



大连万达商业地产股份有限公司

DALIAN WANDA COMMERCIAL PROPERTIES CO., LTD.

(Stock code: 3699.HK)

Annual Report 2014



Hundred Centers
Thousand Brands
Billion Visits

Corporate Profile

Wanda Plazas are City Centers



Wanda Commercial is committed to building China's largest network of urban consumption facilities and urban commercial platform.

We lead the consumption trends through consistent product **innovations**; we leverage cutting-edge **technologies** to enhance consumer experiences and tenant services; and we consistently improve the business **ecosystem** in markets where we operate to achieve harmony and win-win results among communities, residents, shops and other relevant parties.

Wanda Commercial is in consistent pursuit of **sustainable development**. Through our development over the past years, we have not only created an urban complex product catering to the Chinese market, but also have quickly and successfully replicated this product based on our unique financial model and standardized operations, by means of which we have shaped up China's largest network of urban control business areas. Wanda Commercial seeks optimization and balance among high return on equity, stable cash flow and secured debt structure amid sound and fast expansion.

Leveraging our outstanding operating advantages in the industry and economy of scale, we will continue to focus on mass consumer market and deepen our presence in commercial network. We believe Wanda Commercial is able to play a unique and important role in China's urbanization development, economic transformation and growing consumption scale, while creating values for our shareholders.



Wang Jianlin
Founder of the Dalian Wanda Group

Since our inception, we have established a nationwide coverage of large-scale shopping centers in China. In the next decade, we will continue to provide innovative products, enhance service standard, expand our presence in the market as well as strengthen our competitive advantages.

1988

Business Established

Our business commenced by participating in the redevelopment of urban areas in China, which laid down a solid foundation for our later business development.

2002

Changchun Chongqinglu Wanda Plaza, one of the first generation of shopping centers opened in China.



Changchun Chongqinglu Wanda Plaza



Changzhou Wujin Wanda Plaza

2009

Our Company was incorporated as a joint stock company with limited liability.



Kunming CBD Wanda Plaza

2014

Opened the 100th Wanda Plaza

The opening of Kunming CBD Wanda Plaza signaled a new era of Wanda. As of December 31, 2014, Wanda had opened 107 malls.

“Improving urban consumption functions, creating new jobs, promoting sustainable local economy and enriching local consumer choice.”

2003

Nanchang Wanda Plaza opened
Creating the urban complex model.



Nanchang Wanda Plaza

2006

Entered into Shanghai market
The opening of Shanghai Wujiaochang Wanda Plaza has become the prime example of benchmarking significance in promoting the upgrade of regional consumption.



Shanghai Wujiaochang Wanda Plaza

2008

Our Headquarter relocated to Beijing

2012

Our own hotel brands were created
We opened six self-operated hotels under our own brands this year.

2013

Overseas hotel development
We acquired a property in London, our first overseas property project.



Wanda Vista Hotel Taiyuan

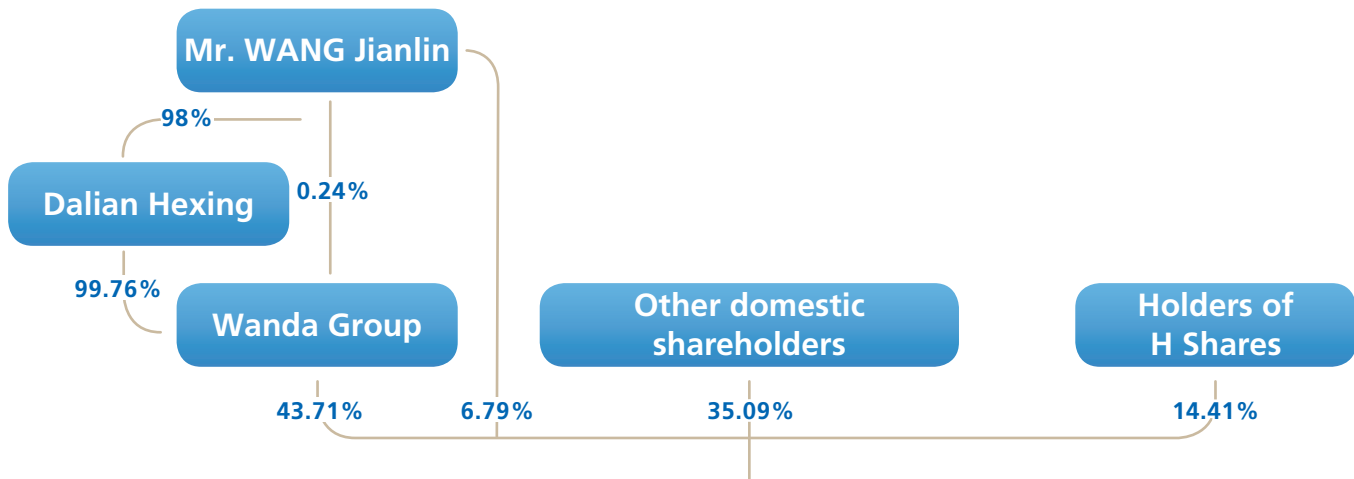


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Corporate Structure



 **大连万达商业地产股份有限公司**
DALIAN WANDA COMMERCIAL PROPERTIES CO., LTD.
 (Stock Code: 3699.HK)

Wanda Commercial Management Co., Ltd.

Commercial Planning & Research Institute Co., Ltd.

Wanda Hotel Construction Co., Ltd.

Note: shareholding percentage after the exercise of the over-allotment option on 14 January 2015.



Jining Taibailu Wanda Plaza



Wanda Realm Wuhu

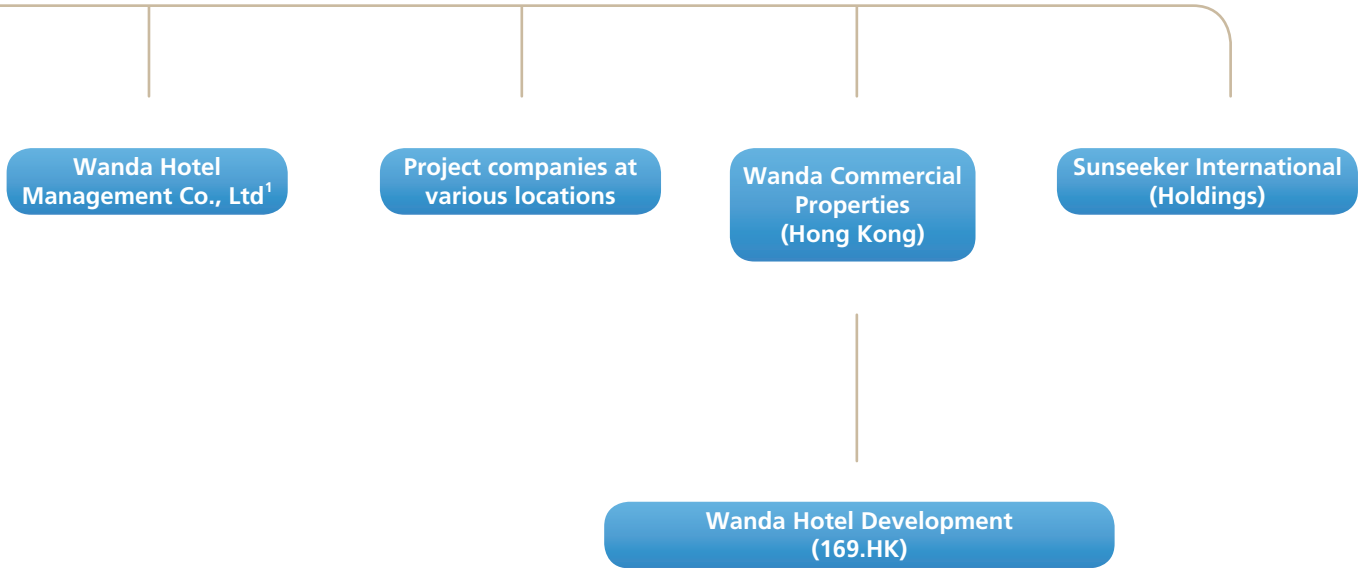




Kunming WandaVista



Nanchang-Honggutan Wanda Realm



1. The Company and Mr Wang Jianlin indirectly own 40% and 60% of the equity interest of Wanda Hotel Management Co., Ltd. respectively.



Business Overview

Wanda Commercial is China's largest owner and operator of shopping centers, China's largest developer and seller of commercial properties and China's largest owner and operator of luxury hotels.

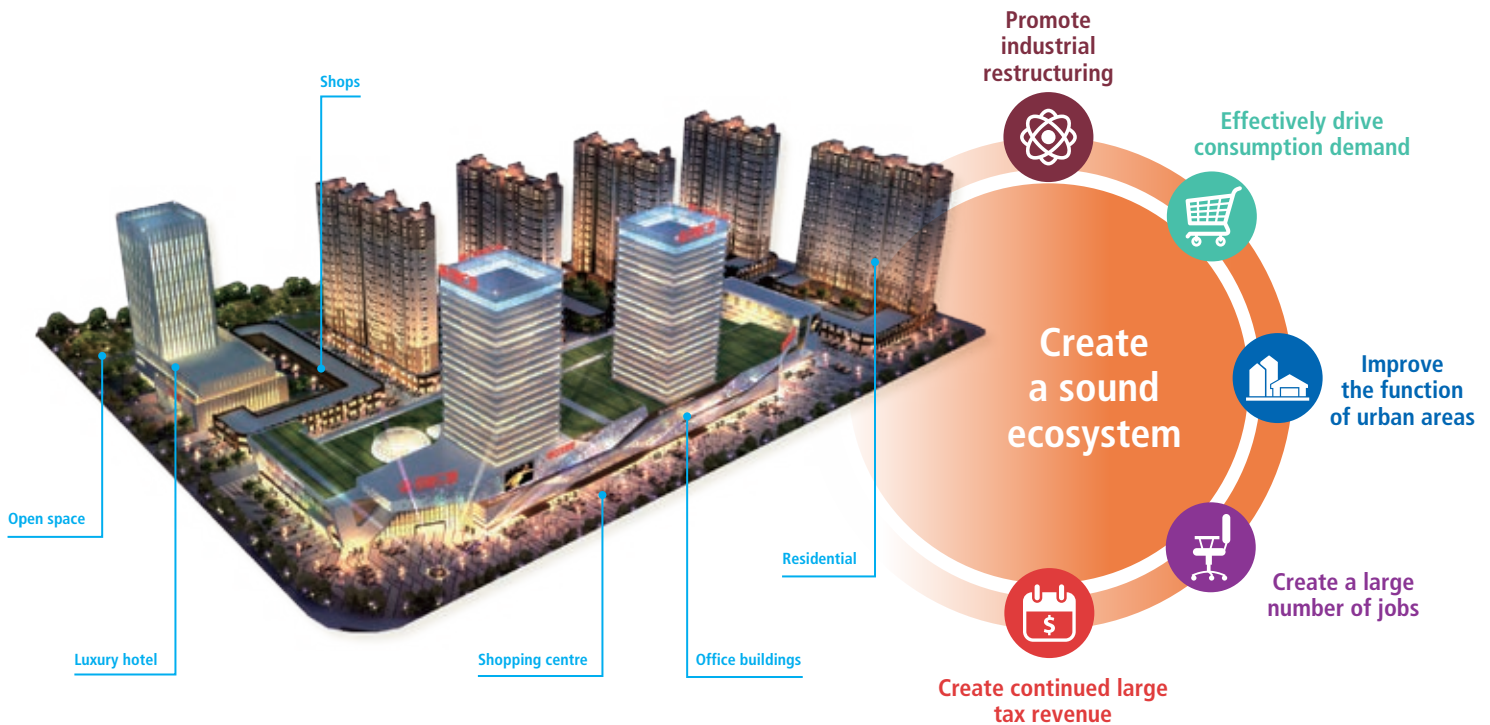
Through development over the past decade, we have successfully developed a series of products for the Chinese market with each of our project becoming core commercial centers or urban centers in where they are located. As such, we have accumulated outstanding advantages in scale of commercial operations, strong brand influence, mature product advantages, and sound execution advantages, such as quality and cost control system.

With the improvement of China's business environment, economic transformation and upgrading, competition in the real estate market in China, we believe we will be able to maintain and further strengthen our leading position in the commercial property and commercial real estate management fields by leveraging our own operating advantages.

Our business model

Our business comprises three segments, namely investment property development and operations, property development and sales and hotel business. We have created and successfully promoted the industry's first-ever business model that enables us to effectively utilize funds from sales of properties to support cash flow for investment property with and enhance quality and functions of properties for sales via traffic attraction of investment property.

Targeting China's mainstream consumption groups for their leisure, entertainment and daily consumption needs, Wanda Plaza brings together international chain brands and restaurants and brands which are well recognized in local markets to shape up strong commercial traction effect. The opening of Wanda Plaza would usually turn into a grand carnival in the local area and it is able to quickly establish its position as the core business center by attracting huge foot traffic. In turn, the huge foot traffic and business activities would significantly boost our sales of shops, residential properties and office areas.



Wanda Plaza



F&B
mainly restaurants, coffee shops and beverage shops



Retail
mainly department stores, supermarkets & convenience stores, designer outlets & boutique



Entertainment
mainly cinemas, Karaoke, gym, kid's zones & video games centers.



Life style services
mainly spa centers, skin treatment & cosmetics, education, laundry, dentists, photo and printing services.



Wanda Cinema



Uniqlo



First Wanda Kids Place opened in Dongguan Wanda Plaza



Urban complex:
three business segments closely supplement each other



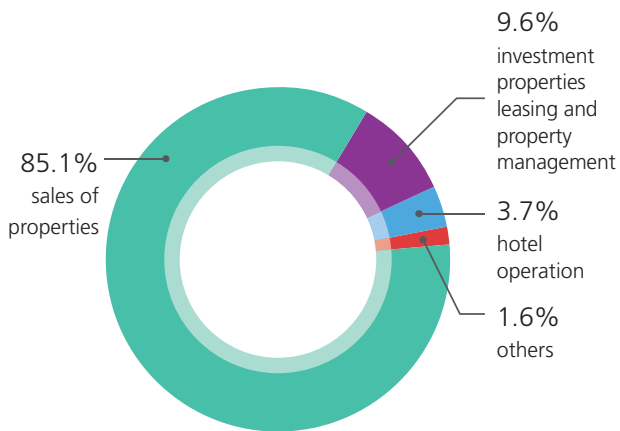
Business Overview

Our business layout

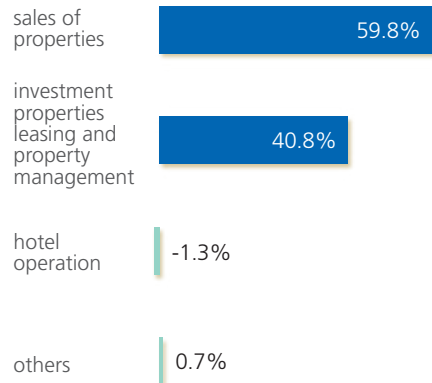


- Cities covered by our shopping centers, hotels and other investment properties in operation

Revenue contribution from each of the three business segments

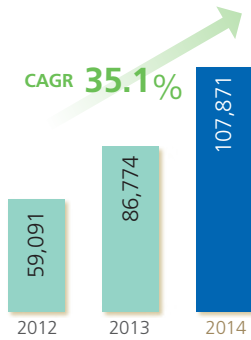


EBIT contribution of the three business segments

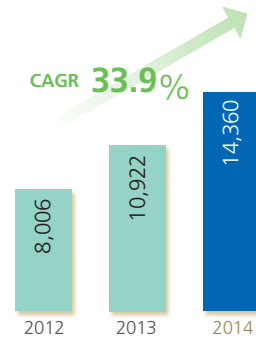


Key Financial Indicators for 2012-2014

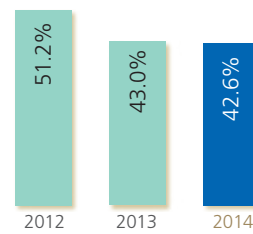
Revenue (RMB million)



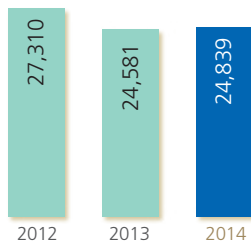
Sustainable revenue¹ (RMB million)



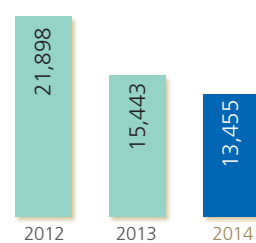
Gross profit margin



Net profit attributable to shareholders of parent company (RMB million)



Fair value change of investment properties (RMB million)



Earnings per share for 2014

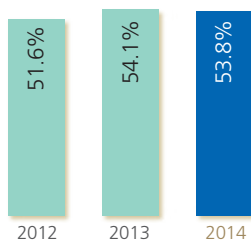
RMB **6.51** per share

Proposed Dividend for 2014

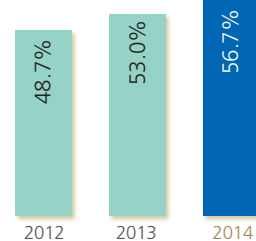
RMB **0.95** per share

Debt Ratio

Total debts/ Total capital



Net gearing ratio



Company's Ratings by three International Rating Institutions



Outlook is "Stable"

1. Sustainable revenue = revenue from investment property leasing and management + revenue from hotel operation



Business Overview

Investment properties and property leasing

Wanda Commercial holds an investment property portfolio mainly comprising Wanda Plazas, all of which are located in core areas of cities with a permanent resident population of more than one million and the average number of permanent residents within a 5-km radius is more than 300,000. Based on the motto of “Wanda Plazas are city centers”, our brand and our scale advantages accumulated over the past 15 years, properties held by Wanda Commercial have indeed become centers in the cities where they are situated.

Main data

Total number of Wanda Plazas:

107

Total area of properties held:

21.56

million sq.m

Foot traffic

>1.6 billion visits

Total platform-based sales

>102.0 billion RMB

Number of brands under strategic cooperation

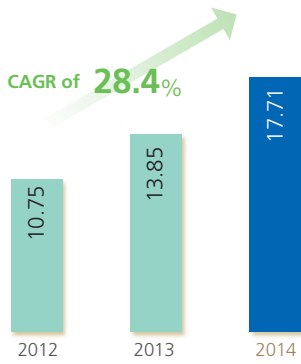
>2,000

Number of members

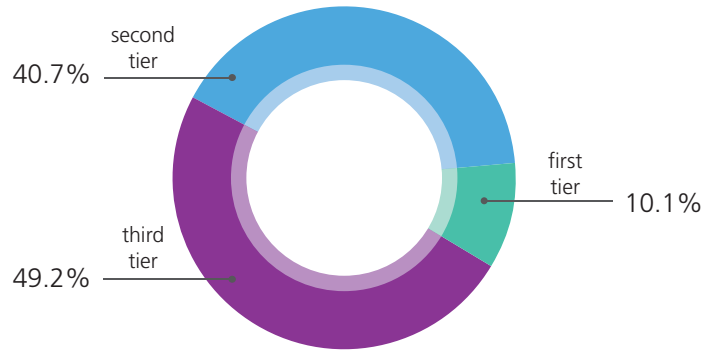
>43.50 million



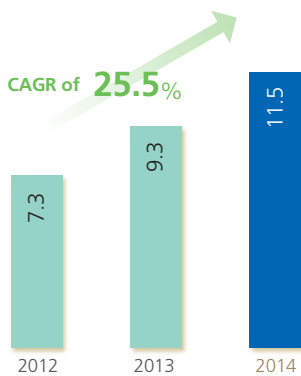
Total GFA (million sq.m)



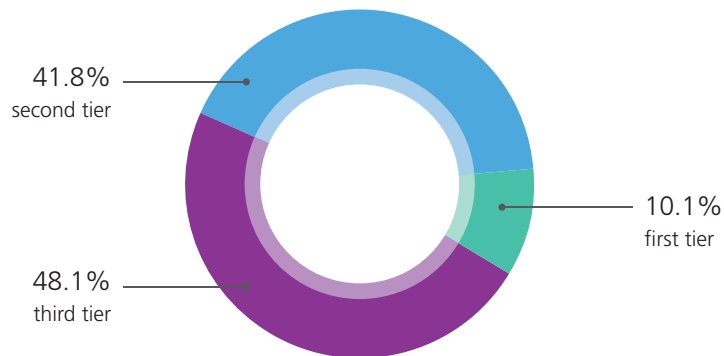
Distribution of total GFA by city tier



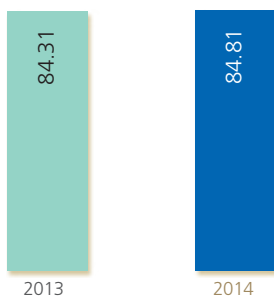
Total LFA (million sq.m)



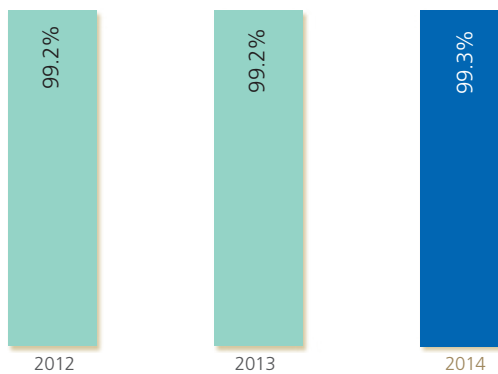
Distribution of LFA by city tier



Average Rent (RMB/month/sq.m)



Average Occupancy Rate



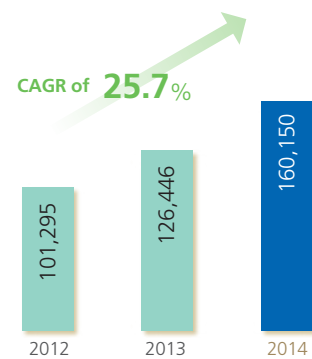
Business Overview

Property sales:

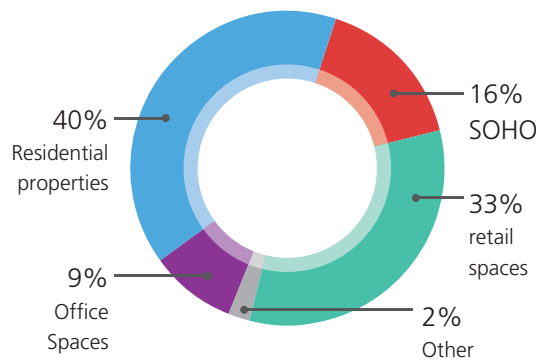
Wanda Commercial is China's largest developer and seller of commercial properties. Our main properties for sale are the shops on the pedestrian street ("Gold Street") launched as part of our shopping center. Wanda Gold Street is popular among retailers and commercial property investors. We have managed to see quick sales with a high profit margin for our residential properties, leveraging the geographical locations, convenient living environment and modern urban lifestyles. Our target buyers are mainly SME owners and chain store group. In addition, we have developed office buildings and SOHO products based on the local economic development characteristics so as to further diversify our properties for sales.

2014 Main data

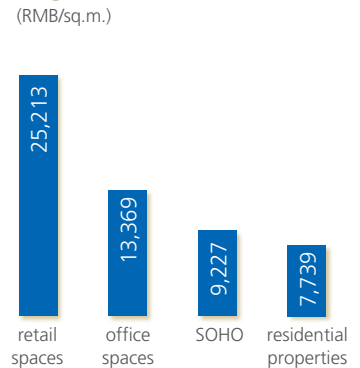
Contracted sales (RMB million)



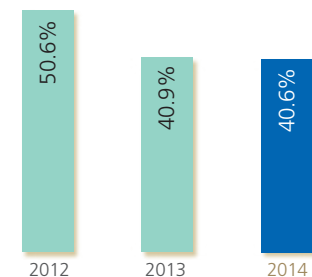
Compositions of contracted sales



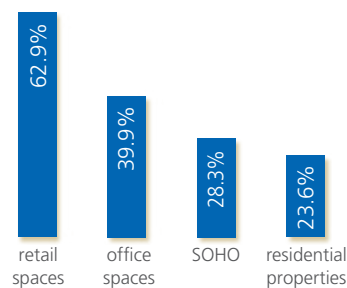
Unit price of contracted sales by segment (RMB/sq.m.)



Gross profit margins of sales



Gross profit of sales by segment



Total land reserves at the end of 2014

75.94 million sq.m

Plot ratio GFA of Acquired land in 2014

26.88 million sq.m

Average land acquisition cost in 2014

1,187 RMB/sq.m

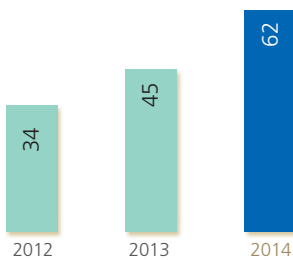


Hotel operations:

Wanda Commercial is China's largest owner of luxury hotels and operator of self-owned branded hotels. Our portfolio of luxury hotels has become the top upscale hotels for business travels, meetings and catering in the places where they operate, boosting the sales of our shopping centers and attracting customers.

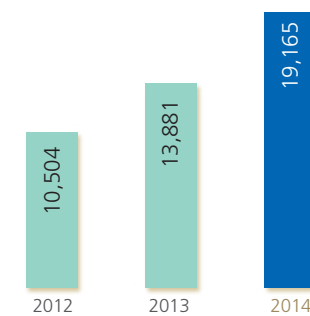
Number of Hotels & Rooms

Number of Hotels



Number of Hotel Rooms

(units)



2014 Hotel owners' profit

577.77 million

2012 Hotel owners' profit

456.97 million

Growth **26.4%**

Self-owned Brand

Luxury Hotel



Super 5-star Hotel



5-star Hotel



Overseas Hotel

At the end of 2014, we had already acquired land for the development of overseas hotel projects in international cities such as London, Los Angeles, Chicago, Madrid and Golden Coast, which will lay a solid foundation for Wanda Hotel's expansion into international market, resulting in a significant improvement of the brand influence of Wanda hotels.



Business Overview



1. Nanchang Honggutan Wanda Realm Hotel
2. Wuhan Wanda Reign Hotel
3. Wanda Vista Kunming
4. Wanda Vista Lanzhou



CHAIRMAN'S STATEMENT

Dear Shareholders,

As the reviving and prosperous spring comes close, Wanda Commercial released its first Annual Report following its listing. I, on behalf of all members of Wanda Commercial, would like to take this opportunity to thank you all for your continuing care and support for Wanda Commercial!

The Listing of Wanda Commercial has received wide recognition in the global capital markets. A number of global investment institutions have become our shareholders and several outstanding investors have become our cooperative partners. "Success is not only one person's work; it is really a partnership and collaboration". Their support means a lot to us in improving our governance level and achieving sustainable development.

2014 is a remarkable year for Wanda Commercial. With the successful listing on HKEx, commencement of the 100th Wanda Plaza and full embracement of the internet, Wanda Commercial has moved on to a new stage of development. With full support of our shareholders, the management team and employees at all levels have worked with great vigor and spared no efforts in making contribution to the Group, which resulted in this Annual Report as inspiring and delightful as the spring.

Striving upstream fulfillment of all targets for the year

In 2014, China moved into the new norm phase of economic development. With the rate of economic growth slowing down and the business environment becoming more complicated, enterprises are facing greater challenges in their development. Relying on its extraordinary competitiveness, Wanda Commercial has strived upstream and managed to fulfill all targets for the year.

Continuous growth in revenue and income: Wanda Commercial's revenue for 2014 was RMB107.871 billion, representing an increase of 24.31% as compared with 2013. Its core net profit was RMB14.824 billion, representing an increase of 14.04% as compared with 2013. These two core measures were among the highest in the industry.

Property sales increase in the poor market: Wanda Commercial's total contracted sales was RMB160,150 million, representing an increase of 27% as compared with 2013. According to the National Bureau of Statistics, sales of commodity housing units in China decreased by 6.3% in 2014. The outstanding result we achieved is mostly attributable to our strong brand and unique advantages.



Mr. DING Benxi Chairman

Our outstanding properties benefit a lot from Wanda Plazas and are able to enjoy the maximum benefits brought by Wanda Plazas, resulting in a much higher intrinsic value in our properties than those of our competitors and great advantages that are hard to duplicate. Therefore, we can outperform our peers in sales rate, price and gross profit.

Significant rise in rent: In 2014, 23 Wanda Plazas commenced operation, bringing the total number of plazas in operation to 107 with a total GFA of 21.56 million square meters. We are among the largest real estate operators in the world in terms of property size. The gross profit margin of property leasing and business management segment as well as its contribution to our profit was further improved, which enabled us to withstand the cyclic risks in real estate industry.

Sound control on assets liabilities: With a significant increase in the size of our business, Wanda Commercial maintained a net gearing ratio of 56.68%, which is considered to be low among the industry players. Meanwhile, we maintained a good cash flow and managed to achieve the balance between rapid development and security of the enterprise.



Kunming CBD Wanda Plaza, the 100th Wanda Plaza of Wanda Commercial commenced operation on 31 October 2014. With a total GFA of nearly 700,000 sq.m, it is the largest commercial center in South West Kunming.



Constant Improvement building up advantages through management innovation

Wanda Commercial is well known for its strong ability in execution. However, we are making efforts to achieve something more than that. We have been strengthening our advantages through continuous innovation. With our leading position in the world in terms of scale, Wanda Commercial is able to skillfully handle those commercial projects that are broad in distribution, great in number, grand in size and large in foot traffic, demonstrating our advanced business management skills.

In developing Wanda Plaza, our self-developed modularized management system, while assuring the quality in construction, manages to complete the process from land acquisition to commencement of operation with full occupancy rate in two years, which is much more advanced than our peers. Moreover, the 107 Wanda Plazas in operation have all achieved commencement of operation with full occupancy rate as planned, marking

a commercial miracle of the world. In 2014, Wanda Commercial initiated a new project management model called “general contractors turning in the key”, which would make the construction and management of Wanda projects more reasonable and effective.

In developing Wanda Plaza, the Hui Yun Management Platform (慧雲管理平台), a software platform which integrates 16 functions such as fire-fighting, security, operation and energy saving, is able to conduct real time monitoring and management on over 100 Wanda Plazas from the headquarter. This means the headquarter is able to be aware of any customer walking into Wanda Plaza, any transactions processed and even any light being turned on or off at real time. With this system, Wanda Plaza has become a genuine intelligent plaza, eco-friendly plaza and secured plaza. This system has also laid a solid foundation for operation with big data supply.



A compatible super platform with integrated resources

After the development of more than ten years, Wanda Plaza has become the largest super commercial platform in China. It has created an eco-system which integrates enterprise with the city, the seller and the customer, which generates great advantages and builds up immense competitive edge for Wanda Commercial.

Heart of the city: With strong comprehensive functions, each Wanda Plaza has become the center of the city or the region it locates, which we are known for "Wanda Plaza is the city center". Each Wanda Plaza has become a hot pick for merchants. With prestigious sites for running stores, Wanda Commercial has maintained a record of both occupancy rate and rent collection rate being over 99% over years, demonstrating how Wanda plazas are popular in the business circle.

A large number of loyal customers: In 2014, foot traffic of Wanda Plazas has reached 1.6 billion, which means 160 million urban residents are our loyal customers, assuming that each customer contributes ten visits a year. As the number of newly-opened Wanda Plazas increases and those in operation grow into maturity, the customer base will continue to increase rapidly. Wanda Plaza mainly provides experience-based consumption. Apart from shopping, customers can also enjoy food, entertainment and social activities in Wanda Plazas. This is a consumption behaviour that would last a lifetime once formed. In China, Wanda Commercial's customer data are reliable and comprehensive, and we understand our customers. This is a valuable vault for Wanda Commercial, the significance of which is beyond valuation.



Abundant commercial resources: Over the 15 years' operation, Wanda Plaza has accumulated the richest resources of business partners within the industry. Adhering to our motto "long term cooperation and joint progress", we have worked with a number of retailers who grow into nationwide prestigious brands from regional brands during the course of our cooperation. The interwoven and sharing cooperative relationship, achieving the level of strategic partnership rather than normal business cooperation, gives rise to the retailers' adhesiveness with Wanda Plaza's distribution, which results in all Wanda Plazas' on-time commencement of operation with full occupancy rate. Thanks to the enormous influence of Wanda Plaza, our Wanda Annual Commercial Convention attracts thousands of business brands to participate in and is known as the top convention in China's commercial industry.

Unified marketing strategy: Wanda Plazas have entered into over a hundred major cities in China, forming a comprehensive network throughout the country. By utilizing the nationwide chained Wanda Plazas, we are able to apply the unified marketing strategy to our business operation, which generates great dynamics for our success. In October 2014, Wanda Commercial launched a three-day marketing event called "100 Wanda Plazas Celebration" to celebrate the commencement of operation of the 100th Wanda Plaza. This event attracted 30 million visits of customer traffic with a turnover amounted to over RMB3.3 billion, marking a unprecedented record in the domestic retail industry.



Chairman's Statement

A promising future: O2O market

Wanda Commercial has been voluntarily lowering the portion of retail business and increasing the portion of experience-based consumption since many years ago, which ensures its continuous progress in an environment where online retail business boosts. As online business develops, it comes into people's awareness that it is impossible to separate online business from the physical business market, and that the one who dominate the O2O business will be the winner in the future. Wanda Commercial owns a powerful physical business platform, and it is expected to expand exponentially as the light-asset business mode spreads. This is our unique resource to develop the O2O business. Wanda Commercial has proposed the strategy of fully embracing the internet and has determined to develop the O2O business to connect with the world and to develop itself into the key business participant in the age of internet.

In August 2014, Wanda Commercial, in cooperation with the two internet tycoons, Tencent and Baidu, established Wanda E-commerce with the ambition to build the biggest O2O business platform, in which Wanda Commercial owns 35% equity shares. Ever since its establishment, Wanda E-commerce has attracted great attention and favourable comments. With the investment from two internet investment funds, it holds the record of the fastest growth rate in valuation for newly-commenced companies. It is expected that, with its O2O strategy being realized and advantages in terminal resources being leveraged, Wanda Commercial will

become a significant dominator in the future business structure.

China's economy is expected to maintain a rapid yet stable growth in the next decade with its residents' income increasing and consumer market expanding. Wanda Commercial has firmly rooted in this promising land, living in harmony with cities, residents and retailers. While contributing huge value to the cities where Wanda Plazas locate and bringing convenience and enjoyment to the residents, we are granted with the opportunity amounted in trillions which is brought by China's urbanization and upgrade in consumption. This is a historic opportunity that we could not bear missing. In the next decade Wanda Commercial will further expand and consolidate its market share in key sties in China, in order to serve over 1 billion customers and develop an unrivalled O2O consumption platform. Based on our broad and thorough distribution in cities across China and our great influence, we are confident about and capable of seizing this opportunity to achieve development in strides and offer our shareholders returns beyond expectation.

DING, Benxi

Chairman

Beijing, 30 March 2015



Newly opened Wanda Plaza in 2014 — Kunming Wanda Plaza



Business and Management Discussion and Analysis

Results Overview

The Group's core product is urban complex named "Wanda Plaza", which mainly comprises shopping center held as investment properties, properties held for sale and luxury hotels. These core business segments provide mutual support to one another: Shopping centers and luxury hotels can help boost property sales, and residents, offices and luxury hotels can increase foot traffic so as to promote asset value for shopping center.

Corresponding with our core products, our Group's businesses comprise three major segments: 1) development, leasing and management of commercial

properties held for long-term investment, mainly including shopping centers; 2) development and sales of properties, including retail spaces, office spaces, SOHOs and residential buildings, etc; 3) development and operation of luxury hotels.

