 100%                               | 2,007   |
| 56  | Wuhu Jinghu Wanda Plaza        | Wuhu Wanda Plaza Co., Ltd.                          | Wuhu      | Jinghu District        | Commercial, Office, Hotel, Residential                                  | 24 Mar 2051                  | Retail           | 157,905.47 | Sep 2012     | 688                       | 100%           | 79                  | 1,512   | 100%                               | 1,512   |
| 57  | Qingdao Licang Wanda Plaza     | Qingdao Licang Wanda Plaza Investment Co., Ltd.     | Qingdao   | Licang District        | Commercial & Office   | 27 Dec 2050                  | Retail           | 182,826.79 | Sep 2012     | 1,120                     | 100%           | 99                  | 2,050   | 100%                               | 2,050   |
| 58  | Jiangyin Wanda Plaza           | Jiangyin Wanda Plaza Investment Co., Ltd.           | Jiangyin  | Chengjiang Town        | Commercial, Residential   | 19 Dec 2050                  | Retail           | 194,180.60 | Sep 2012     | 871                       | 88%            | 100                 | 2,056   | 100%                               | 2,056   |
| 59  | Quanzhou Puxi Wanda Plaza      | Quanzhou Puxi Wanda Plaza Investment Co., Ltd.      | Quanzhou  | Fengze District        | Commercial (Accommodation & Catering, Commercial & Office), Residential | 2 Aug 2050                   | Retail, Car Park | 287,354.61 | Sep 2012     | 2,927                     | 100%           | 104                 | 2,608   | 100%                               | 2,608   |
| 60  | Zhengzhou Erqi Wanda Plaza     | Zhengzhou Erqi Wanda Plaza Co., Ltd.                | Zhengzhou | Erqi District          | Residential, Commercial   | 7 Mar 2051                   | Retail           | 172,030.09 | Oct 2012     | 1,207                     | 100%           | 96                  | 1,947   | 100%                               | 1,947   |
| 61  | Zhangzhou Bihu Wanda Plaza     | Zhangzhou Wanda Plaza Co., Ltd.                     | Zhangzhou | Longwen District       | Commercial, Residential   | 24 Dec 2050                  | Retail, Car Park | 220,265.65 | Oct 2012     | 1,887                     | 88%            | 88                  | 1,676   | 100%                               | 1,676   |



## GROUP III - PROPERTIES HELD BY THE GROUP FOR INVESTMENT IN THE PRC (con't)

## Valuation Summary as at 30 September 2014 (con't)

| No. | Property Name                     | Holding Entity                                   | City     | District            | Land Use  | Expiry Date of Land Use Term | Type of Property | GFA        | Opening Date | No. of Car Parking Spaces | Occupancy Rate | Annual Passing Rent | Market Value in Existing State as at Valuation Date | Interest Attributable to the Group | Market Value in Existing State Attributable to the Group as at Valuation Date |
|-----|-----------------------------------|--|----------|---------------------|---|------------------------------|------------------|------------|--------------|---------------------------|----------------|---------------------|---|------------------------------------|---|
|     |                                   |  |          |                     |   |                              |                  | (sq. m.)   |              |                           | (RMB Million)  | (RMB Million)       | (RMB Million)                                       | (%)                                | (RMB Million)   |
| 62  | Wenzhou Longwan Wanda Plaza       | Wenzhou Longwan Wanda Plaza Investment Co., Ltd. | Wenzhou  | Longwan District    | Commercial, Commercial & Office, Accommodation & Catering               | 24 Jan 2051                  | Retail           | 243,149.19 | Nov 2012     | 1,528                     | 100%           | 122                 | 2,628   | 100%                               | 2,628   |
| 63  | Taicang Wanda Plaza               | Taicang Wanda Plaza Investment Co., Ltd.         | Taicang  | Chengxiang Town     | Commercial, Residential   | 19 Apr 2051                  | Retail, Car Park | 169,998.30 | Dec 2012     | 900                       | 83%            | 80                  | 1,608   | 100%                               | 1,608   |
| 64  | Putian Wanda Plaza                | Putian Wanda Plaza Co., Ltd.                     | Putian   | Chengxiang District | Commercial, Residential, Logistics, Office, Hotel, Ancillary Facilities | 19 Jun 2051                  | Retail, Car Park | 186,776.82 | Dec 2012     | 1,093                     | 95%            | 93                  | 1,979   | 100%                               | 1,979   |
| 65  | Mianyang Fucheng Wanda Plaza      | Mianyang Fucheng Wanda Plaza Co., Ltd.           | Mianyang | Fucheng District    | Commercial, Residential   | 25 Jan 2051                  | Retail           | 166,506.44 | Dec 2012     | 1,060                     | 100%           | 80                  | 1,721   | 100%                               | 1,721   |
| 66  | Chengdu Jinniu Wanda Plaza        | Chengdu Jinniu Wanda Plaza Investment Co., Ltd.  | Chengdu  | Jinniu District     | Composite Residential   | 2 Dec 2050                   | Retail           | 215,005.17 | Dec 2012     | 1,284                     | 100%           | 129                 | 2,626   | 100%                               | 2,626   |
| 67  | Wuhan Wanda Centre                | Wuhan Wuchang Wanda Plaza Investment Co., Ltd.   | Wuhan    | Wuchang District    | Commercial  | 16 Dec 2049                  | Office           | 85,200.00  | Sep 2011     | 295                       | 83%            | 59                  | 1,130   | 100%                               | 1,130   |
| 68  | Dalian Gaoxin Wanda Plaza         | Dalian Gaoxin Wanda Plaza Investment Co., Ltd.   | Dalian   | Gaoxin District     | Commercial & Office   | 29 Nov 2052                  | Retail           | 203,593.20 | May 2013     | 1,295                     | 100%           | 88                  | 2,113   | 100%                               | 2,113   |
| 69  | Yixing Wanda Plaza <sup>(1)</sup> | Yixing Wanda Plaza Co., Ltd.                     | Yixing   | Yixing              | Commercial  | 16 Mar 2051                  | Retail           | 189,971.03 | May 2013     | 1,079                     | 94%            | 90                  | 1,823   | 100%                               | 1,823   |

## GROUP III - PROPERTIES HELD BY THE GROUP FOR INVESTMENT IN THE PRC (con't)

## Valuation Summary as at 30 September 2014 (con't)

| No. | Property Name                                 | Holding Entity  | City      | District           | Land Use                | Expiry Date of Land Use Term | Type of Property | GFA        | Opening Date | No. of Car Parking Spaces | Occupancy Rate | Annual Passing Rent | Market Value in Existing State as at Valuation Date | Interest Attributable to the Group | Market Value in Existing State Attributable to the Group as at Valuation Date |
|-----|---|---|-----------|--------------------|-------------------------|------------------------------|------------------|------------|--------------|---------------------------|----------------|---------------------|---|------------------------------------|---|
|     |   |   |           |                    |                         |                              |                  | (sq. m.)   |              |                           | (RMB Million)  | (RMB Million)       | (%)   | (RMB Million)                      |   |
| 70  | Xiamen Jimei Wanda Plaza                      | Xiamen Jimei Wanda Plaza Co., Ltd.                        | Xiamen    | Jimei District     | Commercial              | 28 Jul 2051                  | Retail, Car Park | 132,305.65 | Jun 2013     | 723                       | 100%           | 54                  | 1,099   | 100%                               | 1,099   |
| 71  | Wuxi Huishan Wanda Plaza                      | Wuxi Huishan Wanda Plaza Co., Ltd.                        | Wuxi      | Huishan District   | Commercial              | 12 Jun 2051                  | Retail           | 155,288.91 | Jun 2013     | 751                       | 100%           | 70                  | 1,533   | 100%                               | 1,533   |
| 72  | Chongqing Wanzhou Wanda Plaza                 | Chongqing Wanzhou Wanda Commercial Plaza Co., Ltd.        | Chongqing | Wanzhou District   | Commercial              | 13 Jul 2050                  | Retail, Car Park | 139,523.11 | Jul 2013     | 890                       | 100%           | 63                  | 1,326   | 100%                               | 1,326   |
| 73  | Dongguan Chang'an Wanda Plaza                 | Dongguan Chang'an Wanda Plaza Co., Ltd.                   | Dongguan  | Chang'an Town      | Residential, Commercial | 23 Aug 2051                  | Retail           | 153,015.65 | Jul 2013     | 280                       | 100%           | 83                  | 1,975   | 100%                               | 1,975   |
| 74  | Shenyang Aoti Wanda Plaza                     | Shenyang Aoti Wanda Plaza Co., Ltd.                       | Shenyang  | Hunnan District    | Commercial              | 19 Sep 2051                  | Retail           | 164,215.66 | Jul 2013     | 596                       | 97%            | 56                  | 1,167   | 100%                               | 1,167   |
| 75  | Changchun Kuancheng Wanda Plaza               | Changchun Kuancheng Wanda Plaza Co., Ltd.                 | Changchun | Kuancheng District | Commercial & Office     | 30 Mar 2051                  | Retail           | 143,703.03 | Aug 2013     | 388                       | 97%            | 74                  | 1,526   | 100%                               | 1,526   |
| 76  | Harbin Haxi Wanda Plaza                       | Harbin Haxi Wanda Plaza Co., Ltd.                         | Harbin    | Nangang District   | Commercial              | 20 Mar 2051                  | Retail           | 218,571.36 | Sep 2013     | 1,200                     | 100%           | 98                  | 2,429   | 100%                               | 2,429   |
| 77  | Changsha Kaifu Wanda Plaza                    | Changsha Kaifu Wanda Plaza Investment Co., Ltd.           | Changsha  | Kaifu District     | Commercial, Residential | 29 Jul 2050                  | Retail           | 196,473.07 | Sep 2013     | 1,220                     | 100%           | 91                  | 1,943   | 100%                               | 1,943   |
| 78  | Wuhan Central Culture City Hanjie Wanda Plaza | Wuhan Wanda Culture City Hanjie Donghu Property Co., Ltd. | Wuhan     | Wuchang District   | Commercial              | 25 Apr 2051                  | Retail           | 129,423.57 | Sep 2013     | 666                       | 100%           | 47                  | 1,727   | 100%                               | 1,727   |

## GROUP III - PROPERTIES HELD BY THE GROUP FOR INVESTMENT IN THE PRC (con't)

## Valuation Summary as at 30 September 2014 (con't)

| No. | Property Name                           | Holding Entity                                | City     | District               | Land Use                                     | Expiry Date of Land Use Term                                   | Type of Property | GFA        | Opening Date | No. of Car Parking Spaces | Occupancy Rate | Annual Passing Rent | Market Value in Existing State as at Valuation Date | Interest Attributable to the Group | Market Value in Existing State Attributable to the Group as at Valuation Date |
|-----|---|---|----------|------------------------|--|--|------------------|------------|--------------|---------------------------|----------------|---------------------|---|------------------------------------|---|
|     |   |   |          |                        |  |  |                  | (sq. m.)   |              |                           | (RMB Million)  | (RMB Million)       | (RMB Million)                                       | (%)                                | (RMB Million)   |
| 79  | Yuyao Wanda Plaza                       | Yuyao Wanda Plaza Investment Co., Ltd.        | Yuyao    | Yuyao                  | Commercial                                   | 27 Nov 2051  | Retail           | 163,399.81 | Oct 2013     | 1,380                     | 95%            | 71                  | 1,556   | 100%                               | 1,556   |
| 80  | Fushun Wanda Plaza                      | Fushun Wanda Plaza Co., Ltd.                  | Fushun   | Xintu District         | Commercial                                   | 30 May 2051  | Retail           | 185,243.26 | Nov 2013     | 806                       | 100%           | 75                  | 1,410   | 100%                               | 1,410   |
| 81  | Xi'an Daminggong Wanda Plaza            | Xi'an Daminggong Wanda Plaza Co., Ltd.        | Xi'an    | Weyang District        | Commercial                                   | 4 Feb 2052   | Retail, Car Park | 187,588.40 | Nov 2013     | 1,442                     | 100%           | 81                  | 1,950   | 100%                               | 1,950   |
| 82  | Bengbu Wanda Plaza                      | Bengbu Wanda Plaza Co., Ltd.                  | Bengbu   | Bengshan District      | Commercial                                   | 14 Nov 2051  | Retail           | 164,223.35 | Nov 2013     | 1,189                     | 100%           | 63                  | 1,194   | 100%                               | 1,194   |
| 83  | Xuzhou Wanda Plaza                      | Xuzhou Wanda Plaza Co., Ltd.                  | Xuzhou   | Yunlong District       | Commercial, Residential, Commercial & Office | 28 Nov 2051  | Retail           | 141,238.50 | Dec 2013     | 400                       | 100%           | 81                  | 1,393   | 100%                               | 1,393   |
| 84  | Dandong Wanda Plaza                     | Dandong Wanda Plaza Co., Ltd.                 | Dandong  | Zhenxing District      | Residential, Commercial & Office             | 15 Jun 2052  | Retail           | 161,304.19 | Dec 2013     | 781                       | 99%            | 74                  | 1,750   | 100%                               | 1,750   |
| 85  | Nanjing Jiangning Wanda Plaza           | Nanjing Jiangning Wanda Plaza Co., Ltd.       | Nanjing  | Jiangning District     | Commercial                                   | 15 Feb 2052  | Retail           | 168,584.77 | Dec 2013     | 990                       | 100%           | 108                 | 2,647   | 100%                               | 2,647   |
| 86  | Sanya Wanda Haitang Bay Cultural Centre | Sanya Wanda Hotel Co., Ltd.                   | Sanya    | Haitang Bay Town       | Commercial                                   | 17 Jul 2047  | Retail           | 13,100.64  | Dec 2010     | —                         | 100%           | 2                   | 234   | 100%                               | 234   |
| 87  | Nanchang Wanda Xingcheng Kindergarten   | Nanchang Wanda Property Development Co., Ltd. | Nanchang | Honggutan New District | Residential                                  | Phase 1 Kindergarten: Dec 2071; Phase 3 Kindergarten: Jul 2072 | Retail           | 6,092.77   | Dec 2006     | —                         | 100%           | 0.4                 | 27  | 100%                               | 27  |
| 88  | Shenyang Tiexi Wanda Plaza Kindergarten | Shenyang Wanda Property Co., Ltd.             | Shenyang | Tiexi District         | Composite Residential                        | 1 Nov 2056   | Retail           | 4,338.00   | Dec 2011     | —                         | 100%           | 0.5                 | 24  | 100%                               | 24  |

## GROUP III - PROPERTIES HELD BY THE GROUP FOR INVESTMENT IN THE PRC (con't)

## Valuation Summary as at 30 September 2014 (con't)

| No. | Property Name                                   | Holding Entity                                      | City      | District           | Land Use                         | Expiry Date of Land Use Term | Type of Property | GFA        | Opening Date | No. of Car Parking Spaces | Occupancy Rate | Annual Passing Rent | Market Value in Existing State as at Valuation Date | Interest Attributable to the Group | Market Value in Existing State Attributable to the Group as at Valuation Date |
|-----|---|---|-----------|--------------------|----------------------------------|------------------------------|------------------|------------|--------------|---------------------------|----------------|---------------------|---|------------------------------------|---|
|     |   |   |           |                    |                                  |                              |                  | (sq. m.)   |              |                           | (%)            | (RMB Million)       | (RMB Million)                                       | (%)                                | (RMB Million)   |
| 89  | Harbin Daoli Wanda Plaza Shops                  | Harbin Wanda Plaza Business Management Co., Ltd.    | Harbin    | Daoli District     | Commercial                       | 6 Jul 2043                   | Retail           | 833.56     | Apr 2005     | —                         | 100%           | 0.5                 | 25  | 100%                               | 25  |
| 90  | Chongqing Wanda B Hotel Shops                   | Chongqing Wanda Hotel Management Co., Ltd.          | Chongqing | Jiang'an District  | Accommodation & Catering         | 9 Jun 2046                   | Retail           | 2,788.26   | Dec 2009     | —                         | 100%           | 5                   | 82  | 100%                               | 82  |
| 91  | Dalian Wanda Tower                              | Dalian Wanda Tower Property Management Co., Ltd.    | Dalian    | Zhongshan District | —                                | 17 Sep 2043                  | Non-Residential  | 327.69     | Dec 1994     | —                         | 100%           | 0.1                 | 3   | 100%                               | 3   |
| 92  | Underground Car Park of Xi'an Dongdajie Project | Shaanxi Huayuan Property Development Co., Ltd.      | Xi'an     | Beilin District    | Commercial                       | 4 Aug 2051                   | Car Park         | 9,164.72   | Jun 2012     | 261                       | 0%             | —                   | 78  | 100%                               | 78  |
| 93  | Qingdao Taidong Wanda Plaza                     | Dalian Yifang Commercial Investment Co., Ltd.       | Qingdao   | Shibei District    | Commercial                       | 9 Sep 2042                   | Retail           | 27,618.62  | Sep 2003     | —                         | 100%           | 12                  | 182   | 100%                               | 182   |
| 94  | Guangzhou Zengcheng Wanda Plaza                 | Guangzhou Zengcheng Wanda Plaza Co., Ltd.           | Guangzhou | Zengcheng District | Commercial & Office              | 10 Apr 2052                  | Retail           | 190,150.31 | May 2014     | 2,653                     | 100%           | 70                  | 1,582   | 100%                               | 1,582   |
| 95  | Shanghai Songjiang Wanda Plaza                  | Shanghai Songjiang Wanda Plaza Investment Co., Ltd. | Shanghai  | Songjiang District | Commercial, Office               | 28 Feb 2052                  | Retail           | 155,631.98 | May 2014     | 1,193                     | 100%           | 101                 | 2,088   | 100%                               | 2,088   |
| 96  | Weifang Wanda Plaza                             | Weifang Wanda Plaza Co., Ltd.                       | Weifang   | Kuiwen District    | Commercial & Office, Residential | 4 Apr 2052                   | Retail           | 159,971.80 | May 2014     | 1,176                     | 100%           | 66                  | 1,194   | 100%                               | 1,194   |

## GROUP III - PROPERTIES HELD BY THE GROUP FOR INVESTMENT IN THE PRC (con't)

## Valuation Summary as at 30 September 2014 (con't)

| No. | Property Name                  | Holding Entity                                      | City      | District           | Land Use   | Expiry Date of Land Use Term                   | Type of Property | GFA        | Opening Date | No. of Car Parking Spaces | Occupancy Rate | Annual Passing Rent | Market Value in Existing State as at Valuation Date | Interest Attributable to the Group | Market Value in Existing State Attributable to the Group as at Valuation Date |
|-----|--------------------------------|---|-----------|--------------------|--|--|------------------|------------|--------------|---------------------------|----------------|---------------------|---|------------------------------------|---|
|     |                                |   |           |                    |  |  |                  | (sq. m.)   |              |                           | (RMB Million)  | (RMB Million)       | (%)   | (RMB Million)                      |   |
| 97  | Fuzhou Hengli City             | Wanda Commercial Properties (Hong Kong) Co., Ltd.   | Fuzhou    | Gulou District     | Commercial, Office, Residential  | Commercial: 29 Aug 2044<br>Office: 29 Aug 2054 | Retail           | 78,193.08  | Nov 2012     | 400                       | 100%           | 51                  | 2,090   | 32.70%                             | 683   |
| 98  | Manzhouli Wanda Plaza          | Manzhouli Wanda Plaza Co., Ltd.                     | Manzhouli | Humaoy District    | Commercial   | 10 Jul 2052                                    | Retail           | 67,943.37  | Jun 2014     | —                         | 100%           | 22                  | 526   | 100%                               | 526   |
| 99  | Chifeng Wanda Plaza            | Chifeng Wanda Plaza Co., Ltd.                       | Chifeng   | Xincheng District  | Residential, Commercial  | 30 Dec 2051                                    | Retail           | 171,625.08 | Jun 2014     | 1,468                     | 100%           | 60                  | 1,217   | 100%                               | 1,217   |
| 100 | Yinchuan Xixia Wanda Plaza     | Yinchuan Xixia Wanda Plaza Co., Ltd.                | Yinchuan  | Xixia District     | Commercial   | 30 Jul 2052                                    | Retail, Office   | 140,386.81 | Jun 2014     | 800                       | 100%           | 52                  | 1,023   | 100%                               | 1,023   |
| 101 | Jining Taibailu Wanda Plaza    | Jining Taibailu Wanda Plaza Co., Ltd.               | Jining    | Shizhong District  | Commercial   | 31 Oct 2052                                    | Retail           | 135,677.36 | Jul 2014     | 544                       | 100%           | 73                  | 1,173   | 100%                               | 1,173   |
| 102 | Jinhua Wanda Plaza             | Jinhua Wanda Plaza Investment Co., Ltd.             | Jinhua    | Jindong District   | Commercial   | 31 Aug 2052                                    | Retail           | 168,671.49 | Jul 2014     | 1,364                     | 100%           | 68                  | 1,312   | 100%                               | 1,312   |
| 103 | Changzhou Wujin Wanda Plaza    | Changzhou Wujin Wanda Plaza Investment Co., Ltd.    | Changzhou | Wujin District     | Commercial, Residential  | 8 Oct 2052                                     | Retail           | 119,821.95 | Aug 2014     | 321                       | 100%           | 62                  | 1,179   | 100%                               | 1,179   |
| 104 | Foshan Nanhai Wanda Plaza      | Foshan Nanhai Wanda Plaza Co., Ltd.                 | Foshan    | Nanhai District    | Residential, Commercial, Commercial & Office, Accommodation & Catering | 6 Jun 2052                                     | Retail           | 129,883.95 | Aug 2014     | 959                       | 100%           | 73                  | 1,293   | 100%                               | 1,293   |
| 105 | Dongguan Dongcheng Wanda Plaza | Dongguan Dongcheng Wanda Plaza Investment Co., Ltd. | Dongguan  | Dongcheng District | Commercial   | 1 Jun 2052                                     | Retail           | 105,881.38 | Sep 2014     | —                         | 99%            | 79                  | 1,442   | 100%                               | 1,442   |

## GROUP III - PROPERTIES HELD BY THE GROUP FOR INVESTMENT IN THE PRC (con't)

## Valuation Summary as at 30 September 2014 (con't)

| No. | Property Name         | Holding Entity                             | City      | District          | Land Use                | Expiry Date of Land Use Term | Type of Property | GFA           | Opening Date | No. of Car Parking Spaces | Occupancy Rate | Annual Passing Rent | Market Value in Existing State as at Valuation Date | Interest Attributable to the Group | Market Value in Existing State Attributable to the Group as at Valuation Date |
|-----|-----------------------|--|-----------|-------------------|-------------------------|------------------------------|------------------|---------------|--------------|---------------------------|----------------|---------------------|---|------------------------------------|---|
|     |                       |  |           |                   |                         |                              |                  | (sq. m.)      |              |                           | (RMB Million)  | (RMB Million)       | (RMB Million)                                       | (%)                                | (RMB Million)   |
| 106 | Ma'anshan Wanda Plaza | Ma'anshan Wanda Plaza Investment Co., Ltd. | Ma'anshan | Yushan District   | Residential, Commercial | 21 Sep 2052                  | Retail           | 161,141.40    | Sep 2014     | 1,155                     | 100%           | 73                  | 1,263   | 100%                               | 1,263   |
| 107 | Jingzhou Wanda Plaza  | Jingzhou Wanda Plaza Investment Co., Ltd.  | Jingzhou  | Jingzhou District | Commercial, Residential | 29 Jan 2053                  | Retail           | 159,922.73    | Sep 2014     | 1,150                     | 100%           | 70                  | 1,310   | 100%                               | 1,310   |
|     | Total                 |  |           |                   |                         |                              |                  | 15,704,740.16 |              | 88,725                    | 98%            | 8,534               | 191,351   |                                    | 188,947   |

## Notes:

Each of the following properties comprises civil defense car parking spaces. We have ascribed no commercial value to this portion of property on market value basis as the Group has no title ownership of such civil defense spaces. However, we are requested to separately assess the investment value of such properties held by the Group for investment purpose in their respective existing state on a non-market value basis for the Group's management reference. Investment value, according to the International Valuation Standards, which the HKIS Valuation Standards follow, is defined as "the value of an asset to the owner or a prospective owner for individual investment or operational objectives". Investment value is an entity-specific basis of value which reflects the benefits received by an entity from holding the asset and, therefore, does not necessarily involve a hypothetical exchange. Investment value of each of these properties to the Group has been separately stated in the notes of the respective valuation certificate. It must be emphasized that the investment value is not market value.

- (1) As advised by the Group, Beijing CBD Wanda Plaza comprises 727 civil defense car parking spaces with an approximate gross floor area of 31,650.55 sq. m.. The investment value of the whole property including the civil defense car parking spaces in existing state as at 30 September 2014 to the Group was RMB6,168,000,000 (100% interest attributable to the Group: RMB6,168,000,000).
- (2) As advised by the Group, Qingdao CBD Wanda Plaza comprises 790 civil defense car parking spaces with an approximate gross floor area of 27,598.25 sq. m.. The investment value of the whole property including the civil defense car parking spaces in existing state as at 30 September 2014 to the Group was RMB2,135,000,000 (100% interest attributable to the Group: RMB2,135,000,000).

- (3) As advised by the Group, Nanjing Jianye Wanda Plaza comprises 1,207 civil defense car parking spaces with an approximate gross floor area of 48,431.06 sq. m.. The investment value of the whole property including the civil defense car parking spaces in existing state as at 30 September 2014 to the Group was RMB2,500,000,000 (100% interest attributable to the Group: RMB2,500,000,000).
- (4) As advised by the Group, Jinan Weijiazhuang Wanda Plaza comprises 719 civil defense car parking spaces with an approximate gross floor area of 50,400.82 sq. m.. The investment value of the whole property including the civil defense car parking spaces in existing state as at 30 September 2014 to the Group was RMB2,061,000,000 (100% interest attributable to the Group: RMB2,061,000,000).
- (5) As advised by the Group, Ningbo Jiangbei Wanda Plaza comprises 1,055 civil defense car parking spaces with an approximate gross floor area of 31,056.34 sq. m.. The investment value of the whole property including the civil defense car parking spaces in existing state as at 30 September 2014 to the Group was RMB1,883,000,000 (100% interest attributable to the Group: RMB1,883,000,000).
- (6) As advised by the Group, Wuhan Lingjiaohu Wanda Plaza comprises 927 civil defense car parking spaces with an approximate gross floor area of 45,304.00 sq. m.. The investment value of the whole property including the civil defense car parking spaces in existing state as at 30 September 2014 to the Group was RMB1,966,000,000 (100% interest attributable to the Group: RMB1,966,000,000).
- (7) As advised by the Group, Huai'an Wanda Plaza comprises 737 civil defense car parking spaces with an approximate gross floor area of 36,694.33 sq. m.. The investment value of the whole property including the civil defense car parking spaces in existing state as at 30 September 2014 to the Group was RMB1,510,000,000 (100% interest attributable to the Group: RMB1,510,000,000).
- (8) As advised by the Group, Shijiazhuang Yuhua Wanda Plaza comprises 367 civil defense car parking spaces with an approximate gross floor area of 18,862.88 sq. m.. The investment value of the whole property including the civil defense car parking spaces in existing state as at 30 September 2014 to the Group was RMB2,590,000,000 (100% interest attributable to the Group: RMB2,590,000,000).
- (9) As advised by the Group, Daqing Saertu Wanda Plaza comprises 461 civil defense car parking spaces with an approximate gross floor area of 18,351.00 sq. m.. The investment value of the whole property including the civil defense car parking spaces in existing state as at 30 September 2014 to the Group was RMB1,524,000,000 (100% interest attributable to the Group: RMB1,524,000,000).
- (10) As advised by the Group, Taizhou Wanda Plaza comprises 777 civil defense car parking spaces with an approximate gross floor area of 42,733.85 sq. m.. The investment value of the whole property including the civil defense car parking spaces in existing state as at 30 September 2014 to the Group was RMB1,516,000,000 (100% interest attributable to the Group: RMB1,516,000,000).
- (11) As advised by the Group, Dalian Wanda Centre comprises 82 civil defense car parking spaces with an approximate gross floor area of 9,101.91 sq. m.. The investment value of the whole property including the civil defense car parking spaces in existing state as at 30 September 2014 to the Group was RMB1,415,000,000 (100% interest attributable to the Group: RMB1,415,000,000).
- (12) As advised by the Group, Nanchang Honggutan Wanda Plaza comprises 539 civil defense car parking spaces with an approximate gross floor area of 27,607.00 sq. m.. The investment value of the whole property including the civil defense car parking spaces in existing state as at 30 September 2014 to the Group was RMB1,716,000,000 (100% interest attributable to the Group: RMB1,716,000,000).

- (13) As advised by the Group, Yixing Wanda Plaza comprises 268 civil defense car parking spaces with an approximate gross floor area of 16,902.70 sq. m.. The investment value of the whole property including the civil defense car parking spaces in existing state as at 30 September 2014 to the Group was RMB1,848,000,000 (100% interest attributable to the Group: RMB1,848,000,000).
- (14) As advised by the Group, Wuxi Huishan Wanda Plaza comprises 249 civil defense car parking spaces with an approximate gross floor area of 13,957.63 sq. m.. The investment value of the whole property including the civil defense car parking spaces in existing state as at 30 September 2014 to the Group was RMB1,556,000,000 (100% interest attributable to the Group: RMB1,556,000,000).
- (15) As advised by the Group, Donggaun Chang'an Wanda Plaza comprises 772 civil defense car parking spaces with an approximate gross floor area of 22,718.81 sq. m.. The investment value of the whole property including the civil defense car parking spaces in existing state as at 30 September 2014 to the Group was RMB2,038,000,000 (100% interest attributable to the Group: RMB2,038,000,000).
- (16) As advised by the Group, Changchun Kuancheng Wanda Plaza comprises 315 civil defense car parking spaces with an approximate gross floor area of 3,191.91 sq. m.. The investment value of the whole property including the civil defense car parking spaces in existing state as at 30 September 2014 to the Group was RMB1,565,000,000 (100% interest attributable to the Group: RMB1,565,000,000).
- (17) As advised by the Group, Changsha Kaifu Wanda Plaza comprises 295 civil defense car parking spaces with an approximate gross floor area of 10,708.24 sq. m.. The investment value of the whole property including the civil defense car parking spaces in existing state as at 30 September 2014 to the Group was RMB1,956,000,000 (100% interest attributable to the Group: RMB1,956,000,000).
- (18) As advised by the Group, Xuzhou Wanda Plaza comprises 800 civil defense car parking spaces with an approximate gross floor area of 9,042.70 sq. m.. The investment value of the whole property including the civil defense car parking spaces in existing state as at 30 September 2014 to the Group was RMB1,453,000,000 (100% interest attributable to the Group: RMB1,453,000,000).
- (19) As advised by the Group, Nanjing Jiangning Wanda Plaza comprises 428 civil defense car parking spaces with an approximate gross floor area of 41,425.09 sq. m.. The investment value of the whole property including the civil defense car parking spaces in existing state as at 30 September 2014 to the Group was RMB2,687,000,000 (100% interest attributable to the Group: RMB2,687,000,000).



Below is the monthly rent of surrounding commercial lettings.

| <b>Property no. in Group III</b> | <b>Monthly rent of surrounding commercial lettings</b> |
|----------------------------------|--|
|                                  | <i>(RMB/sq. m.)</i>                                    |
| 1                                | 69 to 290  |
| 2                                | 70 to 280  |
| 3                                | 50 to 90   |
| 4                                | 273 to 890   |
| 5                                | 75 to 450  |
| 6                                | 300 to 973   |
| 7                                | 68 to 440  |
| 8                                | 60 to 320  |
| 9                                | 160 to 380   |
| 10                               | 121 to 600   |
| 11                               | 59 to 306  |
| 12                               | 120 to 710   |
| 13                               | 50 to 343  |
| 14                               | 121 to 304   |
| 15                               | 70 to 508  |
| 16                               | 71 to 314  |
| 17                               | 100 to 340   |
| 18                               | 125 to 300   |
| 19                               | 40 to 358  |
| 20                               | 60 to 249  |
| 21                               | 56 to 290  |
| 22                               | 58 to 300  |
| 23                               | 80 to 400  |
| 24                               | 100 to 337   |
| 25                               | 55 to 325  |
| 26                               | 140 to 290   |

| Property no. in Group III | Monthly rent of surrounding commercial lettings |
|---------------------------|---|
|                           | <i>(RMB/sq. m.)</i>                             |
| 27                        | 88 to 280                                       |
| 28                        | 75 to 284                                       |
| 29                        | 70 to 377                                       |
| 30                        | 75 to 200                                       |
| 31                        | 50 to 350                                       |
| 32                        | 65 to 350                                       |
| 33                        | 54 to 210                                       |
| 34                        | 57 to 215                                       |
| 35                        | 120 to 500                                      |
| 36                        | 53 to 220                                       |
| 37                        | 71 to 255                                       |
| 38                        | 98 to 280                                       |
| 39                        | 53 to 220                                       |
| 40                        | 68 to 320                                       |
| 41                        | 280 to 600                                      |
| 42                        | 80 to 250                                       |
| 43                        | 105 to 310                                      |
| 44                        | 44 to 300                                       |
| 45                        | 134 to 500                                      |
| 46                        | 50 to 230                                       |
| 47                        | 50 to 300                                       |
| 48                        | 105 to 330                                      |
| 50                        | 100 to 600                                      |
| 51                        | 52 to 204                                       |
| 52                        | 100 to 400                                      |
| 53                        | 93 to 340                                       |
| 54                        | 92 to 275                                       |

| Property no. in Group III | Monthly rent of surrounding commercial lettings |
|---------------------------|---|
|                           | <i>(RMB/sq. m.)</i>                             |
| 55                        | 45 to 346                                       |
| 56                        | 84 to 276                                       |
| 57                        | 95 to 250                                       |
| 58                        | 66 to 350                                       |
| 59                        | 64 to 327                                       |
| 60                        | 80 to 350                                       |
| 61                        | 80 to 300                                       |
| 62                        | 60 to 329                                       |
| 63                        | 59 to 195                                       |
| 64                        | 100 to 229                                      |
| 65                        | 67 to 250                                       |
| 66                        | 60 to 320                                       |
| 68                        | 30 to 270                                       |
| 69                        | 80 to 290                                       |
| 70                        | 40 to 300                                       |
| 71                        | 78 to 267                                       |
| 72                        | 45 to 280                                       |
| 73                        | 92 to 453                                       |
| 74                        | 40 to 320                                       |
| 75                        | 63 to 320                                       |
| 76                        | 51 to 300                                       |
| 77                        | 75 to 318                                       |
| 78                        | 120 to 600                                      |
| 79                        | 58 to 262                                       |
| 80                        | 40 to 330                                       |
| 81                        | 90 to 350                                       |
| 82                        | 56 to 240                                       |

| <b>Property no. in Group III</b> | <b>Monthly rent of surrounding<br/>commercial lettings</b> |
|----------------------------------|--|
|                                  | <i>(RMB/sq. m.)</i>  |
| 83                               | 60 to 270  |
| 84                               | 45 to 300  |
| 85                               | 81 to 340  |
| 93                               | 45 to 60   |
| 94                               | 55 to 195  |
| 95                               | 40 to 225  |
| 96                               | 54 to 208  |
| 98                               | 66 to 150  |
| 99                               | 75 to 165  |
| 100                              | 50 to 200  |
| 101                              | 45 to 331  |
| 102                              | 53 to 335  |
| 103                              | 30 to 304  |
| 104                              | 88 to 222  |
| 105                              | 75 to 345  |
| 106                              | 60 to 230  |
| 107                              | 80 to 325  |

## GROUP IV - PROPERTIES HELD BY THE GROUP FOR SALE IN THE PRC

## Valuation Summary as at 30 September 2014

| No. | Property Name                   | Holding Entity                                    | City      | District             | Land Use   | Expiry Date of Land Use Term                      | Type of Property               | GFA       | Year & Month Built | No. of Car Parking Spaces | Pre-sale GFA | Pre-sale Consideration | Market Value in Existing State as at Valuation Date | Interest Attributable to the Group | Market Value in Existing State Attributable to the Group as at Valuation Date |
|-----|---------------------------------|---|-----------|----------------------|--|---|--------------------------------|-----------|--------------------|---------------------------|--------------|------------------------|---|------------------------------------|---|
|     |                                 |   |           |                      |  |   |                                | (sq. m.)  |                    |                           | (sq. m.)     | (RMB Million)          | (RMB Million)                                       | (%)                                | (RMB Million)   |
| 1   | Bengbu Wanda Plaza              | Bengbu Wanda Plaza Co., Ltd.                      | Bengbu    | Bengshan District    | Commercial, Office, Residential, Ancillary Facilities      | Residential: 14 Nov 2081; Commercial: 14 Nov 2051 | Retail, Residential, Apartment | 67,483.39 | May 2014           | 916                       | 12,819.63    | 199                    | 648   | 100%                               | 648   |
| 2   | Beijing Dahu Apartments         | Beijing Jingzhangjankang Property Co., Ltd.       | Beijing   | Chaoyang District    | Residential, Commercial, Commercial, Basement Car Park     | 30 Aug 2074                                       | Residential                    | 1,459.51  | Nov 2009           | —                         | —            | —                      | 74  | 100%                               | 74  |
| 3   | Beijing Shijingshan Wanda Plaza | Beijing Yinhe Wanda Property Co., Ltd.            | Beijing   | Shijingshan District | Basement Car Park, Office, Basement Commercial, Commercial | 20 Jun 2057                                       | Office                         | 493.47    | Mar 2010           | —                         | —            | —                      | 14  | 100%                               | 14  |
| 4   | Changzhou Xinbei Wanda Plaza    | Changzhou Xinbei Wanda Plaza Investment Co., Ltd. | Changzhou | Xinbei District      | Commercial, Office, Residential                            | 29 Jun 2050                                       | Retail                         | 288.38    | Jul 2012           | —                         | —            | —                      | 10  | 100%                               | 10  |
| 5   | Chengdu Jinniu Wanda Plaza      | Chengdu Jinniu Wanda Plaza Investment Co., Ltd.   | Chengdu   | Jinniu District      | Composite Residential                                      | 2 Dec 2050  | Office, Car Park               | 52,819.75 | Dec 2013           | 1,461                     | 6,253.37     | 26                     | 249   | 100%                               | 249   |
| 6   | Dalian Gaoxin Wanda Plaza       | Dalian Gaoxin Wanda Plaza Investment Co., Ltd.    | Dalian    | Gaoxin District      | Commercial & Office  | 29 Nov 2052                                       | Retail, Apartment              | 21,335.54 | Oct 2013           | —                         | 3,454.16     | 153                    | 425   | 100%                               | 425   |
| 7   | Dalian Mingzhu Car Park         | Dalian Mingzhu Property Development Co., Ltd.     | Dalian    | Shahekou District    | Composite Residential                                      | 29 Aug 2074                                       | Car Park                       | 704.20    | May 2003           | 21                        | —            | —                      | 5   | 100%                               | 5   |

## GROUP IV - PROPERTIES HELD BY THE GROUP FOR SALE IN THE PRC (con't)

## Valuation Summary as at 30 September 2014 (con't)

| No. | Property Name                 | Holding Entity                                 | City     | District           | Land Use                         | Expiry Date of Land Use Term                         | Type of Property                       | GFA        | Year & Month Built | No. of Car Parking Spaces | Pre-sale GFA | Pre-sale Consideration | Market Value in Existing State as at Valuation Date | Interest Attributable to the Group | Market Value in Existing State Attributable to the Group as at Valuation Date |
|-----|-------------------------------|--|----------|--------------------|----------------------------------|--|--|------------|--------------------|---------------------------|--------------|------------------------|---|------------------------------------|---|
|     |                               |  |          |                    |                                  |  |  | (sq. m.)   |                    |                           | (sq. m.)     | (RMB Million)          | (RMB Million)                                       | (%)                                | (RMB Million)   |
| 8   | Dalian Wanda Centre           | Dalian Wanda Commercial Properties Co., Ltd.   | Dalian   | Zhongshan District | Commercial                       | 22 Sep 2048  | Apartment                              | 25,231.22  | Jun 2011           | 69                        | 23,589.54    | 729                    | 753   | 100%                               | 753   |
| 9   | Daqing Saertu Wanda Plaza     | Daqing Saertu Wanda Plaza Investment Co., Ltd. | Daqing   | Saertu District    | Commercial, Residential          | Commercial: 21 Dec 2049;<br>Residential: 21 Dec 2079 | Retail, Office, Residential            | 11,970.19  | Jul 2011           | 7                         | 1,480.23     | 8                      | 201   | 100%                               | 201   |
| 10  | Dandong Wanda Plaza           | Dandong Wanda Plaza Co., Ltd.                  | Dandong  | Zhenxing District  | Residential, Commercial & Office | Commercial: 15 Jun 2052;<br>Residential: 15 Jun 2082 | Retail, Office                         | 292,286.88 | Sep 2014           | 1,585                     | 124,702.38   | 893                    | 2,299   | 100%                               | 2,299   |
| 11  | Dongguan Chang'an Wanda Plaza | Dongguan Chang'an Wanda Plaza Co., Ltd.        | Dongguan | Chang'an Town      | Residential, Commercial          | Commercial: 23 Aug 2051;<br>Residential: 23 Aug 2081 | Retail, Apartment                      | 33,743.65  | Nov 2013           | 81                        | 7,379.03     | 211                    | 735   | 100%                               | 735   |
| 12  | Fushun Wanda Plaza            | Fushun Wanda Plaza Co., Ltd.                   | Fushun   | Xinfu District     | Commercial, Residential          | Commercial: 30 May 2051;<br>Residential: 30 May 2081 | Retail, Residential, Office, Apartment | 80,581.55  | Jun 2014           | 128                       | 3,265.00     | 50                     | 944   | 100%                               | 944   |
| 13  | Harbin Haxi Wanda Plaza       | Harbin Haxi Wanda Plaza Co., Ltd.              | Harbin   | Nangang District   | Commercial, Residential          | Commercial: 20 Mar 2051;<br>Residential: 20 Mar 2081 | Retail, Residential                    | 6,029.21   | Sep 2013           | —                         | 5,401.81     | 94                     | 104   | 100%                               | 104   |
| 14  | Hohhot Wanda Plaza            | Hohhot Wanda Plaza Investment Co., Ltd.        | Hohhot   | Saihan District    | Residential, Commercial          | Commercial: 26 Apr 2049;<br>Residential: 26 Apr 2079 | Residential, Retail                    | 52,915.13  | Sep 2013           | 1                         | 49,813.72    | 362                    | 437   | 100%                               | 437   |
| 15  | Huai'an Wanda Plaza           | Huai'an Wanda Plaza Investment Co., Ltd.       | Huai'an  | Qinghe District    | Commercial, Residential          | Commercial: 16 Oct 2048;<br>Residential: 16 Oct 2078 | Car Park                               | 13,564.59  | Jul 2013           | 237                       | —            | —                      | 30  | 100%                               | 30  |

## GROUP IV - PROPERTIES HELD BY THE GROUP FOR SALE IN THE PRC (con't)

## Valuation Summary as at 30 September 2014 (con't)

| No. | Property Name                   | Holding Entity                                       | City      | District                 | Land Use                               | Expiry Date of Land Use Term   | Type of Property                       | GFA       | Year & Month Built | No. of Car Parking Spaces | Pre-sale GFA | Pre-sale Consideration | Market Value in Existing State as at Valuation Date | Interest Attributable to the Group | Market Value in Existing State Attributable to the Group as at Valuation Date |
|-----|---------------------------------|--|-----------|--------------------------|--|--|--|-----------|--------------------|---------------------------|--------------|------------------------|---|------------------------------------|---|
|     |                                 |  |           |                          |  |  |  | (sq. m.)  |                    |                           | (sq. m.)     | (RMB Million)          | (RMB Million)                                       | (%)                                | (RMB Million)   |
| 16  | Changchun Hongqilie Wanda Plaza | Jilin Province Diwang Property Development Co., Ltd. | Changchun | Chaoyang District        | Commercial                             | 29 May 2059  | Retail                                 | 266.53    | Nov 2010           | —                         | —            | —                      | 6   | 100%                               | 6   |
| 17  | Jinan Weijiazhuang Wanda Plaza  | Jinan Wanda Commercial Plaza Property Co., Ltd.      | Jinan     | Shizhong District        | Residential                            | Residential: 15 Feb 2079   | Residential, Car Park                  | 11,531.17 | Jun 2012           | 353                       | 11,531.17    | 68                     | 68  | 100%                               | 68  |
| 18  | Jiangyin Wanda Plaza            | Jiangyin Wanda Plaza Investment Co., Ltd.            | Jiangyin  | Chengxi Area             | Commercial, Residential                | Commercial: 19 Dec 2050; Residential: 19 Dec 2080                      | Retail, Residential, Apartment         | 59,546.60 | May 2013           | 215                       | 5,933.88     | 78                     | 706   | 100%                               | 706   |
| 19  | Jinjiang Wanda Plaza            | Jinjiang Wanda Plaza Co., Ltd.                       | Jinjiang  | Meiling Group Shigu Area | Hotel, Commercial, Residential, Office | Commercial: 11 Nov 2050; Office: 11 Nov 2060; Residential: 11 Nov 2080 | Retail, Office, Residential, Apartment | 98,161.17 | Apr 2014           | 434                       | 23,858.57    | 155                    | 741   | 100%                               | 741   |
| 20  | Langfang Wanda Plaza            | Langfang Wanda Plaza Investment Co., Ltd.            | Langfang  | Guangyang District       | Residential, Commercial                | Commercial: 19 Jun 2050; Residential: 19 Jun 2080                      | Retail, Residential, Office, Apartment | 5,565.87  | Jul 2012           | 13                        | 4,994.36     | 60                     | 68  | 100%                               | 68  |
| 21  | Mianyang Fucheng Wanda Plaza    | Mianyang Fucheng Wanda Plaza Co., Ltd.               | Mianyang  | Fucheng District         | Commercial, Residential                | Commercial: 25 Jan 2051; Residential: 25 Jan 2081                      | Retail, Residential                    | 17,388.80 | May 2013           | 277                       | 17,388.80    | 170                    | 170   | 100%                               | 170   |

## GROUP IV - PROPERTIES HELD BY THE GROUP FOR SALE IN THE PRC (con't)

## Valuation Summary as at 30 September 2014 (con't)

| No. | Property Name                     | Holding Entity                                   | City    | District            | Land Use   | Expiry Date of Land Use Term                      | Type of Property                       | GFA        | Year & Month Built | No. of Car Parking Spaces | Pre-sale GFA | Pre-sale Consideration | Market Value in Existing State as at Valuation Date | Interest Attributable to the Group | Market Value in Existing State Attributable to the Group as at Valuation Date |
|-----|-----------------------------------|--|---------|---------------------|--|---|--|------------|--------------------|---------------------------|--------------|------------------------|---|------------------------------------|---|
|     |                                   |  |         |                     |  |   |  | (sq. m.)   |                    |                           | (sq. m.)     | (RMB Million)          | (RMB Million)                                       | (%)                                | (RMB Million)   |
| 22  | Nanjing Jiangning Wanda Plaza     | Nanjing Jiangning Wanda Plaza Co., Ltd.          | Nanjing | Jiangning District  | Composite Residential, Commercial, Accommodation & Catering, Commercial & Office, Commercial | Commercial: 15 Feb 2052; Residential: 15 Feb 2082 | Retail, Residential, Office, Apartment | 139,626.99 | Jun 2014           | 300                       | 112,976.62   | 1,579                  | 2,068   | 100%                               | 2,068   |
| 23  | Nanjing Jiangnan Mingzhu Car Park | Nanjing Wanda Property Development Co., Ltd.     | Nanjing | Baixia District     | Residential  | 19 Sep 2071                                       | Car Park                               | 606.15     | May 2003           | 43                        | —            | —                      | 4   | 100%                               | 4   |
| 24  | Ningbo Jiangbei Wanda Plaza       | Ningbo Jiangbei Wanda Plaza Investment Co., Ltd. | Ningbo  | Jiangbei District   | Commercial   | 14 Sep 2049                                       | Apartment                              | 170.37     | Jun 2011           | —                         | 170.37       | 2                      | 2   | 100%                               | 2   |
| 25  | Ningbo Yinzhou Wanda Plaza        | Ningbo Wanda Property Co., Ltd.                  | Ningbo  | Yinzhou District    | Commercial   | 11 Jan 2045                                       | Office                                 | 3,494.94   | Nov 2008           | 241                       | 318.69       | 4                      | 42  | 100%                               | 42  |
| 26  | Ningde Wanda Plaza                | Ningde Wanda Plaza Co., Ltd.                     | Ningde  | Jiaocheng District  | Commercial, Commercial & Office, Accommodation & Catering, Residential                       | 3 Jan 2051  | Retail                                 | 965.04     | Aug 2013           | 24                        | 665.04       | 18                     | 21  | 100%                               | 21  |
| 27  | Putian Wanda Plaza                | Putian Wanda Plaza Co., Ltd.                     | Putian  | Chengxiang District | Commercial, Residential, Logistics, Office, Hotel, Ancillary Facilities                      | 19 Jun 2051                                       | Retail                                 | 4,698.81   | Jan 2013           | —                         | 383.69       | 11                     | 128   | 100%                               | 128   |



## GROUP IV - PROPERTIES HELD BY THE GROUP FOR SALE IN THE PRC (con't)

## Valuation Summary as at 30 September 2014 (con't)

| No. | Property Name                   | Holding Entity                                      | City      | District           | Land Use  | Expiry Date of Land Use Term                      | Type of Property               | GFA       | Year & Month Built | No. of Car Parking Spaces | Pre-sale GFA | Pre-sale Consideration | Market Value in Existing State as at Valuation Date | Interest Attributable to the Group | Market Value in Existing State Attributable to the Group as at Valuation Date |
|-----|---------------------------------|---|-----------|--------------------|---|---|--------------------------------|-----------|--------------------|---------------------------|--------------|------------------------|---|------------------------------------|---|
|     |                                 |   |           |                    |   |   |                                | (sq. m.)  |                    |                           | (sq. m.)     | (RMB Million)          | (RMB Million)                                       | (%)                                | (RMB Million)   |
| 28  | Qingdao Licang Wanda Plaza      | Qingdao Licang Wanda Plaza Investment Co., Ltd.     | Qingdao   | Licang District    | Commercial & Office, Residential, Commercial, Public Facilities | 27 Dec 2050                                       | Retail                         | 7,905.68  | Aug 2014           | 22                        | 312.01       | 0.2                    | 185   | 100%                               | 185   |
| 29  | Manzhouli Wanda Plaza           | Manzhouli Wanda Plaza Co., Ltd.                     | Manzhouli | Huma District      | Commercial  | 10 Jul 2052                                       | Retail                         | 35,615.99 | Jun 2014           | —                         | —            | —                      | 262   | 100%                               | 262   |
| 30  | Xiamen Jimei Wanda Plaza        | Xiamen Jimei Wanda Plaza Co., Ltd.                  | Xiamen    | Jimai District     | Commercial  | 28 Jul 2051                                       | Retail                         | 2,648.73  | May 2013           | —                         | 177.50       | 7                      | 54  | 100%                               | 54  |
| 31  | Changchun Kuancheng Wanda Plaza | Changchun Kuancheng Wanda Plaza Co., Ltd.           | Changchun | Kuancheng District | Residential, Commercial & Office                                | Commercial: 30 Mar 2051; Residential: 30 Mar 2081 | Retail, Residential, Apartment | 42,622.73 | Jun 2014           | 448                       | 42,622.73    | 488                    | 488   | 100%                               | 488   |
| 32  | Shanghai Baoshan Wanda Plaza    | Shanghai Baoshan Wanda Plaza Investment Co., Ltd.   | Shanghai  | Baoshan District   | Commercial  | 15 Sep 2060                                       | Office                         | 6,264.31  | Apr 2012           | —                         | 1,108.63     | 22                     | 125   | 65%                                | 81  |
| 33  | Shanghai Jiangqiao Wanda Plaza  | Shanghai Jiangqiao Wanda Investment Co., Ltd.       | Shanghai  | Jiading District   | Residential, Commercial, Office                                 | 7 May 2059  | Car Park                       | 10,366.80 | Feb 2011           | 318                       | —            | —                      | 19  | 100%                               | 19  |
| 34  | Shanghai Songjiang Wanda Plaza  | Shanghai Songjiang Wanda Plaza Investment Co., Ltd. | Shanghai  | Songjiang District | Commercial, Office  | Office: 28 Feb 2062; Commercial: 28 Feb 2052      | Retail, Apartment              | 16,424.97 | May 2014           | —                         | 16,424.97    | 516                    | 516   | 100%                               | 516   |
| 35  | Shaoying Keqiao Wanda Plaza     | Shaoying Keqiao Wanda Plaza Investment Co., Ltd.    | Shaoying  | Keqiao District    | Commercial  | 29 Sep 2049                                       | Car Park                       | 4,162.00  | Nov 2011           | 333                       | —            | —                      | 29  | 100%                               | 29  |
| 36  | Shenyang Beiyilu Wanda Plaza    | Shenyang Wanda Property Co., Ltd.                   | Shenyang  | Tiexi District     | Commercial  | 13 Jun 2050                                       | Retail, Apartment              | 2,492.82  | Aug 2012           | —                         | —            | —                      | 57  | 100%                               | 57  |

## GROUP IV - PROPERTIES HELD BY THE GROUP FOR SALE IN THE PRC (con't)

## Valuation Summary as at 30 September 2014 (con't)

| No. | Property Name                  | Holding Entity                                   | City         | District             | Land Use  | Expiry Date of Land Use Term                         | Type of Property                                | GFA        | Year & Month Built | No. of Car Parking Spaces | Pre-sale GFA | Pre-sale Consideration | Market Value in Existing State as at Valuation Date | Interest Attributable to the Group | Market Value in Existing State Attributable to the Group as at Valuation Date |
|-----|--------------------------------|--|--------------|----------------------|---|--|---|------------|--------------------|---------------------------|--------------|------------------------|---|------------------------------------|---|
|     |                                |  |              |                      |   |  |   | (sq. m.)   |                    |                           | (sq. m.)     | (RMB Million)          | (RMB Million)                                       | (%)                                | (RMB Million)   |
| 37  | Shenyang Tiexi Wanda Plaza     | Shenyang Wanda Property Co., Ltd.                | Shenyang     | Tiexi District       | Composite Residential                             | 1 Nov 2046   | Retail  | 1,624.93   | Aug 2010           | —                         | —            | —                      | 20  | 100%                               | 20  |
| 38  | Shijiazhuang Yuhua Wanda Plaza | Shijiazhuang Wanda Plaza Investment Co., Ltd.    | Shijiazhuang | Yuhua District       | Residential, Commercial                           | Commercial: 30 Dec 2048;<br>Residential: 30 Dec 2078 | Residential, Office, Retail, Car Park, Basement | 20,854.57  | Dec 2013           | 15                        | 3,684.08     | 71                     | 133   | 100%                               | 133   |
| 39  | Taicang Wanda Plaza            | Taicang Wanda Plaza Investment Co., Ltd.         | Taicang      | Chengxiang Town      | Commercial, Residential                           | Commercial: 19 Apr 2051;<br>Residential: 19 Apr 2081 | Retail, Office, Residential                     | 85,525.46  | Jun 2014           | 427                       | 36,907.09    | 231                    | 892   | 100%                               | 892   |
| 40  | Taiyuan Longhu Wanda Plaza     | Taiyuan Wanda Plaza Co., Ltd.                    | Taiyuan      | Xinghualing District | Residential                                       | 14 Sep 2057  | Residential                                     | 25,190.75  | Dec 2012           | 997                       | 19,553.25    | 313                    | 393   | 100%                               | 393   |
| 41  | Taizhou Wanda Plaza            | Taizhou Hailing Wanda Plaza Investment Co., Ltd. | Taizhou      | Hailing District     | Commercial, Residential, Commercial & Office      | Commercial: 31 Mar 2050;<br>Residential: 31 Mar 2080 | Retail, Residential, Office, Car Park           | 16,881.93  | Jun 2012           | 236                       | 4,224.33     | 49                     | 369   | 100%                               | 369   |
| 42  | Tangshan Lunan Wanda Plaza     | Tangshan Wanda Plaza Investment Co., Ltd.        | Tangshan     | Lunan District       | Residential                                       | Commercial: 29 Jan 2049;<br>Residential: 29 Jan 2079 | Residential, Apartment, Retail, Office          | 134,676.16 | Apr 2013           | 302                       | 11,181.77    | 87                     | 945   | 100%                               | 945   |
| 43  | Tianjin Wanda Centre           | Tianjin Wanda Centre Investment Co., Ltd.        | Tianjin      | Hedong District      | Residential, Commercial, Accommodation & Catering | 23 Jun 2051  | Retail  | 153,757.45 | Jul 2014           | —                         | 13,512.49    | 266                    | 3,622   | 100%                               | 3,622   |
| 44  | Tongliao Wanda Plaza           | Tongliao Wanda Plaza Investment Co., Ltd.        | Tongliao     | Horqin District      | Residential                                       | 19 Jul 2053  | Retail  | 2,107.00   | Sep 2013           | —                         | —            | —                      | 53  | 100%                               | 53  |

## GROUP IV - PROPERTIES HELD BY THE GROUP FOR SALE IN THE PRC (con't)

## Valuation Summary as at 30 September 2014 (con't)

| No. | Property Name                      | Holding Entity   | City     | District                 | Land Use  | Expiry Date of Land Use Term                      | Type of Property               | GFA        | Year & Month Built | No. of Car Parking Spaces | Pre-sale GFA | Pre-sale Consideration | Valuation at Date | Interest Attributable to the Group | Valuation at Date | Market Value in Existing State Attributable to the Group as at |
|-----|------------------------------------|--|----------|--------------------------|---|---|--------------------------------|------------|--------------------|---------------------------|--------------|------------------------|-------------------|------------------------------------|-------------------|--|
|     |                                    |  |          |                          |   |   |                                | (sq. m.)   |                    |                           | (sq. m.)     | (RMB Million)          | (RMB Million)     | (%)                                | (RMB Million)     | (RMB Million)  |
| 45  | Wenzhou Longwan Wanda Plaza        | Wenzhou Longwan Wanda Plaza Investment Co., Ltd.         | Wenzhou  | Longwan District         | Commercial, Commercial & Office, Accommodation & Catering | 24 Jan 2051                                       | Retail, Office                 | 59,413.33  | Apr 2013           | —                         | 8,967.97     | 313                    | 1,536             | 100%                               | 1,536             |  |
| 46  | Wuxi Huishan Wanda Plaza           | Wuxi Huishan Wanda Plaza Co., Ltd.                       | Wuxi     | Huishan District         | Commercial, Office, Residential                           | Commercial: 12 Jun 2051; Residential: 12 Jun 2081 | Retail, Residential, Apartment | 54,840.99  | Nov 2013           | —                         | 4,393.46     | 66                     | 792               | 100%                               | 792               |  |
| 47  | Wuxi Binhu Wanda Plaza             | Wuxi Wanda Commercial Plaza Investment Co., Ltd.         | Wuxi     | Binhu District           | Office, Commercial, Residential                           | 25 Oct 2076                                       | Apartment, Car Park            | 9,531.16   | Nov 2010           | 790                       | —            | —                      | 65                | 100%                               | 65                |  |
| 48  | Wuhu Jinghu Wanda Plaza            | Wuhu Wanda Plaza Co., Ltd.                               | Wuhu     | Jinghu District          | Commercial, Hotel, Office, Residential                    | Commercial: 24 Mar 2051; Residential: 24 Mar 2081 | Retail, Residential, Office    | 13,905.05  | Nov 2012           | —                         | 433.50       | 3                      | 323               | 100%                               | 323               |  |
| 49  | Wuhan Wanda Centre                 | Wuhan Wuchang Wanda Plaza Investment Co., Ltd.           | Wuhan    | Wuchang District         | Commercial & Office, Residential                          | Commercial: 28 Jul 2050; Residential: 28 Jul 2080 | Retail, Residential            | 3,092.36   | Sep 2013           | 14                        | 3,092.36     | 44                     | 44                | 100%                               | 44                |  |
| 50  | Xian Daminggong Wanda Plaza        | Xian Daminggong Wanda Plaza Co., Ltd.                    | Xi'an    | Weyang District          | Commercial  | 4 Feb 2052  | Retail, Apartment, Office      | 113,511.42 | Oct 2013           | —                         | 8,405.34     | 120                    | 1,671             | 100%                               | 1,671             |  |
| 51  | Xishuangbanna International Resort | Xishuangbanna International Resort Development Co., Ltd. | Jinghong | Jinghong Industrial Park | Residential, Public Facilities                            | Commercial: 24 Aug 2051; Residential: 24 Aug 2081 | Retail, Residential            | 5,576.13   | Jan 2014           | 36                        | 3,623.72     | 30                     | 41                | 80%                                | 33                |  |

## GROUP IV - PROPERTIES HELD BY THE GROUP FOR SALE IN THE PRC (con't)

## Valuation Summary as at 30 September 2014 (con't)

| No. | Property Name               | Holding Entity                                   | City      | District           | Land Use                                     | Expiry Date of Land Use Term                         | Type of Property                       | GFA        | Year & Month Built | No. of Car Parking Spaces | Pre-sale GFA | Pre-sale Consideration | Market Value in Existing State as at Valuation Date | Interest Attributable to the Group | Market Value in Existing State Attributable to the Group as at Valuation Date |
|-----|-----------------------------|--|-----------|--------------------|--|--|--|------------|--------------------|---------------------------|--------------|------------------------|---|------------------------------------|---|
|     |                             |  |           |                    |  |  |  | (sq. m.)   |                    |                           | (sq. m.)     | (RMB Million)          | (RMB Million)                                       | (%)                                | (RMB Million)   |
| 52  | Quanzhou Puxi Wanda Plaza   | Quanzhou Puxi Wanda Plaza Investment Co., Ltd.   | Quanzhou  | Fengze District    | Commercial, Residential                      | Commercial: 2 Aug 2050;<br>Residential: 2 Aug 2080   | Residential, Office, Retail, Car Park  | 35,597.42  | Mar 2013           | 47                        | 35,476.10    | 556                    | 558   | 100%                               | 558   |
| 53  | Xuzhou Wanda Plaza          | Xuzhou Wanda Plaza Co., Ltd.                     | Xuzhou    | Yunlong District   | Commercial, Residential, Commercial & Office | 28 Nov 2051  | Retail, Office, Apartment              | 41,484.03  | Jul 2014           | 362                       | 16,866.57    | 149                    | 626   | 100%                               | 626   |
| 54  | Yichang Wanda Plaza         | Yichang Wanda Plaza Investment Co., Ltd.         | Yichang   | Wujiagang District | Residential, Commercial                      | 30 May 2049  | Car Park                               | 13,816.82  | Nov 2010           | 368                       | —            | —                      | 33  | 100%                               | 33  |
| 55  | Yixing Wanda Plaza          | Yixing Wanda Plaza Co., Ltd.                     | Yixing    | Yixing             | Residential                                  | Commercial: 16 Mar 2051;<br>Residential: 16 Mar 2081 | Retail, Residential, Office            | 141,884.98 | May 2014           | 668                       | 55,852.97    | 717                    | 1,846   | 100%                               | 1,846   |
| 56  | Yuyao Wanda Plaza           | Yuyao Wanda Plaza Investment Co., Ltd.           | Yuyao     | Yuyao              | Commercial, Residential                      | Commercial: 27 Nov 2051;<br>Residential: 27 Nov 2081 | Retail, Office, Residential            | 47,563.26  | Sep 2014           | 104                       | 43,582.44    | 1,044                  | 1,138   | 100%                               | 1,138   |
| 57  | Zhangzhou Bihu Wanda Plaza  | Zhangzhou Wanda Plaza Co., Ltd.                  | Zhangzhou | Longwen District   | Commercial, Residential                      | Commercial: 24 Dec 2050;<br>Residential: 24 Dec 2080 | Residential, Office, Retail, Apartment | 35,970.69  | Dec 2013           | 332                       | 11,163.50    | 115                    | 532   | 100%                               | 532   |
| 58  | Changsha Kaiifu Wanda Plaza | Changsha Kaiifu Wanda Plaza Investment Co., Ltd. | Changsha  | Kaitu District     | Commercial, Residential                      | Commercial: 29 Jul 2050;<br>Residential: 29 Jul 2080 | Residential, Car Park                  | 2,441.17   | Aug 2013           | 110                       | 532.54       | 7                      | 29  | 100%                               | 29  |

## GROUP IV - PROPERTIES HELD BY THE GROUP FOR SALE IN THE PRC (con't)

## Valuation Summary as at 30 September 2014 (con't)

| No. | Property Name                      | Holding Entity  | City      | District               | Land Use  | Expiry Date of Land Use Term                      | Type of Property                                     | GFA        | Year & Month Built | No. of Car Parking Spaces | Pre-sale GFA | Pre-sale Consideration | Valuation at Date | Interest Attributable to the Group | Valuation at Date | Market Value in Existing State | Market Value in Existing State Attributable to the Group as at |
|-----|------------------------------------|---|-----------|------------------------|---|---|--|------------|--------------------|---------------------------|--------------|------------------------|-------------------|------------------------------------|-------------------|--------------------------------|--|
|     |                                    |   |           |                        |   |   |  | (sq. m.)   |                    |                           | (sq. m.)     | (RMB Million)          | (RMB Million)     | (%)                                | (RMB Million)     |                                | (RMB Million)  |
| 59  | Yinchuan Wanda Centre              | Yinchuan Wanda Investment Property Co., Ltd.          | Yinchuan  | Jinfeng District       | Commercial, Accommodation & Catering, Commercial & Office | 20 Dec 2049                                       | Retail   | 99,461.47  | Sep 2014           | —                         | 48,854.81    | 449                    | 1,080             | 100%                               | 1,080             |                                | 1,080  |
| 60  | Nanjing Jianye Wanda Plaza         | Nanjing Wanda Plaza Investment Co., Ltd.              | Nanjing   | Jianye District        | Composite Residential                                     | 23 Jul 2048                                       | Office, Car Park                                     | 1,049.74   | Nov 2012           | 76                        | 51.10        | 1                      | 10                | 100%                               | 10                |                                | 10   |
| 61  | Fuzhou Hengli City                 | Wanda Commercial Properties (Hong Kong) Co., Ltd.     | Fuzhou    | Gulou District         | Commercial, Office, Residential                           | Residential: 29 Aug 2074; Office: 29 Aug 2054     | Residential, Office                                  | 9,861.95   | Jun 2012           | 97                        | 704.95       | 15                     | 242               | 32.70%                             | 79                |                                | 79   |
| 62  | Dalian Jinshi International Resort | Dalian Jinshi Culture and Travel Investment Co., Ltd. | Dalian    | Jinzhou New District   | Residential   | 19 Jan 2062                                       | Residential, Retail, Car Park                        | 187,530.08 | Dec 2013           | 109                       | 87,138.19    | 729                    | 1,578             | 80%                                | 1,262             |                                | 1,262  |
| 63  | Guangzhou Zengcheng Wanda Plaza    | Guangzhou Zengcheng Wanda Plaza Co., Ltd.             | Guangzhou | Zengcheng District     | Commercial & Office                                       | 10 Apr 2052                                       | Retail, Apartment                                    | 65,387.20  | Apr 2014           | —                         | 65,387.20    | 589                    | 589               | 100%                               | 589               |                                | 589  |
| 64  | Nanchang Wanda Xingcheng Shops     | Nanchang Wanda Property Development Co., Ltd.         | Nanchang  | Honggutan New District | Residential   | Jul 2072  | Retail   | 601.29     | May 2009           | —                         | —            | —                      | 15                | 100%                               | 15                |                                | 15   |
| 65  | Chifeng Wanda Plaza                | Chifeng Wanda Plaza Co., Ltd.                         | Chifeng   | Xincheng District      | Commercial, Residential                                   | Commercial: 30 Dec 2051; Residential: 30 Dec 2081 | Office, Residential, Retail, Soho, Basement Car Park | 549,859.73 | Sep 2014           | 1,907                     | 294,467.53   | 2,368                  | 4,028             | 100%                               | 4,028             |                                | 4,028  |
| 66  | Jining Taibailu Wanda Plaza        | Jining Taibailu Wanda Plaza Co., Ltd.                 | Jining    | Shizhong District      | Residential, Commercial                                   | Oct 2052  | Retail, Residential                                  | 7,372.85   | Jun 2014           | —                         | 7,372.85     | 263                    | 263               | 100%                               | 263               |                                | 263  |

## GROUP IV - PROPERTIES HELD BY THE GROUP FOR SALE IN THE PRC (con't)

## Valuation Summary as at 30 September 2014 (con't)

| No. | Property Name       | Holding Entity                | City    | District        | Land Use                         | Expiry Date of Land Use Term                           | Type of Property                                 | GFA          | Year & Month Built | No. of Car Parking Spaces | Pre-sale GFA | Pre-sale Consideration | Market Value in Existing State as at Valuation Date | Interest Attributable to the Group | Market Value in Existing State Attributable to the Group as at Valuation Date |
|-----|---------------------|-------------------------------|---------|-----------------|----------------------------------|--|--|--------------|--------------------|---------------------------|--------------|------------------------|---|------------------------------------|---|
|     |                     |                               |         |                 |                                  |  |  | (sq. m.)     |                    |                           | (sq. m.)     | (RMB Million)          | (RMB Million)                                       | (%)                                | (RMB Million)   |
| 67  | Weifang Wanda Plaza | Weifang Wanda Plaza Co., Ltd. | Weifang | Kuiwen District | Commercial & Office, Residential | Commercial: 4 April 2052;<br>Residential: 4 April 2082 | Residential, Office, Apartment, Retail, Car Park | 174,748.77   | Jul 2014           | 434                       | 97,900.19    | 657                    | 1,495   | 100%                               | 1,495   |
|     | Total               |                               |         |                 |                                  |  |  | 3,246,553.27 |                    | 14,958                    | 1,360,376.20 | 15,155                 | 37,648  |                                    | 37,117  |

## Notes:

- (1) Xishuangbanna International Resort Development Co., Ltd. which held Xishuangbanna International Resort has been spun off by the Group on 24 October 2014.
- (2) Dalian Jinshi Culture and Travel Investment Co., Ltd. which held Dalian Jinshi International Resort has been spun off by the Group on 30 October 2014.

