

WANDA COMMERCIAL PROPERTIES (GROUP) CO., LIMITED

萬達商業地產（集團）有限公司

(Incorporated in Bermuda with limited liability)

Stock Code: 169



CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Director

Mr. Liu Chaohui

Non-executive Directors

Mr. Ding Benxi (*Chairman*)

Mr. Qi Jie

Mr. Qu Dejun

Mr. Chen Chang Wei

Independent Non-executive Directors

Mr. Liu Jipeng

Mr. Xue Yunkui

Mr. Zhang Huaqiao

(appointed on 1 September 2014)

Mr. Ba Shusong

(resigned on 20 May 2014)

AUDIT COMMITTEE

Mr. Xue Yunkui (*Chairman*)

Mr. Qi Jie

Mr. Zhang Huaqiao

(appointed on 1 September 2014)

Mr. Ba Shusong

(resigned on 20 May 2014)

REMUNERATION COMMITTEE

Mr. Liu Jipeng (*Chairman*)

Mr. Qi Jie

Mr. Zhang Huaqiao

(appointed on 1 September 2014)

Mr. Ba Shusong

(resigned on 20 May 2014)

NOMINATION COMMITTEE

Mr. Ding Benxi (*Chairman*)

Mr. Liu Jipeng

Mr. Xue Yunkui

COMPANY SECRETARY

Ms. Hui Wai Man, Shirley

DEPUTY CHIEF FINANCIAL OFFICER

Ms. Wu Weilan

PRINCIPAL BANKERS

Bank of China

China Construction Bank

China Merchants Bank Co., Ltd.

Hang Seng Bank Limited

The Hongkong and Shanghai Banking Corporation

AUDITORS

Ernst & Young, Certified Public Accountants

REGISTERED OFFICE

Canon's Court

22 Victoria Street

Hamilton HM12

Bermuda

PRINCIPAL OFFICE IN HONG KONG

Unit 3007, 30th Floor

Two Exchange Square, 8 Connaught Place
Central

Hong Kong

COMPANY'S WEBSITE

www.wanda-cp.com.hk

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

MUFG Fund Services (Bermuda) Limited

The Belvedere Building

69 Pitts Bay Road

Pembroke HM08, Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Standard Limited

Level 22, Hopewell Centre

183 Queen's Road East

Hong Kong

STOCK CODE

169

FINANCIAL HIGHLIGHTS

	Six months ended 30 June		
	2014 HK\$'000	2013 HK\$'000 (Restated)	Change %
Revenue	88,728	1,146,089	-92.3
Net valuation (loss)/gain on investment properties	(148,376)	3,783	-4,022.2
(Loss)/profit from operations	(84,537)	431,980	-119.6
(Loss)/profit for the period	(74,948)	211,520	-135.4
(Loss)/profit attributable to owners of the parent	(57,803)	204,288	-128.3
(Loss)/earnings per share attributable to ordinary equity holders of the parent (HK cents)			
– Basic	(1.6)	8.5	-118.8
– Diluted	(1.3)	2.3	-156.5

MANAGEMENT DISCUSSION AND ANALYSIS

INTERIM RESULTS

The board of directors (the “Board”) presents to the shareholders of Wanda Commercial Properties (Group) Co., Limited (the “Company”) the interim financial report of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 June 2014 together with the comparative figures on pages 22 to 54. The interim financial report for the period ended 30 June 2014 is unaudited, but has been reviewed by Ernst & Young, in accordance with Hong Kong Standard on Review Engagements 2410 “Review of interim financial information performed by the independent auditor of the entity”, issued by the Hong Kong Institute of Certified Public Accountants, whose unmodified review report is included in this interim report. The interim financial report has been reviewed by the Audit Committee.

BUSINESS REVIEW

Hengli City, Fuzhou, PRC

During the six months ended 30 June 2014, Hengli City, a residential, office and retail complex located in Fuzhou, PRC, contributed nearly all the revenue to the Group. Revenue of approximately HK\$26.7 million and HK\$53.6 million was recorded from the sales of residential and car park units and leasing of retail property respectively in relation to Hengli City.

London Project, UK

The Group completed the acquisition of the property at 1 Nine Elms Lane, London SW8 5NQ, the United Kingdom in 2013. The demolition and relocation work has also commenced in February 2014. After considering the market conditions, the Group adjusted the design proposal of the project, which entails the removal of office space and an increase in the proposed hotel space to be operated under Wanda’s brands. The new design proposal has been approved by the regulatory authorities on 26 August 2014, and the project is expected to be developed into a complex comprising residential, hotel and retail portions. The Company believes that the new design proposal not only is more in line with the market demand, but also better reflects the business direction of “establishing the Group as a platform for the investment and operation of hotels under Wanda’s brands in overseas markets” (further details are set out in the circular of the Company dated 26 August 2014). The Group will continue to develop the project.

Wanda Plaza, Guilin, PRC

On 27 February 2014, the Company announced its intention to form a joint venture with Wanda Commercial Properties Development (HK) Co., Limited (“Wanda HK”), in which the Company holds 51% and Wanda HK holds 49%, for the acquisition and development of a piece of state-owned land in Guilin, Guangxi Zhuang Autonomous Region, the PRC. The land will be developed into a “Wanda Plaza” which comprises commercial and residential properties (further details are set out in the circular of the Company dated 17 March 2014). The joint venture agreement was approved by the independent shareholders on 3 April 2014. The pre-sale of Wanda Plaza has commenced at the end of July, 2014 and it is expected that the development of this project will be completed in the third quarter of 2015.

Joint Venture Platform in Continental Europe and Madrid Project, Spain

On 4 June 2014, the Company announced its intention to form a joint venture with Wanda HK, in which the Company holds 60% and Wanda HK holds 40%, for the acquisition and development of real property projects in Continental Europe and the Madrid Project, Spain (further details are set out in the circular of the Company dated 25 June 2014). The relevant joint venture agreements were approved by the independent shareholders on 17 July 2014 and the acquisition of the Madrid Project was completed. Subject to obtaining all the requisite planning approvals by the end of 2015 and construction work and pre-sale of the Madrid Project commencing thereafter, the development of this project is expected to be completed by the end of 2019.

Joint Venture Platform in the Americas and Chicago Project, America

On 8 July 2014, the Company announced its intention to form a joint venture with Wanda HK, in which the Company holds 60% and Wanda HK holds 40%, for the acquisition and development of real property projects in the Americas and the Chicago Project (further details are set out in the circular of the Company dated 31 July 2014). The relevant joint venture agreements were approved by the independent shareholders on 15 August 2014. It is estimated that the relevant zoning approvals for the Chicago Project will be obtained by January 2016 and pre-sale shall commence thereafter. Assuming that all the planning approvals and permits are obtained by March 2016, it is estimated that construction work for the Chicago Project will commence around October 2016 and be completed around September 2018.

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

On 11 August 2014, the Company announced its intention to form a joint venture with Wanda HK, in which the Company holds 60% and Wanda HK holds 40%, for the acquisition and development of real property projects in Australia and the Gold Coast Jewel Project (further details are set out in the announcement of the Company dated 11 August 2014). The circular in respect of the project is expected to be despatched to the shareholders on or before 31 October 2014.

Memorandum of Understanding and Proposed Change of Company Name

On 25 August 2014, the Company, Dalian Wanda Commercial Properties Co., Ltd. (“DWCP”) and Wanda HK, both controlling Shareholders of the Company, entered into the memorandum of understanding in which the parties have expressed their intention to establish the Group as a platform for the investment and operation of hotels under Wanda’s brands in overseas markets. DWCP and Wanda HK both expressed their continued support to the Group for the aforesaid business direction. Accordingly, the Board proposes to change the name of the Company from “Wanda Commercial Properties (Group) Co., Limited” to “Wanda Hotel Development Company Limited” and adopt the Chinese name “万达酒店发展有限公司” as its secondary name to replace the existing Chinese name “万达商业地产(集团)有限公司” (further details are set out in the circular of the Company dated 26 August 2014). The resolution was approved by the shareholders on 18 September 2014, and the relevant filing with the Registrar of Companies in Bermuda has been made.

FINANCIAL REVIEW

Revenue and results

The Group’s revenue for the six months ended 30 June 2014 was approximately HK\$88.7 million. Compared to the revenue of HK\$1,146 million for the same period in 2013, the decrease was mainly due to i) the disposal of a subsidiary in June 2013, which generated revenue of approximately HK\$875.5 million for the six months ended 30 June 2013; ii) a decline in revenue from the sales of property in Fuzhou of approximately HK\$188.7 million due to a show down of the property sales market in Fuzhou. Revenue of HK\$26.7 million, HK\$53.6 million and HK\$8.4 million was derived from the sales of developed properties, property leasing and property management service for the six months ended 30 June 2014 respectively.

The Group's unaudited loss attributable to the equity shareholders of the Company was approximately HK\$57.8 million (six months ended 30 June 2013: profit of HK\$204.3 million). The decrease was mainly due to i) a net valuation loss on investment properties of approximately HK\$148.4 million for the six months ended 30 June 2014 as compared to a net valuation gain of approximately HK\$3.8 million for the six months ended 30 June 2013. The decline in fair value of the Group's investment properties was mainly due to intensifying competition in commercial properties in the central business area of Fuzhou. ii) a decrease in gross profit of HK\$404.2 million due to the decrease in revenue from the sales of properties, which was partly set off by: iii) a decrease in income tax of approximately HK\$206.7 million, iv) an increase in other net income of approximately HK\$30.6 million, and v) a decrease in finance cost of HK\$23.4 million.