As China's largest developer, owner and operator of commercial properties, and China's largest owner and operator of luxury hotels, the Group continued to maintain a sound performance record in the operation of large-scale multi-function complex properties and achieved a high-speed increase in various aspects of our business operation in 2014.

As at 31 December 2014:

- Total number of Wanda Plazas in operation was 107, among which, 23 were newly opened in 2014.
 - Total Gross Floor Area ("GFA") of properties held and in operation amounted to 21.56 million square meters, representing an increase of 31.87% compared to 16.35 million square meters at the end of 2013.
 - Total GFA of shopping centers in operation amounted to 17.71 million square meters, representing an increase of 27.87% compared to 13.85 million square meters at the end of 2013.
- Total Leasable Floor Area ("LFA") of shopping centers amounted to 11.49 million square meters, representing an increase of 23.55% compared to 9.30 million square meters at the end of 2013.
- Total amount of contracted sales of the year was RMB160,150 million, representing an increase of 26.65% over 2013; contracted sales area was 14.78 million square meters, representing an increase of 35.97% over 2013.
 - Total number of hotels in operation amounted to 62, among which, 18 hotels were newly opened in 2014.
 - Total number of hotel rooms in operation was 19,165, among which 5,546 rooms were newly added in 2014.

In 2014, all the Group's businesses were carried out as scheduled and achieved remarkable financial results. The Group's total revenue amounted to RMB107,871 million, up by 24.31% as compared with 2013. The Group achieved core profit (net of fair value gains of investment properties) of RMB14,824 million in 2014, representing an increase of 14.04% compared to

2013, core profit margin was 13.74%. The increase in core profit was mainly attributable to the increase in profit of our investment property leasing and property management business as well as sales of properties. In 2014, the Group realized earnings per share of RMB6.51.



Business and Management Discussion and Analysis

The main financial results of each business segment of the Group in 2014 are as follows:

Unit: (RMB million)

	Investment Property Leasing and Property Management			Sales of Properties			Hotel Operations			Other			Segment Total		
	2014	2013	Change	2014	2013	Change	2014	2013	Change	2014	2013	Change	2014	2013	Change
Revenue	10,352	7,707	34.32%	91,748	74,981	22.36%	4,008	3,215	24.67%	1,763	871	102.41%	107,871	86,774	24.31%
Cost	2,703	2,212	22.20%	54,532	44,345	22.97%	2,868	2,148	33.52%	1,842	733	151.30%	61,945	49,438	25.30%
Gross profit	7,649	5,495	39.20%	37,216	30,636	21.48%	1,140	1,067	6.84%	-79	138	-157.25%	45,926	37,336	23.01%
Gross profit-margin (%)	73.89	71.30	2.59	40.56	40.86	-0.30	28.44	33.19	-4.75	-4.48	15.84	-20.32	42.57	43.03	-0.46
Profit before interest and tax	19,963	20,537	-2.79%	29,253	27,206	7.52%	-605	-294	105.78%	321	-102	-414.71%	48,932	47,347	3.35%
Increase in fair value of investment properties	13,455	15,443	-12.87%	-	-	-	-	-	-	-	-	-	13,455	15,443	-12.87%
LAT	-	-	-	7,286	7,196	1.25%	-	-	-	-	-	-	7,286	7,196	1.25%
Profit before interest and tax (excluding change in fair value and LAT)	6,508	5,094	27.76%	21,967	20,010	9.78%	-605	-294	105.78%	321	-102	-414.71%	28,191	24,708	14.10%
Finance cost (not available for allocation)	-	-	-	-	-	-	-	-	-	-	-	-	7,132	5,855	21.81%
Profit before tax (excluding change in fair value and LAT)	-	-	-	-	-	-	-	-	-	-	-	-	21,059	18,853	11.70%

In 2014, the Group's revenue mainly came from three major business segments, namely investment property leasing and property management, sales of properties and hotel operations, accounting for approximately 9.60%, 85.05% and 3.72%, respectively. Revenue from investment property leasing and management segment was RMB10,352 million, representing an increase of 34.32% as compared with 2013. Revenue from sales of properties reached RMB91,748 million in 2014, representing an increase of 22.36% as compared with 2013. Revenue from hotel operations segment was RMB4,008 million, representing an increase of 24.67% as compared with 2013.

In 2014, while the real estate industry was in a recession which resulted in a slight decrease in the gross profit margin of properties sales, the Group's overall gross profit margin remained stable as compared with 2013, mainly due to the increase of both the profit margin and revenue of our property leasing and management in 2014, demonstrating our Group's strong ability to withstand cyclic risks, outstanding business administration expertise and ability to achieve sustainable profitability.



Kunming

100th Wanda Plaza



Yinchuan
a city lies at the heart of
West China
achieved good
performance



Chengdu
a city lies at the heart of
Southwest China
achieved excellent
performance



Business and Management Discussion and Analysis

Our strategy of expanding the contribution percentage of investment property leasing and property management to our businesses has brought the investment property leasing and property management segment's profit before interest and tax of RMB19,963 million during the year, which accounts for 40.80% of the total profit before interest and tax. The increase demonstrated the remarkable achievement made by the Group in respect of increasing the contribution percentage of investment property leasing and property management business. The profit before interest and tax from sales of property accounts for RMB29,253 million or 59.78% of the total amount. Loss before tax and interest from hotel operation segment was RMB605 million, representing a 105.78% increase in loss as compared with 2013, mainly due to the newly opened hotels in 2014 were still in trial operation stage. The number of newly opened hotels was 18, as compared to 11 in 2013.

Contribution of profit before tax (excluding LAT)

In 2014, the Group's profit before tax (excluding LAT) mainly came from sales of properties, investment property leasing and property management segments. Among which, profit before tax and interest (after deducting LAT and excluding change of fair value) from investment property leasing and property management segment was RMB6,508 million, representing an increase of 27.76% as compared with 2013. The profit accounts for 30.90% of profit before tax (after deducting LAT and excluding change of fair value), representing an increase of 3.88 percentage points as compared with 2013. We believe that our profitability will be further enhanced and our profit will increase steadily as we strive to increase the contribution of investment property leasing and management business.

Business Segments Analysis

Investment property leasing and property management

In 2014, revenue from investment property leasing and property management segment made further contributions to the Group's operating results, accounting for 9.60% of total revenue and representing an increase of 0.71 percentage points as compared to 2013. During the reporting period, revenue from investment property leasing and property management business was RMB10,352 million, representing an increase of 34.32% over the same period of 2013. Gross profit margin of our investment property leasing and property management segment was 73.89%, representing an increase of 2.59 percentage points as compared with 2013.

Main operating information about shopping centers:

	2014	2013	Change
Total GFA (million sq.m.)	17.71	13.85	27.87%
Total LFA (million sq.m.) ⁽¹⁾	11.49	9.30	23.55%
Occupancy rate	99.32%	99.20%	0.12 percentage points
Average Rent (RMB/sq.m./month) ⁽²⁾	84.81	84.31	0.59%

Notes:

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

(2) Average rent = Investment property leasing and property management revenue (net of business tax)/total LFA.



Investment property

- Our investment properties mainly include shopping centers and cultural and entertainment complex projects of Wanda Plaza and Wanda City.
- In 2014, we further expanded our portfolio of investment properties. We opened 23 new shopping centers with a total GFA of approximately 3.85 million square meters and a total LFA of approximately 2.19 million square meters. As of 31 December 2014, we owned 107 shopping centers in operation in 71 cities with a total GFA of approximately 17.71 million square meters and a total LFA of approximately 11.49 million square meters. In 2014, Wanda Plaza recorded total sales of RMB102.0 billion and foot traffic of more than 1.6 billion visits, establishing itself as the largest provider of experiencing consumption platform and services in China's mass consumption market.
- Our shopping centers opened in 2014 basically recorded a 100% occupancy rate upon their opening. As at 31 December 2014, the average occupancy rate of all our shopping centers in operation was 99.32%.
- As at the end of 2014, the Group had established cooperation with nearly 5,000 brands, including more than 2,000 long-term strategic cooperation brands. We have become the largest partner of many international brands in the world.
- Our self-developed Hui Yun Management Platform (慧雲管理平台) enabling functions, such as remote monitoring, operation pre-alert and real-time statistics and interactive services, as well as remote management via mobile terminals. As such we were able to make use of our core operation and management team of approximately 5,000 people to effectively manage 107 shopping centers in operation and dozens of shopping centers under construction for business and brand management.



Qingdao Taidonglu Wanda Plaza



Beijing Shijingshan Wanda Plaza



Maanshan Wanda Plaza



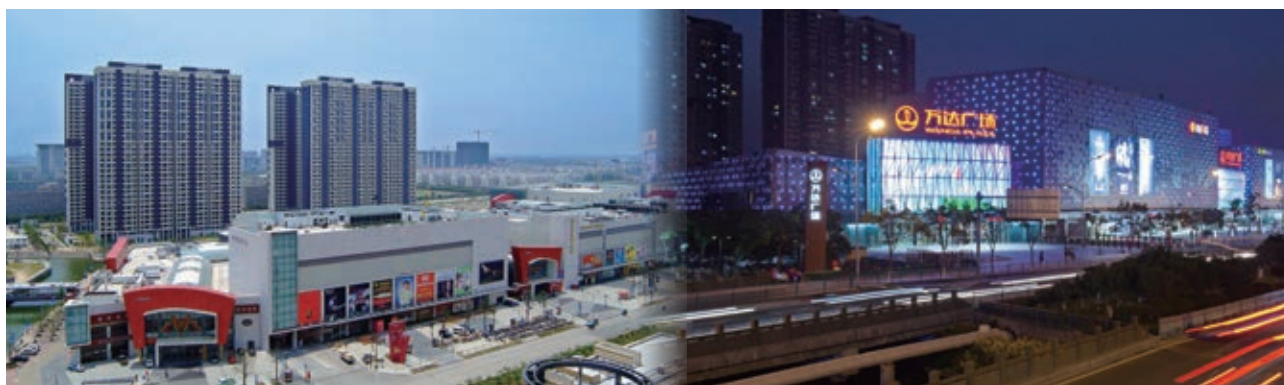
Business and Management Discussion and Analysis

In 2014, we made a series of innovations in business management to enable:

- effectively track foot traffic, automatic generation of hotspot map for customer distribution in public areas and inside the retail spaces by using new technologies, thus enabling scientific judgement on the shop location and effective utilization of the business areas;
- more effective and well-targeted marketing by conducting comprehensive analysis of the customers' consumption habits and behavioral records using big data and new technologies;
- enhanced relevancy of customer consumption, leveraging the unique diversified trade mix;
- stylish, comfortable and pleasant shopping environment and increase customer loyalty by combining market changes and consumer trend.

Consistent innovation and upgrading of Wanda Plaza

The Group's core product is urban complex named "Wanda Plaza", which has gone through three-generation upgrading in about 12 years. Currently, our portfolio of investment properties mainly comprises properties held by the third-generation Wanda Plazas. Each Wanda Plaza generally comprises shopping center, office building, SOHO and residential building operated by the Group, and one luxury hotel. Development and construction of Wanda Plaza follows the model of balanced cash flow, which is to use cash flow from property sales for construction of properties held, namely shopping centers and luxury hotels. Benefiting from and promoting China's urbanization process, this product has become a proven success in the Chinese market with a target to build the biggest offline consumption platform. The shopping centers of Wanda Plaza are positioned to target middle-end consumers, providing one-stop shopping, entertainment and leisure experiences based on catering, retailing, entertainment and lifestyle services.



Yinzhou Wanda Plaza before renovation

Yinzhou Wanda Plaza after renovation

Wanda City

As at December 31, 2014, the Group had seven Wanda Cities under construction, which are respectively located in Wuhan, Hefei, Harbin, Nanchang, Qingdao, Wuxi and Guangzhou. Wanda City is characterized by local cultural or tourism themes and is developed by phase as a multi-function complex based on overall planning, highlighting culture and tourism concepts and aiming to build itself into a tourist spot by providing rich entertainment and

retail services. Our goal is to build Wanda city into a landmark of urban lifestyle, cultural center and world-class a tourist spot. So far, the Group's Wanda Cities have been under steady construction. During the reporting period, the Han Show and Wuhan Wanda Movie Park located within Wuhan Central Cultural District officially started operation. In addition, the Group also started construction of two mega cultural and tourism projects, namely Wuxi Wanda City and Guangzhou Wanda City, in 2014.



The Han Show

With a total GFA of approximately 86,000 square meters, the Han Show is a world-class stage show that was jointly created by Wanda Group and the Franco Dragone Entertainment Group, it made debut in the Wuhan Central Cultural District on December 20, 2014. As a feast of both Chinese and Western cultures, the Han Show presents a new face of entertainment culture and fuses modern performing arts together with ancient Chu and Han cultures to create a one of a kind theatrical extravaganza. In addition, it combines multiple forms of performances, such as music, dancing, acrobatics high diving and stunt to present a dramatic tech-based feast.



Wuhan Movie Park

With a total GFA of approximately 102,000 square meters, Wuhan Wanda Movie Park celebrated its grand opening in Wuhan on December 20, 2014. It is the world's only indoor movie theme park that was built by the Group on the west end of Han Street. It set a new benchmark for theme parks in the world by combining top-class visual and real technical experiences in a perfect harmony for the first time! It includes six spectacular attractions to bring tourists on an unprecedented and amazing journey based on world-class facilities, such as the world's first hard ball screen, 3D interactive shooting equipment, the biggest soft pillar screen and 170-degree super screen.



Business and Management Discussion and Analysis

The table below sets out certain information in respect of our investment properties in operation as at 31 December 2014:

	GFA (million sq.m.)	LFA (million sq.m.)	Average Occupancy Rate in 2014 (%)
First-tier cities	1.79	1.16	99.87%
Second-tier cities	7.20	4.80	99.15%
Third-tier cities	8.72	5.53	99.37%
Total	17.71	11.49	99.32%

Revenue

In 2014, revenue from the Group's investment property leasing and property management amounted to RMB10,352 million, representing an increase of 34.32% as compared with 2013, mainly due to the increase in leasable area and average rents during the year. The increase in leasable area was mainly due to the 23 shopping malls opened during the year, with a total leasable area of 2.19 million sq.m.; the increase in average rents was mainly due to the steady increase in rent according to contract terms for the shopping malls opened before 2014, certain tenants agreed to have their rents raised when renewing their contracts during the year, and the Group adjusted some tenants resulting the increase in rents.

Cost

Direct operating expenses in relation to investment property leasing and property management include property maintenance costs, salaries of employees in the investment property leasing and property management segment and the property tax in respect of the relevant investment properties. In 2014, our costs of investment property leasing and property management amounted to RMB2,703 million, representing an increase of 22.20% as compared with 2013, lower than the increase in revenue. The increase was mainly due to the increase in leasable area.

Gross Profit

Investment property leasing and property management realized a gross profit of RMB7,649 million in 2014, representing an increase of 39.20% as compared with 2013, with a gross profit margin of 73.89%, representing

an increase of 2.59 percentage points as compared with 2013. The main reason for increase was attributable to economies of scale and increased operating efficiency which resulted in greater rate of increase in revenue than costs.

Selling and Distribution Expenses

Selling and distribution expenses for investment property leasing and property management include promotional expenses and advertising expenses, which was RMB459 million in 2014, representing an increase of 24.39% as compared with 2013. The selling and distribution expenses accounted for 4.43% of the revenue from investment property leasing and property management in 2014, representing a decrease of 0.35 percentage points as compared with 2013, mainly due to our strict control and efficient use of the expenses.

Administrative Expenses

Administrative expenses for investment property leasing and property management include the management's salaries, travel expenses, office expenses and rents, which was RMB938 million in 2014, representing an increase of 36.54% as compared with 2013; such expenses accounted for 9.06% of the revenue from investment property leasing and property management in 2014, representing an increase of 0.15 percentage point as compared with 2013. The increase was mainly due to increase in the number of shopping centers in operation and under construction. Among which, administrative expenses of shopping centers opened before 2014 increased by RMB46 million as compared with 2013, administrative expenses of shopping centers opened in 2014 increase by RMB117 million as compared with 2013 and administrative



expenses of shopping centers under construction in 2014 increased by RMB37 million as compared with 2013. The administrative expenses of the Business Management head office increased by RMB51 million as compared with 2013.

Fair value gains on investment properties

As at 31 December 2014, total book value of the Group's investment properties amounted to RMB248,101 million, accounting for 43.97% of the Group's total assets. During the year, as per the requirements of the relevant accounting standards, the Group engaged DTZ, an independent third party, to carry out a valuation on our investment properties including the projects under construction, and realised a valuation gain of RMB13,455 million, among which, completed properties accounted for RMB12,529 million and properties under construction accounted for RMB926 million.

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

	Contracted sales (RMB million)	Contracted sales area (million sq.m.)
Retail spaces	52,468	2.08
Office spaces	14,118	1.06
SOHO	24,876	2.69
Subtotal	91,462	5.83
Residential properties	64,641	8.35
Others ⁽¹⁾	4,047	0.60
Total	160,150	14.78

Notes:

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

Revenue

In 2014, the Group's sales of properties recognized a revenue of RMB91,748 million, representing an increase of 22.36% as compared with 2013, mainly due to the increase in the sales area for which the properties have been delivered as per contract and the revenue has been recognized. In 2014, the Group's sales of properties

Sales of properties

The Group's properties held for sale comprise residential properties, retail spaces, office spaces and SOHO. Benefited from our unique product mix and the advantages provided by our shopping complexes, we are more resilient in the volatile residential market.

In 2014, our total contracted sales was approximately RMB160,150 million, representing an increase of 26.65% as compared with 2013, and fulfilled our sales target as set at the beginning of the year. Of which, sales in first-tier and second-tier cities accounted for 49.81%, third-tier accounted for 48.31% and sales overseas accounted for 1.88%. By the type of properties, retail spaces, office spaces, SOHO and others accounted for 59.64% and residential properties accounted for 40.36%.

recognized an area of 7.5549 million sq.m, representing an increase of approximately 20.19% as compared with 2013. The Jiangning Project in Nanjing, Kaifu Project in Changsha, Qingxiu Project in Nanning, Taibai Road Project in Jining and Nanhai Project in Foshan were the five largest projects of the Group in terms of recognized revenue during the year.



Business and Management Discussion and Analysis

Cost

The costs of property sales include the land acquisition costs, construction costs, capitalized interest and other costs. In 2014, our costs of property sales amounted to

RMB54,532 million, representing an increase of 22.97% as compared with 2013, mainly due to the increase in the area for which the properties were sold and revenue was recognized during the year.

The following table sets forth the revenue, cost and area recognized for each category of our property sales segment:

	Area (sq.m.)	2014 Revenue (RMB million)	Cost (RMB million)	Area (sq.m.)	2013 Revenue (RMB million)	Cost (RMB million)
Retail spaces	1,041,751	28,644	10,641	701,929	20,451	7,382
Office spaces	1,629,565	19,596	11,783	1,309,604	14,701	8,419
SOHO	1,807,777	16,640	11,926	854,187	6,676	5,693
Residential properties	3,075,812	23,643	18,057	3,419,982	30,457	21,143
Car parks and others	n.a.	3,225	2,125	n.a.	2,696	1,708
Total	7,554,905	91,748	54,532	6,285,702	74,981	44,345

Gross profit

In 2014, sales of properties realized a gross profit of RMB37,216 million, representing an increase of 21.48% as compared with 2013, which was mainly attributable to increase in revenue recognized for sales of properties. Despite a volatile market of real estate industry, our gross profit margin was 40.56%, remained stable as compared with 2013 and maintained a relatively higher margin among industry players, demonstrating the Group's achievement in maintaining satisfactory profitability in sales of properties.

Selling and distribution expenses

Selling and distribution expenses for sales of properties, which include the promotional expenses, costs for sales and marketing staff, amounted to RMB5,127 million in 2014, accounting for 3.20% of the contracted sales, representing an increase of 0.39 percentage points as compared with 2013, mainly due to the increase in new projects that are under advertising and promotional periods in 2014.

Administrative expenses

Administrative expenses for sales of properties include the management's salaries, travel expenses and office expenses, which was RMB3,892 million in 2014, accounting for 4.24% of the revenue from sales of properties, representing an increase of 0.59 percentage points as compared with 2013. The increase was mainly due to increase in management staff and relevant expenses as a result of increased projects.

Hotel operations

As at 31 December 2014, we had 62 luxury hotels in operation in 53 cities, and the total number of rooms was 19,165, including 35 self-operated hotels and 27 hotels operated by world-known third-party hotel managers, all of which are situated in urban centers and travel hotspots.





Wanda Realm Jinhua

During the reporting period, we newly opened 18 hotels, with 5,546 hotel rooms in total.

In 2014, our hotel operations realized owner's profit of RMB578 million, representing an increase of 1.72% as compared with RMB568 million in 2013. Among which, realized owner's profit for hotels opened before 1 January 2014 was RMB608 million and that for hotel opened during 2014 was RMB-30 million. Owner's profit margin was 14.50%, representing a decrease of 3.60 percentage points as compared with 2013. The decrease in realized owner's profit was due to the fact that the newly opened hotels are still in the stage of trial operation. These hotels receive lower revenue while incur a higher fixed cost.

At the end of 2014, we have already acquired land for the development of overseas hotel projects in global hot spots such as London, Los Angeles, Chicago, Madrid and Brisbane, which would lay a solid foundation for Wanda Hotel's expansion into international market, and significantly improve the brand influence of the Wanda hotels.

Revenue

In 2014, revenue from the Group's hotel operations amounted to RMB4,008 million, representing an increase of 24.67% as compared with 2013, mainly due to the increase in the revenue in line with the increase in the number of hotels newly opened and hotels growing to maturity in operations during the year.

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

Item	2014		2013	
	Amount (RMB million)	Percentage	Amount (RMB million)	Percentage
Self-operated hotels	1,548	38.62%	580	18.04%
Hotels managed by third parties	2,460	61.38%	2,635	81.96%
Total	4,008	100.00%	3,215	100.00%

Costs

Costs for hotel operations include depreciation of our hotels, hotel maintenance costs, and employees' salaries and other miscellaneous expenses of our hotel

operations. In 2014, costs of our hotel operations amounted to RMB2,868 million, representing an increase of 33.52% as compared with 2013, mainly due to the increase in depreciation and maintenance costs in line with the new 18 hotels opened during the year.



Business and Management Discussion and Analysis

Gross profit

In 2014, our hotel operations realized a gross profit of RMB1,140 million, representing an increase of 6.84% as compared with 2013, with a gross profit margin of 28.44%, representing a decrease of 4.75 percentage points as compared with 2013, mainly due to the large number of hotels opened during the year and an increase in depreciation, while these hotels have not reached maturity in operations and revenue has not reached normal level.

Selling and distribution expenses

Selling and distribution expenses for our hotel operations include the marketing and promotional expenses, which was RMB367 million in 2014, representing an increase of 6.69% as compared with 2013, in which the selling expenses for the self-operated hotels and hotels operated by third parties in 2014 were RMB170 million and RMB197 million respectively.

Administrative expenses

Administrative expenses for hotel operations include the management's salaries, travel expenses, office expenses and rents, which was RMB1,485 million in 2014, representing an increase of 35.49% as compared with 2013. The increase was mainly due to the increase in management personnel as a result of the increase in the number of newly opened hotels.

Land acquisitions and land reserves

For the year ended 31 December 2014, the Group had land reserves with an aggregate GFA of approximately 75.94 million sq.m. We newly purchased 40 land projects in 2014 (including the lands acquired in phases of Wanda Plaza and Wanda City under development) with an aggregate GFA of approximately 26.88 million sq.m.

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

	Total GFA for the year ended 31 December 2014 (Million sq.m.)
Completed properties but not yet recognize revenue	3.79
Of which: pre-sold	1.70
Properties under construction	47.35
Properties held for future development	24.80
Total	75.94

Breakdown of Land Reserves by Region

Region	Total GFA (Million sq.m.)	Percentage %
East China	33.10	43.59%
Northeast China	13.37	17.61%
South China	7.72	10.17%
Northwest China	8.10	10.67%
Central China	6.67	8.78%
North China	4.07	5.35%
Southwest China	2.91	3.83%
Total	75.94	100.00%



Land reserve allocation by usage

Usage	Total GFA (Million sq.m.)	Percentage %
Sales of properties	60.26	79.35%
Investment properties	9.11	12.00%
Hotel	1.86	2.45%
Others	4.71	6.20%
Total	75.94	100.00%

In 2014, the average land acquisition cost of our Group's newly acquired land was RMB1,187 per sq.m.

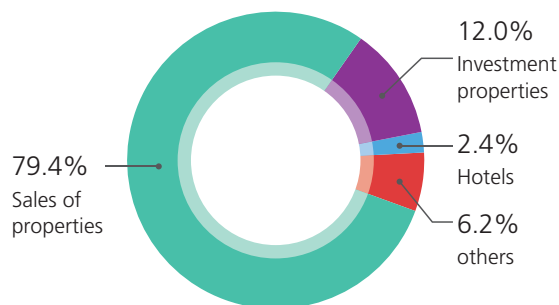
The distribution of land reserves by regions by types are as follows:

Distribution of land reserves by regions



East China	33.10	Northeast China	13.37	South China	7.72
Northeast	8.10	Central China	6.67	North China	4.07
Southwest China	2.91	Total GFA (million sq.m)			

Distribution of land reserves by uses



In 2014, the average cost of our Group's new acquired land reserves is RMB1,187 per sq.m.



Business and Management Discussion and Analysis

Overseas Properties

In 2014, we continued our expansion in overseas business through further enlarging the geographic coverage of our property portfolio into selected strategic cities overseas. We adopted a prudent strategy for overseas expansion, which focused on building an international brand for Wanda's hotels and hold on to the cash flow balance mode in project development by using the proceeds from sales of residential properties to build and hold luxury hotels.



London

Project in London, the UK

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



Madrid

Joint Venture in European Continent and Project in Madrid, Spain

In June 2014, Wanda Hotel Development formed a joint venture with Wanda HK to establish a joint venture platform in Continental Europe with total capital commitment of HK\$12.5 billion, in which Wanda Hotel Development holds 60% and Wanda HK 40% of the joint venture company, for the joint acquisition and development of suitable real property projects in Continental Europe.

On the same day, we acquired EdificioEspana, a historic building in Madrid of Spain, through this joint venture platform. The planned total gross floor area of the project is approximately 83,000 sq.m., and is expected to be developed into a complex featuring a 178-room luxury hotel, prime retail spaces and around 210 residential apartments featuring stunning views of Madrid. The Madrid Project is expected to obtain the relevant planning approvals by early 2016, and construction work will then commence. The development of this project is expected to be completed in 2019.





Chicago



Los Angeles

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

In July 2014, Wanda Hotel Development formed a joint venture with Wanda HK to establish a joint venture platform in the Americas with total capital commitment of HK\$10 billion, in which Wanda Hotel Development holds 60% and Wanda HK 40% of the joint venture platform, for the joint acquisition and development of suitable real property projects in the Americas.

On the same day, we, through Wanda Chicago, a wholly owned subsidiary of this joint venture platform in the Americas, entered into (i) the Formation and Contribution Agreement with Magellan Parcel C/D LLC (“Magellan”) and Lakeshore East LLC; and (ii) the Operating Agreement with Magellan to jointly develop the Chicago Project, in which Wanda Chicago holds 90% and Magellan 10% of such project company. The planned total gross floor area of the Chicago Project is approximately 168,000 sq.m. It is located in the heart of Chicago, adjacent to Millennium Park and Chicago CBD, and many of the well known destinations are within walking distance, such as the Theatre District, Museum Campus and Michigan Avenue. This is the last unbuilt site within the Lakeshore East area with excellent geographic location. The project is expected to be developed into a 350-meter, 93-story super five-star hotel (with estimated 170 rooms) and high-

end condominiums, which will be Chicago’s third highest building upon completion and become a new landmark in Chicago. The project is expected to obtain planning approvals and commence pre-sale in 2015. Construction work is expected to commence in 2016 and the development of this project is expected to be completed around 2020.

Los Angeles Projects

In September 2014, a wholly-owned subsidiary of Wanda Hong Kong, acquired a parcel of land located in No.9900 Wilshire Boulevard in the city of Beverly Hills in Los Angeles County. The land area is about 32,000 square meters, with a total planned construction area of about 130,000 square meters, of which approximately 80,000 square meters are above ground. The project is located in a prime location in Beverly Hills, close to the upscale residential area of the city, next to Rodeo Drive, one of the nation’s most famous shopping street which is just a 10-minute walk away. The Peninsula Hotel and Beverly Hilton are just across the street. To its west is the famous West Coast Los Angeles Country club, which has a 36-hole golf course and beautiful scenery. The Los Angeles boutique project is planned to build two high-end residential complexes. The project is scheduled to be completed and commence sale by 2020.



Golden Coast

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

In August 2014, Wanda Hotel Development formed a joint venture with Wanda HK to establish a joint venture platform in Australia with total capital commitment of HK\$12.5 billion, in which Wanda Hotel Development holds 60% and Wanda HK 40% of the joint venture platform, for the joint acquisition and development of suitable real property projects in Australia.



Business and Management Discussion and Analysis

On the same day, we, through Wanda Australia Commercial, a wholly owned subsidiary of this joint venture platform in Australia, subscribed a 55% shareholding in Jewel Three Pagodas Project Company, for the joint development of the Gold Coast Jewel Project with a independent third party. The planned total gross floor area of the Gold Coast Jewel Three Pagodas Project is approximately 146,000 sq.m. It is located in the heart of the Gold Coast city center — the Surfers Paradise, which is the only five-star hotel and apartment project approved to be erected directly adjacent to beaches in the Gold Coast. It is comprised of three high-rise tower buildings, of which one will be a five-star hotel, and the other two will be luxury apartments for sales. The project will become a city landmark of the Gold Coast upon completion. Tenant cleanup work was completed as planned in 2014, and the demolition and relocation work has commenced. The construction work is expected to commence in the second quarter of 2015, and pre-sale in the third quarter of 2015. The development of this project is expected to be completed in 2018.

Gold Coast Travel City Project in Australia

On December 5, 2014, through Wanda Property Australia, our wholly-owned subsidiary, we subscribed a 65% shareholding in Gold Coast Travel City project company, for the joint development with an independent third party. Gold Coast Travel City project covers an area of about 450,000 square meters, located in Narang district, which is about 11 km from the center of the Gold Coast and about 80 km from Brisbane, the capital of Queensland, The project is close to the Narang rail station and the M1 motorway, and is adjacent to the 2018 Commonwealth Games main stadium. The project is planned to be an integrated project comprising tourism, commerce, innovation and residential developments. Currently, the project is in planning and design stage and is expected to file its master plan in 2016 and obtain planning approval in 2017. Construction and pre-sale will begin in 2018 and completion of the development is expected by 2022.

Subsequent Events

Sydney Project in Australia

On January 23, 2015, through Wanda Sydney, a wholly-owned subsidiary of the above joint venture in Australia, we acquired the Sydney Project in Australia, which is planned to develop into a new high-end multi-purpose complex comprising hotel, housing and retail. The project is located in the core area of Sydney's Circular Quay, near Sydney Cove. The famous Sydney Opera House and Harbour Bridge are in close proximity, sweeping spectacular view. Five-star hotels, Grade A offices and financial institutions are in the surrounding area. The project is expected to become another landmark of Sydney when completed.

Analysis on Other Financial Items

Other income and gains

In 2014, our other income and gains were mainly interest income, gains from disposal of subsidiaries and government grants. The Group's interest income (mainly interest on bank deposit), gains from disposal of subsidiaries and government grants in 2014 was RMB546 million, RMB1,112 million and RMB1,198 million respectively.

Financing costs

In 2014, our overall financing costs (including the capitalized interest) increased from RMB9,798 million in 2013 to RMB12,375 million in 2014, representing an increase of 26.30%, mainly due to the increase in loans and interest expenses as a result of the increasing demand for capital, which is in line with the expansion of the Company. In 2014, the financial costs of the Group was 7.51%, representing a decrease of 2.47%, or a decrease of 0.19 percentage point as compared with 2013. It is mainly due to our efforts to optimize loan structures, expand channels of financing, decrease trust loans, increase overseas loans and issue overseas bonds. Meanwhile, we are able to obtain funds on more favourable terms as we developed.



Income tax expenses

Our income taxes include current and deferred corporate income tax and LAT in China. In 2014, our income tax expenses amounted to RMB16,699 million, representing an increase of 0.54% as compared with 2013, roughly at the same level. Among the total income tax expenses, corporate income tax amounted to RMB9,413 million, representing a decrease of 0.01%, and LAT amounted to RMB7,286 million, representing an increase of 1.25%.

Our effective corporate income tax rate (calculated using the sum of current corporate income tax and deferred tax divided by profits before tax minus LAT) was 27.45% in 2013 and 27.27% in 2014, no material changes have been incurred in our income tax expenses.

Capital expenditure

In 2014, the Group's capital expenditure amounted to RMB56,902 million, representing an increase of 58.03% as compared with 2013, which mainly consists of the purchase and construction of investment properties, fixed assets and intangible assets, as well as long-term equity investment.

Debts

As at 31 December 2014, the Group's total debts amounted to RMB180,969 million, representing an increase of 35.06% as compared with 2013. The Group's debts are set out as follows:

Item	2014		2013	
	Amount (RMB million)	Percentage	Amount (RMB million)	Percentage
Domestic Bank loans				
Loans for development	63,490	35.08%	43,824	32.71%
Loans for operation	55,734	30.80%	46,875	34.98%
Trust loans	42,463	23.46%	36,392	27.16%
Entrusted loans	7,690	4.25%	2,577	1.92%
Overseas borrowings	4,382	2.42%	650	0.49%
Bonds	7,210	3.99%	3,675	2.74%
Total	180,969	100.00%	133,993	100.00%

The Group's operational loans were secured by the investment properties held, with rental income as the source of fund for repayment of principal and interest. The average term of the loans was about 10 years and on revolving basis. The rental income and property value of the investment properties in correspondence with the operational loans are constantly rising, the Group therefore enjoys greater credit limit under the revolving operational loans. The Group's operational loans are

secured by sufficient and stable operating cashflow, property value and credit limit, thus ensuring risk-free repayment of principal and interest.

The Group's trust loans were mainly used in property development. The percentage of the Group's trust loans dropped from 27.16% in 2013 to 23.46% in 2014, in line with the Group's debt structure adjustment.



Business and Management Discussion and Analysis

As at 31 December 2014, the terms of maturity of the Group's bank loans are as follows:

Term	2014 (RMB million)	Percentage	2013 (RMB million)	Percentage
Within one year	36,464	20.99%	21,016	16.13%
1-2 years	48,276	27.78%	35,796	27.47%
2-5 years	42,028	24.19%	26,220	20.12%
Over 5 years	46,991	27.04%	47,286	36.28%
Total	173,759	100.00%	130,318	100.00%

Net gearing ratio

As at 31 December 2014, the Group's net gearing ratio was 56.68%, representing an increase of 3.7 percentage points as compared with 52.98% in 2013. The net gearing ratio was calculated by dividing interest bearing bank and other borrowings plus bonds less cash, cash equivalents and restricted cash by total equity.

Credit rating

As at 31 December 2014, the Group received a BBB+ for its credit rating from Standard & Poor's Financial Services LLC, a BBB+ from Fitch Ratings, Inc. and a Baa2 from Moody's Investors Service, Inc., with all of the outlooks being stable.