## GROUP V - PROPERTIES HELD BY THE GROUP UNDER DEVELOPMENT IN THE PRC

## Valuation Summary as at 30 September 2014

| No. | Property Name               | Holding Entity                                   | City       | District           | Land Use                | Expiry Date of Land Use Term                         | Site Area (sq. m.) | Planned GFA (sq. m.) | Year of Commencement of Construction | Scheduled Year of Completion of Construction | No. of Car Parking Spaces | Pre-sale GFA (sq. m.) | Pre-sale Consideration (RMB Million) | Construction Cost Incurred (RMB Million) | Construction Cost to be Incurred (RMB Million) | Market Value As If Completed as at Valuation Date (RMB Million) | Market Value in Existing State as at Valuation Date (RMB Million) | Interest Attributable to the Group (%) | Market Value in Existing State Attributable to the Group as at Valuation Date (RMB Million) |
|-----|-----------------------------|--|------------|--------------------|-------------------------|--|--------------------|----------------------|--------------------------------------|--|---------------------------|-----------------------|--------------------------------------|--|--|---|---|--|---|
| 1   | Anyang Wanda Plaza          | Anyang Wanda Plaza Investment Co., Ltd.          | Anyang     | Wenfeng District   | Commercial, Residential | Commercial: 3 Mar 2053;<br>Residential: 3 Mar 2083   | 111,593.95         | 636,423.64           | Apr 2013                             | Mar 2016                                     | 1,698                     | 207,022.76            | 1,717                                | 1,030                                    | 1,572  | 4,940   | 1,413   | 100%                                   | 1,413   |
| 2   | Bengbu Wanda Plaza          | Bengbu Wanda Plaza Co., Ltd.                     | Bengbu     | Bengshan District  | Commercial, Residential | Commercial: 6 Mar 2053;<br>Residential: 6 Mar 2083   | 64,964.13          | 267,522.32           | May 2013                             | Mar 2015                                     | 1,337                     | 32,820.56             | 290                                  | 660                                      | 735  | 2,190   | 889   | 100%                                   | 889   |
| 3   | Bozhou Wanda Plaza          | Bozhou Wanda Plaza Investment Co., Ltd.          | Bozhou     | Qiaocheng District | Commercial, Residential | Commercial: 12 Jan 2054;<br>Residential: 12 Jan 2084 | 196,566.10         | 896,866.70           | Apr 2014                             | Jun 2017                                     | 1,750                     | 66,120.81             | 596                                  | 121                                      | 3,577  | 6,128   | 636   | 100%                                   | 636   |
| 4   | Changzhou Wujin Wanda Plaza | Changzhou Wujin Wanda Plaza Investment Co., Ltd. | Changzhou  | Wujin District     | Commercial, Residential | Commercial: 8 Oct 2052;<br>Residential: 8 Oct 2082   | 115,741.30         | 397,958.33           | Dec 2012                             | Jul 2015                                     | 1,150                     | 120,918.99            | 1,066                                | 1,799                                    | 29   | 3,799   | 3,218   | 100%                                   | 3,218   |
| 5   | Chengdu Pixian Wanda Plaza  | Chengdu Pixian Wanda Plaza Investment Co., Ltd.  | Chengdu    | Pi County          | Commercial, Residential | Commercial: 17 Apr 2054;<br>Residential: 17 Apr 2084 | 174,402.34         | 861,495.08           | Mar 2014                             | May 2017                                     | 3,532                     | 43,183.72             | 477                                  | 166                                      | 3,901  | 6,295   | 631   | 100%                                   | 631   |
| 6   | Chengdu Wanda Hotel         | Chengdu Wanda Hotel Investment Co., Ltd.         | Chengdu    | Jinjiang District  | Commercial              | 2 Feb 2054   | 9,464.45           | 92,716.57            | May 2014                             | May 2016                                     | 194                       | —                     | —                                    | 88                                       | 1,153  | 1,590   | 788   | 100%                                   | 788   |
| 7   | Chifeng Wanda Plaza         | Chifeng Wanda Plaza Co., Ltd.                    | Chifeng    | Xinzheng District  | Residential, Commercial | Commercial: 30 Dec 2051;<br>Residential: 30 Dec 2081 | 92,477.80          | 133,020.12           | Mar 2012                             | May 2015                                     | 0                         | —                     | —                                    | 237                                      | 231  | 1,169   | 710   | 100%                                   | 710   |
| 8   | Dalian Gaoxin Wanda Plaza   | Dalian Gaoxin Wanda Plaza Investment Co., Ltd.   | Dalian     | Gaoxin District    | Residential             | Commercial: 22 Mar 2052;<br>Residential: 22 Mar 2082 | 82,419.80          | 166,309.47           | Mar 2013                             | May 2015                                     | 909                       | 40,085.93             | 887                                  | 934                                      | 987  | 4,535   | 1,849   | 100%                                   | 1,849   |
| 9   | Mudanjiang Wanda Plaza      | Mudanjiang Wanda Plaza Investment Co., Ltd.      | Mudanjiang | Xian District      | Commercial, Residential | Commercial: 9 Apr 2054;<br>Residential: 9 Apr 2084   | 232,383.90         | 549,984.79           | May 2014                             | Sep 2016                                     | 900                       | 732.58                | 13                                   | 47                                       | 2,592  | 4,012   | 283   | 100%                                   | 283   |

## GROUP V - PROPERTIES HELD BY THE GROUP UNDER DEVELOPMENT IN THE PRC (con't)

## Valuation Summary as at 30 September 2014 (con't)

| No. | Property Name                  | Holding Entity                                      | City     | District            | Land Use  | Expiry Date of Land Use Term                      | Site Area (sq. m.) | Planned GFA (sq. m.) | Year of Commencement of Construction | Scheduled Year of Completion of Construction | No. of Car Parking Spaces | Pre-sale GFA (sq. m.) | Pre-sale Consideration (RMB Million) | Construction Cost Incurred (RMB Million) | Construction Cost to be Incurred (RMB Million) | Market Value As If Completed as at Valuation Date (RMB Million) | Market Value in Existing State as at Valuation Date (RMB Million) | Interest Attributable to the Group (%) | Market Value in Existing State Attributable to the Group as at Valuation Date (RMB Million) |
|-----|--------------------------------|---|----------|---------------------|---|---|--------------------|----------------------|--------------------------------------|--|---------------------------|-----------------------|--------------------------------------|--|--|---|---|--|---|
| 10  | Dalian Jing'ai Wanda Plaza     | Dalian Jing'ai Wanda Plaza Investment Co., Ltd.     | Dalian   | Jizhou New District | Accommodation & Catering  | 7 Jan 2054  | 98,664.00          | 728,600.00           | Mar 2014                             | Oct 2018                                     | 0                         | 25,299.37             | 452                                  | 527                                      | 3,396  | 6,921   | 1,660   | 100%                                   | 1,660   |
| 11  | Dandong Wanda Plaza            | Dandong Wanda Plaza Co., Ltd.                       | Dandong  | Zhenxing District   | Residential, Commercial & Office  | 15 Jun 2052                                       | 99,919.02          | 6,995.84             | Mar 2012                             | Mar 2015                                     | 0                         | —                     | —                                    | 19                                       | 2  | 70  | 61  | 100%                                   | 61  |
| 12  | Dezhou Wanda Plaza             | Dezhou Wanda Plaza Investment Co., Ltd.             | Dezhou   | Decheng District    | Commercial, Office, Residential   | Commercial: 1 Aug 2053; Residential: 1 Aug 2083   | 166,745.00         | 772,637.16           | Sep 2013                             | Aug 2017                                     | 1,800                     | 89,649.68             | 668                                  | 851                                      | 2,911  | 5,535   | 1,263   | 100%                                   | 1,263   |
| 13  | Dongguan Dongcheng Wanda Plaza | Dongguan Dongcheng Wanda Plaza Investment Co., Ltd. | Dongguan | Dongcheng District  | Commercial, Residential   | Commercial: 1 Jun 2052; Residential: 1 Jun 2082   | 123,905.42         | 304,700.00           | Jul 2012                             | Apr 2015                                     | 558                       | 102,720.41            | 2,996                                | 1,863                                    | 99   | 5,869   | 5,161   | 100%                                   | 5,161   |
| 14  | Dongguan Houjie Wanda Plaza    | Dongguan Houjie Wanda Plaza Investment Co., Ltd.    | Dongguan | Houjie Town         | Residential, Commercial, Office   | Commercial: 5 Jan 2054; Residential: 5 Jan 2084   | 139,776.60         | 538,454.81           | Dec 2013                             | Jun 2016                                     | 1,042                     | 80,678.79             | 1,171                                | 595                                      | 2,679  | 7,244   | 2,229   | 100%                                   | 2,229   |
| 15  | Dongying Wanda Plaza           | Dongying Wanda Plaza Investment Co., Ltd.           | Dongying | Dongying District   | Residential   | 23 Jun 2083                                       | 175,066.60         | 728,172.60           | Aug 2013                             | Jul 2016                                     | 1,750                     | 157,370.08            | 1,258                                | 1,253                                    | 2,831  | 7,491   | 1,822   | 100%                                   | 1,822   |
| 16  | Foshan Nanhai Wanda Plaza      | Foshan Nanhai Wanda Plaza Co., Ltd.                 | Foshan   | Nanhai District     | Residential, Commercial, Office, Accommodation & Catering                   | Commercial: 6 Jun 2052; Residential: 6 Jun 2082   | 96,960.30          | 490,395.25           | Nov 2012                             | Apr 2015                                     | 1,305                     | 249,504.10            | 4,766                                | 2,145                                    | 588  | 8,148   | 6,413   | 100%                                   | 6,413   |
| 17  | Fuqing Wanda Plaza             | Fuqing Wanda Plaza Co., Ltd.                        | Fuqing   | Fuqing              | Commercial, Accommodation & Catering, Office, Residential (excluding Villa) | Commercial: 16 Jan 2053; Residential: 16 Jan 2083 | 80,130.00          | 355,182.80           | Dec 2012                             | Mar 2015                                     | 786                       | 239,361.24            | 3,602                                | 1,329                                    | 519  | 4,659   | 3,679   | 100%                                   | 3,679   |



## GROUP V - PROPERTIES HELD BY THE GROUP UNDER DEVELOPMENT IN THE PRC (con't)

## Valuation Summary as at 30 September 2014 (con't)

| No. | Property Name                       | Holding Entity  | City      | District          | Land Use                               | Expiry Date of Land Use Term                      | Site Area (sq. m.) | Planned GFA | Year of Commencement of Construction | Scheduled Year of Completion of Construction | No. of Car Parking Spaces | Pre-sale GFA (sq. m.) | Pre-sale Consideration (RMB Million) | Construction Cost Incurred (RMB Million) | Construction Cost to be Incurred (RMB Million) | Market Value As If Completed as at Valuation Date (RMB Million) | Market Value in Existing State as at Valuation Date (RMB Million) | Interest Attributable to the Group (%) | Market Value in Existing State Attributable to the Group as at Valuation Date (RMB Million) |
|-----|-------------------------------------|---|-----------|-------------------|--|---|--------------------|-------------|--------------------------------------|--|---------------------------|-----------------------|--------------------------------------|--|--|---|---|--|---|
|     |                                     |   |           |                   |  |   |                    |             |                                      |  |                           |                       |                                      |  |  |   |   |  |   |
| 18  | Fushun Wanda Plaza                  | Fushun Wanda Plaza Co., Ltd.                                | Fushun    | Xintu District    | Commercial, Residential                | Commercial: 30 May 2051; Residential: 30 May 2081 | 29,093.00          | 239,334.60  | Apr 2012                             | Jun 2015                                     | 1,002                     | 55,863.71             | 456                                  | 700                                      | 280  | 1,687   | 1,497   | 100%                                   | 1,497   |
| 19  | Fuyang Wanda Plaza                  | Fuyang Wanda Plaza Investment Co., Ltd.                     | Fuyang    | Yingzhou District | Commercial, Residential                | Commercial: 2 Oct 2053; Residential: 2 Oct 2083   | 161,320.00         | 651,924.72  | Oct 2013                             | Apr 2016                                     | 1,425                     | 257,166.95            | 2,467                                | 637                                      | 2,416  | 6,191   | 1,340   | 100%                                   | 1,340   |
| 20  | Guangyuan Wanda Plaza               | Guangyuan Wanda Plaza Investment Co., Ltd.                  | Guangyuan | Lizhou District   | Commercial, Office, Residential        | Commercial: 7 May 2053; Residential: 7 May 2083   | 116,943.23         | 615,342.13  | Jun 2013                             | Oct 2015                                     | 1,450                     | 54,893.62             | 576                                  | 1,008                                    | 1,780  | 4,814   | 1,532   | 100%                                   | 1,532   |
| 21  | Guangzhou Wanda Luogang Wanda Plaza | Guangzhou Wanda Luogang Wanda Plaza Co., Ltd.               | Guangzhou | Huangpu District  | Commercial & Office                    | Commercial: 4 Dec 2053                            | 89,753.00          | 416,411.20  | Dec 2013                             | Oct 2015                                     | 0                         | 86,205.90             | 2,041                                | 943                                      | 1,260  | 6,802   | 2,011   | 100%                                   | 2,011   |
| 22  | Guangzhou Nansha Wanda Plaza        | Guangzhou Nansha Wanda Plaza Co., Ltd.                      | Guangzhou | Nansha District   | Commercial, Greenland                  | Commercial: 25 Jan 2054; Residential: 25 Jan 2084 | 71,416.00          | 410,843.09  | May 2014                             | Jul 2016                                     | 0                         | 14,251.00             | 382                                  | 410                                      | 1,967  | 5,660   | 1,646   | 100%                                   | 1,646   |
| 23  | Guangzhou Panyu Wanda Plaza         | Guangzhou Panyu Wanda Plaza Investment Management Co., Ltd. | Guangzhou | Panyu District    | Commercial, Commercial & Office        | Commercial: 7 Nov 2038                            | 67,500.00          | 481,699.51  | May 2012                             | Oct 2014                                     | 0                         | 171,567.51            | 3,243                                | 1,988                                    | 605  | 6,721   | 5,129   | 100%                                   | 5,129   |
| 24  | Shangrao Wanda Plaza                | Shangrao Wanda Plaza Investment Co., Ltd.                   | Shangrao  | Xinzhou District  | Residential, Commercial, Entertainment | Commercial: 9 Apr 2054; Residential: 9 Apr 2084   | 133,312.00         | 685,700.00  | Jun 2014                             | Sep 2016                                     | 1,225                     | 56,695.31             | 1,039                                | 50                                       | 3,668  | 6,682   | 772   | 100%                                   | 772   |
| 25  | Gulin Gaoxin Wanda Plaza            | Gulin Gaoxin Wanda Plaza Co., Ltd.                          | Gulin     | Qixing District   | Residential, Commercial                | Commercial: 24 Mar 2054; Residential: 24 Mar 2084 | 73,041.10          | 330,200.00  | Mar 2014                             | Oct 2015                                     | 750                       | —                     | —                                    | 226                                      | 1,523  | 4,002   | 585   | 82.15%                                 | 481   |

## GROUP V - PROPERTIES HELD BY THE GROUP UNDER DEVELOPMENT IN THE PRC (con't)

## Valuation Summary as at 30 September 2014 (con't)

| No. | Property Name                | Holding Entity                                | City     | District              | Land Use                            | Expiry Date of Land Use Term                      | Site Area (sq. m.) | Planned GFA (sq. m.) | Year of Commencement of Construction | Scheduled Year of Completion of Construction | No. of Car Parking Spaces | Pre-sale GFA (sq. m.) | Pre-sale Consideration (RMB Million) | Construction Cost Incurred (RMB Million) | Construction Cost to be Incurred (RMB Million) | Market Value As If Completed as at Valuation Date (RMB Million) | Market Value in Existing State as at Valuation Date (RMB Million) | Interest Attributable to the Group (%) | Market Value in Existing State Attributable to the Group as at Valuation Date (RMB Million) |
|-----|------------------------------|---|----------|-----------------------|-------------------------------------|---|--------------------|----------------------|--------------------------------------|--|---------------------------|-----------------------|--------------------------------------|--|--|---|---|--|---|
| 26  | Harbin Hanan Wanda Plaza     | Harbin Hanan Wanda Plaza Investment Co., Ltd. | Harbin   | Pingfang District     | Residential, Commercial             | Commercial: 14 Jan 2054; Residential: 14 Jan 2084 | 335,206.53         | 802,711.90           | Mar 2014                             | Aug 2017                                     | 1,325                     | 45,698.23             | 208                                  | 112                                      | 3,632  | 5,891   | 846   | 100%                                   | 846   |
| 27  | Harbin Wanda City            | Harbin Wanda City Investment Co., Ltd.        | Harbin   | Gaoxin District       | Residential, Commercial             | Commercial: 1 Jul 2053; Residential: 1 Jul 2083   | 516,985.10         | 1,610,838.96         | Jun 2013                             | May 2018                                     | 4,819                     | 223,339.24            | 1,789                                | 2,568                                    | 5,981  | 11,965  | 3,581   | 100%                                   | 3,581   |
| 28  | Hangzhou Gongshu Wanda Plaza | Hangzhou Gongshu Wanda Investment Co., Ltd.   | Hangzhou | Gongshu District      | Commercial                          | Commercial: 27 Mar 2053                           | 83,381.00          | 359,085.89           | Sep 2013                             | Mar 2015                                     | 2,334                     | 58,457.94             | 1,660                                | 1,013                                    | 1,341  | 6,802   | 2,674   | 100%                                   | 2,674   |
| 29  | Hefei Wanda City             | Hefei Wanda City Investment Co., Ltd.         | Hefei    | Bimtu New District    | Commercial, Office, Residential     | Commercial: 18 Oct 2053; Residential: 18 Oct 2083 | 554,736.68         | 1,813,734.29         | Oct 2013                             | Aug 2019                                     | 6,495                     | 894,401.40            | 8,102                                | 1,853                                    | 9,389  | 14,959  | 3,379   | 100%                                   | 3,379   |
| 30  | Hohhot Wanda Plaza           | Hohhot Wanda Plaza Investment Co., Ltd.       | Hohhot   | Saihan District       | Residential, Commercial             | Commercial: 26 Apr 2049; Residential: 26 Apr 2079 | 263,229.53         | 320,514.56           | Apr 2012                             | Nov 2015                                     | 1,056                     | 260,031.98            | 2,219                                | 733                                      | 765  | 2,742   | 1,042   | 100%                                   | 1,042   |
| 31  | Huangshi Wanda Plaza         | Huangshi Wanda Plaza Investment Co., Ltd.     | Huangshi | Huangshigang District | Residential, Commercial & Office    | Commercial: 9 Aug 2053; Residential: 9 Aug 2083   | 171,428.00         | 889,464.25           | Aug 2013                             | Oct 2016                                     | 1,850                     | 157,449.05            | 1,203                                | 798                                      | 3,045  | 6,772   | 1,640   | 100%                                   | 1,640   |
| 32  | Jixi Wanda Plaza             | Jixi Wanda Plaza Investment Co., Ltd.         | Jixi     | Jiguan District       | Composite (Residential, Commercial) | Commercial: 4 May 2053; Residential: 4 May 2083   | 56,256.00          | 361,691.00           | Jun 2013                             | Jun 2016                                     | 488                       | 35,352.80             | 416                                  | 499                                      | 1,108  | 2,889   | 816   | 100%                                   | 816   |
| 33  | Jining Taibailu Wanda Plaza  | Jining Taibailu Wanda Plaza Co., Ltd.         | Jining   | Shizhong District     | Residential, Commercial             | Commercial: 31 Oct 2052; Residential: 31 Oct 2082 | 129,762.00         | 315,803.41           | Nov 2012                             | Oct 2014                                     | 424                       | 275,527.46            | 2,946                                | 1,347                                    | 44   | 3,199   | 2,707   | 100%                                   | 2,707   |

## GROUP V - PROPERTIES HELD BY THE GROUP UNDER DEVELOPMENT IN THE PRC (con't)

## Valuation Summary as at 30 September 2014 (con't)

| No. | Property Name              | Holding Entity                                  | City     | District                 | Land Use                               | Expire Date of Land Use Term   | Site Area (sq. m.) | Planned GFA | Year of Commencement of Construction | Scheduled Year of Completion of Construction | No. of Car Parking Spaces | Pre-sale GFA (sq. m.) | Pre-sale Consideration (RMB Million) | Construction Cost Incurred (RMB Million) | Construction Cost to be Incurred (RMB Million) | Market Value As If Completed as at Valuation Date (RMB Million) | Market Value in Existing State as at Valuation Date (RMB Million) | Interest Attributable to the Group (%) | Market Value in Existing State Attributable to the Group as at Valuation Date (RMB Million) |
|-----|----------------------------|---|----------|--------------------------|--|--|--------------------|-------------|--------------------------------------|--|---------------------------|-----------------------|--------------------------------------|--|--|---|---|--|---|
|     |                            |   |          |                          |  |  |                    |             |                                      |  |                           |                       |                                      |  |  |   |   |  |   |
| 34  | Jiamusi Wanda Plaza        | Jiamusi Wanda Plaza Investment Co., Ltd.        | Jiamusi  | Xiangyang East District  | Residential, Commercial                | Commercial: 6 May 2053;<br>Residential: 6 May 2083                           | 277,560.00         | 987,076.00  | May 2013                             | Oct 2017                                     | 2,350                     | 145,239.82            | 1,147                                | 710                                      | 3,874  | 7,317   | 1,197   | 100%                                   | 1,197   |
| 35  | Jiaxing Wanda Plaza        | Jiaxing Wanda Plaza Investment Co., Ltd.        | Jiaxing  | Nanhu New District       | Commercial, Residential                | Commercial: 5 Jul 2053;<br>Residential: 5 Jul 2083                           | 178,370.70         | 647,243.46  | Aug 2013                             | Aug 2016                                     | 803                       | 117,863.44            | 1,029                                | 665                                      | 2,526  | 5,951   | 1,451   | 100%                                   | 1,451   |
| 36  | Jiangmen Wanda Plaza       | Jiangmen Wanda Plaza Investment Co., Ltd.       | Jiangmen | Pengjiang District       | Commercial                             | Commercial: 7 Feb 2053   | 105,573.60         | 581,687.70  | Apr 2013                             | Sep 2015                                     | 500                       | 124,736.21            | 1,849                                | 1,705                                    | 1,580  | 6,809   | 2,196   | 100%                                   | 2,196   |
| 37  | Jinhua Wanda Plaza         | Jinhua Wanda Plaza Investment Co., Ltd.         | Jinhua   | Jindong District         | Commercial                             | Commercial: 31 Aug 2052  | 90,766.19          | 277,184.07  | Nov 2012                             | Sep 2014                                     | 0                         | 220,793.52            | 3,139                                | 1,191                                    | 114  | 4,141   | 3,525   | 100%                                   | 3,525   |
| 38  | Jinjiang Wanda Plaza       | Jinjiang Wanda Plaza Co., Ltd.                  | Jinjiang | Meiling Group Shigu Area | Hotel, Commercial, Office, Residential | Commercial: 11 Nov 2050;<br>Office: 11 Nov 2060;<br>Residential: 11 Nov 2080 | 54,045.00          | 269,394.98  | Dec 2010                             | Apr 2015                                     | 1,033                     | 38,737.36             | 258                                  | 241                                      | 683  | 1,897   | 676   | 100%                                   | 676   |
| 39  | Jingmen Wanda Plaza        | Jingmen Wanda Plaza Investment Co., Ltd.        | Jingmen  | Duodao District          | Residential, Commercial                | Commercial: 5 Feb 2054;<br>Residential: 5 Feb 2084                           | 141,620.97         | 729,400.00  | Mar 2014                             | Nov 2016                                     | 2,000                     | 33,576.67             | 427                                  | 276                                      | 2,568  | 4,607   | 628   | 100%                                   | 628   |
| 40  | Jingzhou Wanda Plaza       | Jingzhou Wanda Plaza Investment Co., Ltd.       | Jingzhou | Jingzhou District        | Commercial, Residential                | Commercial: 29 Jan 2053;<br>Residential: 29 Jan 2083                         | 121,702.00         | 409,992.59  | Mar 2013                             | May 2015                                     | 1,250                     | 145,593.15            | 1,601                                | 1,132                                    | 584  | 3,669   | 2,322   | 100%                                   | 2,322   |
| 41  | Kunming Xishan Wanda Plaza | Kunming Xishan Wanda Plaza Investment Co., Ltd. | Kunming  | Xishan District          | Commercial & Office                    | Commercial: 4 Jun 2052   | 70,246.29          | 694,893.51  | May 2012                             | Dec 2015                                     | 2,250                     | 311,002.53            | 6,683                                | 2,499                                    | 2,674  | 10,997  | 4,036   | 100%                                   | 4,036   |

## GROUP V - PROPERTIES HELD BY THE GROUP UNDER DEVELOPMENT IN THE PRC (con't)

## Valuation Summary as at 30 September 2014 (con't)

| No. | Property Name                 | Holding Entity                                    | City     | District               | Land Use   | Expiry Date of Land Use Term   | Site Area (sq. m.) | Planned GFA (sq. m.) | Year of Commencement of Construction | Scheduled Year of Completion of Construction | No. of Car Parking Spaces | Pre-sale GFA (sq. m.) | Pre-sale Consideration (RMB Million) | Construction Cost Incurred (RMB Million) | Construction Cost to be Incurred (RMB Million) | Market Value As If Completed as at Valuation Date (RMB Million) | Market Value in Existing State as at Valuation Date (RMB Million) | Interest Attributable to the Group (%) | Market Value in Existing State Attributable to the Group as at Valuation Date (RMB Million) |
|-----|-------------------------------|---|----------|------------------------|--|--|--------------------|----------------------|--------------------------------------|--|---------------------------|-----------------------|--------------------------------------|--|--|---|---|--|---|
|     |                               |   |          |                        |  |  |                    |                      |                                      |  |                           |                       |                                      |  |  |   |   |  |   |
| 42  | Lanzhou Chengguan Wanda Plaza | Lanzhou Wanda Plaza Investment Co., Ltd.          | Lanzhou  | Chengguan District     | Commercial, Residential, Office, Hotel                                 | Commercial: 26 Apr 2052; Office: 26 Apr 2062; Residential: 26 Apr 2082 | 55,157.60          | 433,798.56           | Jul 2012                             | Jul 2015                                     | 165                       | 177,959.43            | 3,134                                | 1,403                                    | 1,451  | 5,583   | 2,272   | 100%                                   | 2,272   |
| 43  | Luzhou Wanda Plaza            | Luzhou Wanda Plaza Investment Co., Ltd.           | Luzhou   | Chengzhong District    | Residential, Commercial  | Commercial: 6 Dec 2053; Residential: 6 Dec 2083                        | 131,057.30         | 645,098.45           | Dec 2013                             | Jun 2016                                     | 1,625                     | 149,862.39            | 2,103                                | 809                                      | 2,309  | 6,996   | 2,090   | 100%                                   | 2,090   |
| 44  | Longyan Wanda Plaza           | Longyan Wanda Plaza Investment Co., Ltd.          | Longyan  | Xinliu District        | Commercial, Residential  | Commercial: 13 Dec 2052; Residential: 13 Dec 2082                      | 130,635.60         | 674,558.41           | Jan 2013                             | May 2016                                     | 1,650                     | 183,819.78            | 1,724                                | 1,684                                    | 1,891  | 7,372   | 3,970   | 100%                                   | 3,970   |
| 45  | Maanshan Wanda Plaza          | Maanshan Wanda Plaza Investment Co., Ltd.         | Maanshan | Yushan District        | Residential, Commercial  | Commercial: 21 Sep 2052; Residential: 21 Sep 2082                      | 143,433.09         | 550,000.00           | Sep 2012                             | Sep 2016                                     | 2,000                     | 78,265.49             | 730                                  | 947                                      | 1,441  | 4,325   | 1,514   | 100%                                   | 1,514   |
| 46  | Jiujiang Wanda Plaza          | Jiujiang Wanda Plaza Investment Co., Ltd.         | Jiujiang | Lushan District        | Commercial, Residential, Commercial & Office, Accommodation & Catering | Commercial: 5 Jun 2054; Residential: 5 Jun 2084                        | 231,874.26         | 1,027,498.82         | Jun 2014                             | Oct 2017                                     | 5,203                     | 38,865.79             | 254                                  | 91                                       | 4,343  | 6,424   | 908   | 100%                                   | 908   |
| 47  | Mianyang Wanda Plaza          | Mianyang Jingkai Wanda Plaza Investment Co., Ltd. | Mianyang | Fucheng District       | Commercial, Residential  | Commercial: 26 Nov 2052; Residential: 26 Nov 2082                      | 184,393.28         | 1,054,140.56         | Apr 2013                             | Apr 2016                                     | 2,487                     | 123,250.39            | 1,228                                | 695                                      | 4,028  | 7,064   | 1,934   | 100%                                   | 1,934   |
| 48  | Nanchang Wanda City           | Nanchang Wanda City Investment Co., Ltd.          | Nanchang | Honggutan New District | Residential, Hotel   | Commercial: 25 Jun 2053; Residential: 25 Jun 2083                      | 669,919.58         | 1,317,258.23         | Jun 2013                             | Mar 2016                                     | 3,100                     | 802,186.43            | 6,595                                | 2,346                                    | 5,616  | 9,757   | 3,109   | 100%                                   | 3,109   |

## GROUP V - PROPERTIES HELD BY THE GROUP UNDER DEVELOPMENT IN THE PRC (con't)

## Valuation Summary as at 30 September 2014 (con't)

| No. | Property Name                 | Holding Entity                                   | City     | District             | Land Use   | Expiry Date of Land Use Term  | Site Area (sq. m.) | Planned GFA (sq. m.) | Year of Commencement of Construction | Scheduled Year of Completion of Construction | No. of Car Parking Spaces | Pre-sale GFA (sq. m.) | Pre-sale Consideration (RMB Million) | Construction Cost Incurred (RMB Million) | Construction Cost to be Incurred (RMB Million) | Market Value As If Completed as at Valuation Date (RMB Million) | Market Value in Existing State as at Valuation Date (RMB Million) | Interest Attributable to the Group (%) | Market Value in Existing State Attributable to the Group as at Valuation Date (RMB Million) |
|-----|-------------------------------|--|----------|----------------------|--|---|--------------------|----------------------|--------------------------------------|--|---------------------------|-----------------------|--------------------------------------|--|--|---|---|--|---|
|     |                               |  |          |                      |  |   |                    |                      |                                      |  |                           |                       |                                      |  |  |   |   |  |   |
| 49  | Nanjing Jiangning Wanda Plaza | Nanjing Jiangning Wanda Plaza Co., Ltd.          | Nanjing  | Jiangning District   | Composite Residential, Commercial, Commercial & Office                 | Commercial: 15 Feb 2052; Residential: 15 Feb 2082                                   | 101,086.70         | 47,211.97            | Mar 2012                             | Dec 2014                                     | 0                         | 22,764.43             | 553                                  | 442                                      | 28   | 1,097   | 981   | 100%                                   | 981   |
| 50  | Nanjing Jianye Wanda Plaza    | Nanjing Wanda Plaza Investment Co., Ltd.         | Nanjing  | Jianye District      | Entertainment, Commercial  | 21 May 2048   | 7,003.80           | 715.00               | Jun 2014                             | Jun 2015                                     | 0                         | —                     | —                                    | —  | 4  | 18  | 9   | 100%                                   | 9   |
| 51  | Nanning Anji Wanda Plaza      | Nanning Anji Wanda Plaza Investment Co., Ltd.    | Nanning  | Xixiang District     | Commercial & Office, Commercial, Residential                           | Commercial: 17 Dec 2052; Commercial & Office: 17 Dec 2083; Residential: 17 Dec 2083 | 83,990.89          | 583,000.00           | Feb 2014                             | Jun 2016                                     | 800                       | 77,110.81             | 925                                  | 513                                      | 2,430  | 5,492   | 1,856   | 100%                                   | 1,856   |
| 52  | Nanning Qingxiu Wanda Plaza   | Nanning Qingxiu Wanda Plaza Investment Co., Ltd. | Nanning  | Qingxiu District     | Commercial & Office, Commercial, Accommodation & Catering, Residential | Commercial: 14 Oct 2052; Commercial & Office: 14 Oct 2062; Residential: 14 Oct 2082 | 114,617.04         | 826,162.50           | Nov 2012                             | May 2016                                     | 1,271                     | 279,870.88            | 5,616                                | 1,951                                    | 4,665  | 12,575  | 4,004   | 100%                                   | 4,004   |
| 53  | Nantong Wanda Plaza           | Nantong Wanda Plaza Investment Co., Ltd.         | Nantong  | Gangzha District     | Commercial, Commercial & Office, Residential                           | Commercial: 9 Jun 2054; Office: Residential: 9 Jun 2084                             | 127,187.22         | 483,657.00           | Mar 2014                             | Jun 2016                                     | 1,300                     | 26,635.68             | 357                                  | 123                                      | 2,216  | 4,216   | 632   | 100%                                   | 632   |
| 54  | Neijiang Wanda Plaza          | Neijiang Wanda Plaza Investment Co., Ltd.        | Neijiang | Dongxing District    | Commercial, Residential  | Commercial: 11 Jul 2053; Residential: 11 Jul 2083                                   | 153,707.69         | 736,861.13           | Aug 2013                             | Jul 2015                                     | 1,350                     | 108,725.99            | 1,245                                | 446                                      | 2,770  | 5,721   | 1,164   | 100%                                   | 1,164   |
| 55  | Panjin Wanda Plaza            | Panjin Wanda Plaza Property Co., Ltd.            | Panjin   | Xinglongtai District | Commercial, Residential  | Commercial: 7 Apr 2054; Residential: 7 Apr 2084                                     | 238,054.90         | 982,257.00           | Jun 2014                             | Jul 2017                                     | 2,501                     | —                     | —                                    | 44                                       | 4,059  | 6,471   | 520   | 100%                                   | 520   |

## GROUP V - PROPERTIES HELD BY THE GROUP UNDER DEVELOPMENT IN THE PRC (con't)

## Valuation Summary as at 30 September 2014 (con't)

| No. | Property Name                           | Holding Entity   | City     | District          | Land Use   | Expiry Date of Land Use Term                         | Site Area (sq. m.) | Planned GFA (sq. m.) | Year of Commencement of Construction | Scheduled Year of Completion of Construction | No. of Car Parking Spaces | Pre-sale GFA (sq. m.) | Pre-sale Consideration (RMB Million) | Construction Cost Incurred (RMB Million) | Construction Cost to be Incurred (RMB Million) | Market Value As If Completed as at Valuation Date (RMB Million) | Market Value in Existing State as at Valuation Date (RMB Million) | Interest Attributable to the Group (%) | Market Value in Existing State Attributable to the Group as at Valuation Date (RMB Million) |
|-----|---|--|----------|-------------------|--|--|--------------------|----------------------|--------------------------------------|--|---------------------------|-----------------------|--------------------------------------|--|--|---|---|--|---|
|     |   |  |          |                   |  |  |                    |                      |                                      |  |                           |                       |                                      |  |  |   |   |  |   |
| 56  | Qiqihar Wanda Plaza                     | Qiqihar Wanda Plaza Investment Co., Ltd.                     | Qiqihar  | Jianhua District  | Residential, Commercial                                    | Commercial: 17 Dec 2052;<br>Residential: 17 Dec 2082 | 124,793.60         | 523,946.87           | Apr 2013                             | May 2015                                     | 802                       | 86,692.14             | 790                                  | 1,074                                    | 1,625  | 5,090   | 1,646   | 100%                                   | 1,646   |
| 57  | Qingdao Licang Wanda Plaza              | Qingdao Licang Wanda Plaza Investment Co., Ltd.              | Qingdao  | Licang District   | Residential, Commercial, Public Facilities                 | Commercial: 27 Dec 2050;<br>Residential: 27 Dec 2080 | 41,570.70          | 85,507.06            | Nov 2011                             | Oct 2014                                     | 0                         | 78,291.06             | 789                                  | 352                                      | —  | 925   | 851   | 100%                                   | 851   |
| 58  | Qingdao Wanda Oriental Movie Metropolis | Qingdao Wanda Oriental Movie Metropolis Investment Co., Ltd. | Qingdao  | Huangdao District | Commercial & Office, Commercial                            | Commercial: 11 Sep 2053                              | 351,721.00         | 797,396.55           | Sep 2013                             | Feb 2017                                     | 0                         | 181,044.56            | 2,377                                | 1,105                                    | 5,310  | 10,027  | 2,225   | 100%                                   | 2,225   |
| 59  | Qingdao Wanda Yacht Industry (f) Park   | Qingdao Wanda Yacht Industry Investment Co., Ltd.            | Qingdao  | Huangdao District | Commercial, Residential                                    | Commercial: 11 Sep 2053;<br>Residential: 11 Sep 2083 | 156,951.00         | 643,002.00           | Dec 2013                             | Mar 2016                                     | 1,429                     | —                     | —                                    | 306                                      | 2,534  | 4,672   | 1,047   | 100%                                   | 1,047   |
| 60  | Quanzhou Pixi Wanda Plaza               | Quanzhou Pixi Wanda Plaza Investment Co., Ltd.               | Quanzhou | Fengze District   | Accommodation & Catering, Commercial & Office, Residential | Commercial: 2 Aug 2050;<br>Residential: 2 Aug 2080   | 166,835.80         | 145,176.21           | Feb 2012                             | Aug 2015                                     | 851                       | 105,648.00            | 1,426                                | 544                                      | 190  | 1,426   | 1,005   | 100%                                   | 1,005   |
| 61  | Shanghai Jinhuan Wanda Plaza            | Shanghai Jinhuan Wanda Plaza Investment Co., Ltd.            | Shanghai | Jinshan District  | Commercial, Residential, Office                            | Commercial: 24 Sep 2053;<br>Residential: 24 Sep 2083 | 114,006.90         | 448,781.72           | Aug 2013                             | Jul 2015                                     | 780                       | 86,541.68             | 1,341                                | 789                                      | 1,815  | 5,854   | 2,017   | 100%                                   | 2,017   |
| 62  | Shenyang Aoti Wanda Plaza               | Shenyang Aoti Wanda Plaza Co., Ltd.                          | Shenyang | Human District    | Residential, Commercial                                    | Commercial: 19 Sep 2051;<br>Residential: 19 Sep 2081 | 71,084.38          | 334,966.89           | Nov 2011                             | Nov 2015                                     | 663                       | 64,225.03             | 656                                  | 1,535                                    | 764  | 3,557   | 2,268   | 100%                                   | 2,268   |
| 63  | Siping Wanda Plaza                      | Siping Wanda Plaza Investment Co., Ltd.                      | Siping   | Tiedong District  | Residential, Commercial                                    | Commercial: 16 Aug 2053;<br>Residential: 16 Aug 2083 | 255,297.50         | 613,800.10           | Oct 2013                             | Apr 2017                                     | 1,328                     | 126,083.63            | 662                                  | 720                                      | 1,737  | 4,072   | 1,097   | 100%                                   | 1,097   |

## GROUP V - PROPERTIES HELD BY THE GROUP UNDER DEVELOPMENT IN THE PRC (con't)

## Valuation Summary as at 30 September 2014 (con't)

| No. | Property Name               | Holding Entity                                  | City     | District                                    | Land Use                         | Expiry Date of Land Use Term                      | Site Area (sq. m.) | Planned GFA (sq. m.) | Year of Commencement of Construction | Scheduled Year of Completion of Construction | No. of Car Parking Spaces | Pre-sale GFA (sq. m.) | Pre-sale Consideration (RMB Million) | Construction Cost Incurred (RMB Million) | Construction Cost to be Incurred (RMB Million) | Market Value As If Completed as at Valuation Date (RMB Million) | Market Value in Existing State as at Valuation Date (RMB Million) | Interest Attributable to the Group (%) | Market Value in Existing State Attributable to the Group as at Valuation Date (RMB Million) |
|-----|-----------------------------|---|----------|---|----------------------------------|---|--------------------|----------------------|--------------------------------------|--|---------------------------|-----------------------|--------------------------------------|--|--|---|---|--|---|
|     |                             |   |          |   |                                  |   |                    |                      |                                      |  |                           |                       |                                      |  |  |   |   |  |   |
| 64  | Suzhou Wuzhong Wanda Plaza  | Suzhou Wuzhong Wanda Plaza Investment Co., Ltd. | Suzhou   | Wuzhong District                            | Commercial & Office              | Commercial: 12 Jan 2014; Residential: 12 Jan 2014 | 93,654.60          | 498,444.83           | Apr 2014                             | Mar 2016                                     | 825                       | 55,762.73             | 822                                  | 210                                      | 2,278  | 5,573   | 1,472   | 100%                                   | 1,472   |
| 65  | Taizhou Jingkai Wanda Plaza | Taizhou Jingkai Wanda Property Co., Ltd.        | Taizhou  | Economic and Technological Development Zone | Commercial                       | Commercial: 14 Jan 2014; Residential: 14 Jan 2014 | 86,766.00          | 520,531.96           | Mar 2014                             | Jun 2016                                     | 3,153                     | 136,697.02            | 1,494                                | 189                                      | 2,459  | 5,850   | 1,071   | 100%                                   | 1,071   |
| 66  | Jinan Gaoxin Wanda Plaza    | Jinan Gaoxin Wanda Plaza Property Co., Ltd.     | Jinan    | Gaoxin District                             | Commercial & Office              | Commercial: 3 May 2014; Residential: 3 May 2014   | 121,740.00         | 682,998.93           | Apr 2014                             | Jul 2016                                     | 4,506                     | 8,077.84              | 251                                  | 252                                      | 4,091  | 6,690   | 1,353   | 100%                                   | 1,353   |
| 67  | Taiyuan Longhu Wanda Plaza  | Taiyuan Wanda Plaza Co., Ltd.                   | Taiyuan  | Xinghualing District                        | Residential, Commercial          | Commercial: Sep 2014; Residential: Sep 2014       | 66,024.47          | 609,705.35           | Sep 2013                             | Jul 2016                                     | 1,200                     | 146,322.28            | 2,332                                | 931                                      | 3,719  | 7,945   | 1,828   | 100%                                   | 1,828   |
| 68  | Tai'an Wanda Plaza          | Tai'an Wanda Plaza Investment Co., Ltd.         | Tai'an   | Taishan District                            | Commercial                       | Commercial: 28 Jun 2013; Residential: Sep 2013    | 162,043.00         | 659,046.90           | Dec 2013                             | Jul 2016                                     | 2,100                     | 79,960.40             | 949                                  | 1,080                                    | 2,550  | 6,660   | 1,595   | 100%                                   | 1,595   |
| 69  | Changshu Wanda Plaza        | Changshu Wanda Plaza Investment Co., Ltd.       | Changshu | Yushan High-tech Development Zone           | Residential, Commercial          | Commercial: Aug 2014; Residential: Aug 2014       | 138,912.00         | 651,100.00           | Sep 2014                             | Mar 2017                                     | 2,170                     | —                     | —                                    | 3  | 3,261  | 6,133   | 886   | 100%                                   | 886   |
| 70  | Tongjiao Wanda Plaza        | Tongjiao Wanda Plaza Investment Co., Ltd.       | Tongjiao | Horqin District                             | Residential, Commercial          | Commercial: 19 Jul 2013; Residential: 19 Jul 2013 | 234,570.43         | 787,700.00           | Jun 2013                             | Oct 2016                                     | 2,119                     | 146,716.54            | 1,547                                | 444                                      | 5,344  | 6,982   | 1,461   | 100%                                   | 1,461   |
| 71  | Weifang Wanda Plaza         | Weifang Wanda Plaza Co., Ltd.                   | Weifang  | Kuivren District                            | Commercial & Office, Residential | Commercial: 4 Apr 2012; Residential: 4 Apr 2012   | 108,956.00         | 164,584.21           | Apr 2013                             | Jul 2015                                     | 866                       | 43,133.65             | 285                                  | 227                                      | 390  | 1,272   | 405   | 100%                                   | 405   |

## GROUP V - PROPERTIES HELD BY THE GROUP UNDER DEVELOPMENT IN THE PRC (con't)

## Valuation Summary as at 30 September 2014 (con't)

| No. | Property Name                                 | Holding Entity                                    | City    | District                                    | Land Use  | Expire Date of Land Use Term                      | Site Area (sq. m.) | Planned GFA  | Year of Commencement of Construction | Scheduled Year of Completion of Construction | No. of Car Parking Spaces | Pre-sale GFA (sq. m.) | Pre-sale Consideration (RMB Million) | Construction Cost Incurred (RMB Million) | Construction Cost to be Incurred (RMB Million) | Market Value As If Completed as at Valuation Date (RMB Million) | Market Value in Existing State as at Valuation Date (RMB Million) | Interest Attributable to the Group (%) | Market Value in Existing State Attributable to the Group as at Valuation Date (RMB Million) |
|-----|---|---|---------|---|---|---|--------------------|--------------|--------------------------------------|--|---------------------------|-----------------------|--------------------------------------|--|--|---|---|--|---|
|     |   |   |         |   |   |   |                    |              |                                      |  |                           |                       |                                      |  |  |   |   |  |   |
| 72  | Weinan Wanda Plaza                            | Weinan Wanda Plaza Investment Co., Ltd.           | Weinan  | Gaoxin District                             | Commercial  | 9 Jul 2053  | 69,116.77          | 290,000.00   | Aug 2013                             | Oct 2015                                     | 0                         | 30,931.34             | 246                                  | 283                                      | 1,233  | 2,503   | 408   | 100%                                   | 408   |
| 73  | Wenzhou Pingyang Wanda Plaza                  | Wenzhou Pingyang Wanda Plaza Investment Co., Ltd. | Wenzhou | Pingyang County                             | Accommodation & Catering, Residential, Commercial | Commercial: 9 Apr 2053; Residential: 9 Apr 2083   | 119,265.00         | 548,251.67   | Apr 2013                             | May 2015                                     | 2,000                     | 252,179.19            | 2,900                                | 1,284                                    | 1,354  | 5,935   | 3,017   | 100%                                   | 3,017   |
| 74  | Wuhai Wanda Plaza                             | Wuhai Wanda Plaza Investment Co., Ltd.            | Wuhai   | Haibowan District                           | Commercial & Office, Residential                  | Commercial: 27 Jul 2053; Residential: 27 Jul 2083 | 144,342.00         | 628,072.45   | Sep 2013                             | Sep 2016                                     | 550                       | 148,362.27            | 1,134                                | 408                                      | 2,586  | 5,113   | 892   | 100%                                   | 892   |
| 75  | Urumqi Wanda Plaza                            | Urumqi Wanda Plaza Investment Co., Ltd.           | Urumqi  | Economic and Technological Development Zone | Commercial, Residential                           | 27 Dec 2053                                       | 155,947.59         | 931,733.02   | Dec 2013                             | Nov 2017                                     | 2,413                     | 154,082.28            | 1,734                                | 492                                      | 4,748  | 9,149   | 1,265   | 100%                                   | 1,265   |
| 76  | Wuxi Wanda City Plaza                         | Wuxi Wanda City Investment Co., Ltd.              | Wuxi    | Bimhu District                              | Commercial, Residential                           | Commercial: 25 Jan 2054; Residential: 20 Mar 2084 | 484,742.90         | 987,977.98   | Apr 2014                             | Oct 2016                                     | 2,717                     | 107,843.28            | 989                                  | 902                                      | 7,582  | 8,180   | 2,653   | 100%                                   | 2,653   |
| 77  | Wuhu Jinghu Wanda Plaza                       | Wuhu Wanda Plaza Co., Ltd.                        | Wuhu    | Jinghu District                             | Commercial, Office, Hotel                         | Commercial: 29 Jun 2052                           | 42,488.32          | 224,253.60   | Sep 2012                             | Aug 2015                                     | 575                       | 36,345.56             | 280                                  | 699                                      | 609  | 1,838   | 865   | 100%                                   | 865   |
| 78  | Wuhan Central Culture City Hanjie Wanda Plaza | Wuhan Wanda Donghu Property Co., Ltd.             | Wuhan   | Wuchang District                            | Residential, Entertainment, Commercial & Office   | Commercial: 26 Apr 2051; Residential: 26 Apr 2081 | 210,599.89         | 1,165,840.05 | Jul 2011                             | Sep 2016                                     | 3,941                     | 489,890.22            | 10,632                               | 7,159                                    | 6,692  | 23,548  | 12,001  | 100%                                   | 12,001  |
| 79  | Xian Daminggong Wanda Plaza                   | Xian Daminggong Wanda Plaza Co., Ltd.             | Xian    | Weiyang District                            | Residential, Commercial                           | Commercial: 4 Feb 2052; Residential: 4 Feb 2082   | 53,159.42          | 173,227.73   | May 2012                             | Jun 2015                                     | 1,408                     | 56,996.75             | 827                                  | 352                                      | 1,069  | 1,896   | 623   | 100%                                   | 623   |
| 80  | Xining Wanda Plaza                            | Xining Wanda Plaza Investment Co., Ltd.           | Xining  | Haihu New District                          | Commercial, Residential                           | Commercial: 30 Jul 2053; Residential: 30 Jul 2083 | 140,049.44         | 869,023.51   | Sep 2013                             | Jul 2016                                     | 970                       | 194,836.32            | 2,349                                | 1,108                                    | 3,495  | 8,527   | 1,723   | 100%                                   | 1,723   |



## GROUP V - PROPERTIES HELD BY THE GROUP UNDER DEVELOPMENT IN THE PRC (con't)

## Valuation Summary as at 30 September 2014 (con't)

| No. | Property Name                                 | Holding Entity   | City     | District                                    | Land Use   | Expiry Date of Land Use Term   | Site Area (sq. m.) | Planned GFA (sq. m.) | Year of Commencement of Construction | Scheduled Year of Completion of Construction | No. of Car Parking Spaces | Pre-sale GFA (sq. m.) | Pre-sale Consideration (RMB Million) | Construction Cost Incurred (RMB Million) | Construction Cost to be Incurred (RMB Million) | Market Value As If Completed as at Valuation Date (RMB Million) | Market Value in Existing State as at Valuation Date (RMB Million) | Interest Attributable to the Group (%) | Market Value in Existing State Attributable to the Group as at Valuation Date (RMB Million) |
|-----|---|--|----------|---|--|--|--------------------|----------------------|--------------------------------------|--|---------------------------|-----------------------|--------------------------------------|--|--|---|---|--|---|
|     |   |  |          |   |  |  |                    |                      |                                      |  |                           |                       |                                      |  |  |   |   |  |   |
| 81  | Xishuangbanna International Resort (2) Resort | Xishuangbanna International Resort Development Co., Ltd. | Jinghong | Jinghong Industrial Park                    | Residential, Commercial, Entertainment, Public Facilities, Medical & Charity | Commercial: 1 Sep 2051; Residential: 31 Dec 2082                               | 1,737,566.83       | 1,246,563.65         | Apr 2013                             | Dec 2015                                     | 3,829                     | 432,902.97            | 2,509                                | 2,099                                    | 5,770  | 6,148   | 3,482   | 80%                                    | 2,766   |
| 82  | Xiangnan Wanda Plaza                          | Xiangnan Wanda Plaza Investment Co., Ltd.                | Xiangnan | Yuetang District                            | Residential, Commercial  | Commercial: 13 Dec 2053; Residential: 13 Dec 2083                              | 170,636.04         | 874,926.00           | Dec 2013                             | Dec 2016                                     | 2,250                     | 34,994.57             | 361                                  | 217                                      | 3,587  | 6,693   | 1,041   | 100%                                   | 1,041   |
| 83  | Suzhou Wanda Plaza                            | Suzhou Wanda Plaza Investment Co., Ltd.                  | Suzhou   | Yongjiao District                           | Commercial, Residential  | Commercial: Apr 2054; Residential: Apr 2084                                    | 163,753.17         | 716,100.00           | May 2014                             | Apr 2017                                     | 2,200                     | 4,381.49              | 32                                   | 101                                      | 2,510  | 5,119   | 1,289   | 100%                                   | 1,289   |
| 84  | Hefei Yaohai Wanda Plaza                      | Hefei Yaohai Wanda Plaza Investment Co., Ltd.            | Hefei    | Yaohai District                             | Residential, Commercial  | Commercial: 16 Jul 2054; Residential: 16 Jul 2084                              | 77,886.56          | 388,782.96           | Jul 2014                             | Jan 2017                                     | 242                       | —                     | —                                    | 1  | 1,311  | 3,680   | 551   | 100%                                   | 551   |
| 85  | Yantai Zhifu Wanda Plaza                      | Yantai Zhifu Wanda Plaza Co., Ltd.                       | Yantai   | Zhifu District                              | Residential, Commercial, Public Facilities                                   | Commercial: 4 Jul 2053; Residential: 4 Jul 2083; Public Facilities: 4 Jul 2063 | 210,843.10         | 791,300.09           | Dec 2012                             | Jun 2016                                     | 3,960                     | 126,818.60            | 2,506                                | 2,759                                    | 3,592  | 10,486  | 4,070   | 70%                                    | 2,849   |
| 86  | Yiwu Wanda Plaza                              | Yiwu Wanda Plaza Investment Co., Ltd.                    | Yiwu     | Economic and Technological Development Zone | Commercial, Residential  | Commercial: 18 Feb 2054; Residential: 18 Feb 2084                              | 106,251.12         | 637,800.00           | Jun 2014                             | Mar 2017                                     | 950                       | 76,298.90             | 1,630                                | 496                                      | 3,072  | 9,733   | 2,263   | 100%                                   | 2,263   |
| 87  | Xuzhou Tongshan Wanda Plaza                   | Xuzhou Wanda Plaza Property Co., Ltd.                    | Xuzhou   | Tongshan District                           | Commercial, Residential  | Commercial & Office: 7 Oct 2054; Residential: 3 Oct 2084                       | 144,925.00         | 638,549.50           | Sep 2014                             | Jul 2017                                     | 1,750                     | —                     | —                                    | 35                                       | 3,493  | 5,118   | 507   | 100%                                   | 507   |
| 88  | Suining Wanda Plaza                           | Suining Wanda Plaza Investment Co., Ltd.                 | Suining  | Hedong New District                         | Commercial   | Commercial: 25 Jul 2054  | 76,987.25          | 291,100.00           | Aug 2014                             | Oct 2016                                     | 0                         | —                     | —                                    | 10                                       | 1,334  | 2,321   | 265   | 100%                                   | 265   |

## GROUP V - PROPERTIES HELD BY THE GROUP UNDER DEVELOPMENT IN THE PRC (con't)

## Valuation Summary as at 30 September 2014 (con't)

| No. | Property Name                   | Holding Entity   | City      | District                                    | Land Use   | Expiry Date of Land Use Term                      | Site Area (sq. m.) | Planned GFA (sq. m.) | Year of Commencement of Construction | Scheduled Year of Completion of Construction | No. of Car Parking Spaces | Pre-sale GFA (sq. m.) | Pre-sale Consideration (RMB Million) | Construction Cost Incurred (RMB Million) | Construction Cost to be Incurred (RMB Million) | Market Value As If Completed as at Valuation Date (RMB Million) | Market Value in Existing State as at Valuation Date (RMB Million) | Interest Attributable to the Group (%) | Market Value in Existing State Attributable to the Group as at Valuation Date (RMB Million) |
|-----|---------------------------------|--|-----------|---|--|---|--------------------|----------------------|--------------------------------------|--|---------------------------|-----------------------|--------------------------------------|--|--|---|---|--|---|
|     |                                 |  |           |   |  |   |                    |                      |                                      |  |                           |                       |                                      |  |  |   |   |  |   |
| 88  | Yingkou Wanda Plaza             | Yingkou Wanda Plaza Investment Co., Ltd.                                 | Yingkou   | Zhanqian District                           | Commercial, Residential                                | Commercial: 18 Jan 2053; Residential: 18 Jan 2083 | 130,631.00         | 715,100.00           | Mar 2013                             | Jun 2016                                     | 1,515                     | 114,091.10            | 993                                  | 1,195                                    | 1,942  | 5,793   | 1,816   | 100%                                   | 1,816   |
| 89  | Shaoying Shangyu Wanda Plaza    | Shaoying Shangyu Wanda Plaza Investment Co., Ltd.                        | Shaoying  | Shangyu District                            | Commercial & Office, Residential, Commercial           | Commercial: 23 Jun 2054; Residential: 23 Jun 2084 | 37,713.60          | 73,135.37            | Aug 2014                             | Apr 2016                                     | 0                         | —                     | —                                    | 4  | 457  | 974   | 89  | 100%                                   | 89  |
| 91  | Zhanjiang Wanda Plaza           | Zhanjiang Wanda Plaza Development Zone Investment Co., Ltd.              | Zhanjiang | Economic and Technological Development Zone | Commercial & Office, Residential                       | Commercial: 5 Dec 2053; Residential: 5 Dec 2083   | 98,379.34          | 692,028.13           | Dec 2013                             | Sep 2016                                     | 471                       | 41,664.88             | 817                                  | 475                                      | 4,163  | 8,400   | 1,945   | 100%                                   | 1,945   |
| 92  | Zhangzhou Taiwanese Wanda Plaza | Zhangzhou Taiwanese Wanda Plaza Investment District Investment Co., Ltd. | Zhangzhou | Taiwanese Investment Zone                   | Commercial, Catering, Commercial & Office, Residential | Commercial: 8 Nov 2053; Residential: 8 Nov 2083   | 166,560.00         | 576,575.85           | Jan 2014                             | Sep 2016                                     | 1,728                     | 175,639.88            | 1,373                                | 287                                      | 2,355  | 4,555   | 614   | 100%                                   | 614   |
| 93  | Changchun Kuancheng Wanda Plaza | Changchun Kuancheng Wanda Plaza Co., Ltd.                                | Changchun | Kuancheng District                          | Commercial, Residential                                | Commercial: 30 Mar 2051; Residential: 30 Mar 2081 | 27,511.00          | 21,402.78            | Apr 2014                             | Sep 2016                                     | 0                         | 17,843.62             | 158                                  | 49                                       | 97   | 269   | 103   | 100%                                   | 103   |
| 94  | Changsha Kailu Wanda Plaza      | Changsha Kailu Wanda Plaza Investment Co., Ltd.                          | Changsha  | Kailu District                              | Commercial, Residential                                | Commercial: 29 Jul 2050; Residential: 29 Jul 2080 | 121,783.47         | 240,861.66           | Sep 2012                             | Nov 2014                                     | 0                         | 214,924.98            | 3,950                                | 1,554                                    | 364  | 4,416   | 3,506   | 100%                                   | 3,506   |
| 95  | Zhengzhou Wanda Centre          | Zhengzhou Jinshui Wanda Investment Co., Ltd.                             | Zhengzhou | Jinshui District                            | Commercial, Residential                                | Commercial: 27 Aug 2053; Residential: 27 Aug 2083 | 55,701.96          | 358,801.42           | Nov 2013                             | Apr 2016                                     | 1,041                     | 78,339.97             | 1,863                                | 261                                      | 1,697  | 5,306   | 2,140   | 100%                                   | 2,140   |
| 96  | Chongqing Banan Wanda Plaza     | Chongqing Banan Wanda Plaza Property Co., Ltd.                           | Chongqing | Banan District                              | Residential, Commercial, Entertainment                 | Commercial: 29 Nov 2053; Residential: 29 Nov 2083 | 200,004.00         | 1,025,200.00         | Nov 2013                             | Jun 2017                                     | 1,992                     | 128,025.30            | 1,816                                | 587                                      | 3,949  | 9,051   | 2,564   | 100%                                   | 2,564   |

## GROUP V - PROPERTIES HELD BY THE GROUP UNDER DEVELOPMENT IN THE PRC (con't)

## Valuation Summary as at 30 September 2014 (con't)

| No. | Property Name              | Holding Entity                                  | City     | District             | Land Use                         | Expiry Date of Land Use Term                         | Site Area<br>(sq. m.) | Planned GFA  | Year of Commencement of Construction | Scheduled Year of Completion of Construction | No. of Car Parking Spaces | Pre-sale GFA<br>(sq. m.) | Pre-sale Consideration | Construction Cost Incurred | Construction Cost to be Incurred | Market Value As If Completed as at Valuation Date<br>(RMB Million) | Market Value in Existing State as at Valuation Date<br>(RMB Million) | Interest Attributable to the Group | Market Value in Existing State Attributable to the Group as at Valuation Date<br>(RMB Million) |
|-----|----------------------------|---|----------|----------------------|----------------------------------|--|-----------------------|--------------|--------------------------------------|--|---------------------------|--------------------------|------------------------|----------------------------|----------------------------------|--|--|------------------------------------|--|
|     |                            |   |          |                      |                                  |  |                       |              |                                      |  |                           |                          |                        |                            |                                  |  |  |                                    |  |
| 97  | Jilin Chengyi Wanda Plaza  | Jilin Wanda Plaza Investment Co., Ltd.          | Jilin    | Changyi District     | Commercial, Residential          | Residential: 17 Jul 2084;<br>Commercial: 17 Jul 2054 | 188,654.33            | 682,990.00   | Sep 2014                             | Jun 2018                                     | 2,200                     | —                        | —                      | 37                         | 3,236                            | 5,102  | 684  | 100%                               | 684  |
| 98  | Dongguan Humen Wanda Plaza | Dongguan Humen Wanda Plaza Investment Co., Ltd. | Dongguan | Humen Town           | Residential, Commercial          | Residential: 13 Jun 2084;<br>Commercial: 13 Jun 2054 | 110,781.80            | 459,000.00   | Aug 2014                             | Aug 2017                                     | 945                       | —                        | —                      | 11                         | 2,612                            | 5,748  | 1,272  | 100%                               | 1,272  |
| 99  | Ziyang Wanda Plaza         | Ziyang Wanda Plaza Investment Co., Ltd.         | Ziyang   | Yanjiang District    | Residential, Commercial & Office | Residential: 4 Jun 2084;<br>Commercial: 4 Jun 2054   | 203,214.16            | 1,000,500.00 | Jul 2014                             | Jun 2018                                     | 3,025                     | 5,379.99                 | 114                    | 59                         | 3,531                            | 5,788  | 845  | 100%                               | 845  |
| 100 | Meizhou Wanda Plaza        | Meizhou Wanda Plaza Investment Co., Ltd.        | Meizhou  | Meijiang District    | Commercial, Residential          | Residential: 15 Jun 2084;<br>Commercial: 15 Jun 2054 | 139,969.00            | 707,881.93   | Jul 2014                             | Sep 2017                                     | 2,634                     | —                        | —                      | 10                         | 3,491                            | 5,473  | 545  | 100%                               | 545  |
| 101 | Yanji Wanda Plaza          | Yanji Wanda Plaza Investment Co., Ltd.          | Yanji    | Yanji                | Residential, Commercial          | Commercial: 25 Jun 2054;<br>Residential: 25 Jun 2084 | 144,708.56            | 544,900.00   | Jun 2014                             | Jul 2017                                     | 1,000                     | 16,695.68                | 301                    | 18                         | 2,426                            | 4,073  | 302  | 100%                               | 302  |
| 102 | Quanzhou Anxi Wanda Plaza  | Quanzhou Anxi Wanda Plaza Investment Co., Ltd.  | Quanzhou | Anxi                 | Commercial, Residential          | Residential: 5 Jun 2084;<br>Commercial: 5 Jun 2054   | 77,801.90             | 245,578.85   | Sep 2014                             | Aug 2017                                     | 511                       | —                        | —                      | 23                         | 1,465                            | 2,249  | 140  | 100%                               | 140  |
| 103 | Nanning Wanda Project      | Nanning Wanda Mao Investment Co., Ltd.          | Nanning  | Wuxiang New District | Commercial, Residential          | Commercial: 9 Jul 2054;<br>Residential: 9 Jul 2084   | 128,332.05            | 577,641.71   | Jul 2014                             | Nov 2017                                     | 3,871                     | —                        | —                      | 32                         | 2,336                            | 3,436  | 562  | 100%                               | 562  |
| 104 | Shiyan Wanda Plaza         | Shiyan Wanda Plaza Property Co., Ltd.           | Shiyan   | Zhangwan District    | Commercial, Residential          | Commercial: 28 Jun 2054;<br>Residential: 28 Jun 2084 | 170,668.00            | 834,200.00   | Aug 2014                             | Nov 2017                                     | 2,150                     | 10,625.69                | 309                    | 45                         | 3,183                            | 6,912  | 445  | 100%                               | 445  |

## GROUP V - PROPERTIES HELD BY THE GROUP UNDER DEVELOPMENT IN THE PRC (con't)

## Valuation Summary as at 30 September 2014 (con't)

| No. | Property Name              | Holding Entity                       | City     | District       | Land Use              | Expiry Date of Land Use Term                               | Site Area<br>(sq. m.) | Planned GFA<br>(sq. m.) | Year of Commencement of Construction | Scheduled Year of Completion of Construction | No. of Car Parking Spaces | Pre-sale GFA<br>(sq. m.) | Pre-sale Consideration<br>(RMB Million) | Construction Cost Incurred<br>(RMB Million) | Construction Cost to be Incurred<br>(RMB Million) | Market Value As If Completed as at Valuation Date<br>(RMB Million) | Market Value in Existing State as at Valuation Date<br>(RMB Million) | Interest Attributable to the Group<br>(%) | Market Value in Existing State Attributable to the Group as at Valuation Date<br>(RMB Million) |  |
|-----|----------------------------|--------------------------------------|----------|----------------|-----------------------|--|-----------------------|-------------------------|--------------------------------------|--|---------------------------|--------------------------|---|---|---|--|--|---|--|--|
| 105 | Yinchuan Xixia Wanda Plaza | Yinchuan Xixia Wanda Plaza Co., Ltd. | Yinchuan | Xixia District | Composite Residential | Commercial:<br>30 Jul 2052;<br>Residential:<br>30 Jul 2082 | 120,067.34            | 483,844.83              | Oct 2012                             | Dec 2015                                     | 800                       | 157,823.91               | 1,323                                   | 1,040                                       | 958   | 3,448  | 1,690  | 100%                                      | 1,690  |  |
|     |                            |                                      |          |                |                       |  | 16,874,555.87         | 60,988,855.25           |                                      |  | 153,542                   | 11,774,448.61            | 146,210                                 | 82,115                                      | 248,806   | 586,700  | 183,500  |   | 181,479  |  |
|     | Total                      |                                      |          |                |                       |  |                       |                         |                                      |  |                           |                          |   |   |   |  |  |   |  |  |

## Notes:

- (1) Qingdao Wanda Yacht Industry Investment Co., Ltd. which held Qingdao Wanda Yacht Industrial Park has been spun off by the Group on 30 October 2014.
- (2) Xishuangbanna International Resort Development Co., Ltd. which held Xishuangbanna International Resort has been spun off by the Group on 24 October 2014.