Net assets and equity attributable to equity shareholders

As at 30 June 2014, the Group recorded total assets and total liabilities of approximately HK\$8,544.1 million and HK\$4,872.6 million respectively. The Group had net assets of approximately HK\$3,671.5 million as at 30 June 2014 as compared to approximately HK\$1,346.3 million as at 31 December 2013. As at 30 June 2014, the equity attributable to equity shareholders of the Company was approximately HK\$2,913.9 million as compared to HK\$540.5 million as at 31 December 2013.

Liquidity and financial ratios

The Group had total cash and bank balances of approximately HK\$2,820.8 million as at 30 June 2014 as compared with HK\$191.7 million as at 31 December 2013. About 61% and 35% of the cash and bank balances were denominated in Hong Kong Dollars ("HK\$") and Renminbi ("RMB") respectively. The remaining 4% was denominated in Great British Pound ("GBP") and US Dollar ("USD").

As at 30 June 2014, the current ratio, which is the quotient arrived at by dividing current assets by current liabilities, was 1.98 as compared with 1.15 as at 31 December 2013. As at 30 June 2014, the Group had interest bearing debts of approximately HK\$2,074.4 million, which was less than the Group's total bank and cash balances of HK\$2,820.8 million. The Group was in a net cash position as at 30 June 2014, as compared to a gearing ratio of 54.9% as at 31 December 2013. The gearing ratio is the quotient arrived at by dividing net interest bearing debts by the aggregate of net interest bearing debts and total equity.

Borrowings and financial resources

The Group had interest-bearing borrowings from financial institutions of approximately HK\$363.4 million as at 30 June 2014 (31 December 2013: HK\$137.0 million), representing an increase of approximately 165.3% over the amount as at 31 December 2013. These borrowings were denominated in RMB and HK\$. Approximately 33% of these borrowings is repayable within one year. The rest represented bank loans of HK\$243.5 million which are repayable after one year.

The Group had interest-bearing borrowings from related parties of approximately HK\$225 million as at 30 June 2014 (31 December 2013: HK\$256.3 million). These borrowings were denominated in RMB and were repayable within one year.

The Group had interest-bearing borrowings from intermediate holding company of approximately HK\$1,241.9 million as at 30 June 2014 (31 December 2013: HK\$1,202.6 million). These borrowings were denominated in GBP and were repayable in year 2016. The Group also had non-interest-bearing borrowings from intermediate holding company of approximately HK\$683.7 million which were denominated in USD with no fixed maturity.

The Group had aggregate net carrying amount of convertible bonds of approximately HK\$244 million (principal amount of approximately HK\$321.0 million) as at 30 June 2014. On 9 July 2014, all the convertible bonds were converted into shares of the Company and thus the liabilities under the convertible bonds have been satisfied and discharged in full.

As the Group continues to acquire and develop suitable property projects, different funding venues, including debt, bank loan, and/or equity, will be explored. As at 30 June 2014, the Group's authorised commitment for capital expenditure was approximately HK\$9,724.9 million. On 4 June 2014 and on 23 July 2014, the Company entered into a 10-year and a 5-year term loan facilities of up to an aggregate amount of USD162 million and USD160 million with Wanda HK and a bank respectively for the acquisition of property projects and general work capital purpose. Going forward, the Company will continue to seek funding opportunities to support the growth of its business portfolio.

Foreign currency and interest rate exposure

Other than borrowings denominated in HK\$ and USD, the Group had, during the period, conducted its business mainly in RMB, GBP and Euro. The Group was exposed to foreign exchange risk arising from fluctuations in the exchange rate between RMB and HK\$, between GBP and HK\$, and between Euro and HK\$.

During the period, the Group did not use any financial instruments to hedge foreign currency exposure and the Group did not have any hedging instruments outstanding as at 30 June 2014.

During the period, the Group had interest-bearing borrowings from financial institutions, related parties and intermediate holding company. Accordingly, the Group's cost of borrowing was affected by changes in interest rates. As at 30 June 2014, borrowings of HK\$1,605.3 million, being 77.4% of the total interest-bearing borrowings, were on a floating rate basis, of which HK\$1,241.9 million were loans from intermediate holding company. The remaining interest-bearing borrowings of HK\$469.1 million were on fixed interest rate basis. During the period, the Group had monitored the suitability and cost efficiency of hedging instruments and had considered a mix of fixed and floating rate borrowings in order to manage interest rate risks. The Group will prudently consider entering into currency and interest rate hedging arrangements to minimise such exposures if and when appropriate.

PLEDGE OF ASSETS

As at 30 June 2014, the Group pledged certain of its property, plant and equipment, prepaid lease payments, investment properties, inventory and restricted bank deposits to financial institutions in the PRC to secure the loans of approximately HK\$363.4 million and undrawn bank facilities of approximately HK\$873.3 million granted by these financial institutions. The aggregate carrying value of these property, plant and equipment, prepaid lease payments, investment properties, inventory and restricted bank deposits as at 30 June 2014 amounted to approximately HK\$7.1 million, HK\$21.1 million, and HK\$2,269.3 million, HK\$48.8 million and HK\$83.2 million respectively.

CHANGES IN SHARE CAPITAL

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

INVESTMENT

As at 30 June 2014, the Group held its investment in Hengli City, the property located at 1 Nine Elms Lane, London SW8 5NQ, United Kingdom and the property development project located at site P05 at north to Huan Cheng Nan Road No. 1, Guilin, Guangxi Zhuang Autonomous Region, the PRC (中國廣西壯族自治區桂林市環城南一路以北P05地塊). Other than the above, there were no significant investments held by the Group as at 30 June 2014.

CONTINGENT LIABILITIES

As at 30 June 2014, the Group had provided guarantees of approximately HK\$121.4 million to banks in favour of its customers in respect of mortgaged loans provided by the banks to these customers for their purchase of the Group's properties. Each of these guarantees would be released upon receipt by the bank of the real estate ownership certificate for the property from the customer as security for the loan.

MATERIAL ACQUISITION AND DISPOSAL

The Group acquired the property located at site P05 at north to Huan Cheng Nan Road No. 1, Guilin, Guangxi Zhuang Autonomous Region, the PRC (中國廣西壯族自治區桂林市環城南一路以北P05地塊) with a site area of approximately 73,041.1 sq.m. in April 2014. Details of the acquisition are set out in the circular of the Company dated 17 March 2014.

The Group has no material disposal during the six months ended 30 June 2014.

DIRECTORS RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Other than disclosure in note 20 to the financial statements, no director has right to acquire shares or debentures of the Company or its subsidiaries.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2014, the Group had around 270 full time employees, all of whom were based in the PRC, Hong Kong and the United Kingdom.

During the year, the Group remunerated its employees based on their performance, experience and the prevailing market salaries. Performance bonuses were granted on a discretionary basis. Other employee benefits included insurance and medical cover, subsidized educational and training programs.

DIVIDEND

The Directors of the Company did not recommend the payment of an interim dividend for the six months period ended 30 June 2014 (six months ended 30 June 2013: Nil).

OUTLOOK

Looking forward, the Group believes that as the global economy continues to recover, there will be attractive investment and development opportunities in the commercial real estate sector in certain overseas countries and regions. Through establishing joint venture platforms within various regions with the controlling shareholder for the overseas hotel development business as contemplated under the Memorandum of Understanding entered into on 25 August 2014, it will provide a more responsive structure for the Group to capture such windows of investment opportunities as they arise in those countries and regions. With supports from Parent Co., DWCP, the Group will continue to focus on international gateway cities which attract large tourism and business travel and a growing trend of international tourists, and actively participate in the development and operation of mixed-use property projects with a focus on hotels. The Group plans to retain the commercial component and hotel as investment whereas the residential component will be sold if market conditions are favourable, and to have the hotel operated under Wanda's brands (the existing brands include but are not limited to Wanda Vista, Wanda Reign and Wanda Realm). The Company expects that the hotel development business of the Group will grow over the years and become an important part of the Group's operating activities. The Group will continue to be prudent and focus on developing financing channels, actively seeking outstanding and profitable investment opportunities that are in line with the Group's development strategy, steadily developing property projects together with DWCP according to the afore-mentioned strategy, and thereby further expand our sources of revenue, enhance our profitability, and seek to maximize the interests of our shareholders.

OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2014, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV to the SFO) which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and chief executive of the Company were taken or deemed to have under such provisions of SFO); or have been entered in the register maintained by the Company pursuant to Section 352 of the SFO; or have been notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") were as follows:

Interests in the shares and underlying shares of the Company

Name of Director	Long position/ short position	Capacity/Nature of interest	Interest in shares and underlying shares of the Company	Approximate percentage of the issued share capital of the Company
Mr. Chen Chang Wei ("Mr. Chen")	Long	Beneficial owner and held by controlled corporation (Note 1)	297,460,230	8.01%
	Long	Interest of spouse (Notes 1 and 2)	12,346,000	0.33%
	Long	Beneficial owner (Note 3)	294,478,527	7.93%
	Long	Interest of spouse (Notes 2 and 4)	15,337,423	0.41%

Interests in convertible bonds

Name of Director	Long position/short position	Capacity/Nature of interest	Amount of convertible bonds (HK\$)
Mr. Chen Chang Wei	Long	Beneficial owner (Note 3)	96,000,000
	Long	Interest of spouse (Notes 2 and 4)	5,000,000

Interests in shares of DWCP (Note 5)

Name of Director	Long position/short position	Capacity/Nature of interest	Interest in Shares of DWCP	Approximate percentage of the issued share capital of DWCP
Mr. Ding Benxi	Long	Beneficial owner	50,000,000	1.34%
Mr. Qi Jie	Long	Beneficial owner	6,000,000	0.16%
Mr. Qu Dejun	Long	Beneficial owner	6,000,000	0.16%
Mr. Liu Chaohui	Long	Beneficial owner	1,600,000	0.04%

Interest in shares of Amazing Wise Limited (Note 6)

Name of Director	Long position/short position	Capacity/Nature of interest	Interest in Shares of Amazing Wise Limited	Approximate percentage of the issued share capital of Amazing Wise Limited
Mr. Chen Chang Wei	Long	Held by controlled corporation (Note 7)	47	47%

Notes:

- (1) As at 30 June 2014, Mr. Chen was deemed to have a long position of 309,806,230 Shares, of which (i) 19,362,200 Shares were beneficially and legally owned by him, (ii) 204,237,800 Shares were held on trust for him by Ever Good Luck Limited ("Ever Good"), (iii) 73,860,230 Shares were beneficially owned by Ever Good, and (iv) 12,346,000 Shares were held by his spouse, Ms. Chan Sheung Ni, as beneficial owner.
- (2) Ms. Chan Sheung Ni is the spouse of Mr. Chen.
- (3) This represents Mr. Chen's interest in underlying shares of the Company by virtue of the convertible bonds held by him. As at 30 June 2014, Mr. Chen held convertible bonds of an outstanding principal amount of HK\$96,000,000 which were convertible into Shares at the price of HK\$0.326 per Share.
- (4) This represents Mr. Chen's deemed interest in underlying shares of the Company by virtue of the convertible bonds held by his spouse, Ms. Chan Sheung Ni. As at 30 June 2014, Ms. Chan Sheung Ni held convertible bonds of an outstanding principal amount of HK\$5,000,000 which were convertible into Shares at the price of HK\$0.326 per Share.
- (5) DWCP, being an indirect holding company of the Company, is an associated company of the Company under Part XV of the SFO.
- (6) Amazing Wise Limited, being a subsidiary of the Company, is an associated company of the Company under Part XV of the SFO.
- (7) As at the Latest Practicable Date, the 47 shares in Amazing Wise Limited was held by Zhizun Holdings Limited, which was wholly owned by Mr. Chen.

Save as disclosed above, as at 30 June 2014, none of the Directors and chief executive of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and chief executive of the Company were taken or deemed to have under such provisions of the SFO); or which have been entered in the register maintained by the Company pursuant to Section 352 of the SFO; or which have been notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2014, so far as was known to the Company, the following persons (other than the Directors and chief executive of the Company) had interests or short positions in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or were, 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 any member of the Group were as follows:

Name	Long position/ short position	Capacity/Nature of interest	Interest in shares and underlying shares of the Company	Approximate percentage of the issued share capital of the Company
Wanda Commercial Properties Overseas Limited (“Wanda Overseas”)	Long	Beneficial owner	2,413,938,806	65.02%
	Long	Beneficial owner (Note 1)	641,104,294	17.27%
Wanda Real Estate Investments Limited* (萬達地產投資有限公司)	Long	Interest in controlled corporation (Note 2)	2,413,938,806	65.02%
	Long	Interest in controlled corporation (Note 2)	641,104,294	17.27%
Wanda HK	Long	Interest in controlled corporation (Note 3)	2,413,938,806	65.02%
	Long	Interest in controlled corporation (Note 3)	641,104,294	17.27%

Name	Long position/ short position	Capacity/Nature of interest	Interest in shares and underlying shares of the Company	Approximate percentage of the issued share capital of the Company
DWCP	Long	Interest in controlled corporation (Note 4)	2,413,938,806	65.02%
	Long	Interest in controlled corporation (Note 4)	641,104,294	17.27%
Dalian Wanda	Long	Interest in controlled corporation (Note 5)	2,413,938,806	65.02%
	Long	Interest in controlled corporation (Note 5)	641,104,294	17.27%
Dalian Hexing	Long	Interest in controlled corporation (Note 6)	2,413,938,806	65.02%
	Long	Interest in controlled corporation (Note 6)	641,104,294	17.27%
Mr. Wang Jianlin	Long	Interest in controlled corporation (Note 7)	2,413,938,806	65.02%

Name	Long position/ short position	Capacity/Nature of interest	Interest in shares and underlying shares of the Company	Approximate percentage of the issued share capital of the Company
	Long	Interest in controlled corporation (Note 7)	641,104,294	17.27%
Ms. Chan Sheung Ni	Long	Beneficial owner	12,346,000	0.33%
	Long	Interest of spouse (Note 8)	297,460,230	8.01%
	Long	Interest of spouse (Note 11)	294,478,527	7.93%
	Long	Beneficial owner (Note 10)	15,337,423	0.41%
Ever Good Luck Limited (Note 9)	Long	Beneficial owner	73,860,230	1.99%
	Long	Trustee	204,237,800	5.50%

Notes:

- (1) This represents Wanda Overseas' interest in underlying shares of the Company by virtue of the convertible bonds held by Wanda Overseas. As at 30 June 2014, Wanda Overseas held convertible bonds of an outstanding principal amount of HK\$209,000,000 which were convertible into Shares at the price of HK\$0.326 per Share.
- (2) Wanda Real Estate Investments Limited* (萬達地產投資有限公司) holds more than one-third of the issued shares of Wanda Overseas and is therefore deemed to have an interest in the shares and underlying shares of the Company in which Wanda Overseas is interested.
- (3) Wanda HK holds more than one-third of the issued shares of Wanda Real Estate Investments Limited* (萬達地產投資有限公司) and is therefore deemed to have an interest in the shares and underlying shares of the Company in which Wanda Real Estate Investments Limited* (萬達地產投資有限公司) is deemed to be interested.

- (4) DWCP holds more than one-third of the issued shares of Wanda HK and is therefore deemed to have an interest in the shares and underlying shares of the Company in which Wanda HK is deemed to be interested. Mr. Ding Benxi, being a non-executive Director and the chairman of the Board, is the chairman of DWCP. Mr. Qi Jie, being a non-executive Director, is a director and the president of DWCP. Mr. Qu Dejun, being a non-executive Director, is a director and a senior vice president of DWCP. Mr. Liu Jipeng and Mr. Xue Yunkui, each being an independent non-executive Director, are independent directors of DWCP.
- (5) Dalian Wanda holds more than one-third of the issued shares of DWCP and is therefore deemed to have an interest in the shares and underlying shares of the Company in which DWCP is deemed to be interested. Mr. Ding Benxi, being a non-executive Director and the chairman of the Board, is an executive director and the president of Dalian Wanda. Mr. Liu Chaohui, being an executive Director, is a senior assistant to the president and a general manager of the investment management centre in Dalian Wanda.
- (6) Dalian Hexing holds more than one-third of the issued shares of Dalian Wanda and is therefore deemed to have an interest in the shares and underlying shares of the Company in which Dalian Wanda is deemed to be interested.
- (7) Mr. Wang Jianlin holds more than one-third of the issued shares of Dalian Hexing and is therefore deemed to have an interest in the shares and underlying shares of the Company in which Dalian Hexing is deemed to be interested.
- (8) Ms. Chan Sheung Ni is the spouse of Mr. Chen. Ms. Chan Sheung Ni is therefore deemed to have an interest in the shares of the Company in which Mr. Chen is interested.
- (9) The entire issued share capital of Ever Good Luck Limited is ultimately owned by Mr. Chen and Mr. Chen is the sole director of Ever Good Luck Limited. See note (1) in the section headed "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures".
- (10) This represents Ms. Chan Sheung Ni's interest in underlying shares of the Company by virtue of the convertible bonds held by her. As at 30 June 2014, Ms. Chan Sheung Ni held convertible bonds of an outstanding principal amount of HK\$5,000,000 which were convertible into Shares at the price of HK\$0.326 per Share.
- (11) This represents Ms. Chan Sheung Ni's interest in underlying shares of the Company by virtue of the convertible bonds held by her spouse, Mr. Chen. As at 30 June 2014, Mr. Chen held convertible bonds of an outstanding principal amount of HK\$96,000,000 which were convertible into Shares at the price of HK\$0.326 per Share.

** For identification purposes only.*

SHARE OPTIONS SCHEME

The Company's share option scheme (the "Scheme"), was adopted pursuant to a resolution passed on 15 May 2002 for the primary purpose of providing incentives to Directors and eligible employees. The scheme period of the Scheme is ten years commencing on the adoption date. As such, the Scheme has already expired.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the six months ended 30 June 2014, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

AUDIT COMMITTEE

The Company has established the Audit Committee with written terms of reference in accordance with the requirements of the Code for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls. The Audit Committee comprised three independent non-executive Directors, Mr. Xue Yunkui, Mr. Qi Jie and Mr. Ba Shusong (resigned as an independent non-executive Director, member of the Auditor Committee and the Remuneration Committee on 20 May 2014). Mr. Zhang Huaqiao was appointed as an independent non-executive director, a member of the audit committee and the remuneration committee of the Company with effect from 1 September 2014.

The Audit Committee meets regularly with the Company's senior management and the Company's auditors to consider the Company's financial reporting process, the effectiveness of internal controls, the audit process and risk management.