Cash flow analysis

In 2014, the Group's cash flows are as follows:

	2014	2013
Net cash flow generated from operating activities	8,832	6,807
Net cash flow used in investment activities	(45,699)	(23,783)
Net cash flow generated from financing activities	53,801	37,904
Net cash flow	16,934	20,928

Unit: (RMB million)

In 2014, net cash inflow generated from the Group's operating activities amounted to RMB8,832 million, representing an increase of 29.75% as compared with 2013, mainly due to an increase in cash received from sales of properties, investment properties leasing and property management; net cash outflow used in investment activities amounted to RMB45,699 million, representing an increase of 92.15% as compared with 2013. Among which, payment for purchase and construction of investment property, fixed assets, land use right and other intangible assets was RMB43,804 million, representing an increase of RMB21,578 million as compared with 2013, mainly due to the investment in the newly developed projects during the year. Net cash inflow generated from financing activities amounted to

RMB53,801 million, representing an increase of 41.94% as compared with 2013, mainly due to the completion of the IPO of H Shares during the year as well as the new bank loans of RMB129,259 million.

Foreign exchange risk

Most of the Group's investment properties and property sales projects are located in mainland China and the relevant transactions were dominated in RMB, with a small number of overseas projects settled in foreign currencies, and some deposits in banks, loans and bonds settled in Hong Kong dollars and US dollars. As at 31 December 2014, the Group's operating cash flow and liquidity were not obviously affected by the changes in exchange rate.



Contingent liabilities

As at 31 December 2014, the Group's guarantees provided in respect of the mortgage facilities granted by commercial banks to the purchasers of our properties were RMB44,406 million.

Major disposals

- (1) On 16 October 2014, the Company entered into an equity transfer agreement pursuant to which our Company transferred the entire equity interests in Xishuangbanna International Resort Development Co., Ltd. ("Xishuangbanna International Resort") held by us to Wanda Cultural for a cash consideration of RMB2,144 million.
- (2) On 22 October 2014, the Company entered into an equity transfer agreement, pursuant to which, our Company transferred the entire equity interests in Qingdao Wanda Yacht Industry Investment Co., Ltd. ("Qingdao Wanda Yacht") held by us to Wanda Cultural for a cash consideration of RMB1,042 million.
- (3) On 20 October 2014, the Company entered into an equity transfer agreement, pursuant to which, our Company transferred the entire equity interests in Dalian Jinshi Cultural Tourism Investment Co., Ltd. ("Dalian Jinshi") held by us to Wanda Cultural for a cash consideration of RMB949 million.

Employees, remuneration policies and training

As at 31 December 2014, the Group had a total of 60,674 full-time employees. The salary expense was RMB9,080 million.

With an aim to cope with its development, the Group has established and optimized its remuneration mechanism. The Group decides on the basic salaries and incentives of its employees in accordance with their performances, work experience and the prevailing market rates. The Group has also been in strict compliance with the Labor Law, Labor Contract Law and other relevant

laws so as to ensure employee's benefits. Meanwhile, to regulate the management of employee training, the Group emphasized the need for providing training to employees, actively motivated all departments initiatives and organized various training for the employees.

Business Outlook

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



Report of the Board of Directors

The Board of Directors now presents the annual report and the audited financial statements of the Group (the "Financial Statements") for the year ended December 31, 2014 to the Shareholders.

ISSUE AND LISTING OF THE H SHARES

In December 2014, the H Shares of the Company were listed on the Main Board of the Stock Exchange by way of initial public offering, a total of 652,547,600 H Shares with nominal value of RMB1.00 each were issued after exercise of the over-allotment option at a price of HK\$48.00 per Share to Hong Kong and overseas investors. As of January 21, 2015, after exercising the over-allotment option, the Company had an aggregate of 4,527,347,600 Shares, of which, 3,874,800,000 were Domestic Shares and 652,547,600 were H Shares.

SHARE CAPITAL

As of December 31, 2014, the total share capital of the Company was RMB4,474,800,000, divided into 4,474,800,000 Shares of RMB1.00 each. After exercising the over-allotment option on January 14, 2015, the total share capital of the Company was RMB4,527,347,600, divided into 4,527,347,600 Shares of RMB1.00 each. Details of movements in the share capital of the Company during the year are set out in note 36 to the Financial Statements.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company during the period from 23 December 2014 (the "Listing Date"), the date of listing of the Company's H Shares on the Stock Exchange to 31 December 2014.

PRE-EMPTIVE RIGHTS

Pursuant to the Articles of Association and the laws of the PRC, the Company is not subject to any pre-emptive rights requiring it to propose new issues to its existing Shareholders in proportion to their shareholdings.

PRINCIPAL BUSINESS

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

The principal business segments of the Company comprise: (i) development, leasing and management of commercial properties held for long-term investment; (ii) development and sale of properties, including primarily commercial and residential properties; and (iii) development and operation of hotels.

RESULTS

The audited results of operations of the Group for the year ended December 31, 2014 are set out in the Consolidated Statement of Comprehensive Income on page 77. The financial condition of the Group for the year ended December 31, 2014 is set out in the Consolidated Statement of Financial Position on pages 78 to 79. The consolidated cash flow of the Group for the year ended December 31, 2014 is set out in the Consolidated Statement of Cash Flows on pages 82 to 83.

Discussion and analysis about the operating performance and significant elements affecting the results of operations and financial condition of the Company during the year are set out in Business and Management Discussion and Analysis of this annual report from page 17 to page 35.



DISTRIBUTIONS AND DIVIDENDS

The Board resolved to propose to the shareholders of the Company (the “Shareholders”) on the forthcoming annual general meeting (the “AGM”) to be held on 26 May 2015, for the payment of a final dividend of RMB0.95 per share of the Company (tax inclusive) for the year ended December 31, 2014 (the “2014 Final Dividend”) payable to the Shareholders whose names are listed in the register of members of the Company on June 5, 2015, in an aggregate amount of approximately RMB4,301 million. The 2014 Final Dividend will be denominated and declared in RMB. The 2014 Final Dividend on Domestic Share will be paid in RMB and on H Share will be paid in Hong Kong dollars. The exchange rate shall be the average median foreign exchange rate announced by the People’s Bank of China for seven days before and including the date of the AGM. The payment of the 2014 Final Dividend is subject to the consideration and approval of the Shareholders at the AGM.

The Company has established a sound decision making process and profit distribution mechanism. Emphasis is placed on shareholder returns and cash dividends are distributed to shareholders regularly. In formulating the profit distribution scheme, the Board has fully considered the opinions and demands of shareholders to safeguard the statutory interests of minority shareholders, and has submitted the profit distribution plan at the general meeting for approval. Also, the independent non-executive directors have properly carried out their duties in regards to the decision making process of the profit distribution scheme.

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



Report of the Board of Directors

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

CLOSURE OF REGISTER OF MEMBERS

In order to ascertaining Shareholders' entitlement to attend and vote at the AGM and to the 2014 Final Dividend, no transfer of Shares will be registered from April 26, 2015 to May 26, 2015 (both days inclusive) and from May 30, 2015 to June 5, 2015 (both days inclusive), respectively. Shareholders whose names appear on the register of members of the Company on April 26, 2015 shall be entitled to attend and vote at the AGM. In order to qualify for attending and voting at the AGM, holders of H Shares shall lodge transfer documents with the Company's H Share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration before 4:30 p.m. on April 24, 2015. In order to qualify

for receiving the 2014 Final Dividend (subject to the approval by Shareholders at the AGM), holders of H Shares shall lodge transfer documents with the Company's H Share registrar at the above mentioned address for registration before 4:30 p.m. on May 29, 2015.

PROPERTY, PLANT AND EQUIPMENT

Details of movement in property, plant and equipment of the Group during the year are set out in note 14 to the Financial Statements.

RESERVES

Details of movements in the reserves of the Company during the year are set out in Consolidated Statement of Changes in Equity, of which details of reserves available for distribution to Shareholders are set out in Consolidated Statement of Changes in Equity.

DONATIONS

During the reporting period, the Group made external donations of approximately RMB246.5 million (excluding personal donations of employees).

BANK BORROWINGS AND OTHER BORROWINGS

Details of bank borrowings and other borrowings of the Group as of December 31, 2014 are set out in note 31 to the Financial Statements.



DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Part of the information of the Directors during the year and as of the date of this report and Supervisors and senior management of the Company as of the date of this report is illustrated below.

Name	Title in the Company	Date of Appointment for the Current Term
Executive Director		
Mr. DING Benxi	Chairman and Executive Director	December 2012
Mr. QI Jie	Executive Director, President	December 2012
Mr. QU Dejun	Executive Director, Executive President	December 2012

Name	Title in the Company	Date of Appointment for the Current Term
Non-executive Directors		
Mr. ZHANG Lin	Non-executive Director	December 2012
Mr. WANG Guiya	Non-executive Director	December 2012
Mr. YIN Hai	Non-executive Director	December 2012

Name	Title in the Company	Date of Appointment for the Current Term
Independent non-executive Director		
Mr. LIU Jipeng	Independent non-executive Director	December 2012
Dr. XUE Yunkui	Independent non-executive Director	December 2012
Dr. HU, Fred Zuli	Independent non-executive Director	August 2014

Name	Title in the Company	Date of Appointment for the Current Term
Supervisors		
Ms. GAO Qian	Chairman of the Board of Supervisors	December 2012
Mr. Wang Yunan	Shareholder representative Supervisor	December 2012
Mr. GAO Xiaojun	Employee representative Supervisor	December 2012

Name	Title in the Company	Date of Appointment for the Current Term
Senior Management		
Mr. QI Jie	Executive Director, President	December 2012
Mr. QU Dejun	Executive Director, Executive President	December 2012
Mr. CHEN Ping	Vice president	December 2009
Mr. NING Qifeng	Vice president	December 2009
Mr. SUN Jiquan	Vice president	June 2014
Mr. CHENG Erjun	Vice president	January 2012
Mr. QU Xiaodong	Vice president	December 2012
Mr. YU Xiuyang	Vice president	December 2013
Mr. LIU Haibo	Vice president	December 2013
Mr. LAI Jianyan	Vice president	December 2013
Mr. LV Zhengtao	Vice president	June 2014
Mr. Wang Jian	Secretary to the Board	March 2015



Report of the Board of Directors

The Company has received an annual confirmation of independence from each of the independent non-executive Directors pursuant to Rule 3.13 of the Listing Rules, and considers all the independent non-executive Directors to be independent from the Company.

BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

The biographical details of Directors, Supervisors and senior management of the Company are set out on pages 50 to 56 of this annual report. There are no relationships among the Directors, Supervisors and senior management of the Company, including financial, business, family or other material relationships.

SERVICE CONTRACTS OF DIRECTORS AND SUPERVISORS

The Company has entered into a service contract with each of the Directors and Supervisors containing terms relating to, among other things, compliance with relevant laws and regulations, observation of the Articles of Association and provision on arbitration. The service contracts may be renewed under the Articles of Association and applicable rules.

Save as disclosed above, none of the Directors or Supervisors has entered into a contract of service with the Company during the year ended December 31, 2014 which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

EMOLUMENTS OF DIRECTORS AND SUPERVISORS

Details of the emoluments of the Directors and Supervisors of the Company are set out in note 8 to the Financial Statements.

DIRECTORS' AND SUPERVISORS' INTERESTS IN CONTRACTS

At the end of the year 2014 or at any time during the year, there were no contracts of significance subsisting in relation to the Group's business to which the Company or any of its subsidiaries was a party, directly or indirectly, and in which any Director or Supervisor had a material interest.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

For the year 2014, save as disclosed below, none of the Directors or their associates had any competing interests in any business that constitutes or may constitute direct or indirect competition with the Company's businesses:

Name	Positions in the Company	Other interests
Mr. DING Benxi	Executive Director and Chairman of the Board	Director and president of Dalian Wanda Group
Mr. QI Jie	Executive Director and president	Director of Dalian Wanda Group
Mr. ZHANG Lin	Non-executive Director	Director of Dalian Wanda Group
Mr. WANG Guiya	Non-executive Director	Director and senior vice president of Dalian Wanda Group
Mr. YIN Hai	Non-executive Director	Director and vice president of Dalian Wanda Group



INTERESTS AND SHORT POSITIONS OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVES IN SHARES, UNDERLYING SHARES AND DEBENTURES

As of December 31, 2014, save as disclosed below, no Director, Supervisor or chief executive of the Company had any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including those taken or deemed as their interests and short position in accordance with such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules, to be notified to the Company and the Stock Exchange.

Name of the Directors, Supervisors and chief executives	Class of Shares	Capacity	Number of Shares/ underlying Shares held (share)		Percentage of relevant class of share capital (%)		Percentage of total share capital (%)	
			Long position	Short position	Long position	Short position	Long position	Short position
Directors								
Mr. DING Benxi	Domestic Shares	Beneficial owner	50,000,000	–	1.29	–	1.12	–
Mr. QI Jie	Domestic Shares	Beneficial owner	10,000,000	–	0.26	–	0.22	–
Mr. QU Dejun	Domestic Shares	Beneficial owner	6,000,000	–	0.15	–	0.13	–
Mr. ZHANG Lin	Domestic Shares	Beneficial owner	10,000,000	–	0.26	–	0.22	–
Mr. WANG Guiya	Domestic Shares	Beneficial owner	8,000,000	–	0.21	–	0.18	–
Mr. YIN Hai	Domestic Shares	Beneficial owner	12,000,000	–	0.31	–	0.27	–
Supervisors								
Ms. GAO Qian	Domestic Shares	Beneficial owner	2,000,000	–	0.05	–	0.04	–
Mr. WANG Yunan	Domestic Shares	Beneficial owner	1,600,000	–	0.04	–	0.04	–
Mr. GAO Xiaojun	Domestic Shares	Beneficial owner	1,600,000	–	0.04	–	0.04	–



Report of the Board of Directors

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

As of December 31, 2014, to the knowledge of the Directors of the Company, the persons (other than a Director, Supervisor or chief executive of the Company) who have an interest or short position in the Shares or underlying shares of the Company which would fall to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO and as recorded in the register required to be kept under section 336 of the SFO were as follows:

Name of Shareholders	Class of Shares	Capacity	Number of Shares/underlying Shares held (share)		Percentage of relevant class of share capital (%)		Percentage of total share capital (%)	
			Long position	Short position	Long position	Short position	Long position	Short position
Mr. WANG Jianlin (Note 1)	Domestic Shares	Beneficial owner	307,300,000	–	–	–	–	–
		Interest of controlled corporation	1,979,000,000	–	–	–	–	–
		Interest of spouse	144,000,000	–	–	–	–	–
		Total	2,430,300,000	–	62.72	–	54.31	–
Ms. LIN Ning (Note 2)	Domestic Shares	Beneficial owner	144,000,000	–	–	–	–	–
		Interest of spouse	2,286,300,000	–	–	–	–	–
		Total	2,430,300,000	–	62.72	–	54.31	–
Dalian Hexing (Note 3)	Domestic Shares	Interest of corporation controlled by the substantial shareholder	1,979,000,000	–	51.07	–	44.23	–
Dalian Wanda Group	Domestic Shares	Beneficial owner	1,979,000,000	–	51.07	–	44.23	–
China International Capital Corporation Limited	H Shares	Interest of corporation controlled by the substantial shareholder	93,711,400	9,263,400	15.62	1.54	2.10	0.21
China International Capital Corporation (Hong Kong) Limited	H Shares	Interest of corporation controlled by the substantial shareholder	93,711,400	9,263,400	15.62	1.54	2.10	0.21
China International Capital Corporation Hong Kong Securities Limited	H Shares	Interests held jointly with another person	90,000,000	–	–	–	–	–
		Total	3,711,400	9,263,400	15.62	1.54	2.10	0.21
The Hongkong and Shanghai Banking Corporation Limited	H Shares	Beneficial owner	90,000,000	–	15.00	–	2.01	–
HSBC Holdings plc	H Shares	Interest of corporation controlled by the substantial shareholder	90,000,000	–	15.00	–	2.01	–
HSBC Holdings BV	H Shares	Interest of corporation controlled by the substantial shareholder	90,000,000	–	15.00	–	2.01	–
HSBC Finance (Netherlands)	H Shares	Interest of corporation controlled by the substantial shareholder	90,000,000	–	15.00	–	2.01	–
HSBC Asia Holdings BV	H Shares	Interest of corporation controlled by the substantial shareholder	90,000,000	–	15.00	–	2.01	–
HSBC Asia Holdings (UK) Limited	H Shares	Interest of corporation controlled by the substantial shareholder	90,000,000	–	15.00	–	2.01	–



Name of Shareholders	Class of Shares	Capacity	Number of Shares/underlying Shares held (share)		Percentage of relevant class of share capital (%)		Percentage of total share capital (%)	
			Long position	Short position	Long position	Short position	Long position	Short position
APG Group N.V.	H Shares	Investment manager	32,291,600	–	5.38	–	0.72	–
APG Asset Management N.V.	H Shares	Investment manager	32,291,600	–	5.38	–	0.72	–
Stichting Pensioenfond ABP	H Shares	Investment manager	32,291,600	–	5.38	–	0.72	–
Stichting Depository APG Strategic Real Estate Pool	H Shares	Trustee	32,291,600	–	5.38	–	0.72	–
APG Strategic Real Estate Pool N.V.	H Shares	Beneficial owner	32,291,600	–	5.38	–	0.72	–
OZ Management L.P.	H Shares	Investment manager	43,170,800	–	7.20	–	0.96	–
Och-Ziff Holding Corporation	H Shares	Interest of corporation controlled by the substantial shareholder	43,170,800	–	7.20	–	0.96	–
Och-Ziff Capital Management Group LLC	H Shares	Interest of corporation controlled by the substantial shareholder	43,170,800	–	7.20	–	0.96	–
Och Daniel Saul	H Shares	Interest of corporation controlled by the substantial shareholder	43,170,800	–	7.20	–	0.96	–
The Goldman Sachs Group, Inc.	H Shares	Interest of corporation controlled by the substantial shareholder	78,467,700	32,291,600	13.08	5.38	1.75	0.72
Goldman Sachs International	H Shares	Beneficial owner	42,219,600	–	7.04	–	0.94	–
Goldman Sachs Group UK Limited	H Shares	Interest of corporation controlled by the substantial shareholder	42,219,600	–	7.04	–	0.94	–
Goldman Sachs (UK) L.L.C.	H Shares	Interest of corporation controlled by the substantial shareholder	42,219,600	–	7.04	–	0.94	–
China Life Insurance Company Limited	H Shares	Beneficial owner	48,445,000	–	8.07	–	1.08	–
China Life Insurance (Group) Company	H Shares	Interest of corporation controlled by the substantial shareholder	48,445,000	–	8.07	–	1.08	–
Ping An Asset Management Co., Ltd.	H Shares	Investment manager	48,333,300	–	8.05	–	1.08	–
Kuwait Investment Authority	H Shares	Beneficial owner	48,445,000	–	8.07	–	1.08	–
Hongkong Gree Electric Appliances Sales Limited	H Shares	Beneficial owner	32,296,600	–	5.38	–	0.72	–

Notes:

1. Mr. WANG Jianlin directly holds 6.87% of the total issued shares of the Company and 0.24% of the issued share capital of Dalian Wanda Group, and indirectly holds 97.77% of the issued share capital of Dalian Wanda Group through his 98% direct interest in Dalian Hexing and is deemed to be interested in the Shares held by Dalian Wanda Group for the purpose of the SFO.
2. Ms. LIN Ning is the spouse of Mr. WANG Jianlin and therefore she and Mr. WANG Jianlin are deemed to be interested in each other's interests in Shares under the SFO. Ms. LIN Ning directly holds 3.22% of the issued Shares.
3. Dalian Hexing directly holds 99.76% of the total issued share capital of Dalian Wanda Group and is deemed to be interested in the Shares held by Dalian Wanda Group.



Report of the Board of Directors

MANAGEMENT CONTRACT

No contract concerning the management and administration of all or any substantial part of our business was entered into by the Company or existed in 2014.

CONNECTED TRANSACTIONS

The Group has conducted non-exempt continuing connected transactions during the year. The Company has obtained approval from the Hong Kong Stock Exchange in respect of the annual caps for the non-exempt continuing connected transactions upon the Listing and was exempted from the independent shareholders' approval requirement. The table below shows the annual caps and actual transaction value of such continuing connected transactions:

Connected Transactions	Connected Persons	(RMB million)	
		Annual Caps for 2014	Actual Transaction Value in 2014
Provision of headquarters leasing services	Dalian Wanda Group (including Beijing Dagexing Group)	18.90	12.53
	Wanda Cinemas Group	7.00	6.94
	Wanda Department Store Group	7.00	6.71
Provision of headquarters management services	Dalian Wanda Group (including Beijing Dagexing Group)	1.40	1.40
	Wanda Cinemas Group	0.65	0.63
	Wanda Department Store Group	0.65	0.63
Provision of commercial property leasing services	Dalian Wanda Group (including Beijing Dagexing Group)	135.00	117.88
	Wanda Cinemas Group	350.00	296.76
	Wanda Department Store Group	1,250.00	1,192.45
	Wanda Kidsland Group	3.00	2.73
Provision of commercial property management services	Dalian Wanda Group (including Beijing Dagexing Group)	55.00	43.37
	Wanda Cinemas Group	145.10	120.22
	Wanda Department Store Group	168.00	158.99
	Wanda Kidsland Group	0.30	0.30
Design consultancy and operation consultancy services provided by the Connected Person	Wanda Cultural Group	600	442.17



(a) Provision of Leasing and Property Management Services for Headquarters and Commercial Property to Dalian Wanda Group

The Company entered into a property lease and management services framework agreement with Dalian Wanda Group for a term of 3 years (for itself and on behalf of its subsidiaries) on December 23, 2014, with respect to (i) the leasing of commercial properties owned by us to Dalian Wanda Group and its subsidiaries (excluding Wanda Cinemas Group) for use as headquarter offices, (ii) the leasing of commercial properties owned by us to Beijing Dagexing Group for operating Wanda Cultural Group's karaoke entertainment business under the name of "“大歌星”量贩式KTV", and (iii) the provision of commercial property management services by us in respect of such leased properties.

Price Determination:

The pricing terms of the Wanda Group Framework Agreement are as follows:

- **Headquarter Leases:** The rent, excluding property management fee, payable for the office leases entered into or to be entered into under the Wanda Group Framework Agreement shall be calculated based on the benchmark monthly rental price of RMB200 to RMB400 per sq.m. (GFA) and is subject to annual rental adjustment having regard to the then prevailing market rate. The monthly rental benchmark price was determined at arm's length, by reference to prevailing market rates and being not less than the rental rates we offer to independent third parties and on normal commercial terms.
- **Leases of Commercial Property to Beijing Dagexing Group:** The rent (excluding property management fee) payable for the leases of commercial properties to Beijing Dagexing Group entered into or to be entered into under the Wanda Group Framework Agreement shall be calculated based on the benchmark monthly rental price of RMB30 to RMB50 per sq.m. (GFA) and is subject to annual rental adjustment having regard to the then prevailing market rate. The monthly rental benchmark price was determined at arm's length, by reference to prevailing market rates and being not less than the rental rates we offer to independent third parties and on normal commercial terms.

- **Property Management Fee:** The property management fee payable for the leases entered into or to be entered into under the Wanda Group Framework Agreement shall be calculated based on the benchmark monthly property management fee of (i) RMB25 to RMB40 per sq.m. (GFA) for office leases and (ii) RMB10 to RMB20 per sq.m. (GFA) for leases of commercial properties to Beijing Dagexing Group. The monthly property management benchmark prices were determined at arm's length, by reference to prevailing market rates and being not less than the rates we offer to independent third parties and on normal commercial terms.

(b) Provision of Leasing and Property Management Services for Headquarter and Commercial Property to Wanda Cinema

(I) Wanda Cinemas Framework Agreement

The Company entered into a property lease and management services framework agreement for a term of 20 years with Wanda Cinema on July 1, 2012, with respect to leasing of commercial properties owned by us to Wanda Cinemas Group for the purpose of operating its cinemas business and the provision of commercial property management services by us in respect of such leased properties.

Price Determination:

The pricing terms of the Wanda Cinemas Framework Agreement are as follows:

- The rent, excluding property management fee, payable for the leases entered into or to be entered into under the Wanda Cinemas Framework Agreement shall be an amount calculated based on a pre-agreed percentage currently at 11% (with a range adjustable periodically between 9% to 13%) of the net cinema box office income generated from the movie screenings at the relevant premises which are subject to the leases.
- The rental for leases under the Wanda Cinemas Framework Agreement calculated by a pre-agreed percentage of net cinema box office income was determined based on the average rent-to-box office income ratios for cinemas operated by independent third parties and is consistent with prevailing market and industry practice in China.



Report of the Board of Directors

- The property management fee payable for the leases entered into or to be entered into under the Wanda Cinemas Framework Agreement shall be calculated based on the benchmark monthly property management fee of RMB10 to RMB20 per sq.m. (GFA), which was determined at arm's length, by reference to prevailing market rates and the rates we offered to independent third parties and on normal commercial terms.

(II) Wanda Cinemas Headquarter Lease Agreement

The Wanda Cinemas Headquarter Lease Agreement was entered into in November 2011 supplemented by a supplemental agreement on July 27, 2012 for a term of 3 years.

Price Determination:

The pricing terms of the Wanda Cinemas Headquarter Lease Agreement are as follows:

- The rent, excluding property management fee, payable under the Wanda Cinemas Headquarter Lease Agreement shall be calculated based on the benchmark monthly rental price of RMB200 to RMB400 per sq.m. (GFA), which was determined at arm's length, by reference to prevailing market rates and the rental rates we offered to independent third parties and on normal commercial terms.
- The property management fee payable for the leases entered into or to be entered into under the Wanda Cinemas Headquarter Lease Agreement shall be calculated based on the benchmark monthly property management fee of RMB25 to RMB40 per sq.m. (GFA), which was determined at arm's length, by reference to prevailing market rates and the rates we offered to independent third parties and on normal commercial terms.

(c) Provision of Leasing and Management Services for Headquarters and Commercial Property to Wanda Department Store

The Company entered into a property lease and management service framework agreement for a term of 3 years with Wanda Department Store on December 23, 2014, with respect to leasing of commercial properties owned by the Company to Wanda Department Store Group for the purpose of (i) operating the department store and retail business owned by Mr. WANG Jianlin, (ii) for use as headquarter offices and (iii) the provision of commercial property management services by us in respect of such leased properties.

Price Determination:

The pricing terms of the Wanda Department Stores Framework Agreement are as follows:

- **Headquarter Leases:** The rent, excluding property management fee, payable for the headquarter office leases entered into or to be entered into under the Wanda Department Stores Framework Agreement shall be calculated based on the benchmark monthly rental price of RMB200 to RMB400 per sq.m. (GFA) and subject to annual rental adjustment having regard to the then prevailing market rate. The monthly rental benchmark price was determined at arm's length, by reference to prevailing market rates and is not less than the rental rates we offered to independent third parties and on normal commercial terms.
- **Leases of Commercial Properties:** The rents (excluding property management fee) payable for the leases entered into or to be entered into under the Wanda Department Stores Framework Agreement shall be calculated based on the benchmark monthly rental price of RMB30 to RMB40 per sq.m. (GFA) and is subject to annual rental adjustment having regard to the then prevailing market rate. The monthly rental benchmark price was determined at arm's length, by reference to prevailing market rates and no less than the rental rates we offered to independent third parties and on normal commercial terms.



- **Property Management Fee:** The property management fee payable for the leases entered into or to be entered into under the Wanda Department Stores Framework Agreement shall be calculated based on the benchmark monthly property management fee of (i) RMB25 to RMB40 per sq.m. (GFA) for headquarter office leases and (ii) for commercial properties, RMB5 to RMB10 per sq.m. (GFA). The monthly property management benchmark prices were determined at arm's length, by reference to prevailing market rates and no less than the rates we offered to independent third parties and on normal commercial terms.

(d) Provision of Leasing and Management Service for Commercial Property to Wanda Kidsland

The Company entered into a property lease and management services framework agreement with Wanda Kidsland Group for a term of 3 years on December 23, 2014, with respect to leasing of commercial properties owned by us to Wanda Kidsland Group for the purpose of operating the children entertainment and playground business of Wanda Kidsland Group and the provision of commercial property management services by the Company in respect of such leased properties.

Price Determination:

The pricing terms of the Wanda Kidsland Framework Agreement are as follows:

- The rents (excluding property management fee) payable for the leases entered into or to be entered into under the Wanda Kidsland Framework Agreement shall be calculated based on the benchmark monthly rental price of RMB45 to RMB65 per sq.m. (GFA) and are subject to annual rental adjustment having regard to the then prevailing market rate. The monthly rental benchmark price was determined at arm's length, by reference to prevailing market rates and no less than the rental rates we offered to independent third parties and on normal commercial terms.
- The property management fee payable for the leases entered into or to be entered into under the Wanda Kidsland Framework Agreement shall be calculated based on the benchmark monthly property management fee of RMB5 to RMB10 per sq.m. (GFA). The monthly property management benchmark prices were determined at arm's length, by reference to prevailing market rates and the rates we offered to independent third parties and on normal commercial terms.

(e) Design Consultancy and Operation Consultancy Services provided by Wanda Cultural Group

The Company entered into a design consultancy and operation consultancy services framework agreement with Wanda Cultural Group for a term of 3 years on December 23, 2014, with respect to the provision of the design consultancy and operation consultancy services, including, but not limited to (i) engaging third party design company, review and modification of, and supervising the implementation of, relevant design plan for the projects during the construction phase; and (ii) overall services relating to the preparation for opening during the period from the completion of construction to commencing operation, such as materials procurement, recruitment, building up management team and the design of opening plan in connection with businesses of Wanda City.

Price Determination:

The pricing terms of the Design Consultancy and Operation Consultancy Services Framework Agreement are as follows:

- The Company will pay reasonable fees for the design consultancy and operation consultancy services provided to the Company by the Wanda Cultural Group calculated based on an actual costs incurred basis plus a margin of not more than 40%.
- The relevant subsidiaries of both parties will enter into separate design consultancy and operation consultancy services agreements in connection with individual projects after arm's-length negotiations which will set out the specific terms and conditions according to the principles provided in the Design Consultancy and Operation Consultancy Services Framework Agreement.
- The fee basis for the design and consultancy services rendered under the Design Consultancy and Operation Consultancy Services Framework Agreement was determined taking into consideration the expected quality and comprehensive management services to be rendered by Wanda Cultural Group, the initial investment made by Wanda Cultural Group, and by reference to the market price in respect of design consultancy services at the relevant time or as agreed by parties after arm's-length negotiations.



Report of the Board of Directors

Review by and Confirmation of Independent Non-executive Directors of the Company

The independent non-executive Directors have reviewed the above continuing connected transactions, and confirmed that such transactions were:

- (1). entered into in the ordinary course of business of the Group;
- (2). carried out in normal or better commercial terms; and
- (3). carried out according to the relevant transaction agreements, the terms of which are fair and reasonable, and in the interests of the Shareholders as a whole.

Confirmation of the Auditors

The auditors of the Company have performed the relevant agreed-upon procedures regarding the above continuing connected transactions, and confirmed by way of a letter to the Board of Directors that for the year ended December 31, 2014 these transactions:

- (1). nothing has come to their attention that causes them to believe that the disclosed continuing connected transactions have not been approved by the Board of Directors;
- (2). for transactions involving the provision of goods or services by the Group, nothing has come to their attention that causes them to believe that the transactions were not, in all material respects, in accordance with the pricing policies of the Company;
- (3). nothing has come to their attention that causes them to believe that the transactions were not carried out, in all material respects, in accordance with the relevant agreements governing such transactions; and
- (4). with respect to the aggregate amount of each of the continuing connected transactions set out in the above, nothing has come to their attention that causes them to believe that the disclosed continuing connected transactions have exceeded the maximum aggregate annual value disclosed in the prospectus dated December 10, 2014 made by the Company in respect of each of the disclosed continuing connected transactions.

Save as disclosed above, the Directors confirmed that the Company has complied with the requirements under Chapter 14A of the Listing Rules with regard to the above connected transactions.

COMPLIANCE WITH THE NON-COMPETITION UNDERTAKING

Each of the Controlling Shareholders signed a non-competition undertaking on December 4, 2014, in favour of our Company (the "**Non-competition Undertaking**"). Pursuant to the Non-competition Undertaking, each of the Controlling Shareholders has irrevocably undertaken that it will not and will procure that its associates (except our Company) will not compete with the business of the Company from time to time. Pursuant to the Non-competition Undertaking, each of the Controlling Shareholders has irrevocably undertaken that it will not and will procure that its associates (except the Company) will not, directly or indirectly, whether as principal or agent, either on its own account or in conjunction with or on behalf of any person, firm or company, whether inside or outside the PRC, among other things, carry on, engage, participate or hold any right or interest in or render any services to or otherwise be involved in any business which is in competition with the business of the Company from time to time ("**Restricted Business**"). Each of the Controlling Shareholders has also undertaken to the Company that, if there is any new business opportunity in the Restricted Business, it shall within a reasonable period of time refer such new business opportunities to our Company on a pre-emptive basis.

In October 2014, the Company entered into an equity transfer agreement pursuant to which our Company transferred the entire equity interests in Xishuangbanna International Resort Development Co., Ltd., Qingdao Wanda Yacht Industry Investment Co., Ltd., Dalian Jinshi Cultural Tourism Investment Co., Ltd. (collectively the "**Excluded Companies**") to Wanda Cultural. The principal business activities of the Excluded Companies compete with, or are likely to compete with, the business of the Company, whether directly or indirectly (the "**Excluded Business**").

Changbaishan International Tourism is owned by Dalian Wanda Group and other joint venture partners, who are independent third parties, for the purpose of developing and operating a cultural and natural scenic tourism project in Songjianghe town, Baishan City, Jilin Province. As Changbaishan International Tourism has a different customer base, being tourists that are principally interested in the unique scenic attractions particular to the location and skiers. Accordingly, the Company is of the view that there is no significant competition between Changbaishan International Tourism and the Company.

Other than Changbaishan International Tourism and the Excluded Business, the Controlling Shareholders will not engage in any business which competes with those of the Company.



During the year, the independent non-executive Directors have reviewed the implementation of the Non-Competition Undertaking and confirmed that each of the Controlling Shareholders has fully observed the Non-Competition Undertaking without any case of violation.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended December 31, 2014, the total amount of procurement from the five largest suppliers of the Company accounted for 41.23% of the total amount of procurement of the year. The purchase from the largest supplier accounted for 39.32% of the total amount of procurement during the year.

For the year ended December 31, 2014, the total amount of sales to the five largest customers of the Company accounted for less than 30% of the total annual of sales of the year.

Among the five largest customers of the Company, Wanda Department Store is 100% owned by Mr. Wang Jianlin, the ultimate controlling shareholder of the Company, Wanda Cinema is 60.71% indirectly owned by Wanda Group, the controlling shareholder of the Company. Save as disclosed above, during the year, to the knowledge of the Directors, none of the Directors, their associates, or shareholders of the Company (which, to the knowledge of the Directors, owned more than 5% of the Company's share capital) had interests in the five largest suppliers or customers of the Company.

RETIREMENT AND EMPLOYEE BENEFITS SCHEME

Please refer to the note 2.4 to the Financial Statements for detailed information on the retirement and employee benefits scheme of the Company.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company was in compliance with all the code provisions as set out in the Corporate Governance Code contained in Appendix 14 of the Listing Rules during the period from the Listing Date to December 31, 2014.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the knowledge of the Directors, the Company has maintained a public float of 14.06% of the issued shares as at the latest practicable date prior to the issue of this annual report. The Company will continue to satisfy the minimum percentage as described in the section headed "Waivers from Strict Compliance with the Listing Rules" in the prospectus of the Company dated December 10, 2014.