**GROUP VI - PROPERTIES HELD BY THE GROUP FOR FUTURE DEVELOPMENT IN THE PRC**  
**Valuation Summary as at 30 September 2014**

| No. | Property Name                      | Holding Entity  | City     | District           | Land Use                                | Expiry Date of Land Use Term                         | Site Area (According to Contract to Grant State-owned Land Use Rights) |   | Planned GFA (sq. m.) | Year of Commencement of Construction | Scheduled Year of Completion of Construction | Market Value in Existing State as at Valuation Date (RMB Million) | Interest Attributable to the Group (%) | Market Value in Existing State Attributable to the Group as at Valuation Date (RMB Million) |
|-----|------------------------------------|---|----------|--------------------|---|--|--|---|----------------------|--------------------------------------|--|---|--|---|
|     |                                    |   |          |                    |   |  | (sq. m.)   | (According to State-owned Land Use Rights Certificate) (sq. m.) |                      |                                      |  |   |  |   |
| 1   | Dalian Jinshi International Resort | Dalian Jinshi Culture and Travel Investment Co., Ltd. | Dalian   | Jinzhou District   | Residential                             | 19 Jan 2062  | 196,389.00   | 196,389.00  | 310,140.00           | Mar 2015                             | May 2017                                     | 662   | 80%                                    | 530   |
| 2   | Dalian Wanda Centre                | Dalian Wanda Commercial Properties Co., Ltd.          | Dalian   | Zhongshan District | Entertainment                           | 22 Sep 2048  | 9,996.20   | 9,996.20  | 9,996.20             | Dec 2014                             | Jun 2016                                     | 33  | 100%                                   | 33  |
| 3   | Siping Wanda Plaza                 | Siping Wanda Plaza Investment Co., Ltd.               | Siping   | Tiedong District   | Residential                             | Commercial: 16 Aug 2053;<br>Residential: 16 Aug 2083 | 38,010.70  | 38,010.70   | 132,899.90           | Feb 2015                             | Jul 2017                                     | 67  | 100%                                   | 67  |
| 4   | Harbin Wanda City                  | Harbin Wanda City Investment Co., Ltd.                | Harbin   | Songbei District   | Residential, Commercial                 | Commercial: 1 Jul 2053;<br>Residential: 1 Jul 2083   | 972,737.50   | 972,737.50  | 2,007,995.69         | Nov 2014                             | May 2019                                     | 1,609   | 100%                                   | 1,609   |
| 5   | Hefei Wanda City                   | Hefei Wanda City Investment Co., Ltd.                 | Hefei    | Birhu New District | Commercial (Entertainment), Residential | Commercial: 24 Apr 2054;<br>Residential: 24 Apr 2084 | 655,680.00   | 410,343.11  | 770,469.49           | Mar 2015                             | Apr 2021                                     | 973   | 100%                                   | 973   |
| 6   | Jinan Gaoxin Wanda Plaza           | Jinan Gaoxin Wanda Plaza Property Co., Ltd.           | Jinan    | Gaoxin District    | Commercial & Office                     | Commercial: 3 May 2054;<br>Residential: 3 May 2084   | 21,010.00  | 21,010.00   | 164,700.00           | Dec 2014                             | Feb 2017                                     | 256   | 100%                                   | 256   |
| 7   | Wuxi Wanda City                    | Wuxi Wanda City Investment Co., Ltd.                  | Wuxi     | Bihu District      | Commercial, Entertainment, Residential  | Commercial: 10 Sep 2054;<br>Residential: 10 Sep 2084 | 447,016.00   | 441,202.00  | 342,803.70           | Feb 2015                             | Oct 2016                                     | 1,196   | 100%                                   | 1,196   |
| 8   | Mianyang Jingkai Wanda Plaza       | Mianyang Jingkai Wanda Plaza Investment Co., Ltd.     | Mianyang | Fucheng District   | Composite Residential                   | Commercial: 26 Nov 2052;<br>Residential: 26 Nov 2082 | 40,366.28  | 40,366.28   | 213,200.00           | Dec 2014                             | Oct 2016                                     | 287   | 100%                                   | 287   |
| 9   | Hefei Yaohai Wanda Plaza           | Hefei Yaohai Wanda Plaza Investment Co., Ltd.         | Hefei    | Yaohai District    | Commercial, Residential                 | Commercial: 16 Jul 2054;<br>Residential: 16 Jul 2084 | 72,014.28  | 72,014.28   | 377,350.71           | Nov 2014                             | May 2017                                     | 511   | 100%                                   | 511   |

## GROUP VI - PROPERTIES HELD BY THE GROUP FOR FUTURE DEVELOPMENT IN THE PRC (con't)

## Valuation Summary as at 30 September 2014 (con't)

| No. | Property Name                           | Holding Entity   | City     | District             | Land Use   | Expiry Date of Land Use Term  | Site Area (According to Grant Contract of Land Use Rights)                |   |   | Planned GFA (sq. m.) | Year of Commencement of Construction | Scheduled Year of Completion of Construction | Market Value in Existing State as at Valuation Date (RMB Million) | Interest Attributable to the Group (%) | Market Value in Existing State Attributable to the Group as at Valuation Date (RMB Million) |
|-----|---|--|----------|----------------------|--|---|---|---|---|----------------------|--------------------------------------|--|---|--|---|
|     |   |  |          |                      |  |   | Site Area (According to State-owned Land Use Rights Certificate) (sq. m.) | Site Area (According to State-owned Land Use Rights Certificate) (sq. m.) | Site Area (According to State-owned Land Use Rights Certificate) (sq. m.) |                      |                                      |  |   |  |   |
| 10  | Qingdao Wanda Yacht Industry Park       | Qingdao Wanda Yacht Industry Investment Co., Ltd.            | Qingdao  | Huangdao District    | Industrial, Medical & Charity, Residential                           | Industrial: 11 Sep 2063;<br>Residential: 11 Sep 2063;<br>Medical & Charity: 11 Sep 2063 | 875,892.00  | 875,892.00  | 2,668,709.50  | Oct 2014             | Mar 2022                             | 3,017  | 100%  | 3,017                                  |   |
| 11  | Hohhot Huimin District Wanda Plaza      | Hohhot Wanda Plaza Property Co., Ltd.                        | Hohhot   | Huimin District      | Residential, Commercial  | Commercial: 15 Jul 2054;<br>Residential: 15 Jul 2084                                    | 115,392.53  | 115,392.53  | 591,100.00  | Jan 2015             | Sep 2018                             | 504  | 100%  | 504                                    |   |
| 12  | Shenyang Tiexi Wanda Plaza              | Shenyang Wanda Property Co., Ltd.                            | Shenyang | Tiexi District       | Composite Residential  | 1 Nov 2056  | 8,967.82  | 8,967.82  | 46,000.00   | Oct 2014             | Sep 2017                             | 151  | 100%  | 151                                    |   |
| 13  | Taiyuan Longhu Wanda Plaza              | Taiyuan Wanda Plaza Co., Ltd.                                | Taiyuan  | Xinghualing District | Residential, Commercial & Office, Commercial, Education              | Commercial: 14 Sep 2047;<br>Residential: 14 Sep 2057                                    | 49,764.49   | 49,764.49   | 26,601.00   | Mar 2015             | Jul 2016                             | 78   | 100%  | 78                                     |   |
| 14  | Qingdao Wanda Oriental Movie Metropolis | Qingdao Wanda Oriental Movie Metropolis Investment Co., Ltd. | Qingdao  | Huangdao District    | Residential, Commercial, Entertainment, Medical & Charity, Education | Commercial: 9 Sep 2084<br>Residential: 9 Sep 2054                                       | 2,096,761.00  | 495,287.00  | 3,373,602.30  | Mar 2015             | Feb 2017                             | 4,581  | 100%  | 4,581                                  |   |
| 15  | Quanzhou Anxi Wanda Plaza               | Quanzhou Anxi Wanda Plaza Investment Co., Ltd.               | Quanzhou | Anxi County          | Commercial, Residential  | Commercial: 5 Jun 2054;<br>Residential: 5 Jun 2084                                      | 55,640.53   | 55,640.53   | 275,490.88  | Jan 2015             | Jun 2018                             | 132  | 100%  | 132                                    |   |

## GROUP VI - PROPERTIES HELD BY THE GROUP FOR FUTURE DEVELOPMENT IN THE PRC (con't)

## Valuation Summary as at 30 September 2014 (con't)

| No. | Property Name                                 | Holding Entity   | City     | District                 | Land Use   | Expiry Date of Land Use Term                          | Site Area (According to Contract of Land Use Rights) |   |                    | Planned GFA (sq. m.) | Year of Commencement of Construction | Scheduled Year of Completion of Construction | Market Value in Existing State as at Valuation Date (RMB Million) | Interest Attributable to the Group (%) | Market Value in Existing State Attributable to the Group as at Valuation Date (RMB Million) |
|-----|---|--|----------|--------------------------|--|---|--|---|--------------------|----------------------|--------------------------------------|--|---|--|---|
|     |   |  |          |                          |  |   | Site Area to Grant (sq. m.)                          | State-owned Land Use Rights (Certificate) | Site Area (sq. m.) |                      |                                      |  |   |  |   |
| 16  | Xishuangbanna International Resort (3) Resort | Xishuangbanna International Resort Development Co., Ltd. | Jinghong | Jinghong Industrial Park | Residential, Entertainment, Education, Commercial, Public Facilities, Industrial | Commercial: 12 Oct 2051;<br>Residential: 8 May 2083   | 1,628,969.57   | 1,432,241.44                              | 3,219,855.76       | Oct 2014             | Jul 2022                             | 1,419  | 80%   | 1,135                                  |   |
| 17  | Dandong Wanda Plaza                           | Dandong Wanda Plaza Co., Ltd.                            | Dandong  | Zhenxing District        | Residential, Commercial & Office   | Commercial: 15 Jun 2052<br>Residential: 15 Jun 2082   | 97,245.00  | 94,198.92                                 | 373,950.00         | Oct 2014             | Sep 2017                             | 448  | 100%  | 448                                    |   |
| 18  | Shaoxing Shangyu Wanda Plaza                  | Shaoxing Shangyu Wanda Plaza Investment Co., Ltd.        | Shaoxing | Shangyu District         | Commercial, Office, Residential  | Commercial: 23 June 2054<br>Residential: 23 June 2084 | 140,815.60   | 140,815.60                                | 601,631.35         | Nov 2014             | Sep 2017                             | 502  | 100%  | 502                                    |   |
| 19  | Nanchang Wanda City                           | Nanchang Wanda City Investment Co., Ltd.                 | Nanchang | Honggutan New District   | Commercial, Residential, Hotel, Entertainment                                    | Commercial: 5 Aug 2053<br>Residential: 5 Aug 2083     | 2,109,663.37   | 1,281,161.00                              | 3,329,683.90       | Jun 2015             | Sep 2016                             | 2,796  | 100%  | 2,796                                  |   |
| 20  | Zhuji Wanda Plaza                             | Zhuji Wanda Plaza Investment Co., Ltd.                   | Shaoxing | Zhuji                    | Residential, Commercial  | Commercial: 28 Sep 2054;<br>Residential: 28 Sep 2084  | 166,021.00   | 166,021.00                                | 581,073.50         | Oct 2014             | Sep 2017                             | 462  | 100%  | 462                                    |   |
| 21  | Kunshan Wanda Plaza                           | Kunshan Wanda Plaza Investment Co., Ltd.                 | KunShang | Zhoushi Town             | Commercial, Office, Residential  | Commercial: 5 Aug 2054;<br>Residential: 5 Aug 2084    | 93,788.60  | 93,788.60                                 | 426,050.00         | Nov 2014             | Aug 2017                             | 296  | 100%  | 296                                    |   |
| 22  | Nanning Wanda Project                         | Nanning Wanda Mao Investment Co., Ltd.                   | Nanning  | Wuxiang New District     | Residential, Commercial  | Commercial: 15 Jun 2054;<br>Residential: 15 Jun 2084  | 212,128.00   | 212,128.00                                | 235,287.00         | Oct 2014             | Mar 2017                             | 380  | 100%  | 380                                    |   |

## GROUP VI - PROPERTIES HELD BY THE GROUP FOR FUTURE DEVELOPMENT IN THE PRC (con't)

## Valuation Summary as at 30 September 2014 (con't)

| No.   | Property Name                         | Holding Entity   | City      | District   | Land Use                         | Expiry Date of Land Use Term   | Site Area (According to Contract of Land Use Rights) | Site Area (According to State-owned Land Use Certificate) | Planned GFA (sq. m.) | Year of Commencement of Construction | Scheduled Year of Completion of Construction | Market Value in Existing State as at Valuation Date (RMB Million) | Interest Attributable to the Group (%) | Market Value in Existing State Attributable to the Group as at Valuation Date (RMB Million) |
|-------|---------------------------------------|--|-----------|--|----------------------------------|--|--|---|----------------------|--------------------------------------|--|---|--|---|
| 23    | Changchun Automobile City Wanda Plaza | Changchun Automobile City Wanda Plaza Investment Co., Ltd. | Changchun | Automobile Economic and Technological Development Zone | Residential, Commercial & Office | Commercial: 13 Sep 2054;<br>Residential: 13 Sep 2084                         | 178,974.00   | —   | 680,900.00           | Sep 2015                             | Sep 2018                                     | 832   | 100%                                   | 832   |
| 24    | Shanghai Qingpu Wanda Project (4)     | Shanghai Qingpu Wanda Mao Investment Co., Ltd.             | Shanghai  | Qingpu District  | Commercial, Office, Residential  | Commercial: 16 Oct 2054;<br>Office: 16 Oct 2064;<br>Residential: 16 Oct 2084 | 88,801.80  | —   | 455,148.99           | Oct 2015                             | Oct 2018                                     | No Commercial Value   | 100%                                   | No Commercial Value   |
| Total |                                       |  |           |  |                                  |  |  |   |                      |                                      |  | 21,192  |  | 20,776  |

## Notes:

- (1) Dalian Jinshi Culture and Travel Investment Co., Ltd. which held Dalian Jinshi International Resort has been spun off by the Group on 30 October 2014.
- (2) Qingdao Wanda Yacht Industry Investment Co., Ltd. which held Qingdao Wanda Yacht Industry Park has been spun off by the Group on 30 October 2014.
- (3) Xishuangbanna International Resort Development Co., Ltd. which held Xishuangbanna International Resort has been spun off by the Group on 24 October 2014.
- (4) In the course of our valuation, we have ascribed no commercial value to Shanghai Qingpu Wanda Project (No. 24) as the land premium has not been settled in full despite the Grant Contract of Land Use Rights has been obtained by the Group. Had the Group settled the land premium in full, the market value of the property in its existing state as at 30 September 2014 would be RMB976,000,000 (100% interest attributable to the Group: RMB976,000,000).



## GROUP VII - PROPERTY HELD BY THE GROUP FOR REDEVELOPMENT IN THE UK

## Valuation Summary as at 30 September 2014

| No. | Property Name                                      | Holding Entity            | City   | District                 | Land Use                                  | Land Title | Site Area<br>(sq. m.) | Planned<br>GFA<br>(sq. m.) | Year of<br>Commencement<br>of Construction | Year of<br>Completion<br>of Construction | Market<br>Value in<br>Existing<br>State as at<br>Valuation<br>Date<br>(GBP Million) | Interest<br>to the<br>Group<br>(%) | Market<br>Value in<br>Existing<br>State<br>Attributable<br>to the<br>Group as at<br>Valuation<br>Date<br>(GBP Million) |
|-----|--|---------------------------|--------|--------------------------|---|------------|-----------------------|----------------------------|--|--|---|------------------------------------|--|
| 1   | One Nine Elms Lane,<br>Note London, SW8 5NQ<br>(1) | Wanda (One) UK<br>Limited | London | Borough of<br>Wandsworth | Residential, Commercial,<br>Office, Hotel | Freehold   | 8,400.00              | 106,836.00                 | 2015                                       | 2018                                     | 133   | 79%                                | 105  |
|     | Total  |                           |        |                          |   | 8,400.00   | 106,836.00            |                            |  |  | 133   |                                    | 105  |

Note:

- (1) The market value of the property in Group VII as at the valuation date was approximately RMB1,329 million. The market value of the property in Group VII attributable to the Group as at the valuation date was approximately RMB1,049 million. The exchange rate adopted in our valuation is GBP1=RMB9.99 which was the middle rate published by the Bank of China as at the valuation date.

*DTZ Debenham Tie Leung Limited, the independent market consultant, was commissioned by the Company to prepare a report on the property and the commercial complex market in the PRC for the purpose of incorporation in this prospectus.*

*The Company has included the DTZ Market Report in this prospectus because the Company believes such information would facilitate investors to understand the property and the commercial complex market in the PRC where the Company's business operations and most properties are currently located. The Company has made a total payment of RMB750,000 for the services provided by DTZ Debenham Tie Leung Limited.*



16th Floor  
Jardine House  
1 Connaught Place  
Central  
Hong Kong

10 December, 2014

The Directors  
Dalian Wanda Commercial Properties Co., Ltd  
Levels 21 to 25, Block B  
Wanda Building, No. 93 Jianguo Road  
Chaoyang District  
Beijing, the PRC

### **Introduction**

DTZ Debenham Tie Leung Limited (“DTZ”) was engaged by Dalian Wanda Commercial Properties Co., Limited (the “Company”) to provide an independent market report (“Market Report”) of the real estate and economic markets in Beijing, Shanghai, Guangzhou, Nanjing, Chengdu, Fuzhou, Hefei, Ningbo, Xiamen, Xi’an, Changzhou, Yichang, Qingdao and Wuxi. This Market Report is prepared for the purpose of incorporation in the prospectus of the Company (the “Prospectus”) and the information will form part of the Prospectus for the listing of the Company.

### **Date of Assignment**

The contract engaging DTZ was executed on 30 June, 2014 and the fee agreed was RMB750,000. This report contains information, estimates and assumptions that reflect market conditions as of June 2014.

DTZ is one of the world’s largest real estate consulting firm, with 208 offices in 52 countries worldwide with over 27,000 employees, providing expert local knowledge.

### Scope of Services

Our scope of market research comprises the following contents:

- *Overview of the PRC Economy*

Major Indicators of the PRC Economy and the Retail Industry

- *Overview of the Real Estate Market in the PRC*

Major Indicators of the Real Estate Market, Impact of Real Estate Policies on the Market and the Development History of the Real Estate Market in the PRC.

- *Analysis of the Large Commercial Complex Market in the PRC*

Overview of the Large Commercial Complex Market, Market Position, Market Scale and Distribution, Market Drivers, Market Competition, Future Supply and Analysis of the Shopping Center Market in the PRC

- *Overview of Tourism, Cultural Tourism and the Hotel Market*

Overview of the Tourism Market, Cultural Tourism Market and the Luxury Hotel Market

- *Overview of the Local Economy and the Real Estate Market*

Overview of the cities, local economy and the real estate market of Beijing, Shanghai, Guangzhou, Nanjing, Chengdu, Fuzhou, Hefei, Ningbo, Xiamen, Xi'an, Changzhou, Yichang, Qingdao and Wuxi

### Statement of Pecuniary Interest

We confirm that DTZ has no pecuniary or other interest in the market that would conflict with a proper assessment or could reasonably be regarded as being capable of affecting our ability to give an unbiased opinion. The position will be maintained until the purpose required to be achieved by this Market Report is completed.

### Information Utilized

Our review is based on information developed from research of the markets, certain information provided by the Company and DTZ's knowledge of the industry, which is integral to the outcome of our conclusion and estimation. We have also obtained data and information for this Market Report from a wide range of sources. While due care has been undertaken in the application of the information, DTZ has no responsibility to warrant or represent that such information is accurate or correct. We also have no responsibility to update this Market Report for events and circumstances occurring after the date of issuance. The content of this market report is objective and is not intended to be in favour of the Company.

**Assumptions**

This Market Report is based on current as well as the likely future market conditions as perceived by the markets. The estimation of the future demand and supply for the commercial complex market may not materialise, and unanticipated events and circumstances may occur; therefore, actual results may vary from our estimates and the variations may be material. We do emphasis that the estimation of the future market conditions and outlook should be regarded as an indicative assessment of possibilities rather than absolute certainties.

The major findings and conclusions are based, in part, on the following critical assumptions:

- There will be no political or administrative developments that may have significant impact on the general confidence in China, specifically in Beijing, Shanghai, Guangzhou, Nanjing, Chengdu, Fuzhou, Hefei, Ningbo, Xiamen, Xi'an, Changzhou, Yichang, Qingdao and Wuxi, and adverse effects on the business activities, tourist arrivals and domestic travel.
- Support infrastructure such as fresh water, sewage treatment, electricity and gas will be supplied and generated at a consistent and reliable level to maintain end-user satisfaction.
- The existing transportation systems to and from, and within, Beijing, Shanghai, Guangzhou, Nanjing, Chengdu, Fuzhou, Hefei, Ningbo, Xiamen, Xi'an, Changzhou, Yichang, Qingdao and Wuxi will be maintained and improved to meet the accessibility requirements of the cities.
- The economies of the major places of trading, investor and tourist sources for the PRC, specifically Beijing, Shanghai, Guangzhou, Nanjing, Chengdu, Fuzhou, Hefei, Ningbo, Xiamen, Xi'an, Changzhou, Yichang, Qingdao and Wuxi, will not experience significant and sustained recession in the near future.

Yours faithfully,

for and on behalf of

**DTZ Debenham Tie Leung Limited**

**Andrew K.F. Chan**

*Registered Professional Surveyor (General Practice)*

*Registered China Real Estate Appraiser*

*MSc., M.H.K.I.S.*

**Senior Director**

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**Note:**

Andrew K. F. Chan was elected a professional member of The Hong Kong Institute of Surveyors in 1992. Mr. Chan is a Registered Professional Surveyor (General Practice) with over 27 years' experience in various fields of the property industry in the PRC and Europe. He has been providing advice relating to property valuation, development consultancy and land administration matters in the PRC and Europe and has participated in assignments in relation to property market research.

## 1. Overview of the PRC Economy

### 1.1 Major Economic Indicators

#### Overview

Despite the impact of the volatile global economic environment on the PRC economy, China's GDP maintained high-level growth in the past few years to RMB56,884.52 billion in 2013 from RMB26,581.03 billion in 2007, representing a CAGR of 13.5%, thanks to the impetus of various macro-economic policy adjustment and control measures. According to the National Bureau of Statistics of China, China overtook Japan to become the world's second largest economy in terms of nominal GDP in the second quarter of 2010.

Guided and driven by the macro-economic policies of the government, fixed asset investment maintained steady growth. China's total fixed asset investment reached RMB44,707.4 billion in 2013. China's per capita disposable income of urban residents grew significantly to RMB26,955 at the end of 2013 from RMB13,786 in 2007. Strong growth of disposable income indicates the increasing willingness to spend and the significant increase in purchasing power of urban residents.

**Table 1.1 Major economic indicators in the PRC**

|   | 2007     | 2008     | 2009     | 2010     | 2011     | 2012     | 2013     | CAGR<br>(2007-2013) |
|---|----------|----------|----------|----------|----------|----------|----------|---------------------|
| GDP (RMB billion) . . .   | 26,581.0 | 31,404.5 | 34,090.3 | 40,151.3 | 47,310.4 | 51,947.0 | 56,884.5 | 13.5%               |
| Total fixed asset<br>investment<br>(RMB billion) . . . . .            | 13,732.4 | 17,282.8 | 22,459.9 | 25,168.4 | 31,148.5 | 37,469.5 | 44,707.4 | 21.7%               |
| Foreign direct<br>investment<br>(US\$ billion) . . . . .              | 74.8     | 92.4     | 90.0     | 105.7    | 116.0    | 111.7    | 117.6    | 7.8%                |
| Per capita disposable<br>income of urban<br>residents (RMB) . . . . . | 13,785.8 | 15,780.8 | 17,174.7 | 19,109.4 | 21,809.8 | 24,564.7 | 26,955.1 | 11.8%               |

Source: National Bureau of Statistics of China

### 1.2 Economic Indicators of Retail Industry

#### Overview

According to the Outline for the Twelfth Five-Year Plan for National Economic and Social Development (國民經濟和社會發展第十二個五年規劃綱要) issued by the PRC government, boosting domestic demand will become a long-term strategic goal of the PRC government. It will shift its economic growth model from heavily relying on investment and export to focusing on domestic consumption, which is set to become the strongest driver for the PRC economic growth.

Table 1.2 Major economic indicators of the PRC retail industry

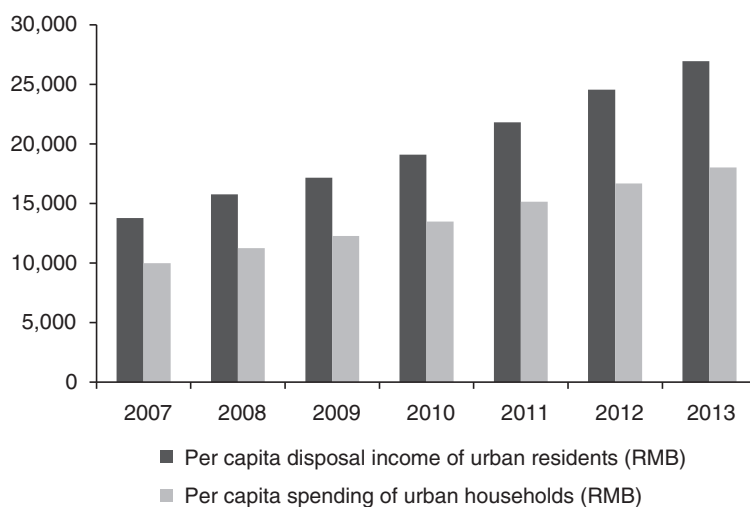
|  | 2007    | 2008     | 2009     | 2010     | 2011     | 2012     | 2013     | CAGR<br>(2007-2013) |
|--|---------|----------|----------|----------|----------|----------|----------|---------------------|
| Total retail sales of consumer goods (RMB billion) . . . . .         | 9,357.2 | 11,483.0 | 13,267.8 | 15,699.8 | 18,391.9 | 21,030.7 | 23,781.0 | 16.8%               |
| Per capita consumer spending of urban households (RMB). . . . .      | 9,997.5 | 11,242.9 | 12,264.6 | 13,471.5 | 15,160.9 | 16,674.3 | 18,022.6 | 10.3%               |
| Per capita consumer cash spending of rural households (RMB). . . . . | 2,767.1 | 3,159.4  | 3,504.8  | 3,859.3  | 4,733.4  | 5,414.5  | 6,112.9  | 14.1%               |

Source: National Bureau of Statistics of China

Sustained high-speed economic growth of China has created a favourable environment and condition for the development of consumer goods market. Total retail sales of consumer goods increased to RMB23,781 billion in 2013 from RMB9,357.2 billion in 2007. According to the Twelfth Five-Year Development Plan for Domestic Trade (國內貿易發展“十二五”規劃), total retail sales of consumer goods in the PRC are expected to reach RMB30 trillion by 2015. The size of consumption in the PRC is expected to further expand, of which the consumption of services will account for a larger proportion, with total retail sales of consumer goods exceeding RMB50 trillion by 2020. The driving role of consumption in the national economy will be further enhanced.

Per capita consumer cash spending of urban households in the PRC grew from RMB9,998 in 2007 to RMB18,023 in 2013, which was mainly attributable to the change in the perception of consumption and the steady increase in income of urban residents. When compared with the average consumer spending of rural households, consumption of urban population remained as the dominant driver and source for the growth of domestic consumption.

**Chart 1.1 Per capita disposal income and per capita spending of urban residents in the PRC**



Source: National Bureau of Statistics of China

### 1.3 Historical price trend of construction materials and labor costs

#### Raw Material

The Purchasing Price Index of Raw Material, Fuel and Power (“PPIRM”) is a common weather vane to predict construction costs which is especially important for real estate developers. According to a report conducted by National Bureau of Statistics of the PRC, the construction raw material of PPIRM fluctuated during 2008 to 2013. The peak occurred in 2008 with an index of 109.5, followed by 2011 with an index of 108.4. However, the price of raw material for construction dropped dramatically in 2012 to an index of 99.7. In 2013 it continued to decrease to an index of 98.7. In general, the price of the raw material fluctuates year on year owing to economic, political and social changes. The table below sets out the purchasing price index of raw material, fuel and power on construction materials over the periods indicated:

| Raw Material  | 2008  | 2009  | 2010  | 2011  | 2012 | 2013 |
|---|-------|-------|-------|-------|------|------|
| Purchasing Price Index of Raw Material, Fuel and Power (PPIRM) — Construction Material. | 109.5 | 101.1 | 103.8 | 108.4 | 99.7 | 98.7 |

Source: National Bureau of Statistics of China

### Steel Prices

The PRC steel prices fluctuated during 2008 to 2013. The steel product price index rose from an index of 3,690 in 2008 to the peak of 4,760 in 2010. Then, it began to drop and reached 3,600 by the end of 2013. The table below sets out the steel product price index over the periods indicated:

| Steel                               | 2008  | 2009  | 2010  | 2011  | 2012  | 2013  |
|-------------------------------------|-------|-------|-------|-------|-------|-------|
| Steel Product Price Index . . . . . | 3,690 | 3,910 | 4,760 | 4,480 | 3,800 | 3,600 |

Source: Standard Commodity Trade Centre (西本新幹線電子商務有限公司)

### Cement Prices

The PRC cement prices fluctuated during 2008 to 2013. The China Producer Price Index — Manufacture of Cement declined from an index of 111 in 2008 to reach in index of 94.7 in 2013. The table below sets out the China Producer Price Index — Manufacture of Cement over the periods indicated:

|  | 2008  | 2009 | 2010  | 2011  | 2012 | 2013 |
|--|-------|------|-------|-------|------|------|
| The China Producer Price Index—Manufacture of Cement . . . . . | 111.0 | 95.3 | 112.2 | 112.3 | 92.2 | 94.7 |

Source: Bloomberg

### Labor Costs

DTZ adopts the average annual wage level for employed worker in construction and property industries in urban area to reflect the labor costs in PRC.

#### Average annual wage level for worker in construction and property industries

|  | 2008   | 2009   | 2010   | 2011   | 2012   | 2013   |
|--|--------|--------|--------|--------|--------|--------|
| The average annual wage level for worker in urban area in property industry(RMB) . . . . . | 30,118 | 32,242 | 35,870 | 42,837 | 46,764 | 51,048 |
| The average annual wage level for worker in urban area in construction industry (RMB) . .  | 21,223 | 24,161 | 27,529 | 32,103 | 36,483 | 42,072 |

Source: National Bureau of Statistics of China

## 2. Overview of the Real Estate Market in the PRC

### 2.1 Major Indicators of the Real Estate Market in the PRC

By leveraging the driving force of rapid economic growth, domestic investment and consumption in the PRC, the real estate market in the PRC realized fast growth. Total investment in property development projects increased from RMB2,528.884 billion in 2007 to RMB8,601.338 billion in 2013. According to the National Bureau of Statistics of China, in 2013, the total area of properties completed in the PRC was 3,461,170,700 square meters; the total



area of properties under construction was 13,531,271,900 square meters; and the total area of commodity properties sold was 1,305,505,900 square meters, all of these figures achieved significant growth when compared with 2007. During the same period, sales of commodity properties increased both in volume and value as a result of stronger demand from investors for properties. The average selling price of commodity properties increased from RMB3,863.9 per square meter in 2007 to RMB5,791.0 per square meter in 2012, while sales of commodity properties increased from RMB2,988.912 billion in 2007 to RMB8,142.828 billion in 2013, representing an increase of 50% and 172%, respectively.

**Table 2.1 Major indicators of the real estate market in the PRC**

|  | 2007    | 2008    | 2009    | 2010    | 2011     | 2012     | 2013     | CAGR<br>(2007-2013) |
|--|---------|---------|---------|---------|----------|----------|----------|---------------------|
| Total investment in property development projects (RMB billion) . . . . .                              | 2,528.9 | 3,120.3 | 3,624.2 | 4,825.9 | 6,179.7  | 7,180.4  | 8,601.3  | 22.6%               |
| Total area of properties completed (Million m <sup>2</sup> )** . . . . .                               | 2,384.3 | 2,603.1 | 3,021.2 | 2,785.6 | 3,290.7  | 3,355.0  | 3,461.2  | 6.4%                |
| Total area of properties under construction (Million m <sup>2</sup> ) . . . . .                        | 5,485.4 | 6,322.6 | 7,541.9 | 8,440.6 | 10,355.2 | 11,672.4 | 13,531.3 | 16.2%               |
| Total area of properties completed by property developers (Million m <sup>2</sup> )** . . . . .        | 606.1   | 665.4   | 726.8   | 787.4   | 926.2    | 994.2    | 1,014.3  | 9.0%                |
| Total area of properties under construction by property developers (Million m <sup>2</sup> ) . . . . . | 2,363.2 | 2,832.7 | 3,203.7 | 4,053.6 | 5,067.8  | 5,734.2  | 6,655.7  | 18.8%               |
| Total area of commodity properties sold (Million m <sup>2</sup> ) . . . . .                            | 773.5   | 659.7   | 947.6   | 1,047.6 | 1,093.7  | 1,113.0  | 1,305.5  | 9.1%                |
| Sales of commodity properties (RMB billion) . . . . .  | 2,988.9 | 2,506.8 | 4,435.5 | 5,272.1 | 5,858.9  | 6,445.6  | 8,142.8  | 18.2%               |
| Average selling price of commodity properties (RMB/m <sup>2</sup> ) . . . . .                          | 3,863.9 | 3,800.0 | 4,681.0 | 5,032.0 | 5,357.1  | 5,791.0  | —        | 8.4%*               |
| Area of commercial properties sold (Million m <sup>2</sup> ) . . . . .                                 | 46.4    | 42.1    | 53.3    | 69.9    | 78.7     | 77.6     | —        | 10.5%*              |

Source: National Bureau of Statistics of China

\* CAGR calculated between 2007 and 2012

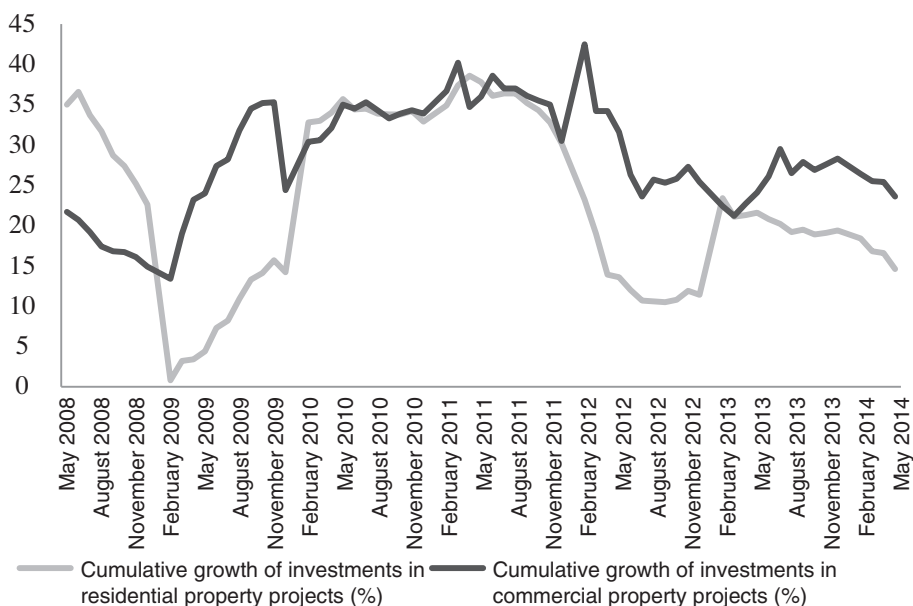
\*\* "Total area of properties completed" includes infrastructure, public facilities and properties constructed by government for public uses whereas "total area of properties completed by property developers" includes property build solely for trading purpose.

### 2.3 Impact of Policies in the Real Estate Industry on the Commercial Property Market

In recent years, the PRC government introduced a series of adjustment and control policies on the domestic property market, in particular the residential property market in the PRC. As a result, property purchases for investment and speculative purposes had been effectively curtailed, and the property market is gradually stabilizing. As the property market showed a downward trend, there have been new changes in government policies to control the property market. Following the introduction of the concepts of “differentiated control” over the property market by cities and by locations, suppression of speculative and investment demand, as well as facilitating the steady and healthy development of the property market by the central government at the beginning of 2014, many local governments have released signals of relaxing the control over the property market, including relaxation of the policy of limited purchase in more than ten cities, such as Jinan, Haikou, Hangzhou, Suzhou, Xuzhou and Wenzhou. According to some incomplete statistics, as of the end of July, 24 cities out of the 46 cities that have introduced the limited purchase measure in the PRC have relaxed or abrogated such measure, of which, 10 cities have confirmed such relaxation officially. It is expected that restrictive policies and control relaxations will co-exist at the same time in the near future. The government will continue to curtail speculative and investment demand while mainly guiding and stimulating the demand for first property purchases and properties for self-occupation. On the other hand, as commercial complexes can meet not only local governments’ pursuit of GDP growth, but can also enhance city image, increase government taxation revenue and boost local employment, local governments will impose relatively loose control over the development of commercial properties, especially commercial complexes, in contrast with strict controls over the residential property market.

Strict government control over residential property market has resulted in the influx of property developers and investors into the commercial property market, where government policies are relatively relaxed and investment returns are higher, which in turn has led to the continuous growth of investments in commercial property projects. According to the year-on-year data on cumulative investments in property development projects, the year-on-year growth of investments in commercial property projects has been higher than that of investments in residential properties since 2009. Data from the National Bureau of Statistics of China shows that the cumulative growth rate of investments in commercial property projects has remained over 20% since 2009. After 2012, the growth of investments in residential property projects has slowed down, and the growth of investments in commercial property projects has been higher than that of investments in residential property projects.

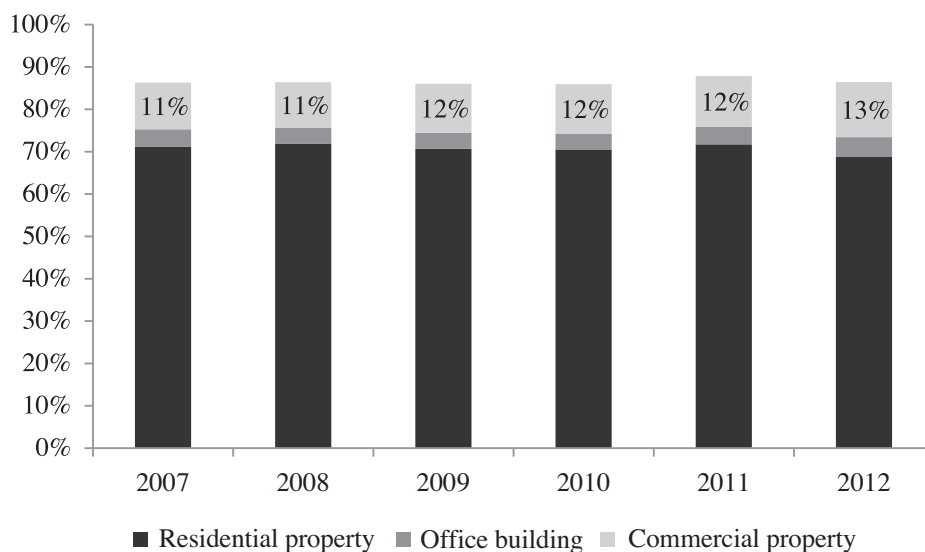
**Chart 2.1 Cumulative growth rate of investments in various segments**



Source: National Bureau of Statistics of China

Despite the significant growth rate of investments for commercial properties in recent years, the total investment in commercial property projects still accounts for a small share of total investment in properties in the real estate industry.

**Chart 2.2 Percentage of completed investment amounts in commercial property projects**



Source: National Bureau of Statistics of China

## **2.4 Development History of the Real Estate Market in the PRC**

Since the initial proposal for the establishment of a real estate market in the PRC in 1987, there have been construction, sale and purchase of commodity houses as well as trading and leasing activities of housing inventories continuously, thereby the market for trading and leasing of new commodity houses and housing inventories is gradually formed.

In 1992, a property boom was started in many areas in the PRC, resulting in an increase in the number of property development companies and an upsurge of property development and investment. Following the macro austerity measures in the second half of 1993, the Government issued numerous documents, namely Notice on Continuous Strengthening of Austerity Measures for Investment in Fixed Assets, Notice on Strict Control over High-end Property Developments, and Urban Real Estate Administration Law, to strengthen its management over the property market.

Since 1998, as a result of the abrogation of physical housing allocation system, construction of houses has been accelerated upon the introduction of numerous concession policies such as reduction and exemption of taxes, which stimulated the secondary housing market. Meanwhile, development of the commodity housing market was directly stimulated with steady increase in both price and trading volume of houses, the real estate market and the real estate industry of the PRC entered into a period of stable growth.

The property market has remained overheated as a result of the rapid increase in property investment after 2003. Various policies and measures for controlling the property market have been frequently introduced by the Government with a view to stabilize the market. Rapid growth momentum was seen in the PRC property market following the global financial crisis in 2008, the Government promulgated macro austerity measures, such as the Eleven Measures of the State Council, Ten Measures of the State Council, and Five New Measures of the State Council, to cool down the property market, while adopting initiatives for reinforcing the establishment of the housing security system and adopting strict and tight policies on the supply of construction land, to safeguard the healthy development of the property market.

## **3. Analysis of Large Commercial Complex Market in the PRC**

### **3.1 Overview**

With expansion of city size, concentration of population in urban areas and fast growth of income of residents in the PRC, commercial needs of consumers become increasingly stronger. Furthermore, building diversified commercial complexes has become an important way for local governments to improve residential environment and urban living standards.

DTZ defines a “large commercial complex” as a property development project with a total gross floor area of over 300,000 square meters, including a self-possession retail component and two or more additional functions such as office, residential, hotel and exhibitions, in which the property developer holds more than 50% of its total gross floor area.

### 3.2 Market Position

The business of Wanda Commercial Properties commenced from 1988 in Dalian. The Company is one of the first property developers established in the PRC and is also one of the first property companies participating in urban renewal projects. Upon incorporation of a company in Guangzhou in 1993, Wanda Commercial Properties began to develop property projects across China and was among the first property developers realizing cross-region development. According to the Comprehensive Rankings of PRC Property Developers in Commercial Properties (中國房地產開發企業商業地產綜合排名) issued by China Real Estate Association (中國房地產協會) in 2014, Wanda Commercial Properties is the No.1 commercial property developer in the PRC.

**Table 3.1 2014 The comprehensive rankings of PRC property developers in commercial properties**

| Ranking      | Name of Enterprise          |
|--------------|-----------------------------|
| 1 . . . . .  | Wanda Commercial Properties |
| 2 . . . . .  | Powerlong Real Estate       |
| 3 . . . . .  | Excellence Group            |
| 4 . . . . .  | R&F Properties              |
| 5 . . . . .  | AUX Inc.                    |
| 6 . . . . .  | Wuzhou International        |
| 7 . . . . .  | Pengxin Group               |
| 8 . . . . .  | Dasin Real Estate           |
| 9 . . . . .  | Hillsun Real Estate         |
| 10 . . . . . | Aoyuan Real Estate          |

*Source: China Real Estate Association*

*Data as of March 26th 2014*

As the sole business platform for commercial property investment and operation under Wanda Group, Wanda Commercial Properties commenced developing commercial properties in 2000 and was a pioneer in developing commercial properties in the PRC. After adopting the business models of single commercial building and mixed-use commercial complex, Wanda Commercial Properties introduced its large-scale, mixed-use integrated complex products around 2005 and became one of the first property developers engaged in integrated commercial complex development in the PRC. As the commercial property market in the PRC continued to develop and improve, Wanda Commercial Properties, being one of the earliest promoters and practitioners of experiential consumption, proposed a plan focusing on the development of experiential consumption around 2011. As of June 30, 2014, Wanda Commercial Properties owned 89 completed shopping centers, and were almost reached full occupancy in the early stage of opening. The Company held investment properties with an area of approximately 14.73 million square meters across China. Revenue from property rentals and management fees reached RMB8.48 billion and an annual customer traffic of 1.23 billion was recorded in 2013, making it the largest commercial property developer, operator and owner in the PRC.

**Table 3.2 Comparison between Wanda Commercial Properties and leading property developers in the PRC (including Hong Kong) in terms of area of investment properties**

| <b>Ranking</b> | <b>Name of Enterprise</b>    | <b>Area of investment properties held<br/>(ten thousand m<sup>2</sup>)</b> |
|----------------|------------------------------|--|
| 1 . . . . .    | Wanda Commercial Properties* | 1,473  |
| 2 . . . . .    | Sun Hung Kai Properties      | 375  |
| 3 . . . . .    | Greenland Group              | 300  |
| 4 . . . . .    | New World China Land         | 246  |
| 5 . . . . .    | China Resources Land         | 229  |
| 6 . . . . .    | The Wharf (Holdings)         | 214  |
| 7 . . . . .    | Hang Lung Properties         | 206  |
| 8 . . . . .    | SZITIC Commercial Property   | 200  |
| 9 . . . . .    | Powerlong Real Estate        | 179  |
| 10. . . . .    | Evergrande                   | 167  |

Source: DTZ

\* Data as of June 30, 2014

Meanwhile, Wanda Commercial Properties is also among the property developers with the highest sales revenue in the PRC. In 2013, it ranked the third highest among PRC property developers in terms of contracted sales.

**Table 3.3 Ranking of property developers in the PRC in terms of contracted sales for 2013**

| <b>Ranking</b> | <b>Name of Enterprise</b>   | <b>Sales (RMB100 million)</b> |
|----------------|-----------------------------|-------------------------------|
| 1 . . . . .    | Vanke                       | 1,776                         |
| 2 . . . . .    | Greenland Group             | 1,625                         |
| 3 . . . . .    | Wanda Commercial Properties | 1,263                         |
| 4 . . . . .    | Poly Real Estate            | 1,251                         |
| 5 . . . . .    | China Overseas Property     | 1,103                         |

Source: DTZ, China Index Academy

In terms of sales area, Wanda Commercial Properties, which has achieved sales area of 6.29 million square meters in 2013, is not listed in the top 5.

**Table 3.4 Ranking of property developers in the PRC in terms of sales area in 2013**

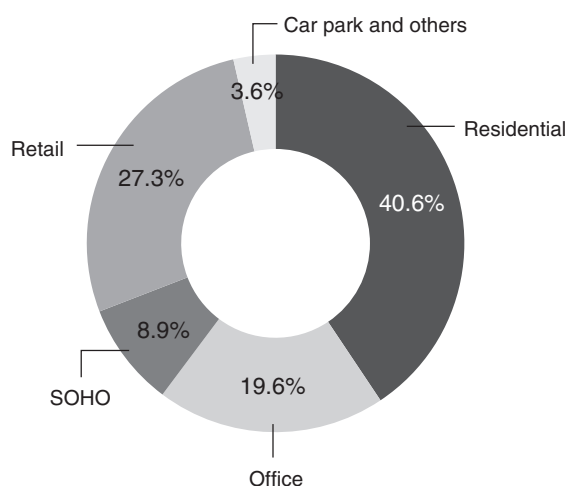
| <b>Name</b> | <b>Enterprise</b> | <b>Sales area (million square meters)</b> |
|-------------|-------------------|---|
| 1 . . . . . | Greenland Group   | 16.6                                      |
| 2 . . . . . | Country Garden    | 15.9                                      |
| 3 . . . . . | Vanke             | 14.9                                      |
| 4 . . . . . | Evergrande        | 14.9                                      |
| 5 . . . . . | Poly Real Estate  | 10.6                                      |

Sources: DTZ, Annual Reports of Developers and Greenland Group Operation Disclosure

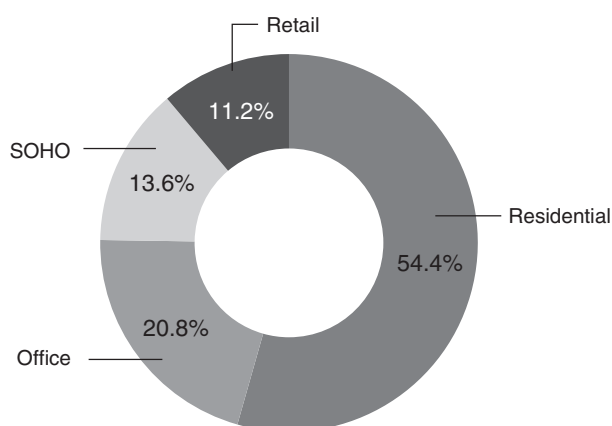
Apart from Wanda Commercial Properties, all property developers listed above mentioned in these two rankings focus on residential property development. Most direct competitors of the Company which specialized in commercial property operation and development are not at the same level with the Company in terms of size, sales area and revenue. Therefore, only top ranked property developers in the industry with a sales revenue level similar to that of the Company are reliable comparables.

According to the information provided by Wanda Commercial Properties, the sales revenue of residential property constitutes 40.6% of the total sales revenue of the Company in 2013, which was approximately RMB30,457 million whereas the sales area of residential property represented 54.4% of the total sales area of Wanda Commercial Properties which was 3.4 million square meters.

**Breakdown of sales revenue of Wanda Commercial Properties based on types of properties in 2013**



**Breakdown of sales area of Wanda Commercial Properties based on types of properties in 2013**



Both sales revenue and sales area derived from sales of residential properties are relatively small in Wanda Commercial Properties comparing with these property developers specialise in residential property development.

In terms of operational area, Wanda Commercial Properties is the largest retail operator in China.

**Table 3.5 2013 Rankings of Chinese retail operators in terms of operational area**

| Ranking     | Name of Enterprise                 | Operational area (ten thousand m <sup>2</sup> ) |
|-------------|------------------------------------|---|
| 1 . . . . . | Wanda Commercial Properties        | 1,473   |
| 2 . . . . . | Shanghai Friendship                | 600   |
| 3 . . . . . | Dashang Group                      | 400   |
| 4 . . . . . | Shangdong Yinzuo                   | 260   |
| 5 . . . . . | Beijing Hualian Group              | 225   |
| 6 . . . . . | Yintai Department Store            | 212   |
| 7 . . . . . | Rainbow Department Store           | 195   |
| 8 . . . . . | Chongqing Department Store         | 174   |
| 9 . . . . . | New World Department Store (China) | 165   |
| 10. . . . . | Parkson Retail Group               | 160   |

Source: DTZ, Annual Reports of Operators  
Data as of June 30, 2014

From a global perspective, Wanda Commercial Properties is the world's second largest commercial property owner and operator in terms of area of properties held.

**Table 3.6 Ranking of global commercial property developers in terms of area of investment properties held**

| Ranking     | Name of Enterprise          | Area of investment properties held (ten thousand m <sup>2</sup> ) |
|-------------|-----------------------------|---|
| 1 . . . . . | Simon Property Group*       | 2,248   |
| 2 . . . . . | Wanda Commercial Properties | 1,473   |
| 3 . . . . . | GGP                         | 1,161   |
| 4 . . . . . | Kimco Realty Corporation**  | 1,124   |
| 5 . . . . . | Westfield Group             | 843   |

Source: DTZ

\* Data as of March 31, 2014

\*\* Data as of June 30, 2014

**Table 3.7 2013 Rankings of global retail operators in terms of operational area**

| Ranking     | Name of Enterprise          | Operational area (ten thousand m <sup>2</sup> ) |
|-------------|-----------------------------|---|
| 1 . . . . . | Sears Holdings              | 2,170   |
| 2 . . . . . | Wanda Commercial Properties | 1,473   |
| 3 . . . . . | Macy's                      | 1,395   |
| 4 . . . . . | J.C. Penney                 | 1,027   |
| 5 . . . . . | Kohl's                      | 777   |

Source: DTZ, Annual Reports of Operators  
Data as of June 30, 2014

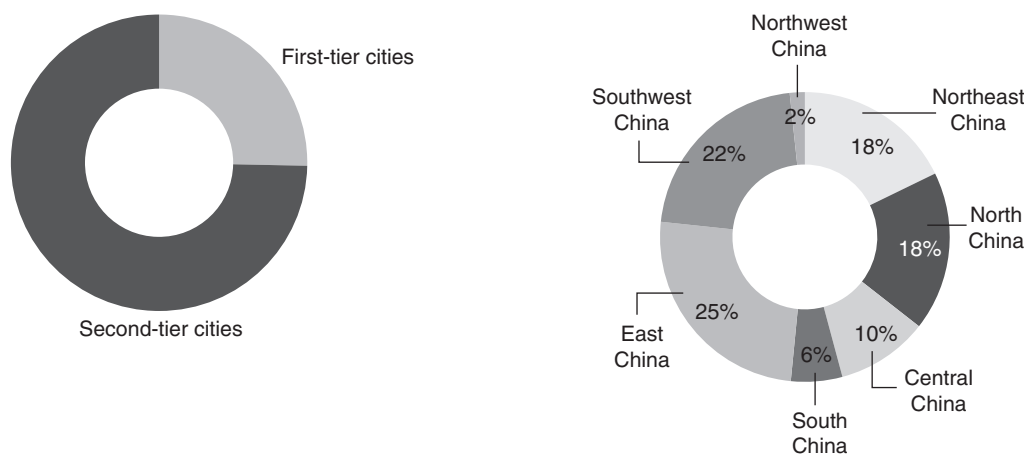


**3.3 Market Size and Distribution**

According to a survey conducted by DTZ on the large commercial complex markets in 19 key first- and second-tier cities<sup>1</sup> in the PRC, as at the end of June 2014, there were approximately 183 operating large commercial complex projects with a total area of approximately 115.54 million square meters in these 19 cities. The area of completed commercial complex developed by Wanda Commercial Properties is 14.7 million square meters, which accounts for approximately 12.7% of the total market share.

Inventories of medium and large commercial complexes of Wanda Commercial Properties have exceeded 75% of the total inventories in second-tier cities, while inventories of large commercial complexes in first-tier cities such as Beijing, Shanghai, Guangzhou and Shenzhen account for approximately 25% only. In terms of geographical distribution, approximately one quarter of the existing large commercial complexes are concentrated in east China regions, including Shanghai, Nanjing and Hefei.

**Chart 3.1 Distribution of large commercial complex projects in first-tier and second-tier cities**



Source: DTZ

Based on our observation, most of the third-tier cities are different from first- and second-tier cities to a certain extent in terms of current economic strength, demographic profile and economic development focuses. Therefore their business models are relatively backward and are still dominated by traditional department stores. Despite the favourable policies of local governments encouraging the development of commercial complexes, commercial complexes in third-tier cities are mostly residential and office properties for sale and the number of true commercial complexes is still quite limited due to the restraints of economic and market environment. As competition in the commercial property markets in first- and second-tier cities intensifies, third-tier cities<sup>2</sup> will become the major target of market expansion of large commercial complexes in the future.

<sup>1</sup> DTZ defines Beijing, Shanghai, Shenzhen and Guangzhou as first-tier cities, whereas other municipalities, capital cities of provinces, cities of sub-provincial level and regional centers with relatively developed economies, and planned individual cities with developed economies are defined as second-tier cities.

<sup>2</sup> DTZ defines third-tier cities as capital cities of provinces with relatively developed economies, economically-developed prefecture-level cities and other cities with strong economies.

### 3.4 Growth Drivers for Commercial Complexes

#### *Urbanization progress and population growth*

With the acceleration of industrialization progress since the reform and opening-up of the PRC, China's urbanization has undergone a rapid development process from a low initial level. According to data derived from the sixth national census conducted in 2010, the number of cities in the PRC increased by almost 350% from 193 in 1978 to 658 in 2010.

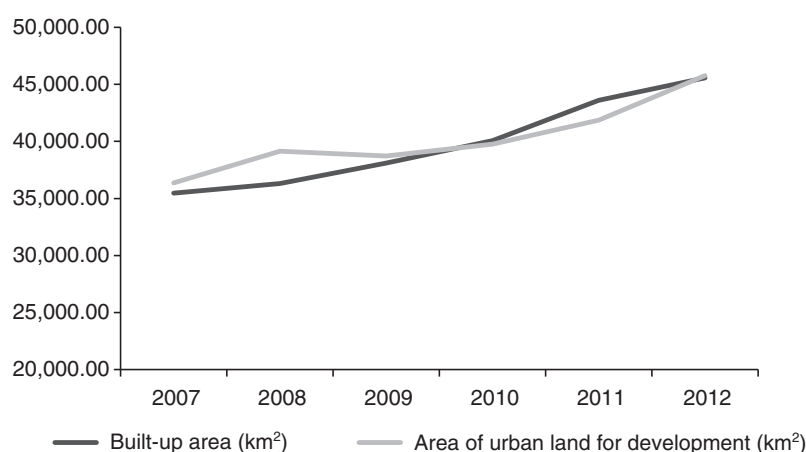
**Table 3.8 Changes in the number of cities and size of urban population in the PRC**

| Cities  | 1978       | 2010       |
|---|------------|------------|
| Cities with population of more than 10 million . . . . .    | 0          | 6          |
| Cities with population of 5 million to 10 million . . . . . | 2          | 10         |
| Cities with population of 3 million to 5 million . . . . .  | 2          | 21         |
| Cities with population of 1 million to 3 million . . . . .  | 25         | 103        |
| Cities with population of 500,000 to 1 million. . . . .     | 35         | 138        |
| Cities with population of less than 500,000 . . . . .       | 129        | 380        |
| <b>Total</b> . . . . .                                      | <b>193</b> | <b>658</b> |

Source: *The sixth national census in 2010*

Meanwhile, PRC cities have accelerated expansion in size. By 2012, the built-up area and area of urban land for development reached 45,566 km<sup>2</sup> and 45,751 km<sup>2</sup>, respectively, representing increases of approximately 28% and 26% from 2007, respectively.

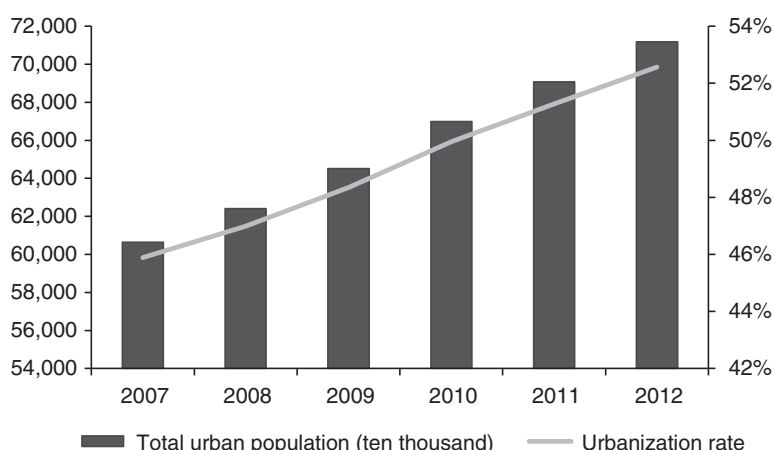
**Chart 3.2 Built-up area and area of land for development in PRC cities**



Source: *National Bureau of Statistics of China*

In the past 10 years, the urbanization rate of the PRC had been increasing at a rate ranging from 1% to 1.5% on an annual basis, reaching 52.57% in 2012. Each 1% increase in urbanization rate means the influx of approximately 13 million population into cities, which no doubt will generate huge demand for residential properties and consumption. According to the National Plan on New Urbanization (2014-2020) (國家新型城鎮化規劃(2014-2020年)) promulgated by the State Council of the PRC, the level and quality of urbanization in the PRC will keep steady growth in the near future and the urbanization rate of the PRC will reach 60% by 2020.

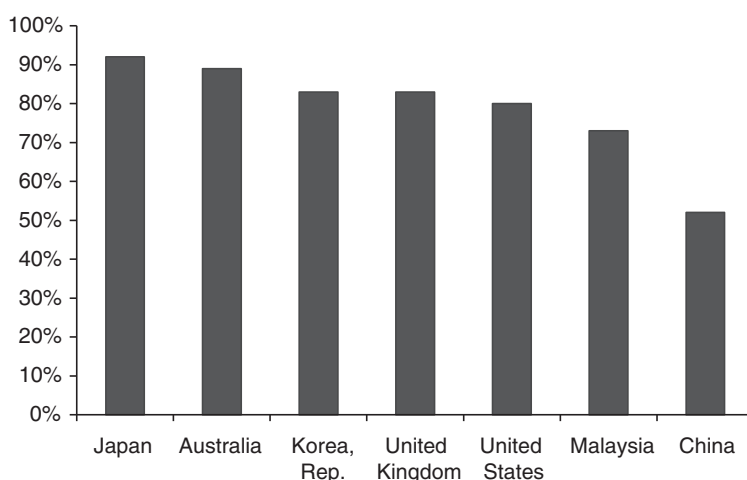
**Chart 3.3 Total urban population and urbanization rate in the PRC**



Source: National Bureau of Statistics of China

Notwithstanding the obvious accelerated urbanization progress, China's urbanization still remains at a low level compared to developed countries and other major countries in Asia. With steady economic growth in the PRC, further increase in the urbanization rate has become a long-term trend for the future development of the PRC.

**Chart 3.4 Comparison of urbanization rates of major countries in 2013**



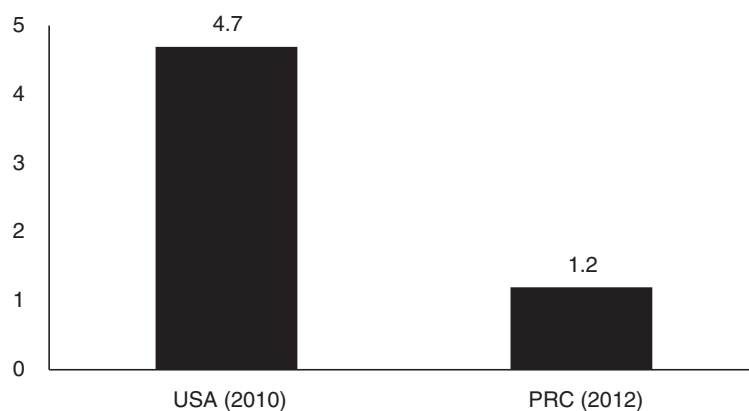
Source: World Bank

The development of the real estate industry in the PRC will still be driven by the mobility of population brought by urbanization, and commercial properties will be the driving force during such process. Commercial properties, in particular commercial complexes, will become a pivotal factor in stimulating consumption and driving investments.

#### *Upgrade of consumption structure*

As a country with a population of more than 1.3 billion and maintaining continuous and steady growth in its economy, China has a large-scale consumer market with great potential for development. As indicated in the research report released by the Boston Consulting Group, the total consumption amount in the market of China in 2011 has accounted for more than 5% of the gross amount in the world, ranking only behind the markets of developed nations including USA, Japan, Germany and the United Kingdom. This percentage will increase to 14% by 2015 under the positive impact of immense growth potential of the PRC market. By then, China will become the world's second largest consumer market, ranking only behind USA. However, in terms of per capita commercial area, China has a per capita commercial area of approximately 1.2 square meters at the moment, which is still at a low level when compared with developed nations like USA, and is inconsistent with its status as a country with high consumption power.

**Chart 3.5 Comparison of per capita commercial area between the PRC and USA (square meters)**



Sources: DTZ and Urbis

The rapid growth of the PRC market was mainly attributed to the beneficial effects of continuous wealth accumulation by the Chinese consumers and their enhanced willingness for consumption as a consequence. During the past six years from 2007 to 2012, the CAGR of per capita disposable income of urban residents in the PRC reached 15.5%. Rapid increase in Chinese residents' income enabled upgrading of their consumption vigorously, with a significant increase in certain categories of consumption expenditures, such as transportation, communication, culture, education and entertainment.

In the current consumption of urban residents in China, consumptions on food, clothings, household durable goods and other commodities still account for a large proportion, while consumptions on housing, transportation, communication, culture, education and entertainment, medical care and other services only account for 37%, which is similar to that of USA in mid-1980s. Percentage of consumption on services by American residents increased to approximately 46% after nearly 30 years' development. We anticipate that, in the next decade, the percentage of consumption on culture, education, entertainment and other services by residents in China will increase substantially, under the double impacts of increasing income and upgrading of consumption. In the course of upgrading consumption pattern by Chinese residents, greater developing opportunities will be available to those commercial complexes which offer consumers not only with one-stop shopping and recreational functions, but also focus on consumers' shopping experience as well as their entertainment needs.

**Table 3.9 Comparison of consumption patterns between the PRC and USA**

| <b>USA</b>  | <b>1982</b> | <b>1983</b> | <b>1984</b> | <b>1985</b> | <b>2012</b> |
|---|-------------|-------------|-------------|-------------|-------------|
| Percentage of expenditure on housing, medical care, transportation and communication, culture, education and entertainment services . . . . . | 38.4%       | 38.4%       | 38.5%       | 38.8%       | 45.9%       |
| <b>PRC</b>  | <b>2009</b> | <b>2010</b> | <b>2011</b> | <b>2012</b> |             |
| Percentage of expenditure on housing, medical care, transportation and communication, culture, education and entertainment services . . . . . | 35.7%       | 36.7%       | 35.7%       | 35.8%       |             |

*Sources: Bureau of Economic Analysis of USA, National Bureau of Statistics of China and DTZ*

### 3.5 Market Competition

Commercial complexes appear at early times in the first and second-tier cities in China and its development is relatively mature at present. As urban areas gradually expanded into the suburbs, more and more people choose to reside in suburbs instead of urban areas, it becomes a trend that a number of commercial complexes expand to suburbs from urban areas, with an increasing scale. With the development of the real estate market and economic markets in PRC cities as well as the continuously rising land prices, a significant number of third-tier and fourth-tier cities have become competitive markets where real estate enterprises compete to develop commercial property projects.

Currently, more active real estate developers in the PRC commercial property market are mainly classified into two categories: one category consists of foreign developers with abundant development and operating experience, such as CapitaLand, Hang Lung Properties and Swire Properties. These overseas developers are not urgent to expand their market shares and their main characteristic is to maintain steady development in the first- and second-tier cities. The other category is domestic property developers with abundant financial resources, their development projects are widely distributed across the country. For most of the domestic property developers, such as Longfor Properties, Vanke and Poly Real Estate,

residential properties are their major line of products and commercial complex is their main focus when expanding into the commercial property segment. For some other developers such as CR Land, COFCO Land, Yintai Land, they have more mature product lines of commercial properties and own a certain number of commercial complex projects.

Currently, competition in the development of medium and large commercial complexes in PRC cities has become more and more intensive. Overseas commercial property developers have sophisticated management and operating experience, while major domestic commercial property developers have relatively mature product lines. In addition, some newly entered developers of commercial properties also attract a lot of attention by virtue of their accumulated branding effect and good reputation in the residential property development sector. As commercial complexes in first- and second-tier cities are approaching saturation, market competition are becoming more and more intensive and investment cost has been increasing year by year, an increasing number of developers and retailers intend to expand their business to third-tier cities.

### **3.6 Future Supply of Large Commercial Complex**

According to the statistics of DTZ, from 2014 to 2016, a supply of approximately 118.40 million square meters of commercial complex will be injected into the market of first- and second-tier cities, of which three quarters of the supply will come from the second-tier cities. This shows that the urban consumption demand and purchasing power in second-tier cities are increasing rapidly, enabling them to become the main target markets of large commercial complexes.

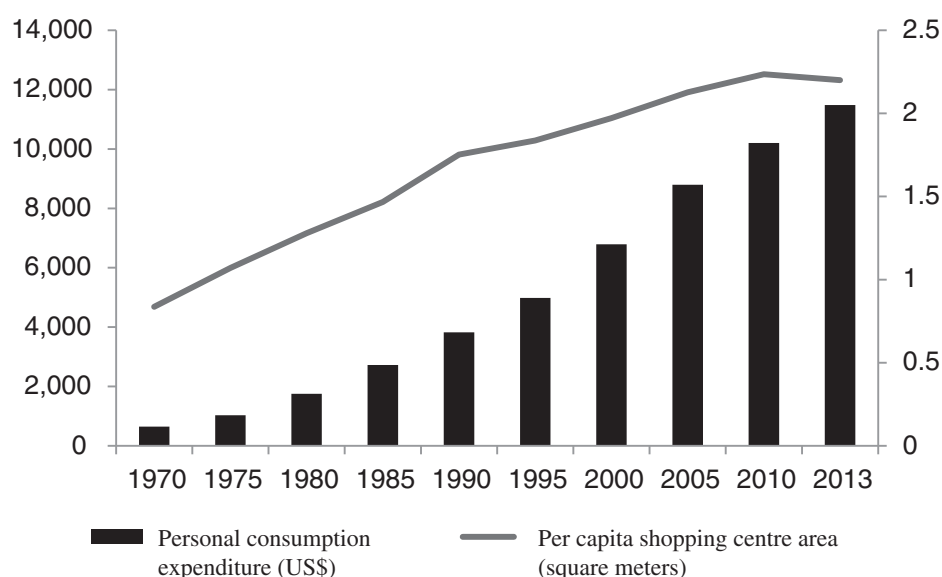
According to our analysis on survey and research, the future supply of large commercial complexes in third-tier cities will increase when compared with the past few years, but the total supply remain at a low level. Along with the accelerated urbanization process in China as well as the rapid growth in the income level of residents, the demand for commercial complex developments in these cities will continue to increase in the near future.

### **3.7 Market Analysis of Shopping Centres**

#### *Overall Current Conditions of the Shopping Centre Market*

When compared with developed countries, such as USA and Japan, the development history of shopping centres in the PRC is relatively short. There were no shopping centres in the PRC before 1980s. Until mid to late 1980s, exploration on shopping centres began in some large cities, such as Beijing and Shanghai, and shopping centres started to develop. However, shopping centres in USA have a long history and developed at a fast pace during the past few decades, its per capita shopping centre area also experienced a rapid growth trend.

**Chart 3.6 Growth trend in per capita shopping centre area and per capita consumption expenditure in USA**



Sources: ICSC (International Council of Shopping Centers), Bureau of Economic Analysis of USA

The development concept of shopping centres in the PRC, and its characteristics, such as self-positioning, scale, mix of functions, and degree of specialisation, have been constantly changing along with economic development. According to these characteristics, the development history of shopping centres in the PRC can be divided into four stages, the characteristics of each stage set out in the following table:

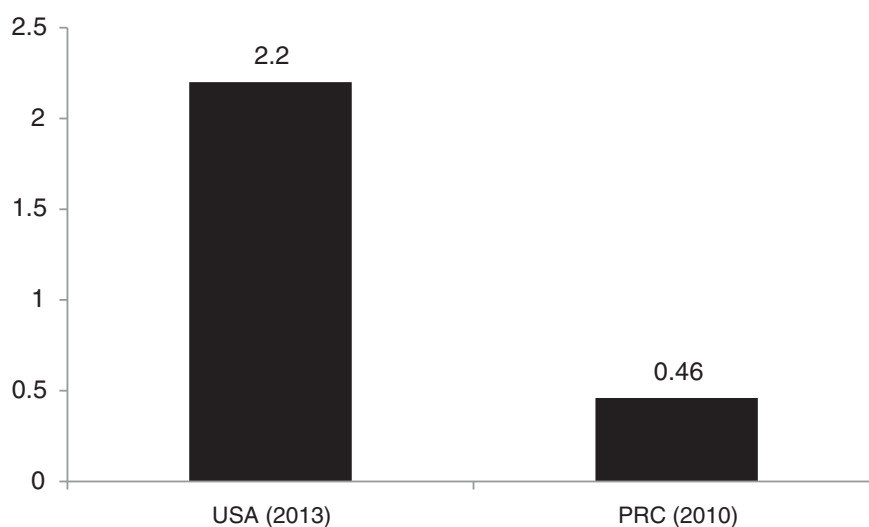
**Table 3.10 Development stages of shopping centres in the PRC**

|  | <u>Prototype stage</u>                     | <u>Formation stage</u>                             | <u>Development stage</u>   | <u>Mature stage</u>  |
|--|--|--|--|--|
| <b>Period of time</b> . . . . .        | 1980s                                      | 1990s  | 2000 to now  | next decade  |
| <b>Stage characteristics</b> . . . . . | Spontaneous exploration                    | Active attempt                                     | Overall development  | Rational return  |
| <b>Driving power</b> . . . . .         | Competition pressure                       | Opportunities in emerging market                   | Attraction of high returns   | Market competition   |
| <b>Main developers</b> . . . . .       | Upgrading of traditional department stores | Large state-owned enterprises, foreign enterprises | Large state-owned enterprises, foreign investment institutions, local small developers | Large enterprises and foreign investment institutions with huge capital and strong professional capabilities |

|  | Prototype stage   | Formation stage   | Development stage  | Mature stage  |
|--|---|---|--|---|
| <b>Development model</b> . . .             | Upgraded traditional department stores, increased the proportion of catering and entertainment, differentiated from standard shopping centres | Firmly followed the development model for shopping centres in developed countries, focusing on holding properties, and realized investment return through receiving rent and value appreciation of properties | Divergence started and speculation emerged partly to inherit the development concept of formation stage to realize Chinese characteristics, and partly begun speculation | Surplus appears in part of the market, developments of shopping centres return to rational position after market adjustment |
| <b>Resulting characteristics</b> . . . . . | No iconic projects with significant influence   | A series of projects with “shopping centres model” effect occurred  | Differentiated operating conditions of shopping centres in the PRC   | —   |

According to the statistics of the International Council of Shopping Centers (ICSC), the per capita shopping area of the PRC in 2010 is approximately 0.46 square meters, only about one fifth of that in USA, leaving wide space for future development.

**Chart 3.7 Comparison of per capita shopping centre area between the PRC and USA (square meters)**

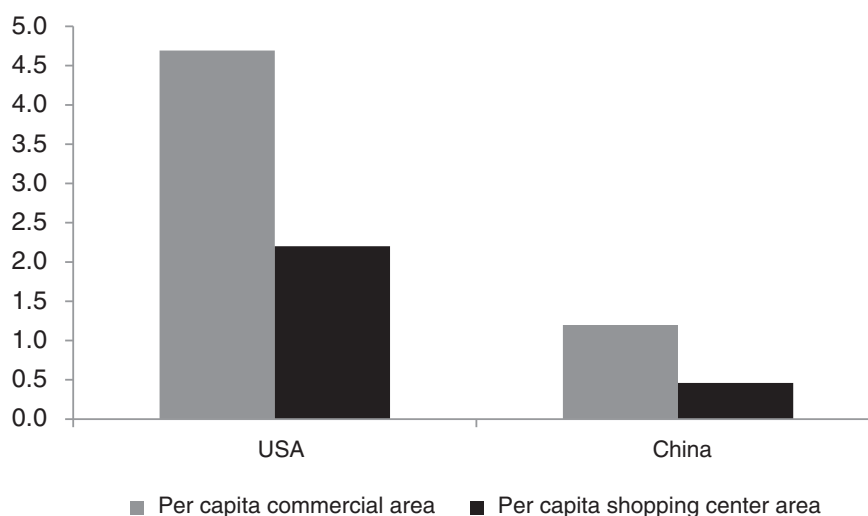


Source: International Council of Shopping Centers (ICSC)

As analysed based on existing information, the proportion of the per capita shopping centre area of USA in its per capita commercial area is nearly 50%, but such proportion is only 38% in the PRC. When compared with USA, the proportion of shopping centres in the commercial segment of the PRC is particularly low, with the continuing development and maturing of the commercial market in future, there will be more room for such proportion to increase.



**Chart 3.8 The proportion of per capita shopping centre area to commercial area in the PRC and USA**



Sources: DTZ, ICSC, Urbis

Currently, the shopping centres are penetrating from the first-tier developed cities towards the second-tier and third-tier cities, and municipal shopping centres has been the main stream of the current development of domestic shopping centres. The operating model of shopping centres has shifted from a large and comprehensive model to a thematic and refined model. With regard to the trade mix, its development trend is towards diversification, thematic and leisure style. Most shopping centres in mature business districts of the first-tier and second-tier cities are operated with themes of young fashion or as high-end boutique projects, while the themes of shopping centre projects in emerging business districts or suburbs of cities are mainly on lifestyle services and family entertainment.

#### *Current conditions of the shopping centre market in cities of various levels*

In the recent decade, the development of shopping centres experienced fast growth in first-tier and second-tier cities. Due to intense competition and increasing investment cost in first-tier and second-tier cities' shopping centre markets, an increasing number of developers switch their focus of project expansion to third-tier and fourth-tier cities. The operating conditions of shopping centres in each level of cities are differentiated with various circumstances.

- **First-tier and Second-tier Cities**

In general, the stage of economic development in first-tier cities are in the advanced position, their retail markets are relatively mature, shopping centres therein were developed earlier, and their current per capita shopping centre floor area are relatively large; while the development of shopping centres in second-tier cities started later, but speeded up in recent years, in some of these cities, the number of newly-opened shopping centres in the past two years exceeds the number in first-tier cities, and GFA for standalone projects is relatively large.