The interim financial report for the period ended 30 June 2014 is unaudited, but has been reviewed by Ernst & Young, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of interim financial information performed by the independent auditor of the entity", issued by the Hong Kong Institute of Certified Public Accountants, whose unmodified review report is included in the interim report to be sent to shareholders. The interim financial report has been reviewed by the Audit Committee.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) set out in Appendix 10 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “Listing Rules”) as its own code of conduct regarding securities transactions by the Directors. Following specific enquiry by the Company, all Directors have confirmed that they have complied with the required standard as set out in the Model code during the six months ended 30 June 2014.

CORPORATE GOVERNANCE

The Company has complied with the Corporate Governance Code (the “Code”) as contained in Appendix 14 of the Listing Rules, except for the deviations from Code Provision A.6.7. Code Provision A.6.7 stipulates that independent non-executive directors should attend general meetings. Due to other business engagements, not all independent non-executive Directors attended the annual general meeting and special general meeting of the Company.

The resignation of Mr. Ba Shusong, an independent non-executive Director, on 20 May 2014, results in the Company’s non-compliance with Rules 3.10(1), 3.10A, 3.21 and 3.25 of the Listing Rules. The Company took active steps to identify a suitable candidate to fill the abovementioned vacancy. On 29 August 2014, the Board of directors of the Company announced that Mr. Zhang Huaqiao (“Mr. Zhang”) has been appointed as an independent non-executive director of the Company (“Director”), a member of the audit committee and the remuneration committee of the Company with effect from 1 September 2014.

By Order of the Board

Ding Benxi

Chairman

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



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

安永會計師事務所
香港中環天馬艦1號
中信大廈22樓

Tel 電話: +852 2846 9888
Fax 傳真: +852 2868 4432
ey.com

To the board of directors of Wanda Commercial Properties (Group) Co., Limited

(Incorporated in Bermuda with limited liability)

INTRODUCTION

We have reviewed the interim condensed consolidated financial information set out on pages 22 to 54 which comprise the condensed consolidated statement of financial position of Wanda Commercial Properties (Group) Co., Limited (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”) as at 30 June 2014 and the related condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended and explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standards 34 Interim Financial Reporting (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants.

The directors of the Company are responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *“Review of Interim Financial Information Performed by the Independent Auditor of the Entity”* issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial information is not prepared, in all material respects, in accordance with HKAS 34.

Ernst & Young

Certified Public Accountants

Hong Kong

25 August 2014

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the six months ended 30 June 2014-unaudited
(Expressed in Hong Kong dollars)

	Note	Six months ended 30 June	
		2014 \$'000	2013 \$'000 (Restated)
Revenue	4	88,728	1,146,089
Cost of sales		(19,065)	(672,265)
Gross profit		69,663	473,824
Other revenue	5	3,493	7,977
Other net income/(loss)	5	28,822	(1,782)
Net valuation (loss)/gain on investment properties	12	(148,376)	3,783
Selling expenses		(4,610)	(3,786)
Administrative expenses		(42,048)	(35,930)
Gain on redemption of convertible bonds		—	39,370
Gain on revaluation and cancellation of convertible bonds redemption options	6	11,050	32,535
Net loss on disposal of subsidiaries		—	(45,326)
Impairment loss on goodwill	13	(2,531)	(38,685)
(Loss)/profit from operations		(84,537)	431,980
Finance costs	8	(36,702)	(60,092)
(Loss)/profit before tax	7	(121,239)	371,888
Income tax	9	46,291	(160,368)
(Loss)/profit for the period		(74,948)	211,520
Attributable to:			
Owners of the parent		(57,803)	204,288
Non-controlling interests		(17,145)	7,232
		(74,948)	211,520
(Loss)/earnings per share attributable to ordinary equity holders of the parent (HK cents)	10		
Basic		(1.6)	8.5
Diluted		(1.3)	2.3

The notes on pages 28 to 54 form part of this interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(continued)

for the six months ended 30 June 2014-unaudited

(Expressed in Hong Kong dollars)

	Six months ended 30 June	
	2014 \$'000	2013 \$'000 (Restated)
(Loss)/profit for the period	(74,948)	211,520
Other comprehensive income		
Exchange reserve realised on disposal of subsidiaries	—	(26,927)
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of the financial statements of foreign subsidiaries	(50,225)	32,706
Other comprehensive income, net of tax	(50,225)	5,779
Total comprehensive income, net of tax	(125,173)	217,299
Attributable to:		
Owners of the parent	(76,953)	206,719
Non-controlling interests	(48,220)	10,580
	(125,173)	217,299

The notes on pages 28 to 54 form part of this interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30 June 2014-unaudited

(Expressed in Hong Kong dollars)

	Note	30 June 2014 \$'000	31 December 2013 \$'000
NON-CURRENT ASSETS			
Property, plant and equipment	11	65,197	12,860
Freehold land		331,559	321,121
Construction in progress		31,278	—
Investment properties	12	2,723,427	2,734,384
Prepaid lease payments		21,121	21,476
Goodwill	13	28,026	30,557
Deferred tax assets		60,950	52,318
Total non-current assets		3,261,558	3,172,716
CURRENT ASSETS			
Properties for sales	14	1,593,066	1,314,138
Trade and other receivables	15	784,685	73,549
Prepaid tax		2,942	—
Derivative financial instruments	20	81,060	70,010
Restricted bank deposits	16	83,208	85,303
Cash and cash equivalents	16	2,737,570	106,436
Total current assets		5,282,531	1,649,436
CURRENT LIABILITIES			
Trade and other payables	17	1,122,244	594,398
Receipts in advance		62,428	47,435
Loans from financial institutions	18	119,916	81,967
Loans from related parties	19	225,026	256,268
Loans from intermediate holding company	19	683,682	—
Current taxation		455,545	450,910
Total current liabilities		2,668,841	1,430,978
NET CURRENT ASSETS		2,613,690	218,458
TOTAL ASSETS LESS CURRENT LIABILITIES		5,875,248	3,391,174

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

at 30 June 2014-unaudited

(Expressed in Hong Kong dollars)

	Note	30 June 2014 \$'000	31 December 2013 \$'000
NON-CURRENT LIABILITIES			
Convertible bonds	20	244,044	234,906
Loans from financial institutions	18	243,512	54,993
Loans from intermediate holding company	19	1,241,900	1,202,634
Deferred tax liabilities		474,328	552,324
Total non-current liabilities		2,203,784	2,044,857
Net assets		3,671,464	1,346,317
EQUITY			
Equity attributable to owners of the parent			
Share capital	21	371,268	285,591
Retained earnings		214,229	272,032
Other reserves		2,328,369	(17,124)
		2,913,866	540,499
Non-controlling interests		757,598	805,818
Total equity		3,671,464	1,346,317

The notes on pages 28 to 54 form part of this interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 June 2014-unaudited

(Expressed in Hong Kong dollars)

	Attributable to owners of the parent										Total equity \$'000	
	Share capital \$'000	Share premium \$'000	Capital reserve \$'000	Special reserve \$'000	Exchange reserve \$'000	Statutory reserve \$'000	Convertible		Retained earnings \$'000	Total \$'000		Non-controlling interest \$'000
							Bond reserve \$'000					
As at												
1 January 2014	285,591	51,037	60,264	53,544	363,111	60,579	(605,659)	272,032	540,499	805,818	1,346,317	
Loss for the period	-	-	-	-	-	-	-	(57,803)	(57,803)	(17,145)	(74,948)	
Other comprehensive income	-	-	-	-	(19,150)	-	-	-	(19,150)	(31,075)	(50,225)	
Total comprehensive income for the period	-	-	-	-	(19,150)	-	-	(57,803)	(76,953)	(48,220)	(125,173)	
Issue of share capital	85,677	2,364,643	-	-	-	-	-	-	2,450,320	-	2,450,320	
As at 30 June 2014	371,268	2,415,680	60,264	53,544	343,961	60,579	(605,659)	214,229	2,913,866	757,598	3,671,464	
As at 1 January 2013 (Restated)	235,292	-	60,264	44,134	349,197	57,588	(167,213)	84,144	663,406	127,734	791,140	
Profit for the period	-	-	-	-	-	-	-	204,288	204,288	7,232	211,520	
Other comprehensive income	-	-	-	-	2,431	-	-	-	2,431	3,348	5,779	
Total comprehensive income for the period	-	-	-	-	2,431	-	-	204,288	206,719	10,580	217,299	
Convertible bonds converted	50,299	51,037	-	-	-	-	(9,787)	-	91,549	-	91,549	
Convertible bonds redeemed	-	-	-	-	-	-	(428,659)	-	(428,659)	-	(428,659)	
Partial disposal of a subsidiary	-	-	-	9,410	-	-	-	-	9,410	578,401	587,811	
Disposal of subsidiaries	-	-	-	-	-	(8,551)	-	8,551	-	(37,340)	(37,340)	
As at 30 June 2013 (Restated)	285,591	51,037	60,264	53,544	351,628	49,037	(605,659)	296,983	542,425	679,375	1,221,800	

The notes on pages 28 to 54 form part of this interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

for the six months ended 30 June 2014-unaudited
(Expressed in Hong Kong dollars)