USE OF PROCEEDS

The proceeds from initial public offering totalling approximately RMB24,110.84 million (net of issue expenses) after exercise of over-allotment option. As the Company was listed on the Stock Exchange on December 23, 2014, the Company did not apply the proceeds in 2014. The proceeds will be applied according to the use of proceeds as set out in the prospectus of the Company dated December 10, 2014 from 2015.

SIGNIFICANT LEGAL PROCEEDINGS

For the year ended December 31, 2014, the Company had not been involved in any material litigation nor arbitration and the directors are not aware of any litigation or claims of material importance pending or threatened against the Company.

AUDIT COMMITTEE

The audit committee of the Company has reviewed the annual results and the financial statements of the Company for the year ended December 31, 2014.

AUDITORS

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

A resolution to re-appoint Ernst & Young as the auditors of the Company for the year of 2015 will be proposed at the AGM.

FINANCIAL HIGHLIGHTS

Summary of results of operation and the assets and liabilities of the Group for the last four financial years is set out on pages 73 in this annual report.

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

Beijing, the PRC
March 30, 2015



Profile of Directors, Supervisors and Senior Management



| HU Fred | XUE | QU | QI | DING | ZHANG | WANG | YIN | LIU
Zuliu | Yunkui | Dejun | Jie | Benxi | Lin | Guiya | Hai | Jipeng |

Executive Directors

Mr. DING Benxi, aged 60, is an executive Director and chairman of the Board, positions he has held since December 2009 and December 2012, respectively. He concurrently serves as a director of Dalian Wanda Group and the chairman of Wanda Cultural. Mr. Ding also serves as a non-executive director and chairman of HK Listed Subsidiary since July 2013. Mr. Ding formerly worked as the president of our Company from December 2009 to December 2012. Prior to joining our

Company in December 2009, Mr. Ding served as various roles in Dalian Wanda Group, such as the president, executive president and vice president.

Mr. Ding graduated by correspondence courses from Renmin University of China (中國人民大學) in July 1998. He was qualified as a senior engineer with China State Construction Engineering Corporation (中國建築工程總公司) in August 1997.



Mr. QI Jie, aged 49, is an executive Director and concurrently the president of our Company, positions he has held since December 2012. He also serves as the director of Dalian Wanda Group. Mr. Qi concurrently serves as a non-executive director of HK Listed Subsidiary since July 2013. Mr. Qi joined Dalian Wanda Group in April 2000 and formerly served in various positions in our Company, including the executive president, the vice president and the general manager of the Southern Project Management Centre (南方項目管理中心), an assistant to the president and the general manager of the cost control department.

Mr. Qi graduated with a master's degree in philosophy from Dalian University of Technology (大連理工大學) in April 1991. Mr. Qi was authorized as a Certified Public Accountant (註冊會計師) by the Ministry of Finance of the PRC (中國財政部) in April 1998 and as a Registered Tax Agent (註冊稅務師) granted by the Dalian Bureau of Human Resources (大連市人事局, now the Bureau of Human Resources and Social Security of Dalian (大連市人力資源和社會保障局)) in May 2000.

Mr. QU Dejun, aged 51, is an executive Director, a position he has held since December 2012. He serves as the executive president of our Company and the president of Wanda Commercial Management, positions he has held since January 10, 2015. Mr. Qu also serves as a non-executive director of HK Listed Subsidiary since July 2013. Mr. Qu formerly worked as a vice president of our Company from November 2010 to December 2012. He also worked as an assistant to the president of our Company and a vice president of Dalian Wanda Group. Prior to joining our Company in September 2002, Mr. Qu worked as the chief financial officer of Dalian Fortune Investment Co., Ltd. (大連華晟外經貿投資有限公司) and a chief officer of Dalian Bureau of Foreign Trade and Economy (大連市對外經濟貿易委員會).

Mr. Qu graduated with a bachelor's degree in economics from Dongbei University of Finance and Economics (東北財經大學) in July 1986 and a master's degree in management from Dongbei University of Finance and Economics (東北財經大學) in November 1999.

Non-executive Directors

Mr. ZHANG Lin, aged 43, is a non-executive Director, a position he has held since December 2009. He concurrently serves as the president of Wanda Cultural, a position he has held since January 2014. Mr. Zhang also serves as the chairman of AMC Entertainment Holdings, Inc. (a company listed on the New York Stock Exchange, stock code: AMC), a position he has held since August 2012. He also serves as the chairman of Wanda Cinema Line Co., Ltd. (萬達電影院線股份有限公司), (a company listed on Shenzhen Stock Exchange, stock code: 002739). He also serves as the director of Dalian Wanda Group. Mr. Zhang joined our Company in December 2009 and worked as the vice president of our Company. He joined Dalian Wanda Group in April 2000 and formerly worked as the executive president of Wanda Cultural, a vice president of Dalian Wanda Group and the person in charge of finance of Dalian Wanda Group. He also served as the general manager of project companies in Chengdu, Shenyang and Nanjing respectively.

Mr. Zhang graduated with a bachelor's degree in economics from Dongbei University of Finance and Economics (東北財經大學) in July 1994 and an Executive Master of Business Administration degree from Peking University (北京大學) in January 2012. Mr. Zhang is qualified as a registered accountant accredited by the Ministry of Finance of the PRC (中國財政部) in 1994.

Mr. WANG Guiya, aged 51, is a non-executive Director, a position he has held since December 2009. He concurrently serves as a director of Dalian Wanda Group, a position he has held since February 2014. He also serves as the senior vice president of Dalian Wanda Group, a position he has held since July 2014. Prior to joining Dalian Wanda Group, Mr. Wang has 30 years of working experience in China Construction Bank since 1984. He has been serving as the chief officer of investment and wealth management of China Construction Bank Co., Ltd. since March 2011, the general manager of the investment banking department of China Construction Bank Co., Ltd. from August 2006 to March 2011 and concurrently served as the chairman of China Construction Bank International (Holdings) Ltd.



Profile of Directors, Supervisors and Senior Management

(建銀國際(控股)有限公司) from January 2007 to August 2010, and also worked as the general manager and the deputy general manager of the planning finance department of China Construction Bank Co., Ltd. from March 2004 to August 2006 and from July 2000 to March 2004 respectively. Currently, Mr. Wang is the vice chairman of China Wealth Management 50 Forum (中國財富管理五十人論壇) and the vice president of China Securities Law Research Association (中國法學會證券法學研究會).

Mr. Wang graduated with a bachelor's degree in science from Anhui University (安徽大學) in July 1984 and an Executive Master of Business Administration degree from Peking University (北京大學) in January 2005.

Mr. YIN Hai, aged 52, is a non-executive Director, a position he has held since December 2009. He also serves as the senior vice president of Dalian Wanda Group, a position he has held since 10 January 2015. He also serves as a director of Dalian Wanda Group. Mr. Yin formerly worked as a vice president of our Company from December 2009 to November 2010. Prior to joining our Company in December 2009, Mr. Yin served in various positions in Dalian Wanda Group since January 1993, including the vice president, chief financial officer and deputy chief financial officer.

Mr. Yin graduated by correspondence courses in accounting from Fudan University (復旦大學) in July 1997. Mr. Yin was qualified as a senior accountant by Liaoning Bureau of Human Resources (遼寧省人事廳, now the Liaoning Provincial Department of Human Resources and Social Security (遼寧省人力資源和社會保障廳)) in September 1999.

Independent non-executive Directors

Mr. LIU Jipeng, aged 59, is an independent non-executive Director, a position he has held since December, 2009. He concurrently serves as an independent non-executive director of HK Listed Subsidiary, a position he has held since July 2013. Mr. Liu has 28 years of experience in economics and corporate research. He serves as the chief, professor

and doctoral tutor of the Capital Research Centre of the China University of Political Science and Law (中國政法大學資本研究中心) since 2009, and as a vice chairman of the China Enterprise Reform and Development Society (中國企業改革與發展研究會) since 2012. He is also a postgraduate tutor at the Postgraduate Department of the Research Institute for Fiscal Science of the Ministry of Finance of the PRC (中國財政部財政科學研究所研究生部) since 2003.

Mr. Liu serves as an independent director of AVIC Capital Co., Ltd (中航資本控股股份有限公司, a company listed on the Shanghai Stock Exchange, stock code: 600705) and Zhongjin Gold Corporation Limited (中金黃金股份有限公司, a company listed on the Shanghai Stock Exchange, stock code: 600489), since 2011 and 2014, respectively. He also serves as an independent director of CNNC Hua Yuan Titanium Dioxide Co., Ltd. (中核華原鈦白股份有限公司, a company listed on the Shenzhen Stock Exchange, stock code: 002145), since 2012.

Mr. Liu graduated with a bachelor's degree in economics from Beijing School of Economics (北京經濟學院) in July 1983 and a master's degree in economics from the Chinese Academy of Social Sciences (中國社會科學院) in July 1986.

Mr. Liu is currently an independent non-executive director of Wanda Hotel Development Company Limited, the shares of which are listed on the Hong Kong Stock Exchange (Stock Code: 169) and an non-executive director of China Oceanwide Holdings Limited, the shares of which are listed on the Hong Kong Stock Exchange (Stock Code: 0715).

Dr. XUE Yunkui, aged 51, is an independent non-executive Director, a position he has held since December 2009. He is also an independent non-executive director of HK Listed Subsidiary, a position he has held since July 2013. Dr. Xue has 30 years of experience in accounting research and practice. He served as the associate dean of the Cheung Kong Graduate School of Business (長江商學院) since 2002,



the vice president of the Shanghai National Accounting Institute (上海國家會計學院) from 2000 to 2002, a post-doctorate fellow at the School of Accounting of the Shanghai University of Finance and Economics (上海財經大學會計學院) from 1996 to 1998.

Dr. Xue served as an independent director for Shanghai Shentong Metro Co., Ltd. (上海申通地鐵股份有限公司, a company listed on the Shanghai Stock Exchange, stock code: 600834), since 2011, and an independent director for Shanghai Baosight Software Co., Ltd. (上海寶信軟件股份有限公司, a company listed on the Shanghai Stock Exchange, stock code: 600845), since July 2013.

Dr. Xue graduated with a bachelor's degree in economics from Sichuan Finance Institute (四川財經學院, now renamed as the Southwestern University of Finance and Economics (西南財經大學)) in July 1984. He received a Ph.D. from the Southwest Agriculture University (西南農業大學, now renamed as Southwest University (西南大學)) in June 1995 and completed post-doctorate research in accounting with the Shanghai University of Finance and Economics (上海財經大學) in July 1999.

Dr. HU, Fred Zuliu, aged 52, is an independent non-executive Director, a position he has held since August 2014. Dr. Hu is also the chief and professor of the National Center for Economic Research at Tsinghua University (清華大學中國經濟研究中心), the chairman of the Nature Conservancy's China Board (大自然保護協會中國理事會), a trustee of the China Medical Board (美國中華醫學基金會), a trustee of the Yale-China Association (雅理協會), a member of the Advisory Committees for Harvard University, a consultant of the Stanford Center for International Development (斯坦福大學國際經濟發展研究所) and the Jerome A. Chazen Institute of International Business at Columbia University (哥倫比亞大學Chazen國際商業研究所). Dr. Hu founded Primavera Capital Group (春華資本集團) in 2011. Before that, Dr. Hu was the managing director of Greater China at Goldman Sachs Group Inc. and held various positions, including serving on the Goldman Sachs Partnership Committee. Dr. Hu formerly worked as a member of the

HKSAR Commission on Strategic Development (香港特別行政區策略發展委員會), a member of the Advisory Committee of the Securities and Futures Commission (香港證券及期貨事務監察委員會), and served on the International Monetary Fund (國際貨幣基金組織).

Dr. Hu serves as the external supervisor of Shanghai Pudong Development Bank Co., Ltd. (上海浦東發展銀行股份有限公司, a company listed on the Shanghai Stock Exchange, stock code: 600000), an independent non-executive director of Hang Seng Bank Limited (a company listed on the Hong Kong Stock Exchange, stock code: 00011), an independent non-executive director of SCMP Group Limited (a company listed on the Hong Kong Stock Exchange, stock code: 00583) and an independent non-executive director of Hong Kong Exchanges and Clearing Limited (a company listed on the Hong Kong Stock Exchange, stock code: 00388).

Dr. Hu graduated with a master's degree in engineering science from Tsinghua University (清華大學) in July 1986, and a master's degree and a Ph.D. in economics, respectively, from Harvard University.

Supervisors

Ms. GAO Qian, aged 65, is the chairman of the Board of Supervisors, a position she has held since December 2009. She concurrently serves as the general manager of the audit center of Dalian Wanda Group, a position she has held since September 2013, and the general manager of the audit department of our Company, a position she has held since December 2009. Before that, Ms. Gao worked as the general manager of the audit department of Dalian Wanda Group and the deputy general manager of Dalian Wanda Group Real Estate Management Co., Ltd. Prior to joining Dalian Wanda Group in January 1996, Ms. Gao worked as a deputy general manager of Jilin Jixin International Commercial Trading Group Co., Ltd. (吉林吉信國際經貿集團股份有限公司), and a deputy general manager of China Jilin International Economic and Technical Cooperation (中國吉林國際經濟技術合作公司).



Profile of Directors, Supervisors and Senior Management

Ms. Gao graduated from Jilin University of Technology (吉林工業大學, which was merged into Jilin University (吉林大學) in June 2000) in December 1975. She was qualified as a senior economist granted by Bureau of Human Resource of Jilin (吉林省人事廳) in June 1992.

Mr. WANG Yunan, aged 40, is the shareholder representative Supervisor, a position he has held since December 2011. He concurrently serves as the general manager of the legal affairs centre of Dalian Wanda Group, a position he has held since June 2014. Mr. Wang joined Dalian Wanda Group in January 2004 and formerly served in various positions in Dalian Wanda Group, including a senior assistant to the president, an assistant to the president and general manager of the legal affairs department.

Mr. Wang graduated with a bachelor's degree in law from Peking University (北京大學) in July 1998. He obtained the Legal Professional Qualification Certificate (律師資格證書) in April 2001.

Mr. GAO Xiaojun, aged 46, is the employee representative Supervisor, a position he has held since December 2012. He concurrently serves as an assistant to the president of our Company and vice president of Wanda Commercial Management, positions he has held since March 2014. Mr. Gao formerly worked as a deputy general manager of the finance department of our Company, a deputy general manager of Beijing Dagexing, a deputy general manager of our project companies in Taiyuan, Xi'an and Jilin, and a deputy general manager of the finance department of our project company in Nanjing.

Mr. Gao graduated with a bachelor's degree and a master's degree in economics from Dongbei University of Finance and Economics (東北財經大學) in July 1992 and July 1999, respectively.

Senior Management

Mr. QI Jie is our president. See "Executive Directors" in this section for his biography.

Mr. QU Dejun is our senior vice president. See "Executive Directors" in this section for his biography.

Mr. CHEN Ping, aged 52, is a vice president of our Company and the dean of Wanda Academy, positions he has held since December 2009. He joined Dalian Wanda Group in June 2001 and formerly worked as a vice president of Dalian Wanda Group and the general manager of our project company in Nanjing.

Mr. Chen graduated with a bachelor's degree in engineering from South China Institute of Technology (華南工學院, now renamed as South China University of Technology (華南理工大學)) in July 1985.

Mr. NING Qifeng, aged 50, is a vice president of our Company, a position he has held since December 2009. Mr. Ning formerly served as a vice president and an assistant to the president of Dalian Wanda Group, and the general manager of Wanda Hotel Development. Prior to joining our Company in 2002, Mr. Ning worked as the dean of Xi'an Jingye Architecture Design Institute (西安敬業設計事務所) and a lecturer at the architecture department of Xi'an Jiaotong University (西安交通大學).

Mr. Ning obtained his bachelor's degree in engineering from Northwest Architecture Engineering Institute (西北建築工程學院) in July 1986, a master's degree in engineering from Northwest Metallurgical Construction Institute (西北冶金建築學院) in July 1992 and a Ph.D in engineering from Tongji University (同濟大學) in May 2004.

Mr. SUN Jiquan, aged 50, is a vice president of our Company, a position he has held since June 2014. He concurrently serves as the general manager of the culture and tourism project management centre (文旅項目管理中心) of our Company, a position he has held since June 2014. Mr. Sun joined Dalian Wanda Group in May 2009 and formerly served as a vice president of Wanda Cultural. He also served as the vice president and the general manager of the northern project management centre (北方項目管理中心) of our Company.



Mr. Sun graduated in industrial statistics from Northern University of Technology (北方工業大學) in July 1987 and a master's degree in building and real estate management from The Hong Kong Polytechnic University (香港理工大學) in November 2003. Mr. Sun was qualified as a senior engineer with China State Construction Engineering Corporation (中國建築工程總公司) in September 2001 and a Certified Commercial Investment Member with the Certified Commercial Investment Member Institute (美國註冊商業投資人員協會) in October 2005.

Mr. CHENG Erjun, aged 49, is a vice president of our Company, a position he has held since January 2012. He concurrently serves as the president of Wanda Hotel & Resort Management Co., Ltd. Prior to joining our Company in February 2012, Mr. Cheng worked in China Jin Mao Group Co., Ltd. (中國金茂(集團)有限公司) from March 1997 to January 2012.

Mr. Cheng graduated with his bachelor's degree in economics and a master's degree in law from Nanjing University (南京大學) in July 1987 and July 1990, respectively. He obtained a hotel management degree in Les Roches International School of Hotel Management (瑞士理諾士酒店管理學院) in January 1995. He also obtained an Executive Master of Business Administration degree from China Europe International Business School (中歐商學院) in July 2006.

Mr. QU Xiaodong, aged 41, is a vice president of our Company, a position he has held since December 2012. He concurrently works as the general manager of the southern project management centre (南方項目管理中心) of our Company, a position he has held since December 2012. Mr. Qu joined Dalian Wanda Group in November 2002 and formerly served in various positions in our Company, including an assistant to the president, the general manager of the marketing centre, and the deputy general manager of the project management centre (項目管理中心).

Mr. Qu received his bachelor's degree in economics from Liaoning University (遼寧大學) in July 1997.

Mr. YU Xiuyang, aged 42, is a vice president of our Company, a position he has held since December 2013. He concurrently works as the general manager of the northern project management centre (北方項目管理中心) of our Company, a position held since April 2013. Mr. Yu joined our Company in December 2009 and formerly served in various positions in our Company, including an assistant to the president, the general manager of the cost-control department and the general manager of our project company in Huai'an.

Mr. Yu graduated in industrial engineering from Dongbei University (東北大學) in June 1999. He was qualified as an engineer with Dalian Urban Construction Group Co., Ltd. in November 2000.

Mr. LIU Haibo, aged 45, is a vice president of our Company, a position he has held since December 2013. Mr. Liu formerly served various positions in our Company, including an assistant to the president, the general manager of the development department, the deputy general manager and the regional general manager. Prior to joining our Company in June 2010, Mr. Liu worked as the deputy general manager of Eton Properties (Xiamen) Co., Ltd. (裕景興業(廈門)有限公司) from February 1994 to June 2010, and the teacher in electronic engineering in Beijing University of Aeronautics and Astronautics (北京航空航天大學) from July 1991 to February 1994.

Mr. Liu graduated with a bachelor's degree in engineering from Beijing University of Aeronautics and Astronautics (北京航空航天大學) in July 1991 and an Executive Master of Business Administration degree from Xiamen University (廈門大學) in June 2005.

Mr. LAI Jianyan, aged 51, is a vice president of our Company, a position he has held since December 2013. Mr. Lai formerly served as a senior assistant to the president of our Company and the dean of Wanda Commercial Planning and Research Institute Co., Ltd. Prior to joining Dalian Wanda Group in July 2007, Mr. Lai held a position in KSP Engel and Zimmermann Architects (Shanghai) Co., Ltd. (卡斯帕建築設計諮詢(上



Profile of Directors, Supervisors and Senior Management

海)有限公司), and served as the head of the Architecture Institute of China Academy of Urban Planning and Design (中國城市規劃設計研究院), and the director of Zhongwei construction office of China Academy of Building Research (中國建築技術研究院中緯所建築室).

Mr. Lai graduated with a bachelor's degree in engineering from Beijing University of Civil Engineering and Architecture (北京建築大學) (formerly known as Beijing Architecture and Engineering College (北京建築工程學院)) in July 1986. Mr. Lai was qualified as a senior architect with China Academy of Building Research (中國建築技術研究院) in December 1999 and a first class registered architect by National Administration Board of Architectural Registration (全國註冊建築師管理委員會) in July 2000.

Mr. LV Zhengtao, aged 42, is a vice president of our Company and concurrently works as the general manager of the Central Project Management Centre (中區項目管理中心) of our Company, both positions he has held since June 2014. Mr. Lv joined our Company in 2002 and formerly served in various positions in our Company, including the general manager of our project company in Shanghai, a deputy general manager of the north project management centre (北方項目管理中心), the general manager of the marketing department of the project management centre (項目管理中心), a deputy general manager of our project companies in Ningbo and Harbin.

Mr. Lv graduated from Shanghai Normal University (上海師範大學) in July 1995.

Mr. LIU Xiaobin, aged 41, works as the general manager of the financial centre of the Company, a position held since January 2015. He was appointed as the chief financial officer of the Company on March 13, 2015. He formerly served in various positions in the Company, including assistant to the president, the general manager of the finance department, the deputy general manager of Wanda Commercial Management Co., Ltd., the general manager of the Company's project

company in Jinan and the deputy general manager of the finance department of the Company's project companies in Tianjin and Beijing. Mr. Liu joined Dalian Wanda Group in October 2000 and formerly served as a senior assistant to the president and the general manager of the finance management centre of Dalian Wanda Group.

Mr. Liu graduated with a bachelor's degree in economics and a master's degree in business administration from Dongbei University of Finance and Economics (東北財經大學) in July 1995 and July 2003, respectively. Mr. Liu is qualified as a registered accountant accredited by the Ministry of Finance of the PRC (中國財政部) in April 2001.

Company Secretary

Mr. WANG Jian, aged 44, works as assistant to the president and general manager of the Investment Management Centre of Dalian Wanda Group, positions he has held since April 2014. He was appointed as the secretary to the board and the Company Secretary of the Company on March 13, 2015. He has been serving as board director of AMC Entertainment Holdings, Inc. (a company listed on the New York Stock Exchange, stock code: AMC) since December 2013. Mr. Wang joined Dalian Wanda Group in April 2012 and formerly served as the deputy general manager of the Investment Management Centre and the general manager of capital market department of the Investment Management Centre of Dalian Wanda Group.

Prior to joining the Company, Mr. Wang held positions at CITIC Securities International Company Limited and Bank of America Merrill Lynch in Hong Kong from 2008 to 2012. From 1999 to 2006, Mr. Wang worked in the mainland China's capital markets department at CITIC Securities International Company Limited and as the secretary to the board of Central Brilliance S&T Co., Ltd. Mr. Wang has over ten years of experience in cross border capital market transactions and public company operations. Mr. Wang holds an M.B.A from the Schulich School of Business at York University in Toronto, Canada.



Corporate Governance Report

The Board is pleased to present this corporate governance report as set out in the Company's annual report for the year ended 31 December 2014.

The Group strive to maintain high standards of corporate governance to enhance shareholder value and safeguard shareholder interests. The Company's corporate governance principles emphasize the importance of a quality Board, effective internal controls and accountability to shareholders.

Corporate Governance Practice

The Company was in compliance with all the code provisions as set out in the Corporate Governance Code Contained in Appendix 14 of the Listing Rules since the Listing Date up to the date of this report.

The Company will review its corporate governance practices regularly to ensure its compliance with the corporate governance code.

Securities Transactions by Directors and Supervisors

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

The Company has made specific enquiry to all of the Directors and Supervisors and all of the Directors and Supervisors have confirmed that they have complied with the Administrative Measures since the Listing Date to December 31, 2014.

Board of Directors

Board composition

The Board currently consists of three executive Directors, three non-executive Directors and three independent non-executive Directors. The Directors who held office during the Listing Date up to the date of this report are:

Executive Directors

Mr. DING Benxi (*Chairman*)
Mr. QI Jie
Mr. QU Dejun

Non-executive Directors

Mr. ZHANG Lin
Mr. WANG Guiya
Mr. YIN Hai

Independent Non-executive Directors

Mr. LIU Jipeng
Dr. XUE Yunkui
Dr. HU, Fred Zulu

The Directors have no financial, business, family or other material/relevant relationships with each other.

The biographies of the Directors are set out in the section headed "Profiles of Directors, Supervisors and Senior Management" of this report.

The Company has entered into a service contract with each of the Directors containing terms relating to, among other things, compliance with relevant laws and regulations, observation of the Articles of Association and provision on arbitration. Pursuant to the Articles of Association, the Directors (including non-executive Directors and independent non-executive Directors) shall serve a term of three years from the date of he/she takes up the appointment.

Since the Listing Date and up to the date of this report, the Board at all times complied with the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors (at least one-third of the Board) with at least one independent non-executive Director possessing appropriate professional qualifications or accounting or related financial management expertise. The Company has received written confirmation from each of the independent non-executive Director of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all independent non-executive Directors to be independent in accordance with the independence guidelines as set out in the Listing Rules.

All Directors, including non-executive Directors and independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning.



Corporate Governance Report

Each newly appointed Director receives formal, comprehensive and tailored induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of Director's responsibilities and obligations under the Listing Rules and relevant statutory requirements.

Responsibilities of the Board

The responsibilities of the Board is defined in the Articles of Association which shall exercise the following functions and powers:

- (1) to be responsible for the convening of general meetings and report its work to the general meetings;
- (2) to implement resolutions of the general meetings;
- (3) to decide on the Company's business plans and investment plans;
- (4) to formulate the annual financial budgets and final accounts of the Company;
- (5) to formulate the Company's profit distribution plans and plans on making up losses;
- (6) to formulate proposals for the Company to increase or decrease its registered capital, issue corporate bonds or other securities and pursue any listing thereof;
- (7) to formulate plans for mergers, demergers, dissolution and alteration of corporate form of the Company;
- (8) to formulate plans for the Company's substantial acquisitions and purchase of shares of the Company;
- (9) within the scope authorized by the general meeting, to decide, among others, the Company's external investment, purchase and sale of assets, provision of security on the Company's assets, matters on external guarantees, wealth management entrustment, related party transactions;
- (10) to decide on establishment of internal management organizations of the Company;
- (11) to determine the composition and the chairman (convener) of the specialized committees under the Board;
- (12) to appoint or dismiss president, secretary to the Board and Company secretary; to appoint or dismiss senior management including vice president(s) and the person in charge of finance of the Company in accordance with the nominations by president, and to decide on their remunerations;
- (13) to formulate the basic management system of the Company;
- (14) to formulate proposals to amend the Articles of Association;
- (15) to formulate the stock option incentive plan of the Company;
- (16) to manage information disclosure of the Company;
- (17) to propose to the general meeting the appointment or replacement of the accounting firms which provide audit services to the Company;
- (18) to listen to work reports of the president and review his work;
- (19) to decide on other major matters and administrative affairs other than those specified in the laws, administrative regulations, department rules and the Articles of Association to be decided at the general meeting and sign other important agreements;
- (20) other powers and duties authorized by the laws, administrative regulations, department rules, listing rules of the place(s) in which the shares of the Company are listed, the Articles of Association and other duties entrusted at the general meetings.

The above matters of authority exercised by the Board or any transaction or arrangement of the Company which shall be considered at the general meeting according to the Listing Rules, shall be submitted to the general meeting for consideration.

Except for the Board resolutions in respect of the matters specified in paragraphs (6), (7) and (14) which shall be passed by more than two-thirds of the Directors, the Board resolutions in respect of all other matters set out in the preceding paragraph may be passed by more than one-half of the Directors.



Responsibilities of the Managers and Senior Management

The manager is accountable to the Board and shall exercise the following functions and powers:

- (1) manage the production, operation and management of the Company and arrange for the implementation of resolutions of the Board;
- (2) arrange for the implementation of the Company's annual business plans and investment plans;
- (3) draft the plan for the establishment of the Company's internal management organization;
- (4) draft the basic management system of the Company;
- (5) formulate the specific rules and regulations of the Company;
- (6) recommend the appointment or dismissal of the deputy manager(s) and person(s) in charge of financial affairs of the Company;
- (7) decide on the appointment or dismissal of management personnel other than those required to be appointed or dismissed by the Board;
- (8) other functions and powers delegated by the Board.

The Board is responsible for formulating the corporate governance policies and performing the corporate governance duties:

- (1) to develop and review the policies and practices of the Company on corporate governance and make recommendations;
- (2) to review and monitor the policies and practices of the Company on compliance with legal and regulatory requirements;
- (3) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to the employees and Directors; and
- (4) to review the compliance with the Corporate Governance Code and disclosure in the corporate governance report in the annual report of the Company.

Operation of the Board

Regular meetings of the Board shall be held at least four times a year. Meetings shall be convened by the chairman of the Board and notice of and documents for such meetings shall be sent to all Directors and Supervisors 14 days before the meeting is held. The chairman of the Board, any Shareholder(s) representing more than one-tenth voting rights, more than one-third of the Directors, or the Supervisory committee or more than one-half of independent non-executive Directors or the President may propose the holding of an extraordinary meeting of the Board. The chairman of the Board shall convene and preside over the extraordinary meeting of the Board within ten days upon receipt of the proposal, and shall give written notice to all Directors and Supervisors five days before the meeting is held.

In case of urgency, the extraordinary Board meeting may be held upon approval by the chairman of the Board, not subject to the requirement of meeting notice as set out in the Articles of Association, provided that reasonable notice shall be given to Directors, Supervisors and the President.

No Board meeting and no general meeting of the Company was held since the Listing Date up to the year ended December 31, 2014.

Nomination, Appointment and Removal of Director

The Company has formulated a formal and transparent procedure for the appointment of new Directors to the Board. Nomination of new Director is first considered by the Nomination Committee and the Remuneration and Evaluation Committee and then recommended to the Board for consideration. All newly nominated Directors are subject to the approval of the Shareholders at the general meetings of the Company. Removal of members of the Board are also subject to the approval of the Shareholders at the general meetings of the Company.

Director's Training

The Directors are continually updated on the statutory and regulatory regime and the business environment to facilitate the discharge of their responsibilities. Continuing briefing and professional development for Directors will be arranged where necessary. Individual Directors also participated in the courses relating to the roles, functions and duties of a listed company director or further enhancement of their professional development by way of attending training courses or via online aids or reading relevant materials.



Corporate Governance Report

All the Directors (namely, Mr. DING Benxi, Mr. QI Jie, Mr. QU Dejun, Mr. ZHANG Lin, Mr. WANG Guiya, Mr. YIN Hai, Mr. LIU Jipeng, Dr. XUE Yunkui, Dr. HU, Fred Zulu) have participated in relevant trainings and have provided the relevant records to the Company. The Directors developed and updated their knowledge and skills through participation in the training programmes, which in turn ensures that they could make suitable contribution to the Board.

Chairman and President

The roles and duties of the Chairman of the Board and the President are separate and held by different persons and have been clearly defined in the Articles of Association.

The Chairman of the Board, Mr. DING Benxi, an executive Director is responsible for the following functions and powers:

- (1) to preside over general meetings and to convene and preside over Board meetings of the Company;
- (2) to procure and check the implementation of resolutions of the Board;
- (3) organize the formulation of various rules and coordinate operation of the Board;
- (4) to sign important documents of the Board and legally binding documents on behalf of the Company;
- (5) to exercise the powers and functions as the legal representative;
- (6) to listen to regular or provisional work reports of senior management, and provide guiding opinions on the implementation of the Board resolutions;
- (7) other functions and powers authorized by the laws, administrative regulations, department rules, Listing Rules or the Article of Association and conferred by the Board.

The President, Mr. QI Jie, an executive Director, is responsible to the Board of Directors and exercises the following powers:

- (1) Supervise the Company's production, operation and management, organize the implementation of Board resolutions, and report to the Board;

- (2) organize and supervise the implementation of the Company's annual business plan and investment plan;
- (3) Review and draft plans for the establishment of the Company's internal management structure;
- (4) Review and formulate the structure scheme for any branch(es) of the Company;
- (5) Review and draft the basic management system of the Company;
- (6) Review and formulate detailed rules and regulations of the Company;
- (7) exercise other powers conferred by the Articles of Association or the Board.

Board Committees

The Board had delegated certain responsibilities to various committees. The Company had established four Board committees, being the Nomination Committee, the Remuneration and Evaluation Committee, Strategy Committee and the Audit Committee.

Nomination Committee

The Nomination Committee consists of one non-executive Director, Mr. YIN Hai, and two independent non-executive Directors, Mr. LIU Jipeng and Dr. XUE Yunkui. Mr. LIU Jipeng is the chairman of the Committee.

The principal responsibilities of the Nomination Committee include preparing the procedures and criteria for recommending appointments of Directors and senior management of the Company, including general managers and vice general managers and conducting a preliminary review candidates' qualifications and credentials; making recommendations to the Board on size and composition of the Board in accordance with the Company's operating results, assets and shareholding structure; and other matters that the Board has authorized it to deal with.

The Company had adopted a Board diversity policy aims to set out the approach to achieve the diversity of the Board. The Company recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance. It endeavours to ensure that the Board has a balance of skills, experience and



diversity of perspectives appropriate to the requirements of the Company's business. All Board appointments will continue to be made on a merit basis with due regard for the benefits of diversity of the Board members.

The Nomination Committee will follow a range of diversified perspectives, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service. The ultimate decision will be made upon the possible contribution that the selected candidates will bring to the Board.

No Nomination Committee meeting was held since the Listing Date up to the year ended December 31, 2014.

Remuneration and Evaluation Committee

The Remuneration and Evaluation Committee consists of one non-executive Director, Mr. YIN Hai, and two independent non-executive Directors, Dr. HU, Fred Zulu and Dr. XUE Yunkui. Dr. HU, Fred Zulu is the chairman of the committee.

The principal responsibilities of the Remuneration and Evaluation Committee include formulating the criteria for assessing and conducting assessments of the Directors and senior management as well as formulating, implementing and reviewing the remuneration, reward and incentive policies and plans for the Directors and senior management in accordance with the terms of reference of the Directors and senior management and the importance of their positions as well as the remuneration benchmarks for the relevant positions in the other comparable companies and other matters that the Board has authorized it to deal with and make recommendation to the Board.

No Remuneration and Evaluation Committee meeting was held since the Listing Date up to the year ended December 31, 2014.

Remuneration of Directors and senior management

The Company has established a formal and transparent procedure for formulating policies on remuneration of senior management of the Group. Details of the remuneration of each of the Directors for the year ended December 31, 2014 are set out in Note 8 to the Consolidated Financial Statements.

Remuneration paid to the senior management (excluding the Directors) by bands for the year ended December 31, 2014 is set out below:

Remuneration bands (RMB)	Number of individuals
Nil to \$7 million	3
\$7 million – \$9 million	7

Audit Committee

The Audit Committee consists of one non-executive Director, Mr. WANG Guiya, and two independent non-executive Directors, Dr. XUE Yunkui and Mr. LIU Jipeng. Dr. XUE Yunkui is the chairman of the committee.