With regard to the trade mix and positioning, most shopping centres in mature business districts in first-tier and second-tier cities are operated with the theme of young fashion or as high-end boutique projects, of which, the positioning of shopping centres in first-tier cities is higher than that in second-tier cities. Most of the shopping centre projects in first-tier cities are for lease only, which helps to keep the quality of the projects; while in the second-tier cities, many shopping centre projects are sold to external customers, and then managed under unified shopping centre management.

Retail industry is dynamic and needs to grasp and keep up with the market development trend. In general, the shopping centres in the first-tier and second-tier cities developed relatively early and therefore a certain volume of shopping centres exists in these cities. With more mature operation management of modern shopping centres and enthusiasm for experiential consumption, the consumption attracted by shopping centres also develops from traditional shopping consumption, such as clothing, to experiential consumption. Premium shopping centres with advantageous geographical location, reasonable planning and design and diversified business profiles, and abilities to cater for changing demands from customers and tenants, can attract a large number of consumers, and enjoy much advantages in customer traffic and rent.

- Third-tier and Fourth-tier Cities

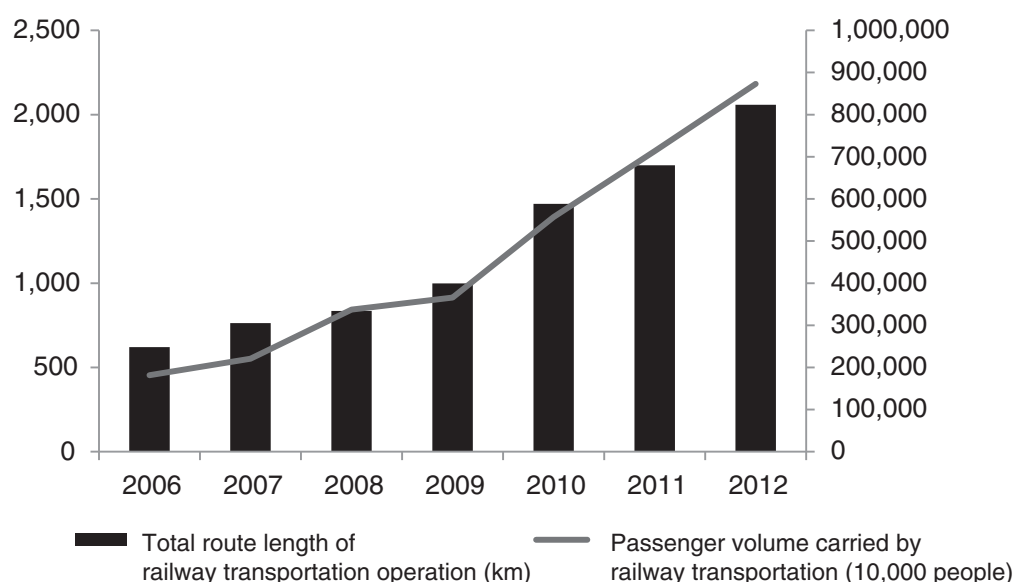
As compared with the first-tier and second-tier cities, there are a huge number of third-tier and fourth-tier cities, but their commercial market development level is at a lower maturity level. It was not until 2002, shopping centres, as a newly emerged business, began to develop in several key third-tier cities. Its development in third-tier cities is weak, and there is still a blank market for shopping centres in the fourth-tier cities.

Currently, the business development level in the third-tier and fourth-tier cities is relatively backward, traditional residential based business and commercial streets are still the main business model, and there is a lack of shopping centres or “organized retail” facilities. However, under the double driving impact of urbanization and economic development, the total retail amounts for social consumer goods and the per capita income of urban residents in the third-tier and fourth-tier cities in the PRC have increased year by year, resulting in a growing trend in consumption demand. At present, the degree of commercial market development has not been able to satisfy the requirements of an emerging retail industry arising from upgraded consumption, which brings opportunities for updating and upgrading the business. Meanwhile, after years of market cultivating, some international and domestic brand owners are more eager to enter third-tier and fourth-tier cities as market space in the first-tier and second-tier cities becomes saturated. In summary, there will be huge market potential for shopping centres in the third-tier and fourth-tier cities in future.

*The Impact of urban infrastructure construction on the development of shopping centres*

The fast development of urban infrastructure supports the construction and operation of shopping centres, while transportation facilities, especially the development of railway transportation, will have a positive impact on the retail industry. In recent years, more and more large-scale cities have been constructed with improvements in large-scale municipal transportation networks, and construction of railway transportation has commenced in urban areas. As of 2012, metro service is available in 19 cities of the PRC, with a total mileage of 2,058 kilometres. According to the “Opinions of the State Council on Strengthening Urban Infrastructure Construction” issued in 2013, the mileage of urban railway construction in the PRC will exceed 3,000 kilometres by 2015.

**Chart 3.9 Total mileage and passenger carrying capacity of railway transportation in the PRC**



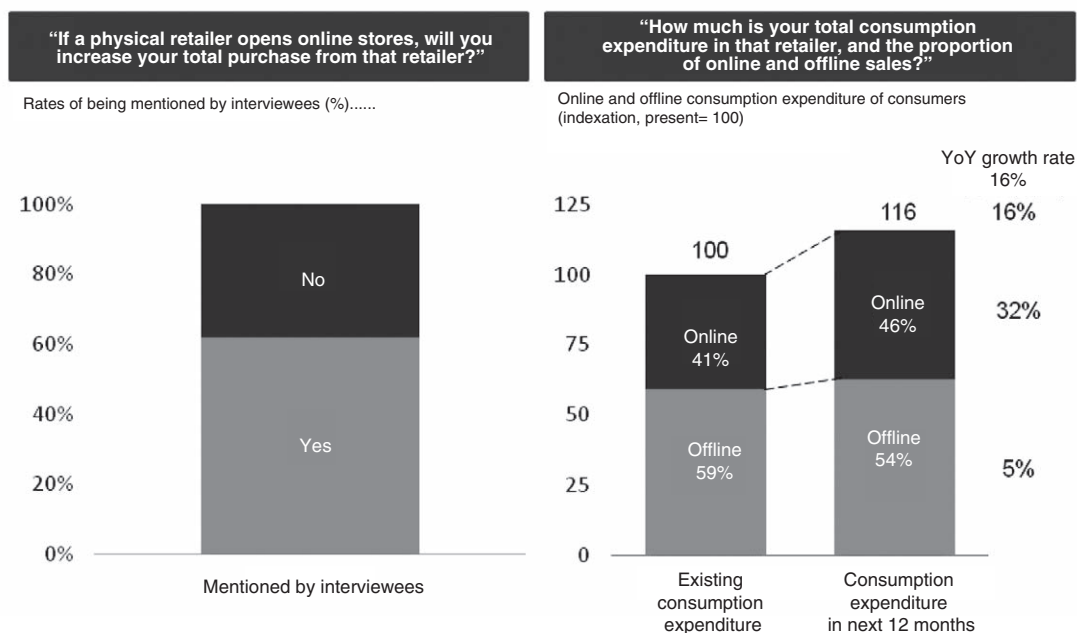
Source: National Bureau of Statistics of China

On the one hand, the fast development of urban railway transportation has expanded the business coverage of shopping centres, making the coverage of large commercial projects not limited to the cities and districts where they are located, but has expanded to neighbouring cities. On the other hand, railway transportation has improved the convenience of urban transportation, it also enhances the accessibility of remote areas in cities, enabling people aggregated in the cities to spread to peripheral areas of cities, and gradually gathers human traffic for shopping centres in suburb areas and creates opportunities for the development of large commercial projects in these areas.

*Impact on Traditional Retail Industry by E-commerce*

According to the “2013 China’s Online Shopping Market Research Report” issued by China Internet Network Information Centre, the transaction volume of China’s online shopping market reached RMB1,850 billion in 2013, representing a year-on-year increase of 42%. The transaction volume increased from RMB460 billion in 2010 to RMB1,850 billion in 2013, the total consumption amount of online shopping is increasing at a significant speed each year. The traditional retail industry is adversely affected by the development of E-commerce business. Traditional shopping malls and shopping centres are gradually adjusting the trade mix, and the proportion of leisure, catering and experiential consumption gradually increases, in order to highlight their own features, and form a competition model differentiated from e-commerce.

In the past several years, the online shopping market in China has experienced explosive growth. Currently, although pure e-commerce retailer remains dominant in the electronic retail market of China, there are huge growing potential for traditional omni-channel retailers. As indicated in the research by Bain Capital on online purchasers in 2013, under similar conditions in all other aspects, Chinese purchasers often choose to purchase from the online stores of retailers. In addition, retailers often have worries about investing in the construction of electronic retail stores that sales amounts of its physical stores may be swallowed. However, the research results indicate this is not the case in reality. The establishment of electronic retail stores usually helps increasing the sales amounts of its physical stores, and thus, increases the total sales amounts of retailers. Since “online and offline” shopping are no longer separable in the consumption process of Chinese purchasers, the fact that online stores support the growth of physical stores should not be neglected.



Source: Bain & Company

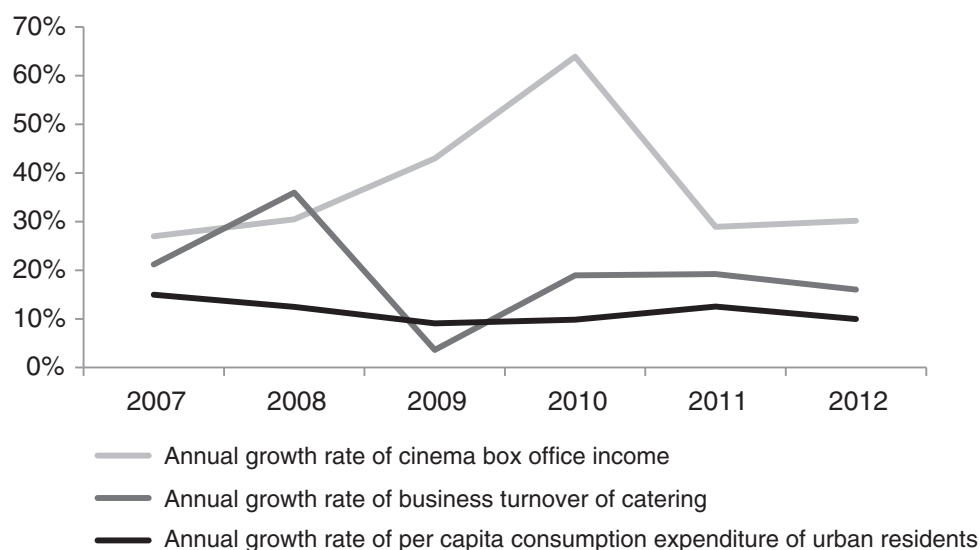
Facing the fast development of e-commerce and online shopping, physical retail industry also made active response and corresponding adjustment to improve the shopping experience of customers. Besides, retailers also adjust their own operating strategies gradually and adapt to the trend in integration of online and offline shopping experience.

In the long term, e-commerce will not replace traditional retailers, physical retailers will remain in the dominant position in the retail industry. In the process of evolution to the next generation of physical retailers, by combining with the convenience brought by new technologies and the irreplaceable experience of physical stores, retailers will find their place in the fast changing retail industry and continue to seek development.

#### *The Future Development Trend of Shopping Centres: Experiential Consumption*

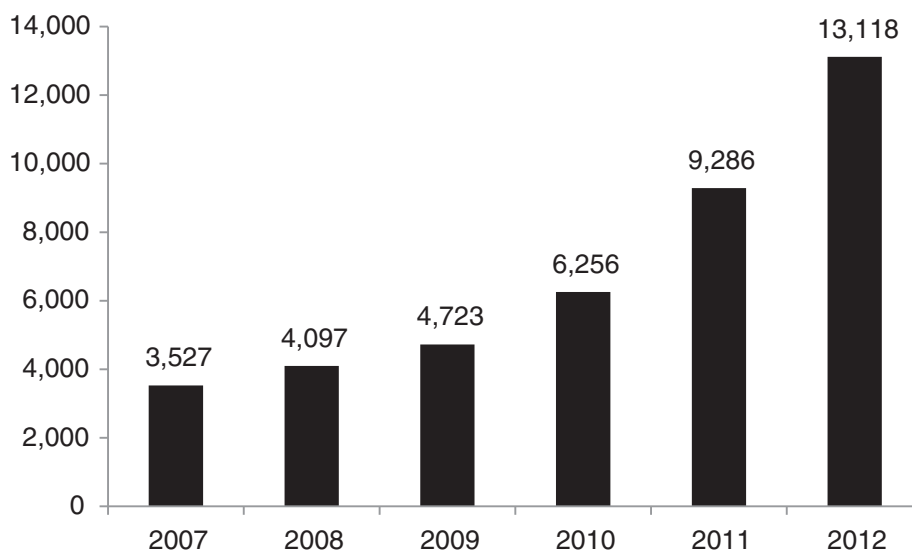
In traditional business represented by department stores, retail business accounts for about 70%, taking absolutely the dominant position in business entities. As Chinese consumers become more mature in consumption behaviour and with the emergence of online shopping, consumers are more willing to spend on experience, environment and services in offline consumption. As shown by data, the consumption of experiential type of business, such as movies and catering, grew at a pace faster than the growth rate of the consumption expenditure of urban residents during the same period, indicating Chinese consumers have high enthusiasm for experiential consumption.

**Chart 3.10 Comparison of growth rates between experiential consumption and per capita consumption expenditure**



Source: National Bureau of Statistics of China

An increasing number of retail operators are aware of this trend, namely, physical businesses (including shopping centres) continue to upgrade and adjust existing trade mix, and experiential trade type (represented by leisure and entertainment, children education) gradually arises, and accounts for an increasing proportion in the business of shopping centres. The emergence of cinemas (especially IMAX cinemas) with rapid growth in various regions of China is a good example.

**Chart 3.11 Number of cinema screens in China**

Source: National Bureau of Statistics of China

Different from the traditional business trade mix (with retail as dominant component), the experiential business has more emphasis on the participation, experience and feelings of consumers. Accordingly it will be more demanding on the space and environment of shopping centres. The emergence of large commercial complexes provides development opportunities for experiential business. While promoting consumption on other types of business, experiential trade mix can also improve the atmosphere and fun of shopping in large commercial complexes, and realize the gathering of customer traffic with relaxed and pleasant shopping environment.

### 3.8 Overview of Residential Property Market

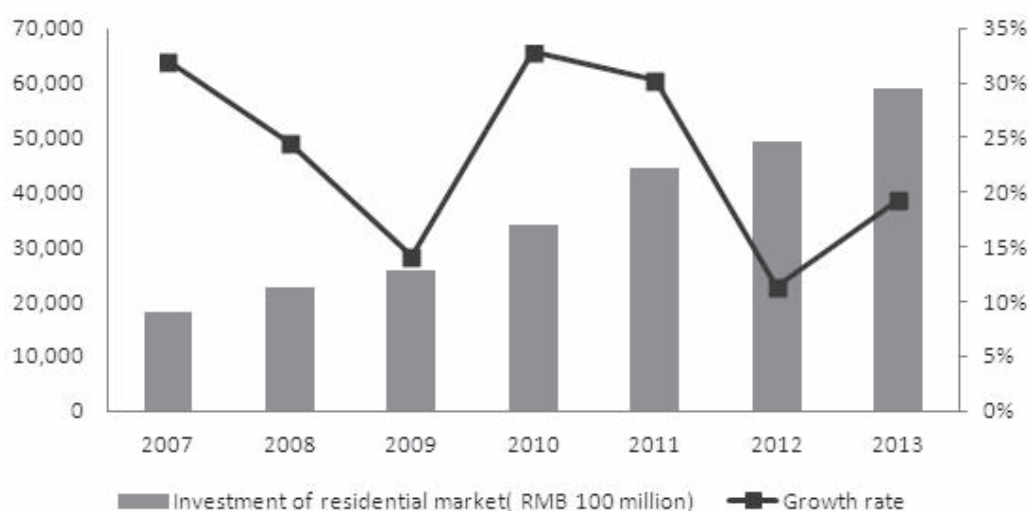
The residential property market in China showed an increasing trend over the past eight years despite the sharp decline in 2008 due to the global financial crisis. The investment in residential property market cooled down along with the restriction policies implemented by Chinese government in 2010 while the growth rate of sales in the residential property market remained relatively stable. The growth trend is expected to continue but at a slower pace.

#### Investment in residential property market

Relying on the fast growth demand, China's residential property market witnessed remarkable growth during the past decade despite fierce competition among property developers in the market. The residential property investments in China increased substantially during such period, picked up from RMB 1,800.5 billion in 2007 to RMB 5,895.1 billion in 2013, representing an average increasing rate of 23.5%.

According to the information released by the National Bureau of Statistics, although the growth rate in investment has slowed down in 2013, however, the total investment amount in residential property market break the record, suggesting a year-on-year increase of 19.4%. The record-breaking amount of investment in the residential property development market is partially contributed by the increase in the investment of public housing as well as the increasing investment amount in land between 2009 and 2010.

**Chart 3.12 Investment amount and growth rate of Chinese residential property development market**

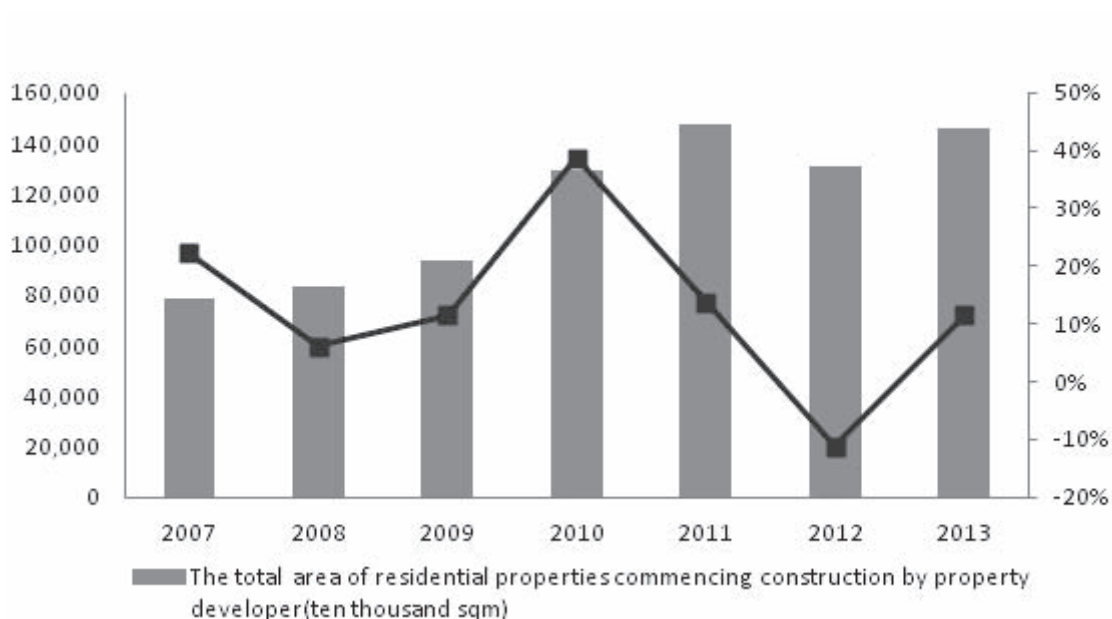


Source: National Bureau of Statistics of China

### **Newly commenced construction of Residential properties in China by property developers**

The total area of residential properties commenced construction by property developers in China increased from 2007 to 2011 at an average increasing rate of 18.5%. In 2011, the figure reached 1.47 billion square meters, creating a new record in the history. However, the total area of residential properties commenced construction by property developers dropped by 11.2% during 2012. In 2013, it recovered and reached approximately 1.45 billion square meters, to the similar level in 2011.

**Chart 3.13 Growth rate and total area of residential properties commenced construction by property developers**



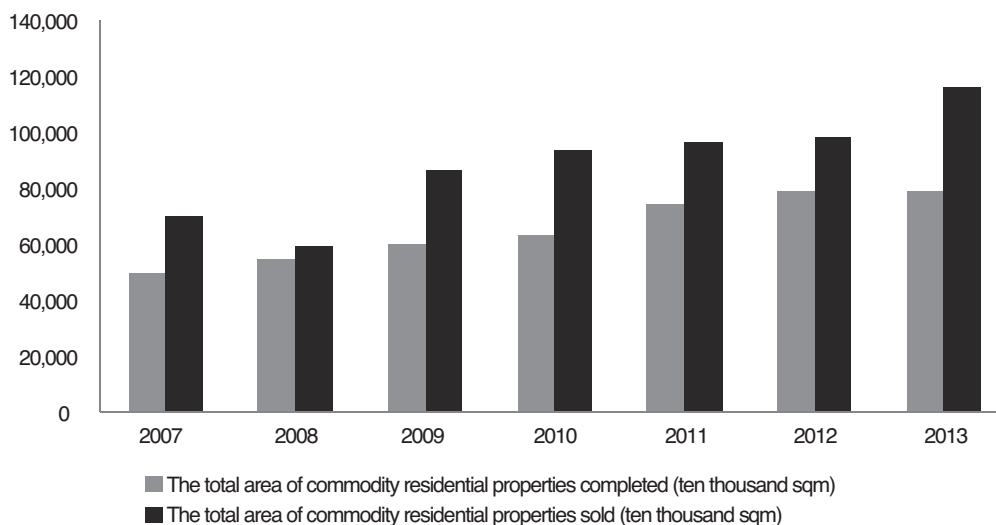
Source: National Bureau of Statistics of China

### Supply and demand in the commodity residential property market

In terms of residential property supply, the total area of commodity residential properties completed increased from 498.3 million square meters in 2007 to 787.4 million square meters, representing an average annual growth rate of 8.3%. With regards to demand, a total GFA of 1,157.23 million square meters commodity residential properties were sold in 2013 whereas the figure was only about 701.4 million square meters, representing an average annual growth rate of 12.5%.



**Chart 3.14 Supply and demand of commodity residential properties in China**

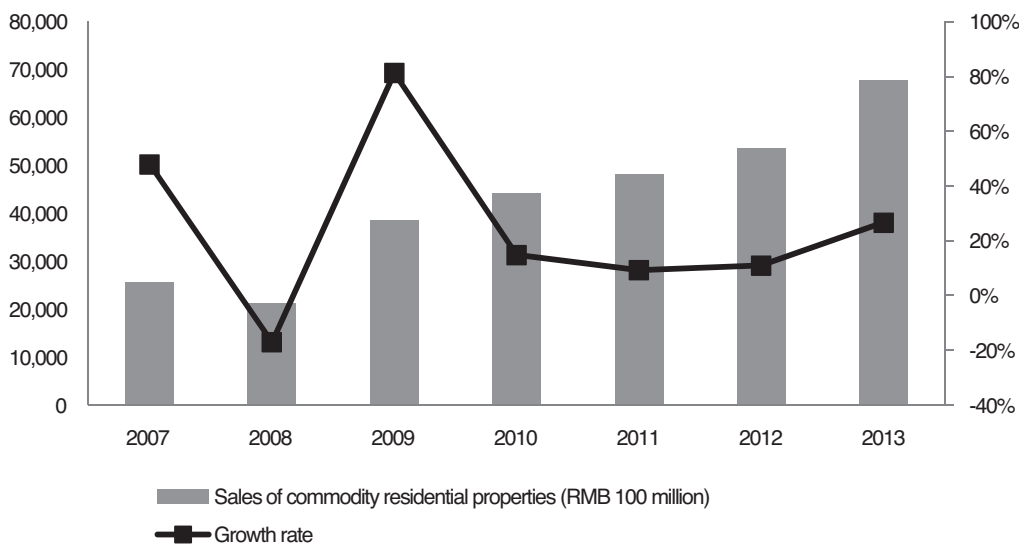


Source: National Bureau of Statistics of China

**Sales of commodity residential properties**

Since 2007, the sales of commodity residential properties have remained at a high annual average growth rate of 24.8%, except a slight decrease in 2008. In particular, the increase rate in 2007 and 2009 has achieved 47.9% and 81.3% respectively. The sales volume of commodity residential properties recorded at RMB 6,769.49 billion, the figure was only approximately RMB 2,556.58 billion in 2007.

**Chart 3.15 Sales of commodity residential properties**

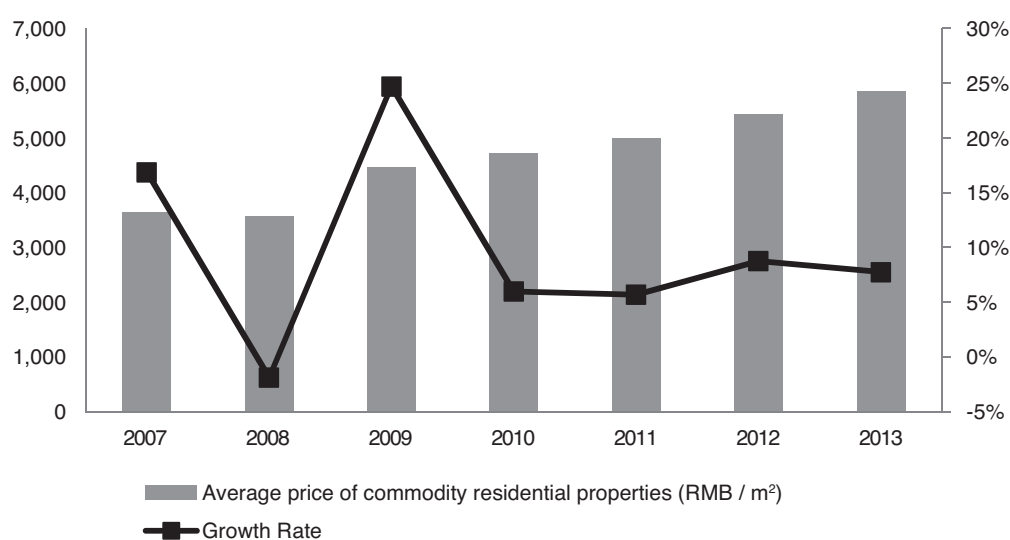


Source: National Bureau of Statistics of China

### Trend of average price of commodity residential properties

The average price of commodity residential properties in China recorded the highest growth rate in the history at 24.7% in 2009. The price experienced a steady growth since 2010 due to the regulatory policies imposed on property market. In 2013, the average price of commodity residential properties was recorded at 5,849.7 RMB/m<sup>2</sup>, the price is expected to increase modestly in the near further.

**Chart 3.16 Trend of average price of commodity residential properties**



Source: National Bureau of Statistics of China

#### 4. Overview of Tourism, Cultural Tourism and Hotel Market

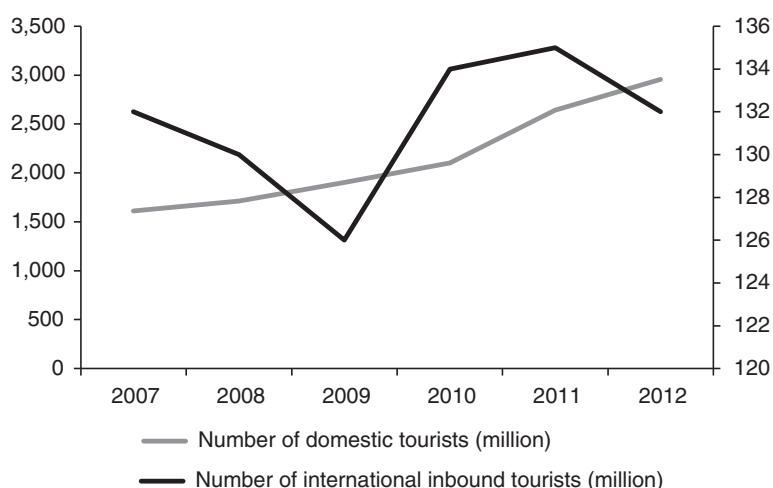
According to China National Tourism Administration, during the eleventh five-year plan from 2006 to 2010, the tourism industry in China presented a positive growth momentum. During the period, the number of domestic tourists increased each year at an average growth rate of 12%, the total income of the Chinese tourism increased each year at an average growth rate of 15%. In 2013, the “Tourism Law of the People’s Republic of China” has been duly enacted. The “Tourism Law” is the first comprehensive tourism law of China and plays an improving and enhancing role in tourism planning and promotion, tourism operation, tourism supervision and management, and has positive implications on the long term development of the tourism industry in China.

Wanda Commercial Properties has pioneered to develop a new property product to integrate cultural and tourism components since 2013, with its abundant experience in commercial properties over the years, Wanda Commercial Properties started the construction of “Wanda City”(萬達城) in Harbin, Nanchang, Hefei and Wuxi and became one of the earliest developers who invested in the cultural tourism commercial complex projects in China.

4.1 Overview of Tourism Market

With rapid economic development in China, the number of domestic and overseas inbound tourists has been increasing. According to the National Bureau of Statistics of China, the number of domestic tourists in China maintained rapid growth during the past 6 years, representing a CAGR of 12.9%. In 2012, the number of domestic tourists was close to 3 billion. During the same period, the number of international inbound tourists remained at a relatively stable level, with a total of 132 million international inbound tourists in 2012.

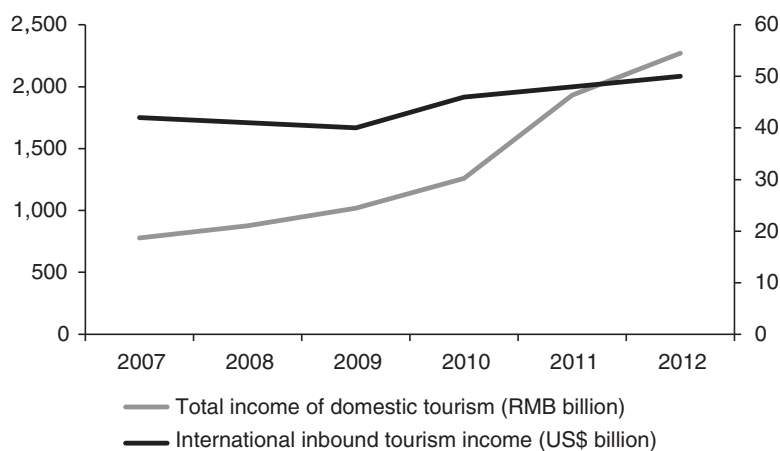
Chart 4.1 Number of domestic and international tourists



Source: National Bureau of Statistics of China

The rapid growth in the number of tourists also led to increase in income of the tourism industry in China. From 2007 to 2012, the total domestic tourism consumption increased by more than three times from RMB 777 billion to RMB 2,270.6 billion, representing a CAGR of 23.9%.

Chart 4.2 Domestic and international inbound tourism income



Source: National Bureau of Statistics of China

## 4.2 Overview of Cultural Tourism Market

In recent years, the tourism industry of China has maintained steady and fast growth. With increasing national income, the development of the tourism industry in China is shifting from traditional sightseeing tour to experiential tour. Tourists' demand for spiritual experience has been increasing, leisure and entertainment lifestyles of people have occurred significant changes. For "experienced and knowledgeable" tourists, tourism projects and patterns focused more on experience and participation are more attractive. With the arrival of experience economy, increasingly more tourists pursue activities with active experience during tours, while traditional sightseeing tours can no longer satisfy the experiential demand of tourists.

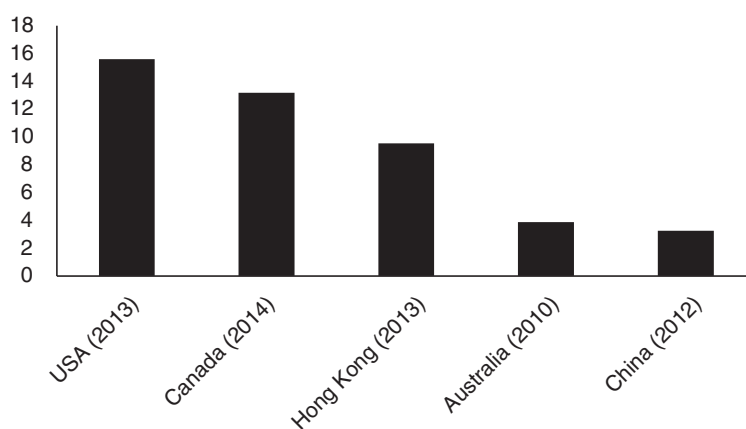
To cater to the demand of consumption upgrading from tourists in the tourism industry, the "cultural tourism industry" concept emerges as a result. Tourism departments of local governments have introduced the "culture" concept into their local tourism industry one after the other. In some well-known tourist destinations and places with abundant tourism resources, specialized plans for the development of cultural tourism industry during the "Twelfth Five-year" period have been formulated.

Cultural industry, as a pillar industry of the national economy, will have more and more integrative developments with the tourism industry, which is also a "strategic pillar industry". In future, the important development direction of cultural tourism will be on discovering regional culture, improving the tourism industry, promoting the adjustment of economic structure, and fostering the development of the local economy.

## 4.3 Market Overview of the Luxury Hotel Industry

With flourishing tourism and cultural tourism markets in China, the hotel industry also entered a period of fast growth. However, when compared with the hotel industry in developed countries, the hotel industry in China remains at an early stage of development. By 2012, there were 3.2 hotel rooms per 1,000 persons, representing a huge gap as compared to 15.6 hotel rooms per 1,000 persons in USA.

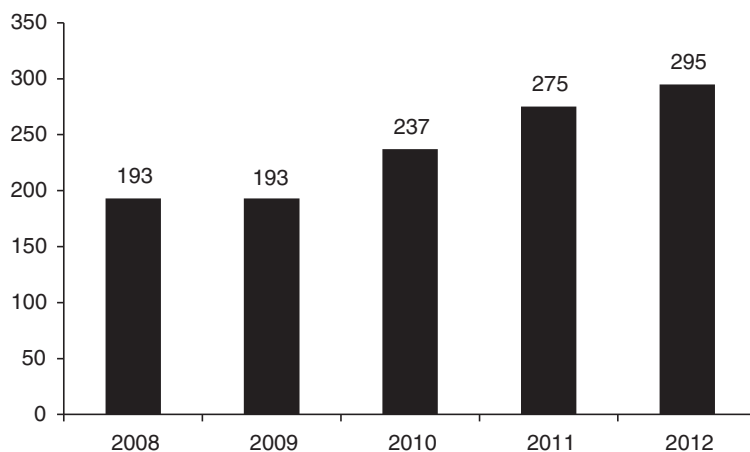
**Chart 4.3 Comparison of the number of hotel rooms per 1,000 persons in various countries of the world**



Source: DTZ

According to the statistics published by the National Bureau of Statistics of China, the business revenue of the tourist hotel industry in China has been increasing rapidly, from RMB 193.2 billion in 2008 to RMB 295.3 billion in 2012, representing a CAGR of 11%.

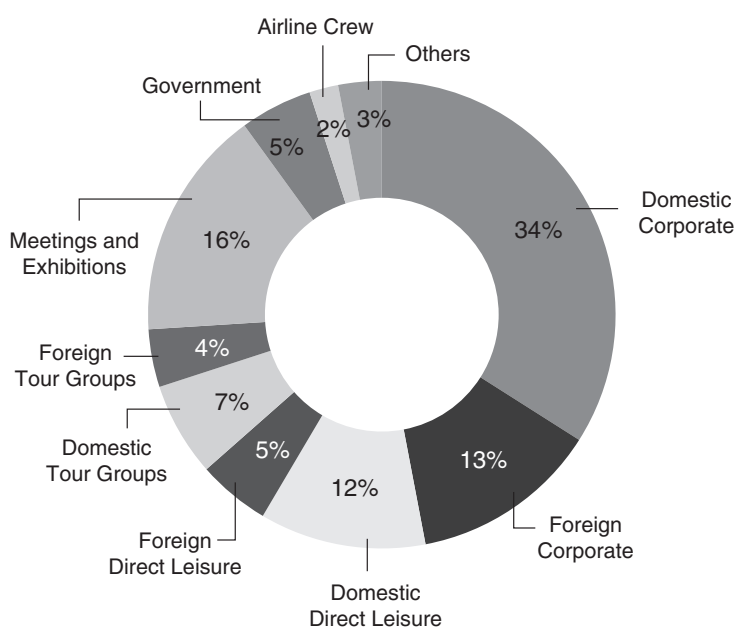
**Chart 4.4 Business turnover of tourist hotels (RMB billion)**



Source: National Bureau of Statistics of China

According to the statistics in 2012, domestic corporate accounted for the largest proportion of customers in luxury hotels in the PRC, increased by 4% compared with 2008. In addition, the demand for luxury hotels from domestic direct leisure tourists also grew significantly, the proportion of customers increased from 10% in 2008 to 12% in 2012. We expect the proportion of domestic direct leisure tourists in the customers of luxury hotels will increase further with strong growth of the middle class and the affluent class in the PRC.

**Chart 4.5 Composition of customers of luxury hotels in the PRC**



Source: China Hotel Industry Study 2013

*Growth Momentum for the PRC Hotel Industry*

➤ Favourable international environment

Multi-polarization of the world, economic globalization and regional integration development have provided a stable external environment for the development of global tourism. The steady recovery of global economic growth coupled with more favourable promotional policies for the tourism industry adopted by relevant international organizations and governments of various countries and regions are beneficial for the international tourism industry to maintain continuous and fast development. In the “World Tourism 2020 Vision” issued in 2008, the World Tourism Organization forecast that by the year of 2020, global international tourist arrivals may reach 1.6 billion, of which 378 million are cross-region long-distance travellers. Three regions with the highest tourist arrivals include Europe (717 million), Asia-Pacific (379 million) and the Americas (282 million).

➤ Policy Support

The Opinions of the State Council on Accelerating the Development of the Tourism Industry (國務院關於加快發展旅遊業的意見) (the “Opinions”) and policy documents aimed at accelerating the development of the tourism industry issued by various provinces, municipalities and autonomous regions according to the Opinions have created a profound policy environment for the development of the PRC tourism industry during the “Twelfth Five-Year Plan” period. The Outline of the Development Plan of the Tourism Industry in China during the “Twelfth Five-Year Plan” period (中國旅遊業「十二五」發展規劃綱要) issued in 2011 clearly states that tourism consumption will become a major part of national consumption. The outline also estimated that by 2015, the total revenue from China’s tourism industry will grow at an annual average growth rate of more than 12% to RMB2,500 billion, and the added value of the tourism industry as a percentage of the national GDP and as a percentage of the added value of the service industry will increase to 4.5% and 12%, respectively. All these policies will accelerate the development of the tourism industry.

➤ Increase in disposable income of residents and consumption upgrading

Due to the increase in per capita disposable income of Chinese residents and the improvement in the paid-leave system, the PRC tourism industry has experienced rapid growth. As a result of the persistent increase in spending on leisure travel, the hotel industry has played a significant role in stimulating domestic demand. According to the 2012 Bulletin of Statistics of Tourism in the PRC and the 2007 Bulletin of Statistics of Tourism in the PRC, revenue from domestic tourism as a percentage of the total revenue from tourism rose from 70.9% in 2007 to 87.6% in 2012.

Consumption of residents in the PRC has entered a period of rapid upgrading in structural mix with strong potential demand for tourism consumption. With further increase in the income of urban residents, tourism consumption has entered a period of rapid growth. In the near future, China’s urbanization process will accelerate and urbanization will be beneficial to the upgrading national consumption structure and provide new room for the growth in tourism consumption. In addition to tourism consumption, the conference and exhibition industry, which has been increasingly active in recent years, and the wedding banquet industry with enormous market have also generated huge profits for the hotel industry.

## Wanda's self-operated hotel brands

Established in 2012, Wanda Hotels and Resorts Co., Ltd. (萬達酒店及度假村管理有限公司) is the largest owner of luxury hotels in the PRC, owning a total of 48 luxury hotels. Wanda is currently cooperating with globally renowned third-party hotel managers in operating 28 luxury hotels throughout China.

Based on our market knowledge and experience, DTZ defines luxury hotel as hotels offer luxury amenities, full service accommodations, on-site full service restaurants and high level of professional service. Luxury hotels are normally classified with at least a four or five star rating depending on the country and local classification standards. For luxury hotels without star rating, their Average Daily Rates (ADRs) should be at least equal or higher than average ADRs of four-star hotels in corresponding cities. This definition is widely accepted and used in hospitality industry to describe the market class of a hotel.

The following table compares the ADR of hotels owned by Wanda Commercial Properties which operated for at least one full year as of December 31 2013 with ADR of four/five star rating hotels in respective cities and provinces:

**Table 4.1 Comparison of ADR between Hotels owned by Wanda and four/five-star hotel in corresponding city or province (RMB/day)\***

|       | Hotel                        | Province      | Wanda Hotel | City-level Four-star Hotel | City-level Five-star Hotel | Provincial Four-star Hotel | Provincial Five-star Hotel |
|-------|------------------------------|---------------|-------------|----------------------------|----------------------------|----------------------------|----------------------------|
| 1 . . | Shijiazhuang Wanda Hotel     | Hebei         | 603.00      | 312.03                     | 677.84                     |                            |                            |
| 2 . . | Beijing Wanda Hotel          | Beijing       | 1,080.00    | 502.82                     | 860.89                     |                            |                            |
| 3 . . | Beijing Wanda Realm Hotel    | Beijing       | 561.00      | 502.82                     | 860.89                     |                            |                            |
| 4 . . | Changsha Wanda Vista Hotel   | Hunan         | 748.00      | 380.57                     | 573.78                     |                            |                            |
| 5 . . | Changzhou Wanda Hotel        | Jiangsu       | 646.00      |                            |                            | 332.35                     | 563.69                     |
| 6 . . | Chongqing Wanda B Hotel      | Chongqing     | 567.00      | 330.32                     | 555.25                     |                            |                            |
| 7 . . | Dalian Wanda A Hotel         | Liaoning      | 773.00      | 375.46                     | 676.45                     |                            |                            |
| 8 . . | Dalian Wanda B Hotel         | Liaoning      | 1,289.00    | 375.46                     | 676.45                     |                            |                            |
| 9 . . | Daqing Wanda Hotel           | Heilong Jiang | 578.00      |                            |                            | 349.55                     | 846.57                     |
| 10. . | Fuzhou Wanda Hotel           | Fujian        | 842.00      | 383.51                     | 700.68                     |                            |                            |
| 11. . | Guangzhou Wanda Hotel        | Guangdong     | 869.00      | 511.87                     | 888.43                     |                            |                            |
| 12. . | Harbin Xiangfang Wanda Hotel | Heilong Jiang | 1,096.00    | 399.04                     | 1029.48                    |                            |                            |
| 13. . | Hefei Wanda Hotel            | Anhui         | 909.00      | 330.75                     | 462.24                     |                            |                            |
| 14. . | Huai'an Wanda Realm Hotel    | Jiangsu       | 396.00      |                            |                            | 332.35                     | 563.69                     |
| 15. . | Jinan Wanda Hotel            | Shandong      | 656.00      | 347.61                     | 649.94                     |                            |                            |
| 16. . | Langfang Wanda Realm Hotel   | Hebei         | 438.00      |                            |                            | 305.65                     | 496.29                     |
| 17. . | Nanjing Wanda Hotel          | Jiangsu       | 746.00      | 410.19                     | 570.19                     |                            |                            |
| 18. . | Ningbo Wanda Hotel           | Zhejiang      | 543.00      | 381.75                     | 587.41                     |                            |                            |

|     | Hotel                       | Province | Wanda Hotel | City-level Four-star Hotel | City-level Five-star Hotel | Provincial Four-star Hotel | Provincial Five-star Hotel |
|-----|-----------------------------|----------|-------------|----------------------------|----------------------------|----------------------------|----------------------------|
| 19. | Ningde Wanda Realm Hotel    | Fujian   | 490.00      |                            |                            | 347.98                     | 604.86                     |
| 20. | Qingdao Wanda Hotel         | Shandong | 802.00      | 384.25                     | 691.55                     |                            |                            |
| 21. | Quanzhou Wanda Vista Hotel  | Fujian   | 653.00      | 282.9                      | 475.42                     |                            |                            |
| 22. | Sanya Wanda A Hotel         | Hainan   | 3,158.00    | 299.62                     | 1135.2                     |                            |                            |
| 23. | Taiyuan Wanda Vista Hotel   | Shanxi   | 672.00      | 401.95                     | 728.6                      |                            |                            |
| 24. | Taizhou Wanda Hotel         | Jiangsu  | 467.00      |                            |                            | 332.35                     | 563.69                     |
| 25. | Tangshan Wanda Hotel        | Hebei    | 617.00      |                            |                            | 305.65                     | 496.29                     |
| 26. | Wuhan Wanda Hotel           | Hubei    | 935.00      | 380.19                     | 692.99                     |                            |                            |
| 27. | Wuxi Wanda Hotel            | Jiangsu  | 596.00      | 337.61                     | 577.9                      |                            |                            |
| 28. | Xi'an Wanda Hotel           | Shanxi   | 768.00      | 355.91                     | 563.6                      |                            |                            |
| 29. | Xiangyang Wanda Hotel       | Hubei    | 575.00      |                            |                            | 327.44                     | 652.02                     |
| 30. | Yichang Wanda Hotel         | Hubei    | 532.00      | 320.72                     | 443.59                     |                            |                            |
| 31. | Zhangzhou Wanda Realm Hotel | Fujian   | 476.00      |                            |                            | 347.98                     | 604.86                     |
| 32. | Zhenjiang Wanda Hotel       | Jiangsu  | 554.00      |                            |                            | 332.35                     | 563.69                     |

Source: Wanda Commercial Properties, China National Tourism Administration

\* Data as of 31 December 2013

In addition, Wanda Hotels and Resorts Co., Ltd. also owns three self-operated luxury hotel brands, namely Wanda Realm, Wanda Vista and the top hotel brand Wanda Reign. As of June 2014, a total of 20 self-owned branded hotels have commenced operations.

**Table 4.2 Basic Information of Wanda's self-owned branded hotels**

|   | Wanda Realm  | Wanda Vista                                       | Wanda Reign |
|---|--|---|-------------|
| <b>Number of operating hotels</b> . . . . . | 14   | 5   | 1           |
| <b>Location</b> . . . . .                   | Beijing, Guangzhou, Nanjing, Wuhan, Yinchuan, Harbin, Chifeng, Nanchang, Dandong, Langfang, Ningde, Zhangzhou, Huaian and Fushun | Tianjin, Taiyuan, Shenyang, Quanzhou and Changsha | Wuhan       |
| <b>Brand positioning</b> . . . . .          | luxury   | Super luxury                                      | Top luxury  |

## 5 Overview of Local Economy and the Real Estate Market

As the largest commercial property developer in the PRC. As of June 30, 2014, commercial properties of Wanda Commercial Properties in operation and under construction cover more than 100 cities in 29 provinces in the PRC. We have selected 12 key cities, including Beijing, Shanghai, Guangzhou, Nanjing, Chengdu, Fuzhou, Hefei, Ningbo, Xiamen, Xi'an, Changzhou and Yichang, to analyze the economies and property markets of these cities.



Since 2005, Wanda Group has invested in the cultural industry by starting to construct cultural tourism projects in several domestic cities. Cultural tourism is becoming a new key business for Wanda, second to the commercial property development operation. We have selected two representative cities of cultural tourism projects, including Qingdao and Wuxi, to conduct relevant market analysis.

## Beijing

### 1.1 Overview

As the capital of the People's Republic of China, Beijing is also the political centre, cultural centre, economic and financial decision-making and administrative centre as well as a world-famous ancient capital and a modern international metropolis. Located on the northwestern edge of the North China Plain, Beijing is adjacent to the Bohai Bay, lies to the south of Liaodong Peninsula and north of Shandong Peninsula, adjoins to Tianjin and, together with Tianjin, being encompassed by Hebei province. Due to its central location and concentration of various resources, the "Twelfth Five-Year Plan" has listed Beijing as the core of the capital economic circle and the Bohai Rim economic circle, influencing Tianjin, Hebei province, Liaoning province and relevant cities in Shandong province. As its economy continues to develop, Beijing's core position in the development of cities in the Beijing-Tianjin-Hebei region and the Bohai Rim region and its overall influence and driving ability will be further strengthened.

### 1.2 Economic Overview

Between 2007 and 2013, Beijing's economy experienced high-speed growth, with its GDP growing year by year at a persistent rate of more than 9.5%. Overall speaking, Beijing has a sound economic environment to support the development of the real estate industry in Beijing.

**Table 1 Major economic indicators of Beijing**

|   | 2007     | 2008     | 2009     | 2010     | 2011     | 2012     | 2013     | CAGR<br>(2007-<br>2013) |
|---|----------|----------|----------|----------|----------|----------|----------|-------------------------|
| <b>GDP (RMB billion)</b> . . . . .                                      | 900.6    | 1,048.8  | 1,186.6  | 1,377.8  | 1,600.0  | 1,780.1  | 1,950.1  | 13.7%                   |
| <b>Total fixed asset investment (RMB billion)</b> . . .                 | 396.7    | 384.9    | 485.8    | 549.4    | 591.1    | 646.3    | 703.2    | 10.0%                   |
| <b>Foreign direct investment* (US\$ million)</b> . . . . .              | 5,066.0  | 6,082.0  | 6,120.0  | 6,360.0  | 7,050.0  | 8,040.0  | 8,520.0  | 9.1%                    |
| <b>Per capita disposable income of urban residents (RMB)</b> . . . . .  | 21,989.0 | 24,725.0 | 26,738.0 | 29,073.0 | 32,903.0 | 36,469.0 | 40,321.0 | 10.6%                   |
| <b>Permanent population at the end of year ('000)</b> . . .             | 16,330.0 | 16,950.0 | 17,550.0 | 19,612.0 | 20,186.0 | 20,693.0 | 21,148.0 | 4.4%                    |
| <b>Urban population ('000)</b> . . . . .                                | 13,799.0 | 14,391.0 | 14,918.0 | 16,864.0 | 17,407.0 | 17,837.0 | 18,251.0 | 4.8%                    |
| <b>Total retail sales of social commodities (RMB billion)</b> . . . . . | 380.0    | 458.9    | 531.0    | 622.9    | 690.0    | 770.3    | 837.5    | 14.1%                   |
| <b>Per capita total expenditure of urban households (RMB)</b> . . . . . | 15,330.0 | 16,460.0 | 17,893.0 | 19,934.0 | 21,984.0 | 24,046.0 | 26,275.0 | 9.4%                    |

Note: \*the statistical measure for foreign direct investment is the amount of foreign funds actually utilized

Source: Bulletin of Statistics of National Economy and Social Development (2007 to 2013)

### 1.3 Overview of the Property Market

The sound economic environment in Beijing supports the rapid growth of the property market, which has attracted a large amount of investments in recent years. Property investment in Beijing grew from RMB199.58 billion in 2007 to RMB348.34 billion in 2013, representing a CAGR of 9.7%. According to Beijing Municipal Bureau of Statistics, the area of completed commodity properties in Beijing reached 26.66 million square meters in 2013, increased by 12% compared to 2012. Average selling price of commodity properties increased from RMB11,553 per square meter in 2007 to RMB18,552 per square meter in 2013, representing a CAGR of 8.2%. The following table sets out the summary of selected data in relation to the property market in Beijing.

**Table 2 Statistics of the property market in Beijing**

|   | 2007     | 2008     | 2009     | 2010     | 2011     | 2012     | 2013     | CAGR<br>(2007-<br>2013) |
|---|----------|----------|----------|----------|----------|----------|----------|-------------------------|
| <b>Total investment in property development projects (RMB billion)</b> . . . . .      | 199.6    | 190.9    | 233.8    | 290.1    | 303.6    | 315.3    | 348.3    | 9.7%                    |
| <b>Total area of properties completed (Ten thousand m<sup>2</sup>)</b> . . . . .      | 2,891.0  | 2,557.0  | 2,678.0  | 2,386.0  | 2,245.0  | 2,390.0  | 2,666.0  | -1.3%                   |
| <b>Total area of commodity properties sold (Ten thousand m<sup>2</sup>)</b> . . . . . | 2,176.0  | 1,335.0  | 2,362.0  | 1,639.0  | 1,439.0  | 1,943.0  | 1,903.0  | -2.2%                   |
| <b>Sales of commodity properties (RMB billion)</b> . . . . .                          | 251.4    | 165.8    | 325.9    | 291.5    | 242.5    | 330.8    | 353.0    | 5.8%                    |
| <b>Average selling price of commodity properties (RMB/m<sup>2</sup>)</b> . . . . .    | 11,553.0 | 12,418.0 | 13,799.0 | 17,782.0 | 16,851.0 | 17,021.0 | 18,552.0 | 8.2%                    |

Source: Beijing Municipal Bureau of Statistics

#### *Residential Property Market*

Influenced by government policies and regulations, the property market in Beijing started to cool down in 2011. The sales area of residential properties decreased from 17.31 million square meters in 2007 to 10.34 million square meters in 2011 and increased slightly in the subsequent two years to 13.63 million square meters in 2013. Except for the decrease in average selling price in 2011 due to the regulation and control policies, residential properties in Beijing recorded year by year increase in average selling price in subsequent years. In 2013, the average selling price reached RMB17,854 per square meter, representing a CAGR of 9%.

### *Office Property Market*

The office property market in Beijing has continued to grow since 2007, showing a tendency of demand exceeding supply. Average annual sales area of office properties stayed above 2 million square meters and reached 3.17 million square meters by 2013, increasing by 25% year-on-year. Meanwhile, the total area of completed office properties showed a tendency of decrease, falling from 3.14 million square meters in 2007 to 2.73 million square meters in 2013. After hitting the peak in 2010, the selling price of office properties in Beijing fell to RMB15,517 per square meter in 2011. Due to the current strong demand in the market, the selling price rose slightly to RMB17,854 per square meter in 2013. It is expected that the selling price of office properties still has potential to increase in the future.

### *Commercial Property Market*

According to Beijing Municipal Bureau of Statistics, the total area of completed commercial properties decreased from 3.15 million square meters in 2007 to 1.78 million square meters in 2013, representing a CAGR of -9.1%. Sales area of commercial properties decreased from 1.34 million square meters in 2007 to 1.02 million square meters in 2013, representing a CAGR of -4.4%. The average selling price of commercial properties in Beijing rose steadily from RMB17,585 per square meter in 2007 to RMB26,405 per square meter in 2013, representing a CAGR of 7%.

## **Shanghai**

### **1.1 Overview**

Shanghai, also known as “Hu”, locates in the central part along China’s mainland coastline. Shanghai borders the East Sea to the east, Hangzhou Bay to the south, Jiangsu and Zhejiang provinces to the west and the Yangtze River estuary to the north. Shanghai is one of China’s four municipalities, a national central city and the largest city in China. Shanghai is striving to develop into an international economic, financial, trading and shipping centre by 2020.

## 1.2 Economic Overview

Shanghai is one of the most well-developed cities in China. Total industrial output value of Shanghai accounts for approximately one-tenth of the national total of China, comprising mainly petrochemical, iron and steel, mechanical and electronic industries. Tertiary industries, which account for a large share of Shanghai's local economy, mainly include the financial, real estate, insurance and transportation industries. With good economic conditions, Shanghai witnessed growth in all economic indicators year after year.

**Table 1 Major economic indicators of Shanghai**

|   | 2007     | 2008     | 2009     | 2010     | 2011     | 2012     | 2013     | CAGR<br>(2007-<br>2013) |
|---|----------|----------|----------|----------|----------|----------|----------|-------------------------|
| <b>GDP (RMB billion)</b> . . . . .                                      | 1,249.4  | 1,407.0  | 1,504.6  | 1,716.6  | 1,919.6  | 2,018.2  | 2,160.2  | 10%                     |
| <b>Total fixed asset investment (RMB billion)</b> . . .                 | 445.9    | 482.9    | 527.3    | 531.8    | 506.7    | 525.4    | 564.8    | 4%                      |
| <b>Foreign direct investment (US\$ billion)</b> . . . . .               | 7.9      | 10.1     | 10.5     | 11.1     | 12.6     | 15.2     | 16.8     | 13%                     |
| <b>Per capita disposable income of urban residents (RMB)</b> . . . . .  | 23,623.0 | 26,675.0 | 28,838.0 | 31,838.0 | 36,230.0 | 40,188.0 | 43,851.0 | 11%                     |
| <b>Total population (million)</b> . .                                   | 13.8     | 13.9     | 14.0     | 14.1     | 14.2     | 14.3     | 14.3     | 1%                      |
| <b>Urban population (million)</b> . .                                   | 12.0     | 12.2     | 12.4     | 12.5     | 12.7     | 12.8     | NA       | NA                      |
| <b>Total retail sales of social commodities (RMB billion)</b> . . . . . | 387.3    | 457.7    | 517.3    | 607.1    | 677.7    | 741.2    | 801.9    | 13%                     |
| <b>Per capita total expenditure of urban households (RMB)</b> . . . . . | 17,255.0 | 19,398.0 | 20,992.0 | 23,200.0 | 25,102.0 | 26,253.0 | 28,155.0 | 9%                      |

Source: Shanghai Statistical Yearbook 2008-2013, Bulletin of Statistics of National Economy and Social Development of Shanghai (2013)

### 1.3 Overview of the Property Market

The property market in Shanghai has consistently maintained prosperous development in recent years, with a steady increase in investments in property development. In 2013, completed investments in property development in Shanghai amounted to RMB281.96 billion, representing a year-on-year increase of 18.4%. Investment in office properties and commercial properties increased significantly by 43.5% and 26.0% over the previous year respectively. Total sales area of commodity properties rebounded to 23.82 million square meters. The significant increase in sales area is mainly due to the increase in sales of the residential property market.

**Table 2 Statistics of the property market in Shanghai**

|   | 2007    | 2008    | 2009     | 2010     | 2011     | 2012     | 2013     | CAGR<br>(2007-<br>2013) |
|---|---------|---------|----------|----------|----------|----------|----------|-------------------------|
| <b>Total investment in property development projects (RMB billion)</b> . . . . .      | 130.8   | 136.7   | 146.4    | 198.1    | 217.0    | 238.1    | 282.0    | 13.7%                   |
| <b>Total area of properties completed (Ten thousand m<sup>2</sup>)</b> . . . . .      | 5,068.5 | 3,828.8 | 2,970.9  | 2,776.2  | 2,913.8  | 2,839.0  | 2,254.4  | -12.6%                  |
| <b>Total area of commodity properties sold (Ten thousand m<sup>2</sup>)</b> . . . . . | 3,695.0 | 2,296.1 | 3,372.5  | 2,055.5  | 1,771.3  | 1,898.5  | 2,382.2  | -7.1%                   |
| <b>Sales of commodity properties (RMB billion)</b> . . . . .                          | 308.9   | 189.5   | 433.0    | 296.0    | 256.9    | 266.9    | 391.2    | 4.0%                    |
| <b>Average selling price of commodity properties (RMB/m<sup>2</sup>)</b> . . . . .    | 8,361.0 | 8,255.0 | 12,840.0 | 14,399.9 | 14,502.8 | 14,061.3 | 16,420.0 | 11.9%                   |

Source: Shanghai Statistical Yearbook 2008-2013, Bulletin of Statistics of National Economy and Social Development of Shanghai (2013)

#### *Residential Property Market*

As the government of Shanghai tightened its policy adjustments and controls implemented in the residential market, Shanghai's residential property market maintained stable development in recent years. In 2013, investment in residential properties in Shanghai amounted to RMB161.55 billion, accounting for almost 60% of total investment in properties in Shanghai. The residential property market recovered in 2013, and sales area of residential properties in Shanghai reached 20.158 million square meters, representing a considerable increase of 26.6% over the previous year. Average selling price of residential properties for the year amounted to RMB16,192.0 per square meter, representing a year-on-year increase of 16.7%.

### *Office Property Market*

In 2013, investment in office properties in Shanghai amounted to RMB37.7 billion, increasing significantly by 43.5% year-on-year. The strong demand in the office property market, coupled with the popularity of small size SOHO office properties among consumers, contributed to an annual sales area of 1.612 million square meters, increased by almost 0.5 million square meters over the previous year. The average selling price amounted to RMB23,623.0 per square meter, representing a year-on-year increase of 12.5%.

### *Commercial Property Market*

The commercial property market in Shanghai has maintained stable development in recent years, with a constant increase in investments in commercial properties. In 2013, investment in commercial properties amounted to RMB37 billion, increased by 26.0% as compared to last year. Although the total sales area fell slightly in 2013, sales amount remained strong, the average selling price was RMB19,294.0 per square meter, representing a significant year-on-year increase of 19.0%.

## **Guangzhou**

### **1.1 Overview**

Guangzhou is a famous cultural city with a history of more than two thousand years. As the capital of Guangdong province, Guangzhou is also the political, economic, scientific, educational and cultural centre of Guangdong. Guangzhou lies in the southern part of Mainland China and at the northern edge of the Pearl River Delta and is adjacent to the downstream estuary of Pearl River. Guangzhou is also the interchange point for Beijing-Guangzhou Railway, Guangzhou-Shenzhen Railway, Guangzhou-Maoming Railway, Guangzhou-Meizhou-Shantou Railway and Wuhan-Guangzhou Railway and a civil aviation and transportation centre in South China. With its extremely close connections with other parts of China, Guangzhou is known as the “South Gate” of China.

### **1.2 Economic Overview**

Affected by the external economic environment, the overall economic growth of Guangzhou has slowed down. As the demand for funds in the economy stands at a high level, domestic investment is still the main driver for economic growth. A series of reforms, such as positive adjustment and further optimization of the industry structure as well as the government’s supporting plan for fixed investments, have added certain momentum to social consumption. However, the inflation pressure exists concurrently, thus maintaining the general stability of the overall CPI level is always an important objective of macro policy adjustments and controls.

Table 1 Major economic indicators of Guangzhou

|   | 2007      | 2008      | 2009      | 2010      | 2011      | 2012      | 2013      | CAGR<br>(2007-<br>2013) |
|---|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-------------------------|
| GDP (RMB billion) . . . . .   | 705.1     | 821.6     | 911.3     | 1,060.4   | 1,230.3   | 1,355.1   | 1,542.0   | 13.9%                   |
| Total fixed asset investment<br>(RMB million) . . . . .             | 186,334.0 | 210,456.0 | 265,985.0 | 326,357.0 | 341,358.0 | 375,839.0 | 445,455.0 | 15.6%                   |
| Foreign direct investment<br>(US\$ million) . . . . .               | 3,285.8   | 3,622.8   | 3,773.4   | 3,978.6   | 4,270.1   | 4,574.9   | 4,803.9   | 6.5%                    |
| Per capita disposable income<br>of urban residents (RMB) . . . . .  | 22,469.0  | 25,317.0  | 27,610.0  | 30,658.0  | 34,438.0  | 38,054.0  | 42,049.0  | 11.0%                   |
| Total population ('000) . . . . .                                   | 10,045.8  | 10,182.0  | 10,334.5  | 12,709.6  | 12,751.4  | 12,838.9  | 12,926.8  | 4.3%                    |
| Urban population ('000) . . . . .                                   | 7,734.8   | 7,841.7   | 7,946.2   | 8,061.4   | 8,145.8   | 8,223.0   | 8,323.1   | 1.2%                    |
| Total retail sales of social<br>commodities (RMB million) . . . . . | 259,500.0 | 314,013.0 | 364,776.0 | 447,638.0 | 524,302.0 | 597,727.0 | 688,285.0 | 17.7%                   |
| Per capita total expenditure of<br>urban households (RMB) . . . . . | 18,951.0  | 20,836.0  | 22,821.0  | 25,012.0  | 28,210.0  | 30,490.0  | 33,157.0  | 9.8%                    |

Note: urban population is based on registered population

Source: Guangzhou Statistical Yearbook 2008-2013

### 1.3 Overview of the Property Market

In 2013, completed investments in the property development industry in Guangzhou reached RMB157.97 billion, increasing by 15.3% over the previous year. During the year, average transaction price of commodity properties amounted to RMB16,648.0 per square meter. As the percentage of transacted commercial and office properties in downtown Guangzhou has increased, average transaction price of commodity properties for 2013 increased by 11.0% year-on-year. Average transaction price of residential commodity properties amounted to RMB14,958.0 per square meter, increased by RMB1,000.0 per square meter as compared to 2012.

Table 2 Statistics of the property market in Guangzhou

|  | 2007    | 2008    | 2009    | 2010     | 2011     | 2012     | 2013     | CAGR<br>(2007-<br>2013) |
|--|---------|---------|---------|----------|----------|----------|----------|-------------------------|
| Total investments<br>in property development<br>projects (RMB billion) . . . . .       | 70.4    | 76.2    | 81.7    | 98.4     | 130.7    | 137.0    | 158.0    | 14.4%                   |
| Total area of<br>properties completed<br>(Ten thousand m <sup>2</sup> ) . . . . .      | 2,243.8 | 1,849.7 | 2,208.6 | 1,094.6  | 1,263.2  | 1,290.8  | 1,141.3  | -10.7%                  |
| Total area of commodity<br>properties sold<br>(Ten thousand m <sup>2</sup> ) . . . . . | 1,080.0 | 704.0   | 1,117.9 | 804.9    | 735.5    | 969.4    | 1,008.5  | -1.7%                   |
| Average selling price of<br>commodity properties<br>(RMB/m <sup>2</sup> ) . . . . .    | 8,734.0 | 9,527.0 | 9,726.0 | 13,285.0 | 15,490.0 | 15,698.0 | 16,648.0 | 13.0%                   |

Source: Guangzhou Statistical Yearbook, Guangzhou Municipal Land Resources and Housing Administration Bureau

*Residential Property Market*

In 2013, the total area of residential properties commencing construction in Guangzhou increased by 11.3% year-on-year. Due to the slowdown of construction progress of various projects, the total area of completed properties fell to 11.4%. Starting from October in the same year, data on Zengcheng and Conghua were included in Guangzhou's statistics, which revealed that total trading volume of the twelve districts in Guangzhou reached 8.057 million square meters, 5% more than that of the previous year (trading volume of the original ten districts amounted to 7.094 million square meters). As property transactions concentrated mainly in outer suburbs, the average transaction price of residential properties at the end of the year increased by 7.0% only on a year-on-year basis.

*Office Property Market*

In 2013, office property supply in Guangzhou was still concentrated in Pearl River New City. As most owners are unwilling to sell their units, saleable office units in the market were scarce. New office supply reached 1.589 million square meters, increased by approximately 80% as compared to 2012. On the other hand, continued restrictions on the purchase of residential properties and the successive promulgation of new regulatory policies, including the New National Five Measures and Guangzhou's Six Measures, activated investments in the office property market.

*Commercial Property Market*

In 2013, Guangzhou recorded lower sales of commercial properties, mainly due to the fact that the number of existing saleable properties was limited and most investors adopted a wait- and-see attitude in light of high property prices and their weak bargaining power. In 2013, the average transaction price of commercial properties in Guangzhou amounted to RMB26,975.1 per square meter, increased by 19% year-on-year. However, sales area for the period decreased slightly to 453,000 square meters.



## Nanjing

### 1.1 Overview

Nanjing is the capital of Jiangsu province, a sub-provincial city located at the downstream of Yangtze River, a hub city connecting the eastern and western parts of China and an important gateway city of China, influencing and driving the development of the central and western China. As a sub-central city in Eastern China, Nanjing is not only a shipping and logistics centre of Yangtze River, but also an ecological and habitable city in the riverside area. With a long history of over 2,500 years since its establishment as a city and about 500 years of functioning as a capital, Nanjing is one of the four ancient capitals in China and is known as the “Capital of Six Dynasties” and “the Metropolis of Ten Dynasties”.

### 1.2 Economic Overview

**Table 1 Major economic indicators of Nanjing**

|   | 2007     | 2008     | 2009     | 2010     | 2011     | 2012     | 2013     | CAGR<br>(2007-<br>2013) |
|---|----------|----------|----------|----------|----------|----------|----------|-------------------------|
| <b>GDP (RMB billion)</b> . . . . .                                      | 334.0    | 381.5    | 423.0    | 501.0    | 614.6    | 720.2    | 801.2    | 15.7%                   |
| <b>Total fixed asset investment (RMB billion)</b> . . .                 | 186.8    | 215.4    | 266.8    | 330.6    | 401.0    | 468.3    | 526.6    | 18.9%                   |
| <b>Foreign direct investment (US\$ billion)</b> . . . . .               | 2.1      | 2.4      | 2.4      | 2.7      | 3.6      | 4.1      | 4.0      | 11.8%                   |
| <b>Per capita disposable income of urban residents (RMB)</b> . . . . .  | 20,317.0 | 23,123.0 | 25,504.0 | 28,312.0 | 32,200.0 | 36,322.0 | 39,881.0 | 11.9%                   |
| <b>Total population (million)*</b> . . . . .                            | 6.2      | 6.2      | 6.3      | 6.3      | 6.4      | 6.4      | 6.4      | 0.7%                    |
| <b>Total retail sales of social commodities (RMB billion)</b> . . . . . | 138.0    | 165.2    | 196.2    | 226.8    | 267.0    | 308.1    | 350.4    | 16.8%                   |
| <b>Per capita total expenditure of urban households (RMB)</b> . . . . . | 13,278.0 | 15,133.0 | 16,339.0 | 18,156.0 | 20,763.0 | 23,493.0 | 25,647.0 | 11.6%                   |

Note: \*total population is based on registered population

Source: Nanjing Statistical Yearbook 2008-2013, Bulletin of Statistics of Nanjing (2013)

### 1.3 Overview of the Property Market

In 2013, investment in property development in Nanjing amounted to RMB112 billion, increased by 10.3% over the previous year. Investment in residential property development was at the same level as the previous year. The increase in property development was mainly due to the increased investment in commercial and office properties by developers. The area of completed commodity properties decreased significantly by 38.9% year-on-year to 10.39 million square meters. The commodity property market experienced a gradual recovery, with sales area and sales value increasing by 28.5% and 46.2% over the previous year, respectively.

**Table 2 Statistics of the property market in Nanjing**

|   | 2007    | 2008    | 2009    | 2010    | 2011    | 2012     | 2013     | CAGR<br>(2007-<br>2013) |
|---|---------|---------|---------|---------|---------|----------|----------|-------------------------|
| <b>Total investments in property development projects (RMB billion)</b> . . . . .     | 44.6    | 50.8    | 59.6    | 75.5    | 89.7    | 101.6    | 112.0    | 16.6%                   |
| <b>Total area of properties completed (Ten thousand m<sup>2</sup>)</b> . . . . .      | 683.0   | 1,062.3 | 1,516.3 | 1,039.6 | 1,169.1 | 1,699.7  | 1,039.4  | 7.2%                    |
| <b>Total area of commodity properties sold (Ten thousand m<sup>2</sup>)</b> . . . . . | 1,137.9 | 703.6   | 1,186.9 | 823.2   | 767.7   | 950.9    | 1,222.0  | 1.2%                    |
| <b>Sales of commodity properties (RMB billion)</b> . . . . .                          | 60.4    | 35.9    | 85.3    | 78.7    | 71.5    | 96.1     | 140.5    | 15.1%                   |
| <b>Average selling price of commodity properties (RMB/m<sup>2</sup>)</b> . . . . .    | 5,303.8 | 5,109.2 | 7,184.9 | 9,565.2 | 9,309.9 | 10,106.4 | 11,495.4 | 13.8%                   |

Source: Nanjing Statistical Yearbook 2008-2013; Bulletin of Statistics of Nanjing (2013); The Almanac of China Real Estate 2014

#### Residential Property Market

Nanjing's residential market remained largely balanced between supply and demand for the period from 2007 to 2013, with an annual average completed area of approximately 8.33 million square meters and an annual sales area of approximately 9.02 million square meters. Under the influence of government planning and macro-economic stimulus policies, there was a strong demand in residential market in 2009, and sales area for the year reached a historic record of 11.14 million square meters. In response to the introduction of a series of macro-control policies such as limitations on housing credit, a wait-and-see attitude from the demand side of the market emerged in 2011. Despite the ongoing macro-controls, the market gradually picked up in 2012 and sales area kept growing for two consecutive years to reach 11.43 million square meters in 2013, representing a year-on-year increase of 30.5%. The market price kept rising for seven consecutive years and the average selling price of residential properties amounted to RMB11,078.0 per square meter in 2013, representing a year-on-year increase of 14.5%.