	Six months ended 30 June	
	2014 \$'000	2013 \$'000
Operating activities		
Cash used in operations	(295,051)	(39,075)
PRC tax paid	(3,824)	(186,853)
Net cash used in operating activities	(298,875)	(225,928)
Investing activities		
Payment for the purchase of property, plant and equipment	(55,238)	(1,285)
Expenditure on investment properties	(172,870)	—
Expenditure on construction in progress	(21,871)	—
Disposal of subsidiaries net of cash disposed of	—	(372,560)
Interest received	3,493	—
Decrease/(increase) in restricted bank deposits	2,095	(20,271)
Net cash used in investing activities	(244,391)	(394,116)
Financing activities		
Proceeds from issue capital	2,450,320	—
Proceeds from new loans from financial institutions	242,010	441,106
Proceeds from loans from intermediate holding company	683,682	—
Repayment of loans from financial institutions	(13,972)	(51,107)
Repayment of loans from related parties	(24,950)	(27,719)
Interest paid	(157,505)	(3,694)
Repayment of advance from lessee	—	(124,360)
Repayment of amount due to a director	—	(58,000)
Net cash generated from financing activities	3,179,585	176,226
Net increase/(decrease) in cash and cash equivalents	2,636,319	(443,818)
Cash and cash equivalents at 1 January	106,436	476,641
Effect of foreign exchange rate changes	(5,185)	7,225
Cash and cash equivalents at 30 June	2,737,570	40,048

The notes on pages 28 to 54 form part of this interim financial report.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

1. BASIS OF PREPARATION

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, and Hong Kong Accounting Standard (“HKAS”) 34, *Interim Financial Reporting*, issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). It was approved by the Board of Directors and authorized for issue on 25 August 2014.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2013 annual financial statements, except for the changes in accounting policies that are expected to be reflected in the 2014 annual financial statements. Details of these changes in accounting policies are set out in note 2(i).

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2013 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with HKFRSs.

These financial statements are presented in Hong Kong Dollars (“HK\$”) and all values are rounded to the nearest thousand except when otherwise indicated.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that derivative financial instruments and investment properties are stated at their fair value. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

(i) Adoption of new and amendments to standards

The accounting policies adopted in the preparation of the interim financial statements are consistent with those followed in the preparation of the Group's financial statements for the year ended 31 December 2013, except for the adoption of new standards and interpretations effective as of 1 January 2014.

The Group applied below new standards and amendments for the first time in 2014. However, they do not impact the interim condensed consolidated financial statements of the Group.

HKFRS 10, HKFRS 12 and HKAS 27 Amendments	Amendments to HKFRS 10, HKFRS 12 and HKAS 27 – <i>Investment Entities</i>
HKAS 32 Amendments	Amendments to HKAS 32 <i>Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities</i>
HKAS 36 Amendments	Amendments to HKAS 36 <i>Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets</i>
HKAS 39 Amendments	Amendments to HKAS 39 <i>Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting</i>
HK(IFRIC)-Int 21	<i>Levies</i>

The nature and the impact of each new standard/amendment are described below:

Investment Entities – Amendments to HKFRS 10, HKFRS 12 and HKAS 27

These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under HKFRS 10 Consolidated Financial Statements. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. These amendments have no impact to the Group, since none of the entities in the Group qualifies to be an investment entity under HKFRS 10.

Offsetting Financial Assets and Financial Liabilities – Amendments to HKAS 32

These amendments clarify the meaning of “currently has a legally enforceable right to set-off” and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting. These amendments have no impact on the Group.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

(i) *Adoption of new and amendments to standards (continued)*

Recoverable Amount Disclosures for Non-Financial Assets - Amendments to HKAS 36

These amendments remove the unintended consequences of HKFRS 13 Fair Value Measurement on the disclosures required under HKAS 36 Impairment of Assets. In addition, these amendments require disclosure of the recoverable amounts for the assets or cash-generating units (CGUs) for which an impairment loss has been recognised or reversed during the period. These amendments have no significant impact on the Group.

Novation of Derivatives and Continuation of Hedge Accounting – Amendments to HKAS 39

These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. These amendments have no impact to the Group as the Group has not novated its derivatives during the current or prior periods.

HK(IFRIC) – Interpretation 21 *Levies*

HK(IFRIC)-interpretation 21 is effective for annual periods beginning on or after 1 January 2014 and is applied retrospectively. It is applicable to all levies imposed by governments under legislation, other than outflows that are within the scope of other standards (e.g., HKAS 12 Income Taxes) and fines or other penalties for breaches of legislation.

The interpretation clarifies that an entity recognises a liability for a levy no earlier than when the activity that triggers payment, as identified by the relevant legislation, occurs. It also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, no liability is recognized before the specified minimum threshold is reached. The interpretation requires these same principles to be applied in interim financial information. These amendments have no impact on the Group.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

(iii) *Change in accounting policy on buildings held for own use in 2013*

As disclosed in the Company's 2013 annual report, prior to the change of controlling shareholder in June 2013, buildings held for own use of the Group are stated in the statement of financial position at their revalued amounts, being fair values at the date of the revaluation less any subsequent accumulated depreciation. In order to align with the accounting policies of the ultimate controlling party of the Group after the change of controlling shareholder in June 2013, the Group changed the accounting policy on buildings held for own use. In accordance with the new policy adopted by the Group, buildings held for own use are stated in the statement of financial position at cost less accumulated depreciation and impairment losses.

This change in accounting policy has been applied retrospectively by restating the balance as at 31 December 2012, and consequential adjustments to comparative information for the period ended 30 June 2013 as follows:

	As previously reported \$'000	Effect of change in accounting policy \$'000	As restated \$'000
Consolidated statement of profit or loss and other comprehensive income for the period ended 30 June 2013			
Net loss on disposal of subsidiaries	45,872	(546)	45,326
Profit from operations	431,434	546	431,980
Profit before tax	371,342	546	371,888
Profit for the period	210,974	546	211,520
Other comprehensive income, net of tax	6,504	(725)	5,779
Total comprehensive income, net of tax	217,478	(179)	217,299

Consolidated statement of change in equity for the period ended 30 June 2013

Property revaluation reserve	4,307	(4,307)	—
Retained profits	296,893	90	296,983
Total attributable to owners of the parent	546,642	(4,217)	542,425
Total equity	1,226,017	(4,217)	1,221,800

The changes in accounting policy did not have any material impact on the consolidated statement of profit or loss and other comprehensive income for the six months ended 30 June 2013.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

(iii) Impact of 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 these financial statements.

HKFRS 9	<i>Financial Instruments</i> ⁴
HKFRS 9, HKFRS 7 and HKAS 39 Amendments	<i>Hedge Accounting and amendments to HKFRS 9, HKFRS 7 and HKAS 39</i> ⁴
HKFRS 11 Amendments	<i>Amendments to HKFRS 11 Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations</i> ²
HKFRS 14	<i>Regulatory Deferral Accounts</i> ²
HKFRS 15	<i>Revenue from Contracts with Customers</i> ³
HKAS 16 and HKAS 38 Amendments	<i>Amendments to HKAS 16 and HKAS 38 – Clarification of Acceptable Methods of Depreciation and Amortisation</i> ²
HKAS 16 and HKAS 41 Amendments	<i>Amendments to HKAS 16 and HKAS 41 – Agriculture: Bearer Plants</i> ²
HKAS 19 Amendments	<i>Amendments to HKAS 19 Employee Benefits – Defined Benefit Plans: Employee Contributions</i> ¹
<i>Annual Improvements 2010-2012 Cycle</i>	<i>Amendments to a number of HKFRSs issued in January 2014</i> ¹
<i>Annual Improvements 2011-2013 Cycle</i>	<i>Amendments to a number of HKFRSs issued in January 2014</i> ¹

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 are unlikely to have a significant impact on the Group's results of operations and financial position.

3. SEGMENT REPORTING

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

- The PRC: this segment engages in the development of commercial and residential properties for sales and leasing in China.
- Overseas: this segment engages in the development of property projects overseas.

(i) *Segment results, assets and liabilities*

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all assets of the Group. Segment liabilities include current liabilities, bank borrowings managed directly by the segments and deferred tax liabilities.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

The measure used for reporting segment profit is "Profit before taxation".

	The PRC	Overseas	Total
	\$'000	\$'000	\$'000
<i>For the six months ended</i>			
<i>30 June 2014</i>			
Revenue from external customers	88,728	—	88,728
Reportable segment loss	(84,314)	(16,153)	(100,467)
<i>For the six months ended</i>			
<i>30 June 2013</i>			
Revenue from external customers	1,146,089	—	1,146,089
Reportable segment profit	244,385	—	244,385
<i>As at 30 June 2014</i>			
Reportable segment assets	4,498,831	2,199,874	6,698,705
Reportable segment liabilities	1,782,397	1,990,767	3,773,164
<i>As at 31 December 2013</i>			
Reportable segment assets	3,391,136	1,299,174	4,690,310
Reportable segment liabilities	1,326,939	1,104,363	2,431,302

3. SEGMENT REPORTING (continued)

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

	Six months ended 30 June	
	2014 \$'000	2013 \$'000
Revenue		
Reportable segment and consolidated revenue	88,728	1,146,089
(Loss)/Profit before taxation		
Reportable segment (loss)/profit	(100,467)	244,385
Unallocated head office and corporate results	(20,772)	127,503
Consolidated (loss)/profit before taxation	(121,239)	371,888
	30 June	
	2014 \$'000	31 December 2013 \$'000
Assets		
Reportable segment assets	6,698,705	4,690,310
Unallocated head office and corporate assets	1,845,384	131,842
Consolidated total assets	8,544,089	4,822,152
Liabilities		
Reportable segment liabilities	3,773,164	2,431,302
Unallocated head office and corporate liabilities	1,099,461	1,044,533
Consolidated total liabilities	4,872,625	3,475,835

(iii) *Geographical information*

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

3. SEGMENT REPORTING (continued)

(iii) Geographical information (continued)

	Revenue from external customers six months ended		Specified non-current assets	
	30 June		30 June	31 December
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
The PRC (including Hong Kong)	88,728	1,146,089	2,836,785	2,799,277
Overseas	—	—	363,823	321,121
	88,728	1,146,089	3,200,608	3,120,398

(iv) Information about major customers

The Group had one customer from whom revenue amounted to \$39,567,000, which exceeded 10% of the Group's revenue for the six months ended 30 June 2014. For the six months ended 30 June 2013, the Group had one customer from whom revenue amounted to \$849,501,000, which exceeded 10% of the Group's revenue for that period.