The principal responsibilities of the Audit Committee include reviewing and supervising the financial reporting procedures, including making proposals on appointing or changing the external auditors; supervising the Company's internal audit system and its implementation; communication between the internal auditors and external auditors; auditing the financial information and its disclosure; reviewing the Company's internal control system and auditing the significant Connected Transactions; nominating the heads of the internal audit department; other matters that the Board has authorized it to deal with.

No Audit Committee meeting was held since the Listing Date up to the year ended December 31, 2014.

Strategy Committee

The Strategy Committee consists of two executive Directors, Mr. DING Benxi and Mr. QI Jie, and one independent non-executive Director, Mr. LIU Jipeng. Mr. DING Benxi is the chairman of the committee.

The principal responsibilities of the Strategy Committee include conducting research and making proposals on the long-term development strategies and plans; conducting research and making proposals on the significant investment and financing plans; conducting research and making proposals on the significant projects of capital manipulation and assets operation; conducting research and making proposals on the significant matters which affect the development of our Company; monitoring the implementation of the above-mentioned issues; other matters that the Board has authorized it to deal with.

No Strategy Committee meeting was held since the Listing Date up to the year ended December 31, 2014.



Corporate Governance Report

Accountability and audit

The Directors acknowledge their responsibility for preparing the consolidated financial statements of the Company for the year ended December 31, 2014. The Directors consider that the Group has adequate resources to continue in business for the foreseeable future and are not aware of material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern.

The Board is responsible for presenting a balanced, clear and understandable assessment of annual and interim reports, inside information announcements and other disclosures required under the Listing Rules and other statutory and regulatory requirements.

The management has provided to the Board such explanation and information as are necessary to enable the Board to carry out an informed assessment of the Company's consolidated financial statements, which are put to the Board for approval.

Internal controls

The Board is responsible for maintaining an adequate internal control system to safeguard the Shareholder's investments and the Company's assets and with the support of the Audit Committee, reviewing the effectiveness of such system on an annual basis.

The Board, through the Audit Committee, conducted a review of the effectiveness of the internal control system of the Company including the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and their training programmes and budget.

External auditor and auditor's remuneration

The statement of the external auditor of the Company about its reporting responsibilities for the Consolidated Financial Statements is set out in the "Independent Auditor's Report" on page 74.

During the year ended December 31, 2014, the remuneration paid/payable to the Company's external auditor, Ernst & Young, is set out below:

	Amount RMB million
Annual audit services	8
Total fees	8

Communication with shareholders and investors/investor relations

The Company considers that effective communication with shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company also recognizes the importance of transparency and timely disclosure of corporate information, which will enable shareholders and investors to make the best investment decisions. The general meetings of the Company provide a forum for communication between the Board and the shareholders face-to-face dialogue with the shareholders.

Shareholder's rights

Pursuant to the Articles of Association, shareholder(s) holding more than 10% (individually or together with others) of shares of the Company (the "Shares") shall be entitled to request for an extraordinary general meeting or class meeting according to the following procedures:

- (1) Upon signing one or several written requests with the same content and format, and stating the subject of the meeting, the aforesaid shareholders may request the Board to convene an extraordinary general meeting or class meeting. Concerning the above request, the Board shall, in accordance with the law, administrative regulations and the Articles of Association, reply with a written opinion to state whether it agrees or disagrees to convene an extraordinary general meeting within ten days upon receipt of the proposal. Shares held by the above shareholders who made the requests shall be calculated as at the date of submitting the written request.
- (2) If the Board agrees to convene an extraordinary general meeting or class meeting, it shall issue a notice of general meeting within five days upon making the Board decision. Any changes made to the original request in the notice shall be agreed by the relevant shareholders.
- (3) If the Board disagrees to convene the extraordinary general meeting or class meeting, or does not reply within 10 days upon receipt of the proposal, shareholders individually or together holding more than 10% of the Shares are entitled to request the Supervisory Committee in writing to hold an extraordinary general meeting or class meeting.



- (4) If the Supervisory Committee agrees to convene the extraordinary general meeting or class meeting, it shall issue a notice of general meeting within five days upon receiving the requests. Any changes made to the original request in the notice shall be agreed by the relevant shareholders.
- (5) If the Supervisory Committee does not issue the notice of general meeting within the prescribed period, it shall be deemed as the Supervisory Committee not convening and not holding the general meeting. Then the shareholders who individually or together hold more than 10% of the Shares for more than 90 consecutive days may convene and hold the meeting themselves. Before publicly announcing the resolution(s) of the general meeting, the convening shareholders shall hold no less than 10% of the Shares. When the convening shareholder issues the notice for general meeting and publicly announces the resolution(s) of the general meeting, they shall submit the relevant proof materials to the securities regulatory authority where the Company is located and relevant stock exchange.

Pursuant to the Articles of Association, shareholders who individually or together holding more than 3% of the Shares may submit ad hoc proposals in writing to the convener of the general meeting ten days before the holding of the general meeting. The convener shall issue a supplementary notice of the general meeting within two days upon receipt of the proposals and announce the contents of the ad hoc proposals.

The Company sets out the following contact details for the shareholders to communicate with the Company:

Telephone number : 86 10 8585-3988
Company website : www.wandaplazas.com
E-mail address : ir@wanda.com.cn

Amendments to the Articles of Association

On August 13, 2014, the Company passed a resolution to approve the Articles of Association, which was effective on the Listing Date. The updated Articles of Association was published on the website of the Stock Exchange.

Company Secretary

Mr. LIU Chaohui had been the Company Secretary of the Company and Ms. LAM Sophie, a vice president of SW Corporate Services Group Limited, acts as the assistant Company Secretary of the Company to assist Mr. Liu. In compliance with Rule 3.29 of the Listing Rules, Each of Mr. Liu and Ms. Lam has undertaken no less than 15 hours of relevant professional training during the year ended December 31, 2014.

Mr. Liu resigned as the Secretary of the Company on March 13, 2015 and Mr. Wang Jian was appointed as the Company Secretary of the Company on the same day. Ms. Lam's primary contact person at the Company is Mr. Wang.

Non-Competition Undertaking

Each of Mr. WANG Jianlin, Dalian Hexing Investment Co., Ltd (大連合興投資有限公司) and Dalian Wanda Group Co., Ltd. (大連萬達集團股份有限公司) (the "Controlling Shareholders") signed a non-competition undertaking on December 4, 2014, in favour of the Company (the "Non-competition Undertaking"). Pursuant to the Non-competition Undertaking, each of the Controlling Shareholder has irrevocably undertaken that it will not and will procure that its associate (except the Company) will not, directly or indirectly, whether as principal or agent, either on its own account or in conjunction with or on behalf of any person, firm or company, whether inside or outside the People's Republic of China, among other things, carry on, engage, participate or hold any right or interest in or render any services to or otherwise be involved in any business which is in competition with the business of the Company from time to time.

The Controlling Shareholders have confirmed in writing to the Company of their compliance with the Non-competition Undertaking for disclosure in this report during the Listing Date to December 31, 2014.

The independent non-executive Directors have reviewed the Non-competition Undertaking and had determined that the Controlling Shareholders have not been in breach of the Non-competition Undertaking during the Listing Date to December 31, 2014.



Corporate Social Responsibility Report

With the belief that social value shall prevail over corporate value, Wanda Commercial has always been adhering to the corporate mission of “promoting prosperous city and public society” and working on and that the ultimate objective of an enterprise is to better serve the community and make contributions to the community. We believe that to manage, develop and maintain green building based on sound social responsibility as a catalyst for better employee benefits and sense of belonging means better operation and greater contributions to our community.

Wanda Commercial has its full set of corporate social responsibility management system in place. It comprises designated department responsible for designing and developing strategies, objectives and planning as to corporate social responsibility; planning major corporate social responsibility events; and releasing annual corporate responsibility report. Wanda Commercial has developed a complete social media communication platform. The system covers all parts of the community as a part of our efforts in expressing the philosophy of our corporate social responsibility on a timely basis, making outstanding presentation of our social responsibility and the spirit of “Wanda Commercial Volunteers”.

The year 2014 saw both rapid development of Wanda Commercial and an outstanding presentation of its social responsibility. Our active participation and outstanding performance among enterprises in China in various aspects of environmental protection, supporting entrepreneurship, job creation, volunteer work and charity donation has proven our strong commitment to social responsibility.

Environmental Protection

Green building is to increase our conservation efforts in terms of energy, land resources, water and raw materials and other efforts in terms of environmental protection and reducing pollution, in order to provide the general public with healthy, suitable and efficient open space that is consistent with the nature, as required by Evaluation standard for green building(《綠色建築評價標準》)(GB/T 50378-2006). In 2014, 67 projects developed by Wanda Commercial earned Green Building Certification granted by the Ministry of Housing and Urban-Rural Development. 17 Wanda Plazas

earned Green Building Operation Label certifications, accounting for 30% of the total number throughout the nation.



The Han Show and Wanda Reign Hotel earned Green Building Certification

Huiyun management system is one of the integrated plaza management system developed by Wanda Commercial. The system is an integrated system comprises of 16 subsystems, covering fire-fighting, security, equipments, operation and energy conservation. With the system, energy consumption by electric and mechanic system is reduced. In 2014, Wanda Commercial redeveloped the Huiyun management system for 20 opened Wanda Plazas, with an estimated total energy reduction of 20%.

Supporting Entrepreneurship

Wanda Commercial strongly support the strategy of promoting employment by encouraging entrepreneurship. To encourage and support entrepreneurship among university graduates, Wanda Commercial launched a 10-year plan on September 7, 2013 for supporting entrepreneurship carried out by these graduates. Between 2013 and 2022, Wanda Commercial will invest not more than RMB500 million into funds aimed at entrepreneurship and contribute 500 retail storefronts within its Wanda Plazas. In doing so Wanda Commercial has been offering support to 1,000 fresh university graduates in realizing their dreams of starting their own businesses. In 2013, the first batch of 100 entrepreneurial university students



was selected by Wanda Group from 10 well-known domestic universities including Peking University, Tsinghua University, Shanghai Fudan University and Shanghai Tongji University to enter 22 opened Wanda Plazas (which include Guangzhou Zengcheng Wanda Plaza, Weifang Wanda Plaza, Shanghai Songjiang Wanda Plaza and Beijing Tongzhou Wanda Plaza) and start businesses. The entrepreneurship carried out by these graduates covers beverage, sweet and delicacies, snacks and special gifts. Most of these businesses are operating in stable condition. 95% of these businesses have outperformed similar stores operating in the plazas.

To bring about more and more successful businesses carried out by the university graduates, Wanda Commercial carefully selected cost-effective business categories suitable for fresh graduates who are starting their own businesses. Wanda Commercial took a prime storefront in a Wanda Plaza and an interest-free loan of up to RMB1 million for each business for entrepreneurial university students. In addition, Wanda Commercial demonstrated its commitment in vigorously supporting the entrepreneurial university graduates with professional talents and services to bring about more successful businesses carried by the university graduates. Wanda Commercial has established the first-of-its-kind Entrepreneurship Guidance Plan to provide these graduates with professional guidance. Under the plan, two “mentors” are there to provide these graduates with professional guidance. One of the two mentors is the deputy general manager (investment and operation) of the Wanda Plaza providing support and advices for store operation. Another one is an experienced brand operator engaged by Wanda Commercial. The two mentors will provide entrepreneurial university students with support and advices at all times and in a timely manner. Meanwhile, Wanda Commercial adopted the percentage of successful entrepreneurial university students as a factor of performance assessment for management teams.

Job Creation

Wanda Commercial is one of the enterprises that had created more jobs than any single enterprise in China. In 2014, Wanda produced 146,000 stable jobs in the urban services sector and 42,468 fresh university students were recruited. The opened Wanda plazas created 449,000 jobs. 129,000 of the new employees were university graduates.



Volunteer Work

Wanda Commercial has always been working hard in becoming an enterprise for the community, which is its ultimate objective. Every employee of Wanda Commercial is encouraged to be a volunteer at least once a year. Wanda Commercial has adopted it as a normal practice. All employees of Wanda Commercial are encouraged to participate in volunteer work and share the experience of charity and benevolence.

During 2014, Wanda Commercial organized a total of 741 volunteer events, while volunteers participated in various social charity events a total of 59,307 times. Wanda Commercial launched various coordinated national volunteer campaigns aimed at “Caring for elderly”, “Caring for Children with special needs”, and “Caring for Children of Migrant Workers”. During these events, Wanda Commercial had sought support from government bodies and authorities at all levels for greater contribution to the community.

In 2012, “Wanda Volunteers” won the “Best Models of Volunteering Organization Award” granted by the Beijing municipal government with other nine enterprises. Established in 2006, “Wanda Volunteers” is the first one among volunteer teams established by private enterprises. Currently, “Wanda Volunteer” is the largest corporate volunteer team in China in terms of members, regions and organization.



Corporate Social Responsibility Report

Charity Donation

In 2014, Wanda Commercial created a new mode of charitable donations. Cash donation by Wanda Commercial reached RMB246.5 million, with RMB100 million of which for the construction of Sichuan Normal University Affiliated School Guangyuan Wanda High School, RMB10 million to Ludian County Civil Affairs Bureau to support its disaster relief work and rescue operations within the quake-stricken areas, and RMB10 million to Dalian Charity Federation to support its events for the poor during the Spring Festival.



Based on its experience of relieving poverty in previous years, Wanda Commercial launched a new mode of plans for relieving poverty. Wanda has decided the plan to provide poverty alleviation aid to Danzhai County, the designated sister region of Qiandongnan Miao and Dong Autonomous Prefecture, with the support of the Poverty Alleviation and Development of the State Council and negotiation with Guizhou government. The aim of the plan is to help people in Danzhai County to double their income and get rid of poverty in five years. In particular, the work of relieving poverty conducted by Wanda Commercial in Danzhai County is more than donation, investing in industries or other easy favours. Instead, Wanda has worked hard to ensure that funds and resources will be given to most

of the rural households in Danzhai County. The work conducted by Wanda Commercial is a blend of planting industry and breeding industry on a mass-production basis in accordance with local conditions. Factories will be established in different regions for deep processing. By doing so, most of the rural households in Danzhai County may have access to the profit. In addition, Wanda Commercial proposed to construct boarding high schools and primary schools. Competitive pay will be given to principals and deputy principals. By doing so the quality of teaching and learning would be enhanced. The sustainable development of Danzhai County would be possible as local talent pool could be developed.

The event of relieving poverty in Danzhai County is the first attempt by made by Wanda. Wanda spared no effort in exploring every opportunity for establishing an example of work to relieve poverty conducted by enterprises throughout China, and encourage more and more large enterprises to participate in work to relieve poverty throughout China, bringing more and more peasants to a well-off life.

Contribution to the Industry

As a pioneer in the commercial real estate sector, Wanda becomes better off economically and has accumulated extensive experience that can be shared and promoted through its continuous exploration and practice for over ten years. In March 2014, "Investment and Development in Commercial Real Estate Sector" and "Operation and Management of Commercial Real Estate" under Books by Wanda Commercial were published. Revealing Wanda Commercial's way to success, these books in relation to commercial real estate are published by corporation and are first-of-its-kind in China. These books would have significant effects in enhancing standards in commercial real estate industry in China and fostering healthy development of the industry.



Milestones of 2014

12
2014

15 projects of Wanda Commercial earned "Guangsha Award", the most prestigious national award for real-estate industry in China.



In 2014, 15 projects developed by Wanda Commercial earned "Guangsha Award", the most prestigious national award for real-estate industry in China. "Guangsha Award" is the most comprehensive and authoritative award for real estate industry in China. It is jointly established by the China Real Estate Association and the Centre for Housing Industrialization of the Ministry of Housing and Urban-Rural Development and approved by the Ministry of Housing and Urban-Rural Development of China.

Wanda Commercial redeveloped the Huiyun management system for 20 opened Wanda Plazas

In 2014, Wanda Commercial redeveloped the Huiyun management system for 20 opened Wanda Plazas. Wanda Commercial have obtained the certificates of software copyright registration.

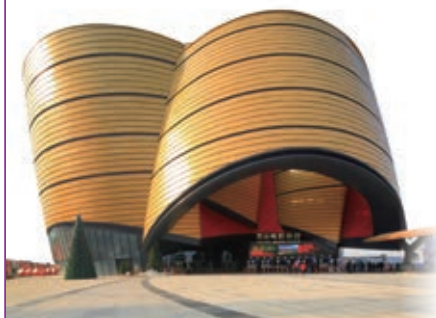
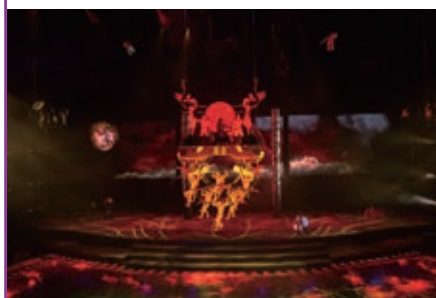
Wanda Commercial was listed on the Stock Exchange of Hong Kong

At 9:30a.m., December 23, the opening bell of Hong Kong Stock Exchange (HKEx) greeted the listing of Wanda Commercial on the main board of HKEx. With a scale of IPO issuances of HK\$31.3 billion, the listing of Wanda Commercial is the largest IPO in the field of real estate industry on the HKEx and in the world in 2014.

Wuhan Han Show and Wanda Movie Park opened

Han Show and Wanda Movie Park opened on December 20. Han Show is a world leading stage show that celebrates the essence of the Han ethnic group, Chu-Han culture and Wuhan culture, and shows the splendor of Chinese culture and Hubei province. Han Show was directed by Franco Dragone, the world's most spectacular showmaker who had been the director of numerous famous stage performance. Wanda Movie Park is designed by Mark Fisher, the world's top architects designer who previously served as Art Director of the opening and closing ceremonies of the Beijing Olympic Games, the London Olympic Games and the Guangzhou Asian Olympic Games. The theatre's design was inspired by the "Red Lantern", an iconic element of Chinese traditional culture.

Wanda Movie Park is the world's only indoor movie theme park that includes six spectacular attractions covering different areas of film entertainment such as 4D cinema, 5D cinema, flight theatre, immersive theatre, interactive theatre and space theatre. As a building that was inspired by "Chime Bells" from Hubei, the park is another architectural marvel by world-renowned designer Mark Fisher. Wanda Movie Park, along with the Han Show Theatre, are two new cultural landmarks for Chinese culture



Milestones of 2014

Cesar Mario O. Mamon, Chairman of the Board of the International Associations of Amusement parks and Attractions said, "Compared to Las Vegas or other leading international performances, Han Show is the most amazing show I've ever seen. Whether in terms of stage art, performance expertise or overall experience, the Han Show is the world's best."

Construction of Guangzhou Wanda cultural tourism city commenced

On November 5, the construction of Guangzhou Wanda Cultural Tourism City commenced. It is estimated to receive 55,000 tourists per day, 20 million tourists per year and directly create around 35,000 jobs upon completion.

11
2014

Three projects of Wanda Commercial won the National High Quality Project Award (國家優質工程獎)

Yixing Wanda Plaza (宜興萬達廣場), Shenyang Aoti Wanda Plaza (瀋陽奧體萬達廣場) and Taiyuan Wanda Plaza (太原萬達廣場) that are developed by Wanda Commercial won the National High Quality Project Award granted by China Association of construction enterprise management (中國施工企業管理協會) on November.

10
2014

The 100th Wanda Plaza opened in Kunming

Kunming Xishan Wanda Plaza, the 100th Wanda Plaza, opened on October 31. Since then, Wanda Commercial has over 100 opened Wanda Plazas.

8
2014

Construction of Nanning Wanda Mao Project commenced

The construction of the first Nanning Wanda Mao Project commenced in Nanjing on August 22. Wanda Mao project is the first large indoor complex that combines functions of indoor culture, tourism and commerce under one roof. As it includes all indoor functions at once and operates all the year round, entertainments would be free from the effects of climate factors.

Wanda Commercial created O2O business with Tencent and Baidu

On August 29, Wanda entered into a strategic cooperation agreement with Tencent and Baidu by which the parties shall establish Wanda E-Commerce, a joint venture incorporated in Hong Kong, with a first investment of RMB5 billion.

Wanda acquired a project company at Gold Coast, Australia and planned to develop a super five-star Wanda Vista hotel

On August 11, Wanda announced to acquire Jewel Project Co, a prominent company situated on Gold Coast, Australia. Wanda shall be the absolute controlling shareholder following the acquisition and shall develop this project with the original owner. The parties planned to develop a 5-star Wanda Vista hotel and serviced apartments with an investment of US\$900 million.

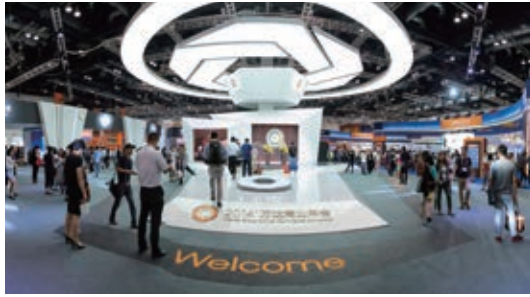
Wanda planned to develop a 5-star hotel in Chicago with an investment of US\$900 million

On July 8, Wanda announced that it planned to develop a 350-meter-high, 89-floor five-star hotel and apartment complex in Chicago, USA with an investment of US\$900 million. The building would become the third tallest in Chicago and a new landmark upon completion.

The 8th Wanda Group Annual Commercial Convention was convened

The 8th Wanda Group Annual Commercial Convention was held at China National Convention Centre on 28-29 August. The event attracted nearly 20,000 participants, which include those from brand operators, agents, service providers, trade associations and media. The convention featured pictures of 160 Wanda Plazas and brands developed by nearly 400 brand operators. Furthermore, over 10,000





agents from all parts of the world joined the convention for business opportunities. The convention outperformed the one in the last year in terms of number of contracts.

6
2014

Wanda's Hanjie Wanda Plaza won IALD (International Association of Lighting Designers Awards)

In June, the night lighting project for Hanjie Wanda Plaza won IALD (International Association of Lighting Designers Awards) granted by the International Association of Lighting Designers.



Wanda acquired Edificio Espana

On June 5, Wanda Commercial Properties (Hong Kong) Co. Limited and Wanda Hotel Development (Stock code: 169) established a joint venture in Europe and acquired Edificio Espana, a landmark building in Madrid at a consideration of EUR265 million (approximately RMB2.25 billion).

4
2014

The structural steelworks of the live show theater in Wuhan Central Culture City won China Steel Structure Gold Medals

In April, the structural steelworks of the live show theater in Wuhan Central Culture City won China Steel Structure Gold Medals (2013-2014) for the first time.

3
2014

Wuhan Wanda Reign Hotel opened

Wuhan Wanda Reign Hotel opened on March 29. Wuhan Wanda Reign Hotel is the first Wanda Commercial Properties hotel under the Wanda Reign brand and the top luxury hotel brand operated by Wanda.

Wanda won the China Hotel Starlight Awards for three straight years

Five hotels of Wanda Hotels & Resorts honored with "China's Top 10 Tourist Resorts", "China's Top 10 Magnetic Hotels", "China's Top 10 Urban Business Hotels", "China's Top 10 New Hotels" and "China's Most Anticipated New Hotel" respectively. This is the third time in a row that Wanda has received such great honor from the Starlight Awards.

2
2014

The construction of Wuxi Wanda Cultural Tourism City commenced

On February 28, The construction of Wuxi Wanda Cultural Tourism City commenced.



Particulars of Properties Held by the Group

Selected information on our opened investment properties for the year ended December 31, 2014 was as follows:

No.	Project	Province	Date of commencement (Month-Year)	Total GFA (‘000 sq.m.)	Occupancy rate for 2014
1	Changchun Chongqinglu Wanda Plaza (長春重慶路萬達廣場)	Jilin (吉林)	January 2003	47.1	100.0%
2	Nanchang Bayi Wanda Shopping Plaza (南昌八一萬達購物廣場)	Jiangxi (江西)	August 2003	36.3	100.0%
3	Qingdao Taidong Wanda Plaza (青島台東萬達廣場)	Shandong (山東)	September 2003	38.6	100.0%
4	Tianjin Hepingjie Wanda Plaza (天津和平金街萬達廣場) ⁽¹⁾	Tianjin (天津)	December 2003	28.5	0.0% ⁽¹⁾
5	Ningbo Yinzhou Wanda Plaza (寧波鄞州萬達廣場)	Zhejiang (浙江)	December 2006	260.6	100.0%
6	Shanghai Wujiaochang Wanda Plaza (上海五角場萬達廣場)	Shanghai (上海)	December 2006	250.3	100.0%
7	Beijing CBD Wanda Plaza (北京CBD萬達廣場)	Beijing (北京)	December 2006	103.3	100.0%
8	Harbin Xiangfang Wanda Plaza (哈爾濱香坊萬達廣場)	Heilongjiang (黑龍江)	October 2007	132.9	100.0%
9	Chengdu Jinhualu Wanda Plaza (成都錦華路萬達廣場)	Sichuan (四川)	December 2007	228.5	100.0%
10	Xi'an Lijiacun Wanda Plaza (西安李家村萬達廣場)	Shaanxi (陝西)	May 2008	131.4	100.0%
11	Beijing Shijingshan Wanda Plaza (北京石景山萬達廣場)	Beijing (北京)	December 2008	144.3	100.0%
12	Suzhou Pingjiang Wanda Plaza (蘇州平江萬達廣場)	Jiangsu (江蘇)	September 2009	150.5	91.7%
13	Shanghai Zhoupu Wanda Plaza (上海周浦萬達廣場)	Shanghai (上海)	September 2009	163.1	96.2%
14	Shenyang Taiyuanjie Wanda Plaza (瀋陽太原街萬達廣場)	Liaoning (遼寧)	November 2009	68.7	96.6%
15	Qingdao CBD Wanda Plaza (青島CBD萬達廣場)	Shandong (山東)	November 2009	159.8	100.0%
16	Chongqing Nanping Wanda Plaza (重慶南坪萬達廣場)	Chongqing(重慶)	December 2009	126.8	100.0%
17	Nanjing Jianye Wanda Plaza (南京建鄴萬達廣場)	Jiangsu (江蘇)	December 2009	204.0	100.0%
18	Xi'an Minleyuan Wanda Plaza (西安民樂園萬達廣場)	Shaanxi (陝西)	December 2009	145.7	100.0%
19	Luoyang Wanda Plaza (洛陽萬達廣場)	Henan (河南)	December 2009	96.2	100.0%
20	Shenyang Tiexi Wanda Plaza (瀋陽鐵西萬達廣場)	Liaoning (遼寧)	August 2010	156.9	95.3%
21	Wuxi Binhu Wanda Plaza (無錫濱湖萬達廣場)	Jiangsu (江蘇)	September 2010	162.9	95.2%
22	Changchun Hongqijie Wanda Plaza (長春紅旗街萬達廣場)	Jilin (吉林)	October 2010	151.0	100.0%
23	Baotou Qingshan Wanda Plaza (包頭青山萬達廣場)	Inner Mongolia (內蒙古)	November 2010	171.0	100.0%
24	Hohhot Wanda Plaza (呼和浩特萬達廣場)	Inner Mongolia (內蒙古)	November 2010	162.0	100.0%
25	Jinan Weijiazhuang Wanda Plaza (濟南魏家莊萬達廣場)	Shandong (山東)	November 2010	166.8	100.0%
26	Tianjin Hedong Wanda Plaza (天津河東萬達廣場)	Tianjin (天津)	November 2010	220.6	100.0%
27	Xiangyang Wanda Plaza (襄陽萬達廣場)	Hubei (湖北)	November 2010	157.2	100.0%
28	Yichang Wanda Plaza (宜昌萬達廣場)	Hubei (湖北)	November 2010	145.8	100.0%
29	Ningbo Jiangbei Wanda Plaza (寧波江北萬達廣場)	Zhejiang (浙江)	December 2010	159.4	100.0%
30	Shaoxing Keqiao Wanda Plaza (紹興柯橋萬達廣場)	Zhejiang (浙江)	December 2010	171.6	98.3%
31	Guangzhou Baiyun Wanda Plaza (廣州白雲萬達廣場)	Guangdong(廣東)	December 2010	172.2	100.0%
32	Wuhan Lingjiaohu Wanda Plaza (武漢菱角湖萬達廣場)	Hubei (湖北)	December 2010	161.2	100.0%
33	Fuzhou Jinrongjie Wanda Plaza (福州金融街萬達廣場)	Fujian (福建)	December 2010	174.0	100.0%
34	Hefei Baohe Wanda Plaza (合肥包河萬達廣場)	Anhui (安徽)	December 2010	179.0	100.0%
35	Huai'an Wanda Plaza (淮安萬達廣場)	Jiangsu (江蘇)	January 2011	128.2	88.5%
36	Shanghai Jiangqiao Wanda Plaza (上海江橋萬達廣場)	Shanghai (上海)	June 2011	213.9	100.0%
37	Zhenjiang Wanda Plaza (鎮江萬達廣場)	Jiangsu (江蘇)	August 2011	167.4	100.0%
38	Wuhan Jingkai Wanda Plaza (武漢經開萬達廣場)	Hubei (湖北)	August 2011	169.1	100.0%
39	Xiamen Huli Wanda Plaza (廈門湖裡萬達廣場)	Fujian (福建)	September 2011	178.1	99.1%
40	Yinchuan Jinfeng Wanda Plaza (銀川金鳳萬達廣場)	Ningxia (寧夏)	September 2011	166.3	99.5%



No.	Project	Province	Date of commencement (Month-Year)	Total GFA (‘000 sq.m.)	Occupancy rate for 2014
41	Shijiazhuang Yuhua Wanda Plaza (石家莊裕華萬達廣場)	Hebei (河北)	September 2011	191.9	100.0%
42	Wuhan Central Culture and Travel City Chuhehan Street (武漢中央文化區楚河漢街)	Hubei (湖北)	September 2011	187.2	98.4%
43	Zhengzhou Zhongyuan Wanda Plaza (鄭州中原萬達廣場)	Henan (河南)	October 2011	164.6	100.0%
44	Langfang Wanda Plaza (廊坊萬達廣場)	Hubei (湖北)	November 2011	178.0	100.0%
45	Daqing Saertu Wanda Plaza (大慶薩爾圖萬達廣場)	Heilongjiang (黑龍江)	November 2011	141.6	100.0%
46	Fuzhou Cangshan Wanda Plaza (福州倉山萬達廣場)	Fujian (福建)	December 2011	185.6	99.9%
47	Taizhou Wanda Plaza (泰州萬達廣場)	Jiangsu (江蘇)	December 2011	111.4	100.0%
48	Changzhou Xinbei Wanda Plaza (常州新北萬達廣場)	Jiangsu (江蘇)	December 2011	166.1	100.0%
49	Tangshan Lunan Wanda Plaza (唐山路南萬達廣場)	Hebei (河北)	December 2011	191.8	100.0%
50	Shanghai Baoshan Wanda Plaza (上海寶山萬達廣場)	Shanghai (上海)	June 2012	169.0	95.1%
51	Hefei Tian'erhu Wanda Plaza (合肥天鵝湖萬達廣場)	Anhui (安徽)	July 2012	175.7	100.0%
52	Jinjiang Wanda Plaza (晉江萬達廣場)	Fujian (福建)	August 2012	202.7	100.0%
53	Ningde Wanda Plaza (寧德萬達廣場)	Fujian (福建)	August 2012	164.3	100.0%
54	Nanchang Honggutan Wanda Plaza (南昌紅谷灘萬達廣場)	Jiangxi (江西)	August 2012	184.1	100.0%
55	Shenyang Beiyilu Wanda Plaza (瀋陽北一路萬達廣場)	Liaoning (遼寧)	August 2012	176.0	100.0%
56	Wuhu Jinghu Wanda Plaza (蕪湖鏡湖萬達廣場)	Anhui (安徽)	September 2012	158.3	97.7%
57	Qingdao Licang Wanda Plaza (青島李滄萬達廣場)	Shandong (山東)	September 2012	182.3	100.0%
58	Jiangyin Wanda Plaza (江陰萬達廣場)	Jiangsu (江蘇)	September 2012	194.2	100.0%
59	Quanzhou Puxi Wanda Plaza (泉州浦西萬達廣場)	Fujian (福建)	September 2012	210.3	99.7%
60	Zhengzhou Erqi Wanda Plaza (鄭州二七萬達廣場)	Henan (河南)	October 2012	172.0	100.0%
61	Zhangzhou Bihu Wanda Plaza (漳州碧湖萬達廣場)	Fujian (福建)	October 2012	212.9	95.5%
62	Wenzhou Longwan Wanda Plaza (溫州龍灣萬達廣場)	Zhejiang (浙江)	November 2012	241.4	88.6%
63	Taicang Wanda Plaza (太倉萬達廣場)	Jiangsu (江蘇)	December 2012	170.0	81.8%
64	Putian Wanda Plaza (莆田萬達廣場)	Fujian (福建)	December 2012	186.8	99.6%
65	Mianyang Fucheng Wanda Plaza (綿陽涪城萬達廣場)	Sichuan (四川)	December 2012	167.5	100.0%
66	Chengdu Jinniu Wanda Plaza (成都金牛萬達廣場)	Sichuan (四川)	December 2012	213.4	100.0%
67	Dalian Gaoxin Wanda Plaza (大連高新萬達廣場)	Liaoning (遼寧)	May 2013	172.3	99.7%
68	Yixing Wanda Plaza (宜興萬達廣場)	Jiangsu (江蘇)	May 2013	214.8	93.3%
69	Xiamen Jimei Wanda Plaza (廈門集美萬達廣場)	Fujian (福建)	June 2013	134.6	100.0%
70	Wuxi Huishan Wanda Plaza (無錫惠山萬達廣場)	Jiangsu (江蘇)	June 2013	172.0	100.0%
71	Chongqing Wanzhou Wanda Plaza (重慶萬州萬達商業廣場)	Chongqing (重慶)	July 2013	139.6	100.0%
72	Dongguan Chang'an Wanda Plaza (東莞長安萬達廣場)	Guangdong (廣東)	July 2013	176.3	100.0%
73	Shenyang Aoti Wanda Plaza (瀋陽奧體萬達廣場)	Liaoning (遼寧)	July 2013	162.5	100.0%
74	Changchun Kuancheng Wanda Plaza (長春寬城萬達廣場)	Jilin (吉林)	August 2013	164.3	100.0%
75	Harbin Haxi Wanda Plaza (哈爾濱哈西萬達廣場)	Heilongjiang (黑龍江)	September 2013	210.3	100.0%
76	Changsha Kaifu Wanda Plaza (長沙開福萬達廣場)	Hunan (湖南)	September 2013	212.7	100.0%
77	Wuhan Wanda Plaza (武漢中央文化區漢街萬達廣場)	Hubei (湖北)	September 2013	132.8	100.0%
78	Yuyao Wanda Plaza (余姚萬達廣場)	Zhejiang (浙江)	October 2013	179.3	97.6%
79	Fushun Wanda Plaza (撫順萬達廣場)	Liaoning (遼寧)	November 2013	174.2	100.0%



Particulars of Properties Held by the Group

No.	Project	Province	Date of commencement (Month-Year)	Total GFA (‘000 sq.m.)	Occupancy rate for 2014
80	Xi'an Daminggong Wanda Plaza (西安大明宮萬達廣場)	Shaanxi (陝西)	November 2013	187.6	100.0%
81	Bengbu Wanda Plaza (蚌埠萬達廣場)	Anhui (安徽)	November 2013	164.2	99.2%
82	Xuzhou Wanda Plaza (徐州萬達廣場)	Jiangsu (江蘇)	December 2013	148.9	100.0%
83	Dandong Wanda Plaza (丹東萬達廣場)	Liaoning (遼寧)	December 2013	161.3	99.2%
84	Nanjing Jiangning Wanda Plaza (南京江寧萬達廣場)	Jiangsu (江蘇)	December 2013	195.7	99.9%
85	Guangzhou Zengcheng Wanda Plaza (廣州增城萬達廣場)	Guangdong (廣東)	May 2014	194.7	100.0%
86	Weifang Wanda Plaza (濰坊萬達廣場)	Shandong (山東)	May 2014	161.2	100.0%
87	Shanghai Songjiang Wanda Plaza (上海松江萬達廣場)	Shanghai (上海)	May 2014	181.5	100.0%
88	Chifeng Wanda Plaza (赤峰萬達廣場)	Inner Mongolia (內蒙古)	June 2014	171.6	100.0%
89	Manzhouli Wanda Plaza (滿洲里萬達廣場)	Inner Mongolia (內蒙古)	June 2014	67.9	100.0%
90	Jining Taibailu Wanda Plaza (濟寧太白路萬達廣場)	Shandong (山東)	July 2014	158.3	100.0%
91	Yinchuan Xixia Wanda Plaza (銀川西夏萬達廣場)	Ningxia (寧夏)	July 2014	140.4	100.0%
92	Jinhua Wanda Plaza (金華萬達廣場)	Zhejiang (浙江)	July 2014	173.6	100.0%
93	Changzhou Wujin Wanda Plaza (常州武進萬達廣場)	Jiangsu (江蘇)	August 2014	120.1	99.8%
94	Foshan Nanhai Wanda Plaza (佛山南海萬達廣場)	Guangdong (廣東)	August 2014	173.5	100.0%
95	Dongguan Dongcheng Wanda Plaza (東莞東城萬達廣場)	Guangdong (廣東)	September 2014	169.5	100.0%
96	Ma'anshan Wanda Plaza (馬鞍山萬達廣場)	Anhui (安徽)	September 2014	162.9	100.0%
97	Jingzhou Wanda Plaza (荊州萬達廣場)	Hubei (湖北)	September 2014	159.9	100.0%
98	Lanzhou Chengguan Wanda Plaza (蘭州城關萬達廣場)	Gansu (甘肅)	October 2014	179.8	100.0%
99	Kunming CBD Wanda Plaza (昆明CBD萬達廣場)	Yunnan (雲南)	October 2014	181.4	100.0%
100	Longyan Wanda Plaza (龍岩萬達廣場)	Fujian (福建)	November 2014	158.4	100.0%
101	Guangzhou Panyu Wanda Plaza (廣州番禺萬達廣場)	Guangdong (廣東)	November 2014	197.3	100.0%
102	Yantai Zhifu Wanda Plaza (煙臺芝罘萬達廣場)	Shandong (山東)	November 2014	185.0	99.5%
103	Jiangmen Wanda Plaza (江門萬達廣場)	Guangdong (廣東)	November 2014	221.1	100.0%
104	Fuqing Wanda Plaza (福清萬達廣場)	Fujian (福建)	December 2014	145.8	100.0%
105	Wenzhou Pingyang Wanda Plaza (溫州平陽萬達廣場)	Zhejiang (浙江)	December 2014	148.5	100.0%
106	Hangzhou Gongshu Wanda Plaza (杭州拱墅萬達廣場)	Zhejiang (浙江)	December 2014	197.5	100.0%
107	Nanning Qingxiu Wanda Plaza (南寧青秀萬達廣場)	Guangxi (廣西)	December 2014	200.5	100.0%

Notes:

- (1) This project is under overall renovation.