### *Office Property Market*

In general, there was an oversupply of office properties in Nanjing, with steady growth in the selling price. Between 2007 and 2013, the annual average completed area and the sales area of office properties were 0.4 million square meters and 0.26 million square meters respectively. Between 2007 and 2012, the price of office units continued to grow and peaked at RMB19,332.0 per square meter in 2011. The price then returned to a sensible level due to a decrease in demand, and the average selling price of office properties in the city amounted to RMB17,939.0 per square meter in 2013, representing a year-on-year increase of 8.8%.

### *Commercial Property Market*

Nanjing's commercial property market performed well in general from 2007 to 2013. Impacted by the purchase limitation policies, developers shifted their operational focus from residential housing to the commercial market, resulting in a continuous hot commercial market. In recent years, the business mode of Nanjing has gradually shifted from community-based to urban complex developments. As most of the developers chose to hold properties for operation, there will be an oversupply in the market and the gap might be increasingly widening. Since 2011, the commercial property market in Nanjing has entered a stage of rapid development and the average transaction price of commercial properties grew to RMB19,714.0 per square meter from RMB12,210.0 per square meter in 2009.

## **Chengdu**

### **1.1 Overview**

Chengdu, located in the hinterland of Chuanxi Plain of Southwestern China, is the capital of Sichuan province, the centre of technology and education, trade and finance in Southwestern China, as well as a famous cultural city with a history of over 2,300 years. It borders Longquan Mountains to the east, Yunnan-Guizhou Plateau to the south, Qionglai Mountains to the west and Qinling Mountains to the north. It has a total area of approximately 12,000 square kilometres, of which downtown area accounts for approximately 283.9 square kilometres.

## 1.2 Economic Overview

Table 1 Major economic indicators of Chengdu

|  | 2007     | 2008     | 2009     | 2010     | 2011     | 2012     | 2013     | CAGR<br>(2007-<br>2013) |
|--|----------|----------|----------|----------|----------|----------|----------|-------------------------|
| GDP (RMB billion) . . . . .  | 332.4    | 394.5    | 450.3    | 555.1    | 695.1    | 813.9    | 910.9    | 18.3%                   |
| Total fixed asset<br>investment (RMB billion) . . .                    | 239.0    | 299.4    | 401.3    | 425.5    | 499.6    | 589.0    | 650.1    | 18.1%                   |
| Foreign direct investment<br>(US\$ billion) . . . . .                  | 1.1      | 2.3      | 2.8      | 4.9      | 6.6      | 8.6      | 8.8      | 40.5%                   |
| Per capita disposable<br>income of urban<br>residents (RMB) . . . . .  | 14,849.0 | 16,943.0 | 18,659.0 | 20,835.0 | 23,932.0 | 27,194.0 | 29,968.0 | 12.4%                   |
| Registered population<br>(million) . . . . .                           | 11.1     | 11.2     | 11.4     | 11.5     | 11.6     | 11.7     | 11.9     | 1.1%                    |
| Total retail sales of social<br>commodities<br>(RMB billion) . . . . . | 135.7    | 162.1    | 195.0    | 241.8    | 286.1    | 331.8    | 375.3    | 18.5%                   |
| Per capita total<br>expenditure of urban<br>households (RMB) . . . . . | 11,703.0 | 12,850.0 | 14,088.0 | 15,511.0 | 17,795.0 | 19,054.0 | NA       | 10.2%*                  |

Note: \* Per capita total expenditure of urban households represented the CAGR from 2007 to 2012

Source: Statistics Bureau of Chengdu

## 1.3 Overview of Property Market

In general, Chengdu's investment in property development grew steadily from RMB91.3 billion in 2008 to RMB211 billion in 2013. The growth rate of investment fell sharply in 2008 and 2009 due to the impact of earthquake but recovered quickly and recorded an annual average growth rate of 26.0% for the three years from 2010 to 2012.

Table 2 Statistics of the property market in Chengdu

|   | 2008    | 2009    | 2010    | 2011    | 2012    | 2013    | CAGR<br>(2008-<br>2013) |
|---|---------|---------|---------|---------|---------|---------|-------------------------|
| Total investment<br>in property development<br>projects (RMB billion) . . . . .   | 91.3    | 94.5    | 127.8   | 159.6   | 189.0   | 211.0   | 18.3%                   |
| Total area of<br>properties completed<br>(Ten thousand m <sup>2</sup> ) . . . . . | 965.0   | 1,637.0 | 1,578.0 | 1,573.2 | 2,099.0 | 1,887.8 | 15.6%                   |
| Total area of commodity<br>properties sold (Ten thousand m <sup>2</sup> ) . . .   | 1,273.5 | 2,693.1 | 2,559.3 | 2,713.4 | 2,845.2 | 2,948.0 | 14.4%                   |
| Sales of commodity<br>properties (RMB billion) . . . . .                          | 62.7    | 132.9   | 151.9   | 181.1   | 207.0   | 212.2   | 18.3%                   |
| Average selling price<br>of commodity properties (RMB/m <sup>2</sup> ) . . .      | 4,921.0 | 4,934.8 | 5,936.6 | 6,675.3 | 7,275.0 | 7,196.7 | 27.6%                   |

Source: Chengdu's Property Investment Express (成都房地產投資快訊)

### *Residential Property Market*

Purchasers adopted a wait-and-see attitude towards purchasing residential housing in Chengdu during the periods of earthquake and financial crisis in 2008. Stimulated by the RMB4 trillion national economic stimulus plan in 2009, Chengdu hit a record high level of 25.476 million square meters in sales area of residential properties, this record was refreshed only until 2013. Under the influence of the national control policies, the CAGR of Chengdu's residential property sales area was only 3.72% from 2012 to 2013. Along with the increase in trading volume, the average selling price of residential properties in Chengdu has grown steadily since 2008 to RMB6,712.0 per square meter in 2013, with a CAGR of 6.6% from 2008. Assuming the selling price of residential properties in Chengdu is only a half of that of first-tier cities such as Beijing and Shanghai, there will be space for growth in the residential market of Chengdu.

### *Office Property Market*

Prior to 2009, the office property market in Chengdu was relatively stable in general. The supply of office properties has grown rapidly in Chengdu since 2010, meanwhile the trading volume and price of office properties in Chengdu have experienced a rapid growth within a short period under the impact of the local government's policies to control the overheated residential market. The price fell slightly due to an oversupply of office properties in 2012. Although the selling price of office properties in Chengdu rebounded to RMB10,085.0 per square meter in 2013, the overall transaction amount decreased by 21.6% as compared to the previous year as a result of declined trading volume. The downward trend is expected to continue in the next two to three years.

### *Commercial Property Market*

Commercial properties in Chengdu experienced explosive growth from 2010 to 2012, mainly attributable to the effects of the following two factors: 1) the local economic revival plan introduced by Chengdu's government; 2) the formulation of the relevant local policies by Chengdu's government in response to the State Council's notice on curbing the overheated residential market, which in turn led to the shift of investments from residential properties to commercial properties. From 2010 to 2012, Chengdu's commercial property market boomed in supply and demand, with a steady growth in the prices. In 2013, the price fell slightly due to rapid growth in prices at an earlier stage as well as an oversupply of commercial properties.

## **Fuzhou**

### **1.1 Overview**

Fuzhou, located in the eastern part of Fujian province along the downstream of Min River, is the capital of Fujian province and the provincial capital and central city in mainland China nearest Taiwan. Fuzhou is one of the first 14 coastal port cities open to external investors in the PRC and its economy has a relatively high degree of marketization and openness to external investments. As an important metropolis along China's southeast coast, Fuzhou is the centre of politics, economics, culture, scientific research, modern financial service sector in the economic zone on the west bank of the Strait.

## 1.2 Economic Overview

Table 1 Major economic indicators of Fuzhou

|  | 2007     | 2008     | 2009     | 2010     | 2011     | 2012     | 2013     | CAGR<br>(2007-<br>2013) |
|--|----------|----------|----------|----------|----------|----------|----------|-------------------------|
| GDP (RMB billion) . . . . .  | 197.5    | 228.4    | 252.4    | 306.8    | 373.5    | 421.8    | 467.9    | 15.5%                   |
| Total fixed asset<br>investment (RMB billion) . . .                    | 100.1    | 124.9    | 164.7    | 231.7    | 272.0    | 326.6    | 383.4    | 25.1%                   |
| Foreign direct investment<br>(US\$ million) . . . . .                  | 1,324.0  | 1,489.0  | 1,230.0  | 1,673.0  | 1,770.0  | 2,056.0  | 2,057.0  | 7.6%                    |
| Per capita disposable<br>income of urban<br>residents (RMB) . . . . .  | 16,642.0 | 19,009.0 | 20,289.0 | 22,723.0 | 26,050.0 | 29,399.0 | 32,265.0 | 11.7%                   |
| Permanent population<br>at the end of year ('000) . . .                | 6,760.0  | 6,830.0  | 6,870.0  | 7,115.4  | 7,200.0  | 7,270.0  | 7,340.0  | 1.4%                    |
| Urban population ('000) . . . .  | 1,859.2  | 1,866.8  | 1,875.3  | 1,885.9  | 1,900.2  | 1,920.6  | 1,947.6  | 0.8%                    |
| Total retail sales of<br>social commodities<br>(RMB billion) . . . . . | 94.1     | 113.4    | 133.6    | 162.4    | 189.7    | 225.9    | 268.2    | 19.1%                   |
| Per capita total<br>expenditure of urban<br>households (RMB) . . . . . | 11,790.0 | —        | —        | —        | 17,847.0 | 20,040.0 | —        | —                       |

Source: Statistics Bureau of Fuzhou

### 1.3 Overview of Property Market

From 2007 to 2013, Fuzhou's property investment showed a rapid growth, representing a CAGR of 22.4%. As property investment is greatly affected by such factors as economic conditions and macro policies, Fuzhou's property investment grew slightly between 2008 and 2009 due to financial crisis in 2008, but increased at a quicker pace after 2010 as a result of the improved economy. Meanwhile, there was steady growth in area and average selling price of commodity properties sold, and the area of commodity properties sold amounted to 12.565 million square meters in 2013.

**Table 2 Statistics of the property market in Fuzhou**

|   | 2007    | 2008    | 2009    | 2010    | 2011     | 2012     | 2013     | CAGR<br>(2007-<br>2013) |
|---|---------|---------|---------|---------|----------|----------|----------|-------------------------|
| <b>Total investment in property development projects (RMB billion)</b> . . . . .      | 37.6    | 31.0    | 36.2    | 67.1    | 95.6     | 97.2     | 126.5    | 22.4%                   |
| <b>Total area of properties completed (Ten thousand m<sup>2</sup>)</b> . . . . .      | 474.0   | 329.0   | 485.0   | 345.8   | 541.4    | 534.3    | 832.0    | 9.8%                    |
| <b>Total area of commodity properties sold (Ten thousand m<sup>2</sup>)</b> . . . . . | 525.1   | 344.1   | 690.1   | 597.8   | 622.2    | 841.5    | 1,256.5  | 15.7%                   |
| <b>Sales of commodity properties (RMB billion)</b> . . . . .                          | 12.4    | 19.5    | 45.8    | 50.3    | 62.8     | 94.1     | 141.1    | 50.0%                   |
| <b>Average selling price of commodity properties (RMB/m<sup>2</sup>)</b> . . . . .    | 2,364.9 | 5,666.4 | 6,630.8 | 8,411.4 | 10,090.5 | 11,188.2 | 11,229.6 | 29.7%                   |

Source: Statistics Bureau of Fuzhou, China's Real Estate Yearbook 2013

#### *Residential Property Market*

There was a growth in both trading volume and price in Fuzhou's residential market from 2007 to 2013 as a whole. Of these, total area sold for the relevant years decreased as a result of 2008 Olympic Games, introduction of real estate regulation policies in 2010 and the declined area completed for that year, however, sales area of residential properties reached 11.05 million square meters in 2013. The average selling price of Fuzhou's residential properties increased year by year from 2007 to 2013 at a CAGR of 12.9% for seven years, reaching RMB 10,155.0 per square meter, except for a slight drop in 2013 as a result of housing suburbanization.

#### *Office Property Market*

Fuzhou's office property market developed rapidly from 2007 to 2013, with CAGR of various indicators at above 30%. Fuzhou's office property market achieved good sale with sales area of 650,000 square meters in 2013, representing a CAGR of 100.5% for seven years. The announcement of housing purchase restrictions has shifted some investment-oriented customers to commercial properties and recently Fuzhou has given positive supports to the development of commercial properties on city planning and land supply, which contributed to the rapid development of the office and commercial property market in Fuzhou.

*Commercial Property Market*

Except in 2008, Fuzhou's commercial properties increased gradually from 2007 to 2013 in terms of construction area and completed area, reaching 500,000 square meters of completed area in 2013 and representing a CAGR of 7.7% for these seven years. Meanwhile, the area of commercial properties sold in Fuzhou was 390,000 square meters in 2013, with an average selling price of RMB30,992.0 per square meter. Overall speaking, Fuzhou's commercial property market operated at a stable level.

**Hefei****1.1 Overview**

Hefei is the capital of Anhui province and was known as Luzhou in ancient times. It is located in the central part of Anhui province between Yangtze River and Huai River and along the bank of Chaohu Lake, it links with Huai'nan to the north and Wuhu to the south, adjacent to Chuzhou and Ma'anshan to the east, and intersects with Liu'an and Anqing to the west. Hefei is the centre of politics, economics, culture, information, finance and trade of Anhui province, the largest city in Anhui province, a key national base of research and education as well as a core city in the national demonstration area for undertaking industrial transfers at the urban belt of Wanjiang.

**1.2 Economic Overview****Table 1 Major economic indicators of Hefei**

|   | 2007     | 2008     | 2009     | 2010     | 2011     | 2012     | 2013     | CAGR<br>(2007-<br>2013) |
|---|----------|----------|----------|----------|----------|----------|----------|-------------------------|
| <b>GDP (RMB billion)</b> . . . . .                                      | 133.5    | 177.7    | 210.2    | 270.2    | 363.7    | 416.4    | 467.3    | 23.2%                   |
| <b>Total fixed asset investment (RMB billion)</b> . . .                 | 131.0    | 184.0    | 246.8    | 306.7    | 338.6    | 400.1    | 470.8    | 23.8%                   |
| <b>Foreign direct investment (US\$ billion)</b> . . . . .               | 1.0      | 1.2      | 1.3      | 1.4      | 1.8      | 1.7      | 1.9      | 10.8%                   |
| <b>Per capita disposable income of urban residents (RMB)</b> . . . . .  | 13,427.0 | 15,591.0 | 17,158.0 | 19,051.0 | 22,459.0 | 25,434.0 | 28,083.0 | 13.1%                   |
| <b>Total population (million)*</b> . . . . .                            | 4.8      | 4.9      | 4.9      | 5.0      | 7.1      | 7.1      | 7.1      | 6.8%                    |
| <b>Urban population (million)*</b> . . . . .                            | 2.0      | 2.1      | 2.1      | 2.2      | 3.0      | 2.6      | 2.3      | 2.3%                    |
| <b>Total retail sales of social commodities (RMB billion)</b> . . . . . | 46.9     | 61.7     | 70.1     | 83.9     | 111.1    | 129.4    | 148.1    | 21.1%                   |
| <b>Per capita total expenditure of urban households (RMB)</b> . . . . . | 9,936.0  | 11,752.0 | 12,695.0 | 14,012.0 | 15,697.0 | 18,758.0 | 20,475.0 | 12.8%                   |

Note: \*Total population and urban population were counted based on registered population

Source: Statistics Yearbook of Hefei 2008-2013; Statistical Bulletin of Hefei 2013



### 1.3 Overview of Property Market

In 2013, Hefei's investment in property development further boosted and its accumulated amount reached RMB110.58 billion, representing an increase of 21.0% over the previous year. The investment amount in residential properties remained consistent with the previous year and the increase in development investment was primarily attributable to the increased investment in commercial and office properties by developers. As the supply and demand for commodity properties were released at the same time, a new record high level was achieved in completed area and sales area, reaching 14.353 million square meters and 16.281 square meters respectively, representing a significant year-on-year increase of 55.8% and 31.1%.

**Table 2 Statistics of the property market in Hefei**

|   | 2007    | 2008    | 2009    | 2010    | 2011    | 2012    | 2013    | CAGR<br>(2007-<br>2013) |
|---|---------|---------|---------|---------|---------|---------|---------|-------------------------|
| <b>Total investment in property development projects (RMB billion)</b> . . . . .      | 38.5    | 56.7    | 67.0    | 81.9    | 89.0    | 91.4    | 110.6   | 19.2%                   |
| <b>Total area of properties completed (Ten thousand m<sup>2</sup>)</b> . . . . .      | 560.1   | 600.6   | 794.6   | 892.9   | 921.0   | 1,435.3 | 560.1   | 15.4%                   |
| <b>Total area of commodity properties sold (Ten thousand m<sup>2</sup>)</b> . . . . . | 933.1   | 1,298.0 | 1,004.7 | 1,246.0 | 1,242.5 | 1,628.1 | 933.1   | 7.7%                    |
| <b>Sales of commodity properties (RMB billion)</b> . . . . .                          | 33.5    | 54.9    | 59.3    | 78.8    | 76.5    | 102.3   | 33.5    | 19.9%                   |
| <b>Average selling price of commodity properties (RMB/m<sup>2</sup>)</b> . . . . .    | 3,591.6 | 4,227.9 | 5,905.4 | 6,325.7 | 6,155.9 | 6,283.5 | 3,591.6 | 11.3%                   |

Source: Statistics Yearbook of Hefei 2008-2013; Statistical Bulletin of Hefei 2013; China's Real Estate Yearbook 2014

#### *Residential Property Market*

In 2013, rigid demand led to the recovery of residential market, which acquired good opportunities through policy support on commercial properties. The area of commodity housing sold amounted to 14.517 million square meters, representing a year-on-year increase of 30.0%, the highest for recent three years. However, there was no corresponding surge in the average trading price and the market gradually returned to a rational state under control measures. In 2013, the average selling price of residential properties was slightly adjusted to RMB6,084.0 per square meter, representing a year-on-year increase of 5.7%. The increase was mainly due to price reduction by developers for more trading volume, loose monetary policies as well as the weakening of regulatory policies.

### *Office Property Market*

With the ongoing growth of national economy and the introduction of local policies in relation to properties, commercial properties demonstrated a strong development. The investment value of office buildings is showing up. From 2007 to 2013, the annual average completed area and sales area of office properties were 400,000 square meters and 460,000 square meters, respectively. Since 2007, the price of office buildings has been rising, peaking at RMB8,526.7 per square meter in 2012. In 2013, the average selling price of office properties amounted to RMB8,117.0 per square meter, representing a year-on-year decrease of 4.8%.

### *Commercial Property Market*

With the development of emerging business districts in Hefei, the area of retail properties completed has increased significantly in recent years. Notably, the area of shops completed in Hefei amounted to 1.208 million square meters in 2010, representing a significant increase of 112.9% over the previous year. In 2013, the area of shops completed was 1.282 square meters, still higher than the total completed area from 2007 to 2009. The development of a number of business districts also promoted the interests of different sectors to invest in the retail properties of Hefei and contributed to a continuous growth in the area of retail properties sold. In 2011, the area of retail properties sold in Hefei exceeded 1 million square meters, reaching 1.15 million square meters, a surge of 81.7% over the previous year. Starting from 2012, with the ongoing growth in the supply of commercial properties, the citizens in Hefei exercised caution in investment in retail shops, resulting in the decreased demand for retail properties. In 2013, the area of commercial properties sold dropped to 827,000 square meters, representing an increase of 23.9% over that of last year. In terms of the average selling price of various properties, the average selling price of commercial properties was RMB10,043.0 per square meter, representing a decrease of 18.3%.

## **Ningbo**

### **1.1 Overview**

Ningbo is located along the coast of the East China Sea in the northeast of Zhejiang province, in the middle portion of mainland China's coastline, at the southeast corner of Yangtze River Delta and eastern end of Ningshao Plain. Ningbo is the economic centre of Zhejiang province, the second largest city of Zhejiang province, the economic centre of the southern Yangtze River Delta, a modern international port city and one of the top 10 cities in terms of urban comprehensive competitiveness among China's financial centres.

## 1.2 Economic Overview

Table 1 Major economic indicators of Ningbo

|  | 2007      | 2008      | 2009      | 2010      | 2011      | 2012      | 2013 (2007-2013) | CAGR  |
|--|-----------|-----------|-----------|-----------|-----------|-----------|------------------|-------|
| GDP (RMB billion) . . . . .                                      | 341.9     | 394.7     | 432.9     | 516.3     | 605.9     | 658.2     | 712.9            | 13.0% |
| Total fixed asset investment (RMB billion) . . .                 | 159.8     | 172.8     | 200.4     | 219.3     | 238.6     | 290.1     | 342.3            | 13.5% |
| Foreign direct investment (US\$ million) . . . . .               | 2,505.2   | 2,537.9   | 2,205.4   | 2,323.4   | 2,809.3   | 2,852.5   | 3,274.7          | 4.6%  |
| Per capita disposable income of urban residents (RMB) . . . . .  | 22,307    | 25,304    | 27,368    | 30,166    | 34,058    | 37,902    | 41,729           | 11.0% |
| Permanent population ('000) . . . . .                            | 6,646.0   | 6,795.5   | 6,956.5   | 7,096.0   | 7,215.5   | 7,442.9   | 7,619.4          | 2.4%  |
| Total registered population ('000) . . . . .                     | 5,645.6   | 5,680.9   | 5,710.2   | 5,740.8   | 5,764.0   | 5,777.1   | 5,801.0          | 0.5%  |
| Urban population ('000) . . . . .                                | —         | —         | —         | —         | —         | 5,301.5   | 5,348.8          | —     |
| Total retail sales of social commodities (RMB million) . . . . . | 104,500.9 | 125,326.1 | 143,441.2 | 170,451.0 | 201,886.2 | 232,925.9 | 263,570.8        | 16.7% |
| Per capita total expenditure of urban households (RMB) . . . . . | 13,921    | 16,379    | 18,203    | 19,420    | 21,779    | 23,288    | 24,685           | 10.0% |

Source: Statistics Yearbook of Ningbo 2008-2013; Statistical Bulletin of the National Economic and Social Development in Ningbo 2013

### 1.3 Overview of Property Market

From 2007 to 2013, Ningbo's property market showed a general rising trend, and the investment in development projects gradually increased, reaching RMB112.31 billion in 2013, representing a CAGR of 22.5%. In 2013, the total completed area amounted to 8.675 million square meters, the highest for recent seven years, of which residential properties, office properties and commercial properties accounted for 53.3%, 9.9% and 11.8% respectively. The area of commodity properties sold fluctuated significantly but stayed at a higher level from 2007 to 2013, reaching 7.301 million square meters in 2013, of which residential properties, office properties and commercial properties accounted for 79.7%, 6.7% and 7.5% respectively. The average selling price increased by a large margin from 2007 to 2013 at a CAGR of 10.0%, peaking at RMB11,239.8 per square meter in 2012, and fell slightly to RMB11,100.0 per square meter in 2013.

**Table 2 Statistics of the property market in Ningbo**

|   | 2007    | 2008    | 2009    | 2010     | 2011     | 2012     | 2013     | CAGR<br>(2007-<br>2013) |
|---|---------|---------|---------|----------|----------|----------|----------|-------------------------|
| <b>Total investment in property development projects (RMB billion)</b> . . . . .      | 33.3    | 30.8    | 37.5    | 55.7     | 75.5     | 88.4     | 112.3    | 22.5%                   |
| <b>Total area of properties completed (Ten thousand m<sup>2</sup>)</b> . . . . .      | 742.8   | 833.6   | 666.0   | 649.0    | 842.8    | 839.9    | 867.5    | 2.6%                    |
| <b>Total area of commodity properties sold (Ten thousand m<sup>2</sup>)</b> . . . . . | 804.4   | 448.4   | 815.2   | 693.7    | 526.5    | 590.2    | 730.1    | -1.6%                   |
| <b>Sales of commodity properties (RMB billion)</b> . . . . .                          | 50.3    | 32.4    | 73.3    | 77.8     | 58.1     | 66.3     | 81.0     | 8.3%                    |
| <b>Average selling price of commodity properties (RMB/m<sup>2</sup>)</b> . . . . .    | 6,251.5 | 7,224.0 | 8,991.6 | 11,222.6 | 11,025.4 | 11,239.8 | 11,100.0 | 10.0%                   |

Source: *Statistics Yearbook of Ningbo 2008-2013; Statistical Bulletin of the National Economic and Social Development in Ningbo 2013, Statistics Bureau of Ningbo*

#### *Residential Property Market*

The total area of residential properties constructed in Ningbo grew rapidly from 2007 to 2013, increasing from 19.54 million square meters in 2007 to 36.279 million square meters in 2013 at a CAGR of 10.9%. The total area sold fluctuated significantly for the seven years from 2007 to 2013 and showed a downward trend in general from 6.58 million square meters in 2007 to 5.82 million square meters in 2013 but on a continuous rising trend for the three years from 2011 to 2013, increasing by 26.9% in 2013 as compared to 2012. The average selling price peaked at RMB11,669.1 per square meter in 2010, fell slightly in 2011 and maintained a modest increase thereafter every year, reaching RMB11,405.0 per square meter in 2013, representing a CAGR of 11.0% for the seven years.

### *Office Property Market*

The total area of office properties constructed in Ningbo increased substantially from 2007 to 2013, representing a CAGR of 15.3%. Total area constructed was 6.01 million square meters in 2013, representing an increase of 134.8% over 2.559 million square meters in 2007 and an increase of 17.3% over 2012. Sales of office properties amounted to RMB4.78 billion in 2013, representing an increase of 29.2% over RMB3.7 billion in 2007, peaked at RMB7.44 billion in 2010. The average selling price was RMB9,749.0 per square meter in 2013, representing an increase of 29.1% over RMB7,554.0 per square meter in 2007, peaked at RMB11,037.2 per square meter in 2010.

### *Commercial Property Market*

The total area of commercial properties constructed in Ningbo increased substantially from 2007 to 2013, representing a CAGR of 20.4%. The total area constructed was 9.12 million square meters in 2013, an increase of 205.3% over 2.987 million square meters in 2007 and an increase of 23.5% over 2012. The total area sold was 550,000 square meters in 2013, an increase of 29,000 square meters over 2007, representing a CAGR of only 0.9%. Sales for 2013 decreased by 9.9% over 2012. The average selling price was on a general rising trend, decreased by 3.4% and 9.4% in 2011 and 2013, respectively, and the average selling price amounted to RMB13,730.0 per square meter in 2013, representing a CAGR of 7.3% for the seven years.

## **Xiamen**

### **1.1 Overview**

Xiamen, located at the southeast of Fujian province, is one of the four special economic zones that pioneered to implement opening up and reform policies in China, as well as the cross-strait regional financial service centre, the southeast international shipping centre, a demonstration zone for cooperation between cross-strait emerging industries and modern services, and a modern international port tourism city. In recent years, Xiamen's economy has been running well and was classified as a new first-tier city on the new city grading list at the end of 2013.

## 1.2 Economic overview

Xiamen's gross national product experienced a year-on-year growth from 2007 to 2013 at a CAGR of 13.6%, and its economy is in a rapid development stage. In general, Xiamen has a favourable economic environment, which will support the development of the local property sector.

**Table 1 Major economic indicators of Xiamen**

|   | 2007     | 2008     | 2009     | 2010     | 2011     | 2012     | 2013     | CAGR<br>(2007-<br>2013) |
|---|----------|----------|----------|----------|----------|----------|----------|-------------------------|
| <b>GDP (RMB billion)</b> . . . . .                                      | 140.3    | 161.1    | 173.7    | 206.0    | 253.9    | 281.5    | 301.8    | 13.6%                   |
| <b>Total fixed asset investment (RMB billion)</b> . . .                 | 92.8     | 93.1     | 88.2     | 100.9    | 112.8    | 133.3    | 134.8    | 6.4%                    |
| <b>Foreign direct investment (US\$ million)</b> . . . . .               | 1,271.7  | 2,042.4  | 1,686.8  | 1,696.5  | 1,725.7  | 1,595.0  | 1,872.0  | 6.7%                    |
| <b>Per capita disposable income of urban residents (RMB)</b> . . . . .  | 21,502.6 | 23,947.6 | 26,130.6 | 29,253.1 | 33,565.3 | 37,576.0 | 41,360.0 | 11.5%                   |
| <b>Total registered population ('000)</b> . . . . .                     | 1,672.4  | 1,736.7  | 1,770.0  | 1,802.1  | 1,852.6  | 1,909.2  | 1,967.8  | 2.7%                    |
| <b>Permanent population at the end of year ('000)</b> . . .             | 3,040.0  | 3,260.0  | 3,300.0  | 3,560.0  | 3,610.0  | 3,670.0  | 3,730.0  | 3.5%                    |
| <b>Urban population ('000)</b> . . . . .                                | 1,141.6  | 118.8    | 1,420.1  | 1,450.7  | 1,495.0  | 1,545.2  | 1,596.9  | 5.8%                    |
| <b>Total retail sales of social commodities (RMB billion)</b> . . . . . | 41.1     | 49.6     | 56.6     | 68.5     | 80.0     | 88.2     | 97.5     | 15.5%                   |
| <b>Per capita total expenditure of urban households (RMB)</b> . . . . . | 16,380.2 | 17,116.6 | 17,990.0 | 19,960.7 | 22,314.3 | 24,921.6 | 26,864.0 | 8.6%                    |

Source: *Statistics Yearbook of Xiamen 2007-2012; Statistical Bulletin of the National Economic and Social Development in Xiamen 2013*

## 1.3 Overview of Property Market

In the aftermath of the global financial crisis, Xiamen's economy recovered rapidly from 2010 to 2012, driven by the integration inside and outside the island as well as integrated construction of Xiamen and Zhangzhou, and achieved a double-digit rapid growth in terms of investments in both fixed assets and property development. The proportion of property investment in total fixed asset investment maintained a stable level in these three years. Affected by an overall drop in the investment in three major industries in 2013, the city's fixed asset investment slowed down, realizing a slight increase of 1.1%. Moreover, due to tight land supplies and the slow down of new commencements of construction area, the growth rate of property investment dropped to 2.5% from 18.4% in the corresponding period of the previous year.

In respect of supply, the land supply in Xiamen declined year by year since 2011, resulting in a corresponding decrease in the supply of commodity properties. In respect of trading volume, the total transacted area of commodity properties showed an overall continuous upward trend from 2007 to 2013 (except 2010 in which the sales volume was affected by real estate regulation and control policies) with a total sales volume of 7.864 million square meters in 2013, representing a sharp increase of 27.8% over the previous year. From 2007 to 2013, the average selling price of commodity properties showed an upward trend year-on-year (except 2008) with a CAGR of 8.7% for a period of 7 years. In 2013, the overall average selling price of commodity properties increased by 11.0% to RMB13,629.7 per square meter.

**Table 2 Statistics of the property market in Xiamen**

|   | 2007    | 2008    | 2009    | 2010    | 2011     | 2012     | 2013     | CAGR<br>(2007-<br>2013) |
|---|---------|---------|---------|---------|----------|----------|----------|-------------------------|
| <b>Total investments in property development projects (RMB billion)</b> . . . . .     | 34.6    | 32.7    | 29.5    | 39.6    | 43.8     | 51.9     | 53.2     | 7.4%                    |
| <b>Total area of properties completed (Ten thousand m<sup>2</sup>)</b> . . . . .      | 378.6   | 625.0   | 711.1   | 706.6   | 602.9    | 422.4    | 343.0    | -1.6%                   |
| <b>Total area of commodity properties sold (Ten thousand m<sup>2</sup>)</b> . . . . . | 497.7   | 389.5   | 529.3   | 426.8   | 445.4    | 615.3    | 786.4    | 7.9%                    |
| <b>Sales of commodity properties (RMB billion)</b> . . . . .                          | 41.1    | 20.5    | 42.1    | 37.9    | 47.0     | 75.6     | 107.2    | 17.3%                   |
| <b>Average selling price of commodity properties (RMB/m<sup>2</sup>)</b> . . . . .    | 8,249.6 | 5,255.8 | 7,950.7 | 8,883.5 | 10,557.9 | 12,280.5 | 13,629.7 | 8.7%                    |

Source: Statistics Bureau of Xiamen

### *Residential Property Market*

The land supply in Xiamen declined year by year since 2011. In 2013, the land supply for residential use hit a record low level in recent years. Continuous contraction of the land market led to a decrease in the area of commodity properties newly commenced in construction, which will curb the supply in the market in future. The effect will be reflected in the new supply over the next two years.

Historically, the transaction volume of residential properties in Xiamen fluctuated in line with changes in economic policies. In 2010, the transaction volume fell into stagnancy due to frequent introductions of real estate regulation and control policies. In 2013, the transaction volume hit a record high level as buyers with rigid demand poured into the market, an aggregated area of 4.190 million square meters of commodity residential properties was approved for sale and an aggregated area of 5.815 million square meters was transacted, and demand is in excess of supply in general.

### *Office Property Market*

From 2007 to 2013, the area of office properties under construction in Xiamen showed a general upward trend with a CAGR of 12.1%. Area of properties completed fluctuated widely and it is expected that the total area of properties under construction will increase in future due to the construction of financial centres across the strait.

In respect of selling price, from 2007 to 2013, the average selling price of office properties in Xiamen grew at a CAGR of 19.7%. Selling price fluctuated in phases, with a lower selling price level in 2007 to 2011 due to the lower grades and locations (mainly outside of the island) of the office properties sold, and a much higher selling price level in 2012 to 2013 due to the higher grades of the office properties sold.

### *Commercial Property Market*

From 2007 to 2013, the area of commercial properties under construction in Xiamen showed a general upward trend with a CAGR of 9.0%. The area of properties completed fluctuated widely. From 2007 to 2013, the average selling price of commercial properties grew at a CAGR of 6.9% and reached RMB26,888.0 per square meter in 2013, and the transacted properties were mainly residential properties with commercial space on ground floor.

## **Xi'an**

### **1.1 Overview**

Xi'an, known as Chang'an in ancient times, is the capital of Shanxi province. Located at the central part of Guanzhong Plain, it is an important scientific research, educational and industrial base of China and an important hub city in the western part of China. It is also a renowned historical and cultural city in the world. Xi'an has a long history of more than 3,100 years since establishment of the city and used to be China's capital city for over 1,100 years. It was once the capital of 13 dynasties in the Chinese history and ranks together with Athens, Rome and Cairo as the top four ancient capitals in the world.



## 1.2 Economic Overview

From 2007 to 2013, Xi'an witnessed a rapid economic growth with its GDP growing at a CAGR of approximately 18.8%. Overall speaking, Xi'an has a good economic environment with increasingly strong demand for urban housing, which will support the development of the real estate industry in Xi'an.

**Table 1 Major economic indicators of Xi'an**

|   | 2007     | 2008     | 2009     | 2010     | 2011     | 2012     | 2013     | CAGR<br>(2007-<br>2013) |
|---|----------|----------|----------|----------|----------|----------|----------|-------------------------|
| <b>GDP (RMB billion)</b> . . . . .                                      | 173.7    | 231.8    | 272.4    | 324.2    | 386.4    | 436.9    | 488.4    | 18.8%                   |
| <b>Total fixed asset investment (RMB billion)</b> . . . . .             | 143.5    | 190.6    | 250.0    | 325.1    | 335.2    | 424.3    | 513.5    | 23.7%                   |
| <b>Foreign direct investment (US\$ million)</b> . . . . .               | 1,116.0  | 1,147.0  | 1,219.0  | 1,567.0  | 2,005.0  | 2,478.0  | 3,130.0  | 18.8%                   |
| <b>Per capita disposable income of urban residents (RMB)</b> . . . . .  | 12,662.0 | 15,207.0 | 18,963.0 | 22,244.0 | 25,981.0 | 29,982.0 | 33,100.0 | 17.4%                   |
| <b>Total population ('000)</b> . . . . .                                | 8,305.4  | 8,375.2  | 8,434.6  | 8,474.1  | 8,513.4  | 8,552.9  | 8,588.1  | 0.6%                    |
| <b>Urban population ('000)</b> . . . . .                                | 5,489.9  | 5,651.6  | 5,814.0  | 5,847.1  | 5,967.9  | 6,116.2  | 6,187.7  | 2.0%                    |
| <b>Total retail sales of social commodities (RMB billion)</b> . . . . . | 92.2     | 115.4    | 138.1    | 161.1    | 193.5    | 223.6    | 254.8    | 18.5%                   |
| <b>Per capita total expenditure of urban households (RMB)</b> . . . . . | NA       | NA       | NA       | NA       | NA       | 21,434.0 | 23,848.0 | NA                      |

Source: Statistical Bulletin of the National Economic and Social Development in Xi'an 2007-2013

### 1.3 Overview of Property Market

The property market in Xi'an experienced a rapid growth since 2007. By the end of 2013, total investments in property development projects amounted to approximately RMB159.60 billion, 4 times that in 2007. Meanwhile, the annual average area of commodity properties sold in Xi'an was more than 10 million square meters, representing a CAGR of 29.3%, and the average selling price of commodity properties increased from RMB3,388.6 per square meter in 2007 to RMB 6,613.4 per square meter in 2012, evidencing that the property market in Xi'an is in a state of steady and robust development.

**Table 2 Statistics of the property market in Xi'an**

|   | 2007    | 2008    | 2009    | 2010    | 2011    | 2012    | 2013  | CAGR<br>(2007-<br>2013) |
|---|---------|---------|---------|---------|---------|---------|-------|-------------------------|
| <b>Total investments in property development projects (RMB billion)</b> . . . . .     | 38.7    | 54.0    | 69.6    | 84.2    | 100.3   | 128.2   | 159.6 | 26.6%                   |
| <b>Total area of properties completed (Ten thousand m<sup>2</sup>)</b> . . . . .      | 836.0   | 1,076.1 | 542.8   | 463.7   | 634.0   | 1,063.7 | 795.4 | -0.8%                   |
| <b>Total area of commodity properties sold (Ten thousand m<sup>2</sup>)</b> . . . . . | 832.5   | 758.8   | 1,256.0 | 1,587.8 | 1,778.0 | 1,538.9 | NA    | 13.1%                   |
| <b>Sales of commodity properties (RMB billion)</b> . . . . .                          | 28.2    | 31.8    | 48.9    | 70.7    | 109.1   | 101.8   | NA    | 29.3%                   |
| <b>Average selling price of commodity properties (RMB/m<sup>2</sup>)</b> . . . . .    | 3,388.6 | 4,184.8 | 3,889.7 | 4,452.7 | 6,137.8 | 6,613.4 | NA    | 14.3%                   |

Source: Statistical Bulletin of the National Economic and Social Development in Xi'an 2007-2013, Statistical Yearbook of Xi'an 2007-2012

#### *Residential Property Market*

Along with the rapid development of the overall property market, the residential property market in Xi'an, as a major driving force, was in an upward trend in the past seven years. By comparing the statistical data of the whole property market with that of the residential property market, it could be found that the property market in Xi'an was mainly focused on residential properties, which accounted for a weight of more than 90% in the property market as a whole in terms of area of properties completed, area of properties sold and sales of properties. Since 2007, the annual average area of properties completed in the residential property market of Xi'an remained at a level above 4 million square meters, the annual average area of properties sold remained at a level above 10 million square meters and the average selling price increased at a CAGR of 15.6%. By the end of 2012, the average selling price of residential properties in Xi'an amounted to RMB6,631.9 per square meter. The residential property market is relatively healthy in general with strong demand.

### *Office Property Market*

Although the office market in Xi'an started relatively late, it has been experiencing a rapid growth since 2010. The area of office properties newly under construction in Xi'an increased sharply from 0.32 million square meters in 2010 to 1.51 million square meters in 2013, indicating the office properties in Xi'an were well received by increasingly more investors. In respect of the market demand, the area of properties sold in the recent five years remained relatively stable with an annual average area of properties sold of approximately 0.3 million square meters. The selling price increased from RMB5,277 per square meter in 2009 to RMB8,962 per square meter in 2013, representing a CAGR of approximately 14%. However, in view of the fact that the area of properties sold in the recent two years is relatively small as compared to the area of properties newly under construction, there is risk of oversupply in the future.

### *Commercial Property Market*

Since 2008, the commercial property market in Xi'an stepped into a period of rapid development, particularly since 2010 when the State introduced policies to restrict purchases and loans for residential properties which led property developers to shift their business development focus to commercial properties gradually. By 2013, the area of commercial properties newly under construction in Xi'an amounted to approximately 2.73 million square meters, nearly 4 times of that in 2008 and much higher than the area of properties completed and the area of properties sold during the same period, which indicates that, in future, Xi'an might have a sharp increase in the supply of commercial properties. In respect of selling price, the average selling price of commercial properties in Xi'an increased from RMB6,869 per square meter in 2008 to RMB14,085 per square meter in 2011 and then began to fall. As at the end of 2013, the average selling price of commercial properties in Xi'an fell to approximately RMB11,679 per square meter, reflecting investors' concern over the commercial property market in Xi'an.

## **Changzhou**

### **1.1 Overview**

Changzhou, located at the south of the Yangtze River and the bank of Taihu Lake, is a provincial city of Jiangsu province. It sits at the heart of the Yangtze River Delta and is facing Shanghai and Nanjing in equal distance. Changzhou, together with Suzhou and Wuxi, jointly form the Suzhou-Wuxi-Changzhou metropolitan region. Changzhou has a total area of 4,385 square kilometres and consists of five districts and two county-level cities, namely Tianning District, Zhonglou District, Qishuyan District, Xinbei District, Wujin District, Liyang City and Jintan City. As at the end of 2013, it had a registered population of 3.659 million.

## 1.2 Economic Overview

From 2007 to 2013, Changzhou had a strong momentum in economic growth with its GDP growing steadily at a CAGR of 14.7%. In general, the economic environment of Changzhou is good.

**Table 1 Major economic indicators of Changzhou**

|   | 2007     | 2008     | 2009     | 2010     | 2011     | 2012     | 2013     | CAGR<br>(2007-<br>2013) |
|---|----------|----------|----------|----------|----------|----------|----------|-------------------------|
| <b>GDP (RMB billion)</b> . . . . .  | 191.4    | 226.6    | 25.2     | 304.5    | 358.1    | 397.0    | 436.1    | 14.7%                   |
| <b>Total fixed asset investment<br/>(RMB billion)</b> . . . . .                 | 120.4    | 144.8    | 170.5    | 210.4    | 233.9    | 276.0    | 290.3    | 15.8%                   |
| <b>Foreign direct investment<br/>(US\$ billion)</b> . . . . .                   | 1.8      | 2.0      | 2.3      | 2.7      | 3.1      | 3.4      | 3.5      | 11.5%                   |
| <b>Per capita disposable<br/>income of urban<br/>residents (RMB)</b> . . . . .  | 19,089.0 | 21,592.0 | 23,751.0 | 26,269.0 | 29,829.0 | 33,857.0 | 36,946.0 | 11.6%                   |
| <b>Total population (million)</b> . .   | 3.6      | 3.6      | 3.6      | 3.6      | 3.6      | 3.6      | 3.7      | 0.4%                    |
| <b>Urban population (million)</b> . .   | 2.6      | 2.7      | 2.7      | 2.9      | 3.0      | 3.1      | 3.23     | 3.0%                    |
| <b>Total retail sales of<br/>social commodities<br/>(RMB billion)</b> . . . . . | 61.4     | 76.4     | 89.2     | 105.4    | 123.6    | 141.3    | 159.7    | 17.3%                   |
| <b>Per capita total<br/>expenditure of urban<br/>households (RMB)</b> . . . . . | 13,789.0 | 14,967.0 | 15,961.0 | 17,124.0 | 18,893.0 | 20,519.0 | 23,090.0 | 9.0%                    |

*Source: Statistical Yearbook of Changzhou 2008-2013, Statistical Bulletin of the National Economic and Social Development in Changzhou 2013*

## 1.3 Overview of Property Market

In recent years, the property market in Changzhou maintained a good momentum for vigorous development. Completed investments in property development had a leap growth in 2010 and grew steadily in the following years. In 2013, the investments in property development amounted to RMB69.88 billion in Changzhou, representing an increase of 17.1% over the previous year.

In respect of average selling price, the market price remained stable. The impact of macro-control policies on the property market in Changzhou was still lingering. In 2012, the demand for various types of properties declined to different extents and the average selling price of commodity properties in the city amounted to approximately RMB6,809.0 per square meter, representing a decrease over the previous year.

Table 2 Statistics of the property market in Changzhou

|   | 2007    | 2008    | 2009    | 2010    | 2011    | 2012    | CAGR<br>(2007-<br>2012) |
|---|---------|---------|---------|---------|---------|---------|-------------------------|
| <b>Total investments in property development projects (RMB billion)</b> . . . . .     | 22.5    | 30.9    | 30.6    | 44.7    | 56.6    | 59.7    | 21.5%                   |
| <b>Total area of properties completed (Ten thousand m<sup>2</sup>)</b> . . . . .      | 616.3   | 685.1   | 749.8   | 732.5   | 682.2   | 927.3   | 8.5%                    |
| <b>Total area of commodity properties sold (Ten thousand m<sup>2</sup>)</b> . . . . . | 579.5   | 504.5   | 922.6   | 915.8   | 661.1   | 756.8   | 5.8%                    |
| <b>Sales of commodity properties (RMB billion)</b> . . . . .                          | 22.9    | 22.0    | 44.6    | 55.3    | 48.5    | 51.5    | 17.7%                   |
| <b>Average selling price of commodity properties (RMB/m<sup>2</sup>)</b> . . . . .    | 3,943.5 | 4,363.0 | 4,831.5 | 6,040.9 | 7,339.5 | 6,809.0 | 11.5%                   |

Source: Statistical Yearbook of Changzhou 2008-2013, Statistical Bulletin of the National Economic and Social Development in Changzhou

### *Residential Property Market*

In 2013, property investments were still dominated by investments in residential properties with completed investment at RMB47.62 billion, accounting for 68.1% of property development investments. Due to macro control policies on the residential property market, the average selling price of residential properties was RMB6,516.1 per square meter in 2012, at roughly the same level as in the previous year.

### *Office Property Market*

In 2013, investments in office properties increased remarkably by 43.4% over the previous year. Average selling price of office properties was RMB6,719 per square meter in 2012, a decrease of 11.0% over the previous year, primarily due to a significant increase in supply and a lack of demand.

### *Commercial Property Market*

In 2012, the average selling price of commercial properties in Changzhou amounted to RMB11,385.1 per square meter, representing an increase of 3.2% over the previous year and a CAGR of 12.9% since 2007. In recent years, the sales of commercial properties in Changzhou grew at a relatively high level, which led to rigidity in selling prices.

## **Yichang**

### **1.1 Overview**

Yichang is located at the south-western part of Hubei province, the junction of the upstream and midstream of the Yangtze River and a transitional zone between the mountain area in the western part of Hubei and Jiangnan Plain. Yichang was named as Yiling in ancient times after its picturesque description “the rivers turn broad and smooth upon flowing here, and the mountains evolve into hilly lands upon reaching this land”, and is the birthplace of Bachu culture and the hometown of Qu Yuan, a historic and cultural celebrity in the world, and

Wang Zhaojun, a beauty contributed to national unity in ancient China. Yichang is strategically located at the junction of the upstream and midstream of the Yangtze River, with Sichuan province to the west as well as Jinzhou and Xiangyang to the east. It enjoys a reputation of “the gate to Three Gorges” and “the throat of Sichuan and Hubei provinces”, and is thus of great military strategic importance and a gathering place for numerous merchants.

## 1.2 Economic Overview

As an economic centre for the western part of Hubei province, the northern part of Hunan province and the eastern part of Chongqing, Yichang experienced a rapid economic growth with a CAGR of 22.8% in GDP from 2007 to 2013. In general, Yichang has a good economic environment with fast urbanization, which will support the development of the property market in Yichang.

**Table 1 Major economic indicators of Yichang**

|   | 2007     | 2008     | 2009     | 2010     | 2011     | 2012     | 2013     | CAGR<br>(2007-<br>2013) |
|---|----------|----------|----------|----------|----------|----------|----------|-------------------------|
| <b>GDP (RMB billion)</b> . . . . .                                      | 82.1     | 102.7    | 124.6    | 154.8    | 214.1    | 250.9    | 281.8    | 22.8%                   |
| <b>Total fixed asset investment (RMB billion)</b> . .                   | 39.0     | 52.3     | 75.0     | 95.0     | 119.1    | 162.1    | 210.7    | 32.4%                   |
| <b>Foreign direct investment (US\$ million)</b> . . . . .               | 136.0    | 160.1    | 181.4    | 206.5    | 185.2    | 229.0    | 270.0    | 12.1%                   |
| <b>Per capita disposable income of urban residents (RMB)</b> . . . . .  | 10,238   | 11,733   | 12,843   | 14,282   | 16,451   | 18,775   | 20,934   | 12.7%                   |
| <b>Total population ('000)</b> . . . . .                                | 403.0    | 403.9    | 404.6    | 406.0    | 406.9    | 408.8    | 409.8    | 0.3%                    |
| <b>Urban population ('000)</b> . . . . .                                | 178.7    | 186.2    | 194.0    | 202.4    | 211.2    | 219.1    | 224.4    | 3.9%                    |
| <b>Total retail sales of social commodities (RMB billion)</b> .         | 31.1     | 38.8     | 47.0     | 55.1     | 63.6     | 73.9     | 86.0     | 18.5%                   |
| <b>Per capita total expenditure of urban households (RMB)</b> . . . . . | 10,992.6 | 12,668.7 | 13,106.5 | 14,587.4 | 16,132.4 | 17,523.5 | 19,137.7 | 9.7%                    |

*Source: Statistical Bulletin of Yichang, Statistics Bureau of Yichang*

## 1.3 Overview of Property Market

In line with the PRC real estate industry, Yichang saw a continuous decrease in market demand in 2012 due to the regulation and control policies implemented by the PRC government to cool down the real estate industry. The market experienced a serious condition where the transaction price of properties began softening and the wait-and-see market sentiment was strong. Sales volume of properties in Yichang grew considerably in 2013 as the PRC real estate market recovered. Sales amount of commodity properties increased substantially by 34.8% to RMB21.7 billion.

The investment amount of property development in Yichang increased rapidly at a CAGR of 26.9% from 2007 to 2013, while total investment in property grew by 29% in 2013. Sales area and sales amount of commodity properties increased year after year and the CAGR of the average selling price reached 10.5%. Due to the regulation and control over the property market, selling price in 2013 fell slightly as compared to of 2012.

In general, the residential property market in Yichang is better developed than the commercial and office property market. In 2012, the total annual sales of residential properties in Yichang reached approximately RMB11.4 billion, while total sales amount of office properties and commercial properties amounted to only RMB103 million and approximately RMB4.28 billion respectively.

**Table 2 Statistics of the property market in Yichang**

|   | 2007  | 2008  | 2009  | 2010  | 2011  | 2012  | 2013  | CAGR<br>(2007-<br>2013) |
|---|-------|-------|-------|-------|-------|-------|-------|-------------------------|
| <b>Total investments in property development projects (RMB billion)</b> . . . . .     | 4.9   | 5.7   | 7.9   | 10.6  | 13.7  | 17.7  | 20.3  | 26.9%                   |
| <b>Total area of properties completed (Ten thousand m<sup>2</sup>)</b> . . . . .      | 156.7 | 114.0 | 144.3 | 118.9 | 204.2 | 208.9 | 208.3 | 4.9%                    |
| <b>Total area of commodity properties sold (Ten thousand m<sup>2</sup>)</b> . . . . . | 214.6 | 140.8 | 204.1 | 231.4 | 371.2 | 328.6 | 460.1 | 13.6%                   |
| <b>Sales of commodity properties (RMB billion)</b> . . . . .                          | 5.6   | 4.2   | 6.5   | 8.7   | 16.4  | 16.1  | 21.7  | 25.5%                   |
| <b>Average selling price of commodity properties (RMB/m<sup>2</sup>)</b> . . . . .    | 2,585 | 2,999 | 3,164 | 3,759 | 4,414 | 4,900 | 4,712 | 10.5%                   |

Source: Statistical Bulletin of Yichang, Statistics Bureau of Yichang

### *Residential Property Market*

According to the performance of the residential property market in Yichang, rigid demand accounts for a large market share and the market was dominated by first-time home buyers and first-time home upgraders. Complying with this market rule of positive competition, the property market in Yichang has always maintained healthy and stable development. Due to the rapid development of the residential property market in Yichang and booming supply and demand in recent years, selling price has risen steadily, with a CAGR of approximately 7.0% between 2007 and 2013.

### *Office Property Market*

The office property market in Yichang started to develop at a relatively late stage but showed a new picture for development in recent years. From 2007 to 2013, the CAGR of various indicators remained at a high level of approximately 30% and the price increase was relatively flat. After the peak point in 2011, the market was in a downward trend in the recent two years.

In recent years, as the State introduced more austerity measures to regulate the property market and adopted policies to discourage investments in residential properties, some investors have shifted their focus to commercial properties. As a part of commercial properties, office properties were actively traded with a high volume. However, the number of high-end office buildings in Yichang is limited and some office buildings at strategic locations have their weak points, such as old facilities, limited parking lots and inadequate ancillary facilities.

### *Commercial Property Market*

The retail property market in Yichang developed rapidly in recent years. Affected by the downturn of macro economy in 2009, the retail property market was sluggish, but rapidly picked up in 2010 with skyrocketing sales growth and surging unit price. From 2007 to 2012, the area of commercial properties sold grew at a CAGR of 14.8%, sales increased by 42.5% and selling price reached RMB11,943 per square meter in 2012. The investment potential of commercial properties is huge.

## **Qingdao**

### **1.1 Overview**

Qingdao is located in the southern part of Shandong Peninsula, and borders the Yellow Sea to the east and south, adjacent to Yantai in the northeast, and links with Weifang to the west and Rizhao to the southwest. Qingdao has a total land area of 11,282 square kilometres and a total coastline length of 862.64 kilometres (including 730.64 kilometres of mainland coastline, accounting for 1/4 of the coastline length of Shandong province). Starting from December 2012, the territory of Qingdao has been changed from seven districts and five county-level cities to six districts and four county-level cities. Shibeidistrict and Sifang district have been merged into the new Shibeidistrict, while Huangdao district and Jiaonan city have been merged into the new Huangdao District.



## 1.2 Economic Overview

According to Qingdao Municipal Bureau of Statistics, Qingdao's GDP grew steadily at a CAGR of 13.5% from RMB375.02 billion in 2007 to RMB800.66 billion in 2013. In 2013, the Consumer Price Index of Qingdao increased by 2.5% over 2012. Benefiting from the growth in per capita disposable income of urban residents at a CAGR of 12.0% from RMB17,856.0 in 2007 to RMB35,227.0 in 2013, urban residents have a better standard of living.

**Table 1 Major economic indicators of Shandong province**

|  | 2007     | 2008     | 2009     | 2010     | 2011     | 2012     | 2013     | CAGR<br>(2007-<br>2013) |
|--|----------|----------|----------|----------|----------|----------|----------|-------------------------|
| GDP (RMB billion) . . . . .  | 2,577.7  | 3,093.3  | 3,389.7  | 3,917.0  | 4,536.2  | 5,001.3  | 5,468.4  | 13.4%                   |
| Total fixed asset<br>investment (RMB billion) . .                      | 1,253.7  | 1,543.6  | 1,903.1  | 2,327.7  | 2,677.0  | 3,125.6  | 3,587.6  | 19.2%                   |
| Foreign direct investment<br>(US\$ billion) . . . . .                  | 11.0     | 8.2      | 8.0      | 9.2      | 11.2     | 12.4     | 14.1     | 4.1%                    |
| Per capita disposable<br>income of urban<br>residents (RMB) . . . . .  | 14,264.7 | 16,305.4 | 17,811.0 | 19,945.8 | 22,791.8 | 25,755.2 | 28,264.0 | 12.1%                   |
| Total population (million) . .   | 93.5     | 93.9     | 94.5     | 95.4     | 95.9     | 95.8     | NA       | 0.4%*                   |
| Urban population (million) . .   | 34.4     | 35.3     | 35.5     | 38.4     | 39.5     | 40.2     | NA       | 2.7%*                   |
| Total retail sales of<br>social commodities<br>(RMB billion) . . . . . | 860.7    | 1,065.9  | 1,236.3  | 1,462.0  | 1,715.5  | 1,965.2  | 2,174.5  | 16.7%                   |
| Per capita total<br>expenditure of urban<br>households (RMB) . . . . . | 9,666.6  | 11,006.6 | 12,012.7 | 13,118.2 | 14,560.7 | 15,778.2 | 17,112.0 | 10.0%                   |

\* CAGR calculated between 2007 and 2012

Source: Statistical Yearbook of Shandong Province 2013, Statistical Bulletin of Shandong Province 2013

**Table 2 Major economic indicators of Qingdao**

|  | 2007     | 2008     | 2009     | 2010     | 2011     | 2012     | 2013     | CAGR<br>(2007-<br>2013) |
|--|----------|----------|----------|----------|----------|----------|----------|-------------------------|
| GDP (RMB billion) . . . . .  | 375.0    | 440.2    | 485.4    | 566.6    | 661.6    | 730.2    | 800.7    | 13.5%                   |
| Total fixed asset<br>investment (RMB billion) . .                      | 163.5    | 201.9    | 245.9    | 302.2    | 350.3    | 415.4    | 502.8    | 20.6%                   |
| Foreign direct investment<br>(US\$ million) . . . . .                  | 3,825.0  | 3,045.1  | 2,715.0  | 4,757.2  | 5,285.0  | 6,002.3  | 5,522.0  | 6.3%                    |
| Per capita disposable<br>income of urban<br>residents (RMB) . . . . .  | 17,856.0 | 20,464.0 | 22,368.0 | 24,998.0 | 28,567.0 | 32,145.0 | 35,227.0 | 12.0%                   |
| Total population ('000) . . . .  | 7,579.9  | 7,615.6  | 7,629.2  | 7,636.4  | 7,663.6  | 7,695.6  | NA       | 0.3%*                   |
| Urban population ('000) . . . .  | 2,755.5  | 2,762.5  | 2,754.7  | 2,755.0  | 2,770.9  | 2,795.7  | NA       | 0.3%*                   |
| Total retail sales of<br>social commodities<br>(RMB billion) . . . . . | 121.6    | 149.2    | 173.0    | 196.1    | 230.2    | 263.6    | 290.4    | 15.6%                   |
| Per capita total<br>expenditure of urban<br>households (RMB) . . . . . | 13,376.0 | 14,999.0 | 16,080.0 | 17,531.0 | 19,297.0 | 20,391.0 | 22,060.0 | 8.7%                    |

\* CAGR calculated between 2007 and 2012

Source: Statistical Yearbook of Qingdao 2013, Statistical Bulletin of Qingdao 2013

### 1.3 Overview of Property Market

As an important growth pole of the Bohai Rim Economic Circle and the Northeast Asia Economic Circle, Qiangdao is strongly appealed to tourists and investors and the local property market has been heating up persistently in recent years. Total investment in property development projects in Qingdao increased at a CAGR of 21.7% from RMB32.24 billion in 2007 to RMB104.85 billion in 2013. Average selling price of commodity properties in Qingdao rose from RMB4,907.8 per square meter in 2007 to RMB8,434.8 per square meter in 2013, representing a CAGR of 9.4%. The following table sets out certain statistics relating to the property market in Qingdao for the years indicated.

**Table 3 Statistics of the property market in Qingdao**

|   | 2007    | 2008    | 2009    | 2010    | 2011    | 2012    | 2013    | CAGR<br>(2007-<br>2013) |
|---|---------|---------|---------|---------|---------|---------|---------|-------------------------|
| <b>Total investment in property development projects (RMB billion)</b> . . . . .      | 32.2    | 38.1    | 45.9    | 60.2    | 78.3    | 93.0    | 104.9   | 21.7%                   |
| <b>Total area of commodity properties sold (Ten thousand m<sup>2</sup>)</b> . . . . . | 883.0   | 770.0   | 1,262.0 | 1,360.0 | 1,026.0 | 951.0   | 1,160.2 | 4.7%                    |
| <b>Sales of commodity properties (RMB billion)</b> . . . . .                          | 43.3    | 39.2    | 70.4    | 80.5    | 77.0    | 76.6    | 97.9    | 14.5%                   |
| <b>Average selling price of commodity properties (RMB/m<sup>2</sup>)</b> . . . . .    | 4,907.8 | 5,096.3 | 5,575.9 | 6,583.0 | 7,507.2 | 8,055.4 | 8,434.8 | 9.4%                    |

Source: *Statistical Yearbook of Qingdao 2013, Statistical Bulletin of Qingdao 2013*

## Wuxi

### 1.1 Overview

Wuxi is situated along the bank of Taihu Lake which lies in the southeast part of Jiangsu province, bordering Suzhou to the east, Changzhou to the west, Taihu Lake to the south and Zhangjiagang to the north. As an important traffic hub in Eastern China, Wuxi is the second largest industrial city in Jiangsu province and China's economic centre and major tourism city, boasting well-established urban infrastructures, high starting-point and rapid development. Wuxi is not only an international leisure tourist resort city, but also an ancient and important industrial and commercial city, where the light textile industry develops early with a high standard. As a modern city which develops rapidly, Wuxi has been identified as a provincial investment city and one of the major regions for foreign investment in Jiangsu province in recent years.

### 1.2 Economic Overview

Benefiting from its effort to adjust its economic structure, further the reform policy and transform the mode of economic growth in recent years, Wuxi's economy shows a favorable development trend. Currently, Wuxi ranks the second in Jiangsu province in terms of comprehensive strength, second only to Suzhou. Various economic indicators continued to

maintain the upward trend from 2007 to 2013. In 2013, the GDP of Wuxi amounted to RMB807 billion, representing an increase of 9.3% over the previous year in terms of comparable price. The income of urban residents in Wuxi increased steadily in recent years, and the per capita disposable income amounted to RMB38,999 in 2013, representing an increase of 9.4% over the previous year.

**Table 1 Major economic indicators of Jiangsu province**

|   | 2007     | 2008     | 2009     | 2010     | 2011     | 2012     | 2013     | CAGR<br>(2007-<br>2013) |
|---|----------|----------|----------|----------|----------|----------|----------|-------------------------|
| <b>GDP (RMB billion)</b> . . . . .                                      | 2,601.8  | 3,098.2  | 3,445.7  | 4,142.5  | 4,911.0  | 5,405.8  | 5,916.2  | 14.7%                   |
| <b>Total fixed asset investment (RMB billion)</b> . .                   | 1,226.8  | 1,506.0  | 1,895.0  | 2,318.4  | 2,669.4  | 3,208.7  | 3,598.3  | 19.6%                   |
| <b>Foreign direct investment (US\$ billion)</b> . . . . .               | 21.9     | 25.1     | 25.3     | 28.5     | 32.1     | 35.8     | 33.3     | 7.2%                    |
| <b>Per capita disposable income of urban residents (RMB)</b> . . . . .  | 16,378.0 | 18,680.0 | 20,552.0 | 22,944.0 | 26,341.0 | 29,677.0 | 32,538.0 | 12.1%                   |
| <b>Total population (million)</b> . .                                   | 73.5     | 73.9     | 74.2     | 74.7     | 75.1     | 75.5     | 79.4     | 1.3%                    |
| <b>Urban population (million)</b> .                                     | 41.1     | 42.2     | 43.4     | 47.7     | 48.9     | 49.9     | NA       | NA                      |
| <b>Total retail sales of social commodities (RMB billion)</b> . . . . . | 798.6    | 990.5    | 1,148.4  | 1,360.7  | 1,598.8  | 1,833.1  | 2,065.7  | 17.2%                   |
| <b>Per capita total expenditure of urban households (RMB)</b> . . . . . | 10,715.0 | 11,978.0 | 13,153.0 | 14,357.0 | 16,782.0 | 18,825.0 | 20,371.0 | 11.3%                   |

Source: Statistical Yearbook of Jiangsu Province 2008-2013, Statistical Yearbook of Jiangsu Province 2013

**Table 2 Major economic indicators of Wuxi**

|   | 2007   | 2008   | 2009   | 2010   | 2011   | 2012   | 2013   | CAGR<br>(2007-<br>2013) |
|---|--------|--------|--------|--------|--------|--------|--------|-------------------------|
| <b>GDP (RMB billion)</b> . . . . .                                      | 388.0  | 446.1  | 499.2  | 579.3  | 688.0  | 756.8  | 807.0  | 13.0%                   |
| <b>Total fixed asset investment (RMB billion)</b> . .                   | 167.4  | 187.7  | 238.8  | 298.6  | 316.9  | 361.8  | 401.6  | 15.7%                   |
| <b>Foreign direct investment (US\$ billion)</b> . . . . .               | 2.8    | 3.2    | 3.2    | 3.3    | 3.5    | 4.0    | 3.3    | 3.2%                    |
| <b>Per capita disposable income of urban residents (RMB)</b> . . . . .  | 20,898 | 23,605 | 25,027 | 27,750 | 31,638 | 35,663 | 38,999 | 11.0%                   |
| <b>Total population (million)*</b> .                                    | 4.6    | 4.6    | 4.7    | 4.7    | 4.7    | 4.7    | 4.7    | 0.4%                    |
| <b>Total retail sales of social commodities (RMB billion)</b> . . . . . | 110.3  | 134.1  | 154.3  | 182.6  | 214.2  | 244.3  | 274.1  | 16.4%                   |
| <b>Per capita total expenditure of urban households (RMB)</b> . . . . . | 12,257 | 13,563 | 15,619 | 17,068 | 19,780 | 23,000 | 25,392 | 12.9%                   |

Note: \* Total population is based on registered population and urban population data is not available

Source: Statistical Yearbook of Wuxi 2008-2013, Statistical Bulletin of Wuxi 2013

### 1.3 Overview of Property Market

In recent years, the property market in Wuxi maintained a stable momentum in general, and the growth rate of investment in property development stayed at a stable level. Due to the recovery of the land market and sufficient supply of commodity properties, the trading volume in the property market remained stable and the selling price of commodity properties rose slightly.

In 2013, investment in property development in Wuxi reached RMB112.89 billion, up by 15.9% over the previous year, representing a CAGR of 20% compared with 2007. After hitting the peak in 2010, the area of completed commodity properties fell in two consecutive years and rebounded to 11.508 million square meters in 2013, up by 39.3% over the previous year. The sales area of commodity properties for the full year amounted to 9.094 million square meters, decreased by 1.8%. The sales amount of commodity properties for the full year was RMB71.58 billion, decreased by 7.8% over 2012. Affected by the trading structure, average selling price of commodity properties amounted to RMB7,871 per square meter in 2013, fell by 9.5% as compared to the same period of the previous year.

**Table 3 Statistics of the property market in Wuxi**

|   | 2007    | 2008    | 2009    | 2010    | 2011    | 2012    | 2013    | CAGR<br>(2007-<br>2013) |
|---|---------|---------|---------|---------|---------|---------|---------|-------------------------|
| <b>Total investments in property development projects (RMB billion)</b> . . . . .     | 37.8    | 45.0    | 46.3    | 61.3    | 87.8    | 97.4    | 112.9   | 20.0%                   |
| <b>Total area of properties completed (Ten thousand m<sup>2</sup>)</b> . . . . .      | 737.5   | 711.4   | 719.8   | 1,209.3 | 939.1   | 826.0   | 1,150.8 | 7.7%                    |
| <b>Total area of commodity properties sold (Ten thousand m<sup>2</sup>)</b> . . . . . | 767.7   | 537.4   | 1,110.8 | 1,045.1 | 659.9   | 926.3   | 909.4   | 2.9%                    |
| <b>Sales of commodity properties (RMB billion)</b> . . . . .                          | 35.1    | 28.9    | 66.6    | 81.1    | 57.0    | 77.7    | 71.6    | 12.6%                   |
| <b>Average selling price of commodity properties (RMB/m<sup>2</sup>)</b> . . . . .    | 4,572.8 | 5,375.5 | 5,997.0 | 7,764.6 | 8,637.4 | 8,384.9 | 7,870.6 | 9.5%                    |

Source: Statistical Yearbook of Wuxi 2008-2013, Statistical Bulletin of Wuxi 2013

**TAXATION OF OUR COMPANY****PRC Taxation***Business Tax*

Pursuant to the Provisional Regulations of the PRC on Business Tax (《中華人民共和國營業稅暫行條例》) issued by the State Council on 13 December 1993 and as amended on 10 November 2008 and effective as of 1 January 2009 and the Detailed Implementation Rules on the Provisional Regulations of the PRC on Business Tax (《中華人民共和國營業稅暫行條例實施細則》) issued by the Ministry of Finance on 25 December 1993 and as amended on 15 December 2008 and effective as of 1 January 2009, and further revised on 28 October 2011, the tax rate on transfers of immovable properties, their superstructures and attachments is 5%.

*Land Appreciation Tax*

Under the Provisional Regulations of the PRC on Land Appreciation Tax (《中華人民共和國土地增值稅暫行條例》) promulgated by the State Council on 13 December 1993 and amended on January 8, 2011, and its implementation rules, Land Appreciation Tax (“LAT”), applies to both domestic and foreign investors, irrespective of whether they are corporate entities or individuals. LAT is payable on the appreciation in value representing the balance of the proceeds received on sales, after deducting various prescribed items. LAT is charged at progressive rates ranging from 30% to 60%. Apart from the aforementioned deductible items, property developers enjoy an additional deduction, which is equal to 20% of the payment made for acquisition of land use rights and the costs of land development and the construction of new buildings or related facilities. An exemption from payment of LAT may be available if the taxpayer constructs ordinary residential apartments and the appreciation amount does not exceed 20% of the sum of deductions allowed under PRC laws. If, however, the appreciation amount exceeds 20% of the sum of allowable deductions, such exemption will not be applicable and the taxpayer will be liable to LAT on the full appreciation amount, after taking account of the allowable deductions. The allowable deductions include the following items:

- the sum paid for the acquisition of land use rights;
- costs and expenses for the development of land;
- costs and expenses for the construction of new buildings and facilities, or the assessed value for used properties and buildings;
- taxes related to the transfer of real estate; and
- other deductible items as stipulated by the Ministry of Finance.