4. REVENUE

Revenue, which is also the Group's turnover, represents income from the sales of properties, property rental income and property management income during the period, net of business tax and other sales related taxes and discounts allowed.

An analysis of revenue is as follows:

	Six months ended 30 June	
	2014 \$'000	2013 \$'000
Revenue		
Sales of properties	26,699	1,090,925
Rental income	53,619	45,139
Property management income	8,410	10,025
	88,728	1,146,089

Included in revenue from sales of properties during the six months ended 30 June 2013 is an amount of \$875,508,000 generated from subsidiaries disposed.

5. OTHER REVENUE AND OTHER NET INCOME/(LOSS)

	Six months ended 30 June	
	2014 \$'000	2013 \$'000
Other revenue		
Bank interest income	3,493	7,977
Other net income/(loss)		
Exchange gain/(loss)	30,295	(8,246)
Forfeiture of deposits from purchasers	—	5,918
Others	(1,473)	546
	28,822	(1,782)

6. GAIN ON REVALUATION AND CANCELLATION OF CONVERTIBLE BONDS REDEMPTION OPTIONS

The amount for the six months ended 30 June 2014 represented gain on revaluation of redemption options in respect of the convertible bonds, and the amount for the six months ended 30 June 2013 included gain on revaluation of redemption options in respect of the convertible bonds, offset by loss arising from the cancellation of the respective redemption options as a result of redemption of the convertible bonds.

7. (LOSS)/PROFIT BEFORE TAXATION

(Loss)/profit before taxation is arrived at after charging/(crediting):

	Six months ended 30 June	
	2014 \$'000	2013 \$'000
Cost of properties sold	12,002	665,332
Amortisation and depreciation	1,613	831
Operating leases charges:		
minimum lease payments on properties	3,715	92

8. FINANCE COSTS

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

	Six months ended 30 June	
	2014 \$'000	2013 \$'000
Interest on loans from financial institutions	6,450	3,694
Interest on convertible bonds (note 20)	9,138	44,631
Interest on loans from related parties and intermediate holding company repayable within five years	55,051	19,814
Others	24	1,687
	70,663	69,826
Less: Interest expenses capitalised into properties under development and construction in progress	(33,961)	(9,734)
	36,702	60,092

9. INCOME TAX

	Six months ended 30 June	
	2014 \$'000	2013 \$'000
Current tax		
Corporate income tax for the period (iii)	11,508	143,757
PRC Land Appreciation Tax (iv)	4,904	127,106
	16,412	270,863
Deferred tax		
Origination and reversal of temporary differences:		
– Revaluation of properties for sales	(5,093)	(106,129)
– Revaluation of investment properties	(37,094)	946
– Deductibility of PRC Land Appreciation Tax	(15,387)	(5,312)
– Tax losses	(5,129)	–
	(62,703)	(110,495)
Total income tax	(46,291)	160,368

9. INCOME TAX (continued)

- (i) Pursuant to the rules and regulations of the Bermuda and British Virgin Islands ("BVI"), the Group is not subject to any income tax in Bermuda and BVI.
- (ii) No provision for Hong Kong profits tax has been made as the Group had no assessable profits arising in Hong Kong during the period.
- (iii) Corporate Income Tax ("CIT")

The provision for the PRC income tax has been provided at the applicable income tax rate of 25% on the assessable profits of the Group's subsidiaries in Mainland China (six months ended 30 June 2013: 25%). Subsidiaries in United Kingdom are taxed at corporate income tax rates of 20%, which was set up on 26 September 2013.

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

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

10. (LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of basic (loss)/earnings per share for the six months ended 30 June 2014 is based on loss attributable to equity shareholders of the parent of \$57,803,000 (restated profit for six months ended 30 June 2013: \$204,288,000) and the weighted average number of 3,603,812,000 shares (six months ended 30 June 2013: 2,391,822,000 shares) in issue during the interim period.

The calculation of diluted (loss)/earnings per share is based on the loss attributable to equity shareholders of the parent of \$59,715,000 (restated profit for the six months ended 30 June 2013: \$177,014,000) and the weighted average number of 4,588,475,000 shares (six months ended 30 June 2013: 7,612,023,000 shares) in issue, after adjusting for the effect of conversion and redemption of convertible bonds.

11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2014, the Group acquired items of property, plant and equipment at a total cost of \$55,238,000 (six months ended 30 June 2013: \$414,000).

As at 30 June 2014, certain items of the Group's property, plant and equipment with a net carrying amount of approximately \$7,113,000 were pledged to secure interest-bearing bank borrowings granted to the Group as disclosed in note 18.

12. INVESTMENT PROPERTIES

During the six months ended 30 June 2014, the Group's additions in investment properties amounted to \$210,578,000 (six months ended 30 June 2013: \$90,556,000). Additions in investment properties during the six months ended 30 June 2014 mainly included an investment property of \$172,870,000 in Guilin, Guangxi Zhuang Autonomous Region, the PRC and \$37,708,000 was transferred from completed properties held for sales (six months ended 30 June 2013: \$90,556,000 was all transferred from properties held for sales).

The Group's investment properties decreased by \$73,159,000 due to a reversal of over-accrued development costs and exchange adjustment.

Investment properties carried at fair value were revalued on an open market value at the reporting date by an independent firm of surveyors, DTZ Debenham Tie Leung Limited, which has recent experience in the respective location and category of property being valued. As a result of the revaluation, a net loss of \$148,376,000 (net gain of six months ended 30 June 2013: \$3,783,000) in respect of investment properties has been recognised in the statement of profit or loss for the period.

As at 30 June 2014, certain items of the Group's investment properties with a carrying amount of \$2,269,264,000 were pledged to secure interest-bearing bank borrowings and undrawn bank facilities granted to the Group as disclosed in note 18.

13. GOODWILL

	30 June 2014 \$'000	31 December 2013 \$'000
Cost	394,782	394,782
Accumulated impairment losses	(359,105)	(356,574)
De-recognised on disposal of subsidiaries	(22,458)	(22,458)
Exchange adjustments	14,807	14,807
Carrying amount	28,026	30,557

13. GOODWILL (continued)

Goodwill arose from the acquisition of the entire issued share capital of Amazing Wise in 2008. The cost of the goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of Amazing Wise as at the acquisition date.

The Group carried out impairment testing of the goodwill at the end of each reporting period. In assessing the impairment of goodwill, the recoverable amount of the cash generating units ("CGU") is determined. The CGU related to the goodwill includes all subsidiaries located in Fuzhou. In previous years, an impairment loss of \$356,574,000 was recorded. During the six months ended 30 June 2014, the recoverable amount of CGU was re-determined and accordingly, an additional impairment loss of \$2,531,000 was provided.

14. PROPERTIES FOR SALES

	30 June 2014 \$'000	31 December 2013 \$'000
Completed properties for sales	249,835	375,961
Properties under development	1,343,231	938,177
	1,593,066	1,314,138

Properties under development represents the project cost, land acquisition cost, compensation cost and other preliminary infrastructure costs in relation to the Group's property development project situated in Guilin, Guangxi Zhuang Autonomous Region, the PRC and a property development project situated in United Kingdom.

Completed properties held for sales are situated in Fuzhou, Fujian Province, the PRC.

As at 30 June 2014, certain items of the Group's properties held for sales with a carrying amount of \$48,785,000 were pledged to secure interest-bearing bank borrowings granted to the Group as disclosed in note 18.

15. TRADE AND OTHER RECEIVABLES

	30 June 2014 \$'000	31 December 2013 \$'000
Trade receivables	62,999	4,567
Prepayments, deposits and other receivables	720,647	68,253
Amount due from non-controlling equity holders	148	—
Amount due from related parties	891	729
	784,685	73,549

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

	30 June 2014 \$'000	31 December 2013 \$'000
Within 3 months	22,872	3,357
Over 3 months but within 6 months	19,858	1,210
Over 6 months but within 12 months	17,624	—
Over 12 months	2,645	—
	62,999	4,567

The Group has credit control policy and seeks to maintain strict control over its outstanding receivables. The Group also reviews regularly the recoverable amount of each individual trade receivable balance to ensure that adequate impairment losses are made for irrecoverable amounts. The maximum exposure to credit risk without taking account of any collateral held is represented by the carrying amount of each financial asset in the statement of financial position after deducting any impairment allowance.

At 30 June 2014, no impairment allowance is necessary in respect of the Group's trade receivables as the management considers that the balance is fully recoverable.