Financial Summary

	Year ended 31 December (RMB Million)			
	2014	2013	2012	2011
Revenue	107,871	86,774	59,091	50,772
Profit before tax	41,800	41,492	43,264	30,841
Profit for the year attributable to	25,101	24,882	27,821	19,775
– attributable to owners of the parent	24,839	24,581	27,310	19,779
– attributable to non-controlling interests	262	301	511	(4)
Earnings per share attributable to ordinary equity holders of the parent				
– Basic	RMB6.51	RMB6.58	RMB7.31	RMB5.29
– Diluted	RMB6.51	RMB6.58	RMB7.31	RMB5.29

	As at 31 December (RMB Million)			
	2014	2013	2012	2011
Total assets	564,294	431,044	335,112	250,779
– Non-current assets	302,822	234,742	186,109	131,599
– Current assets	261,472	196,302	149,003	119,180
Total liabilities	409,148	317,172	247,761	190,238
– Current liabilities	235,461	180,277	157,129	123,879
– Non-current liabilities	173,687	136,895	90,632	66,359
Net assets	155,146	113,872	87,351	60,541
Total equity	155,146	113,872	87,351	60,541
– equity attributable to equity owners of the Company	152,814	108,286	85,727	60,469
– equity attributable to non-controlling interests	2,332	5,586	1,624	72



Independent Auditors' Report



To the shareholders of Dalian Wanda Commercial Properties Co., Ltd.

(Incorporated in the People's Republic of China with limited liability)

We have audited the consolidated financial statements of Dalian Wanda Commercial Properties Co., Ltd. (the "Company") and its subsidiaries (together, the "Group") set out on pages 76-195, which comprise the consolidated and company statements of financial position as at 31 December 2014, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the consolidated financial statements

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirement of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2014, and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirement of the Hong Kong Companies Ordinance.

Ernst & Young

Certified Public Accountants

22/F, CITIC Tower

1 Tim Mei Avenue, Central

Hong Kong

30 March 2015

Consolidated Statement of Profit or Loss

Year ended 31 December 2014

	Notes	2014 RMB'million	2013 RMB'million
REVENUE	5	107,871	86,774
Cost of sales		(61,945)	(49,438)
Gross profit		45,926	37,336
Other income and gains	5	3,206	4,142
Increase in fair value of investment properties, net	6	13,455	15,443
Selling and distribution expenses		(6,112)	(4,298)
Administrative expenses		(6,870)	(4,914)
Other expenses		(671)	(353)
Finance costs	7	(7,132)	(5,855)
Share of loss of associates		(1)	(9)
Share of loss of joint ventures		(1)	–
PROFIT BEFORE TAX	6	41,800	41,492
Income tax expense	10	(16,699)	(16,610)
PROFIT FOR THE YEAR		25,101	24,882
Attributable to:			
Owners of the parent		24,839	24,581
Non-controlling interests		262	301
		25,101	24,882
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic	13	RMB6.51	RMB6.58
Diluted	13	RMB6.51	RMB6.58

Details of dividends payable and proposed for the year are disclosed in note 12 to the financial statements.

Consolidated Statement of Comprehensive Income

Year ended 31 December 2014

	2014 RMB'million	2013 RMB'million
PROFIT FOR THE YEAR	25,101	24,882
OTHER COMPREHENSIVE INCOME		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	(390)	15
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	(390)	15
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	24,711	24,897
Attributable to:		
Owners of the parent	24,715	24,592
Non-controlling interests	(4)	305
	24,711	24,897

Consolidated Statement of Financial Position

31 December 2014

	Notes	31 December 2014 RMB'million	31 December 2013 RMB'million
NON-CURRENT ASSETS			
Property, plant and equipment	14	35,147	25,955
Investment properties	15	248,101	198,539
Prepaid land lease payments	16	9,983	6,268
Goodwill	17	1,745	287
Other intangible assets	18	3,054	155
Investments in joint ventures	19	475	–
Investments in an associate	20	–	114
Available-for-sale investments	23	35	37
Long-term receivables		10	11
Deferred tax assets	22	4,272	3,376
Total non-current assets		302,822	234,742
CURRENT ASSETS			
Inventories	24	145,192	100,474
Prepaid taxes	33	5,469	3,211
Trade and bills receivables	25	848	280
Prepayments, deposits and other receivables	26	15,957	18,654
Available-for-sale investments	23	971	–
Derivative financial instrument	27	–	19
Restricted cash	28	6,732	4,139
Cash and cash equivalents	28	86,303	69,525
Total current assets		261,472	196,302
CURRENT LIABILITIES			
Trade and bills payables	29	53,743	34,628
Other payables and accruals	30	138,015	117,009
Interest-bearing bank and other borrowings	31	36,464	21,016
Deferred income	32	395	450
Dividend payables		13	13
Taxes payable	33	6,831	7,161
Total current liabilities		235,461	180,277
NET CURRENT ASSETS		26,011	16,025
TOTAL ASSETS LESS CURRENT LIABILITIES		328,833	250,767

	Notes	31 December 2014 RMB'million	31 December 2013 RMB'million
TOTAL ASSETS LESS CURRENT LIABILITIES		328,833	250,767
NON-CURRENT LIABILITIES			
Convertible bonds	34	–	61
Guaranteed bonds	35	7,210	3,614
Interest-bearing bank and other borrowings	31	137,295	109,302
Deferred income	32	1,359	306
Deferred tax liabilities	22	27,821	23,612
Other non-current liabilities		2	–
Total non-current liabilities		173,687	136,895
Net assets		155,146	113,872
EQUITY			
Equity attributable to owners of the parent			
Issued capital	36	4,475	3,736
Reserves	37	148,339	104,550
Non-controlling interests		152,814	108,286
		2,332	5,586
Total equity		155,146	113,872

DING Benxi
Director

QI Jie
Director

Consolidated Statement of Changes in Equity

Year ended 31 December 2014

	Attributable to owners of the parent							Total	Non-controlling interests	Total equity
	Issued capital	Share premium	Capital reserve	Revaluation reserve	Statutory reserve	Exchange fluctuation reserve	Retained profits			
	RMB'million (note 36)	RMB'million (note 37(a))	RMB'million (note 37(b))	RMB'million (note 37(c))	RMB'million (note 37(d))	RMB'million	RMB'million	RMB'million	RMB'million	RMB'million
At 1 January 2013	3,736	7	-	35	1,100	-	80,849	85,727	1,624	87,351
Profit for the year	-	-	-	-	-	-	24,581	24,581	301	24,882
Other comprehensive income for the year	-	-	-	-	-	11	-	11	4	15
Total comprehensive income for the year	-	-	-	-	-	11	24,581	24,592	305	24,897
Capital contribution from non-controlling interests	-	-	-	-	-	-	-	-	2,940	2,940
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	813	813
Transfer from retained profits	-	-	-	-	429	-	(429)	-	-	-
Acquisition of non-controlling interests	-	-	-	-	-	-	(34)**	(34)	(96)	(130)
Dividend declared and paid	-	-	-	-	-	-	(1,999)	(1,999)	-	(1,999)
At 31 December 2013	3,736	7*	-*	35*	1,529*	11*	102,968*	108,286	5,586	113,872

	Attributable to owners of the parent									
	Issued capital	Share premium	Capital reserve	Revaluation reserve	Statutory reserve	Exchange fluctuation reserve	Retained profits	Total	Non-controlling interests	Total equity
	RMB'million (note 36)	RMB'million (note 37(a))	RMB'million (note 37(b))	RMB'million (note 37(c))	RMB'million (note 37(d))	RMB'million	RMB'million	RMB'million	RMB'million	RMB'million
At 1 January 2014	3,736	7	-	35	1,529	11	102,968	108,286	5,586	113,872
Profit for the year	-	-	-	-	-	-	24,839	24,839	262	25,101
Other comprehensive income for the year	-	-	-	-	-	(124)	-	(124)	(266)	(390)
Total comprehensive income for the year	-	-	-	-	-	(124)	24,839	24,715	(4)	24,711
Capital contribution from non-controlling interests	-	-	-	-	-	-	-	-	721	721
Issue of shares	739	22,637	-	-	-	-	-	23,376	-	23,376
Acquisition of a subsidiary (note 39)	-	-	-	-	-	-	-	-	108	108
Acquisition of non-controlling interests	-	-	92**	-	-	-	(1,471)**	(1,379)	(3,693)	(5,072)
Disposal of subsidiaries	-	-	-	-	-	-	-	-	(386)	(386)
Transfer from retained profit	-	-	-	-	398	-	(398)	-	-	-
Deemed distribution (note 38)	-	-	-	-	-	-	(185)	(185)	-	(185)
Dividend declared and paid	-	-	-	-	-	-	(1,999)	(1,999)	-	(1,999)
At 31 December 2014	4,475	22,644*	92*	35*	1,927*	(113)*	123,754*	152,814	2,332	155,146

* These reserve accounts comprise the consolidated other reserves of RMB148,339 million (2013: RMB104,550 million) in the consolidated statement of financial position.

**Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received are directly recognised in equity, and attributed to the owners of the parent. The differences were first recognised in capital reserve, and then to retained profits if the capital reserve was reversed to zero.

Consolidated Statement of Cash Flows

Year ended 31 December 2014

	Notes	2014 RMB'million	2013 RMB'million
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax:		41,800	41,492
Adjustments for:			
Finance costs	7	7,132	5,855
Equity-settled restricted share expenses	38	67	–
Share of loss of associates		1	9
Share of loss of joint ventures		1	–
Interest income	5	(546)	(531)
Depreciation	14	1,314	1,054
Impairment of trade receivables	6	(4)	–
Impairment of other receivables	6	70	51
Impairment of inventories	6	46	–
Amortisation of prepaid land lease payments	16	122	100
Amortisation of other intangible assets	18	97	17
Loss on disposal of items of property, plant and equipment, net	6	1	1
Gain on bargain purchase		(2)	(75)
Gain on disposal of subsidiaries	40	(1,112)	(113)
Gain on disposal of available-for-sale investments		(40)	–
Remeasurement loss of equity interest in an associate	39	8	–
Increase in fair value of investment properties, net		(13,455)	(15,443)
Increase in fair value of derivative financial instruments	5	(1)	–
		35,499	32,417
Increase in inventories		(45,372)	(26,459)
(Increase)/decrease in trade and bills receivables		(704)	102
Decrease/(increase) in prepayments, deposits and other receivables		6,185	(556)
Decrease in long-term receivables		1	–
Increase in restricted cash		(1,425)	(2,008)
Increase in trade and bills payables		11,419	8,966
Increase in other payables and accruals		18,691	5,063
Increase in deferred income		1,107	431
Cash generated from operations		25,401	17,956
Interest received		546	531
Corporate income tax and land appreciation tax paid		(17,115)	(11,680)
Net cash flows from operating activities		8,832	6,807

	Notes	2014 RMB'million	2013 RMB'million
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		(7,533)	(6,411)
Additions to investment properties		(31,768)	(14,953)
Additions to prepaid land lease payments		(3,646)	(772)
Additions to other intangible assets		(857)	(90)
Acquisitions of subsidiaries		(3,317)	(443)
Proceeds from disposal of items of property, plant and equipment		57	119
Net proceeds for purchase of available-for-sale investments		(1,050)	(27)
Investments in joint ventures		(476)	–
Cash flows relating to disposal of subsidiaries	40	2,628	(1,083)
Additions to investments in an associate	20	–	(123)
Dividend received from a former subsidiary		263	–
Net cash flows used in investing activities		(45,699)	(23,783)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net proceeds from issue of bonds		3,662	3,614
New bank loans		129,259	80,745
Repayment of bank loans		(84,180)	(40,304)
Interest and bank charge paid		(12,304)	(6,962)
Dividends paid		(1,999)	(1,999)
Capital contributions from non-controlling shareholders		680	2,940
Issue of shares		23,755	–
Acquisition of non-controlling interests		(5,072)	(130)
Net cash flows from financing activities		53,801	37,904
NET INCREASE IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at beginning of year		69,525	48,585
Effect of foreign exchange rate changes, net		(156)	12
CASH AND CASH EQUIVALENTS AT END OF YEAR		86,303	69,525
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and cash equivalents as stated in the statement of financial position		86,303	69,525
Cash and cash equivalents as stated in the statement of cash flows		86,303	69,525

Statement of Financial Position

31 December 2014

	Notes	31 December 2014 RMB'million	31 December 2013 RMB'million
NON-CURRENT ASSETS			
Property, plant and equipment	14	1,087	1,115
Investment properties	15	1,415	1,470
Prepaid land lease payments	16	312	321
Other intangible assets		90	59
Investment in an associate	20	–	114
Investments in subsidiaries	21	113,875	84,683
Long-term receivables		10	11
Available-for-sale investments	23	35	37
Total non-current assets		116,824	87,810
CURRENT ASSETS			
Inventories	24	322	381
Trade and bills receivables	25	5	7
Prepayments, deposits and other receivables	26	30,228	25,813
Restricted cash	28	959	174
Cash and cash equivalents	28	29,913	10,028
Total current assets		61,427	36,403
CURRENT LIABILITIES			
Trade and bills payables	29	59	134
Other payables and accruals	30	118,439	89,893
Interest-bearing bank and other borrowings	31	7,690	6,641
Dividend payables		13	13
Tax payable	33	6	66
Total current liabilities		126,207	96,747
NET CURRENT LIABILITIES		(64,780)	(60,344)
TOTAL ASSETS LESS CURRENT LIABILITIES		52,044	27,466
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	31	13,635	14,200
Deferred tax liabilities		113	121
Total non-current liabilities		13,748	14,321
Net assets		38,296	13,145
EQUITY			
Issued capital	36	4,475	3,736
Reserves	37	33,821	9,409
Total equity		38,296	13,145

Notes to Financial Statements

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1. Corporate information

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

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

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

2. Basis of preparation and accounting policies

2.1 Basis of preparation

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”), which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), and the generally accepted accounting principles in Hong Kong. These financial statements also comply with the applicable requirements of the Hong Kong Companies Ordinance relating to the preparation of financial statements, which for this financial year and the comparative period continue to be those of the predecessor Companies Ordinance (Cap. 32), in accordance with transitional and saving arrangements for Part 9 of the Hong Kong Companies Ordinance (Cap. 622), “Accounts and Audit”, which are set out in sections 76 to 87 of Schedule 11 to that Ordinance. The financial statements have been prepared under the historical cost convention, except for investment properties and derivative financial instruments which have been measured at fair value. These financial statements are presented in Renminbi (“RMB”) and all values are rounded to the nearest million except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2014. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

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

Notes to Financial Statements

31 December 2014

2. Basis of preparation and accounting policies (continued)

2.1 Basis of preparation (continued)

Basis of consolidation (continued)

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

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

2.2 Changes in accounting policies and disclosures

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

Amendment to HKFRS 2 included in Annual Improvements 2010-2012 Cycle	<i>Definition of Vesting Condition¹</i>
Amendment to HKFRS 3 included in Annual Improvements 2010-2012 Cycle	<i>Accounting for Contingent Consideration in a Business Combination¹</i>
Amendment to HKFRS 13 included in Annual Improvements 2010-2012 Cycle	<i>Short-term Receivables and Payables</i>
Amendment to HKFRS 1 included in Annual Improvements 2011-2013 Cycle	<i>Meaning of Effective HKFRSs</i>

¹ Effective from 1 July 2014

Other than explained below regarding the impact of the amendments to HKFRS 2, HKFRS 3 and HKFRS 13, the adoption of the above revised standards and interpretation has had no significant financial effect on these financial statements.

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

2. Basis of preparation and accounting policies (continued)

2.2 Changes in accounting policies and disclosures (continued)

- (b) The HKFRS 3 Amendment clarifies that contingent consideration arrangements arising from a business combination that are not classified as equity should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of HKFRS 9 or HKAS 39. The amendment has had no impact on the Group.
- (c) The HKFRS 13 Amendment clarifies that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial. The amendment has had no impact on the Group.

2.3 New and revised HKFRSs and new disclosure requirements under the Hong Kong companies ordinance not yet adopted

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
Amendments to HKFRS 10 and HKAS 28 (2011)	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ²
Amendments to HKFRS 11	<i>Accounting for Acquisitions of Interests in Joint Operations</i> ²
HKFRS 14	<i>Regulatory Deferral Accounts</i> ⁵
HKFRS 15	<i>Revenue from Contracts with Customers</i> ³
Amendments to HKAS 16 and HKAS 38	<i>Clarification of Acceptable Methods of Depreciation and Amortisation</i> ²
Amendments to HKAS 16 and HKAS 41	<i>Agriculture: Bearer Plants</i> ²
Amendments to HKAS 19	<i>Defined Benefit Plans: Employee Contributions</i> ¹
Amendments to HKAS 27 (2011)	<i>Equity Method in Separate Financial Statements</i> ²
Annual Improvements 2010-2012 Cycle	<i>Amendments to a number of HKFRSs</i> ¹
Annual Improvements 2011-2013 Cycle	<i>Amendments to a number of HKFRSs</i> ¹
Annual Improvements 2012-2014 Cycle	<i>Amendments to a number of HKFRSs</i> ²

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 Effective for annual periods beginning on or after 1 January 2018

⁵ Effective for an entity that first adopts HKFRSs for its annual financial statements beginning on or after 1 January 2016 and therefore is not applicable to the Group

In addition, the Hong Kong Companies Ordinance (Cap. 622) will affect the presentation and disclosure of certain information in the consolidated financial statements for the year ending 31 December 2015. The Group is in the process of making an assessment of the impact of these changes.

Notes to Financial Statements

31 December 2014

2. Basis of preparation and accounting policies (continued)

2.3 New and revised HKFRSs and new disclosure requirements under the Hong Kong companies ordinance not yet adopted (continued)

Further information about those HKFRSs that are expected to be applicable to the Group is as follows:

In September 2014, the HKICPA issued the final version of HKFRS 9, bringing together all phases of the financial instruments project to replace HKAS 39 and all previous versions of HKFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. The Group expects to adopt HKFRS 9 from 1 January 2018. The Group expects that the adoption of HKFRS 9 will have an impact on the classification and measurement of the Group's financial assets. Further information about the impact will be available nearer the implementation date of the standard.

The amendments to HKFRS 10 and HKAS 28 (2011) address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The Group expects to adopt the amendments from 1 January 2016.

The amendments to HKFRS 11 require that an acquirer of an interest in a joint operation in which the activity of the joint operation constitutes a business must apply the relevant principles for business combinations in HKFRS 3. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to HKFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party. The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 January 2016.

HKFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in HKFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The standard will supersede all current revenue recognition requirements under HKFRSs. The Group expects to adopt HKFRS 15 on 1 January 2017 and is currently assessing the impact of HKFRS 15 upon adoption.

2. Basis of preparation and accounting policies (continued)

2.3 New and revised HKFRSs and new disclosure requirements under the Hong Kong companies ordinance not yet adopted (continued)

Amendments to HKAS 16 and HKAS 38 clarify the principle in HKAS 16 and HKAS 38 that revenue reflects a pattern of economic benefits that are generated from operating business (of which the asset is part) rather than the economic benefits that are consumed through the use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are to be applied prospectively. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 January 2016 as the Group has not used a revenue-based method for the calculation of depreciation of its non-current assets.

The Annual Improvements to HKFRSs 2010-2012 Cycle issued in January 2014 sets out amendments to a number of HKFRSs. Except for those described in note 2.2, the Group expects to adopt the amendments from 1 January 2015. None of the amendments are expected to have a significant financial impact on the Group.

2.4 Summary of significant accounting policies

Subsidiaries

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

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

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group's voting rights and potential voting rights.

The results of subsidiaries are included in the Company's statement of profit or loss to the extent of dividends received and receivable. The Company's investments in subsidiaries that are not classified as held for sale in accordance with HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations are stated at cost less any impairment losses.

Notes to Financial Statements

31 December 2014

2. Basis of preparation and accounting policies (continued)

2.4 Summary of significant accounting policies (continued)

Investments in associates and joint ventures

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investments in associates and joint ventures are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses.

The Group's share of the post-acquisition results and other comprehensive income of associates and joint ventures is included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's investments in the associates or joint ventures, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates or joint ventures is included as part of the Group's investments in associates or joint ventures.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

The results of associates and joint ventures are included in the Company's statement of profit or loss to the extent of dividends received and receivable. The Company's investments in associates and joint ventures are treated as non-current assets and are stated at cost less any impairment losses.

When an investment in an associate or a joint venture is classified as held for sale, it is accounted for in accordance with HKFRS 5.

2. Basis of preparation and accounting policies (continued)

2.4 Summary of significant accounting policies (continued)

Business combinations and goodwill

Business combinations not under common control are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of HKAS 39 is measured at fair value with changes in fair value either recognised in profit or loss or as a change to other comprehensive income. If the contingent consideration is not within the scope of HKAS 39, it is measured in accordance with the appropriate HKFRS. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling shareholders and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Notes to Financial Statements

31 December 2014

2. Basis of preparation and accounting policies (continued)

2.4 Summary of significant accounting policies (continued)

Business combinations and goodwill (continued)

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Fair value measurement

The Group measures its investment properties and derivative financial instruments at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
- Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

2. Basis of preparation and accounting policies (continued)

2.4 Summary of significant accounting policies (continued)

Fair value measurement (continued)

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, financial assets, investment properties, goodwill and non-current assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

An assessment is made at the end of each reporting period as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

Notes to Financial Statements

31 December 2014

2. Basis of preparation and accounting policies (continued)

2.4 Summary of significant accounting policies (continued)

Related parties

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and that person
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Group are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Group are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a); and
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

2. Basis of preparation and accounting policies (continued)

2.4 Summary of significant accounting policies (continued)

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The estimated residual values and useful lives for this purpose are as follows:

	Useful lives	Residual values
Buildings	35-40 years	5%
Machinery	10 years	5%
Motor vehicles	5 years	5%
Electronic equipments	5 years	5%
Others	5 years	5%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately.

Residual value, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents construction works in progress and is stated at cost less any impairment losses, and is not depreciated. Cost mainly comprises the direct costs of construction during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Notes to Financial Statements

31 December 2014

2. Basis of preparation and accounting policies (continued)

2.4 Summary of significant accounting policies (continued)

Other intangible assets (other than goodwill)

Other intangible assets acquired separately are measured on initial recognition at cost. The cost of other intangible assets acquired in a business combination is the fair value as at the date of acquisition. The useful lives of other intangible assets are assessed to be either finite or indefinite. Other Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the other intangible asset may be impaired. The amortisation period and the amortisation method for the other intangible asset with a finite useful life are reviewed at least at each financial year end.

Other intangible assets acquired in a business combination comprise brands, designs, orders and business relationships, which are amortised on the straight-line basis over their estimated useful lives of 1 to 25 years.

Investment properties

Investment properties are interests in land and buildings (including the leasehold interest under an operating lease for a property which would otherwise meet the definition of an investment property) held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Investment properties comprise completed investment properties and investment properties under construction. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period.

Gains or losses arising from changes in the fair values of investment properties are included in the statement of profit or loss in the year in which they arise. Any gains or losses on the retirement or disposal of an investment property are recognised in the statement of profit or loss in the year of the retirement or disposal.

For a transfer from investment properties to owner-occupied properties or inventories, the deemed cost of a property for subsequent accounting is its fair value at the date of change in use. If a property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under "Property, plant and equipment and depreciation" up to the date of change in use, and any difference at that date between the carrying amount and the fair value of the property is accounted for as a revaluation reserve. For a transfer from inventories to investment properties, any difference between the fair value of the property at that date and its previous carrying amount is recognised in the statement of profit or loss.

2. Basis of preparation and accounting policies (continued)

2.4 Summary of significant accounting policies (continued)

Leases

Leases that transfer substantially all the rewards and risks of ownership of assets to the Group, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalised at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing. Assets held under capitalised finance leases, including prepaid land lease payments under finance leases, are included in property, plant and equipment, and depreciated over the shorter of the lease terms and the estimated useful lives of the assets. The finance costs of such leases are charged to the statement of profit or loss so as to provide a constant periodic rate of charge over the lease terms.

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to the statement of profit or loss on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under the operating leases net of any incentives received from the lessor are charged to the statement of profit or loss on the straight-line basis over the lease terms.

Prepaid land lease payments under operating leases are initially stated at cost and subsequently recognised on the straight-line basis over the lease terms.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, and available-for-sale financial investments, as appropriate. When financial assets are recognised initially, they are measured at fair value plus transaction costs that are attributed to the acquisition of the financial assets, except in the case of financial assets recorded at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Notes to Financial Statements

31 December 2014

2. Basis of preparation and accounting policies (continued)

2.4 Summary of significant accounting policies (continued)

Investments and other financial assets (continued)

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments as defined by HKAS 39.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with positive net changes in fair value presented as other income and gains and negative net changes in fair value presented as finance costs in the statement of profit or loss. These net fair value changes do not include any dividends or interests earned on these financial assets, which are recognised in accordance with the policies set out for "Revenue recognition" below.

Financial assets designated upon initial recognition as at fair value through profit or loss are designated at the date of initial recognition and only if the criteria in HKAS 39 are satisfied.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated as at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in the statement of profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in other income and gains in the statement of profit or loss. The loss arising from impairment is recognised in the statement of profit or loss in finance costs for loans and in other expenses for receivables.

2. Basis of preparation and accounting policies (continued)

2.4 Summary of significant accounting policies (continued)

Investments and other financial assets (continued)

Available-for-sale financial investments

Available-for-sale financial investments are non-derivative financial assets in listed and unlisted equity investments and debt securities. Equity investments classified as available for sale are those which are neither classified as held for trading nor designated as at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in market conditions.

After initial recognition, available-for-sale financial investments are subsequently measured at fair value, with unrealised gains or losses recognised as other comprehensive income in the available-for-sale investment revaluation reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in the statement of profit or loss in other income, or until the investment is determined to be impaired, when the cumulative gain or loss is reclassified from the available-for-sale investment revaluation reserve to the statement of profit or loss in other expenses or other income and gains. Interests and dividends earned whilst holding the available-for-sale financial investments are reported as interest income and dividend income, respectively, and are recognised in the statement of profit or loss as other income in accordance with the policies set out for "Revenue recognition" below.

When the fair value of unlisted equity investments cannot be reliably measured because (a) the variability in the range of reasonable fair value estimates is significant for that investment or (b) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value, such investments are stated at cost less any impairment losses.

The Group evaluates whether the ability and intention to sell its available-for-sale financial assets in the near term are still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets, the Group may elect to reclassify these financial assets if management has the ability and intention to hold the assets for the foreseeable future or until maturity.

For a financial asset reclassified from the available-for-sale category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on that asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the effective interest rate. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the effective interest rate. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the statement of profit or loss.

Notes to Financial Statements

31 December 2014

2. Basis of preparation and accounting policies (continued)

2.4 Summary of significant accounting policies (continued)

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the assets.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that occurred after the initial recognition of the asset have an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

2. Basis of preparation and accounting policies (continued)

2.4 Summary of significant accounting policies (continued)

Impairment of financial assets (continued)

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition).

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in the statement of profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to other expenses in the statement of profit or loss.

Assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Impairment losses on these assets are not reversed.

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31 December 2014

2. Basis of preparation and accounting policies (continued)

2.4 Summary of significant accounting policies (continued)

Impairment of financial assets (continued)

Available-for-sale financial investments

For available-for-sale financial investments, the Group assesses at the end of each reporting period whether there is objective evidence that an investment or a group of investments is impaired.

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the statement of profit or loss, is removed from other comprehensive income and recognised in the statement of profit or loss.

In the case of equity investments classified as available for sale, objective evidence would include a significant or prolonged decline in the fair value of an investment below its cost. "Significant" is evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of profit or loss – is removed from other comprehensive income and recognised in the statement of profit or loss. Impairment losses on equity instruments classified as available for sale are not reversed through the statement of profit or loss. Increases in their fair value after impairment are recognised directly in other comprehensive income.

The determination of what is "significant" or "prolonged" requires judgement. In making this judgement, the Group evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost.

In the case of debt instruments classified as available for sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of profit or loss. Future interest income continues to be accrued based on the reduced carrying amount of the asset and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. Impairment losses on debt instruments are reversed through the statement of profit or loss if the subsequent increase in fair value of the instruments can be objectively related to an event occurring after the impairment loss was recognised in the statement of profit or loss.

2. Basis of preparation and accounting policies (continued)

2.4 Summary of significant accounting policies (continued)

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables and interest-bearing bank and other borrowings.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of repurchasing in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by HKAS 39. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the statement of profit or loss. The net fair value gain or loss recognised in the statement of profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities designated upon initial recognition as at fair value through profit or loss are designated at the date of initial recognition and only if the criteria of HKAS 39 are satisfied.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

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31 December 2014

2. Basis of preparation and accounting policies (continued)

2.4 Summary of significant accounting policies (continued)

Financial liabilities (continued)

Convertible bonds

The component of convertible bonds that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of transaction costs. On issuance of convertible bonds, the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond; and this amount is carried as a long term liability on the amortised cost basis until extinguished on conversion or redemption. The remainder of the proceeds is allocated to the conversion option that is recognised and included in shareholders' equity, net of transaction costs. The carrying amount of the conversion option is not remeasured in subsequent years. Transaction costs are apportioned between the liability and equity components of the convertible bonds based on the allocation of proceeds to the liability and equity components when the instruments are first recognised.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Inventories

Inventories other than properties under development and completed properties held for sale are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

2. Basis of preparation and accounting policies (continued)

2.4 Summary of significant accounting policies (continued)

Properties under development

Properties under development are stated at the lower of cost and net realisable value. Cost comprises land costs, construction costs, borrowing costs, professional fees and other costs directly attributable to such properties incurred during the development period. The net realisable value of properties under development is determined by establishing the market values of the properties on an “as-if” completed basis with appropriate deduction on construction costs, professional fees, applicable various selling expense and interests to be incurred from the valuation date to completion.

Properties under development are classified as current assets unless the construction period of the relevant property development project is expected to complete beyond the normal operating cycle. Upon completion, the properties are transferred to completed properties held for sale.

Completed properties held for sale

Completed properties held for sale are stated at the lower of cost and net realisable value. Cost is determined by an apportionment of the total land and building costs attributable to unsold properties. The net realisable value is determined by reference to the sales proceeds of properties sold in the ordinary course of business, less applicable variable selling expenses, or by management’s estimates based on the prevailing market conditions, on an individual property basis.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group’s cash management.

For the purpose of the statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

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31 December 2014

2. Basis of preparation and accounting policies (continued)

2.4 Summary of significant accounting policies (continued)

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of each reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

A contingent liability recognised in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of (i) the amount that would be recognised in accordance with the general guidance for provisions above; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with the guidance for revenue recognition.

Other employee benefits

Pension scheme

The employees of the Group in Mainland China are required to participate in a central pension scheme operated by the local municipal government. The Group is required to contribute certain percentage of its payroll costs to the central pension scheme. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension scheme.

Income tax

Income tax comprises current tax and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

2. Basis of preparation and accounting policies (continued)

2.4 Summary of significant accounting policies (continued)

Income tax (continued)

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carry forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Notes to Financial Statements

31 December 2014

2. Basis of preparation and accounting policies (continued)

2.4 Summary of significant accounting policies (continued)

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to the statement of profit or loss by way of a reduced depreciation charge.

Revenue recognition

Revenue from the sale of properties in the ordinary course of business is recognised when all the following criteria are met:

- (a) the significant risks and rewards of ownership of the properties have been transferred to the buyers;
- (b) neither continuing managerial involvement to the degree usually associated with ownership, nor effective control over the properties is retained;
- (c) the amount of revenue can be measured reliably;
- (d) it is probable that the economic benefits associated with the transaction will flow to the Group; and
- (e) the cost incurred or to be incurred in respect of the transaction can be measured reliably.

The above criteria for sale of properties are met when construction of the relevant properties has been completed and the Group has obtained the project completion report issued by the relevant government authorities, the properties have been delivered to the buyers, and the collectability of related receivables is reasonably assured. Payments received on properties sold prior to the date of revenue recognition are included in the consolidated statement of financial position under current liabilities.

Rental income derived from the lease of the Group's properties is recognised on a time proportion basis over the lease terms.