LAT is charged at progressive rates ranging from 30% to 60% of the appreciation value (i.e. the balance as described above).

| Appreciation value   | LAT rates |
|--|-----------|
|  | (%)       |
| For the portion  |           |
| Not exceeding 50% of allowable deductions . . . . .                | 30        |
| Over 50% but not more than 100% of allowable deductions . . . . .  | 40        |
| Over 100% but not more than 200% of allowable deductions . . . . . | 50        |
| Over 200% of allowable deductions . . . . .                        | 60        |

An exemption from payment of LAT may be available if the taxpayer constructs ordinary standard residential apartments and the appreciation amount does not exceed 20% of the sum of deductions allowed under PRC laws.

On 28 December 2006, the SAT promulgated the Notice on the Settlement Management of Land Appreciation Tax on Real Estate Enterprises (《關於房地產開發企業土地增值稅清算管理有關問題的通知》), which became effective on 1 February 2007. According to the notice, the LAT should be settled based on the property development project as a unit as approved by the relevant authority. For a project developed in stages, the LAT should be settled based on each individual stage of the project.

#### *PRC Deed Tax*

Under the Provisional Regulations of the PRC concerning Title Deed Taxes (《中華人民共和國契稅暫行條例》) which took effect on 1 October 1997 deed tax applies to entities and individuals that accept the transfer of land use rights and building ownership within the territory of China.

The transfer of land use rights and building ownership refer to the following acts:

- assignment of the right to use state-owned land;
- transfer of land use rights, including the transfer by means of sale, gift and exchange, excluding the transfer of the right contract for the management of rural collective land;
- purchase and sale of houses;
- gift of houses; and
- exchange of houses.

According to the Implementation Rules of Provisional Regulation concerning Title Deed Taxes (《中華人民共和國契稅暫行條例細則》), a deed tax is chargeable to transferees of land use rights and/or property ownership within the territory of China.

The rate of deed tax will, within the range of 3%-5%, be determined by the PRC government agencies of provincial, autonomous region or municipal level in light of the actual conditions of the underlying properties in respective areas and shall be reported to the Ministry of Finance and the SAT.

The deed tax may be reduced or exempted under the following circumstances:

- For the acceptance of land and houses by state agencies, institutions, social organisations and military units for office, teaching, medical service, scientific research and military facilities, the deed tax will be exempted;
- For the initial purchase of state-owned residential houses by urban and township workers and staff members according to the relevant laws and regulations, the deed tax will be exempted;
- For the purchase of residential houses in replacement of houses damaged or destroyed due to force majeure, the tax may be reduced or exempted upon approval; and
- Any other types of reduction or exemption provided by the Ministry of Finance.

Reduction or exemption of deed tax will not be applicable if the relevant land or house and the change of use is no longer within the above scope, and an amount of tax equivalent to the tax reduction or exemption shall be repaid.

On 29 September 2010, Ministry of Finance, SAT and MOHURD issued a Notice on Adjustment to Deed Tax with respect to Real Estate Transactions and Preferential Policies for Personal Income Tax (《關於調整房地產交易環節契稅個人所得稅優惠政策的通知》), which became effective on 1 October 2010. According to the notice, for individuals to purchase ordinary housing which is the only housing to the individual's family, including the purchaser, spouse and minor children, the deed tax should be halved and for individuals to purchase ordinary housing of 90 sq.m. or below which is the only housing to the individual's family, the rate of deed tax is 1%.

#### *Income Tax*

According to the PRC Enterprise Income Tax Law (《中華人民共和國企業所得稅法》) (the "EIT Law") enacted by the National People's Congress on 16 March 2007 and relevant implementation rules enacted by the State Council on 6 December 2007 both effective on 1 January 2008, a uniform income tax rate of 25% will be applied towards PRC enterprises, foreign-invested enterprises and foreign enterprises which have set up production and operation facilities in the PRC. The EIT Law also permits enterprises to continue to enjoy their existing tax incentives, adjusted by certain phase-out rules, under which enterprises that were subject to an EIT rate lower than 25% prior to 1 January 2008 may continue to enjoy the lower rate and gradually transit to the new EIT rate within five years after the effective date of the EIT Law, that is 18% in 2008, 20% in 2009, 22% in 2010, 24% in 2011 and the new statutory EIT rate of 25% from 2012 onwards. In addition, under the phase-out rules, enterprises

established before the promulgation date of the EIT Law and which were granted tax holidays (such as a two-year exemption and three years of reduction by 50% and a five-year exemptions and five years of reduction by 50%) under the then effective tax laws or regulations may continue to enjoy their tax holidays until their expiration.

According to the Notice of the State Administration of Taxation on the Prepayment of Enterprise Income Tax of the Real Estate Development Enterprises (《關於房地產開發企業所得稅預繳問題的通知》)(Guo Shui [2008] No.299) issued by the SAT on 7 April 2008, effective on 1 January 2008 and amended on 4 January 2011, where a real estate development enterprise prepays the EIT by quarter or month based on actual profit of current year, for the incomes generated from the advance sale prior to the completion of such development projects as residential houses, commodity houses and other buildings, fixtures or supporting facilities which are developed and built by the real estate development enterprise, the tax prepayment thereof shall be calculated based on estimated profit and shall be adjusted according to the actual profit after such development projects are completed and the tax costs are settled.

The Notice of the State Administration of Taxation on Issuing the Measures for the Treatment of Enterprise Income Tax on Real Estate Development and Operation Businesses (《國家稅務總局關於印發〈房地產開發經營業務企業所得稅處理辦法〉的通知》) issued by the SAT on 6 March 2009 and effective on 1 January 2008 specifically stipulates the rules regarding tax treatment of income, cost deduction, verification of tax cost and certain items with respect to real property development enterprise according to the EIT Law and the EIT Rules.

### **Real Estate Tax**

Properties owned by an enterprise will be subject to real estate tax at variable rates depending on locality. Real estate tax is applicable at a rate of 1.2% of the original value of the building less a standard deduction which ranges from 10% to 30% (to be determined by local governments) of the original value or at a rate of 12% of the rental income. Certain localities have imposed such tax.

### **Municipal Maintenance Tax**

According to the PRC Provisional Regulations on Municipal Maintenance Tax (《中華人民共和國城市維護建設稅暫行條例》) promulgated by the State Council in February 1985 and amended on January 8, 2011, a taxpayer of product tax, VAT or business tax is required to pay a municipal maintenance tax calculated on the basis of product tax, VAT and business tax. The tax rate is 7% for a taxpayer in an urban area, 5% in a county or a town, and 1% for a taxpayer not in any urban area or county or town.

### **Education Surcharge**

According to the Provisional Provisions on Imposition of Education Surcharge (《徵收教育費附加的暫行規定》) promulgated by the State Council on April 28, 1986 and subsequently amended on June 7, 1990, August 20, 2005 and January 8, 2011, any taxpayer of consumption tax, VAT, or business tax is liable for an education surcharge, unless such taxpayer is required



to pay a rural area education surcharge as provided by the Notice of the State Council on Raising Funds for Schools in Rural Areas (《國務院關於籌措農村學校辦學經費的通知》), which was promulgated on December 13, 1984. The education surcharge rate is 3% calculated on the basis of consumption tax, VAT and business tax.

## TAXATION APPLICABLE TO SHAREHOLDERS

### Dividend-related Tax

#### *Individual Investors*

Pursuant to the Individual Income Tax Law of the People's Republic of China (《中華人民共和國個人所得稅法》) (the "Individual Income Tax Law"), as amended, and its implementation rules, dividends paid to individuals by PRC companies are subject to a withholding tax at a rate of 20%. For a foreign individual shareholder who is not a PRC resident, pursuant to the SAT Notice on the Issues concerning the Individual Income Tax after the Repeal of Guo Shui Fa [1993] No. 045 Circular (《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》) (Guo Shui Han [2011] No. 348) issued by the SAT on 28 June 2011, the receipt of dividends on H Shares of the Company is subject to a withholding tax at a rate ranging from 5% to 20% (usually 10%) depending on the applicable tax treaty between the PRC and the nation or region in which the foreign resident resides. For the individual holders of H shares receiving dividends who are citizens of countries that have entered into a tax treaty with the PRC with tax rates lower than 10%, the non-foreign-invested enterprise whose shares are listed in Hong Kong may apply on behalf of such holders for relevant preferential tax treatment and, upon approval by the tax authorities, the extra tax withheld will be refunded. For foreign residents of nations or regions that have not entered into a tax treaty with the PRC, the tax rate on dividends is 20%.

#### *Enterprises*

Pursuant to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region on the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Tax on Income (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》) which was executed on 21 August 2006 and became effective on 8 December 2006, the PRC government may impose tax on dividends paid to a Hong Kong resident including natural person and legal entity from a PRC company, but such tax shall not exceed 10% of the total sum of the dividends payable. If a Hong Kong resident holds 25% or more of equity interest in a PRC company, such tax shall not exceed 5% of the total sum of dividends payable by such PRC company. Pursuant to the Enterprise Income Tax Law of the People's Republic of China effective from 1 January 2008 and its implementation rules, a non-resident enterprise which has not established a representative office or other premises or whose established representative office or premise is not actually related to the dividends and bonus received shall be subject to a 10% enterprise income tax on its revenues derived in the PRC. Such withholding tax may be reduced or exempted pursuant to an applicable double taxation treaty.

Pursuant to the Notice on Issues concerning the Withholding and Payment of Enterprise Income Tax on the Dividends Paid by PRC Resident Enterprises to Overseas Non-resident Corporate H-share Holders (《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》) promulgated by the SAT and became effective on 6 November 2008,

a PRC resident enterprise shall withhold and pay the enterprise income tax at a uniform rate of 10% in respect of dividend distributions made for the year 2008 and beyond. Reply of the State Administration of Taxation on Imposition of Enterprise Income Tax on Dividends Derived by Non-resident Enterprise from Holding Stock such as B-shares (《國家稅務總局關於非居民企業取得B股等股票股息徵收企業所得稅問題的批復》), which was issued by the SAT and came into effect on July 24, 2009, further provides that any PRC-resident enterprise that is listed on overseas stock exchanges must withhold enterprise income tax at a rate of 10% on dividends of 2008 and after that is distributed to non-resident enterprise. Such withholding tax may be reduced or exempted pursuant to an applicable double taxation treaty.

### ***Tax Treaties***

Investors who are not PRC residents but either reside in countries which have entered into double-taxation treaties with the PRC or reside in Hong Kong or Macau Special Administrative Region of the PRC may be entitled to a reduction of the withholding tax imposed on the dividends paid to such investors by a PRC company. The PRC has signed double-taxation avoidance arrangements with Hong Kong SAR and Macau SAR respectively, and has double-taxation treaties with a number of other countries, including but not limited to the United States, Australia, Canada, France, Germany, Japan, Malaysia, the Netherlands, Singapore and the United Kingdom. Under each of these double taxation avoidance treaties or arrangements, the rate of withholding tax imposed by taxation authorities in the PRC may be reduced.

### **Share Transfer-related Tax**

#### ***Individual Investors***

According to the Individual Income Tax Law and the Regulations for Implementation of The Individual Income Tax Law of The PRC (《中華人民共和國個人所得稅法實施條例》), the income from individual properties transfer is subject to the Individual Income Tax Law at a tax rate of 20%. The Regulation on the Implementation of the Individual Income Tax Law also stipulates that, the measure to impose the Individual Income Tax Law for shares transfer shall be determined separately by the Ministry of Finance under the State Council and to be implemented after an approval is obtained by the State Council. However, such measure is yet to be publicly implemented to date. Pursuant to Notice On Continuing The Income Tax-Free Policy On the Share Transfer of Individual Holders (《關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》) (Cai Shui Zi No. [1998]61) promulgated on March 30, 1998 and implemented by the Ministry of Finance and SAT, from January 1, 1997 onwards, the income from transfer of shares of listed companies by individuals continues to provisionally exempt from the Individual Income Tax Law. While Notice of Issues concerning the Individual Income Tax on Individuals' Income from the Transfer of Restricted Shares of Listed Companies (《關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的通知》) (Cai Shui No. [2009]167) was promulgated on December 31, 2009 by the Ministry of Finance, SAT and CSRC, which expressly stipulates that from January 1, 2010 onwards, the income from the transfer of limited shares of listed companies by individuals is subject to the Individual Income Tax Law at a tax rate of 20%. However, at present, there are no laws specifying the tax rate for income from the sales of the shares of listed companies on a stock exchange overseas by a non-PRC resident individual.

***Enterprises***

According to EIT Law and its implementation rules, the non resident enterprises do not establish institutions or offices, or though having established institutions or offices but the income earned has no actual relation to them, is subject to a withheld income tax at a tax rate of 10% for its income arising within the PRC. The imposition of such withheld income tax is applicable to bilateral agreement on prevention of double taxation.

***Taxation Policy of Shanghai-Hong Kong Stock Connect***

On October 31, 2014, the Ministry of Finance, the State Administration of Taxation and CSRC jointly issued the “Circular on the Relevant Taxation Policy regarding the Pilot Programme that Links the Stock Markets in Shanghai and Hong Kong” (hereinafter referred to as “Shanghai-Hong Kong Stock Connect Taxation Policy” which clarified the relevant taxation policy under Shanghai-Hong Kong Stock Connect.

Pursuant to the “Shanghai-Hong Kong Stock Connect Taxation Policy”, personal income tax will be temporarily exempted for transfer spread income derived from investment by mainland individual investors in stocks listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect from 17 November 2014 to 16 November 2017. Business tax will be temporarily exempted in accordance with the current policy for spread income derived from dealing in stocks listed on the Hong Kong Stock Exchange by mainland individual investors through Shanghai-Hong Kong Stock Connect. For dividends obtained by mainland individual investors or mainland securities investment funds from investing in H stocks listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect, personal income tax is withheld by H-stock companies at the tax rate of 20%; for dividends obtained by mainland individual investors or mainland securities investment funds from investing in non-H stocks listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect, personal income tax is withheld by CSDCC at the tax rate of 20%. Individual investors who have paid withholding tax overseas may apply for tax credit to the competent tax authority of CSDCC by producing the tax credit document.

Pursuant to the “Shanghai-Hong Kong Stock Connect Taxation Policy”, enterprise income tax will be levied according to law on transfer spread income (included in total income) derived from investment by mainland corporate investors in stocks listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect. Business tax will be levied or exempted in accordance with the current policy for spread income derived from dealing in stocks listed on the Stock Exchange by investors of mainland entities through Shanghai-Hong Kong Stock Connect. Enterprise income tax will be levied according to law on dividend income (included in total income) obtained by mainland corporate investors from investing in stocks listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect. In particular, enterprise income tax will be exempted according to law for dividend income obtained by mainland resident enterprises which hold H stocks for at least 12 consecutive months. For dividend income obtained by mainland corporate investors, H-stock companies will not withhold dividend income tax for mainland corporate investors. The tax payable shall be declared and paid by the enterprises themselves. Mainland corporate investors, when declaring and paying enterprise income tax themselves, may apply for tax credit according to law in respect of dividend income tax which has been withheld and paid by non-H stock companies listed on the Hong Kong Stock Exchange.

Pursuant to the “Shanghai-Hong Kong Stock Connect Taxation Policy”, mainland investors who transfer stocks listed on the Stock Exchange through Shanghai-Hong Kong Stock Connect shall pay stamp duty in accordance with the current tax laws of Hong Kong. CSDCC and HKSCC may collect the abovementioned stamp duty on each other’s behalf.

### ***Tax Treaties***

Overseas investors that reside in nations or regions that have entered into treaties for the avoidance of double taxation with the PRC may be entitled to exemption from any income tax imposed by the PRC tax authorities on their income arising from the sale of the shares in PRC-resident companies depending on the specific provisions as set forth in the applicable tax treaties. The PRC currently has treaties for the avoidance of double taxation with a number of countries, including Australia, Canada, France, Germany, Japan, Malaysia, the Netherlands, Singapore, the United Kingdom and the United States (the treaty with the United States does not contain an exemption from any PRC tax imposed on gains arising from the sale of shares in a PRC resident enterprise). Mainland China also has an arrangement for the avoidance of double taxation with Hong Kong.

### **FOREIGN CURRENCY EXCHANGE**

The Management of Foreign Exchange system in the PRC is stringent and has undergone several profound changes. Regulations of the PRC on Foreign Exchange Control (《中華人民共和國外匯管理條例》) (the “Regulations on the Foreign Exchange”) was promulgated by the State Department since January 29, 1996 and implemented on April 1 in the same year, and its first amendment was made on January 14, 1997 while the second amendment on August 5, 2008, being the existing major regulations on the foreign exchange and applicable to the income and expenditures of the foreign exchange or operating activities for the institutions and individuals residing in the PRC as well as the income of the foreign exchange or foreign exchange operating activities for the institutions and individuals residing abroad. The Regulations on the Administration of Settlement, Sale and Payment of Foreign Exchange (《結匯、售匯及付匯管理規定》) was promulgated by PBOC on June 20, 1996 and implemented since July 1, 1996 stipulates the matters such as settlement and purchase of and payment in foreign exchange as well as the opening of foreign exchange accounts and the overseas payment for the local institutions, resident individuals, institutions established in the PRC and the personnel coming to the PRC.

According to the existing Regulations on the Foreign Exchange, Chinese government allows foreign exchange to be retained by the local institutions and individuals without compulsory sale and settlement, the income from which can be transferred to the PRC or overseas according to the regulations. The PRC has achieved the exchange for recurring items in RMB. For the recurring income from the foreign exchanges items of the local enterprises, they can decide to retain or sell to financial institutions operating foreign exchange settlement and sale business according to their own requirements. For the recurring expenditure incurred for the foreign exchange items of the local enterprises, enterprises pay by its own foreign exchange with valid certificates or by purchasing foreign exchanges from the financial institution operating settlement and sale of foreign exchange according to its requirement. The convertibility of RMB (into foreign currency) for capital account items is not available yet in the PRC and capital account items is still under restriction. Offshore institutions and individuals who directly invest in and issue negotiable securities or derivatives products or carry out related transactions, and the onshore institutions and individuals directly

invest in or issue the negotiable securities or derivatives products or carry out related transactions, shall go through the registration of foreign exchange review and approval. The onshore enterprises borrowing foreign debts or guarantee externally shall go through the registration of foreign debts and external guarantee. Foreign income from Capital items retained or sold to the financial institution operating foreign exchange settlement and sale business shall be approved by the foreign exchange regulatory authorities (except for that no need require for approval regulated by the state). The capital from the capital item foreign exchange and settlement shall be used according to purpose approved by the related competent authorities and foreign control authorities.

The PRC enterprises which need foreign exchange for transactions relating to current account items, may, without the approval of the SAFE, make a payment from their foreign exchange accounts at the designated foreign exchange banks with the support of valid receipt and proof. Foreign-invested enterprises which need foreign exchange for the distribution of dividends to their shareholders, and PRC enterprises which, in accordance with regulations, are required to pay dividends to shareholders in foreign exchange, with the support of board resolutions approving the distribution of dividends, may make a payment from their foreign exchange account or exchange currencies and make a payment at the designated foreign exchange banks.

In addition, the Notice of the SAFE on Issues Concerning the Foreign Exchange Administration of Overseas Listing (《國家外匯管理局關於境外上市外匯管理有關問題的通知》) promulgated and implemented by SAFE on January 28, 2013 stipulates the foreign control matters for the local enterprises listed offshore:

- SAFE and its branches (the “FE”) supervises, manages and examines the business registration, account opens and its use, the cross-border income and expenses, capital exchange for the local enterprises listed offshore.
- Onshore enterprises shall register in relation to its offshore listing with FE in the place it registered with related materials within 15 working days upon the completion of the initial offering of shares overseas.
- Onshore enterprises shall open their own in-territory account in the banks in the place it registered to handle corresponding capital exchange and transfer for its business for its initial offer (or enhancement) or repurchase of its business.
- Onshore enterprises may repatriate the capital raised offshore to its own corresponding in-territory account or retain at its own offshore account. The capital purpose shall be consistent with the related contents set out in publicly disclosed documents such as the prospectus or corporate bond prospectus, shareholder circulars, resolutions in the general meeting.

The Decision of the State Council on Cancelling or Adjusting Approval items and other Matters (《國務院關於取消和調整一批行政審批項目等事項的決定》), which was promulgated and implemented by the State Council on October 23, 2014, cancels SAFE’s administrative approval on the capital settlement of overseas listed onshore enterprises for their funds raised through overseas listing. So far, the SAFE has not promulgated specific rules.



*This appendix sets out summaries of certain aspects of the PRC judicial system and its arbitration system related to the operation and business of the Company as well as the legal regulations and securities regulations of the Company. This appendix also contains a summary of certain Hong Kong legal and regulatory provisions, including the summaries of certain material differences between PRC and Hong Kong company law, certain requirements of the Hong Kong Listing Rules and additional provisions required by the Hong Kong Stock Exchange for inclusion in the articles of association of the PRC issuers.*

### **The PRC Legal System**

According to the Constitution of the PRC (《中華人民共和國憲法》), the Organic Law of the People's Courts of the PRC (《中華人民共和國人民法院組織法》) and the Organic Law of the People's Procuratorates of the PRC (《中華人民共和國人民檢察院組織法》), the People's Courts consist of the Supreme People's Court, the local people's courts, the military courts and other special people's courts. The local people's courts are comprised of the basic people's courts, the intermediate people's courts and the higher people's courts. The basic people's courts are further divided into civil, criminal and administrative divisions. The intermediate people's courts have divisions similar to those of the basic people's courts, and other special divisions, such as the intellectual property division, where necessary. The people's courts at lower levels are subject to supervision of the people's courts at higher levels. The Supreme People's Court is the highest judicial organ of the PRC and it has the power to supervise the administration of justice by the local people's courts at all levels and all special people's courts. The people's procuratorates also have the power to exercise legal supervision over the litigation activities of people's courts at the same level or below.

The people's courts have adopted a "second instance as final" appellate system. A party may appeal against the judgment and ruling by the people's court of the first instance to the people's court at the next higher level in accordance with the procedures provided by laws. The judgment and ruling by the intermediate people's courts, the higher people's courts and the Supreme People's Court of the second instance is final and legally binding. First judgments or rulings by the Supreme People's Court are final as well. However, in the case that the Supreme People's Court or the people's court at a higher level finds definite error(s) in the legally effective judgment and ruling by the people's court at a lower level, it has the authority to review the case itself or direct the lower-level people court to conduct a retrial.

The Civil Procedure Law of the PRC (《中華人民共和國民事訴訟法》) (the "Civil Procedure Law") was adopted by the NPC on April 9, 1991, and was amended on October 28, 2007 and August 31, 2012 respectively. The Civil Procedure Law sets forth provisions for the jurisdiction of the people's courts, the procedures to be followed for conducting a civil action and the procedures for enforcement of the civil judgment and ruling. All parties to a civil action conducted within the PRC must comply with the provisions of the Civil Procedure Law. A civil case is generally heard by a local court in the defendant's place of domicile. An action involving a contractual dispute shall come under the jurisdiction of the people's court in the defendant's place of domicile or where the contract is performed. The parties to a contract may agree in the written contract to choose the people's court of the place where the defendant is domiciled, where the contract is performed, where the contract is signed, where the plaintiff is domiciled or where the subject matter of the contract is located to be the competent court, provided that the provisions of the Civil Procedure Law regarding the level of jurisdiction and exclusive jurisdiction shall not be violated.

If any party to a civil action refuses to comply with a legally effective judgment or ruling by a people's court in the PRC, the other party may apply to the people's court for the compulsory enforcement of the judgment or ruling. For an effective award made by an arbitration tribunal and a people's court has not issued a ruling prohibiting the enforcement of such an award, if a party fails to comply with the award, the other party may apply to the people court for the compulsory enforcement of the award. However, specific time limits are imposed on the right to apply for such compulsory enforcement. An application for enforcement shall be submitted within two years prior to the expiration of the fulfillment period required by the relevant legal instruments.

When a party applies to a people's court for enforcing an effective judgment or ruling by a people's court against a party who is not located within the territory of the PRC or whose property is not within the PRC, the party may apply to a foreign court with proper jurisdiction for recognition and enforcement of the judgment or ruling. A foreign judgment or ruling may also be recognized and enforced by a people's court in the PRC according to the PRC enforcement procedures if the PRC has entered into, or acceded to, an international treaty with the relevant foreign country on the mutual recognition and enforcement of judgments and rulings, or if the judgment or ruling satisfies the court's examination based on the principle of reciprocity, unless the people's court finds that the recognition and enforcement of such judgment or ruling will result in the violation of the basic legal principles of the PRC, or causing damage to its sovereignty, security and the public interests.

### **The Company Law, the Special Provisions, and the Mandatory Provisions**

Company Law, the Special Provisions of the State Council Concerning the Issuing and Listing of Shares Overseas by Joint Stock Limited Company (《國務院關於股份有限公司境外募集股份及上市的特別規定》) (the "**Special Provisions**") and The Mandatory Clauses of the Articles of Association of Companies Seeking Overseas Listing (《到境外上市公司章程必備條款》) (the "**Mandatory Provisions**").

On December 29, 1993, the Company Law was adopted by the standing committee of the NPC, which came into effect on July 1, 1994 and was amended on December 25, 1999, August 28, 2004, October 27, 2005 and December 28, 2013 respectively. The amended Company Law came into effect on March 1, 2014.

The Special Provisions were adopted by the State Council on July 4, 1994 and took effect on August 4, 1994. The Special Provisions applies to the overseas share subscription and listing of joint stock limited companies.

The Mandatory Provisions were promulgated by the former Securities Commission of the State Council and the former State Economic System Restructuring Commission on August 27, 1994, prescribing provisions which must be incorporated into the articles of association of joint stock limited companies to be listed overseas. Therefore, the Mandatory Provisions have been incorporated into the Articles of Association (as summarized in Appendix VIII). Set out below is a brief summary of the Company Law and the major provisions of the Special Regulations and the Mandatory Provisions.

*General Provisions*

A “joint stock limited company” (“a company”) is a corporate legal person incorporated under the Company Law, whose registered capital is divided into shares of equal par value. The liability of its shareholders is limited to the extent of the shares they hold, and the liability of the company is limited to the full amount of all the assets it owns.

A company may invest in other limited liability companies and joint stock limited companies. The liabilities of the company to such invested companies are limited to the assets invested. Unless otherwise provided by laws, a company cannot be the capital contributor who has the joint and several liabilities associated with the debts of the invested enterprises.

*Incorporation*

A company may be incorporated by promotion or public subscription. A company may be incorporated by two to 200 promoters, and at least half of the promoters have their domicile in the PRC.

A company incorporated by promotion is one with registered capital entirely subscribed for by the promoters. Where a company is incorporated by public subscription, the promoters are required to subscribe for a portion of the shares to be issued, generally not less than 35% of the total shares of the company, and the remaining shares can be offered to the public or specific persons.

For companies incorporated by way of promotion, the registered capital shall be the total capital subscribed for by all promoters as registered with the relevant administrative bureau for industry and commerce. The shares shall not be offered to other person until the shares subscribed by the promoters were paid up; for companies incorporated by way of public subscription, the registered capital is in the amount of total paid-up capital as registered with the relevant administrative bureau for industry and commerce. Pursuant to Securities Law adopted on December 29, 1998 by the standing committee of the NPC and amended three times on August 28, 2004, October 27, 2005 and June 29, 2013 respectively, the total share capital of a company which applies for its shares to be listed shall not be less than RMB30 million.

The promoters shall convene an inaugural meeting within 30 days from the date the shares were paid up and shall give notice to all subscribers or make a public announcement of the date of the inaugural meeting 15 days prior to the meeting. The inaugural meeting may be convened only with the presence of promoters and subscribers holding shares representing more than 50% of the shares of the company. Functions and powers exercisable by the inaugural meeting include approving the articles of association of the Company, electing members of the board of directors and the board of supervisors of the company (directors or supervisors who are representatives of the employees shall be elected democratically by representatives of the employees). The passing of any foregoing resolution of the inaugural meeting requires more than half of the votes cast by subscribers present at the meeting.



Within 30 days after the conclusion of the inaugural meeting, the board of directors shall apply to the registration authority for registration of the incorporation of the company. A company is formally established once the registration has been approved by the registration authority and an Enterprise Legal Person Business License has been issued.

During the course of incorporation of the Company, the promoters of a company shall be liable for: (i) the payment of all liabilities and expenses incurred in the incorporation process if the company cannot be incorporated; (ii) the repayment of subscription monies to the subscribers together with interest at bank rates for a deposit of the same term if the company cannot be incorporated; and (iii) the compensation for damages suffered by the company as a result of the default of the promoters in the course of incorporation of the company.

#### *Share capital*

The promoters of a company may make capital contribution in currency or in non-currency property that may be valued in currency and transferable such as physical objects, intellectual property and land use rights, non-currency property contributed as capital shall be valued and verified.

A company may issue registered or bear shares. However, shares issued to a promoter or a legal person shall be registered shares and shall bear the name of such promoter or legal person. No separate account with a different name may be opened for such shares, nor may such shares be registered in the name of a representative.

Pursuant to the requirements of the Special Regulations and the Mandatory Provisions, shares issued to foreign investors (including investors from foreign countries, Hong Kong SAR, Macau SAR and Taiwan) and listed overseas are defined as overseas listed foreign invested shares, shall be issued in registered form and shall be denominated in RMB and subscribed for in foreign currency, and those issued to investors within the PRC other than the aforementioned areas by a company are defined as domestic shares, shall be issued in registered form and subscribed for in RMB.

A company may offer its shares to foreign investors with approval by the securities administration department of the State Council. According to the Special Regulations, upon approval of the CSRC, a company may agree, in the underwriting agreement on issuing overseas listed foreign invested shares, to retain not more than 15% of the aggregate amount of overseas listed foreign invested shares proposed to be issued.

The share offering price may be equal to or in excess of par value, but shall not be less than par value.

#### *Transfer of shares*

The transfer of shares by shareholders shall be conducted in legally established stock exchanges or via other methods as stipulated by the State Council of China. The transfer of registered shares by a shareholder must be conducted by means of an endorsement or by other means stipulated by Chinese laws or by administrative regulations; the name and address of the transferee should be registered in the shareholders' registers upon transfer. No changes required in the aforesaid clause may be made to the shareholders' registers within

twenty days prior to a shareholders' general meeting or five days prior to the benchmark date set by the Company for the purpose of distribution of dividends. But if it is otherwise prescribed in relevant provisions of the laws with respect to the registration of change to the register of shareholders of listed companies, then such relevant provisions shall apply. The transfer of bearer shares is effective when the shareholder has delivered the stock to the transferee.

Shares held by the promoter(s) of a company shall not be transferred within one year from the date of incorporation of the company. Shares issued by a company prior to the public offer of its shares shall not be transferred within one year from the date of its shares being listed on a stock exchange. Directors, supervisors and senior management of the company shall not transfer over 25% of the total shares they hold in the company each year during their term of office, and shall not transfer any share of the company held by each of them within one year from the listing date, and shall not transfer the shares they hold in the company within six months after they leave office.

#### *Increase in capital*

The proposed issue of new shares by the company must be approved by shareholders in shareholders' general meeting. The Securities Law requires the other conditions for a company to offer new shares to the public: (i) a complete and well-operated organization; (ii) capability of making profits continuously and a healthy financial status; (iii) no false records or significant irregularities in its financial statements over the last three years; (iv) fulfill any other requirements as prescribed by the securities administration authority of the State Council as approved by the State Council.

The public offer of new shares of a company requires the approval of the securities administration authority of the State Council. After payment in full for the new shares issued, the company must modify its registration with the relevant administrative bureau for industry and commerce and issue a public notice accordingly.

#### *Reduction of share capital*

A company may reduce its registered capital in accordance with the following procedures stipulated by the Company Law:

- The company shall prepare a balance sheet and an inventory of property;
- The reduction of registered capital must be approved by shareholders in the general meeting;
- The company shall inform its creditors of the reduction in capital within ten days and publish an announcement of the reduction in newspapers within thirty days once the resolution approving the reduction in capital being passed;
- Creditors of the company may require the company to clear its debts or provide relevant guarantees; and
- The company must apply to the relevant administrative bureau for industry and commerce for registration of the reduction in registered capital.

*Repurchase of shares*

A company shall not purchase its own shares other than for the following purposes:

- to reduce the registered capital;
- to merge with another company(s) holding the company's shares;
- to grant shares as a reward to the staff of the company;
- to purchase the company's own shares upon request of its shareholders who vote against the resolution regarding the merger or division of the company in a shareholders' general meeting.

The shares repurchased by the company as a reward to its staff shall not exceed 5% of the total number of its issued shares. Any fund for the repurchase shall be paid out of after-tax profits of the company, and the shares repurchased shall be transferred to the staff of the company within one year. The Mandatory Provisions stipulate that upon obtaining approvals from relevant supervisory authorities in the PRC in accordance with the articles of association of the company, a company may repurchase its issued shares by way of: (i) a general offer to all of its shareholders to repurchase the same proportion; (ii) on a stock exchange by way of open trading; (iii) through agreement outside the stock exchange.

A company may not accept its own shares as the subject matter of a pledge.

*Shareholders*

The articles of association of a company set forth the shareholders' rights and obligations and are binding on all the shareholders. Pursuant to the Company Law and the Mandatory Provisions, a shareholder's rights include:

- the right to receive dividends and other profit distributions based on the number of shares held;
- the right to attend in person or appoint a representative to attend the shareholders' general meeting and to vote in respect of the amount of shares held;
- the right to inspect the article of association, register of shareholders, bond records of the company, minutes of the general meetings, resolutions of the Board of the Directors, resolutions of the supervisor's meetings and financial and accounting reports and propose and doubt in relation to the company's operations;
- the right to transfer his/her shares in accordance with applicable laws and regulations as well as the articles of association of the company;
- the right to obtain surplus assets of the company upon its termination or liquidation based on the number of shares held;
- the right to claim against other shareholders who abuse their rights of shareholders for the damages;

- if the procedure for convening the shareholders' general meeting or the meeting of the board of directors, or the method of voting violates laws, administrative regulations or the articles of association of the company, or if the contents of a resolution violate the articles of association of the company, a shareholder may present a petition to a court for cancellation of resolution;
- other rights specified in laws and regulations and the articles of association of the company.

The obligations of shareholders include: abide by the articles of association of the company; pay the subscription monies in respect of shares subscribed for; be liable for the debt and liabilities of the company to the extent of the amount of subscription monies agreed to be paid in respect of the shares taken up; no abuse of shareholders' rights to damage the interests of the company or other shareholders of the company; no abuse of the independent status and limited obligations of the company as a legal person to damage the interests of the creditors of the company; and any other obligations specified in the articles of association of the company.

#### *Shareholders' general meeting*

The shareholders' general meeting is the organ of authority of a company, which exercises the following functions and powers in accordance with the requirements of the Company Law:

- to decide on the company's business plans and investment plans;
- to elect and replace the directors and supervisors who are not representatives of the employees and to decide on matters relevant to remuneration of directors and supervisors;
- to review and approve reports of the board of directors;
- to review and approve reports of the board of supervisors or the supervisors;
- to review and approve the company's proposed annual financial budgets and final accounts;
- to review and approve proposals for profit distribution and for recovery of losses of the company;
- to decide on the increase or reduction of the company's registered capital;
- to decide on the issue of corporate bonds;
- to decide on merger, division, dissolution, liquidation or change the form of the company;
- to amend the articles of association of the company;
- other functions and powers specified in the articles of association of the company.

The shareholders' general meeting must be convened once a year. An extraordinary shareholders' general meeting shall be held within two months after the occurrence of any of the following circumstances:

- the number of directors is less than the number provided for in the Company Law or less than two thirds of the number specified in the articles of association of the company;
- the losses of the company which are not made up reach one-third of the total paid-up share capital of the company;
- as requested by a shareholder holding, or shareholders holding in aggregate, 10% or more of the shares of the company;
- when deemed necessary by the board of directors;
- as suggested by the board of supervisors;
- other circumstances required by the articles of association.

The shareholders' general meeting shall be convened by the board of directors and shall be presided over by the chairman of the board of directors. Where Chairman of the Board of Directors is unable or fails to perform the duty, the meeting shall be presided over by Vice Chairman of the Board of Directors. Where Vice Chairman of the Board of Directors is unable or fails to perform his duties, the meeting shall be presided over by a director jointly elected by a simple majority of the directors.

The written notice to convene the shareholders' general meeting shall be dispatched to all the registered shareholders 45 days before the general meeting pursuant to the Special Regulations and the Mandatory Provisions, stating the matters to be reviewed at the general meeting and the date and place of the meeting. Shareholders intending to attend the general meeting are required to send written confirmations of their attendance to the company 20 days before the meeting. There is no specific provisions in the Company Law regarding the number of shareholders constituting a quorum in a shareholders' meeting, although the Special Regulations and the Mandatory Provisions provide that a company's general meeting may be convened when replies to the notice of that meeting from shareholders holding shares representing 50% of the voting rights in the company have been received 20 days before the proposed date, or if that 50% level is not achieved, the company shall within five days notify shareholders again by public announcement of the matters to be considered at the meeting and the date and place of the meeting, and the general meeting may be held thereafter.

The Mandatory Provisions require class meetings to be held in the event of a variation or derogation of the class rights of a class. Holders of domestic invested shares and holders of overseas-listed-foreign-invested shares are deemed to be different classes of shareholders for this purpose.

Pursuant to the requirements of the Company Law, a shareholder holding, or shareholders holding in aggregate, more than 3% of the shares of the company may propose interim resolution and present it to the board in writing. According to the Special Regulations, at the annual shareholders' general meeting of the company, shareholders with 5% or more of the voting rights in the company are entitled to propose to the company in writing new resolutions, which if within the functions and powers of the shareholders' general meeting, are required to be added to the agenda of the general meeting.

Shareholders present at the shareholders' general meeting possess one vote for each share they hold. However, the company shall have no vote for any shares of the company. A shareholder may entrust a proxy to attend a shareholders' general meeting. The proxy shall present a power of attorney issued by the shareholder to the company and shall exercise his voting rights within the authorization scope. Resolutions proposed at the shareholders' general meeting shall be approved by more than half of the voting rights cast by shareholders present (including attend in person or represented by proxies) at the general meeting, except that such resolutions as amendment to the articles of association, the increase or reduction of registered capital or merger, division, dissolve or the change in the form of the company, shall be approved by shareholders with more than two thirds of the voting rights cast by shareholders present at the general meeting.

#### *Directors*

A company shall have a board of directors, which shall consist of five to nineteen members. The board of directors may have employee representatives democratically elected by employees through workers Conference or other forms. The term of office of the directors shall be provided for by the articles of association, but each term of office shall not exceed three years. The directors may hold consecutive terms upon re-election.

Under the Company Law, the board of directors exercises the following functions and powers:

- to convene the shareholders' general meeting and report on its work to the shareholders' general meeting;
- to implement the resolution of the shareholders' general meeting;
- to decide on the company's business plans and investment plans;
- to formulate the company's proposed annual financial budgets and final accounts;
- to formulate the company's proposals for profit distribution and for recovery of losses;
- to formulate proposals for the increase or reduction of the company's registered capital and the issue of corporate bonds;
- to prepare plans for the merger, division, dissolution or changes in the forms of the company;

- to decide on the company's internal management structure;
- to appoint or dismiss the company's general manager and to decide on the remuneration, and based on the general manager's nomination, to appoint or dismiss deputy general managers and financial officers of the company and to decide on their remuneration;
- to formulate the company's basic management system;
- other functions and powers as specified in the articles of association.

In addition, the Mandatory Provisions provide that the board of directors is also responsible for formulating the proposals for amendment of the articles of association of a company.

Meetings of the board of directors shall be convened at least twice a year. A notice of meeting shall be given to all directors and supervisors ten days before the meeting. The board of directors may otherwise provide for the notice time and notice period for convening extraordinary meetings.

Meetings of the board of directors could be held only if more than half of the directors are present. If a director is unable to attend a board meeting, he may appoint another director by a written power of attorney specifying the scope of the authorization for another director to attend the meeting on his behalf. Resolutions of the board of directors require the approval of more than half of all directors.

The directors are responsible for the resolutions of the board. If a resolution of the board of directors violates the laws, administrative regulations or the company's articles of association or resolutions of general meeting as a result of which the company suffer serious losses, the directors participating in the resolution are liable to compensate the company. However, if it can be proven that a director expressly objected to the resolution when the resolution was voted on, and that such objections were recorded in the minutes of the meeting, such director may be relieved of that liability.

The board of directors shall appoint a chairman and may appoint a vice chairman, who is elected with approval of more than half of all the directors. The chairman of the board of directors shall convene and preside over the meetings of the board of directors and inspect the implementation of resolutions of the board of directors.

The office of legal representative of a company may be served by the chairman of the board, the executive director or the manager as stipulated in company's articles of association.

*Supervisors*

A company shall have a Board of Supervisors of no fewer than three members. The Board of Supervisors shall include representatives of the shareholders and an appropriate ratio of the representatives of the company's staff and workers, where the ratio of the staff and workers' representatives shall not be less than one-third. Directors and senior management personnel may not concurrently serve as supervisors. The term of office of a supervisor shall be three years. If re-elected upon expiration of his term of office, a supervisor may serve consecutive terms.

According to the Company Law, the Board of Supervisors shall exercise the following functions and powers:

- check the company's financial affairs;
- supervise the directors and senior management in the performance of their duties, and put forward proposals on the removal of any director or senior management who violates laws, administrative regulations, the articles of association or resolution of the shareholders' meeting;
- require the director or senior management to make corrections if his act is detrimental to the interests of the company;
- propose the convening of extraordinary shareholders' general meetings, and convene and preside over the shareholders' general meetings when the board of directors fails to perform the duties of convening and presiding over the shareholders' general meetings;
- put forward proposals at shareholders' general meetings;
- institute proceeding against the directors and senior management upon shareholders' request if a director or senior management violates the provisions of laws, administrative regulations or the articles of association in the performance of company duties, thereby causing losses to the company;
- other functions and powers specified in the articles of association of the company.

*Managers and other senior management*

A company shall have a manager who shall be appointed or removed by the board of directors. The board of directors may decide that a member of the board of directors shall serve concurrently as the manager.

According to the Company Law, the manager is accountable to the board of directors and shall exercise the following functions and powers:

- manage the production, operation and management of the company and arrange for the implementation of resolutions of the board of directors;



- arrange for the implementation of the company's annual business plans and investment plans;
- draft the plan for the establishment of the company's internal management organization;
- draft the basic management system of the company;
- formulate the specific rules and regulations of the company;
- recommend the appointment or dismissal of the deputy manager(s) and person(s) in charge of financial affairs of the company;
- decide on the appointment or dismissal of management personnel other than those required to be appointed or dismissed by the board of directors;
- other functions and powers delegated by the board of directors.

It is also specified by the Company Law that where the articles of association have other provisions on the functions and powers of the manager, such provisions shall prevail.

Pursuant to the Company Law, besides managers, the other senior management include deputy managers and persons in charge of financial affairs, the secretary to the board of directors and other personnel specified in the articles of association.

*Qualifications and duties of directors, supervisors and senior management*

According to the Company Law, a person may not serve as a director, supervisor or senior management if he is:

- a person with no or limited capacity for civil acts;
- a person that was sentenced to criminal punishment for the crime of corruption, bribery, encroachment of property, misappropriation of property or disruption of the order of the socialist market economy, and not more than five years has elapsed since the expiration of the enforcement period; or a person that was deprived of his political rights for committing a crime, and not more than five years has elapsed since the expiration of the enforcement period;
- a director or factory director, manager of a company or enterprise liquidated upon bankruptcy that was personally responsible for the bankruptcy of the company or enterprise, and not more than three years has elapsed since the date of completion of the bankruptcy liquidation;
- legal representative of a company or enterprise that had its business license revoked and had been closed down by order for violation of law, for which such representative bears individual liability, and not more than three years has elapsed since the date on which the business license of the company or enterprise was revoked;

- a person with a comparatively large amount of personal debts due and unsettled. A director, supervisor and senior management shall comply with the provisions of relevant laws and regulations, administrative regulations and the articles of association, perform their duties honestly and protect the interests of the company. The Company Law and the Mandatory Provisions provide that a director, supervisor and senior management bear duties to act honestly and diligently for the company. The fiduciary duties of the directors, supervisors, managers and other senior management may not cease with the termination of their office. Their confidentiality obligation in relation to the company's business secrets shall remain effective upon termination of their office. A director, supervisor and senior management who violate the provisions of laws, administrative regulations or the articles of association in the performance of his duties shall be liable to indemnify the company for the losses caused to the company.

#### *Finance and accounting*

A company shall establish its financial and accounting systems according to the laws, administrative regulations and the regulations of the financial department of the State Council. At the end of each financial year, a company shall prepare a financial and accounting report which shall be audited by an accounting firm as provided by law.

A company shall make available its financial and accounting report at the company for the inspection by the shareholders within 20 days before the convening of the annual general meeting of shareholders. Companies that issue shares to the public must publish its financial and accounting report.

When a company distributes its after-tax profits for a given year, it shall allocate 10% of profits to its statutory common reserve. A company shall no longer be required to make allocations to its statutory common reserve once the aggregate amount of such reserve exceeds 50% of its registered capital. If a company's statutory common reserve is insufficient to make up its losses of the previous years, such losses shall be made up from the profits for the current year prior to making allocations to the statutory common reserve. A company may, if so resolved by the shareholders' general meeting, make allocations to the discretionary common reserve from its after-tax profits after making allocations to the statutory common reserve from the after-tax profits.

A company's after-tax profits remaining after it has made up its losses and made allocations to its common reserve shall be distributed in proportion to the shareholdings of its shareholders, unless the articles of association stipulate that the profits shall not be distributed in proportion to the shareholdings.

A company shall enter under its capital common reserve the premium over the nominal value of the shares of the company on issue, and such other income as the finance department of the State Council requires to be entered under the capital common reserve.

A company's common reserves shall be used for making up losses, expanding the production and business operation or increasing its capital by means of conversion, but the capital common reserve shall not be used for making up the company's losses. Where the funds from the statutory common reserve are converted to registered capital, the remaining funds in such reserve shall not be less than 25% of the company's registered capital after such conversion.

*Appointment and retirement of auditors*

The Special Regulations require a company to employ an independent accounting firm to audit the company's annual report and review and check other financial reports. The accounting firm is to be employed for a term commencing from the close of an annual general meeting and ending at the close of the next annual general meeting.

If a company removes or ceases to continue to appoint the accounting firm, it is required to give prior notice to the accounting firm and the accounting firm is entitled to make representations before the shareholders in general meeting. The appointment, removal or non re-appointment of the accounting firm shall be decided by the shareholders in general meeting and shall be filed with the CSRC for record.

*Distribution of profits*

According to the Company Law, company shall not allocate its profits before the loss is compensated and the provision on the statutory pension is made. The Special Regulations and the Mandatory Provisions provide that the dividends or other amounts to be paid to holders of overseas listed foreign invested shares by a company shall be calculated and declared in Renminbi and paid in foreign currency. The payment of foreign currency to shareholders shall be made through a receiving agent.

*Dissolution and liquidation*

Under the Company Law, a company shall be dissolved in any of the following events:

- (i) when the term of operation set down in a company's articles of association has expired or events of dissolution specified in the company's articles of association have occurred;
- (ii) the shareholders in a general meeting have resolved to dissolve a company;
- (iii) a company is dissolved by reason of its merger or demerger;
- (iv) a company is subject to the revocation of business license, a closure order or dismissal in accordance with laws;
- (v) in the event that a company encounters substantial difficulties in its operation and management and its continual existence shall cause a significant loss to the interest of shareholders, and where this cannot be resolved through other means, shareholders who hold more than 10% of the voting rights of all shareholders of a company present a petition to the court for dissolution of the company.

Where a company is to be dissolved in the circumstances described in (i), (ii), (iv) and (v) above, a liquidation committee must be formed within 15 days from the date of dissolution. Such liquidation committee shall be composed of directors or persons decided upon by the shareholders' general meeting. If no liquidation committee is established within the time limit, the company's creditors may request the court to designate relevant persons to form a liquidation committee.

The liquidation committee shall notify creditors within 10 days after the date of its establishment and issue a public notice in the newspapers within 60 days. Creditors shall declare their claims to the liquidation committee within 30 days after the date of receipt of notification, or within 45 days after the date of public notice for those who did not receive any notification.

The liquidation committee shall exercise the following functions and powers during the liquidation period:

- thoroughly examine the company's properties and prepare a balance sheet and an inventory of properties, respectively;
- notify creditors by notice or public notices;
- dispose of and liquidate relevant outstanding business of the company;
- pay outstanding taxes and taxes arising in the course of liquidation;
- clear the claims and debts;
- dispose of the surplus properties of the company after its debts have been paid off; and
- participate in civil lawsuits on behalf of the company.

If the liquidation committee, having thoroughly examined the company's properties and prepared a balance sheet and an inventory of properties, becomes aware that the company's properties is insufficient to pay its debts, it shall apply to the court for a declaration of bankruptcy of the company. If the company's properties are sufficient to pay its debts, the liquidation committee shall formulate a liquidation plan and submit the same to the shareholders' general meeting or the court for confirmation. After being applied towards the payment of the liquidation expenses, and the wages, social insurance premiums and statutory compensation of staff and workers, outstanding taxes and the settlement of the debts of the company, the properties of a company shall be distributed in proportion to the shareholding of its shareholders.

Upon completion of liquidation, the liquidation committee shall compile a liquidation report and submit the same to the shareholders' general meeting or the court for confirmation, and to relevant administration bureau for industry and commerce for applying for cancellation of the company's registration. A public notice of its termination shall be issued.

#### *Overseas listing*

A company may issue shares to overseas investors after obtaining approval from the securities regulatory authority of the State Council and its shares may be listed overseas.

*Loss of H share certificates*

The Special Regulations and the Mandatory Provisions provide that in the case of loss of share certificates by the shareholders of overseas listed foreign invested shares, an application for the issue of replacement certificates may be handled in accordance with the law or rules of the securities exchanges or other relevant regulations of the place where the original copy of the register of shareholders of overseas listed foreign invested shares is kept.

*Suspension and termination of listing*

The Securities Law provides that where a company is in one of the following circumstances, the stock exchange shall decide to suspend the listing and trading of its shares:

- (i) there is a change in the total share capital, equity distribution, etc., of the company and the listing conditions are no longer fulfilled;
- (ii) the company fails to disclose its financial status as required, or there are falsehoods in the financial and accounting reports that may mislead investors;
- (iii) the company has committed a major breach of the law;
- (iv) the company has suffered continuous losses for the most recent three years; or
- (v) other circumstances stipulated by the listing rules of the relevant stock exchange.

In the event that the conditions for listing are not satisfied within the period stipulated by the relevant stock exchange as described in (i) above, or the company has refused to rectify the situation in the case described in (ii) above, or the company fails to become profitable in the next subsequent year in the case described in (iv) above, or the company is dissolved or declared bankrupt, the relevant stock exchange shall have the right to terminate the listing of the shares of the company.

*Merger and demerger*

Companies may merge through merger by absorption or through the establishment of a newly merged entity. If it merges by absorption, the company that is absorbed shall be dissolved. If it merges by forming a new corporation, both companies will be dissolved.

**The Securities Law and other relevant regulations**

The PRC has promulgated a number of regulations that relate to the issue and trading of Securities. In October 1992, the State Council established the Securities Committee and the CSRC. The Securities Committee was the competent authority in charge of unified macro administration of national securities market; its major responsibilities include coordinating the drafting of draft securities laws and regulations, researching into and formulating guidelines, policies and rules on securities market, formulating the development plans of securities market and offering plans and advice, directing, coordinating, supervising and inspecting all securities-related work and administering the CSRC. The CSRC was the regulatory and

implementing body of the Securities Committee and responsible for the drafting of administration rules of the securities market, supervising securities companies, regulating the offering and trading of marketable securities, regulating public offering of shares by PRC companies in the PRC and overseas. In 1998, as the securities commission was dismissed, its duties are taken by the CSRC.

The Securities Law comprehensively regulates activities in the PRC securities market. This law involves, among other things, the issue and trading of securities, takeovers by listed companies, securities exchanges, securities companies and the duties and responsibilities of the State Council's securities regulatory authorities. The Securities Law provides that a PRC company must obtain prior approval from the State Council's regulatory authorities to conduct the overseas offering of securities directly or indirectly and list its securities outside the PRC.

According to Notice of the CSRC on Issues Concerning Regulation the Overseas Listing of Enterprise Subordinate to Domestic Listed Company (《中國證券監督管理委員會關於規範境內上市公司所屬企業到境外上市有關問題的通知》) promulgated by the CSRC on July 21, 2004, where a subsidiary controlled by a PRC listed company applies for overseas listing, the PRC listed company shall comply with the following conditions: (i) the listed company has been profitable in the latest three years consecutively; (ii) the businesses and assets in which the listed company has invested with the proceeds from its share issues and share offerings within the latest three fiscal years shall not be used as its capital contribution to the subordinate enterprise for the purpose of applying for overseas listing; (iii) the net profits of the subordinate enterprise that the listed company is entitled to according to the equity interests in the consolidated statements for the latest fiscal year shall not exceed 50% of the net profits in the consolidated statements of the listed company; (iv) the net assets of the subordinate enterprise that the listed company is entitled to according to the equity interests in the consolidated statements for the latest fiscal year shall not exceed 30% of the net assets in the consolidated statements of the listed company; (v) there is no competition in the same industry between the listed company and the subordinate enterprise, and they are independent from each other in assets and finance, and have no cross employment of managers; (vi) the shares of the subordinate enterprise held by the directors, senior management personnel and affiliated personnel of the listed company and the subordinate enterprise shall not exceed 10% of the total share capital of the subordinate enterprise prior to the overseas listing; (vii) the funds or assets of the listed company are not in the possession of the person, legal person or other organization having actual controlling power or its affiliated party, and there are no major affiliated transactions that prejudice the interests of the company; (viii) the listed company has no acts of major violations of laws or regulations in the latest three years.

On December 20, 2012, the CSRC has promulgated the Regulatory Guidelines for the Application Documents and Examination Procedures for Overseas Share Issuance and Listing by Joint Stock Companies (《關於股份有限公司境外發行股票和上市申報文件及審核程式的監管指引》) which sets out the provisions on the application documents, application and examination procedures for overseas share issuance and listing by companies.



***Shanghai-Hong Kong Stock Connect***

On April 10, 2014, CSRC and Hong Kong Securities and Futures Commission (hereinafter referred to as “HKSF”) issued the “Joint Announcement — Principles that Should be Followed when the Pilot Programme that Links the Stock Markets in Shanghai and Hong Kong is Expected to be Implemented” and approved in principle the launch of the pilot programme that links the stock markets in Shanghai and Hong Kong (hereinafter referred to as “Shanghai-Hong Kong Stock Connect”) by the Shanghai Stock Exchange (hereinafter referred to as “SSE”), the Stock Exchange, China Securities Depository and Clearing Co., Ltd. (hereinafter referred to as “CSDCC”) and HKSCC. Shanghai-Hong Kong Stock Connect comprises the two portions of Northbound Trading Link and Southbound Trading Link. Southbound Trading Link refers to the entrustment of mainland securities houses by mainland investors to trade stocks listed on the Stock Exchange within a stipulated range via filing by the securities trading service company established by the SSE with the Stock Exchange. During the initial period of the pilot programme, the stocks of Southbound Trading Link consist of constituent stocks of the Stock Exchange Hang Seng Composite Large Cap Index and the Hang Seng Composite MidCap Index as well as stocks of A+H stock companies concurrently listed on the Stock Exchange and the SSE. The total limit of Southbound Trading Link is RMB250 billion and the daily limit is RMB10.5 billion. During the initial period of the pilot programme, it is required by HKSF that mainland investors participating in Southbound Trading Link are only limited to institutional investors and individual investors with a securities account and capital account balance of not less than RMB500,000.

On June 13, 2014, CSRC issued the “Certain Requirements on the Pilot Programme that Links the Stock Markets in Shanghai and Hong Kong” which came into effect on the same day. Shanghai-Hong Kong Stock Connect follows the existing laws and regulations for the settlement of transactions in both markets. The relevant transaction settlement activities follow the regulatory requirements and business rules of the place where transactions are settled. Listed companies follow the regulatory requirements and business rules of the places where they are listed. Securities houses or brokers follow the regulatory requirements and business rules of countries or regions in which they are located. Investors who deal in stocks through Shanghai-Hong Kong Stock Connect shall conduct settlement with securities houses or brokers in RMB. Stocks acquired by mainland investors through Southbound Trading Link shall be recorded in securities accounts maintained by CSDCC with HKSCC. CSDCC, after seeking opinions from mainland investors in advance through mainland securities houses, shall exercise its right against the stock issuer in its own name in accordance with the opinions of investors through HKSCC. The record of shareholding issued by CSDCC is the legal evidence of equity interest enjoyed by mainland investors. CSDCC is responsible for the stock and capital settlement of transactions closed through Southbound Trading Link.

On September 26, 2014, the SSE issued the “Pilot Measures of the Shanghai Stock Exchange for Shanghai-Hong Kong Connect” which came into effect on the same day. Since Southbound Trading Link implements a comprehensive designated trading system, the relevant requirements of the SSE regarding designated transactions are applicable. SSE may adjust the requirements of Southbound Trading Link such as trading method, order type, scope of business and trading restrictions based on market needs. The SSE and the Stock Exchange strengthen the regulation and management of transactions and relevant information disclosures under Shanghai-Hong Kong Stock Connect through cross-border cooperation in regulation. Information such as instant quotes of stocks in the Southbound Trading Link

business is issued by the Stock Exchange. The Stock Exchange is responsible for regulating acts such as information disclosure of stocks under Southbound Trading Link, issuers of stocks under Southbound Trading Link and relevant information disclosure obligors, with the laws, administrative regulations, departmental rules, regulatory documents and stock exchange business rules of the place where stocks are listed applicable.

On November 14, 2014, CSRC issued the “Filing Provision on the Placement of Shares by Hong Kong Listed Companies with Domestic Original Shareholders under Southbound Trading Link” which came into effect on the same day. The act of the placement of shares by Hong Kong listed companies with domestic original shareholders under Southbound Trading Link shall be filed with CSRC. Hong Kong listed companies shall file the application materials and approved documents with CSRC after obtaining approval from the Stock Exchange for their share placement applications. CSRC will carry out supervision based on the approved opinion and conclusion of the Hong Kong side.

On 10 November, 2014, CSRC and HKSFC issued a “Joint Announcement”, approving the official launch of Shanghai-Hong Kong Stock Connect by SSE, the Stock Exchange, CSDCC and HKSCC. Pursuant to the “Joint Announcement”, trading of stocks under Shanghai-Hong Kong Stock Connect will commence on November 17, 2014.

#### **Arbitration and enforcement of arbitral awards**

The Arbitration Law of the PRC (《中華人民共和國仲裁法》) (the “**Arbitration Law**”) was passed by the Standing Committee of the NPC on August 31, 1994, became effective on September 1, 1995, and was amended on August 27, 2009. It is applicable to contract disputes and other property interest disputes between equal citizens, legal person and other organisations where the parties have entered into a written agreement to refer the matter to arbitral award. Where the parties entered into arbitration agreement, the court will refuse to handle the proceedings appealed by a party unless the arbitration agreement is null and void.

Under the Civil Procedure Law and the Arbitration Law, an arbitral award is final and binding on the parties. If a party fails to comply with an arbitral award, the other party to the award may apply to the court for enforcement in accordance with relevant provisions of the Civil Procedure Law. A people’s court may refuse to enforce an arbitral award if a party can testify that there is procedural or membership irregularity provided by law or the award exceeds the scope of the arbitration agreement or is outside the jurisdiction of the arbitration commission.

A party seeking to enforce an arbitral award against a party who, or whose property, is not within the PRC, may apply directly to a foreign court with jurisdiction. Similarly, an arbitral award made by a foreign arbitration body to be recognized and enforced by the PRC courts shall be applied by a party to the intermediate courts of the place where the enforcee is domiciled or the property is located, and the PRC courts shall deal with in accordance with any international treaty or the principles of reciprocity concluded or acceded to by the PRC.

On December 2, 1986, the PRC acceded to the Convention on the Recognition and Enforcement of Foreign Arbitral Awards (《承認和執行外國仲裁裁決公約》) (the “New York Convention”) which became effective in PRC since April 22, 1987. This Convention provides that all arbitral awards made in a member country of the Convention shall be recognized and



enforced by other member countries of the Convention with exception of certain circumstances the member country can refuse to enforce. It was declared by the Standing Committee of the NPC simultaneously with the accession of the PRC that (i) the PRC will only recognize and enforce foreign arbitral awards on the principle of equality; and (ii) the PRC will only apply the New York Convention in disputes considered under PRC laws to be arising from contractual and non-contractual mercantile legal relations. On June 18, 1999, the Arrangement of the Supreme People's Court on Mutual Enforcement of Arbitration Awards between the Mainland and Hong Kong (《最高人民法院關於內地與香港特別行政區相互執行仲裁裁決的安排》) for mutual enforcement of arbitral awards was entered into between the Supreme People's Court of PRC and Hong Kong and became effective on February 1, 2000. Under this arrangement, award made by the PRC arbitral authorities recognized under the Arbitration Ordinance of Hong Kong can be enforced in Hong Kong.

### **Judicial judgment and its enforcement**

Under the Arrangement of the Supreme People's Court between the Courts of the Mainland and the Hong Kong on Mutual Recognition and Enforcement of Judgments of Civil and Commercial Cases under the Jurisdiction as Agreed to by the Parties Concerned (《最高人民法院關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排》) issued by the Supreme People's court on July 3, 2008 and became effective on August 1, 2008, in the case of final judgment, defined with payment amount and enforcement power, made between mainland court and Hong Kong SAR court in civil and commercial case with written jurisdiction agreement, the parties concerned shall apply to mainland people's court or Hong Kong SAR court for recognition and enforcement based on this arrangement. "Choice of court agreement in written" in this arrangement refers to a written agreement defining the exclusive jurisdiction of either the mainland people's court or Hong Kong SAR in order to revolve dispute with particular legal relation occurred or likely to occur by the parties concerned since effective date of this arrangement. Accordingly, the parties concerned may apply to the courts in mainland or Hong Kong to recognize and enforce the final judgment made by the courts in Hong Kong or the Mainland that meet certain conditions under this arrangement.

### **MATERIAL DIFFERENCES BETWEEN CERTAIN COMPANY LAW MATTERS IN THE PRC AND HONG KONG**

Hong Kong company law is primarily set out in the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and is supplemented by common law and rules of equity that apply to Hong Kong. Our Company, which is a joint stock limited liability company established in the PRC, is governed by the PRC Company Law and all other rules and regulations promulgated pursuant to the PRC Company Law applicable to a joint stock limited liability company established in the PRC issuing overseas listed foreign shares to be listed on the Hong Kong Stock Exchange.

There are material differences between Hong Kong company law and the PRC law applicable to a joint stock limited liability company incorporated under the PRC Company Law, to which our Company is and will be subject. This summary is, however, not intended to be an exhaustive comparison.

**Corporate Subsisting**

Under the Companies Ordinance, a company having share capital is incorporated by the Registrar of Companies in Hong Kong issuing a certificate of incorporation and upon its incorporation, a company will acquire an independent corporate existence. A company may be incorporated as a public company or a private company.

Under the PRC Company Law, a joint stock limited liability company may be incorporated by either the promotion method or the subscription method.

**Share Capital**

Under the new Companies Ordinance, the concept of the nominal value (also known as par value) of shares of a Hong Kong company has been abolished, and the companies have increased flexibility to alter its share capital by (i) increasing its share capital; (ii) capitalizing its profits; (iii) allotting and issuing bonus shares with or without increasing its share capital; (iv) converting its shares into larger or smaller number of shares; and (v) cancelling its shares. The concept of authorised capital no longer applies to a Hong Kong company formed on or after March 3, 2014 as well. Hence, the directors of a Hong Kong company may, with the prior approval of the shareholders, if required, cause the company to issue new shares.

The PRC Company Law does not recognize the concept of authorized share capital. The registered capital of a joint stock limited liability company incorporated by promotion method is the total number of its share capital denominated by all promoters who have registered at the company registration authority; the registered capital of a joint stock limited liability company incorporated by subscription method is the received total amount of its share capital that have been registered at the company registration authority. Any increase in registered capital must be approved by the shareholders at a general meeting and by the relevant governmental and regulatory authorities in the PRC (if required).

Under PRC law, a company which is authorized by the relevant securities administration authority to list its shares on a stock exchange must have a registered capital of not less than RMB30 million. Hong Kong law does not prescribe any minimum capital requirements for companies incorporated in Hong Kong.

Under the PRC Company Law, the capital contributions may be in the form of money or non-monetary assets (other than assets not entitled to be used as capital contributions under relevant laws and regulations). For non-monetary assets to be used as capital contributions, appraisals and verification must be carried out according to the law to ensure no overvaluation or under-valuation of the assets. There is no such restriction on a Hong Kong company under Hong Kong law.

**Restrictions on Shareholding and Transfer of Shares**

Under PRC law, the domestic shares in the share capital of a joint stock limited liability company which are denominated and subscribed for in Renminbi may only be subscribed or traded by the State, PRC legal and natural persons and qualified foreign investors. The overseas listed foreign shares issued by a joint stock limited liability company which are denominated in Renminbi and subscribed for in a currency other than Renminbi, except as

otherwise permitted under the Trial Measures for the Administration of Overseas Securities Investment by Qualified Domestic Institutional Investors (《合格境內機構投資者境外證券投資管理試行辦法》), may only be subscribed and traded by investors from Hong Kong Special Administrative Region, the Macau Special Administrative Region, Taiwan or any country and territory outside the PRC.

Under the PRC Company Law, shares in a joint stock limited liability company held by its promoters cannot be transferred within one year after the date of establishment of the company. Shares in issue prior to the company's public offering cannot be transferred within one year from the listing date of the shares on the Hong Kong Stock Exchange. Shares in a company held by its directors, supervisors and management personnel and transferred each year during their term of office shall not exceed 25.0% of the total shares they held in the company, and the shares they held in the company cannot be transferred within one year from the listing date of the shares, and also cannot be transferred within half a year after the said personnel has left office. The articles of association may set other restrictive requirements on the transfer of the company's shares held by its directors, supervisors and officers. There are no such restrictions on shareholdings and transfers of shares under Hong Kong law apart from the six-month lock up on our Company's issue of Shares and the 12-month lock up on the Controlling Shareholders' disposal of Shares, as illustrated by the undertaking given by our Company to the Hong Kong Stock Exchange as described in the section headed "Underwriting" in this prospectus.

#### **Financial Assistance for Acquisition of Shares**

Although the PRC Company Law does not contain any provision prohibiting or restricting a joint stock limited company or its subsidiaries from providing financial assistance for the purpose of an acquisition of its own or its holding company's shares, the Mandatory Provisions contained certain restrictions on a company and its subsidiaries providing such financial assistance similar to those under the Companies Ordinance.

#### **Shareholders' Meetings — Notice**

Under the PRC Company Law, notice of a shareholders' general meeting of a joint stock limited company must be given 20 days before the meeting, while notice of an extraordinary meeting must be given 15 days before the meeting or, in the case of a company having bearer shares, a public announcement of a shareholders' general meeting must be made 30 days prior to it being held. Under the Special Regulations and the Mandatory Provisions, 45 days' written notice must be given to all shareholders and shareholders who wish to attend the meeting must reply in writing 20 days before the date of the meeting. For a limited company incorporated in Hong Kong, the minimum notice period of a general meeting other than an annual meeting is 14 days; and the notice period for an annual general meeting is 21 days.

#### **Shareholders' Meetings — Quorum**

Under Hong Kong law, the quorum for a meeting of a company is provided for in the articles of association of a company, but must be at least two members. The PRC Company Law does not specific any quorum requirement for a shareholders' general meeting, but the Special Regulations and the Mandatory Provisions provide that our general meeting may be convened when replies to the notice of that meeting have been received from Shareholders

whose shares represent 50% of the voting rights at least 20 days before the proposed date of the meeting, or if that 50% level is not achieved, we must within five days notify our Shareholders by way of a public announcement and we may hold the Shareholders' general meeting thereafter.

### **Shareholders' Meetings — Voting**

Under Hong Kong law, an ordinary resolution is passed by a simple majority of affirmative votes by members present in person or by proxy at a general meeting and a special resolution is passed by a majority of not less than three-fourths of votes by members present in person or by proxy at a general meeting. In the event that the resolution is passed at a general meeting on a show of hands, it is out of the number of members who vote in person and the number of persons who vote on the resolution as duly appointed proxies. In the event that the resolution is passed at a general meeting on a poll, it is out of the total voting rights of all the members who (being entitled to do so) vote in person or by proxy on the resolution.

Under the PRC Company Law, the passing of any resolution requires more than one-half of the affirmative votes held by our Shareholders present in person or by proxy at a Shareholders' general meeting except in cases such as proposed amendments to our Articles of Association, increase or decrease of registered capital, merger, division, dissolution or transformation, which require two-thirds of the affirmative votes cast by Shareholders present in person or by proxy at a Shareholders' general meeting.

### **Variation of Class Rights**

The PRC Company Law makes no specific provision relating to variation of class rights. However, the PRC Company Law states that the State Council can promulgate regulations relating to other kinds of shares. The Mandatory Provisions contain detailed provisions relating to the circumstances which are deemed to be variations of class rights and the approval procedures required to be followed in respect thereof. These provisions have been incorporated in the Articles of Association, which are summarized in the appendix headed "Appendix VIII — Summary of the Articles of Associations" to this prospectus.

Under the Companies Ordinance, no rights attached to any class of shares can be varied except (i) with the approval of a special resolution of the holders of the relevant class at a separate meeting, (ii) with the consent in writing of the holders of three-fourths in nominal value of the issued shares of the class in questions, (iii) by agreement of all the members of the Company or (iv) if there are provisions in the Articles of Association relating to the variation of those rights, then in accordance with those provisions.

Our Company (as required by the Listing Rules and the Mandatory Provisions) have adopted in the Articles of Association provisions protecting class rights in a similar manner to those found in Hong Kong law. Holders of overseas listed shares and domestic listed shares are defined in the Articles of Association as difference classes. The special procedures for voting by a class of shareholders shall not apply in the following circumstances: (i) where we issue and allot, either separately or concurrently in any 12-month period, pursuant to a Shareholders' special resolution, not more than 20% of each of the existing issued overseas listed shares; (ii) where our plan to issue domestic shares and overseas listed shares upon our

establishment is implemented within 15 months following the date of approval by the CSRC; and (iii) where the transfer of shares from the holders of domestic non-listed shares to foreign investors upon receiving the approval of the State Council Securities regulatory authority and then listing and transacting in the overseas stock exchange.

### **Directors**

The PRC Company Law, unlike the Companies Ordinance, does not contain any requirements relating to the declaration made by directors of interests in material contracts, restrictions on directors' authority in making major dispositions, restrictions on companies providing certain benefits, and prohibitions against compensation for loss of office without shareholders' approval. The PRC Company law provides such resolution relates to an enterprise which the director is interested or connected. The Mandatory Provisions, however, contain certain requirements and restrictions on major dispositions and specify the circumstances under which a director may receive compensation for loss of office.

### **Supervisor Committee**

Under the PRC Company Law, the board of directors and managers of a joint stock limited liability company is subject to the supervision and inspection of a supervisory committee. But there is no mandatory requirement for the establishment of a supervisory committee for a company incorporated in Hong Kong. The Mandatory Provisions provide that each supervisor owes a duty, in the exercise of his powers, to act in good faith and honestly in what he considers to be best interests of the company and to exercise the care, diligence and skill that a reasonably prudent person would exercise under comparable circumstances.