16. RESTRICTED BANK DEPOSITS AND CASH AND CASH EQUIVALENTS

	30 June 2014 \$'000	31 December 2013 \$'000
Cash and bank balances	2,732,580	106,436
Time deposits	88,198	85,303
	2,820,778	191,739
Less: Pledged for bank loans	(83,208)	(85,303)
Cash and cash equivalents	2,737,570	106,436

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances and restricted cash are deposited with creditworthy banks with no recent history of default.

As at 30 June 2014, the Group's time deposits amounting to \$83,208,000 were pledged to secure interest-bearing bank borrowings granted to the Group as disclosed in note 18.

17. TRADE AND OTHER PAYABLES

An analysis of trade payables, other payables and accruals as at the end of the reporting period is as follows:

	30 June 2014 \$'000	31 December 2013 \$'000
Trade payables	77,569	95,692
Other creditors and accrued charges	87,254	197,288
Interest payable to financial institution	1,167	—
Interest payable to intermediate holding company	47,236	12,320
Amounts due to intermediate holding company	831,914	27,833
Interest payable to related parties	6,570	121,706
Amounts due to non-controlling equity holders	—	17,068
Amounts due to related parties	70,534	122,491
	1,122,244	594,398

The above balances are unsecured and are interest-free.

17. TRADE AND OTHER PAYABLES (continued)

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

	30 June 2014 \$'000	31 December 2013 \$'000
Within 3 months	44,204	8,097
Over 3 months but within 6 months	2,742	3,218
Over 6 months but within 12 months	6,248	2,484
Over 12 months	24,375	81,893
	77,569	95,692

18. LOANS FROM FINANCIAL INSTITUTIONS

As at 30 June 2014, loans from financial institutions were repayable as follows:

	30 June 2014 \$'000	31 December 2013 \$'000
Current:		
Within 1 year	119,916	81,967
Non-current:		
After 1 year but within 2 years	41,916	8,952
After 2 years but within 5 years	125,748	46,041
After 5 years	75,848	—
	243,512	54,993
	363,428	136,960

- (a) As at 30 June 2014, undrawn bank facilities of the Group amounted to \$873,250,000 (31 December 2013: \$1,138,221,000).
- (b) Certain loans from financial institutions as at 30 June 2014 were guaranteed by Mr. Chen Chang Wei ("Mr. Chen").

18. LOANS FROM FINANCIAL INSTITUTIONS (continued)

Assets of the Group pledged to secure the loans from financial institutions and bank facilities comprise:

	30 June 2014 \$'000	31 December 2013 \$'000
Building held for own use (note 11)	7,113	8,838
Prepaid lease payments	21,121	21,102
Investment properties (note 12)	2,269,264	2,108,080
Properties for sales (note 14)	48,785	56,029
Restricted bank deposits (note 16)	83,208	85,303
	2,429,491	2,279,352

19. LOANS FROM RELATED PARTIES AND INTERMEDIATE HOLDING COMPANY

As at 30 June 2014, loans from related parties and intermediate holding company were repayable as follows:

	Notes	30 June 2014 \$'000	31 December 2013 \$'000
Current:			
Loans from related parties	19.1	225,026	256,268
Loans from intermediate holding company	19.2	683,682	—
		908,708	256,268
Non-current:			
Loans from intermediate holding company	19.3	1,241,900	1,202,634
		2,150,608	1,458,902

- 19.1 The loans are made from an entity controlled by Mr. Chen, who is a director and shareholder of the Group. The loans from the entity controlled by Mr. Chen, amounted to \$225,026,000 (31 December 2013:\$256,268,000) that bear interest at 15% per annum, are unsecured and repayable six months after the date of the respective drawdowns. Interest incurred during the six months ended 30 June 2014 and interest payable to related parties as at 30 June 2014 are set out in notes 8 and 17 respectively.

19. LOANS FROM RELATED PARTIES AND INTERMEDIATE HOLDING COMPANY (continued)

- 19.2 The loans are made from intermediate holding company and are interest free. As at 30 June 2014, the loans are denominated in USD with carrying amount of USD88,200,000 (31 December 2013:Nil).
- 19.3 As at 30 June 2014, the loans from intermediate holding company are denominated in GBP with carrying amount of GBP94,048,000, which are interest-bearing at a rate of six month LIBOR plus 5% per annum(31 December 2013:GBP 94,048,000). Interest incurred during the six months ended 30 June 2014 and interest payable to intermediate holding company as at 30 June 2014 are set out in notes 8 and 17 respectively.
- 19.4 As at 30 June 2014, undrawn facilities granted by intermediate holding company amounted to \$1,255,743,000 (31 December 2013:Nil).

20. CONVERTIBLE BONDS

As at 30 June 2014, convertible bonds with principal amount of \$209,000,000 and \$112,000,000 were held by Wanda Overseas and Mr. Chen and his family respectively.

The rights of the convertible bond holders to convert the convertible bonds into ordinary shares are as follows:

- (i) Conversion rights are exercisable at any time up to maturity at the option of the convertible bond holder.
- (ii) 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. The Company is required to issue ordinary shares at \$0.334 per share (originally \$0.5 per share before the rights issue of the Company in January 2011). The Company completed a rights issue in January 2014 and as a result of the rights issue, the conversion price of the convertible bonds was adjusted to \$0.326 per share accordingly.

The Company has the right at any time to redeem the whole or any part of the outstanding principal amount of the convertible bonds at their face value. The option enabling the Company to redeem the convertible bonds is considered a derivative financial asset of the Company and is revalued at each reporting date. As at 30 June 2014, the fair value of the redemption right was approximately \$81,060,000.

On 9 July 2014, all the Convertible Bonds were converted into shares of the Company and thus the liabilities of the Company under the Convertible Bonds have been satisfied and discharged in full.

20. CONVERTIBLE BONDS (continued)

The components of convertible bonds recognised in the statement of financial position are analysed as follows:

	Liability component	Equity component
	\$'000	\$'000
Net carrying amount on 1 January 2014	234,906	18,700
Interest expenses (note 8)	9,138	—
Net carrying amount on 30 June 2014	244,044	18,700

Interest expenses on the convertible bonds are calculated using the effective interest method by applying the effective interest rate of 8% per annum to the liability component.

21. SHARE CAPITAL AND DIVIDEND

(i) *Share capital*

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

On 13 December 2013, the Company announced its proposed rights issue (the "Rights Issue") of 856,773,210 shares (the "Rights Shares"), on the basis of three Rights Shares for every ten existing ordinary shares of the Company in issue on 24 December 2013. The total number of 856,773,210 Rights Shares were subscribed. Accordingly, 856,773,210 shares of \$0.1 per share were issued by the Company and share premium of \$2,364,643,000 arose.

(ii) *Dividend*

No dividend has been declared in respect of the six months ended 30 June 2014 (six months ended 30 June 2013: Nil).

22. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENT (continued)

(i) *Financial assets and liabilities measured at fair value (continued)*

Fair value hierarchy (continued)

During the six months ended 30 June 2014, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (2013: Nil). The Group's policy is to recognise transfer between levels of fair value hierarchy as at the end of the reporting period which they occur.

Valuation techniques and inputs used in Level 2 fair value measurements

The fair value of the convertible bond redemption option is determined using binomial option pricing method.

(ii) *Fair value of financial assets and liabilities carried at other than fair value*

The carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 30 June 2014 and 31 December 2013 except for the following financial instrument, for which the carrying amounts and fair value are disclosed below:

	As at 30 June 2014	
	Carrying amount \$'000	Fair value \$'000
Convertible bonds	244,044	264,497

	As at 31 December 2013	
	Carrying amount \$'000	Fair value \$'000
Convertible bonds	234,906	246,147

The fair value of liability portion of convertible bond is estimated as the present value of future cash flows, discounted at current market interest rates for similar financial instruments.

23. CAPITAL COMMITMENTS

The Group had the following commitments for property development expenditure at the end of the reporting period:

	30 June 2014 \$'000	31 December 2013 \$'000
Contracted for	1,720,240	—
Authorised but not contracted for	8,004,615	1,740,702
	9,724,855	1,740,702

The above commitments mainly include the land costs and construction related costs to be incurred in respect of the Group's development of its buildings held for own use and properties for sales in the United Kingdom, Europe and Guilin, Guangxi Zhuang Autonomous Region, the PRC.

24. OPERATING LEASE COMMITMENTS

As lessee

The Group leases certain office premises under operating lease arrangements, negotiated for terms of five years with an option for renewal after the expiry dates, at which time all terms will be renegotiated.

At the reporting date, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	30 June 2014 \$'000	31 December 2013 \$'000
Within one year	6,199	5,009
After 1 year but within 5 years	7,298	7,514
	13,497	12,523

25. CONTINGENT LIABILITIES

	30 June 2014 \$'000	31 December 2013 \$'000
Guarantees given to banks for:		
Mortgage facilities granted to purchasers of the Group's properties	121,409	235,440

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 financial period in respect of the guarantees provided for mortgage facilities granted to purchasers of the Group's properties. The Directors consider that in case of default on payments, the net realisable value of the related properties can cover the repayment of the outstanding mortgage loans together with any accrued interest and penalty, and therefore no provision has been made in connection with the guarantees.

26. MATERIAL RELATED PARTY TRANSACTIONS

(a) *Transactions with key management personnel*

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors are as follows:

	Six months ended 30 June	
	2014 \$'000	2013 \$'000
Short-term employee benefits	3,460	4,470

(b) *Loans from related parties*

Please refer to note 19 for the loans from related parties to the Company. Interest incurred during the period and interest payable to related parties as at 30 June 2014 are set out in notes 8 and 17 respectively.