Property management fee income derived from the provision of property maintenance and management services is recognised when the relevant services are rendered.

Hotel operating income including room rental and service fee from provision of other ancillary services is recognised when the services are rendered.

2. Basis of preparation and accounting policies (continued)

2.4 Summary of significant accounting policies (continued)

Revenue recognition (continued)

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Dividend income is recognised when the shareholders' right to receive payment has been established.

Share-based payments

The Company grants restricted shares to certain employees of the Group and of its parent company for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group and of its parent company receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees for grants after 10 July 2014 is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a binomial model, further details of which are given in note 38 to the financial statements.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefit expense or deemed distribution to the parent company. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss or to the deemed distribution to the parent company for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Notes to Financial Statements

31 December 2014

2. Basis of preparation and accounting policies (continued)

2.4 Summary of significant accounting policies (continued)

Share-based payments (continued)

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Foreign currencies

These financial statements are presented in RMB, which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of each reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in other comprehensive income until the net investment is disposed of, at which time the cumulative amount is reclassified to the statement of profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

2. Basis of preparation and accounting policies (continued)

2.4 Summary of significant accounting policies (continued)

Foreign currencies (continued)

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

The functional currencies of certain overseas subsidiaries are currencies other than the RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into the presentation currency of the Company at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB at the weighted average exchange rates for the year.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the statement of profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

For the purpose of the consolidated statement of cash flows, the cash flows of certain overseas subsidiaries are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of certain overseas subsidiaries which arise throughout the year are translated into RMB at the weighted average exchange rates for each of the year.

Dividends

Dividends proposed by the Directors are classified as a separate allocation of retained profits within the equity section of the statement of financial position, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

Notes to Financial Statements

31 December 2014

3. Significant accounting judgements and estimates

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

(i) Operating lease commitments – the Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties which are leased out on operating leases.

(ii) Classification between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group. Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately, the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

(iii) Classification between investment properties and properties held for sale

The Group develops properties held for sale and properties held to earn rentals and/or for capital appreciation. Judgement is made by the management on determining whether a property is classified as a property held for sale or an investment property. The Group considers its intention for holding the properties at the early development stage of the related properties. During the course of construction, the properties are accounted for as properties under development included in current assets if the properties are intended for sale after completion of construction, whereas, the properties are accounted for as investment properties under construction or development included in non-current assets if the properties are intended to be held to earn rentals and/or for capital appreciation.

3. Significant accounting judgements and estimates (continued)

Judgements (continued)

(iv) *Determination of assets related government grants*

The Group receives government grants for its project development or as financial assistance for its operation. Judgement is made by the management on determining whether the government grants are relating to assets or income. The Group considers the primary condition for the receipt of the government grants. If the primary condition of the government grants is that the Group purchase, construct or otherwise acquire long-term assets, the grants acquired are accounted for as government grants related to assets, otherwise, government grants acquired are related to income.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below:

(i) *Fair value of investment properties*

The investment properties of the Group are measured at fair value. The fair value for completed investment properties was arrived at by considering the capitalised income to be derived from the existing tenancies and the reversionary potential of the properties, where appropriate, by reference to market evidence of transaction prices for the similar properties in the same locations and conditions. The fair values of investment properties under development are determined by establishing the market values of the properties on an "as-if" completed basis with appropriate deduction on construction costs, professional fees and interests to be incurred from the valuation date to completion as well as a reasonable margin. The determination of the fair value for completed investment properties requires the Group to estimate reversionary potential of the properties while for investment properties under development, estimates on costs to be incurred and future margin are required in the valuation.

The carrying amount of investment properties at 31 December 2014 was RMB248,101 million (2013: RMB198,539 million), respectively. Further details, including the key assumptions used for fair value measurement, are stated in note 15.

(ii) *Impairment of goodwill*

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at 31 December 2014 was RMB1,745 million (2013: RMB287 million), respectively. Further details are given in note 17.

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31 December 2014

3. Significant accounting judgements and estimates (continued)

Estimation uncertainty (continued)

(iii) PRC corporate income tax ("CIT")

The Group is subject to CIT in Mainland China. As a result of the fact that certain matters relating to the CIT have not been confirmed by the local tax bureau, objective estimate and judgement based on currently enacted tax laws, regulations and other related policies are required in determining the CIT provision to be made. Where the final tax outcome of these matters is different from the amounts originally recorded, the differences will have an impact on the CIT expense and CIT provision in the period in which the differences are realised.

(iv) PRC land appreciation tax ("LAT")

LAT in Mainland China is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sale of properties less deductible expenditures including land costs, borrowing costs, and other property development expenditures.

When calculating the LAT, the Group needs to estimate the deductible expenditures and make judgement on the relevant tax rate on individual property basis under the relevant applicable tax laws and regulations. Given the uncertainties of the calculation basis of LAT to be interpreted by the local tax bureau, the actual outcomes may be higher or lower than that estimated. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the LAT expense and LAT provision in the period in which the differences are realised.

(v) Deferred tax assets

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences and tax losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying value of deferred tax assets relating to recognised tax losses at 31 December 2014 was RMB798 million (2013: RMB343 million). The amount of unrecognised tax losses at 31 December 2014 was RMB5,038 million (2013: RMB2,853 million). Further details are contained in note 22 to the financial statements.

(vi) Useful lives and impairment of property, plant and equipment

The Group's management determines the estimated useful lives and related depreciation charges for its items of property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of items of property, plant and equipment of similar nature and functions. It could change significantly as a result of technical innovations and competitors' actions. Management will increase the depreciation charge where useful lives are less than previously estimates, or it will write off or write down technically obsolete assets that have been abandoned.

The carrying value of an item of property, plant and equipment is reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable in accordance with the accounting policy as disclosed in note 2.4 of this section. The net realisable value of an item of property, plant and equipment is calculated as the higher of its fair value less costs to sell and value in use, the calculation of which involves the use of estimates.

3. Significant accounting judgements and estimates (continued)

Estimation uncertainty (continued)

(vii) The net realisable value for properties under development and completed properties held for sale

The net realisable value is determined by reference to the sales proceeds of properties sold in the ordinary course of business, less applicable variable selling expenses, or by management's estimates based on the prevailing market conditions, on an individual property basis. The net realisable value of properties under development is determined by establishing the market values of the properties on an "as-if" completed basis with appropriate deduction on construction costs, professional fees, applicable various selling expenses and interests to be incurred from the valuation date to completion.

4. Operating segment information

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

- (a) development, leasing and management of commercial properties held by the Group for long-term investment;
- (b) development and sale of properties, including primarily commercial and residential properties;
- (c) development and operation of hotels; and
- (d) the "Others" segment mainly comprises management of properties sold, research and design centre, institute and other services

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

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

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4. Operating segment information (continued)

Year ended 31 December 2014

	Investment properties leasing and management RMB'million	Sales of properties RMB'million	Hotel operation RMB'million	Others RMB'million	Total RMB'million
Segment revenue:					
Sales to external customers	10,352	91,748	4,008	1,763	107,871
Intersegment sales	950	294	14	763	2,021
	11,302	92,042	4,022	2,526	109,892
<i>Reconciliation:</i>					
Elimination of intersegment sales					(2,021)
Revenue from continuing operations					107,871
Cost of goods sold ("COGS")	(2,703)	(54,532)	(2,868)	(1,842)	(61,945)
Other income and gains	256	1,729	107	1,114	3,206
Increase in fair value of investment properties, net	13,455	-	-	-	13,455
Selling and distribution costs	(459)	(5,127)	(367)	(159)	(6,112)
Administrative expenses	(938)	(3,892)	(1,485)	(555)	(6,870)
Other expenses	-	(671)	-	-	(671)
Share of loss of associates	-	(1)	-	-	(1)
Share of loss of joint ventures	-	(1)	-	-	(1)
Segment results	19,963	29,253	(605)	321	48,932
<i>Reconciliation:</i>					
Finance costs					(7,132)
Profit before tax from continuing operations					41,800
Other segment information					
Depreciation and amortisation	-	(646)	(788)	(99)	(1,533)
Investments in joint ventures	-	475	-	-	475
Capital expenditure*	37,768	2,008	14,481	2,645	56,902

* Capital expenditure consists of additions to property, plant and equipment, investment properties, prepaid land lease payments and other intangible assets including assets from the acquisition of subsidiaries.

4. Operating segment information (continued)

Year ended 31 December 2013

	Investment properties leasing and management RMB'million	Sales of properties RMB'million	Hotel operation RMB'million	Others RMB'million	Total RMB'million
Segment revenue:					
Sales to external customers	7,707	74,981	3,215	871	86,774
Intersegment sales	953	–	21	563	1,537
	8,660	74,981	3,236	1,434	88,311
Reconciliation:					
Elimination of intersegment sales					(1,537)
Revenue from continuing operations					86,774
COGS	(2,212)	(44,345)	(2,148)	(733)	(49,438)
Other income and gains	655	3,220	79	188	4,142
Increase in fair value of investment properties, net	15,443	–	–	–	15,443
Selling and distribution costs	(369)	(3,552)	(344)	(33)	(4,298)
Administrative expenses	(687)	(2,736)	(1,096)	(395)	(4,914)
Other expenses	–	(353)	–	–	(353)
Share of loss of an associate	–	(9)	–	–	(9)
Segment results	20,537	27,206	(294)	(102)	47,347
Reconciliation:					
Finance costs					(5,855)
Profit before tax from continuing operations					41,492
Other segment information					
Depreciation and amortisation	–	(563)	(608)	–	(1,171)
Investments in an associate	–	114	–	–	114
Capital expenditure*	23,908	740	11,330	30	36,008

* Capital expenditure consists of additions to property, plant and equipment, investment properties, prepaid land lease payments and other intangible assets including assets from the acquisition of subsidiaries.

Notes to Financial Statements

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4. Operating segment information (continued)

Geographical information

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

Information about major customers

No sales to a single customer or a group of customers under common control accounted for 10% or more of the Group's revenue for the year (2013: None).

5. Revenue, other income and gains

Revenue, which is also the Group's turnover, represents income from the lease of properties, property management and related services, sale of properties and hotel operation earned during the year, net of business tax and other sales related taxes and discounts allowed.

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

	Notes	2014 RMB'million	2013 RMB'million
Revenue			
Investment properties leasing and management		10,352	7,707
Sales of properties		91,748	74,981
Hotel operation		4,008	3,215
Others		1,763	871
		107,871	86,774
Other income			
Bank interest income		546	531
Government grants		1,198	3,295
Others		37	48
		1,781	3,874
Gains			
Gain on disposal of subsidiaries	40	1,112	113
Gain on disposal of items of property, plant and equipment		1	–
Fair value gain from derivative financial instrument		1	–
Foreign exchange gain, net		–	12
Gain on bargain purchase	39	2	75
Others		309	68
		1,425	268
		3,206	4,142

6. Profit before tax

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

	Notes	2014 RMB'million	2013 RMB'million
Cost of inventories sold		54,532	44,345
Government grants released**	32	(1,198)	(3,295)
Loss on disposal of items of property, plant and equipment, net		1	1
Depreciation	14	1,314	1,054
Amortisation of prepaid land lease payments*	16	122	100
Amortisation of other intangible assets*	18	97	17
Impairment of inventories	24	46	–
Impairment of trade receivables	25	(4)	–
Impairment of other receivables	26	70	51
Minimum lease payments under operating leases in respect of land and buildings		121	91
Auditors' remuneration		8	12
Employee benefit expenses*** (including directors' remuneration)			
Wages, salaries and bonuses		7,021	4,947
Pension scheme contributions		604	422
Social welfare and other costs		1,388	856
Shared-based payment	38	67	–
		9,080	6,225
Increase in fair value of investment properties, net	15	(13,455)	(15,443)
Foreign exchange loss/(gain), net		86	(12)
Remeasurement loss of equity interest in an associate	39	8	–
Direct operating expenses relating to investment properties leasing and management		2,703	2,212

* The amortisation of prepaid land lease payments and other intangible assets are included in "Administrative expenses" and "Cost of sales" in the consolidated statements of profit or loss.

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

*** Employee benefit expenses are included in "Cost of sales", "Selling and distribution costs" and "Administrative expenses" in the consolidated statement of profit or loss.

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7. Finance costs

An analysis of finance costs is as follows:

Group

	2014 RMB'million	2013 RMB'million
Interest on bank loans and other loans wholly repayable within five years	8,576	6,701
wholly repayable over five years	3,359	3,067
Interest on convertible and guaranteed bonds	440	30
Total interest expense	12,375	9,798
Less: Interest capitalised	(5,243)	(3,943)
	7,132	5,855

8. Directors' and chief executive's remuneration

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Listing Rules and section 78 of Schedule 11 to the Hong Kong Companies Ordinance (Cap. 622), with reference to section 161 of the predecessor Hong Kong Companies Ordinance (Cap. 32), is as follows:

Group

	2014 RMB'000	2013 RMB'000
Fees	680	720
Other emoluments:		
Salaries, allowances and benefits in kind	18,248	18,238
Performance related bonuses	6,795	6,993
Pension scheme contributions	80	72
	25,803	26,023

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

	2014 RMB'000	2013 RMB'000
Mr. Liu Jipeng	240	240
Mr. Xue Yunkui	240	240
Mr. Ba Shusong	100	240
Mr. Hu Zulu	100	-
	680	720

8. Directors' and chief executive's remuneration (continued)

(b) Executive directors, non-executive directors

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Performance related bonus RMB'000	Pension schemes contributions RMB'000	Total RMB'000
2014					
Executive directors:					
Mr. Ding Benxi	-	-	-	-	-
Mr. Qi Jie*	-	10,864	4,050	40	14,954
Mr. Qu Dejun	-	7,384	2,745	40	10,169
	-	18,248	6,795	80	25,123
Non-executive directors:					
Mr. Zhang Lin	-	-	-	-	-
Mr. Wang Guiya	-	-	-	-	-
Mr. Yin Hai	-	-	-	-	-
	-	18,248	6,795	80	25,123
2013					
Executive directors:					
Mr. Ding Benxi	-	-	-	-	-
Mr. Qi Jie*	-	10,859	4,149	36	15,044
Mr. Qu Dejun	-	7,379	2,844	36	10,259
	-	18,238	6,993	72	25,303
Non-executive directors:					
Mr. Zhang Lin	-	-	-	-	-
Mr. Wang Guiya	-	-	-	-	-
Mr. Yin Hai	-	-	-	-	-
	-	18,238	6,993	72	25,303

* Mr. Qi Jie was also the chief executive officer of the Company for the year.

Mr. Ba Shusong resigned as director in May 2014, Mr. Hu Zuli then took the position to fill the vacancy so arising in August 2014.

There was no arrangement under which a director waived or agreed to waive any remuneration.

Notes to Financial Statements

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9. Five highest paid employees

The five highest paid employees during the year included two directors (2013: two directors), details of whose remuneration are set out in note 8 above. Details of the remuneration for the year of the remaining three highest paid employees who are non-director of the Group are as follows:

Group

	2014	2013
	RMB'000	RMB'000
Salaries, allowances and benefits in kind	18,912	19,898
Performance related bonuses	7,020	7,316
Pension scheme contributions	119	108
	26,051	27,322

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees	
	2014	2013
HK\$7,000,001 to HK\$11,000,000	3	3

10. Income tax

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

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

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

Group

	2014 RMB'million	2013 RMB'million
Current - Mainland China CIT	6,533	5,444
Current - Mainland China LAT	7,286	7,196
Deferred income tax (note 22)	2,880	3,970
Total tax charge for the year	16,699	16,610

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

	2014		2013	
	RMB'million	%	RMB'million	%
Profit before tax	41,800		41,492	
CIT at the statutory tax rate	10,450	25.0	10,373	25.0
Effect of different tax levy enacted by local authorities*	-	0.0	3	0.0
Adjustments in respect of current tax of previous years	(8)	(0.0)	58	0.1
Losses attributable to associates and joint ventures	-	0.0	2	0.0
Expenses not deductible for tax	84	0.2	44	0.1
Tax losses and deductible temporary differences utilised from previous years	(120)	(0.3)	(146)	(0.4)
Deductible temporary differences not recognised and others	217	0.5	85	0.2
Tax losses not recognised	612	1.5	794	1.9
LAT	7,286	17.4	7,196	17.3
CIT effect of LAT	(1,822)	(4.4)	(1,799)	(4.3)
Tax charge at the Group's effective rate	16,699	39.9	16,610	40.0

The share of tax attributable to associates and joint ventures amounted to nil for both years of 2014 and 2013.

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

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11. Profit attributable to owners of the Parent

The consolidated profit attributable to owners of the parent for the year ended 31 December 2014 includes a profit of RMB3,959 million (2013: RMB4,316 million), which have been dealt with in the financial statements of the Company.

12. Dividends

	2014 RMB'million	2013 RMB'million
Dividends declared and paid	1,999	1,999

The final dividends proposed for the year by the board of directors on 30 March 2015 amounted to RMB4,301 million (RMB0.95 dividends per share), which are subject to the approval of the Company's shareholders at the forthcoming annual general meeting. The number of ordinary shares used in the calculation include Over-allotment Option, which has been partially exercised by the Underwriter Representatives on 14 January 2015 in respect of an aggregate of 52,547,600 H shares (the "Over-allotment Share")

13. Earnings per share attributable to ordinary equity holders of the Parent

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares of 3,817,342,466 (2013: 3,736,000,000) in issue during the year, as adjusted to reflect the rights issue during the year.

The calculation of the diluted earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent, adjusted to reflect the interest and fair value gain or loss on the derivative component of the convertible bonds issued by a subsidiary, Wanda Hotel Development Company ("Wanda Hotel"). The weighted average number of ordinary shares used in the calculation is the weighted average number of ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

	2014 RMB'million	2013 RMB'million
Earnings		
Profit attributable to ordinary equity holders of the parent used in the basic earnings per share calculation:	24,839	24,581

	Number of Shares	
	2014 million	2013 million
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	3,817	3,736

14. Property, plant and equipment Group

	Buildings RMB'million	Machinery RMB'million	Electronic equipments RMB'million	Motor vehicles RMB'million	Others RMB'million	Construction in progress RMB'million	Total RMB'million
31 December 2014							
At 1 January 2014:							
Cost or valuation	23,021	102	442	523	382	4,247	28,717
Accumulated depreciation	(2,136)	(60)	(177)	(194)	(195)	-	(2,762)
Net carrying amount	20,885	42	265	329	187	4,247	25,955
At 1 January 2014, net of accumulated depreciation	20,885	42	265	329	187	4,247	25,955
Additions	344	301	257	65	118	10,133	11,218
Acquisition of subsidiaries (note 39)	205	95	9	50	7	-	366
Disposals	(41)	-	(9)	(4)	(4)	-	(58)
Disposals of subsidiaries (note 40)	(464)	(4)	(14)	(7)	(13)	(635)	(1,137)
Depreciation provided during the year	(1,033)	(33)	(88)	(81)	(79)	-	(1,314)
Transfers	9,318	-	-	-	-	(9,318)	-
Transfers from investment properties	142	-	-	-	-	-	142
Exchange realignment	(12)	(9)	(4)	-	-	-	(25)
At 31 December 2014, net of accumulated depreciation and impairment	29,344	392	416	352	216	4,427	35,147
At 31 December 2014:							
Cost or valuation	32,302	840	808	607	405	4,427	39,389
Accumulated depreciation	(2,958)	(448)	(392)	(255)	(189)	-	(4,242)
Net carrying amount	29,344	392	416	352	216	4,427	35,147

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14. Property, plant and equipment (continued)

Group

	Buildings RMB'million	Machinery RMB'million	Electronic equipments RMB'million	Motor vehicles RMB'million	Others RMB'million	Construction in progress RMB'million	Total RMB'million
31 December 2013							
At 1 January 2013:							
Cost or valuation	16,902	78	318	441	329	1,981	20,049
Accumulated depreciation	(1,359)	(52)	(111)	(133)	(148)	-	(1,803)
Net carrying amount	15,543	26	207	308	181	1,981	18,246
At 1 January 2013, net of accumulated depreciation	15,543	26	207	308	181	1,981	18,246
Additions	703	25	130	86	59	8,811	9,814
Acquisition of subsidiaries	12	-	-	1	-	-	13
Disposals	(115)	-	(2)	(1)	(2)	-	(120)
Disposals of subsidiaries	-	-	(1)	-	(1)	(942)	(944)
Depreciation provided during the year	(861)	(9)	(69)	(65)	(50)	-	(1,054)
Transfers	5,603	-	-	-	-	(5,603)	-
At 31 December 2013, net of accumulated depreciation	20,885	42	265	329	187	4,247	25,955
At 31 December 2013:							
Cost or valuation	23,021	102	442	523	382	4,247	28,717
Accumulated depreciation	(2,136)	(60)	(177)	(194)	(195)	-	(2,762)
Net carrying amount	20,885	42	265	329	187	4,247	25,955

14. Property, plant and equipment (continued)

Company

	Buildings RMB'million	Machinery RMB'million	Electronic equipments RMB'million	Motor vehicles RMB'million	Others RMB'million	Construction in progress RMB'million	Total RMB'million
31 December 2014							
At at 1 January 2014:							
Cost or valuation	1,076	-	68	103	13	-	1,260
Accumulated depreciation	(89)	-	(23)	(30)	(3)	-	(145)
Net carrying amount	987	-	45	73	10	-	1,115
At 1 January 2014, net of accumulated depreciation	987	-	45	73	10	-	1,115
Additions	3	-	16	2	4	-	25
Disposals	-	-	-	(1)	-	-	(1)
Depreciation provided during the year	(26)	-	(14)	(8)	(4)	-	(52)
At 31 December 2014, net of accumulated depreciation	964	-	47	66	10	-	1,087
At 31 December 2014:							
Cost or valuation	1,080	-	82	103	18	-	1,283
Accumulated depreciation	(116)	-	(35)	(37)	(8)	-	(196)
Net carrying amount	964	-	47	66	10	-	1,087

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14. Property, plant and equipment (continued)

Company

	Buildings RMB'million	Machinery RMB'million	Electronic equipments RMB'million	Motor vehicles RMB'million	Others RMB'million	Construction in progress RMB'million	Total RMB'million
31 December 2013							
At at 1 January 2013:							
Cost or valuation	1,061	–	60	103	13	–	1,237
Accumulated depreciation	(62)	–	(10)	(20)	(2)	–	(94)
Net carrying amount	999	–	50	83	11	–	1,143
At 1 January 2013, net of accumulated depreciation	999	–	50	83	11	–	1,143
Additions	15	–	7	–	2	–	24
Disposals	–	–	–	–	(1)	–	(1)
Depreciation provided during the year	(27)	–	(12)	(10)	(2)	–	(51)
At 31 December 2013, net of accumulated depreciation	987	–	45	73	10	–	1,115
At 31 December 2013:							
Cost or valuation	1,076	–	68	103	13	–	1,260
Accumulated depreciation	(89)	–	(23)	(30)	(3)	–	(145)
Net carrying amount	987	–	45	73	10	–	1,115

The Group's and the Company's certain items of property, plant and equipment were pledged to secure general banking facilities granted to the Group and the Company (note 31).

As at the date of this report, the Group is in the process of applying for title certificates for certain buildings. As at 31 December 2014, the carrying amount of the Group's certain buildings in the process of applying for title certificates was RMB5,082 million. In the Directors' opinion, the Group is entitled to lawfully and validly occupy and use the certain buildings.

15. Investment properties

Group

	Completed investment properties RMB'million	Investment properties under construction or development RMB'million	Total RMB'million
At 1 January 2013	135,064	24,010	159,074
Additions	–	21,758	21,758
Acquisition of subsidiaries	2,150	–	2,150
Net gain from fair value adjustment	11,215	4,228	15,443
Transfer upon completion	23,855	(23,855)	–
Transfer from inventories	114	–	114
At 31 December 2013	172,398	26,141	198,539
Additions	–	37,768	37,768
Net gain from fair value adjustment	12,529	926	13,455
Transfer upon completion	31,924	(31,924)	–
Transfer to property, plant and equipment	(142)	–	(142)
Disposal of subsidiaries (note 40)	–	(1,519)	(1,519)
At 31 December 2014	216,709	31,392	248,101
		2014	2013
		RMB'million	RMB'million
Located in Mainland China and held under the following lease terms			
Between 10 and 50 years		248,101	198,539

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15. Investment properties (continued)

Company

	Completed investment properties RMB'million	Investment properties under construction or development RMB'million	Total RMB'million
At 1 January 2013	1,452	–	1,452
Additions	13	–	13
Net gain from a fair value adjustment	5	–	5
At 31 December 2013	1,470	–	1,470
Net loss from fair value adjustment	(55)	–	(55)
At 31 December 2014	1,415	–	1,415
		2014 RMB'million	2013 RMB'million
Located in Mainland China and held under the following lease terms			
Between 10 and 50 years		1,415	1,470

The Group's investment properties are all situated in Mainland China. All the completed investment properties are rented out under operating leases.

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

The Group's and the Company's certain investment properties were pledged to secure bank borrowings granted to the Group and the Company (note 31).

15. Investment properties (continued)

As at the date of this report, the Group and the Company are in the process of applying for the relevant property certificates for certain investment properties. As at 31 December 2014, the carrying amount of the Group's certain investment properties in the process of applying for title certificates was RMB19,055 million. In the Directors' opinion, the Group is entitled to lawfully and validly occupy and use the certain investment properties.

At the end of year, all of the Group's investment properties were within level 3 of the fair value hierarchy as the valuation were arrived at by reference to certain significant unobservable inputs. There were no transfers between levels 1, 2 and 3 during the year (2013: Nil).

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

At the end of the year, the Group:

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

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

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

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

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16. Prepaid land lease payments

Group

	2014 RMB'million	2013 RMB'million
At beginning of year	6,268	5,579
Additions	4,320	772
Acquisition of subsidiaries (note 39)	20	17
Disposal of subsidiaries (note 40)	(503)	–
Recognised during the year	(122)	(100)
At end of year	9,983	6,268

	2014 RMB'million	2013 RMB'million
Situated in:		
Mainland China		
Medium term leases (from 10 to 50 years)	8,743	6,268
Madrid		
Permanent	654	–
Los Angeles		
Permanent	586	–
	9,983	6,268

Company

	2014 RMB'million	2013 RMB'million
At beginning of year	321	329
Recognised during the year	(9)	(8)
At end of year	312	321

The Group's and the Company's certain prepaid land lease payments were pledged to secure bank borrowings granted to the Group and the Company as described in note 31.

17. Goodwill

Group

	RMB'million
Cost and net carrying amount at 1 January 2013	–
Acquisition of a subsidiary	287
Cost and net carrying amount at 31 December 2013	287
Cost and net carrying amount at 1 January 2014	287
Acquisition of a subsidiary (note 39)	1,458
Cost and net carrying amount at 31 December 2014	1,745

The goodwill mainly arose from the business combinations of Wanda Hotel and Wanda Yacht Investment (Jersey) Company Limited ("Wanda Jersey"). The carrying amounts of goodwill allocated to each of the cash-generating units are as follows:

	At 31 December 2014 RMB'million
Wanda Hotel	287
Wanda Jersey	1,458
	1,745

The recoverable amount of Wanda Hotel has been determined based on its fair value less costs of disposal, which is measured based on the quoted prices for Wanda Hotel at Hong Kong Exchange. The recoverable amount of Wanda Jersey has been determined based on a value in use calculation using discounted cash flow projections based on Wanda Jersey's six-year financial budgets approved by Wanda Jersey's senior management. The discount rate applied to the cash flow projections is 10.5%. The growth rate used to extrapolate the cash flows beyond the six-year period is descendingly to 2%. Wanda Jersey's senior management believes that this growth rate is justified, given the unique infrastructure and characteristic services developed by Wanda Jersey.

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18. Other intangible assets

Group

	2014 RMB'million	2013 RMB'million
Cost at beginning of year	155	82
Additions	857	90
Acquisition of subsidiaries (note 39)	2,353	–
Amortisation provided during the year	(97)	(17)
Exchange realignment	(214)	–
At end of year	3,054	155
Cost	3,310	188
Accumulated amortisation	(256)	(33)
Net carrying amount	3,054	155

The other intangible assets arisen from the business combination of Wanda Jersey mainly comprise brands, technology and business relationships.

19. Investments in joint ventures

	Group	
	2014 RMB'million	2013 RMB' million
Share of net assets	22	–
Loans to a joint venture	453	–
	475	–

The loans to the joint venture are unsecured, interest-free and have no fixed terms of repayment. In the opinion of the Directors, these loans are considered as part of the Group's net investments in the joint venture.

19. Investments in joint ventures (continued)

Particular of the Group's joint venture is as follows:

Name	Particulars of issued shares held	Place of registration and business	Percentage of			Principal activities
			Ownership interest	Voting power	Profit sharing	
Ridong (Gold Coast) Development Pty Ltd	AU\$4,583,622	Australia	55%	55%	55%	Property development

Ridong (Gold Coast) Development Pty Ltd ("Ridong"), which is considered a material joint venture of the Group, is formed for the joint acquisition and development of suitable real property projects in Australia and is accounted for using the equity method. The Group considers that it does not control Ridong though it owns more than 50% of the voting rights. This is because the remaining 45% of the equity shares in Ridong is held by an independent third party while 100% votes are required to pass board resolution.

	2014 RMB'million
Cash and cash equivalents	197
Other current assets	54
Current assets	251
Non-current assets, excluding goodwill	615
Other current liabilities	(2)
Current liabilities	(2)
Non-current liabilities	(824)
Net assets	40
Reconciliation to the Group's interest in the joint venture:	
Proportion of the Group's ownership	55%
Group's share of net assets of the joint venture	22

	2014 RMB'million	2013 RMB'million
Revenue	-	-
Interest income	(1)	-
Depreciation and amortisation	-	-
Profit and total comprehensive income for the year	1	-

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20. Investment in an associate

Group

	2014 RMB'million	2013 RMB'million
Share of net assets	–	114

Company

	2014 RMB'million	2013 RMB'million
Share of net assets	–	114

Particulars of the Group and Company's associate as at 31 December 2013 are as follows:

Name	Particulars of principal activity registered capital	Place of incorporation	Percentage of ownership attributable to the Group	Principal activity
大連金石文化旅遊投資有限公司	RMB3,000,000,000	Mainland China	11.11%	Resort development and operation

In May 2013, the Group acquired 5% of registered capital in 大連金石文化旅遊投資有限公司 (“Dalian Jinshi”), whose principal activity is resort development and operation, for a cash consideration of RMB123 million.

As at 31 December 2013, the paid-in capital of Dalian Jinshi was RMB900 million, consisting of RMB800 million from the Parent and RMB100 million from the Group. The shareholders of Dalian Jinshi had not made the full capital contribution yet which resulted in the difference between the registered capital and the paid-in capital. The Group's equity interest on Dalian Jinshi of 11.11% was calculated based on the paid-in capital.

Pursuant to the capital contribution agreement with Dalian Jinshi in June 2013, the Group agreed to make a capital contribution of RMB700 million into Dalian Jinshi by September 2016. Upon the completion of capital contribution, the Group would effectively hold 40% of registered capital in Dalian Jinshi.

On 31 March 2014, the Group acquired 40% of the registered capital in Dalian Jinshi from the Parent for a cash consideration of RMB843 million. Accordingly, Dalian Jinshi became a subsidiary of the Group. Further details are given in note 39(a).