### **Derivative Action by Minority Shareholders**

Hong Kong law permits minority shareholders, with the permission of a court, to start a derivative action on behalf of the company against directors who have committed a breach of their fiduciary duties to the company if the directors control a majority of votes at a general meeting, thereby effectively preventing the company from suing the directors in breach of their duties in its own name.

Although the PRC Company Law gives our Shareholders the right to initiate proceedings in the people's court to restrain the implementation of any resolution passed by our shareholders in a general meeting, or by the Board of Directors, that violates any law, administrative rules or Articles of Association. In the event that the Directors or management personnel violate laws, administrative rules or Articles of Association when performing their duties and cause losses to the Company, there is no form of proceedings equal to a derivative action. The Mandatory Provisions, however, provide us with certain remedies against the Directors, Supervisors and officers who breach their duties to us. In addition, every director and supervisor of a joint stock limited liability company applying for a listing of its foreign shares on the Hong Kong Stock Exchange is required to give an undertaking in favour of the company acting as agent for each shareholder to comply with the articles of association. This allows minority shareholders to act against directors and supervisors in default.

**Minority Shareholder Protection**

Under Hong Kong law, a shareholder who complains that the affairs of a company incorporated in Hong Kong are conducted in a manner unfairly prejudicial to his interests may petition to the court to either wind up the company or make an appropriate order regulating the affairs of the company. In addition, on the application of specified number of members, the Financial Secretary may appoint inspectors who are given extensive statutory powers to investigate the affairs of a company incorporated in Hong Kong.

The Company, as required by the Mandatory Provisions, has adopted in its Articles of Association minority protection provisions similar to (though not as comprehensive as) those available under Hong Kong law. These provisions state that a controlling Shareholder may not exercise its voting rights in a manner prejudicial to the interests of other Shareholders, may not relieve a Director or Supervisor of his duty to act honestly in our best interests or may not approve the expropriation by a Director or Supervisor of our assets or the individual rights of other Shareholders.

**Arbitration of Disputes**

In Hong Kong, disputes between shareholders and a company or its directors, managers and other senior officers may be resolved through the courts. Our Articles of Association provides that disputes between a holder of H Shares and the Company and its Directors, Supervisors, managers or other members of senior management or a holder of domestic listed Shares, arising from the Articles of Association, the PRC Company Law or other relevant laws and administrative regulations which concerns the affairs of the Company should, with certain exceptions, be referred to arbitration at either the Hong Kong International Arbitration Centre (“HKIAC”) or the China International Economic and Trade Arbitration Commission. Such arbitration is final and conclusive.

The Securities Arbitration Rules of the HKIAC contain provisions allowing, upon application by any party, an arbitral tribunal to conduct a hearing in Shenzhen for cases involving the affairs of companies incorporated in the PRC and listed in the Hong Kong Stock Exchange so that PRC parties and witnesses may attend. Where any party applies for a hearing to take place in Shenzhen, the tribunal shall, where satisfied that such application is based on bona fide grounds, order the hearing to take place in Shenzhen conditional upon all parties, including witnesses and arbitrators, being permitted to enter Shenzhen for the purpose of the hearing. Where a party, other than a PRC party or any of its witness or any arbitrator, is not permitted to enter Shenzhen, then the tribunal shall order that the hearing be conducted in any practicable manner, including the use of electronic media. For the purpose of the Securities Arbitration Rules of the HKIAC, a PRC party means a party domiciled in the PRC other than the territories of Hong Kong, Macau and Taiwan.

**Financial Disclosure**

A joint stock limited liability company is required under the PRC Company Law to make available at its office for inspection by shareholders its financial reports 20 days before an annual general meeting. In addition, a public company under the PRC Company Law must publish its financial situation. The annual balance sheet has to be verified by registered



accountants. The Companies Ordinance requires a company to send to every shareholder a copy of its financial statements sheet, auditors' report and directors' report which are to be tabled before the company in its annual general meeting not less than 21 days before such meeting.

### **Information on Directors and shareholders**

The PRC Company Law gives the shareholders of a company the right to inspect its articles of association, minutes of the shareholders' general meetings and financial and accounting reports. Under the Articles of Association, shareholders of the Company have the right to inspect and, after payments of reasonable charges, make copies of certain information on the shareholders and on the Directors similar to that available to shareholders of Hong Kong companies under Hong Kong law.

### **Receiving Agent**

Under both PRC and Hong Kong law, dividends once declared become debts payable to shareholders. The limitation period of debt recovery action under Hong Kong law is six years while that under PRC law is two years. The Mandatory Provisions require the appointment by the company of a trust company registered under the Hong Kong Trustee Ordinance (Chapter 29 of the Laws of Hong Kong) as receiving agent to receive on behalf of holders of foreign shares dividends declared and all other monies owed by a joint stock limited liability company in respect of such foreign shares.

### **Corporate Reorganization**

Corporate reorganization involving a company incorporated in Hong Kong may be effected in a number of ways, such as a transfer of the whole or part of the business or property of the company in the course of being wound up voluntarily to another company pursuant to section 237 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance or a compromise or arrangement between the company and its creditors or between the company and its members pursuant to section 673 of the Companies Ordinance which requires the sanction of the court. Under PRC law, the merger, demerger, dissolution or change to the form of a joint stock limited liability company has to be approved by shareholders in general meeting.

### **Mandatory Transfers**

Under the PRC Company Law, a joint stock limited liability company is required to make transfers equivalent to certain prescribed percentages of its after tax profits to the statutory common reserve fund. There are no such requirements under Hong Kong law.

### **Remedies of the Company**

Under the PRC Company Law, if a director, supervisor or manager in carrying out his duties infringes any law, administrative regulation or the articles of association of a company, which results in damage to the company, that director, supervisor or manager should be

responsible to the company for such damages. In addition, the Listing Rules require listed companies' articles to provide for remedies of the company similar to those available under the Hong Kong law (including rescission of the relevant contract and recovery of profits from a director, supervisor or senior management).

### **Dividends**

Pursuant to the relevant PRC laws and regulations, a company shall withhold and pay to the relevant tax authorities, any tax payable under PRC law on any dividends or other distributions payable to an individual shareholder. Under Hong Kong law, the limited period for an action to recover a debt (including the recovery of dividends) is six years, whereas under PRC laws, the relevant limitation period is two years. A company shall not exercise its powers to forfeit any unclaimed dividend in respect of its listed foreign shares until after the expiry of the applicable limitation period.

### **Fiduciary duties**

In Hong Kong, there is the common law concept of fiduciary duty of directors. Under the PRC Company Law and the Special Regulations, directors, supervisors, senior management owe a fiduciary duty towards a company and are not permitted to engage in any activities which compete with or are prejudicial to the interests of the company.

### **Closure of register of shareholders**

The Companies Ordinance requires that the register of shareholders of a company must not generally be closed for registration of transfers of shares for more than thirty (30) days (extendable to sixty (60) days in certain circumstances) in a year, whereas the articles of a company provide, as required by the PRC Company Law, that share transfers may not be registered within thirty (30) days before the date of a shareholders' meeting or within five (5) days before the record date set for the purpose of distribution of dividends.

### **Listing Rules**

The Listing Rules provide additional requirements which apply to an issuer incorporated in the PRC as a joint stock limited company and seeking a primary listing or whose primary listing is on the Stock Exchange. Set out below is a summary of such principal additional requirements which apply to our Company.

#### *Compliance advisor*

A company seeking listing on the Stock Exchange is required to appoint a compliance advisor acceptable to the Stock Exchange for the period from its listing date up to the date of the publication of its first full year's financial results, to provide the company with professional advice on continuous compliance with the Listing Rules and all other applicable laws, regulations, rules, codes and guidelines, and to act at all times, in addition to the company's two authorized representatives, as the principal channel of communication with the Stock Exchange. The appointment of the compliance advisor may not be terminated until a



replacement acceptable to the Stock Exchange has been appointed. If the Stock Exchange is not satisfied that the compliance advisor is fulfilling its responsibilities adequately, it may require the company to terminate the compliance advisor's appointment and appoint a replacement.

The compliance advisor must keep the company informed on a timely basis of changes in the Listing Rules and any new or amended laws, regulations or codes in Hong Kong applicable to the company.

It must act as the company's principal channel of communication with the Stock Exchange if the authorized representatives of the company are expected to be frequently outside Hong Kong.

#### *Accountants' report*

An accountants' report for a PRC issuer will not normally be regarded as acceptable by the Stock Exchange unless the relevant accounts have been audited to a standard comparable to that required in Hong Kong or under International Standards on Auditing or China Auditing Standards. Such report will normally be required to conform to Hong Kong or international accounting standards or China Accounting Standards for Business Enterprises.

#### *Process agent*

Our Company is required to appoint and maintain a person authorized to accept service of process and notices on its behalf in Hong Kong throughout the period during which its securities are listed on the Stock Exchange and must notify the Stock Exchange of his appointment, the termination of his appointment and his contact particulars.

#### *Public shareholdings*

If at any time there are existing issued securities of a PRC issuer other than foreign shares which are listed on the Stock Exchange, the Listing Rules require that the aggregate amount of H shares and other securities held by the public must constitute not less than 25% of the issued share capital and that the class of securities for which listing is sought must not be less than 15% of the total issued share capital if the company has an expected market capitalisation at the time of listing of not less than HK\$50,000,000. The Stock Exchange may, at its discretion, accept a lower percentage of between 15% and 25% if the Company has an expected market capitalization at the time of listing of over HK\$10,000,000,000.

#### *Independent non-executive directors and supervisors*

The independent non-executive directors of a PRC issuer are required to demonstrate an acceptable standard of competence and adequate commercial or professional expertise to ensure that the interests of the general body of shareholders will be adequately represented. The supervisors of a PRC issuer must have the character, expertise and integrity and be able to demonstrate a standard of competence commensurate with their position as supervisors.

*Restrictions on purchase and subscription of its own securities*

Subject to governmental approvals and the provisions of the Articles of Association, our Company may repurchase its own H Shares on the Stock Exchange in accordance with the provisions of the Listing Rules. Approval by way of special resolution of the holders of Domestic Shares and the holders of H Shares at separate class meetings conducted in accordance with the Articles of Association is required for share repurchases. In seeking approvals, our Company is required to provide information on any proposed or actual purchases of all or any of its equity securities, whether or not listed or traded on the Stock Exchange. The Directors must also state the consequences of any purchases which will arise under either or both of the Takeovers Code and any similar PRC law of which the directors are aware, if any. Any general mandate given to the Directors to repurchase H Shares must not exceed 10% of the total amount of the existing issued H Shares.

*Mandatory provisions*

With a view to increasing the level of protection afforded to investors, the Stock Exchange requires the incorporation, in the articles of association of a PRC company whose primary listing is on the Stock Exchange, of the Mandatory Provisions and provisions relating to the change, removal and resignation of auditors, class meetings and the conduct of the supervisory committee of the company. Such provisions have been incorporated into the Articles of Association, a summary of which is set out in Appendix VIII to this prospectus.

*Redeemable shares*

The Company must not issue any redeemable shares unless the Stock Exchange is satisfied that the relative rights of the holders of the H Shares are adequately protected.

*Pre-emptive rights*

Except in the circumstances mentioned below, the directors of a company are required to obtain the approval by a special resolution of shareholders in general meeting, and the approvals by special resolutions of the holders of domestic shares and H shares (each being otherwise entitled to vote at general meetings) at separate class meetings conducted in accordance with the company's articles of association, prior to (i) authorizing, allotting, issuing or granting shares or securities convertible into shares, or options, warrants or similar rights to subscribe for any shares or such convertible securities; or (ii) any major subsidiary of the company making any such authorization, allotment, issue or grant so as materially to dilute the percentage equity interest of the company and its shareholders in such subsidiary.

No such approval will be required, but only to the extent that, the existing shareholders of the company have by special resolution in general meeting given a mandate to the directors, either unconditionally or subject to such terms and conditions as may be specified in the resolution, to authorize, allot or issue, either separately or concurrently once every 12 months, not more than 20% of the existing domestic shares and H shares as of the date of the passing of the relevant special resolution or of such shares that are part of the company's plan at the time of its establishment to issue domestic shares and H shares and which plan is

implemented within 15 months from the date of approval by the CSRC; or where upon approval by securities supervision or administration authorities of State Council, the shareholders of domestic shares of the company transfer its shares to overseas investors and such shares are listed and traded in foreign markets.

#### *Supervisors*

Our Company is required to adopt rules governing dealings by its Supervisors in securities of the Company in terms no less exacting than those of the model code (set out in Appendix 10 to the Listing Rules) issued by the Stock Exchange.

Our Company is required to obtain the approval of its Shareholders at a general meeting (at which the relevant Supervisor and his associates shall not vote on the matter) prior to the Company or any of its subsidiaries entering into a service contract of the following nature with a Supervisor or proposed Supervisor of the Company or its subsidiary: (i) having a term that may exceed three years; or (ii) expressly requiring the Company to give notice of one year or above or to pay compensation or make other payments equivalent to the remuneration for one year or above.

The remuneration and appraisal committee of our Company or an independent board committee must form a view in respect of service contracts that require Shareholders' approval and advise Shareholders (other than Shareholders with a material interest in the service contracts and their associates) as to whether the terms are fair and reasonable, advise whether such contracts are in the interests of our Company and its Shareholders as a whole and advise Shareholders on how to vote.

#### *Amendment to the Articles of Association*

Our Company is required not to permit or cause any amendment to be made to its Articles of Association which would cause the same to cease to comply with the mandatory provision of the Listing Rules and the Mandatory Provisions or the Company Law.

#### *Documents for inspection*

Our Company is required to make available at a place in Hong Kong for inspection by the public and its Shareholders free of charge, and for copying by Shareholders at reasonable charges the following:

- a complete duplicate register of Shareholders;
- a report showing the state of the issued share capital of the Company;
- the Company's latest audited financial statements and the reports of the Directors, auditors and Supervisors (if any) thereon;
- special resolutions of the Company;

- reports showing the number and nominal value of securities repurchased by the Company since the end of the last certificates year, the aggregate amount paid for such securities and the maximum and minimum prices paid in respect of each class of securities repurchased (with a breakdown between Domestic Shares and H Shares);
- a copy of the latest annual return led with the Beijing Administration for Industry and Commerce; and
- for Shareholders only, copies of minutes of meetings of Shareholders.

*Receiving agents*

Our Company is required to appoint one or more receiving agents in Hong Kong and pay to such agent(s) dividends declared and other monies owing in respect of the H Shares to be held, pending payment, in trust for the holders of such H Shares.

*Statements in share certificates*

Our Company is required to ensure that all of its prospectus and share certificates include the statements stipulated below and to instruct and cause each of its share registrars not to register the subscription, purchase or transfer of any of its Shares in the name of any particular holder unless and until such holder delivers to such Share registrar a signed form in respect of such Shares bearing statements to the following effect that the acquirer of the Shares:

- agrees with the Company and each Shareholder of the Company, and the Company agrees with each Shareholder of the Company, to observe and comply with the Company Law, the Special Regulations, the Articles of Association and other relevant laws and administrative regulations;
- agrees with the Company, each Shareholder, Director, Supervisor, manager and officer of the Company, and the Company acting for itself and for each Director, Supervisor, manager and officer of the Company agrees with each Shareholder, to refer all differences and claims arising from the Articles of Association or any rights or obligations conferred or imposed by the Company Law or other relevant laws and administrative regulations concerning the affairs of the Company to arbitration in accordance with the Articles of Association, and any reference to arbitration shall be deemed to authorize the arbitration tribunal to conduct hearings in open session and to publish its award. Such arbitration shall be final and conclusive;
- agrees with the Company and each Shareholder of the Company that the H Shares are freely transferable by the holder thereof; and
- authorizes the Company to enter into a contract on his behalf with each Director, Supervisor, manager and officer of the Company whereby each such Director and officer undertakes to observe and comply with his obligations to the Shareholders as stipulated in the Articles of Association.

*Compliance with the Company Law, the Special Regulations and the Articles of Association*

Our Company is required to observe and comply with the Company Law, the Special Regulations and the Articles of Association.

*Contract between the Company and its Directors, officers and Supervisors*

Our Company is required to enter into a contract in writing with every Director and officer containing at least the following provisions:

- an undertaking by the Director or officer to the Company to observe and comply with the Company Law, the Special Regulations, the Articles of Association, the Takeovers Code and an agreement that the Company shall have the remedies provided in the Articles of Association and that neither the contract nor his office is capable of assignment;
- an undertaking by each Director or officer to the Company acting as agent for each Shareholder to observe and comply with his obligations to the Shareholders as stipulated in the Articles of Association;
- an arbitration clause which provides that whenever any differences or claims arise from that contract, the Articles of Association or any rights or obligations conferred or imposed by the Company Law or other relevant laws and administrative regulations concerning the affairs of the Company between the Company and its Directors or officers and between a holder of H Shares and a Director or officer of the Company, such differences or claims will be referred to arbitration at either the CIETAC in accordance with its rules or the HKIAC in accordance with its Securities Arbitration Rules, at the election of the claimant and that once a claimant refers a dispute or claim to arbitration, the other party must submit to the arbitral body elected by the claimant. Such arbitration will be final and conclusive;
- if the party seeking arbitration elects to arbitrate the dispute or claim at HKIAC, then either party may apply to have such arbitration conducted in Shenzhen according to the Securities Arbitration Rules of HKIAC;
- PRC laws shall govern the arbitration of disputes or claims referred to above, unless otherwise provided by laws or administrative regulations;
- the award of the arbitral body is final and shall be binding on the parties thereto;
- the agreement to arbitrate is made by the Director or officer with the Company on its own behalf and on behalf of each Shareholder; and
- any reference to arbitration shall be deemed to authorise the arbitral tribunal to conduct hearings in open session and to publish its award.

Our Company is also required to enter into a contract in writing with every Supervisor containing statements in substantially the same terms.

*Subsequent listing*

The Company must not apply for the listing of any of the H Shares on a PRC stock exchange unless the Stock Exchange is satisfied that the relative rights of the holders of foreign Shares are adequately protected.

*English translation*

All notices or other documents required under the Listing Rules to be sent by the Company to the Stock Exchange or to holders of H Shares are required to be in the English language, or accompanied by a certified English translation.

*General*

If any change in the PRC law or market practices materially alters the validity or accuracy of any of the basis upon which the additional requirements have been prepared, then the Stock Exchange may impose additional requirements or make listing of the equity securities of a PRC issuer, including our Company, subject to special conditions as the Stock Exchange considers appropriate. Whether or not any such changes in the PRC law or market practices occur, the Stock Exchange retains its general power under the Listing Rules to impose additional requirements and make special conditions in respect of our Company's listing.

**OTHER LEGAL AND REGULATORY PROVISIONS**

Upon our Company's listing, the provisions of the Securities and Futures Ordinance, the Takeovers Code and such other relevant ordinances and regulations as may be applicable to companies listed on the Stock Exchange will apply to our Company.

*This Appendix set out summaries of the main clauses of our Articles of Association adopted on August 13, 2014 which shall become effective as of the date on which the H Shares are listed on the Stock Exchange. As the main purpose of this Appendix is to provide potential investors with an overview of the Articles of Association, it may not necessarily contain all information that is important for investors. As discussed in the appendix headed “Appendix X — Documents Delivered to the Registrar of Companies in Hong Kong and Available for Inspection” to this prospectus, the full document of the Articles of Association in Chinese is available for examination.*

## **1 DIRECTORS AND BOARD OF DIRECTORS**

### **(a) Power to allocate and issue shares**

The Articles of Association does not contain clauses that authorize the Board of Directors to allocate or issue shares. The Board of Directors shall prepare suggestions for share allotment or issue, which are subject to approval by the Shareholders at the Shareholders’ general meeting in the form of a special resolution. Any such allotment or issue shall be in accordance with the procedures stipulated in appropriate laws and administrative regulations.

### **(b) Power to dispose assets of our Company or our subsidiaries**

If the sum of the expected value of the fixed assets to be disposed of, and the amount or value of the cost received from the fixed assets of our Company disposed of within the four months immediately preceding this suggestion for disposal exceeds 33% of the value of fixed assets of our Company indicated on the latest audited balance sheet submitted to the Shareholders at the Shareholders’ meeting, the Board of Directors shall not dispose of or agree to dispose of such fixed assets without the prior approval of Shareholders at the Shareholders’ general meeting. The above disposal refers to the transfer of rights and interests in certain assets, but does not include the provision of guarantees with fixed assets. The validity of the transactions with respect to the disposal of fixed assets of our Company shall not be affected by the violation of the above restrictions contained in the Articles of Association.

### **(c) Indemnification or compensation for loss of office**

As provided in the written contract entered into between our Company and the Directors or Supervisors in connection with their emoluments, they are entitled to compensation or other payments for loss of office or retirement as a result of the acquisition of our Company, subject to the approval of the Shareholders at the general Shareholders’ meeting in advance. Acquisition of our Company refers to any of the following circumstances:

- (i) An offer made to all the Shareholders; or
- (ii) An offer is made by any person such that the offeror will become the Controlling Shareholder of our Company (as defined in the Articles of Association).

If the relevant Director or Supervisor fails to comply with the above requirements, any payment received shall belong to the person who sells the Shares for accepting the aforesaid offer. The Director or Supervisor shall bear all expenses arising from the distribution of such payments to the person in a proportional manner and all related expenses shall not be deducted from these payments distributed.



**(d) Loans to Directors, Supervisors or other management personnel**

Our Company shall neither provide the Directors, Supervisors or senior management of our Company or our parent company with loans or loan guarantees either directly or indirectly nor provide persons related to the above personnel with loans or loan guarantees.

The following transactions are exempted from the above clauses:

- (i) Our Company provides our subsidiaries with loans or loan guarantees;
- (ii) Our Company provides any of the Directors, Supervisors or senior management with loans, loan guarantees or any other fund pursuant to the employment contracts approved at the Shareholders' meeting to pay all expenses incurred for the purpose of our Company or performing his duties owed to our Company; and
- (iii) In case that the normal scope of business of our Company covers the provision of loans or loan guarantees, our Company may provide any of the Directors, Supervisors or senior management or other related personnel with loans or loan guarantees, provided that the conditions governing the above loans or loan guarantees shall be normal commercial conditions.

In the event that our Company provides loans in violation of this restriction, the person who receives the loan(s) must payoff the loan(s) immediately, regardless of the conditions of loans. Any loan provided by our Company in violation of the above requirements shall not be mandatorily enforced against us, unless under the following circumstances:

- (i) The loan provider unknowingly provides loans to personnel related to the Directors, Supervisors or senior management of our Company or its parent company; or
- (ii) The collateral provided by our Company is sold lawfully by the lender to the buyer in good faith.

For the purpose of the above provisions, "guarantee" includes the acts of the guarantor bearing the liabilities or providing properties to ensure that the obligor performs the obligations.

**(e) Provide financial aid for acquiring the Shares or shares of any of our subsidiaries**

Pursuant to the Articles of Association:

- (i) Our Company or our subsidiaries (including our affiliated enterprises) shall not provide any financial assistance at any time or in any manner to personnel that acquires or plans to acquire our Shares. Such personnel include any who undertake obligations, directly or indirectly, from acquiring the Shares; and
- (ii) Our Company or any of our subsidiaries (including our affiliated enterprises) shall not provide personnel mentioned in the preceding paragraph with financial aid at any time or in any manner, to mitigate or exempt the obligations of the above personnel.



The following transactions are not prohibited:

- (i) Related financial aid provided by our Company which is in good faith in our interest and the main purpose of the financial aid is not to acquire our Shares or is an incidental part of a master plan of our Company;
- (ii) The lawful distribution of our properties by way of dividend;
- (iii) Distribution of dividends in the form of Shares;
- (iv) Reducing the registered capital, redeeming the Shares or adjusting the equity structure pursuant to the Articles of Association;
- (v) Our Company granting loans within our scope of business and in the ordinary course of our business, provided that such loans shall not result in reduction in the net assets of our Company or even if the net assets are reduced, such financial aid is paid from the profit available for distribution; and
- (vi) Our Company providing the employee stock ownership plan with fund, provided that such loans shall not result in reduction in the net assets of our Company or, even if the net assets are reduced, such financial aid is paid from the profit available for distribution.

For the purpose of the above provisions:

- (i) “Financial aid” includes, but is not limited to:
  - (aa) Gifts;
  - (bb) Guarantees (including acts of the guarantor assuming liabilities or providing properties to ensure that the obligor performs the obligations), compensation (excluding compensation arising from mistakes of our Company), release or waiver of rights;
  - (cc) Provision of loans or signing of contracts whereby our Company performs some obligations before others, change of the parties to the loans/ contracts as well as the assignment of the rights in the loans/contracts; and
  - (dd) Financial aid provided by our Company in any other manner when it is insolvent, has no net assets, or will suffer significant decreases in net assets.
- (ii) “Assuming obligations” includes obligator undertaking obligations by signing agreements or making arrangements (no matter whether the agreements or arrangements are enforceable on demand or bearing the obligations by itself or jointly with any other person) or changing its financial status in any other manner.

**(f) Disclose matters relating to the contract rights of our Company and voting on the contract/s**

When any of the Directors, Supervisors and senior management has material interests in the contracts, transactions or arrangements that our Company has entered into or plans to enter into in any manner directly or indirectly (except for employment contracts that our Company has entered into with the Directors, Supervisors and senior management), the above personnel shall disclose the nature and degree of their interests to the Board of Directors as soon as possible no matter whether the above contracts, transactions, arrangements or suggestions are subject to the approval of the Board of Directors in normal circumstances.

With respect to any contract, transaction or arrangement in which a Director or his associates have a material interest, the Director shall not vote and shall not be included in the quorum. Unless the Directors, Supervisors and senior management who have interests have made disclosure to the Board of Directors in accordance with the above requirements and the Board of Directors approves the matters at the meeting in which they are not included in the quorum nor participate in voting, our Company shall have the right to cancel the contracts, transactions or arrangements, except where the opposite party is a party in good faith without knowledge of the acts of related Directors, Supervisors and senior management violating their obligations.

Where related personnel of the Directors, Supervisors and senior management have interests in certain contracts, transactions and arrangements, the relevant Directors, Supervisors and senior management shall be deemed to have interests.

**(g) Remuneration**

Our Company shall sign written agreements with the Directors and Supervisors regarding remuneration, which shall be subject to prior approval of the general Shareholders' meeting, including:

- (i) Remuneration for providing services as the Directors, Supervisors or senior management of our Company;
- (ii) Remuneration for providing services as the Directors, Supervisors or senior management of our subsidiaries;
- (iii) Remuneration for providing other services for management of our Company and our subsidiaries; and
- (iv) Compensation received by the Directors or Supervisors as a result of loss of position or retirement.

No Director or Supervisor shall institute any litigation against our Company over any interests payable relative to the above unless provided for in the above contracts.

**(h) Resignation, Appointment and Dismissal**

None of the following persons shall serve as our Director, Supervisor or senior management:

- (i) Anyone who has no civil capacity or has limited civil capacity;
- (ii) Anyone who has been convicted of the offense of corruption, bribery, embezzlement, larceny, or disrupting the social economic order and is within five years of the expiry date of punishment or has been deprived of political rights because of this conviction and is within five years of the expiry date of the sentence;
- (iii) Anyone who has served as director, factory manager or manager of a company or enterprise that is bankrupt and liquidated as a result of improper management, was personally liable for the bankruptcy of the company or enterprise, and is within three years of the date of completion of bankruptcy and liquidation of the company or enterprise;
- (iv) Anyone who has served as the legal representative of a company or enterprise whose business license was revoked or was ordered to close due to violation of laws, was personally liable, and is within three years of the date on which the business license of such company or enterprise was revoked;
- (v) Anyone who has a large sum of debt, which was not paid at maturity;
- (vi) Anyone who is investigated by the judicial agencies for violation of criminal law and whose case is pending;
- (vii) Anyone who may not serve as a head of the company pursuant to the provisions of the laws and administrative regulations, or regulations of the competent authorities;
- (viii) Anyone judged by the competent agencies to have violated the provisions of relevant securities laws, has been involved in deceptive or dishonest acts and is within five years of the date on which the judgment was made;
- (ix) Anyone who is not a natural person;
- (x) Other circumstances which are applicable pursuant to the provisions of the laws and administrative regulations, regulations of the competent authorities or the securities regulators or stock exchanges where the Company' shares are listed; and
- (xi) Persons who are subject to the competent authority of securities of the State Council's punishment which prohibit them from entering into the securities market for a period which has not yet expired.

The validity of the acts of the Directors or senior management on behalf of our Company to bona fide third parties shall not be affected by any irregularities in their appointment, election or qualifications.

The Board of Directors consists of nine Directors and these are elected at the general Shareholders' meeting. The Directors need not hold any of our Shares.

The chairman and vice chairman of the Board shall be elected and dismissed by a vote of more than one half of the Directors. Subject to compliance with related laws and administrative regulations, the general Shareholders' meeting may remove any Director whose term has not expired by an ordinary resolution without affecting any claim for damages that may be made pursuant to any contract.

The Directors serve three-year terms. Upon expiration of the term, the Director may be re-elected (an independent non-executive Director may not be elected for more than 6 years consecutively).

Written notice concerning proposed nomination of a director candidate and indication of the candidate's intention to accept the nomination shall be sent to our Company seven days before the general Shareholders' meeting is convened (the period shall commence on the day after the dispatch of the notice of the general meeting appointed for such election by our Company).

**(i) Responsibilities**

The Directors, Supervisors and senior management shall bear the obligations of good faith and diligence towards our Company. In the event of violation of obligations owed to our Company by the Directors, Supervisors and senior management, we shall have the right to take the following measures in addition to various rights and remedial measures stipulated in legal and administrative regulations:

- (i) Require related Directors, Supervisors or senior management to compensate our Company for losses sustained as a result of their neglect of duty;
- (ii) Cancel any contract or transaction entered into between the Company and related Directors, Supervisors or senior management as well as any contract or transaction entered into between our Company and any third person when the third person knew or should have known that the Directors, Supervisors or senior management acting on behalf of our Company violated their obligations owed to our Company;
- (iii) Require the relevant Directors, Supervisors or senior management to turn over the proceeds obtained from the violation of their obligations;
- (iv) Recover funds collected by the relevant Directors, Supervisors or senior management that should have been collected for our Company, including but not limited to commissions;
- (v) Require the relevant Directors, Supervisors or senior management to return the interest earned or that may be earned from funds that should have been paid to our Company.

When performing their responsibilities, the Directors, Supervisors and senior management must comply with the principle of integrity and shall not put themselves in situations where their own interests may conflict with the obligations they have undertaken. This principle includes, but is not limited to, performing the following obligations:

- (i) Sincerely taking the best interests of our Company as the starting point of any action;
- (ii) Exercising one's rights within but not exceeding the scope of authority;
- (iii) Exercising conferred discretionary powers personally without being manipulated by others; not transferring discretionary powers to other persons unless permitted by laws and administrative regulations or with the informed consent of Shareholders given in a general meeting;
- (iv) Treating Shareholders of the same class equally and Shareholders of different classes fairly;
- (v) Entering into any contract, transaction or arrangement with our Company is not allowed, unless in line with the Articles of Association or otherwise by the approval of the general Shareholders' meeting with its full knowledge;
- (vi) Seeking private gain using the properties of our Company in any manner is not allowed, unless agreed by the general Shareholders' meeting with its full knowledge;
- (vii) Using one's position to take bribes or other illegal gains is not allowed, nor is any form of embezzlement of our property, including, but not limited to, opportunities beneficial to our Company;
- (viii) Accepting commissions associated with transactions of our Company is not allowed unless agreed by the general Shareholders' meeting with its full knowledge;
- (ix) Compliance with the Articles of Association, discharging duties in a faithful manner, safeguarding the interests of our Company rather than seeking private gain by taking advantage of one's position and authority in our Company;
- (x) Competing with our Company in any manner is not allowed, unless agreed by the Shareholders at the general Shareholders' meeting with its full knowledge;
- (xi) Misappropriation of our funds or lending these funds to others is not allowed, nor is depositing the assets of our Company in an account opened in one's own name or other names; and
- (xii) Disclosure of any confidential information relating to our Company obtained during employment without the consent of the general Shareholders' meeting with its full knowledge; unless in the interest of our Company, using such information is also not allowed; however, under the following circumstances the information may be disclosed to a court or other competent government agencies as required by (1) the mandatory provisions of the law; (2) the public interest; (3) the interest of the Directors, Supervisors or senior management.

The Directors, Supervisors and senior management may not direct the following personnel or institutions (“related personnel”) to do acts that the Directors, Supervisors and senior management is prohibited from doing:

- (i) Spouses or minor children of the Directors, Supervisors and senior management;
- (ii) Trustors of the Directors, Supervisors and senior management or the persons mentioned in (i);
- (iii) Partners of the Directors, Supervisors and senior management or persons mentioned in (i) and (ii);
- (iv) The company under de facto control by the Directors, Supervisors and senior management individually or jointly with the persons or other directors, supervisors and senior management of companies mentioned in (i), (ii) and (iii);
- (v) Directors, Supervisors or senior management of the controlled companies mentioned in (iv).

The good faith obligation owed by the Directors, Supervisors and senior management may not necessarily terminate with the expiration of their terms; their obligation to keep the trade secrets of our Company in confidence shall survive the expiration of their terms, until such secrets become public available. The duration of other obligations shall be determined in accordance with the principle of fairness, depending on the length of time from the occurrence of the events to the time of resignation, as well as the circumstances and conditions under which the relationship with our Company is terminated.

Except as otherwise provided in the Articles of Association, liabilities of Directors, Supervisors and senior management arising from the violation of specific duties may be released by informed Shareholders in general meetings.

Apart from the obligations set forth in related laws, administrative regulations or the listing rules of the stock exchange where the Shares are listed, the Directors, Supervisors or senior management shall assume the following obligations for each of the Shareholders when exercising their rights and performing their responsibilities:

- (i) They shall not cause our Company to operate beyond the scope of business indicated on our business license;
- (ii) They shall sincerely take the best interests of our Company as the starting point of any action;
- (iii) They may not deprive our Company of our properties in any manner, including, but not limited to, opportunities beneficial to our Company; and
- (iv) They shall not deprive the Shareholders of personal rights and interests, including, but not limited to, the right to receive dividends distributed and to vote, except for restructuring of our Company approved at the Shareholders’ meeting pursuant to the provisions of the Articles of Association.

The Directors, Supervisors and senior management have the responsibility when exercising their rights or carrying out their obligations to act with the care, diligence and skill due from a reasonably prudent person under similar circumstances.

## **2 MODIFICATION OF THE ARTICLES OF ASSOCIATION**

We may amend the Articles of Association based on the provisions of the relevant laws, administrative regulations and Articles of Association.

Where the amendments to the Articles of Association passed by the general meetings need the examination and approval of the competent authorities, these amendments shall be submitted hereto for approval. Where the amendment of the Articles of Association involves our registration, it shall be necessary to carry out the lawfully prescribed procedures for registration change.

## **3 SPECIAL VOTING PROCEDURES OF CLASSIFIED SHAREHOLDERS**

Any Shareholder who holds different classes of Shares is a classified Shareholder. Any plan of our Company to change or abolish the rights of a classified Shareholder is subject to the approval of the general Shareholders' meeting in the form of a special resolution and the approval of the affected classified Shareholders at a separately convened Shareholders' meeting in accordance with the Articles of Association before it can be implemented, except when provided in the Articles of Association that the unlisted Shares held by our Shareholders become listed for trading on an overseas stock exchange. The rights of a classified Shareholder shall be viewed as changed or abolished under any of the following circumstances:

- (a) Increase or reduce the number of the classified Shares, or increase or reduce the number of classified Shares with equal or more voting rights, distribution rights and other privileges than this type of classified Shares;
- (b) Convert all or part of the classified Shares into other types or convert another type of Shares, partly or wholly, into this type of classified Shares or grant such conversion right;
- (c) Cancel or reduce the right of the classified Shares to obtain dividends generated or cumulative dividends;
- (d) Reduce or cancel the right of the classified Shares to receive dividends on a priority basis or the priority right to receive property distribution in the liquidation of our Company;
- (e) Increase or cancel or reduce the right of the classified Shares to convert Share rights, options rights, voting rights, transfer rights, and pre-emptive rights, or the right to obtain the securities of our Company;
- (f) Cancel or reduce the right of the classified Shares to receive funds payable of our Company in specified currencies;

- (g) Create new classified Shares entitled to equal or more voting rights, distribution rights, or other privileges than the classified Shares;
- (h) Impose restrictions on the transfer or ownership of the classified Shares or increase such restrictions;
- (i) Issue subscription or conversion rights for this or other classified Shares;
- (j) Increase the rights and privileges of other types of Shares;
- (k) The restructuring plan of our Company may constitute different types of Shareholders to assume responsibilities disproportionately; and
- (l) Amend or abolish clauses stipulated in our Articles of Association.

Whether or not the affected classified Shareholders have voting rights at the Shareholders' meeting, in the event of matters described above from (b) through (h), (k) and (l), they have voting rights at the classified Shareholders' meeting, but the Shareholders that have interests at stake (as defined in our Articles of Association) shall have no voting rights at the classified Shareholders' meeting.

The resolution of the classified Shareholders' meeting shall be passed by votes representing more than two thirds of Shareholders with voting rights attending the classified Shareholders' meeting.

When convening a classified Shareholders' meeting, 45 days before the meeting is convened, our Company shall send a written notice to inform all registered holders of the classified Shares on matters to be deliberated at the meeting, as well as the date and venue of the meeting. Shareholders planning to attend the meeting shall send our Company a written reply concerning attendance at the meeting 20 days before the meeting.

In the event that the number of Shares with voting power represented by Shareholders planning to attend the meeting accounts for more than one half of the total number of said classified Shares with voting power at the meeting, our Company may convene a classified Shareholders' meeting. If this number is not reached, our Company shall again inform the Shareholders of the matters to be deliberated as well as the date and venue of the meeting within five days in the form of an announcement and our Company may convene a classified Shareholders' meeting once the announcement is delivered.

The notice of the classified Shareholders' meeting needs only to be sent to the Shareholders who have the right to vote at the meeting.

Insofar as possible, any classified Shareholders' meeting shall be held in accordance with the same procedures as those of the Shareholders' meeting, and unless otherwise provided in the Articles of Association, any clause that relates to the procedures for convening the Shareholders' meeting in the Articles of Association shall apply to any classified Shareholders' meeting.

Apart from the holders of other classified Shares, the holders of Domestic Shares and the holders of overseas listed foreign Shares are considered as different classified Shareholders.



The special procedures for voting by the classified Shareholders shall not apply under the following circumstances:

- (a) Upon the approval by a special resolution at the general Shareholders' meeting, our Company either separately or concurrently issues Domestic Shares and overseas listed foreign shares once every 12 months, and the number of those shares to be issued shall not account for more than 20% of each of its outstanding shares;
- (b) The plan to issue Domestic Shares and overseas listed foreign Shares upon the establishment of our Company is completed within 15 months of the date of approval by the securities regulatory authorities of the State Council; and
- (c) Upon the approval by the securities regulatory authorities of the State Council, the unlisted Shares held by our Shareholders become listed or traded on an overseas stock exchange.

#### **4 SPECIAL RESOLUTIONS NEEDED TO BE ADOPTED BY MAJORITY VOTE**

The resolutions of the Shareholders' meeting are categorized as ordinary resolutions and special resolutions.

An ordinary resolution can be adopted by a simple majority of the votes held by the Shareholders (including proxies) attending the general Shareholders' meeting.

A special resolution can be adopted by a two-thirds majority of the votes held by the Shareholders (including proxies) attending the general Shareholders' meeting.

#### **5 VOTING RIGHTS (GENERALLY ON A POLL AND RIGHT TO DEMAND A POLL)**

The ordinary Shareholders have the right to attend or appoint a proxy to attend and vote at the general Shareholders' meeting. When voting at the general Shareholders' meeting, the Shareholder (or proxy) may exercise his or her voting rights in accordance with the number of Shares with voting power held with each Share representing one vote.

When voting at a general meeting, Shareholders (including their proxies) who are entitled to two or more votes are not required to vote against or in favor with their total number of votes.

When the number of dissenting votes equals the number of supporting votes, the chairman of the meeting is entitled to one additional vote.

#### **6 GENERAL SHAREHOLDERS' MEETINGS**

The general Shareholders' meetings are divided into annual general Shareholders' meetings and extraordinary general meetings. The Board of Directors, the Supervisory Committee or shareholders holding 10% or more of our Company's shares, individually or collectively, may convene a general meeting. The annual general Shareholders' meeting shall be convened once a year and be held within six months of the end of the previous fiscal year.

**7 ACCOUNTING AND AUDITS****(a) Financial and accounting policies**

Our Company shall develop its financial accounting policies pursuant to PRC laws, administrative regulations, as well as accounting standards developed by the competent department in charge of finance under the State Council.

The Board of Directors shall submit the financial reports of our Company, as required by the laws, administrative regulations or directives promulgated by local governments and competent authorities to be prepared by our Company, at every annual Shareholders' meetings.

Apart from the CASBE and regulations, the financial reports of our Company shall also conform to international accounting standards or the accounting standards of overseas areas where the Shares are listed. In the event of any major discrepancy between the financial reports prepared in accordance with the two accounting standards, such difference must be provided in the notes to the financial reports. As to the distribution of after-tax profits of our Company in a fiscal year, the after-tax profits indicated on the two financial reports, whichever is lower, shall prevail.

Our Company shall make its financial reports available for inspection by the Shareholders 20 days before the annual general Shareholders' meeting is convened. Each Shareholder is entitled to obtain one copy of the financial report referred to in the Articles of Association.

Our Company shall send the aforesaid reports to each of the holders of overseas listed foreign Shares by the manner as stipulated in the Articles of Association of our Company or by postage-paid mail at least 21 days before the annual general Shareholders' meeting is convened (in any event no more than four months from the end of the relevant financial year) and the recipient's address shall be the address as shown in the register of Shareholders.

Our Company's interim results or financial information published or disclosed by our Company shall at the same time be prepared in accordance with PRC accounting standards, regulations as well as international accounting standards or the accounting standards of the overseas area in which the Shares are listed.

Our Company must publish the financial reports twice in each fiscal year. Interim financial reports shall be published within 60 days of the end of the first six months of a fiscal year, while the annual financial report shall be published within 120 days of the end of each fiscal year.

The Company shall not keep any accounting books other than those specified by law.

**(b) Appointment and Dismissal of Accountants**

Our Company shall appoint an accounting firm with independent qualifications that meets appropriate requirements of the PRC to be responsible for auditing its annual report and reviewing its other financial reports.

The term of the accounting firm appointed by our Company shall start at the close of the annual general Shareholders' meeting and continue until the close of the next annual Shareholders' meeting.

Without prejudice to the right of the accounting firm to claim for compensation (if any) for being dismissed and replaced, the Shareholders may replace the accounting firm through an ordinary resolution at the general Shareholders' meeting prior to the expiration of the term of any accounting firm notwithstanding the terms and conditions of the contract howsoever entered into between our Company and the accounting firm.

Remuneration of the accounting firm and the manner in which the remuneration is determined shall be decided on by the Shareholders at the general Shareholders' meeting. The remuneration of the accounting firm appointed by the Board of Directors shall be confirmed by the Board of Directors.

Appointment, dismissal/replacement or termination of the contract of the accounting firm by our Company is subject to the resolution of the Shareholders at the general Shareholders' meeting and shall be filed with the securities regulatory authorities of the State Council.

Before dismissing, reappointing, replacing or terminating the contract with the accounting firm, our Company shall send a notice to the accounting firm in advance notifying it of the matters relating to the dismissal, reappointment, replacement or contract termination, and the accounting firm shall be entitled to attend the general Shareholders' meeting and make a statement.

In the event that the accounting firm requests to resign, it shall declare to the general Shareholders' meeting whether our Company is affected by any improprieties.

The accounting firm shall resign by sending a written resignation notice to our Company's legal address. The notice shall take effect on the date of delivery to that address or on the date specified in the notice, whichever is later.

The notice shall include the following statements:

- (i) Its resignation does not include any statement that should be disclosed to the Shareholders or creditors of our Company; or
- (ii) Any statement that should be disclosed.

Within 14 days of receipt of the notice mentioned above, our Company shall send the copy of the notice to related competent authorities. If the notice includes statements mentioned in (ii) of the preceding paragraph, our Company shall retain a copy thereof for perusal by the Shareholders and deliver such copy in accordance with the Articles of Association or send a copy of the above-mentioned statements to all Shareholders who are entitled to receive the Company's financial reports in accordance with the addresses registered on the register of Shareholders by postage-prepaid mail or, under the premise subject to applicable laws, regulations and listing rules, post such information at the company website or a site specified by the stock exchange of the place in which the Company's shares are listed.

In the event that the resignation notice of the accounting firm includes any statement that should be disclosed to the Shareholders or creditors, the accounting firm may request the Board of Directors to convene an extraordinary general meeting to hear its explanations regarding the resignation.

**8 NOTIFICATION AND AGENDA OF GENERAL SHAREHOLDERS' MEETINGS**

The general Shareholders' meeting is the authorized organ of our Company that can perform duties and exercise powers in accordance with the law.

Apart from special circumstances such as where our Company is in crisis, without the approval of a special resolution of the general Shareholders' meeting, our Company shall not enter into a contract with any person other than the Directors, Supervisors and senior management that would make a person responsible for the management of all or part of the main business of our Company.

Under any of the following circumstances, the Board of Directors shall convene an extraordinary general meeting within two months:

- (a) The number of Directors is less than the number specified in the Company Law or less than two thirds of the number required in the Articles of Association;
- (b) The uncovered losses of our Company reach one-third of its total paid-in share capital;
- (c) The Shareholders holding 10% or more shares separately or jointly request to convene an extraordinary general meeting in writing;
- (d) The Board of Directors considers it necessary or the Supervisory Committee proposes convening an extraordinary general meeting; or
- (e) Any other circumstances stipulated in laws, administrative regulations, regulations of the competent authorities, the Articles of Association and the listing rules of the place in which the Company's shares are listed.

When convening a general Shareholders' meeting, our Company shall send a written notice to inform all registered Shareholders of the matters to be deliberated at the meeting as well as the date and venue of the meeting 45 days before it is convened (excluding the date of meeting). Shareholders planning to attend shall send to our Company a written reply to that effect 20 days before the meeting is held.

At our Company's general Shareholders' meeting, the Shareholders individually or jointly holding 3% or more Shares are entitled to submit written proposals to our Company.

Our Company shall calculate the number of Shares with voting power represented by the Shareholders planning to attend the general Shareholders' meeting in accordance with the written replies received 20 days before the meeting is convened. In the event that the number of Shares with voting power represented by the Shareholders planning to attend reaches more than one half of our total number of Shares with voting power, our Company may convene the general Shareholders' meeting. If this number is not reached, our Company shall again inform the Shareholders of the matters to be deliberated and the date and venue of the meeting within five days in the form of an announcement before the general Shareholders' meeting may be convened.

The notice of the general Shareholders' meeting shall be in writing and meet the following requirements:

- (a) Specified venue, date and duration of the meeting;
- (b) Specified matters and resolutions to be deliberated at the meeting;
- (c) Provision to the Shareholders of the materials and explanations necessary for the Shareholders to make sound decisions about the matters to be deliberated. This principle includes, but is not limited to, the provision of the detailed terms and contract(s), if any, of the proposed transaction(s) and proper explanations about related causes and effects when our Company proposes merger/s, redemption of shares, restructuring of stock capital or other restructuring;
- (d) In the event that any of the Directors, Supervisors, CEO or other senior management has material interests at stake in matters to be deliberated, the nature and extent of the interests at stake shall be disclosed. If the matters to be deliberated affect any Director, Supervisor, CEO or other senior management as a Shareholder in a manner different from how they affect other Shareholders of the same type, the difference shall be explained;
- (e) Inclusion of the full text of any special resolution to be proposed for adoption at the meeting;
- (f) A clear explanation that the Shareholder is entitled to attend and vote at the general Shareholders' meeting, or to appoint one or more entrusted representative to attend and vote at the meeting on his or her behalf and that such may not necessarily be Shareholders;
- (g) Record date for shareholders who are entitled to attend the meeting;
- (h) Name and telephone number of the contact person;
- (i) Specified delivery time and place of the power of attorney for proxy voting of the meeting; and
- (j) Where the general Shareholders' meeting is to be conducted online or by way of other means, the time and procedure of such online voting or other voting methods shall be clearly stated in the notice of general Shareholders' meeting.

The notice of the general Shareholders' meeting and circular of the Company shall be sent in person or by postage-paid mail, to the holders of H Shares in accordance with the relevant provisions of the Listing Rules regardless of whether such Shareholders have the right to vote at the general Shareholders' meeting, and each recipient's address shall be according to the address indicated on the register of Shareholders. For holders of Domestic Shares, the notice of our general Shareholders' meeting may be given in the form of an announcement.

This announcement shall be published in one or more newspapers designated by the securities governing authority of the State Council within a period of 45 to 50 days before the meeting is convened. Once the announcement is made, all holders of Domestic Shares shall be deemed to have received the notice of our general Shareholders' meeting. In the event that the notice of the meeting is not sent to persons entitled to receive it due to accident or oversight, or such persons fail to receive notice of the meeting, the meeting and resolutions made at the meeting shall not be thereby affected.

The Shareholders require to convene an extraordinary general meeting or classified Shareholders' meeting in accordance with the following procedures:

- (a) Shareholders who separately or jointly hold 10% or more of the Shares may request the Board to convene an extraordinary general meeting or classified Shareholders' meeting by signing a written requirement or several copies with the same format and to illustrate the subject of the meetings. The aforesaid number of share holdings is calculated as at the date of the submission of the written requirement by the Shareholders.
- (b) In the event that the Board cannot or fails to perform its duty to convene a meeting, The shareholders referred to in (a) may propose to the Board of Supervisors in writing to convene the meeting. The Supervisory Committee shall convene and chair the meeting in time; if the Supervisory Committee fails to convene and chair the meeting, the Shareholders who separately or jointly hold more than 10% of the Shares of our Company within more than 90 consecutive days may convene and chair by themselves.

If the Shareholders call and convene a meeting by themselves since the Board cannot convene a meeting in accordance with the foresaid requirement, the expenses reasonably resulted therefrom shall be borne by our Company and be deducted from the amounts due to the Directors as a result of loss of office.

Shareholders who separately or jointly hold more than 3% of the Shares of our Company may submit a temporary proposal to the convener in writing prior to 10 days since the convening of the general Shareholders' meeting; the convener shall notify other Shareholders within 2 days upon receiving the proposal and submit this temporary proposal to the general Shareholders' meeting for consideration.

Apart from aforesaid matters, the convener shall not amend the proposals stated in the notice of the general Shareholders' meeting or add new proposals upon issuance of the announcement on the notice of the general Shareholders' meeting.

The general Shareholders' meeting shall be chaired by the president; if the president cannot or fails to perform his duties, the general Shareholders' meeting shall be chaired by the vice-president; if the vice-president cannot or fails to perform his duties, the general Shareholders' meeting shall be chaired by a director co-elected by more than half of the directors. If the Board cannot or fails to perform its duty to convene the general Shareholders' meeting, the Supervisory Committee shall convene and chair the meeting in time; if the Supervisory Committee cannot or fails to perform its duty to convene the general Shareholders' meeting, the Shareholders who separately or jointly hold more than 10% of our

Company's shares within more than 90 consecutive days may convene and chair the meeting by themselves. If the Shareholders cannot elect the chairman due to any reason, the shareholder (including his proxy) presented at the meeting who hold the shares carrying the maximum voting rights shall act as the chairman of the meeting.

The following matters shall be approved by the general Shareholders' meeting through ordinary resolutions:

- (a) Work report of the Board of Directors and Supervisory Committee;
- (b) Plans of earnings distribution and loss make-up schemes drafted by the Board of Directors;
- (c) Appointment or dismissal of the members of the Board of Directors and the members of Supervisory Committee who are not assumed by staff representatives, and remuneration and payment methods of the members of the Board of Directors and the members of Supervisory Committee;
- (d) Annual budget/final account report, annual report of our Company; and
- (e) Other matters in addition to those approved by special resolution stipulated in the laws, administrative regulations or the Articles of Association.

The following matters shall be approved by special resolution at the general Shareholders' meeting:

- (a) Our Company's capital stock increases/decreases and issues of any type of shares, warrants and other similar securities;
- (b) Our Company's bond issues;
- (c) Division, merger, dissolution and liquidation of our Company and the change of form of our Company;
- (d) Amendment of the Articles of Association;
- (e) Substantial assets acquired or disposed of or guarantee granted for an amount exceeding 30% of the latest audited total assets of the Company within one year;
- (f) share equity incentive plan;
- (g) Other matters as required by the laws, administrative regulations or the Articles of Association, and as approved by ordinary resolution of the general Shareholders' meeting which are believed could materially affect our Company and need to be approved by special resolution.

## **9 SHARE TRANSFERS**

All fully paid up overseas listed foreign Shares listed in Hong Kong shall be exempted from any restriction on the right of transfer (except when otherwise specified by the laws, administrative regulations, department rules, and listing rules of the place where the Company's shares are listed) and shall also be exempted from all lien pursuant to the Articles of Association.



However, unless the overseas listed foreign Shares listed in Hong Kong meet the following conditions, the Board of Director may refuse to recognize any transfer document without giving any reason:

- (a) Payment made to the Company in accordance with the fee standard provided in the Listing Rules of the Stock Exchange of Hong Kong, but such payment shall not exceed the maximum fee provided by the Stock Exchange of Hong Kong in its Listing Rules from time to time;
- (b) The transfer documents only involve overseas listed foreign Shares listed in Hong Kong;
- (c) The stamp duty chargeable on the transfer documents has been paid;
- (d) The relevant Share certificate, and upon the reasonable request of the Board of Directors, any evidence in relation to the right of the transferor to transfer the Shares has been submitted;
- (e) If the Shares are to be transferred to joint holders, the number of the joint holders shall not exceed four; and
- (f) Our Company does not have any lien on the relevant Shares.

Except otherwise provided by the securities regulatory authorities of the place where the Company's shares are listed, no change may be made to the information in the register of Shareholders as a result of the share transfer within 30 days before the general Shareholders' meeting is convened or within five days prior to the record date on which our Company has decided to distribute dividends.

## **10 RIGHTS OF OUR COMPANY TO BUY BACK OUR OUTSTANDING ISSUED SHARES**

Under any of the following circumstances, our Company may buy back our outstanding issued Shares pursuant to the requirements of the laws, administrative rules and regulations and the Articles of Association:

- (a) Cancellation of the Shares to reduce our Company's share capital;
- (b) Merger with other companies which hold our Shares;
- (c) Granting Shares to the staff of our Company as incentives;
- (d) Buying back the Shares from Shareholders who vote against any resolutions adopted at the general Shareholders' meeting concerning the merger and division of our Company; or
- (e) Other circumstances as required by the laws, administrative regulations and department rules, and as approved by the listing rules of the place where the Company's shares are listed.



In the event our Company buys back the Shares for reasons stated in (a) through (c) of the preceding paragraph, related resolutions must be adopted at the general Shareholders' meeting. If our Company buys back the Shares according to the provision of the preceding paragraph under the circumstances set forth in (a), the shares bought back must be cancelled within ten days of the date on which they are bought back. In the event of the circumstances set forth in (b) and (d) the Shares bought back must be transferred or cancelled within six months.

In the event that our Company buys back the Shares pursuant to the provisions of (c) in the preceding paragraph, the Shares bought back may not exceed 5% of the total Shares issued. The fund used for such buyback must be allocated from the after-tax net profit of our Company and the Shares bought back must be transferred to the staff within one year.

Our Company may buy back Shares in any of the following ways:

- (a) Making a comprehensive buyback offer in the same proportion to all Shareholders;
- (b) Buying back Shares through public trading on the securities exchange;
- (c) Buying back Shares by an agreement outside a stock exchange;
- (d) In other ways approved by the competent authorities of the PRC.

Where our Company buys back the Shares by an agreement outside a stock exchange, it shall obtain prior approval at the general Shareholders' meeting pursuant to the Articles of Association. Likewise, subject to the prior approval of the general Shareholders' meeting, our Company may cancel or amend the contract signed in the aforesaid manner or waive any of its rights in the contract. As for the redeemable Shares that our Company is entitled to buy back, if they are not bought back in the market or by bidding, the price may not exceed a certain maximum limit. If the Shares are bought back by bidding, a proposal to bid must be made to all Shareholders on equal terms. The contract that buys back the Shares includes, but is not limited to, an agreement that consents to undertake the obligation to buy back the Shares and obtain the rights to buy them back.

Our Company shall not transfer any contract that buys back the Shares or any rights conferred under the contract.

Unless our Company has entered into the liquidation process, we must observe the following provisions for the buyback of issued Shares:

- (a) Where our Company buys back Shares at book value, the funds shall be deducted from the book balance of our distributable earnings and the proceeds obtained from the issue of new Shares to buy back the old Shares;
- (b) Where our Company buys back the Shares at a premium to the book value, the portion of funds equivalent to book value shall be deducted from the book balance of our distributable earnings and the proceeds obtained from the issue of new Shares made for the purpose of buying back of Shares, while the portion of funds higher than book value shall be dealt with in the following manner:

- (i) Where the Shares bought back were issued at book value, the funds shall be deducted from the book balance of our distributable earnings;
  - (ii) Where the Shares bought back were issued at a premium to the book value, the funds shall be deducted from the book balance of our distributable earnings and the proceeds obtained from the issue of new Shares made for the purpose of buying back of Shares. However, the amount deducted from the proceeds obtained from the issue of new Shares shall not exceed the total premium amount obtained when the Shares bought back were issued or the amount (including the premium amount of the issue of new Shares) in our capital reserve account when the Shares are bought back.
- (c) The funds paid by our Company for the following purposes shall be allocated from our distributable earnings:
- (i) To obtain the right to buy back the Shares;
  - (ii) To modify any contract to buy back the Shares;
  - (iii) To release any obligation of our Company under the share buyback contract.
- (d) After the total book value of the cancelled Shares is deducted from our registered capital pursuant to the relevant provisions, the amount deducted from the distributable earnings for paying up the book value portion of the Shares bought back shall be credited to our premium account (or capital reserve account).

## **11 DIVIDEND AND DISTRIBUTION METHODS**

Our Company may distribute dividends by way of cash, shares or other circumstances as approved by the laws, administrative regulations, department rules, and the listing rules of the place where the Company's shares are listed. When our Company pays cash dividends and other funds to the holders of Domestic Shares, payment shall be made in Renminbi.

When our Company pays cash dividends and other funds to holders of overseas listed foreign Shares, payment shall be denominated in Renminbi and paid in Hong Kong dollars. The foreign exchange required by our Company to pay cash dividends and other funds to holders of overseas listed foreign Shares shall be handled in accordance with the related regulations of SAFE.

Our Company shall appoint, on behalf of holders of overseas listed foreign Shares, receiving agents to receive dividends and other payable funds that are distributed with respect to our overseas listed foreign Shares and the receiving agent shall be a trust company registered under the Trustee Ordinance (Chapter 29 of the Laws of Hong Kong).

The receiving agents appointed by our Company shall comply with related provisions of the laws or the securities exchange where the Shares are listed.

**12 SHAREHOLDER PROXIES**

Any Shareholder who is entitled to attend and vote at our general Shareholders' meeting has the right to appoint one or more persons (who may not necessarily be Shareholders) as his or her Shareholder proxy to attend and vote at the meeting in his or her place. Pursuant to the authorization of the Shareholder, the proxy may exercise the following rights:

- (a) Speak for the Shareholder at the general Shareholders' meeting;
- (b) Demand a poll individually or with others;
- (c) Except otherwise provided by the applicable laws, administrative regulations, department rules, the listing rules of the place where the Company's shares are listed, or other securities laws and regulations, exercise the right to vote by a show of hands or a poll, but the Shareholder proxy may only exercise the right to vote by a poll when more than one proxy is appointed.

The Shareholder proxy appointment shall be in writing and shall be signed by the appointor or a person duly authorized in writing. Where the appointor is a legal person, the stamp of the legal person shall be affixed, or signed by the Director or a duly authorized agent. The power of attorney must be kept at the residential address or other location designated in the notice convening the meeting no later than 24 hours before the meeting at which the power of attorney is put to vote is convened or 24 hours before the designated time at which the resolution is adopted. If the power of attorney is signed by another person authorized by the appointor by means of power of attorney or other instrument of authorization, the power of attorney or other instrument must be verified by a notary. The power of attorney or other instrument verified by the notary must be kept together with the power of attorney appointing the entrusted representative at our residential address or other location designated at the notice convening the meeting.

A legal person shareholder should attend the meeting by its legal representatives or the proxy appointed by the legal representative. Legal representative who attend the meeting should produce his own identity card and valid certificates evidencing his capacity as a legal representative. While appointing proxy to attend the meeting, the proxy should produce his identity card and a written authorization instrument issued by the legal representative of the legal person shareholder.

Any form sent by the Directors to the Shareholder for appointing a Shareholder proxy shall allow the Shareholder, according to his or her free will, to instruct the proxy to vote and provide instructions separately for matters to be put to vote on each item on the meeting agenda. The power of attorney shall specify that the Shareholder proxy may vote at his or her own discretion if the Shareholder does not provide instructions.

The votes of the Shareholder proxy given pursuant to the terms of an instrument of proxy shall remain valid notwithstanding the previous death, loss of capacity of the appointor or revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the Shares in respect of which the proxy is given, provided that our Company does not receive written notice concerning such matters before the related meeting is convened.

**13 REGISTER OF SHAREHOLDERS AND OTHER RIGHTS OF SHAREHOLDERS**

Pursuant to the understanding reached and agreement entered into between the competent agency in charge of securities under the State and the overseas securities regulatory authorities, our Company may keep overseas a register of the holders of the overseas listed foreign Shares and entrust an overseas entity to manage it. The original register of the holders of the overseas listed foreign Shares listed in Hong Kong shall be kept in Hong Kong.

Our Company shall keep a copy of the register of the holders of the overseas listed foreign Shares at our residential address. The overseas entrusted entity shall at all times maintain consistency between the original and copy of the register of the holders of the overseas listed foreign Shares.

In case of inconsistency between the original and copy of the register of the holders of the overseas listed foreign Shares, the original shall prevail.

Our Company must keep a complete register of Shareholders. The register of Shareholders shall include the following:

- (a) Register of Shareholders kept at our residential address other than those specified in (b) and (c);
- (b) Register of the holders of our overseas listed foreign Shares kept at the location of the stock exchange where such Shares are listed; and
- (c) Register of Shareholders kept in other locations according to the decision of the Board of Directors as required for the listing of the Shares.

Different parts of the Shareholders' register shall not overlap. The transfer of Shares registered in a certain part of the register of Shareholders shall not be registered elsewhere in the register of Shareholders as long as the Shares remain registered. Any alteration or rectification to any part of the register of Shareholders shall be made in accordance with the laws in the place where such part of the register of Shareholders is maintained.

Save as otherwise provided by securities regulatory authorities of the place where the Shares of our Company are listed, no change of the register of Shareholders as a result of share transfer shall be made within 30 days before the general Shareholders' meeting is convened or within five days prior to the record date on which our Company decides to pay dividends.

When our Company convenes the general Shareholders' meeting, pays dividends, goes into liquidation or is involved in other actions that require the confirmation of equities, the Board of Directors or the convenor of the general Shareholders' meeting shall fix a date as the equity registration date, upon expiration of which the Shareholders whose names appear on the register of Shareholders shall be the Shareholders.

Any person who objects to the register of Shareholders and requests to register his or her name (title) in the register of Shareholders or to remove his or her name (title) from the register of Shareholders may apply to the court with jurisdiction to amend the register of Shareholders.

The Shareholders are entitled to obtain the following information, including but not limited to:

- (a) The Articles of Association after paying the cost;
- (b) The right to inspect and copy the following after paying a reasonable fee:
  - (i) All parts of the register of Shareholders;
  - (ii) Personal data of the Directors, Supervisors and senior management;
  - (iii) Status of the issued share capital of our Company;
  - (iv) Report on the total book value, quantity, maximum and minimum prices of each class of own Shares repurchased by our Company since the previous accounting year and all expenses paid by our Company for this purpose; and
  - (v) Minutes of the general Shareholders' meeting, special resolutions, resolutions of the Board of Directors' meeting, resolutions of the Supervisory Committee meeting;
  - (vi) The latest audited financial statements, and reports of the Board of Directors, the auditors and the Supervisory Committee;
  - (vii) Copy of the latest annual inspection report submitted to the competent administration for industry and commerce or other competent authorities for filing (if applicable).

Whenever a Shareholder proposes to inspect the relevant information as described above or requests materials, he or she shall provide our Company with written documents certifying the type and number of the Shares held and our Company shall provide the relevant information and materials in accordance with the requirements of the Shareholder after verifying his or her identity.

#### **14 QUORUM OF GENERAL SHAREHOLDERS' MEETINGS**

If the number of Shares carrying voting rights represented by the Shareholders intending to attend the meeting exceeds one half of the total number of Shares carrying voting rights, our Company may convene the general Shareholders' meeting. If the number of a class of Shares carrying voting rights represented by the Shareholders intending to attend the meeting exceeds one half of the total number of such class of Shares, our Company may convene a classified Shareholders' meeting.

**15 RESTRICTIONS ON RIGHTS OF THE CONTROLLING SHAREHOLDERS**

Apart from the obligations required in laws, administrative regulations, regulations of the authorities or the listing rules of the stock exchange on which the Shares are listed, the Controlling Shareholder shall not make any decision that is detrimental to the interest of all or part of the Shareholders on the following issues by exercising his or her Shareholder voting rights:

- (a) Releasing the Directors and Supervisors from the responsibility of acting honestly in the best interest of our Company;
- (b) Permitting the Directors and Supervisors (for their own or others' interests) to deprive our Company of assets in any form, including, but not limited to, any opportunity that is beneficial to our Company; and
- (c) Permitting the Directors and Supervisors (for their own or others' interests) to deprive other Shareholders of their personal rights and interests, including, but not limited to, any dividend distribution or voting right, but excluding the restructuring of our Company approved at the general Shareholders' meeting pursuant to the Articles of Association.

**16 COMPANY LIQUIDATION**

Under any of the following circumstances, our Company shall be lawfully dissolved and liquidated:

- (a) The general Shareholders' meeting adopts a resolution to dissolve our Company;
- (b) Our Company needs to be dissolved for the purpose of merger or division;
- (c) Our Company is declared legally bankrupt as a result of failure to pay debts as they fall due;
- (d) The business license is revoked, or our Company is ordered to close or be eliminated according to applicable law;
- (e) Where our Company encounters significant difficulties in business and management, continuous survival may be significantly detrimental to the interests of the Shareholders, and the difficulties may not be overcome through other means, Shareholders who hold more than 10% of the Shares carrying voting rights may request the court to dissolve our Company.

Where our Company is dissolved due to the provisions set forth in (a), (d) and (e) above, the liquidation team shall be established within 15 days and the personnel of the liquidation team shall consist of the persons determined by the Directors or the general Shareholders' meeting. In the event the liquidation team is not established during such period, the creditors can request the people's court to appoint relevant personnel to establish the liquidation team for liquidation. In the event that our Company is dissolved in accordance with the provisions set forth in (c) above, the people's court shall organize the Shareholders, related agencies and professionals to form the liquidation team pursuant to relevant provisions of the law.

If the Board of Directors decides to liquidate our Company (except where our Company is liquidated after declaring bankruptcy), the Board of Directors shall state in the notice of the general Shareholders' meeting convened for this purpose that the Board of Directors has performed a comprehensive investigation of the status of our Company and believes that our Company is able to payoff all of our debts within 12 months of the start of liquidation.

After the resolution to liquidate our Company is adopted by the general Shareholders' meeting, the powers and duties of the Board of Directors shall terminate immediately.

In accordance with the instructions of the general Shareholders' meeting, the liquidation team shall at least once a year report at the general Shareholders' meeting on the income and expenditure of the liquidation team, progress of the business and liquidation of our Company, and submit a final report at the general Shareholders' meeting upon completion of liquidation.

Within ten days of the establishment of the liquidation team, the creditors shall be notified and an announcement shall be published in newspaper within 60 days. The creditors shall declare their claims to the liquidation team within 30 days of the date on which the notice is received or 45 days of the date of announcement if the notice is not received. The liquidation team shall carry out registration of the creditors' claims.

The liquidation team shall exercise the following powers during the liquidation period:

- (a) Take stock of our Company's assets and prepare a balance sheet and a list of assets respectively;
- (b) Notify or publish an announcement to creditors;
- (c) Deal with and liquidate any pending business associated with our Company;
- (d) Payoff all outstanding taxes and taxes in connection with liquidation;
- (e) Settle claims and debts;
- (f) Dispose of the remaining assets of our Company after paying up all the debts; and
- (g) Represent our Company in any civil litigation proceedings.

After taking stock of the assets of our Company and preparing the balance sheet and list of properties, the liquidation team shall draw up a liquidation scheme and submit it to the Shareholders' meeting or the people's court for recognition.

In the event of liquidation in connection with dissolution of the Company and the liquidation team finds that, after taking stock of our Company's assets and preparing the balance sheet and list of assets, that the assets are insufficient to pay the debts, it shall immediately apply to the people's court to declare bankruptcy.



After our Company is declared insolvent by ruling of the people's court, the liquidation team shall turn over matters regarding the liquidation to the people's court. Upon completion of liquidation of our Company, the liquidation team shall prepare a liquidation report, income and expenditure report and financial record during the liquidation period, which, after being verified by a China-registered accountant, shall be submitted to our general Shareholders' meeting or the people's court for recognition.

Within 30 days of the date of approval by the Shareholders' meeting or people's court, the liquidation team shall submit the above-mentioned documents to the company registration authority and apply for cancellation of our registration and publish an announcement on our termination.

## **17 OTHER IMPORTANT PROVISIONS FOR OUR COMPANY OR THE SHAREHOLDERS**

### **(a) General Provisions**

Our Company is a permanently existing joint stock limited liability company.

Our Company may invest in other limited liability companies or joint stock limited liability companies, provided that except as otherwise provided by law, the liabilities of our Company to be invested in are limited to the amount of its capital contribution.

The Articles of Association is binding on our Company, the Shareholders, Directors, Supervisors and senior management. These personnel may assert their rights in connection with the affairs of our Company based on the Articles of Association. Pursuant to the Articles of Association, Shareholders may sue Shareholders, Shareholders may sue the Directors, Supervisors and senior management, Shareholders may sue our Company, and our Company may sue Shareholders, Directors, Supervisors and senior management.

### **(b) Our Company may increase stock capital by the following means:**

- (i) Issuing new Shares to unspecified investors;
- (ii) Placing new Shares with existing Shareholders;
- (iii) Giving new Shares to existing Shareholders;
- (iv) Converting the reserve funds into share capital;
- (v) Other means approved by the laws, administrative regulations, regulations of the authorities and securities regulatory authorities of the State Council.

Upon approval to increase our Company's capital via an issue of new shares according to the provisions of the Articles of Association, the matter shall be dealt with in accordance with the procedures of related laws and administrative regulations of the State.