26. MATERIAL RELATED PARTY TRANSACTIONS (continued)

(c) Other related party transactions

Other amounts due from/to related parties are set out in notes 15, 17 and 19. Please refer to note 20 for convertible bonds of the Company held by Mr. Chen and Wanda Overseas.

27. EVENTS AFTER THE REPORTING PERIOD

27.1 Joint Venture Platform in the Americas and Chicago Project, America

- (i) On 8 July 2014, the Company and Wanda HK entered into the Master Americas JV Agreement, which was in relation to the joint venture through Wanda Americas Real Estate Investment Co., Ltd. ("Wanda Americas", a company with limited liability established under the laws of Hong Kong, in which the Company and Wanda HK respectively hold 60% and 40% interest), pursuant to which the Company and Wanda HK will form a joint venture by using Wanda Americas as the holding vehicle, and through special purpose entities, to undertake acquisition and development of real property projects in the Americas. The total capital commitments to be made by the Company and Wanda HK to all the special purpose entities shall not exceed, respectively, HK\$6,000 million and HK\$4,000 million, which were determined after arm's length negotiations between the Company and Wanda HK.
- (ii) On 8 July 2014, the Company and Wanda HK entered into the Chicago Joint Venture Agreement (an agreement in relation to the development of Chicago properties) in relation to Wanda Chicago Real Estate LLC's ("Wanda Chicago") interest in the Chicago Project Company named Parcel C LLC (a Delaware limited liability company, the equity interest of 90% and 10% were directly owned by Wanda Chicago and by Magellan Parcel C/D LLC, ("Magellan") respectively.), pursuant to which such interest will be indirectly held through Wanda Americas. Pursuant to the terms of the Chicago Joint Venture Agreement, the total capital commitments to be made by the Company and Wanda HK to the Chicago Project Company shall not exceed, respectively, HK\$1,050 million and HK\$700 million, which were determined after arm's length negotiations between the Company and Wanda HK, with reference to Wanda Chicago's capital commitment to the Chicago Project Company. The total capital commitment to be made by the Company and Wanda HK under the Chicago Joint Venture Agreement represent their pro rata indirect equity interest of 60% and 40% respectively in Wanda Chicago.

27. EVENTS AFTER THE REPORTING PERIOD (continued)

27.1 Joint Venture Platform in the Americas and Chicago Project, America (continued)

- (iii) In addition, on 8 July 2014, Wanda Chicago entered into (i) the Formation and Contribution Agreement with Magellan and Lakeshore East LLC ("Lakeshore", an affiliate of Magellan) and (ii) the Operating Agreement with Magellan pursuant to which Magellan and Wanda Chicago have agreed to form the Chicago Project Company to own and develop the Chicago Property, which was known as Sites C and D in Lakeshore East Subdivision in Chicago, Illinois, US. Magellan has agreed to cause Lakeshore to contribute and transfer, and Lakeshore has conditionally agreed to contribute and transfer, all of its right, title and interest in the Chicago Property to the Chicago Project Company. Magellan and Wanda Chicago have each conditionally agreed to provide capital contribution subject to the terms and conditions of the Formation and Contribution Agreement and the Operating Agreement. The Chicago Project Company will, on its formation as a joint venture, be owned by Wanda Chicago and Magellan as to 90% and 10% respectively. It is intended that the Chicago Project Company will develop the Chicago Property into a mixed-use development consisting of residential units, commercial space, hotel units and parking spaces.

Under the Operating Agreement, Magellan shall have the right, at any time after the later of (i) five years from the date of the Operating Agreement or (ii) final completion (as specifically defined in the Operating Agreement) of the development of the Chicago Property, to require Wanda Chicago to purchase its interests in the Chicago Property Company at the then fair market value to be determined by independent experts.

- 27.2 On 9 July 2014, the Company allotted and issued a total of 984,662,575 new shares (the "Conversion Shares") upon receiving notices for conversion dated 9 July 2014 from holders of convertible bonds (the "Convertible Bonds") issued by the Company at the conversion price of HK\$0.326 per Conversion Share.

Of the Conversion Shares allotted and issued, 641,104,294 Conversion Shares were allotted and issued to Wanda Overseas, 15,337,423 Conversion Shares were allotted and issued to Madam Chan Sheung Ni, the spouse of Mr. Chen, 328,220,858 Conversion Shares were allotted and issued to members of the public.

The Conversion Shares rank *pari passu* with all the existing shares of the Company in issue as the date of allotment and among themselves in all respects, and represent approximately 26.52% of the issued share capital of the Company immediately before the allotment and issue of the Conversion Shares and approximately 20.96% as enlarged by the allotment and issue of the Conversion Shares.

27. EVENTS AFTER THE REPORTING PERIOD (continued)

27.2 (continued)

Following the allotment and issue of the Conversion Shares, Wanda Overseas increased its shareholdings in the Company from 65.02% to 65.04% and remains the controlling shareholder of the Company. Meanwhile, all the Convertible Bonds have been converted into shares of the Company and thus the liabilities of the Company under the Convertible Bonds have been satisfied and discharged in full.

- 27.3 On 23 July 2014, the Company (as borrower) and a bank entered into a 5-year term loan facility agreement (the "Facility Agreement") of up to an aggregate amount of US\$160 million (the "Facility"). The Facility was utilized to finance the acquisition of property projects and the general working capital requirement of the Group. Pursuant to the Facility Agreement, the Company agrees that it will remain under the control of Dalian Wanda Commercial Properties Co., Ltd. ("DWCP") (the "Specific Performance Obligation") during the term of the Facility. It will be an event of default if the Specific Performance Obligation is breached. Upon the occurrence of an event of default, the bank shall declare the commitments under the Facility Agreement to be cancelled and/or declare all outstanding amounts together with interest accrued and all other sums payable by the Company to be immediately due and payable.

As at the date of the Facility Agreement, approximately 65.04% of the entire issued share capital of the Company was held by Wanda Overseas, which is indirect wholly-owned by DWCP. Hence, DWCP is regarded as the controlling shareholder of the Company.

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

- (i) On 11 August 2014, the Company and Wanda HK entered into the Master Australia Joint Venture Agreement, which was in relation to the joint venture through Wanda Australia Real Estate Investment Co., Ltd ("Wanda Australia", was established under the laws of Hong Kong, in which the Company and Wanda HK respectively hold 60% and 40% equity interest, respectively), pursuant to which the Company and Wanda HK will form a joint venture by using Wanda Australia as the holding vehicle. Pursuant to the terms of Agreement, the total capital commitments to be made by the Company and Wanda HK to all special purpose entities shall not exceed, respectively, HK\$7,500 million and HK\$5,000 million, which were determined after arm's length negotiations between the Company and Wanda HK. The total capital commitment to be made by the Company and Wanda HK under the Master Australia Joint Venture Agreement represent their pro rata indirect equity interest of 60% and 40% in Wanda Australia, respectively.

27. EVENTS AFTER THE REPORTING PERIOD (continued)

27.4 Joint Venture Platform in Australia and Gold Coast Jewel Project, Australia (continued)

- (ii) On 11 August 2014, the Company and Wanda HK entered into the Jewel Joint Venture Agreement (an agreement for the development of the property located at 38-44 Old Burleigh Road, Surfers Paradise, Queensland, Australia, i.e. "Jewel Property") in relation to Wanda Australia Commercial's (a direct wholly owned subsidiary of Wanda Australia) interest in the Jewel Project Company (a company directly owned as to 55% by Wanda Australia Commercial and 45% by Mr. Riyu Li and Ms. Fengliu Wu ("Li") for holding and development of the Jewel Property), pursuant to which such interest will be indirectly held through Wanda Australia. Pursuant to the terms of the Jewel Joint Venture Agreement, the total capital commitments to be made by the Company and Wanda HK to the Jewel Project Co shall not exceed, HK\$1,262 million and HK\$841 million, respectively. The total capital commitment to be made by the Company and Wanda HK under the Jewel Joint Venture Agreement represent their pro rata indirect equity interest of 60% and 40% in Wanda Australia Commercial, respectively.
- (iii) On 11 August 2014, DWCP, Wanda Australia Commercial entered into a subscription and shareholders agreement with Li and Jewel Project Company, independent third parties of the Group (the "Subscription and Shareholder Agreement"), pursuant to which (i) Wanda Australia Commercial has conditionally agreed to subscribe for 550,000 new shares (the "Subscription") in Jewel Project Company representing 55% of the enlarged issued shares in Jewel Project Company after the Subscription; and (ii) rights and obligations of members of Jewel Project Company are regulated. The Jewel Project Company will, on completion of the Subscription, be owned by Wanda Australia Commercial and Li as to 55% and 45%, respectively. It is intended that the Jewel Project Company will develop the Jewel Property into a mixed-use development consisting of residential units, commercial space, hotel units and parking spaces.

Under the Subscription and Shareholders Agreement, as an exit mechanism in default scenarios to deal with the shareholders' respective interests in Jewel Project Company, (i) in consideration of the sum of HK\$1 paid by Li to Wanda Australia Commercial, Wanda Australia Commercial grants to Li an unconditional put option and an unconditional and irrevocable call option and (ii) in consideration of the sum of HK\$1 paid by Wanda Australia Commercial to Li, Li grants to Wanda Australia Commercial an unconditional put option and an unconditional and irrevocable call option. The non-defaulting may elect to exercise the relevant put option or call option and decides whether it is to be transacted at the fair market price as provided by the defaulting party or as determined by the auditors of Jewel Project Company.