Subject to compliance with related laws and administrative rules and regulations of the State, our Company may decrease our registered share capital in line with the provisions of the Articles of Association.

If our Company decreases our registered capital, we must prepare a balance sheet and a list of properties.

After our Company's reduction in capital, our registered capital may not be less than the statutory minimum amount.

**(c) Shareholders**

The Shareholders are persons lawfully holding the Shares and whose names (titles) are already listed in the register of Shareholders. Each Share of the same type has the same rights.

Shares issued by our Company to overseas investors and subscribed to in foreign currencies are known as foreign Shares. Foreign Shares that are listed overseas are known as overseas listed foreign Shares. Both domestic Shareholders and foreign Shareholders are ordinary Shareholders, entitled to the same rights and assuming the same obligations. The rights of our ordinary Shareholders are as follows:

- (i) To receive distribution of dividends and other forms of benefits according to the number of Shares held;
- (ii) To participate in or appoint a Shareholder proxy to participate in and exercise voting rights at the Shareholders' meeting;
- (iii) To supervise and manage our business and operational activities, provide suggestions or submit queries;
- (iv) To transfer the shares held according to the provisions of the laws, administrative regulations and the Articles of Association;
- (v) To obtain relevant information according to the provisions of the Articles of Association;
- (vi) To participate in the distribution of the remaining assets of our Company according to the number of Shares held upon our termination or liquidation; and
- (vii) Other rights conferred by laws, administrative regulations and the Articles of Association.

When any person is interested directly or indirectly in the Shares of our Company, our Company shall not freeze or otherwise impair any of the rights attaching to any Share by reason only that the person has not disclosed his interests to our Company.

Our Company shall adopt the registered method for the Shares.

The Share certificates are signed by the chairman of the Board of Directors. Where the stock exchange on which the Shares are listed requires our other senior management to sign the Share certificates, they shall also be signed by other such personnel. The Share certificates shall become effective after being affixed with the stamp of our Company or print-stamped. Affixing our Company stamp to the Share certificates is subject to the authorization of the Board of Directors. The signature of the chairman of the Board of Directors or other related senior management may also be printed on the Share certificates.

If any person whose name appears in the register of Shareholders or requests to register his or her name (title) in the register of Shareholders loses his or her Share certificates (that is, “original Share certificates”), he or she may apply to our Company to reissue new Share certificates for those Shares.

In the event holder of Domestic Shares applies to our Company for a reissue after losing the Share certificates, the matter shall be dealt with pursuant to related provisions of the Company Law.

In the event a holder of overseas listed foreign Shares applies to our Company for reissue after losing the Share certificates, the matter shall be dealt with pursuant to the laws and rules of the stock exchange where the original register of holders of the overseas listed foreign Shares is kept, or other related provisions. If a holder of H Shares loses Share certificates and applies for a replacement issue, the Share certificates shall be issued in compliance with the following requirements:

- (i) The applicant shall submit the application in the standard format designated by our Company and attach a notary certificate or legal declaration. The contents of the notary certificate or legal declaration shall include the reason for the applicant’s request, circumstances and evidence of loss of Share certificates, as well as a statement that nobody else may request to be registered as a Shareholder with respect to the pertinent Shares.
- (ii) Before deciding to issue new Share certificates, our Company does not receive any statement in which any person other than the applicant requests to be registered as the Shareholder with respect to the Shares.
- (iii) If our Company decides to issue new Share certificates to the applicant, we shall publish an announcement in newspapers designated by the Board of Directors indicating that we plan to reissue new Share certificates. The announcement period shall be 90 days and the announcement shall be published at least once every 30 days. The newspapers designated by the Board of Directors shall be Chinese and English newspapers recognized by the Stock Exchange (at least one for each).
- (iv) Before publishing the announcement indicating that we plan to re-issue new Share certificates, our Company shall submit a copy of the announcement to be published to the securities exchange on which the Shares are listed and may publish the announcement after receiving a reply from the stock exchange confirming that the announcement has been displayed at the stock exchange. The period of displaying the announcement at the stock exchange is 90 days.

If the application for reissue of new Share certificates is not approved by the registered Shareholders of the related Shares, our Company shall mail the copy of the announcement to be published to the Shareholders.

- (v) In the event that nobody raises any objection to the reissue of new Share certificates to our Company, upon expiration of the 90-day display period of the announcement specified in (iii) and (iv) above, the new Share certificates may be reissued according to the application.
- (vi) When re-issuing new Share certificates, our Company shall immediately cancel the original Share certificates and register the cancellation and replacement issue on the register of Shareholders.
- (vii) All expenses incurred by our Company from the cancellation of the original Share certificates and replacement issue of the new Share certificates shall be borne by the applicant. Before the applicant has provided reasonable security, our Company shall have the right to refuse to take any action.

**(d) Shareholders Failing to be Contacted**

Our Company is entitled to reclaim without payment the Shares of a Shareholder of H Shares failing to be contacted under the circumstances indicated below and sell them to any other persons:

- (i) Our Company has paid dividends at least three times on these Shares within 12 years, but no one has claimed the dividends during that period;
- (ii) Upon expiration of the 12-year period, our Company publishes an announcement in a newspaper, indicating our intention to sell the Shares and notifies the stock exchange where such Shares are listed of such intention.

**(e) Regulations on the Powers of the Board of Directors and Convening the Board**

*Directors' Meetings*

The Board of Directors is responsible to the general Shareholders' meeting and exercises the following powers:

- (i) To convene the general Shareholders' meeting and report on work to the general Shareholders' meeting;
- (ii) Implement the resolutions of the general Shareholders' meeting;
- (iii) Determine our business and investment plans;
- (iv) Devise our annual financial budget and closing account plans;
- (v) Devise our earnings distribution and loss offset plans;

- (vi) Formulate the plans for increasing or decreasing our registered capital, the issuance of corporate bonds or other securities, as well as the listing of the stock of our Company;
- (vii) Formulate plans for corporate merger, separation, changing the form and dissolution of our Company;
- (viii) Formulate plans for major acquisitions, the acquisition of shares of our Company;
- (ix) Determine such matters as our external investment, purchase/sale of assets, asset pledge, entrusting wealth management and connected transaction within the scope authorized by the general Shareholders' meeting;
- (x) Review the matters on external guarantees provided by our Company pursuant to the laws and regulations as well as this Articles of Association;
- (xi) Decide on the setup of our Company's internal management organization;
- (xii) Decide on the composition of special committees under the Board of Directors and chairmen of the special committees under the Board of Directors;
- (xiii) Appoint or dismiss the president of our Company; based on the nomination of the president, appoint or dismiss our vice president, the chief financial officer; appoint or dismiss the secretary of the Board of Directors, and determine their remuneration;
- (xiv) Decide the establishment of the branch of our Company;
- (xv) Make the modification plan to this Articles of Association;
- (xvi) Set our basic management systems;
- (xvii) Manage the disclosure of company information;
- (xviii) Propose the appointment or replacement of the accounting firm that performs audits for our Company at the general Shareholders' meeting;
- (xix) Attend to the work report of our president and review the work of the president;
- (xx) Decide on other major matters and administrative affairs other than those specified in the laws, administrative regulations, regulations of the competent authorities and this Articles of Association to be decided by the general Shareholders' meeting and sign other important agreements;
- (xxi) Other powers and duties authorized by the laws, administrative regulations, regulations of the competent authorities, listing rules of the place where the Shares of our Company are listed and this Articles of Association as well as the general Shareholders' meeting.

All of the above resolutions adopted by the Board of Directors, except those in (vi), (vii) and (xv) and those that must be approved by more than a two-thirds vote of the Directors otherwise specified in laws, administrative regulations and the Articles of Association, shall be approved by a simple majority of votes by the Directors.

Meetings of the Board of Directors shall be convened at least four times a year and be called by the chairman of the Board of Directors, and a notice of at least 14 days shall be sent to all Directors and Supervisors before the meeting is convened.

The chairman of the Board of Directors shall convene and preside over a special meeting of the Board of Directors within ten days since receiving the proposal in case of the occurrence of any one of the following events:

- (i) When the shareholders representing over 10% of voting rights make a proposal;
- (ii) When the chairman of the Board of Directors deems necessary;
- (iii) When over one third of directors make a proposal;
- (iv) When over half of independent non-executive Directors make a proposal;
- (v) When the Supervisory Committee makes a proposal;
- (vi) When the president makes a proposal.

Notice of the special meeting of the Board of Directors shall be served 5 days before the meeting is convened.

The Directors shall attend the Board of Directors meeting in person. In the event that Directors are unable to attend the meeting for some reason, the Directors may appoint in writing other Directors to attend the Board of Directors meeting. The proxy letter shall specify the proxy's name, entrusted matters, authority domain and the valid term, and shall be affixed with the signature or seal of the consignor. The Director who attends the meeting on behalf of another Director shall exercise the right of the Director within the scope of authorization. If any Director fails to attend the meeting of the Board of Directors or entrusts a proxy to be present on his/her behalf, such Director shall be deemed to have waived his/her voting rights at that meeting.

Meetings of the Board of Directors shall be attended by more than one-half of the Directors (including Directors that appoint in writing other Directors to attend the Board of Directors in their place pursuant to the provisions of the Articles of Association) before the Board of Directors meeting can be convened. Each Director has one vote.

Save as otherwise provided by other provisions of the Articles of Association, resolutions made by the Board of Directors must be approved by more than one-half of the Directors' votes.

When the number of affirmative votes equals the number of dissenting votes, the chairman of the Board of Directors is entitled to one additional vote.

A director shall abstain from voting on passing of any contract or arrangement in which he/she himself/herself or any of his/her associates (as defined in the Listing Rules) is materially interested or any resolution proposed at a board meeting; such director shall not be counted in the quorum of the relevant meeting. Where the number of the directors who can vote on this matter is less than three, such issue shall be submitted to the general Shareholders' meeting for voting.

**(f) Independent Non-executive Director**

The Board of Directors includes three independent non-executive Directors. The independent non-executive Directors shall carry out responsibilities in accordance with appropriate requirements of the laws, regulations, the relevant requirements of the listing rules of the place where the Shares of our Company are listed or the relevant system of our Company.

**(g) Secretary of the Board of Directors**

The secretary of the Board of Directors must be a natural person with the requisite expertise and experience and be appointed by the Board of Directors.

**(h) Supervisory Committee**

Our Company shall set up a Supervisory Committee.

The Supervisory Committee consists of three Supervisors and includes one chairman. The Supervisors serve three-year terms and may be re-elected. The chairman of the Supervisory Committee shall be elected and dismissed by more than a two-thirds vote of the members of the Supervisory Committee.

The Supervisory Committee shall consist of Shareholder representative Supervisors and employee representative Supervisors which account for no less than one-third of the Supervisory Committee of our Company. The Supervisors assumed by non-employee representatives shall be elected and dismissed by the general Shareholders' meeting. The Supervisors assumed by the employee representatives shall be elected and dismissed democratically by the employees.

The Directors and senior management shall not also serve as Supervisors.

The Supervisory Committee shall convene at least one meeting every six months. Where it is deemed necessary by the chairman of the Supervisory Committee or where other supervisors propose, the chairman shall convene extraordinary meetings of the Supervisory Committee. The chairman shall convene meetings of the Supervisory Committee. Notices in relation to the regular meetings of the Supervisory Committee shall be delivered to all Supervisors ten days before the meetings. Notices in relation to extraordinary meetings of the Supervisory Committee shall be delivered 5 days before the meetings.

The Supervisory Committee lawfully exercises the following powers:

- (i) Examine the financial standing of our Company;

- (ii) Supervise the Directors and senior management to ensure that they do not, in performing their duties to our Company, act in contravention of any laws, administrative regulations or the Articles of Association, and to put forward suggestions for dismissing any Directors or senior management who are in breach of the laws, administrative regulations, the Articles of Association or resolutions of the general Shareholders' meetings;
- (iii) Require the Directors and senior management to take corrective measures when their actions are detrimental to our interests;
- (iv) Verify the financial information such as the financial reports, business reports and profit distribution plans to be submitted by the Board to the general Shareholders' meetings and, should any queries arise, to authorize, in the name of our Company, a re-examination by the certified public accountants and practicing auditors;
- (v) Submit proposals at the general Shareholders' meetings;
- (vi) Propose to convene an extraordinary general meeting, where the Board of Directors fails to perform the duties in relation to convening or presiding over the general Shareholders' meeting as required by the Company Law, to convene and preside over the general Shareholders' meeting;
- (vii) Propose to convene extraordinary meetings of the Board of Directors;
- (viii) Represent our Company in negotiating with or in bringing actions against the Directors and senior management;
- (ix) Investigate into any abnormalities in operation of our Company; if necessary, to engage accounting firms, law firms and other professional institutions to assist its work, and the expenses shall be borne by our Company;
- (x) Other powers and duties stipulated in the Articles of Association.

The Supervisors may attend the Board meeting, query or provide suggestions on the resolutions of the Board meeting.

**(i) President**

Our Company includes one president, appointed or dismissed by the Board of Directors. The president is responsible to the Board of Directors and exercises the following powers:

- (i) Be in charge of the producing and operational management of our Company, to organize the enforcement of resolutions of the Board of Directors and report to the Board of Directors on work;
- (ii) Organize the implementation of the annual operation plans and investment schemes of our Company;
- (iii) Formulate the structure scheme of the internal management agency of our Company;

- (iv) Formulate the structure scheme of the branch of our Company;
- (v) Formulate the substantial management system of our Company;
- (vi) Formulate the detailed rules of our Company;
- (vii) Propose the appointment or dismissal of the vice president, financial officer or other senior management of our Company;
- (viii) Appoint or dismiss other management except those who shall be appointed or dismissed by the Board of Directors;
- (ix) Propose to convene extraordinary meetings of the Board of Directors;
- (x) Other responsibilities authorized by the Articles of Association and the Board of Directors.

**(j) Reserves**

When the annual after-tax earnings of our Company are distributed, our Company must allocate 10% of the earnings to our statutory reserve. When the total amount of the statutory reserve reaches or exceeds 50% of our Company's registered capital, no more allocations need to be provided.

If our statutory reserve is insufficient to offset our losses incurred during the previous year, the earnings generated during the current year must be used to make up the losses before allocating the statutory reserve in accordance with the requirements set forth in the preceding paragraph.

After allocation to the statutory reserve from the after-tax earnings of our Company, we may also allocate to the reserves at will from after-tax earnings in line with the resolution(s) adopted at the general Shareholders' meeting.

After offsetting the losses and allocating to the reserve, all remaining earnings after tax may be distributed to the Shareholders based on the proportion of respective shareholdings (other than earnings not distributed based on the proportion of shareholdings as provided in the Articles of Association) upon obtaining the approval from general Shareholders' meeting.

Our reserves must be used only for offsetting our losses, expanding the scale of business and operations or for conversion into capital to increase our capital, but the capital reserve shall not be used to offset our losses.

**(k) Settlement of Disputes**

Our Company shall comply with the following rules governing the settlement of disputes:

- (i) Whenever there occur any disputes or claims between our Company and the Directors, Supervisors or senior management, holders of the overseas listed foreign Shares and our Company, holders of the overseas listed foreign Shares and our Company's Directors, Supervisors, president or other senior management, or holders of the overseas listed foreign Shares and holders of domestic Shares



regarding the rights or obligations relating to the affairs of our Company conferred or imposed by the Articles of Association, the Company Law or any other relevant laws and administrative regulations, such disputes or claims shall be referred by the relevant parties to arbitration;

Where the aforesaid dispute or claim of rights is referred to arbitration, the entire claim or the dispute as a whole must be referred to arbitration, and any parties who have a cause of action based on the same facts giving rise to the dispute or the claim or whose participation is necessary for the settlement of such dispute or claim, are bound by the award of the arbitration provided that such person is our Company or a Shareholder of our Company, a Director, a Supervisor, president or other senior management. Disputes in relation to the definition of shareholders and disputes in relation to the shareholders' register need not be resolved by arbitration;

- (ii) A claimant may elect for arbitration at either the CIETAC in accordance with its rules or the HKIAC in accordance with its Securities Arbitration Rules. Once a claimant refers a dispute or claim to arbitration, the other party must submit to the arbitral body so elected by the claimant;

If a claimant elects for arbitration at HKIAC, any party to the dispute or claim may request the arbitration to be conducted in Shenzhen in accordance with the Securities Arbitration Rules of the HKIAC;

- (iii) The laws of the PRC are applicable to the arbitration for the disputes or claims of rights referred to in paragraph (i), unless otherwise provided in the laws and administrative regulations;
- (iv) The award of an arbitration body shall be final and binding on all parties.

**A. FURTHER INFORMATION ABOUT OUR GROUP****1. INCORPORATION**

Our predecessor Dalian Wanfeng Real Estate Development Co., Ltd. (大連萬峰房地產開發有限公司) was incorporated in the PRC as a limited liability company on September 16, 2002 and was renamed “Dalian Wanda Commercial Properties Co., Ltd.” on November 21, 2007. Dalian Wanda Commercial Properties Co., Ltd. was restructured as a joint stock company with limited liability on December 10, 2009. Our Company has registered a principal place of business in Hong Kong at 18/F, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong and was registered as a non-Hong Kong company under Part 16 of the Companies Ordinance on September 2, 2014. In connection with such registration, our Company has appointed Ms. LAM Sophie as the authorized representative of our Company for the acceptance of service of process and notices on behalf of our Company in Hong Kong. The address for service of process on our Company in Hong Kong is the same as its registered place of business in Hong Kong.

As our Company was incorporated in the PRC, its operation, corporate structure and the Articles of Association are subject to the laws and regulations of the PRC. A summary of certain relevant aspects of the laws and regulations of the PRC and various provisions of our Articles of Association are set out, respectively, in Appendices VII and VIII to this prospectus.

**2. CHANGES IN THE SHARE CAPITAL OF OUR COMPANY**

As the date of the incorporation of our predecessor, Dalian Wanfeng Real Estate Development Co., Ltd. (大連萬峰房地產開發有限公司), our initial registered capital was RMB 10,000,000, which was fully paid up by Dalian Wanda Real Estate Co., Ltd. (大連萬達房地產有限公司) and Dalian Yifang Real Estate Co., Ltd. (大連一方地產有限公司) in equal parts and was therefore held as to 50% by Dalian Wanda Real Estate Co., Ltd. and as to 50% by Dalian Yifang Real Estate Co., Ltd.

On September 24, 2007, the registered capital of our Company was increased from RMB 10,000,000 to RMB1,800,000,000, of which RMB1,610,000,000 was contributed by Dalian Wanda Group and RMB180,000,000 was contributed by Beijing Wanda Investment Co., Ltd. (北京萬達投資有限公司). Each of Dalian Wanda Real Estate Co., Ltd. (大連萬達房地產有限公司) and Dalian Wanda Group Real Estate Management Co., Ltd. (大連萬達集團房地產管理有限公司 (the ultimate transferee of the equity interest in our Company held by Dalian Yifang Real Estate Co., Ltd.)) respectively transferred their equity interests in our Company, amounting to 0.3% in each case to Dalian Wanda Group on the same date and upon completion of the capital increase and such equity transfers, our Company was held as to 90% by Dalian Wanda Group and as to 10% by Beijing Wanda Investment Co., Ltd. (北京萬達投資有限公司).

On December 10, 2009, our predecessor was converted into a joint stock company, by which our share capital was increased to RMB3,600,000,000 divided into 3,600,000,000 shares of par value RMB1.00 each.

On December 24, 2010, the registered capital of our Company was increased from RMB 3,600,000,000 to RMB3,736,000,000, the increased amount of which was contributed by 115 individuals subscribing for 136,000,000 Shares at a price of RMB1.05 each.

On July 15, 2014, the registered capital of our Company was increased from RMB 3,736,000,000 to RMB3,874,800,000, the increased amount of which was contributed by 61 individuals, who were existing Shareholders, employees of Dalian Wanda Group and our Company, for total consideration of RMB1,021,568,000.

As of the Latest Practicable Date, our Company had 3,874,800,000 issued Shares and a registered capital of RMB3,874,800,000. Wanda Dalian Group, our controlling shareholder, was interested in 1,979,000,000 Shares representing 51.074% of the registered capital of our Company.

Immediately upon completion of the Global Offering, the registered share capital of our Company will be RMB 4,474,800,000, made up of 3,874,800,000 Domestic Shares and 600,000,000 H Shares (without taking into account the H Shares which may be issued upon any exercise of the Over-allotment Option) or up to 690,000,000 H Shares in total (assuming the Over-allotment Option is fully exercised), with a nominal value of RMB 1.00 each.

Save as disclosed in this Appendix, there has been no alteration in the registered capital of our Company since our establishment.

### **3. RESTRICTIONS ON SHARE REPURCHASES**

For details of the restrictions on share repurchases by our Company, please refer to “Appendix VIII — Summary of the Articles of Association” to this prospectus.

### **4. SHAREHOLDERS’ RESOLUTIONS**

Pursuant to an extraordinary general meeting of Shareholders held on August 13, 2014, our Shareholders resolved:

- (a) to approve the issue of up to 600,000,000 H Shares (without taking into account the H Shares which may be issued upon any exercise of the Over-allotment Option) or up to 690,000,000 H Shares in total (assuming the Over-allotment Option is fully exercised) of nominal value of RMB 1.00 each and that such H Shares be listed on the Stock Exchange, and the issue price of the H Shares will be decided upon completion of the bookbuilding process for the Listing;
- (b) subject to the completion of the Global Offering and the Listing, to approve and adopt the Articles of Association effective on the Listing Date; and
- (c) to authorize the Board and further authorize from the Board to authorize specified Directors to handle all relevant matters relating to the issue of H Shares and the Listing.

**5. PRINCIPAL SUBSIDIARIES OF OUR COMPANY**

(a) The following alterations in the registered capital of our principal subsidiaries have taken place within the two years preceding the date of this prospectus:

- (1) Xiamen Huli Wanda Plaza Investment Co., Ltd. (廈門湖裡萬達廣場投資有限公司) (“Xiamen Wanda Investment”)

On April 26, 2013, the registered capital of Xiamen Wanda Investment was decreased from RMB1,800,000,000 to RMB20,000,000 and the shareholding of Xiamen Wanda Investment, as a wholly owned subsidiary of our Company, remained unchanged.

- (2) Wuxi Wanda City Investment Co., Ltd. (無錫萬達城投資有限公司) (“Wuxi Wanda City”)

On November 11, 2014, the registered capital of Wuxi Wanda City was increased from RMB2,000,000,000 to RMB4,000,000,000 and the shareholding of Wuxi Wanda City, as a wholly owned subsidiary of our Company, remained unchanged.

(b) Save as disclosed above, there was no change in the registered capital of our principal subsidiaries during the two years preceding the date of this prospectus.

**B. FURTHER INFORMATION ABOUT OUR BUSINESS****1. SUMMARY OF MATERIAL CONTRACTS**

The following contracts (not being contracts entered into in the ordinary course of business) were entered into by our Company or its subsidiaries within the two years preceding the date of this prospectus and are or may be material:

- (i) sale and purchase agreement dated March 20, 2013, entered into between our Company and Wanda Commercial Properties (Hong Kong) Co. Limited and Mr. CHEN Chang Wei (陳長偉) and Ever Good Luck Limited pursuant to which the Group agreed to acquire 1,856,341,956 shares in the HK Listed Subsidiary (representing approximately 65% of the entire issued share capital of the HK Listed Subsidiary at that time) and bonds of a principal amount of HK\$209,000,000;
- (ii) keepwell deed dated November 21, 2013 entered into between Wanda Properties Overseas Limited, Wanda Commercial Properties (Hong Kong) Co. Limited and our Company with the Bank of New York Mellon, London Branch as trustee of the US\$600,000,000 bonds due 2018;
- (iii) deed of equity interest purchase undertaking dated November 21, 2013 entered into between our Company and the Bank of New York Mellon, London Branch as trustee of the US\$600,000,000 bonds due 2018;
- (iv) Subscription Agreement dated November 14, 2013 entered into between Wanda Properties Overseas Limited as issuer, Wanda Commercial Properties (Hong Kong) Co. Limited, Wanda Real Estate Investments Limited and Wanda Commercial Properties Overseas Limited as subsidiary guarantors, our Company, and The Hongkong and Shanghai Banking Corporation Limited, Merrill Lynch International, Barclays Bank PLC, Goldman Sachs (Asia) L.L.C. and UBS AG, Hong Kong Branch as joint lead managers, in relation to the US\$600,000,000 bonds due 2018;
- (v) Trust Deed dated November 21, 2013 entered into between Wanda Properties Overseas Limited as issuer, Wanda Commercial Properties (Hong Kong) Co. Limited, Wanda Commercial Properties Overseas Limited and Wanda Real Estate Investments Limited as subsidiary guarantors, our Company and the Bank of New York Mellon, London Branch as trustee, in relation to the US\$600,000,000 bonds due 2018;
- (vi) Agency Agreement dated November 21, 2013 entered into between Wanda Properties Overseas Limited as issuer, Wanda Commercial Properties (Hong Kong) Co. Limited, Wanda Real Estate Investments Limited and Wanda Commercial Properties Overseas Limited as subsidiary guarantors, the Bank of New York Mellon, London Branch as trustee and principal paying agent, and the Bank of New York Mellon (Luxembourg) S.A. as registrar and transfer agent, in relation to the US\$600,000,000 bonds due 2018;
- (vii) Interest Reserve Account Agreement dated November 21, 2013 entered into between the Bank of New York Mellon, Hong Kong branch as account bank, Wanda Properties Overseas Limited as issuer, and the Bank of New York Mellon, London Branch as trustee, in relation to the US\$600,000,000 bonds due 2018;

- (viii) keepwell deed dated January 29, 2014 entered into between Wanda Properties International Co. Limited as issuer, Wanda Commercial Properties (Hong Kong) Co. Limited and our Company with the Bank of New York Mellon, London Branch as trustee of the US\$600,000,000 bonds due 2024;
- (ix) deed of equity interest purchase undertaking dated January 29, 2014 entered into between our Company and the Bank of New York Mellon, London Branch as trustee of the US\$600,000,000 bonds due 2024;
- (x) Subscription Agreement dated January 23, 2014 entered into between Wanda Properties International Co. Limited as issuer, Wanda Commercial Properties (Hong Kong) Co. Limited, Wanda Real Estate Investments Limited and Wanda Commercial Properties Overseas Limited as subsidiary guarantors, our Company, and The Hongkong and Shanghai Banking Corporation Limited, Merrill Lynch International, Barclays Bank PLC, Goldman Sachs (Asia) L.L.C. and UBS AG, Hong Kong Branch as joint lead managers, in relation to the US\$600,000,000 bonds due 2024;
- (xi) Trust Deed dated January 29, 2014 entered into between Wanda Properties International Co. Limited as issuer, Wanda Commercial Properties (Hong Kong) Co. Limited, Wanda Commercial Properties Overseas Limited and Wanda Real Estate Investments Limited as subsidiary guarantors, our Company, and the Bank of New York Mellon, London Branch as trustee, in relation to the US\$600,000,000 bonds due 2024;
- (xii) Interest Reserve Account Agreement dated January 29, 2014 entered into between the Bank of New York Mellon, Hong Kong Branch as account bank, Wanda Properties International Co. Limited as issuer, and the Bank of New York Mellon, London Branch as trustee, in relation to the US\$600,000,000 bonds due 2024;
- (xiii) Agency Agreement dated January 29, 2014 entered into between Wanda Properties International Co. Limited as issuer, Wanda Commercial Properties (Hong Kong) Co. Limited, Wanda Real Estate Investments Limited and Wanda Commercial Properties Overseas Limited as subsidiary guarantors, the Bank of New York Mellon, London Branch as trustee and principal paying agent, and the Bank of New York Mellon (Luxembourg) S.A. as registrar and transfer agent, in relation to the US\$600,000,000 bonds due 2024;
- (xiv) the equity transfer agreement dated January 20, 2014 entered into between our Company and Dalian Wanda Group, pursuant to which the Company acquired from Dalian Wanda Group its 540,000,000 shares in Harbin Wanda City Investment Co., Ltd. (哈爾濱萬達城投資有限公司) for a consideration of RMB947,461,300;
- (xv) the equity transfer agreement dated January 20, 2014 entered into between our Company and Dalian Wanda Group, pursuant to which our Company acquired from Dalian Wanda Group its 800,000,000 shares in Dalian Jinshi Cultural Tourism Investment Co., Ltd. (大連金石文化旅遊投資有限公司) (“Dalian Jinshi”) for the consideration of RMB843,272,800;

- (xvi) the equity transfer agreement dated January 20, 2014 entered into between our Company and Dalian Wanda Group, pursuant to which our Company acquired from Dalian Wanda Group its 900,000,000 shares in Qingdao Wanda Oriental Movie Metropolis Investment Co., Ltd. (青島萬達東方影都投資有限公司) for a consideration of RMB1,203,318,600;
- (xvii) the equity transfer agreement dated January 20, 2014 entered into between our Company and Dalian Wanda Group, pursuant to which our Company acquired from Dalian Wanda Group its 300,000,000 shares in Qingdao Wanda Yacht Industry Investment Co., Ltd. (青島萬達遊艇產業投資有限公司) (“Qingdao Wanda Yacht”) for a consideration of RMB300,000,000;
- (xviii) the equity transfer agreement dated January 20, 2014 entered into between our Company and Dalian Wanda Group, pursuant to which our Company acquired from Dalian Wanda Group its 600,000,000 shares in Hefei Wanda City Investment Co., Ltd. (合肥萬達城投資有限公司) for a consideration of RMB967,061,500;
- (xix) the equity transfer agreement dated January 20, 2014 entered into between our Company and Dalian Wanda Group, pursuant to which our Company acquired from Dalian Wanda Group its 600,000,000 shares in Nanchang Wanda City Investment Co., Ltd. (南昌萬達城投資有限公司) for a consideration of RMB965,192,300;
- (xx) the equity transfer agreement dated January 20, 2014 entered into between our Company and Dalian Wanda Group, pursuant to which our Company acquired from Dalian Wanda Group its 400,000,000 shares in Xishuangbanna International Resort Development Co., Ltd. (西雙版納國際旅遊度假區開發有限公司) (“Xishuangbanna International Resort”) for a consideration of RMB535,918,700;
- (xxi) the equity transfer agreement dated January 6, 2014 entered into between our Company and Dalian Wanda Group, pursuant to which the Company acquired from Dalian Wanda Group its entire share capital in Wanda Yacht Investment (Jersey) Company Limited (萬達遊艇投資控股(澤西島)有限公司) for a total consideration of RMB42,000,000;
- (xxii) the capital increase agreement dated July 10, 2014 entered into between with 61 individuals, including existing shareholders and employees of our Company and Dalian Wanda Group, and our Company, pursuant to which our Company issued a total of 138,800,000 new shares to the said shareholders and employees for a consideration of RMB1,021,568,000;
- (xxiii) the Non-competition Undertaking dated December 4, 2014 executed by each of the Controlling Shareholders in favour of our Group, pursuant to which each of the Controlling Shareholders has undertaken that it would not, among other things, compete with the business of any member of our Group;



- (xxiv) the equity transfer agreement dated October 16, 2014 entered into between our Company, Wanda Cultural and Xishuangbanna International Resort, pursuant to which our Company transferred out 80% equity interests in Xishuangbanna International Resort held by us to Wanda Cultural for a consideration of RMB2,143,674,960;
- (xxv) the equity transfer agreement dated October 22, 2014 entered into between our Company, Wanda Cultural and Qingdao Wanda Yacht, pursuant to which our Company transferred out the entire equity interests in Qingdao Wanda Yacht held by us to Wanda Cultural for a consideration of RMB1,041,932,000;
- (xxvi) the equity transfer agreement dated October 20, 2014 entered into between our Company, Wanda Cultural and Dalian Jinshi, pursuant to which our Company transferred out 80% equity interests in Dalian Jinshi held by us to Wanda Cultural for a consideration of RMB948,670,000;
- (xxvii) the cornerstone investment agreement dated December 5, 2014 and entered into between, Kuwait Investment Authority, UBS AG, Hong Kong Branch and the Company, pursuant to which Kuwait Investment Authority has agreed to subscribe at the Offer Price for such number of H Shares which may be purchased with US\$300 million (approximately HK\$2,326,440,000) rounded down to the nearest whole board lot of 100 H Shares;
- (xxviii) the cornerstone investment agreement dated December 6, 2014 and entered into between China Life Insurance Company Limited, China International Capital Corporation Hong Kong Securities Limited and the Company, pursuant to which China Life Insurance Company Limited has agreed to subscribe at the Offer Price for such number of H Shares which may be purchased with US\$300 million (approximately HK\$2,326,440,000) rounded down to the nearest whole board lot of 100 H Shares;
- (xxix) the cornerstone investment agreement dated December 6, 2014 and entered into between Ping An Asset Management Co., Ltd., in its capacity, as the entrusted manager to, and for on behalf of, the Ping An - Wanda Commercial Properties Equity Investment Scheme ("Ping An"), China International Capital Corporation Hong Kong Securities Limited and the Company, pursuant to which Ping An has agreed to cause the QDII Manager to subscribe at the Offer Price for such number of H Shares which may be purchased with HK\$2,320,000,000 rounded down to the nearest whole board lot of 100 H Shares;
- (xxx) the cornerstone investment agreement dated December 6, 2014 and entered into between, among others, OZ Master Fund, Ltd. and other investors as referred to therein, China International Capital Corporation Hong Kong Securities Limited and the Company, pursuant to which the investors have agreed to subscribe at the Offer Price such number of Offer Shares that may be purchased with US\$250 million (approximately HK\$1,938,700,000), rounded down to the nearest whole board lot of 100 H Shares;
- (xxxi) the cornerstone investment agreement dated December 6, 2014 and entered into between, APG Strategic Real Estate Pool N.V., Goldman Sachs (Asia) L.L.C. and the Company, pursuant to which APG Strategic Real Estate Pool N.V. has agreed to subscribe at the Offer Price for such number of H Shares which may be purchased with HK\$1,550,000,000 rounded down to the nearest whole board lot of 100 H Shares;



- (xxxii) the cornerstone investment agreement dated December 6, 2014 and entered into between Hong Kong Gree Electric Appliances Sales Limited, The Hongkong and Shanghai Banking Corporation Limited and the Company, pursuant to which Hong Kong Gree Electric Appliances Sales Limited has agreed to subscribe at the Offer Price such number of Offer Shares that may be purchased with US\$200 million (approximately HK\$1,550,960,000), rounded down to the nearest whole board lot of 100 H Shares;
- (xxxiii) the cornerstone investment agreement dated December 8, 2014 and entered into between Fubon Life Insurance Co., Ltd., China International Capital Corporation Hong Kong Securities Limited and the Company, pursuant to which Fubon Life Insurance Co., Ltd. has agreed to subscribe at the Offer Price such number of Offer Shares that may be purchased with US\$100 million (approximately HK\$775,480,000), rounded down to the nearest whole board lot of 100 H Shares;
- (xxxiv) the cornerstone investment agreement dated November 18, 2014 and entered into between Timing Investment Fund Management (Beijing) Co., Ltd., China International Capital Corporation Hong Kong Securities Limited and the Company, pursuant to which Timing Investment Fund Management (Beijing) Co., Ltd. has agreed to subscribe at the Offer Price such number of Offer Shares that may be purchased with US\$100 million (approximately HK\$775,480,000), rounded down to the nearest whole board lot of 100 H Shares;
- (xxxv) the cornerstone investment agreement dated November 10, 2014 and entered into between Heywin Investments Limited, ICBC International Securities Limited and the Company, pursuant to which Heywin Investments Limited has agreed to subscribe at the Offer Price for such number of H Shares which may be purchased with US\$100 million (approximately HK\$775,480,000) rounded down to the nearest whole board lot of 100 H Shares;
- (xxxvi) the cornerstone investment agreement dated December 4, 2014 and entered into between MACRO-LINK International Investment Co, Ltd., The Hongkong and Shanghai Banking Corporation Limited and the Company, pursuant to which MACRO-LINK International Investment Co, Ltd. has agreed to subscribe at the Offer Price such number of Offer Shares that may be purchased with US\$100 million (approximately HK\$775,480,000), rounded down to the nearest whole board lot of 100 H Shares;
- (xxxvii) the cornerstone investment agreement dated November 24, 2014 and entered into between Shanghai Jupai Hehui Asset Management Co., Ltd., China International Capital Corporation Hong Kong Securities Limited and the Company, pursuant to which Shanghai Jupai Hehui Asset Management Co., Ltd. has agreed to subscribe at the Offer Price such number of Offer Shares that may be purchased with US\$80 million (approximately HK\$620,384,000), rounded down to the nearest whole board lot of 100 H Shares;
- (xxxviii) the cornerstone investment agreement dated October 21, 2014 and a supplemental agreement dated November 27, 2014, entered into between Woodman Funds SICAV p.l.c., The Hongkong and Shanghai Banking Corporation Limited and the Company,

pursuant to which Woodman Funds SICAV p.l.c. has agreed to subscribe at the Offer Price such number of Offer Shares that may be purchased with US\$65 million (approximately HK\$504,062,000), rounded down to the nearest whole board lot of 100 H Shares;







(xxxix) the Hong Kong Underwriting Agreement, details of which are set out in “Underwriting” in this prospectus.

## 2. INTELLECTUAL PROPERTY RIGHTS

As of the Latest Practicable Date, we had registered the following intellectual property rights, which we consider material to our business:








### Trademarks

As of the Latest Practicable Date, we have registered the following trademarks which are material in relation to our Company’s business:

|    | Trademark   | Place of Registration | Class | Registration Number | Registration Date | Expiry Date |
|----|---|-----------------------|-------|---------------------|-------------------|-------------|
| 1. |  | PRC                   | 36    | 7921986             | 2011-03-14        | 2021-03-13  |
| 2. |  | PRC                   | 36    | 7921990             | 2011-03-14        | 2021-03-13  |
| 3. |  | PRC                   | 37    | 7921985             | 2011-03-14        | 2021-03-13  |
| 4. |  | PRC                   | 37    | 7921989             | 2011-03-14        | 2021-03-13  |
| 5. |  | PRC                   | 39    | 7921984             | 2011-02-21        | 2021-02-20  |
| 6. |  | PRC                   | 39    | 7921988             | 2011-02-21        | 2021-02-20  |







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|     | Trademark   | Place of Registration | Class | Registration Number | Registration Date | Expiry Date |
|-----|---|-----------------------|-------|---------------------|-------------------|-------------|
| 7.  |                          | PRC                   | 43    | 7921983             | 2011-02-28        | 2021-02-27  |
| 8.  |                          | PRC                   | 43    | 7921987             | 2011-02-28        | 2021-02-27  |
| 9.  | WANDAPLAZA  | PRC                   | 36    | 9022643             | 2012-01-14        | 2022-01-13  |
| 10. | <br>万达广场                 | PRC                   | 36    | 9022647             | 2012-04-28        | 2022-04-27  |
| 11. | <br>万达广场                 | PRC                   | 36    | 9022646             | 2012-04-28        | 2022-04-27  |
| 12. | 万达  | PRC                   | 36    | 9022645             | 2012-02-28        | 2022-02-27  |
| 13. | 万达广场  | PRC                   | 36    | 9022644             | 2012-02-28        | 2022-02-27  |
| 14. |  万达广场<br>WANDA PLAZA   | PRC                   | 36    | 9022649             | 2012-04-28        | 2022-04-27  |
| 15. |  万达广场                  | PRC                   | 36    | 9022648             | 2012-04-28        | 2022-04-27  |
| 16. |  万达瑞华酒店<br>Wanda Reign | PRC                   | 43    | 10568285            | 2013-04-28        | 2023-04-27  |
| 17. | 万达瑞华  | PRC                   | 43    | 10568271            | 2013-07-21        | 2023-07-20  |
| 18. | WANDAREIGN  | PRC                   | 43    | 10568262            | 2013-04-28        | 2023-04-27  |
| 19. | WANDAVISTA  | PRC                   | 43    | 10568261            | 2013-04-28        | 2023-04-27  |
| 20. | WANDAREALM  | PRC                   | 43    | 10568260            | 2013-04-28        | 2023-04-27  |
| 21. | 万达瑞华酒店  | PRC                   | 43    | 10568278            | 2013-04-28        | 2023-04-27  |
| 22. | 万达金街  | PRC                   | 36    | 10602219            | 2013-05-07        | 2023-05-06  |
| 23. | 万达商业地产  | PRC                   | 36    | 10602225            | 2013-05-07        | 2023-05-06  |
| 24. | 万达商业管理  | PRC                   | 36    | 10602228            | 2013-05-07        | 2023-05-06  |
| 25. | 万达文华酒店  | PRC                   | 43    | 10608890            | 2013-06-21        | 2023-06-20  |
| 26. | 万达文华  | PRC                   | 43    | 10608889            | 2013-06-07        | 2023-06-06  |
| 27. | 万达锦华  | PRC                   | 43    | 10608873            | 2013-06-07        | 2023-06-06  |
| 28. | 万达锦华酒店  | PRC                   | 43    | 10608874            | 2013-06-21        | 2023-06-20  |

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|     | Trademark   | Place of Registration | Class | Registration Number | Registration Date | Expiry Date |
|-----|---|-----------------------|-------|---------------------|-------------------|-------------|
| 29. |  万达嘉华酒店<br>Wanda Realm     | PRC                   | 43    | 10608913            | 2013-06-21        | 2023-06-20  |
| 30. | 万达嘉华酒店  | PRC                   | 43    | 10608914            | 2013-06-21        | 2023-06-20  |
| 31. | 万达嘉华  | PRC                   | 43    | 10608912            | 2013-06-07        | 2023-06-06  |
| 32. | 万达美华  | PRC                   | 43    | 10608867            | 2013-06-07        | 2023-06-06  |
| 33. | 万达美华酒店  | PRC                   | 43    | 10608868            | 2013-06-07        | 2023-06-06  |
| 34. | <br>WANDA REALM            | PRC                   | 16    | 10695836            | 2013-09-21        | 2023-09-20  |
| 35. | <br>WandaVista             | PRC                   | 16    | 10695978            | 2013-09-21        | 2023-09-20  |
| 36. | 万达文华酒店  | PRC                   | 16    | 10695990            | 2013-09-21        | 2023-09-20  |
| 37. | 万悦会   | PRC                   | 16    | 10695895            | 2013-05-28        | 2023-05-27  |
| 38. | WANDAREIGN  | PRC                   | 16    | 10695974            | 2013-09-28        | 2023-09-27  |
| 39. | 万达嘉华酒店  | PRC                   | 18    | 10695813            | 2013-09-21        | 2023-09-20  |
| 40. | WANDAREIGN  | PRC                   | 18    | 10695973            | 2013-05-28        | 2023-05-27  |
| 41. | <br>WandaVista           | PRC                   | 18    | 10695977            | 2013-05-28        | 2023-05-27  |
| 42. | 万达瑞华酒店,<br>WANDAREIGN   | PRC                   | 18    | 10695949            | 2013-09-21        | 2023-09-20  |
| 43. | 万达瑞华酒店  | PRC                   | 18    | 10695961            | 2013-09-21        | 2023-09-20  |
| 44. | <br>WANDA REALM          | PRC                   | 18    | 10695835            | 2013-10-07        | 2023-10-06  |
| 45. | 万达文华酒店  | PRC                   | 18    | 10695989            | 2013-09-21        | 2023-09-20  |
| 46. | 万达嘉华酒店  | PRC                   | 20    | 10695812            | 2013-09-21        | 2023-09-20  |
| 47. | 万达文华酒店  | PRC                   | 20    | 10695988            | 2013-09-21        | 2023-09-20  |
| 48. | 万达嘉华酒店  | PRC                   | 25    | 10695811            | 2013-08-28        | 2023-08-27  |
| 49. | 万达文华酒店  | PRC                   | 25    | 10695987            | 2013-09-21        | 2023-09-20  |
| 50. | <br>WandaVista<br>万达文华酒店 | PRC                   | 27    | 10695982            | 2013-09-21        | 2023-09-20  |
| 51. | <br>WandaVista           | PRC                   | 27    | 10695994            | 2013-07-21        | 2023-07-20  |
| 52. | WANDAREIGN  | PRC                   | 27    | 10695970            | 2013-05-28        | 2023-05-27  |

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|     | Trademark  | Place of Registration | Class | Registration Number | Registration Date | Expiry Date |
|-----|--|-----------------------|-------|---------------------|-------------------|-------------|
| 53. | <br>Club Reign              | PRC                   | 27    | 10695820            | 2013-05-28        | 2023-05-27  |
| 54. | 万悦会  | PRC                   | 27    | 10695894            | 2013-05-28        | 2023-05-27  |
| 55. | <br>WANDA REALM             | PRC                   | 27    | 10695832            | 2013-05-28        | 2023-05-27  |
| 56. | 万达文华酒店   | PRC                   | 27    | 10695806            | 2013-08-28        | 2023-08-27  |
| 57. | 万达嘉华酒店   | PRC                   | 27    | 10695810            | 2013-08-28        | 2023-08-27  |
| 58. | <br>WANDA REALM<br>万达嘉华酒店   | PRC                   | 27    | 10695798            | 2013-08-28        | 2023-08-27  |
| 59. | 万达酒店及度假村   | PRC                   | 27    | 10695952            | 2013-09-21        | 2023-09-20  |
| 60. | 万达酒店及度假村,<br>WANDAHOTELSRESORTS  | PRC                   | 27    | 10695956            | 2013-09-21        | 2023-09-20  |
| 61. | 万达瑞华酒店,<br>WANDAREIGN  | PRC                   | 27    | 10695966            | 2013-09-21        | 2023-09-20  |
| 62. | 万悦会  | PRC                   | 41    | 10695893            | 2013-05-28        | 2023-05-27  |
| 63. | 万达瑞华酒店,<br>WANDAREIGN  | PRC                   | 43    | 10695964            | 2013-10-07        | 2023-10-06  |
| 64. | WANDAREIGN   | PRC                   | 43    | 10695968            | 2013-07-21        | 2023-07-20  |
| 65. | 万达瑞华酒店   | PRC                   | 43    | 10695976            | 2013-07-21        | 2023-07-20  |
| 66. | 万达文华酒店   | PRC                   | 43    | 10695804            | 2013-08-14        | 2023-08-13  |
| 67. | 万达嘉华酒店   | PRC                   | 43    | 10695808            | 2013-08-14        | 2023-08-13  |
| 68. | <br>WANDA REALM<br>万达嘉华酒店 | PRC                   | 43    | 10695816            | 2013-08-14        | 2023-08-13  |
| 69. | <br>WANDA REALM           | PRC                   | 43    | 10695830            | 2013-08-14        | 2023-08-13  |
| 70. | <br>WandaVista<br>万达文华酒店  | PRC                   | 43    | 10695980            | 2013-09-21        | 2023-09-20  |
| 71. | <br>WandaVista            | PRC                   | 43    | 10695992            | 2013-09-21        | 2023-09-20  |
| 72. | 万悦会  | PRC                   | 44    | 10695892            | 2013-05-28        | 2023-05-27  |
| 73. | 万达文华酒店   | PRC                   | 44    | 10695803            | 2013-08-28        | 2023-08-27  |
| 74. | 万达名仕会  | PRC                   | 20    | 10744201            | 2013-08-28        | 2023-08-27  |
| 75. | 万达名仕会  | PRC                   | 25    | 10744200            | 2013-08-07        | 2023-08-06  |

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|     | <b>Trademark</b>   | <b>Place of Registration</b> | <b>Class</b> | <b>Registration Number</b> | <b>Registration Date</b> | <b>Expiry Date</b> |
|-----|--|------------------------------|--------------|----------------------------|--------------------------|--------------------|
| 76. | 万达名仕会  | PRC                          | 27           | 10744199                   | 2013-08-07               | 2023-08-06         |
| 77. | 万达名仕会  | PRC                          | 41           | 10744187                   | 2013-06-21               | 2023-06-20         |
| 78. | 万达名流会,<br>CLUBREIGN  | PRC                          | 43           | 10744183                   | 2014-03-21               | 2024-03-20         |
| 79. | 万达名仕会,<br>CLUBREIGN  | PRC                          | 43           | 10744190                   | 2014-03-21               | 2024-03-20         |
| 80. | WANDA  | PRC                          | 36           | 11389931                   | 2014-01-28               | 2024-01-27         |
| 81. |   | PRC                          | 36           | 11389866                   | 2014-01-21               | 2024-01-20         |
| 82. | 万达   | PRC                          | 36           | 11389966                   | 2014-01-21               | 2024-01-20         |
| 83. |   | PRC                          | 37           | 11389865                   | 2014-01-21               | 2024-01-20         |
| 84. | WANDA  | PRC                          | 37           | 11389930                   | 2014-01-21               | 2024-01-20         |
| 85. |  | PRC                          | 39           | 11389864                   | 2014-01-21               | 2024-01-20         |
| 86. | 万达   | PRC                          | 39           | 11389963                   | 2014-01-21               | 2024-01-20         |
| 87. | WANDA  | PRC                          | 39           | 11389928                   | 2014-03-07               | 2024-03-06         |

The class number represents the specifications of products or services which have already been registered. Detailed specifications of the products or services represented by that class number are set out in the relevant registration certificates.

**Patents**

As of the Latest Practicable Date, we have registered the following patents which are material in relation to our Company's business:

|    | <b>Name of Patent</b>                             | <b>Place of Registration</b> | <b>Owner</b>                          | <b>Patent Type</b> | <b>Authorization Date</b> | <b>Expiration Date</b> |
|----|---|------------------------------|---------------------------------------|--------------------|---------------------------|------------------------|
| 1. | Glow ball used on building facade<br>(用於建築立面的發光球) | PRC                          | Wanda Commercial Planning Institution | Utility Model      | 2/20/2013                 | 8/9/2022               |
| 2. | Plaza (Kunming)<br>(廣場)(昆明)                       | PRC                          | Wanda Commercial Planning Institution | Exterior Design    | 3/6/2013                  | 8/6/2022               |

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|    | <b>Name of Patent</b>   | <b>Place of Registration</b> | <b>Owner</b>                          | <b>Patent Type</b> | <b>Authorization Date</b> | <b>Expiration Date</b> |
|----|---|------------------------------|---------------------------------------|--------------------|---------------------------|------------------------|
| 3. | Venue (Dalian)<br>(場館)(大連)  | PRC                          | Wanda Commercial Planning Institution | Exterior Design    | 7/31/2013                 | 8/6/2022               |
| 4. | Wall embedded fireworks device<br>(牆體預埋式煙花燃放裝置)                   | PRC                          | Wanda Commercial Planning Institution | Utility Model      | 12/5/2012                 | 3/6/2022               |
| 5. | A new safe house structure<br>(一種新型安全屋結構)                         | PRC                          | our Company                           | Utility Model      | 10/8/2014                 | 6/5/2024               |
| 6. | Safe house electrical device<br>(安全屋機電裝置)                         | PRC                          | our Company                           | Utility Model      | 10/8/2014                 | 6/5/2024               |
| 7. | Security window assembly<br>(安全窗組件)                               | PRC                          | our Company                           | Utility Model      | 10/8/2014                 | 6/5/2024               |
| 8. | A movable grandstand with variable viewing angle<br>(一種可變視角的活動看臺) | Japan                        | Wanda Commercial Planning Institution | Invention          | 2/28/2014                 | 12/7/2032              |
| 9. | A composite raisable stage<br>(一種複合升降舞臺)                          | Russia                       | Wanda Commercial Planning Institution | Invention          | 3/20/2014                 | 12/21/2032             |

**Domain Names**

As of the Latest Practicable Date, we have registered the following domain names, which are material to our business:

|     | <b>Domain Name</b>       | <b>Owner</b>                          | <b>Registration Date</b> | <b>Expiration Date</b> |
|-----|--------------------------|---------------------------------------|--------------------------|------------------------|
| 1.  | wandaplaza.cn            | our Company                           | 9/6/2010                 | 9/6/2015               |
| 2.  | wdghy.com                | Wanda Commercial Planning Institution | 6/17/2011                | 6/17/2018              |
| 3.  | wanda-cp.com.hk          | HK Listed Subsidiary                  | 6/28/2013                | 6/28/2016              |
| 4.  | wanda-cp.com.cn          | HK Listed Subsidiary                  | 7/29/2013                | 7/29/2016              |
| 5.  | wandahotelinvestment.com | our Company                           | 3/28/2012                | 3/28/2018              |
| 6.  | wandahotels.com          | our Company                           | 4/3/2009                 | 4/3/2019               |
| 7.  | wandarealm.com           | Wanda Hotel Development               | 5/7/2012                 | 5/8/2018               |
| 8.  | wandareign.com           | Wanda Hotel Development               | 5/7/2012                 | 5/8/2018               |
| 9.  | wandavista.com           | Wanda Hotel Development               | 5/7/2012                 | 5/8/2018               |
| 10. | club-reign.com           | Wanda Hotel Development               | 6/21/2012                | 6/21/2018              |
| 11. | wandaclubrewards.com     | Wanda Hotel Development               | 7/18/2012                | 7/18/2018              |
| 12. | wandaplazas.com          | our Company                           | 7/6/2012                 | 7/6/2015               |

Except as disclosed in “— Intellectual Property Rights ” there are no other trade or service marks, patents, other intellectual property rights which are or may be material in relation to our business.

### C. FURTHER INFORMATION ABOUT DIRECTORS, SUPERVISORS, CHIEF EXECUTIVE AND SUBSTANTIAL SHAREHOLDERS

#### 1. DISCLOSURE OF INTERESTS

Save as disclosed below, immediately following completion of the Global Offering, none of our Directors, Supervisors or Chief Executive will have any interests and short positions in the shares, underlying shares or debentures of our Company or any associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to us and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions which they are taken or deemed to have under such provisions of the SFO) once the H Shares are listed, or which will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies in the Listing Rules to be notified to us and the Stock Exchange or which will be required pursuant to section 352 of the SFO to be entered in the register referred to therein once the H Shares are listed. For this purpose, the relevant provisions of the SFO will be interpreted as if they applied to our Supervisors.

| Name of Shareholder                 | Title                                | Nature of Interest  | Number of Securities | Approximate Percentage of Interest in relevant class of Shares of our Company immediately after the Global Offering <sup>(1)</sup> | Approximate Percentage of Interest in the total share capital of our Company immediately after the Global Offering <sup>(2)</sup> |
|-------------------------------------|--------------------------------------|---------------------|----------------------|--|---|
| Mr. DING Benxi<br>(丁本錫) . . . . .   | Chairman of the Board                | Beneficial Interest | 50,000,000           | 1.29%  | 1.12%   |
| Mr. QI Jie<br>(齊界) . . . . .        | Executive Director                   | Beneficial Interest | 10,000,000           | 0.26%  | 0.22%   |
| Mr. QU Dejun<br>(曲德君) . . . . .     | Executive Director                   | Beneficial Interest | 6,000,000            | 0.16%  | 0.13%   |
| Mr. ZHANG Lin<br>(張霖) . . . . .     | Non-executive Director               | Beneficial Interest | 10,000,000           | 0.26%  | 0.22%   |
| Mr. WANG Guiya<br>(王貴亞) . . . . .   | Non-executive Director               | Beneficial Interest | 8,000,000            | 0.21%  | 0.18%   |
| Mr. YIN Hai<br>(尹海) . . . . .       | Non-executive Director               | Beneficial Interest | 12,000,000           | 0.31%  | 0.27%   |
| Ms. GAO Qian<br>(高茜) . . . . .      | Chairman of the Board of Supervisors | Beneficial Interest | 2,000,000            | 0.05%  | 0.04%   |
| Mr. WANG Yunan<br>(王宇男) . . . . .   | Supervisor                           | Beneficial Interest | 1,600,000            | 0.04%  | 0.04%   |
| Mr. GAO Xiao Jun<br>(高曉軍) . . . . . | Supervisor                           | Beneficial Interest | 1,600,000            | 0.04%  | 0.04%   |

*Notes:*

- (1) The calculation is based on the total number of 3,874,800,000 Shares in issue immediately after completion of the Global Offering (without taking into account any H Shares that may be issued upon any exercise of Over-allotment Option).
- (2) The calculation is based on the total number of 4,474,800,000 Shares in issue immediately after completion of the Global Offering (without taking into account any H Shares that may be issued upon any exercise of Over-allotment Option).



## 2. SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, each of the following persons will, immediately following completion of the Global Offering, have an interest or short position in the Shares or underlying Shares, which would be required to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at our general meetings:

| Shareholder                         | Nature of interest   | Class           | Number of Shares held | Immediately after the completion of the Global Offering (assuming no exercise of the Over-allotment Option) <sup>(1)</sup> |  | Immediately after the completion of the Global Offering (assuming the Over-allotment Option is fully exercised) <sup>(2)</sup> |  |
|-------------------------------------|--|-----------------|-----------------------|--|--|--|--|
|                                     |  |                 |                       | Approximate percentage of shareholding in the relevant class of Shares   | Approximate percentage of shareholding in the total share capital of the Company | Approximate percentage of shareholding in the relevant class of Shares   | Approximate percentage of shareholding in the total share capital of the Company |
| Mr. WANG Jianlin <sup>(3),(4)</sup> | (a) Beneficial owner<br>(b) Interest of controlled corporation<br>(c) Interest of spouse | Domestic Shares | 2,430,300,000         | 62.72%   | 54.31%   | 62.72%   | 53.24%   |
| Ms. LIN Ning <sup>(4)</sup>         | (a) Beneficial owner<br>(b) Interest of spouse   | Domestic Shares | 2,430,300,000         | 62.72%   | 54.31%   | 62.72%   | 53.24%   |
| Dalian Hexing <sup>(5)</sup>        | Interest of controlled corporation   | Domestic Shares | 1,979,000,000         | 51.07%   | 44.23%   | 51.07%   | 43.35%   |
| Dalian Wanda Group <sup>(6)</sup>   | Beneficial owner   | Domestic Shares | 1,979,000,000         | 51.07%   | 44.23%   | 51.07%   | 43.35%   |

**Notes:**

- (1) The calculation is based on the total number of 4,474,800,000 Shares in issue immediately after completion of the Global Offering (without taking into account any H Shares that may be issued upon any exercise of Over-allotment Option).
- (2) The calculation is based on the total number of 4,564,800,000 Shares in issue immediately after completion of the Global Offering (including H Shares to be issued assuming the exercise of Over-allotment Option in full).
- (3) Mr. WANG Jianlin directly holds 7.93% of the issued Shares of our Company and 0.24% of the issued share capital of Dalian Wanda Group, and indirectly holds 97.77% of the issued share capital of Dalian Wanda Group through his 98% direct interest in Dalian Hexing and is deemed to be interested in the Shares held by Dalian Wanda Group for the purpose of the SFO.
- (4) Ms. LIN Ning is the spouse of Mr. WANG Jianlin and therefore she and Mr. WANG Jianlin are deemed under the SFO to be interested in each other's interests in Shares. Ms. LIN Ning directly holds 3.72% of the issued Shares.
- (5) Dalian Hexing directly holds 99.76% of the entire issued share capital of Dalian Wanda Group and is deemed to be interested in the Shares held by Dalian Wanda Group.
- (6) Dalian Wanda Group has created a security interest over an aggregate of 614,087,945 Shares (equivalent to approximately 15.85% of the total number of issued Shares immediately before the completion of the Global Offering) in favour of financial institutions in the PRC for the purpose of securing certain of Dalian Wanda Group's certain borrowing transactions.

Save as disclosed herein, our Directors are not aware of any person who will, immediately following the Global Offering, have an interest or short position in Shares or underlying Shares, which would be required to be disclosed to our Company and the Stock Exchange under the provisions of Division 2 and 3 of Part XV of the SFO, or, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company.

### 3. INTEREST OF SUBSTANTIAL SHAREHOLDERS OF SUBSIDIARIES OF OUR COMPANY

So far as the Directors are aware, and taking no account of any Shares which may be taken up under the Global Offering and assuming no exercise of the Over-allotment Option, the following persons will, immediately following the completion of the Global Offering, be directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our subsidiaries:

| Subsidiary of our Company  | Total Registered Capital | Persons with a 10% or More Interest                                      | Percentage of the Substantial Shareholder's Interest |
|--|--------------------------|--|--|
| Yantai Zhifu Wanda Plaza Co., Ltd. (煙台芝罘萬達廣場有限公司) . . . . .                          | RMB50,000,000            | Yantai Riying Garden Real Estate Development Co., Ltd. (煙台日櫻花園房地產開發有限公司) | 30%  |
| Shanghai Baoshan Wanda Investment Co., Ltd. (上海寶山萬達投資有限公司).                          | RMB100,000,000           | Shanghai Gaojing Investment Co., Ltd. (上海高境投資有限公司)                       | 35%  |
| Taicang Wanda Plaza Investment Co., Ltd. (太倉萬達廣場投資有限公司).                             | RMB1,630,000,000         | Chang'an International Trust Co., Ltd. (長安國際信託股份有限公司)                    | 49%  |
| Shijiazhuang Wanda Plaza Investment Co., Ltd. (石家莊萬達廣場投資有限公司).                       | RMB3,125,000,000         | Zhuhai Rongzhao Investment Management Partnership (珠海融昭投資管理合夥企業)         | 32%  |
| Amazing Wise Limited . . . . .   | NA                       | Mr. CHEN Chang Wei (陳長偉)   | 47%  |
| Fuzhou Hengli Savills Property Management Co., Ltd. (福州市恒力第一太平戴維斯物業管理有限公司) . . . . . | RMB500,000               | Savills Property Services (Guangzhou) Co., Ltd. (第一太平戴維斯物業顧問(廣州)有限公司)    | 45%  |
| Parcel C LLC. . . . .  | NA                       | Magellan Parcel C/D LLC  | 10%  |

### 4. SERVICE CONTRACTS

We have entered into a service contract with each of our Directors containing terms relating to, among other things, compliance with relevant laws and regulations, observation of the Articles of Association and provision on arbitration. Save as disclosed above, we have not entered, and do not propose to enter, into any service contracts with any of our Directors in their respective capacities as Directors (other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation)).

**5. AGENCY FEES OR COMMISSIONS RECEIVED**

Save as disclosed in this prospectus, none of our Directors or any of the persons whose names are listed in “— Consents” had received any commissions, discounts, agency fee, brokerages or other special terms in connection with the issue or sale of any capital of any member of our Company from our Company within the two years prior to the date of this prospectus.

**6. DISCLAIMERS**

Save as disclosed in “Directors, Supervisors and Senior Management” in, and paragraph C1 of this Appendix to, this prospectus;

- (a) none of the Directors, Supervisors and any of the parties listed in paragraph D6 of this Appendix is:
  - (i) interested in our promotion, or in any assets which, within the two years immediately preceding the date of this prospectus, have been acquired or disposed of by or leased to us, or are proposed to be acquired or disposed of by or leased to our Company;
  - (ii) materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to our business;
- (b) save in connection with the Hong Kong Underwriting Agreement and the International Underwriting Agreement, none of the parties listed in paragraph D6 of this Appendix:
  - (i) is interested legally or beneficially in any of our shares or securities; or
  - (ii) has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for our shares or any of our securities;
- (c) none of our Directors or Supervisors is a director or employee of a company which has an interest in the share capital of our Company which, once the H Shares are listed on the Stock Exchange, would have to be disclosed pursuant to Divisions 2 and 3 of Part XV of the SFO.

**D. OTHER INFORMATION****1. ESTATE DUTY**

Our Directors have been advised that no material liability for estate duty is likely to fall on any holders of our Shares.

**2. LITIGATION**

Save as disclosed in this prospectus, no member of our Company was engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance is known to our Directors to be pending or threatened against any member of our Company as of the Latest Practicable Date.

**3. JOINT SPONSORS**

Each of the Joint Sponsors is independent from our Company pursuant to Rule 3A.07 of the Listing Rules.

The Joint Sponsors have made an application on our behalf to the Listing Committee for the listing of, and permission to deal in, on the Main Board of the Stock Exchange, our H Shares to be issued in the Global Offering and any H Shares which may be issued pursuant to the exercise of the Over-allotment Option. All necessary arrangements have been made to enable the securities to be admitted into CCASS for clearing and settlement.

The Joint Sponsors are entitled to sponsors' fees in the amount of US\$1,800,000.

**4. PROMOTERS**

The Promoters comprised 8 corporate shareholders and 42 individual shareholders. See "History and Development".

Save for the Global Offering and as disclosed in this prospectus, within the two years immediately preceding the date of this prospectus, no cash, securities, amount or benefit has been paid, allotted or given, or has been proposed to be paid, allotted or given, to any of the Promoters named above in connection with the Global Offering or the related transactions described in this prospectus.

**5. PRELIMINARY EXPENSES**

Our estimated preliminary expenses are approximately RMB586 million and are payable by our Company.

## 6. QUALIFICATION OF EXPERTS

The qualifications of the experts (as defined under the Listing Rules and the Companies Ordinance) who have given their opinions or advice in this prospectus are as follows:

| <b>Name of Expert</b>  | <b>Qualification</b>   |
|--|--|
| China International Capital Corporation Hong Kong Securities Limited | Licensed corporation under the SFO to conduct Type 1 (Dealing in securities), Type 2 (Dealing in future contracts), Type 3 (Leveraged foreign exchange trading), Type 4 (Advising on securities), Type 5 (Advising on future contracts) and Type 6 (Advising on corporate finance) regulated activities as defined under the SFO |
| HSBC Corporate Finance (Hong Kong) Limited                           | Licensed under the SFO to conduct Type 6 (Advising on corporate finance) regulated activity  |
| Tian Yuan Law Firm   | PRC legal advisor  |
| Ernst & Young  | Certified public accountants   |
| DTZ Debenham Tie Leung Limited                                       | Independent property valuer and Independent Market Consultant  |

## 7. CONSENTS

Each of the Joint Sponsors, Ernst & Young as our independent reporting accountant, Tian Yuan Law Firm, as our PRC legal advisor, DTZ, as our independent property valuer and as our independent market consultant, has given and has not withdrawn its respective written consent to the issue of this prospectus with the inclusion of its reports and/or letters the references to its name included herein in the form and context in which it is respectively included.

None of the experts named above has any shareholding interests in any member of our Company or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Company.

## 8. FINANCIAL ADVISORS

BOCI Asia Limited, CITIC Securities Corporate Finance (HK) Limited, China Galaxy International Securities (Hong Kong) Co., Limited and Moelis & Company Asia Limited have been appointed by the Company as Joint Financial Advisors in relation to the Global Offering. The appointment of Joint Financial Advisors was not made pursuant to the requirements of the Listing Rules and is separate and distinct from the appointment of the Joint Sponsors (which is required to be made by the Company pursuant to the Listing Rules). The Joint Sponsors are responsible for fulfilling their duties as sponsors to the Company's application for listing on the Stock Exchange and the Joint Sponsors have not relied on any of the work performed by Joint Financial Advisors in fulfilling those duties. The Joint Financial Advisors' role in the Global Offering is different from that of the Joint Sponsors in that it, amongst other things, focuses on providing general corporate finance advice to the Company on matters relating to the Listing and the Global Offering.

**9. BINDING EFFECT**

This prospectus shall have the effect, if any application is made in pursuance hereof, of rendering all persons concerned bound by the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

**10. NO MATERIAL ADVERSE CHANGE**

Our Directors believe that there has been no material adverse change in our financial or trading or prospects since October 31, 2014.

**11. BILINGUAL PROSPECTUS**

The English language and the Chinese language versions of this prospectus are being published separately, in reliance upon the exemption provided by section 4 of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

**E. MISCELLANEOUS**

Save as disclosed in this prospectus,

- (a) within the two years preceding the date of this prospectus: (i) we have not issued nor agreed to issue any share or loan capital fully or partly paid either for cash or for a consideration other than cash, and (ii) no commissions, discounts, brokerage fee or other special terms have been granted in connected with the issue or sale of any shares of our Company;
- (b) no share or loan capital of our Company is under option or is agreed conditionally or unconditionally to be put under option;
- (c) we have not issued or agreed to issue any founder shares, management shares or deferred shares;
- (d) there are no arrangements under which future dividends are waived or agreed to be waived;
- (e) there are no procedures for the exercise of any right of pre-emption or transferability of subscription rights;
- (f) save as disclosed in this prospectus, our Company has not issued any debentures nor does it have any outstanding debentures or any convertible debt securities;
- (g) there are no contracts for hire or hire purchase of plant to or by us for a period of over one year which are substantial in relation to our business;
- (h) there have been no interruptions in our business which may have or have had a significant effect on our financial position in the last 12 months;

- (i) other than the shares of the HK Listed Subsidiary, which are presently listed and traded on the Stock Exchange, no company within our Group is presently listed on any stock exchange or traded on any trading system;
- (j) we have no outstanding convertible debt securities;
- (k) we currently do not intend to apply for the status of Sino-foreign investment joint stock limited company and do not expect to be subject to the Sino-foreign Joint Venture Law of the PRC.

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## **APPENDIX X DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG AND AVAILABLE FOR INSPECTION**

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### **DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG**

The documents attached to the copy of this prospectus delivered to the Registrar of Companies in Hong Kong for registration were copies of the WHITE, YELLOW and GREEN Application Forms, the written consents referred to in the section headed “Other information — Consents” in Appendix IX to this prospectus, copies of material contracts referred to in the section headed “Further information about our business — Summary of material contracts” in Appendix IX to this prospectus.

### **DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection at the offices of Reed Smith Richards Butler at 20th Floor, Alexandra House, 18 Chater Road, Central, Hong Kong during normal business hours up to and including the date which is 14 days from the date of this prospectus:

- (a) the Articles;
- (b) the accountants’ report prepared by Ernst & Young, the text of which is set out in Appendix I to this prospectus;
- (c) the letter prepared by Ernst & Young relating to the unaudited pro forma financial information, the text of which is set out in Appendix II to this prospectus;
- (d) the letters prepared by Ernst & Young and China International Capital Corporation Hong Kong Securities Limited and HSBC Corporate Finance (Hong Kong) Limited in respect of the profit forecast for the year ended December 31, 2014, the text of which is set out in Appendix III to this prospectus;
- (e) the property valuation report issued by DTZ Debenham Tie Leung Limited, the summary of which is set out in Appendix IV to this prospectus;
- (f) the market report prepared by DTZ Debenham Tie Leung Limited set out in Appendix V to this prospectus;
- (g) the letter of advice prepared by Tian Yuan Law Firm confirming that, the summary of the relevant PRC laws and principal regulatory provisions set out in Appendix VII is correct summary of the relevant PRC laws and regulatory provisions;
- (h) the material contracts referred to in the section headed “Further information about our business — Summary of material contracts” in Appendix IX to this prospectus;
- (i) the written consents referred to in the section headed “Other information — Consents” in Appendix IX to this prospectus;
- (j) the service contracts referred to in the section headed “Further information about directors, supervisors, chief executive and substantial shareholders — Service Contracts” in Appendix IX to this prospectus;



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**APPENDIX X    DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES  
IN HONG KONG AND AVAILABLE FOR INSPECTION**

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- (k) the legal opinions issued by Tian Yuan Law Firm, our legal advisor as to PRC law, in respect of certain aspects of our Group and the property interests; and
- (l) copies of the PRC Company Law, the Mandatory Provisions and the Special Regulations together with their unofficial English translations.



**大连万达商业地产股份有限公司**  
DALIAN WANDA COMMERCIAL PROPERTIES CO., LTD.