20. Investment in an associate (continued)

The following table illustrates the summarised financial information of Dalian Jinshi as at 31 December 2013 and for the year then ended:

	2013 RMB'million
Inventories	2,137
Others	643
Current assets	2,780
Non-current assets	276
Other payables and accruals	(936)
Others	(521)
Current liabilities	(1,457)
Non-current liabilities	(574)
Net assets	1,025
Reconciliation to the Group's interest in the associate:	
Proportion of the Group's ownership	40%
Group's share of net assets of the associate, excluding goodwill	114
Carrying amount of the investment	114
Revenue	-
Loss for the year	(78)

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21. Investments in subsidiaries

Company

	2014 RMB'million	2013 RMB'million
Unlisted shares, at cost	114,069	84,877
Impairment	(194)	(194)
	113,875	84,683

Particulars of the principal subsidiaries are as follows:

English Name	Chinese Name	Place and date of incorporation/ registration and business	Issued ordinary/ registered capital RMB'000	Percentage of equity attributable to the Company as at 31 December 2014		Principal activities
				Direct	Indirect	
Beijing Wanda Plaza Real Estate Development Co., Ltd.***	北京萬達廣場房地產開發有限公司	PRC 10 October 1999	200,000	100%	–	Property development
Nanchang Wanda Real Estate Development Co., Ltd.***	南昌萬達房地產開發有限公司	PRC 23 April 2002	50,000	100%	–	Property development
Shanghai Wanda Commercial Plaza Property Co., Ltd.***	上海萬達商業廣場置業有限公司	PRC 13 December 2002	80,000	100%	–	Property development
Ningbo Wanda Commercial Plaza Co., Ltd.***	寧波萬達商業廣場有限公司	PRC 16 February 2004	50,000	100%	–	Property development
Ningbo Wanda Property Co., Ltd.***	寧波萬達置業有限公司	PRC 1 September 2004	50,000	100%	–	Property development
Xi'an Wanda Commercial Plaza Co., Ltd.***	西安萬達商業廣場有限公司	PRC 2 September 2005	50,000	100%	–	Property development
Suzhou Wanda Plaza Investment Co., Ltd.***	蘇州萬達廣場投資有限公司	PRC 19 January 2006	90,000	100%	–	Property development
Harbin Wanda Commercial Investment Co., Ltd.***	哈爾濱萬達商業投資有限公司	PRC 15 March 2006	50,000	100%	–	Property development
Chengdu Wanda Commercial Plaza Investment Co., Ltd.***	成都萬達商業廣場投資有限公司	PRC 20 March 2006	100,000	100%	–	Property development
Chongqing Wanda Commercial Plaza Co., Ltd.***	重慶萬達商業廣場有限公司	PRC 10 May 2006	200,000	100%	–	Property development
Wuxi Wanda Commercial Plaza Investment Co., Ltd.***	無錫萬達商業廣場投資有限公司*	PRC 19 October 2006	100,000	100%	–	Property development
Shenyang Wanda Real Estate Co., Ltd.***	瀋陽萬達房地產有限公司	PRC 26 October 2006	1,600,000	100%	–	Property development
Wanda Commercial Planning Research Institute Co., Ltd.***	萬達商業規劃研究院有限公司	PRC 9 January 2007	50,000	100%	–	Commercial planning and research
Wanda Hotel Investment and Development Co., Ltd.	萬達酒店建設有限公司	PRC 13 April 2007	50,000	100%	–	Hotel management Service
Wanda Commercial Management Co., Ltd.	萬達商業管理有限公司	PRC 8 February 2007	50,000	100%	–	Business and hotel management service
Taiyuan Wanda Plaza Co., Ltd.***	太原萬達廣場有限公司	PRC 8 February 2007	100,000	100%	–	Property development
Beijing Yinhe Wanda Property Co., Ltd.***	北京銀河萬達置業有限公司*	PRC 29 May 2007	28,000	100%	–	Hotel operation

21. Investments in subsidiaries (continued)

English Name	Chinese Name	Place and date of incorporation/ registration and business	Issued ordinary/ registered capital RMB'000	Percentage of equity attributable to the Company as at 31 December 2014		Principal activities
				Direct	Indirect	
Nanjing Wanda Plaza Investment Co., Ltd.***	南京萬達廣場投資有限公司	PRC 16 August 2007	300,000	100%	-	Property development
Qingdao Wanda Plaza Property Co., Ltd.***	青島萬達廣場置業有限公司	PRC 24 September 2007	50,000	100%	-	Property development
Jilin Diwang Property Development Co., Ltd.***	吉林省地王置業開發有限公司	PRC 29 September 2007	1,050,000	100%	-	Property development
Jinan Wanda Commercial Plaza Property Co., Ltd.***	濟南萬達商業廣場置業有限公司	PRC 30 October 2007	100,000	100%	-	Property development
Shanghai Wanda Plaza Property Co., Ltd.***	上海萬達廣場置業有限公司	PRC 20 November 2007	100,000	100%	-	Property development
Huai'an Wanda Plaza Investment Co., Ltd.***	淮安萬達廣場投資有限公司	PRC 28 December 2007	170,000	100%	-	Property development
Shanxi Yinfengminle Property Co., Ltd.***	陝西銀豐民樂置業有限公司	PRC 30 May 2008	50,000	100%	-	Property development
Tangshan Wanda Plaza Investment Co., Ltd.***	唐山萬達廣場投資有限公司	PRC 12 November 2008	2,400,000	100%	-	Property development
Luoyang Wanda Jianye Property Co., Ltd.***	洛陽萬達建業置業有限公司	PRC 19 December 2008	50,000	100%	-	Property development
Shijiazhuang Wanda Plaza Investment Co., Ltd.***	石家莊萬達廣場投資有限公司*	PRC 29 December 2008	3,125,000	100%	-	Property leasing and hotel operation
Shanxi Huayuan Real Estate Development Co., Ltd.***	陝西華源房地產開發有限公司	PRC 26 November 1992	100,000	100%	-	Property development
Shanghai Jiading Wanda Investment Co., Ltd.***	上海嘉定萬達投資有限公司	PRC 11 February 2009	50,000	100%	-	Property leasing
Baotou Wanda Plaza Investment Co., Ltd.***	包頭萬達廣場投資有限公司	PRC 3 April 2009	100,000	100%	-	Property development
Hohhot Wanda Plaza Investment Co., Ltd.***	呼和浩特萬達廣場投資有限公司	PRC 7 April 2009	100,000	100%	-	Property development
Yichang Wanda Plaza Investment Co., Ltd.***	宜昌萬達廣場投資有限公司	PRC 10 April 2009	80,000	100%	-	Property development
Tianjin Hedong Wanda Plaza Investment Co., Ltd.***	天津河東萬達廣場投資有限公司*	PRC 16 April 2009	100,000	100%	-	Property development
Wuhan Wanda Plaza Investment Co., Ltd.***	武漢萬達廣場投資有限公司	PRC 28 April 2009	1,224,490	100%	-	Property development
Fuzhou Wanda Plaza Investment Co., Ltd.***	福州萬達廣場投資有限公司	PRC 10 June 2009	1,100,000	100%	-	Property leasing and hotel operation
Xiangyang Wanda Plaza Investment Co., Ltd.***	襄陽萬達廣場投資有限公司	PRC 10 June 2009	2,080,000	100%	-	Property development
Hefei Wanda Plaza Investment Co., Ltd.***	合肥萬達廣場投資有限公司	PRC 12 June 2009	100,000	100%	-	Property leasing and hotel operation
Shaoxing Keqiao Wanda Plaza Investment Co., Ltd.***	紹興柯橋萬達廣場投資有限公司	PRC 31 July 2009	2,100,000	100%	-	Property development
Ningbo Jiangbei Wanda Plaza Investment Co., Ltd.***	寧波江北萬達廣場投資有限公司	PRC 19 August 2009	100,000	100%	-	Property development
Chengdu Jinniu Wanda Plaza Investment Co., Ltd.***	成都金牛萬達廣場投資有限公司	PRC 27 August 2009	2,040,000	100%	-	Property leasing

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21. Investments in subsidiaries (continued)

English Name	Chinese Name	Place and date of incorporation/ registration and business	Issued ordinary/ registered capital RMB'000	Percentage of equity attributable to the Company as at 31 December 2014		Principal activities
				Direct	Indirect	
Wuhan Wuchang Wanda Plaza Investment Co., Ltd.***	武漢武昌萬達廣場投資有限公司	PRC 11 September 2009	100,000	100%	-	Hotel operation
Zhengzhou Wanda Plaza Investment Co., Ltd.***	鄭州萬達廣場投資有限公司	PRC 14 October 2009	2,050,000	100%	-	Property development
Guangzhou Wanda Plaza Investment Co., Ltd.***	廣州萬達廣場投資有限公司*	PRC 20 October 2009	1,632,650	100%	-	Property development
Daqing Saertu Wanda Plaza Investment Co., Ltd.***	大慶薩爾圖萬達廣場投資有限公司	PRC 3 November 2009	100,000	100%	-	Property development
Zhenjiang Wanda Plaza Investment Co., Ltd.***	鎮江萬達廣場投資有限公司	PRC 25 November 2009	100,000	100%	-	Property development
Yinchuan Jinfeng Wanda Plaza Investment Co., Ltd.***	銀川金鳳萬達廣場投資有限公司	PRC 10 December 2009	100,000	100%	-	Property development
Wuhan Wanda Donghu Property Co., Ltd.***	武漢萬達東湖置業有限公司	PRC 30 December 2009	2,700,000	100%	-	Property development
Dalian Gaoxin Wanda Plaza Investment Co., Ltd.***	大連高新萬達廣場投資有限公司	PRC 26 February 2010	800,000	-	100%	Property development
Xiamen Huli Wanda Plaza Investment Co., Ltd.***	廈門湖里萬達廣場投資有限公司	PRC 11 March 2010	20,000	100%	-	Property leasing
Wuhan Jingkai Wanda Plaza Investment Co., Ltd.***	武漢經開萬達廣場投資有限公司	PRC 23 March 2010	100,000	100%	-	Property development
Taizhou Hailing Wanda Plaza Investment Co., Ltd.***	泰州海陵萬達廣場投資有限公司	PRC 24 March 2010	1,250,000	100%	-	Property development
Changsha Kaifu Wanda Plaza Investment Co., Ltd.***	長沙開福萬達廣場投資有限公司*	PRC 19 April 2010	3,060,000	100%	-	Property development
Langfang Wanda Plaza Investment Co., Ltd.***	廊坊萬達廣場投資有限公司*	PRC 11 May 2010	100,000	100%	-	Property development
Quanzhou Puxi Wanda Plaza Investment Co., Ltd.***	泉州浦西萬達廣場投資有限公司	PRC 25 May 2010	311,300	100%	-	Property development
Changzhou Xinbei Wanda Plaza Investment Co., Ltd.***	常州新北萬達廣場投資有限公司	PRC 28 May 2010	1,030,000	100%	-	Property development
Chongqing Wanzhou Wanda Commercial Plaza Co., Ltd.***	重慶萬州萬達商業廣場有限公司	PRC 28 June 2010	200,000	100%	-	Property development
Shanghai Baoshan Wanda Investment Co., Ltd.***	上海寶山萬達投資有限公司*	PRC 23 July 2010	100,000	65%	-	Property development
Langfang Wanda Xueyuan Investment Co., Ltd.***	廊坊萬達學苑投資有限公司	PRC 13 August 2010	50,000	100%	-	Property development
Hefei Tian'e'hu Wanda Plaza Investment Co., Ltd.***	合肥天鵝湖萬達廣場投資有限公司	PRC 17 September 2010	100,000	100%	-	Property development
Nanchang Honggutun Wanda Plaza Investment Co., Ltd.***	南昌紅谷灘萬達廣場投資有限公司	PRC 9 October 2010	100,000	100%	-	Property development
Lanzhou Wanda Plaza Investment Co., Ltd.***	蘭州萬達廣場投資有限公司	PRC 15 October 2010	100,000	100%	-	Property development
Jinjiang Wanda Plaza Co., Ltd.***	晉江萬達廣場有限公司	PRC 26 October 2010	100,000	100%	-	Property development
Zhengzhou Erqi Wanda Plaza Co., Ltd.***	鄭州二七萬達廣場有限公司	PRC 15 November 2010	100,000	100%	-	Property leasing

21. Investments in subsidiaries (continued)

English Name	Chinese Name	Place and date of incorporation/ registration and business	Issued ordinary/ registered capital RMB'000	Percentage of equity attributable to the Company as at 31 December 2014		Principal activities
				Direct	Indirect	
Yantai Zhifu Wanda Plaza Co., Ltd.***	煙台芝罘萬達廣場有限公司	PRC 15 November 2010	50,000	70%	-	Property development
Ningde Wanda Plaza Co., Ltd.***	寧德萬達廣場有限公司	PRC 23 November 2010	100,000	100%	-	Property development
Jiangyin Wanda Plaza Investment Co., Ltd.***	江陰萬達廣場投資有限公司	PRC 26 November 2010	1,300,000	100%	-	Property development
Zhangzhou Wanda Plaza Co., Ltd.***	漳州萬達廣場有限公司	PRC 30 November 2010	100,000	100%	-	Property leasing and hotel operation
Qingdao Licang Wanda Plaza Investment Co., Ltd.***	青島李滄萬達廣場投資有限公司*	PRC 17 December 2010	100,000	100%	-	Property development
Fushun Wanda Plaza Co., Ltd.***	撫順萬達廣場有限公司	PRC 23 December 2010	100,000	100%	-	Property development
Mianyang Fucheng Wanda Plaza Co., Ltd.***	綿陽涪城萬達廣場有限公司	PRC 4 January 2011	100,000	100%	-	Property development
Changchun Kuancheng Wanda Plaza Co., Ltd.***	長春寬城萬達廣場有限公司*	PRC 4 January 2011	100,000	100%	-	Property development
Wenzhou Longwan Wanda Plaza Investment Co., Ltd.***	溫州龍灣萬達廣場投資有限公司	PRC 5 January 2011	100,000	100%	-	Property leasing
Harbin Haxi Wanda Plaza Co., Ltd.***	哈爾濱哈西萬達廣場有限公司*	PRC 19 January 2011	100,000	100%	-	Property leasing and hotel operation
Wuhu Wanda Plaza Co., Ltd.***	蕪湖萬達廣場有限公司*	PRC 21 January 2011	100,000	100%	-	Property development
Taicang Wanda Plaza Investment Co., Ltd.***	太倉萬達廣場投資有限公司	PRC 23 February 2011	1,630,000	100%	-	Property development
Yixing Wanda Plaza Co., Ltd.***	宜興萬達廣場有限公司	PRC 7 March 2011	930,000	100%	-	Property development
Guangzhou Wannuo Investment Management Co., Ltd.***	廣州市萬諾投資管理有限公司	PRC 13 May 2011	8,000	100%	-	Property development
Wuxi Huishan Wanda Plaza Co., Ltd.***	無錫惠山萬達廣場有限公司	PRC 16 May 2011	960,000	100%	-	Property development
Putian Wanda Plaza Co., Ltd.***	莆田萬達廣場有限公司	PRC 17 May 2011	100,000	100%	-	Property development
Tianjin Wanda Center Investment Co., Ltd.***	天津萬達中心投資有限公司	PRC 19 May 2011	100,000	100%	-	Property development
Dongguan Chang'an Wanda Plaza Co., Ltd.***	東莞長安萬達廣場有限公司	PRC 25 May 2011	100,000	100%	-	Property development
Xiamen Jimei Wanda Plaza Co., Ltd.***	廈門集美萬達廣場有限公司	PRC 19 July 2011	200,000	100%	-	Property development
Jining Taibailu Wanda Plaza Co., Ltd.***	濟寧太白路萬達廣場有限公司	PRC 2 August 2011	100,000	100%	-	Property development
Shenyang Aoti Wanda Plaza Co., Ltd.***	瀋陽奧體萬達廣場有限公司*	PRC 8 September 2011	300,000	100%	-	Property development
Yuyao Wanda Plaza Investment Co., Ltd.***	余姚萬達廣場投資有限公司	PRC 29 September 2011	250,000	100%	-	Property development
Xuzhou Wanda Plaza Co., Ltd.***	徐州萬達廣場有限公司	PRC 20 October 2011	350,000	100%	-	Property development
Bengbu Wanda Plaza Co., Ltd.***	蚌埠萬達廣場有限公司*	PRC 24 October 2011	350,000	100%	-	Property development

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21. Investments in subsidiaries (continued)

English Name	Chinese Name	Place and date of incorporation/ registration and business	Issued ordinary/ registered capital RMB'000	Percentage of equity attributable to the Company as at 31 December 2014		Principal activities
				Direct	Indirect	
Xi'an Daminggong Wanda Plaza Co., Ltd.***	西安大明宮萬達廣場有限公司	PRC 30 November 2011	600,000	100%	-	Property development
Chifeng Wanda Plaza Co., Ltd.***	赤峰萬達廣場有限公司*	PRC 16 December 2011	400,000	100%	-	Property development
Shanghai Songjiang Wanda Plaza Investment Co., Ltd.***	上海松江萬達廣場投資有限公司	PRC 22 December 2011	200,000	100%	-	Property development
Nanjing Jiangning Wanda Plaza Co., Ltd.***	南京江寧萬達廣場有限公司	PRC 29 December 2011	400,000	100%	-	Property development
Wanda Hotel Design and Research Institute Co., Ltd.***	萬達酒店設計研究院有限公司	PRC 9 November 2012	50,000	100%	-	Decoration designing management
Dandong Wanda Plaza Co., Ltd.***	丹東萬達廣場有限公司*	PRC 9 February 2012	550,000	100%	-	Property development
Weifang Wanda Plaza Co., Ltd.***	濰坊萬達廣場有限公司	PRC 10 February 2012	400,000	100%	-	Property development
Guangzhou Zengcheng Wanda Plaza Co., Ltd.***	廣州增城萬達廣場有限公司	PRC 12 March 2012	250,000	100%	-	Property development
Dongguan Dongcheng Wanda Plaza Investment Co., Ltd.***	東莞東城萬達廣場投資有限公司	PRC 9 May 2012	500,000	100%	-	Property development
Kunming Wanda Plaza Investment Co., Ltd.***	昆明萬達廣場投資有限公司*	PRC 11 May 2012	600,000	100%	-	Property development
Foshan Nanhai Wanda Plaza Co., Ltd.***	佛山南海萬達廣場有限公司	PRC 24 May 2012	600,000	100%	-	Property development
Manzhouli Wanda Plaza Co., Ltd.***	滿洲里萬達廣場有限公司	PRC 30 May 2012	150,000	100%	-	Property development
Yinchuan Wanda Investment Property Co., Ltd.***	銀川萬達投資置業有限公司	PRC 19 June 2012	100,000	100%	-	Property development
Yinchuan Xixia Wanda Plaza Co., Ltd.***	銀川西夏萬達廣場有限公司	PRC 20 June 2012	500,000	100%	-	Property development
Jinhua Wanda Plaza Investment Co., Ltd.***	金華萬達廣場投資有限公司*	PRC 17 August 2012	800,000	100%	-	Property development
Nanning Qingxiu Wanda Plaza Investment Co., Ltd.***	南寧青秀萬達廣場投資有限公司	PRC 14 September 2012	1,000,000	100%	-	Property development
Ma'anshan Wanda Plaza Investment Co., Ltd.***	馬鞍山萬達廣場投資有限公司	PRC 19 September 2012	800,000	100%	-	Property development
Changzhou Wujin Wanda Plaza Investment Co., Ltd.***	常州武進萬達廣場投資有限公司*	PRC 21 September 2012	900,000	100%	-	Property development
Shanghai Wanda Hotel Investment Co., Ltd.***	上海萬達酒店投資有限公司	PRC 9 October 2012	50,000	100%	-	Property development
Mianyang Jingkai Wanda Plaza Investment Co., Ltd.***	綿陽經開萬達廣場投資有限公司*	PRC 22 October 2012	800,000	100%	-	Property development
Longyan Wanda Plaza Investment Co., Ltd.***	龍岩萬達廣場投資有限公司	PRC 2 November 2012	800,000	100%	-	Property development
Yingkou Wanda Plaza Investment Co., Ltd.***	營口萬達廣場投資有限公司	PRC 3 December 2012	600,000	100%	-	Property development
Qiqihar Wanda Plaza Investment Co., Ltd.***	齊齊哈爾萬達廣場投資有限公司	PRC 6 December 2012	600,000	100%	-	Property development
Fuqing Wanda Plaza Co., Ltd.***	福清萬達廣場有限公司	PRC 18 December 2012	400,000	100%	-	Property development

21. Investments in subsidiaries (continued)

English Name	Chinese Name	Place and date of incorporation/ registration and business	Issued ordinary/ registered capital RMB'000	Percentage of equity attributable to the Company as at 31 December 2014		Principal activities
				Direct	Indirect	
Jingzhou Wanda Plaza Investment Co., Ltd.***	荊州萬達廣場投資有限公司*	PRC 21 December 2012	600,000	100%	-	Property development
Jiangmen Wanda Plaza Investment Co., Ltd.***	江門萬達廣場投資有限公司*	PRC 22 January 2013	600,000	100%	-	Property development
Wenzhou Pingyang Wanda Plaza Investment Co., Ltd.***	溫州平陽萬達廣場投資有限公司	PRC 1 March 2013	600,000	100%	-	Property development
Anyang Wanda Plaza Investment Co., Ltd.***	安陽萬達廣場投資有限公司	PRC 4 March 2013	600,000	100%	-	Property development
Hangzhou Gongshu Wanda Investment Co., Ltd.***	杭州拱墅萬達投資有限公司*	PRC 22 March 2013	800,000	100%	-	Property development
Wanda Information Technology Co., Ltd.	萬達信息科技有限公司	PRC 4 March 2013	60,000	100%	-	Technology development
Shanghai Jinshan Wanda Plaza Investment Co., Ltd.***	上海金山萬達廣場投資有限公司	PRC 2 April 2013	700,000	100%	-	Property development
Harbin Wanda City Investment Co., Ltd.***	哈爾濱萬達投資有限公司	PRC 16 April 2013	2,000,000	100%	-	Property development
Zhengzhou Jinshui Wanda Investment Co., Ltd.***	鄭州金水萬達投資有限公司*	PRC 18 April 2013	700,000	100%	-	Property development
Jiamusi Wanda Plaza Investment Co., Ltd.***	佳木斯萬達廣場投資有限公司	PRC 19 April 2013	500,000	100%	-	Property development
Jixi Wanda Plaza Investment Co., Ltd.***	雞西萬達廣場投資有限公司	PRC 24 April 2013	300,000	100%	-	Property development
Guangyuan Wanda Plaza Investment Co., Ltd.***	廣元萬達廣場投資有限公司*	PRC 2 May 2013	500,000	100%	-	Property development
Weinan Wanda Plaza Investment Co., Ltd.***	渭南萬達廣場投資有限公司	PRC 29 May 2013	300,000	100%	-	Property development
Dongying Dalian Wanda Plaza Investment Co., Ltd.***	東營大連萬達廣場投資有限公司*	PRC 3 June 2013	500,000	100%	-	Property development
Jiaxing Wanda Plaza Investment Co., Ltd.***	嘉興萬達廣場投資有限公司	PRC 3 June 2013	800,000	100%	-	Property development
Nanchang Wanda City Investment Co., Ltd.***	南昌萬達城投資有限公司	PRC 9 June 2013	2,000,000	100%	-	Property development
Tongliao Wanda Plaza Investment Co., Ltd.***	通遼萬達廣場投資有限公司	PRC 17 June 2013	500,000	100%	-	Property development
Xining Wanda Plaza Investment Co., Ltd.***	西寧萬達廣場投資有限公司*	PRC 17 June 2013	800,000	100%	-	Property development
Tai'an Wanda Plaza Investment Co., Ltd.***	泰安萬達廣場投資有限公司*	PRC 19 June 2013	500,000	100%	-	Property development
Dezhou Wanda Plaza Investment Co., Ltd.***	德州萬達廣場投資有限公司	PRC 20 June 2013	600,000	100%	-	Property development
Neijiang Wanda Plaza Investment Co., Ltd.***	內江萬達廣場投資有限公司*	PRC 1 July 2013	500,000	100%	-	Property development
Huangshi Wanda Plaza Investment Co., Ltd.***	黃石萬達廣場投資有限公司	PRC 2 July 2013	700,000	100%	-	Property development

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21. Investments in subsidiaries (continued)

English Name	Chinese Name	Place and date of incorporation/ registration and business	Issued ordinary/ registered capital RMB'000	Percentage of equity attributable to the Company as at 31 December 2014		Principal activities
				Direct	Indirect	
Wuhai Wanda Plaza Investment Co., Ltd.***	烏海萬達廣場投資有限公司	PRC 12 July 2013	500,000	100%	-	Property development
Guangzhou Luogang Wanda Plaza Co., Ltd.***	廣州蘿崗萬達廣場有限公司*	PRC 25 July 2013	800,000	100%	-	Property development
Siping Wanda Plaza Investment Co., Ltd.***	四平萬達廣場投資有限公司	PRC 6 August 2013	300,000	100%	-	Property development
Qingdao Wanda Oriental Movie Metropolis Investment Co., Ltd.***	青島萬達東方影都投資有限公司	PRC 23 August 2013	3,000,000	100%	-	Property development
Zhanjiang Development Zone Wanda Plaza Investment Co., Ltd.***	湛江開發區萬達廣場投資有限公司	PRC 2 September 2013	800,000	100%	-	Property development
Chongqing Wanda Plaza Property Co., Ltd.***	重慶萬達廣場置業有限公司*	PRC 3 September 2013	700,000	100%	-	Property development
Dongguan Houjie Wanda Plaza Investment Co., Ltd.***	東莞厚街萬達廣場投資有限公司	PRC 5 September 2013	800,000	100%	-	Property development
Fuyang Wanda Plaza Investment Co., Ltd.***	阜陽萬達廣場投資有限公司*	PRC 9 September 2013	700,000	100%	-	Property development
Liuzhou Wanda Plaza Investment Co., Ltd.***	柳州萬達廣場投資有限公司	PRC 23 September 2013	800,000	100%	-	Property development
Hefei Wanda City Investment Co., Ltd.***	合肥萬達城投資有限公司	PRC 30 September 2013	2,000,000	100%	-	Property development
Zhangzhou Taiwanese Investment Zone Wanda Plaza Investment Co., Ltd.***	漳州台商投資區萬達廣場投資有限公司	PRC 18 October 2013	500,000	100%	-	Property development
Suzhou Wuzhong Wanda Plaza Investment Co., Ltd.***	蘇州吳中萬達廣場投資有限公司	PRC 27 November 2013	1,000,000	100%	-	Property development
Urumqi Wanda Plaza Investment Co., Ltd.***	烏魯木齊萬達廣場投資有限公司	PRC 3 December 2013	600,000	100%	-	Property development
Xiangtan Wanda Plaza Investment Co., Ltd.***	湘潭萬達廣場投資有限公司	PRC 4 December 2013	500,000	100%	-	Property development
Taizhou Jingkai Wanda Property Co., Ltd.***	台州經開萬達置業有限公司	PRC 16 December 2013	700,000	100%	-	Property development
Nanning Anji Wanda Plaza Investment Co., Ltd.***	南寧安吉萬達廣場投資有限公司*	PRC 17 December 2013	200,000	100%	-	Property development
Chengdu Wanda Hotel Investment Co., Ltd.***	成都萬達酒店投資有限公司	PRC 23 December 2013	100,000	100%	-	Property development
Nantong Wanda Plaza Investment Co., Ltd.***	南通萬達廣場投資有限公司	PRC 23 December 2013	700,000	100%	-	Property development
Dalian Jingkai Wanda Plaza Investment Co., Ltd.***	大連經開萬達廣場投資有限公司	PRC 25 December 2013	900,000	100%	-	Property development
Bozhou Wanda Plaza Investment Co., Ltd.***	亳州萬達廣場投資有限公司	PRC 16 December 2013	500,000	100%	-	Property development
Harbin Hanan Wanda Plaza Investment Co., Ltd.***	哈爾濱哈南萬達廣場投資有限公司	PRC 2 January 2014	900,000	100%	-	Property development
Jingmen Wanda Plaza Investment Co., Ltd.***	荊門萬達廣場投資有限公司	PRC 2 January 2014	400,000	100%	-	Property development
Wuxi Wanda City Investment Co., Ltd.***	無錫萬達城投資有限公司	PRC 3 January 2014	2,000,000	100%	-	Property development

21. Investments in subsidiaries (continued)

English Name	Chinese Name	Place and date of incorporation/ registration and business	Issued ordinary/ registered capital RMB'000	Percentage of equity attributable to the Company as at 31 December 2014		Principal activities
				Direct	Indirect	
Guangzhou Nansha Wanda Plaza Co., Ltd.***	廣州南沙萬達廣場有限公司	PRC 22 January 2014	900,000	100%	-	Property development
Yiwu Wanda Plaza Investment Co., Ltd.***	義烏萬達廣場投資有限公司	PRC 23 January 2014	1,000,000	100%	-	Property development
Guilin Gaoxin Wanda Plaza Co., Ltd.***	桂林高新萬達廣場有限公司	PRC 7 March 2014	1,108,484	-	100%	Property development
Shangrao Wanda Plaza Investment Co., Ltd.***	上饒萬達廣場投資有限公司	PRC 14 March 2014	900,000	100%	-	Property development
Jinan Gaoxin Wanda Plaza Property Co., Ltd.***	濟南高新萬達廣場置業有限公司	PRC 14 March 2014	1,000,000	100%	-	Property development
Mudanjiang Wanda Plaza Investment Co., Ltd.***	牡丹江萬達廣場投資有限公司	PRC 17 March 2014	500,000	100%	-	Property development
Panjin Wanda Plaza Property Co., Ltd.***	盤錦萬達廣場置業有限公司	PRC 18 March 2014	1,800,000	-	100%	Property development
Suzhou Wanda Plaza Investment Co., Ltd.***	宿州萬達廣場投資有限公司	PRC 21 March 2014	500,000	100%	-	Property development
Chengdu Pixian Wanda Plaza Investment Co., Ltd.***	成都郫縣萬達廣場投資有限公司	PRC 31 March 2014	600,000	100%	-	Property development
Jiujiang Wanda Plaza Investment Co., Ltd.***	九江萬達廣場投資有限公司	PRC 1 April 2014	1,000,000	100%	-	Property development
Dongguan Humen Wanda Plaza Investment Co., Ltd.***	東莞虎門萬達廣場投資有限公司	PRC 15 May 2014	900,000	100%	-	Property development
Hohhot Wanda Plaza Property Co., Ltd.***	呼和浩特萬達廣場置業有限公司	PRC 15 May 2014	600,000	100%	-	Property development
Quanzhou Anxi Wanda Plaza Investment Co., Ltd.	泉州安溪萬達廣場投資有限公司	PRC 16 May 2014	500,000	100%	-	Property development
Ziyang Wanda Plaza Investment Co., Ltd.***	資陽萬達廣場投資有限公司	PRC 23 May 2014	500,000	100%	-	Property development
Yanji Wanda Plaza Investment Co., Ltd.***	延吉萬達廣場投資有限公司	PRC 29 May 2014	400,000	100%	-	Property development
Meizhou Wanda Plaza Investment Co., Ltd.***	梅州萬達廣場投資有限公司	PRC 30 May 2014	600,000	100%	-	Property development
Shaoxing Shangyu Wanda Plaza Investment Co., Ltd.***	紹興上虞萬達廣場投資有限公司	PRC 9 June 2014	800,000	100%	-	Property development
Xuzhou Wanda Plaza Property Co., Ltd.***	徐州萬達廣場置業有限公司	PRC 11 June 2014	700,000	100%	-	Property development
Suining Wanda Plaza Investment Co., Ltd.***	遂寧萬達廣場投資有限公司	PRC 13 June 2014	300,000	100%	-	Property development
Shiyan Wanda Plaza Property Co., Ltd.***	十堰萬達廣場置業有限公司	PRC 17 June 2014	1,700,000	-	100%	Property development
Jilin Wanda Plaza Investment Co., Ltd.***	吉林市萬達廣場投資有限公司	PRC 20 June 2014	900,000	100%	-	Property development
Hefei Yaohai Wanda Plaza Investment Co., Ltd.***	合肥瑤海萬達廣場投資有限公司	PRC 25 June 2014	900,000	100%	-	Property development
Nanning Wanda Mall Investment Co., Ltd.***	南寧萬達茂投資有限公司	PRC 11 July 2014	1,000,000	100%	-	Property management

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21. Investments in subsidiaries (continued)

English Name	Chinese Name	Place and date of incorporation/ registration and business	Issued ordinary/ registered capital RMB'000	Percentage of equity attributable to the Company as at 31 December 2014		Principal activities
				Direct	Indirect	
Changchun Motor City Wanda Plaza Investment Co., Ltd.***	長春汽車城萬達廣場投資有限公司	PRC 15 August 2014	900,000	100%	-	Property management
Zhuji Wanda Plaza Investment Co., Ltd.***	諸暨萬達廣場投資有限公司	PRC 13 August 2014	700,000	100%	-	Property management
Shanghai Qingpu Wanda Mall Investment Co., Ltd.***	上海青浦萬達茂投資有限公司	PRC 23 September 2014	1,000,000	100%	-	Property management
Leshan Wanda Plaza Investment Co., Ltd.***	樂山萬達廣場投資有限公司	PRC 14 October 2014	600,000	100%	-	Property management
Chongqing Yongchuan Wanda Plaza Investment Co., Ltd.***	重慶永川萬達廣場投資有限公司	PRC 15 December 2014	700,000	100%	-	Property management
Foshan Sanshui Wanda Plaza Investment Co., Ltd.***	佛山三水萬達廣場投資有限公司	PRC 18 November 2014	500,000	100%	-	Property management
Nanjing Wanda Mall Investment Co., Ltd.***	南京萬達茂投資有限公司	PRC 24 December 2014	1,000,000	100%	-	Property management
Changde Wanda Plaza Investment Co., Ltd.***	常德萬達廣場投資有限公司	PRC 24 December 2014	600,000	100%	-	Property management
Guangzhou Wanda Cultural Tourism Investment Co., Ltd.***	廣州萬達文化旅遊投資有限公司	PRC 12 August 2014	2,000,000	100%	-	Property management
Wanda Hotel Development Company Limited	萬達酒店發展有限公司	Bermuda 2 November 2000	-**	-	65%	Investment holding
Sunseeker International (Holdings) Limited		UK 23 August 2006	GBP100,000	-	94%	Investment management
Wanda Commercial Properties (Hong Kong) Co., Ltd	萬達商業地產(香港)有限公司	HK 6 February 2013	-**	100%	-	Investment holding
Wanda Yacht Investment (Jersey) Limited		UK 23 May 2013	-**	100%	-	Investment holding
Wanda One (UK) Ltd.		UK 26 September 2013	GBP10,000	-	100%	Investment holding
Wanda Madrid Development, S.L		Spain 13 February 2014	EUR3,000	-	100%	Investment holding
Wanda Beverly Hills Properties LLC		USA 11 August 2014	-**	-	100%	Property management
Wanda Australia Real Estate Pty Ltd.		Australia 27 October 2014	-**	-	100%	Investment holding

* Certain of the Group's interests in these entities have been pledged as collateral for bank borrowings (note 31).

** The share capital of these subsidiaries is presented as zero rounded to the nearest thousand.

*** The statutory financial statements of these subsidiaries of the Group were audited by Da Hua Certified Public Accountants (Special General Partnership).

21. Investments in subsidiaries (continued)

The above table lists the subsidiaries of the Company which, in the opinion of the Directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group and a necessary part to complete the industry chain. To give details of other subsidiaries would, in the opinion of the Directors, result in particulars of excessive length.

Details of the Group's subsidiaries that have non-controlling interests (NCI) are set out below:

Shanghai Baoshan Wanda Investment Co., Ltd.

	2014	2013
	RMB'million	RMB'million
NCI percentage	35.00%	35.00%
Current assets	352	599
Non-current assets	2,905	2,791
Current liabilities	(340)	(491)
Non-current liabilities	(890)	(1,010)
Accumulated balances of NCI	710	661

	2014	2013
	RMB'million	RMB'million
Revenue	232	962
Total expenses	(94)	(623)
Profit for the year	138	339
Total comprehensive income for the year	138	339
Profit for the year allocated to NCI	49	119
Dividends paid to NCI	-	-

	2014	2013
	RMB'million	RMB'million
Net cash flows (used in)/from operating activities	(79)	57
Net cash flows from/(used in) investing activities	1	(145)
Net cash flows used in financing activities	(130)	(181)
Net decrease in cash and cash equivalents	(208)	(269)

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21. Investments in subsidiaries (continued)

Yantai Zhifu Wanda Plaza Co., Ltd.

	2014 RMB'million	2013 RMB'million
NCI percentage	30.00%	30.00%
Current assets	4,229	3,723
Non-current assets	2,630	794
Current liabilities	(6,005)	(2,127)
Non-current liabilities	(483)	(2,336)
Accumulated balances of NCI	111	16
	2014 RMB'million	2013 RMB'million
Revenue	1,688	–
Total expenses	(1,371)	(39)
Profit/(loss) for the year	317	(39)
Total comprehensive (loss)/income for the year	317	(39)
Profit/(loss) for the year allocated to NCI	95	(12)
Dividends paid to NCI	–	–
	2014 RMB'million	2013 RMB'million
Net cash flows from/(used in) operating activities	558	(876)
Net cash flows used in investing activities	(776)	(407)
Net cash flows (used in)/from financing activities	(401)	1,726
Net (decrease)/increase in cash and cash equivalents	(619)	443

21. Investments in subsidiaries (continued)

Yixing Wanda Plaza Co., Ltd.

	2014 RMB'million	2013 RMB'million
NCI percentage	–	30.00%
Current assets	1,389	2,665
Non-current assets	2,426	2,337
Current liabilities	(973)	(2,397)
Non-current liabilities	(783)	(797)
Accumulated balances of NCI	–	353
	2014 RMB'million	2013 RMB'million
Revenue	559	1,435
Total expenses	(487)	(839)
Profit for the year	72	596
Total comprehensive income for the year	72	596
Profit for the year allocated to NCI	14	179
Dividends paid to NCI	–	–
	2014 RMB'million	2013 RMB'million
Net cash flows (used in)/from operating activities	(114)	663
Net cash flows used in investing activities	(179)	(267)
Net cash flows used in financing activities	(27)	(231)
Net (decrease)/increase in cash and cash equivalents	(320)	165

On 29 August 2014, the Group acquired an additional equity interest of 30% shares in Yixing Wanda Plaza Co., Ltd. Upon completion of the acquisition, the Group held 100% equity interest of Yixing Wanda Plaza Co., Ltd.

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21. Investments in subsidiaries (continued)

Xishuangbanna International Resort

	2014 RMB'million	2013 RMB'million
NCI percentage	–	40.00%
Current assets	–	3,665
Non-current assets	–	1,195
Current liabilities	–	(2,177)
Non-current liabilities	–	(561)
Accumulated balances of NCI	–	849
	2014 RMB'million	2013 RMB'million
Revenue	1,073	279
Total expenses	(1,208)	(113)
(Loss)/profit for the year	(135)	166
Total comprehensive income/(loss) for the year	(135)	166
(Loss)/profit for the year allocated to NCI	(48)	65
Dividends paid to NCI	–	–
	2014 RMB'million	2013 RMB'million
Net cash flows used in operating activities	(210)	(84)
Net cash flows used in investing activities	(1,572)	(249)
Net cash flows from financing activities	2,316	318
Net increase in cash and cash equivalents	534	(15)

On 27 March 2014, the Group acquired an additional equity interest of 20% shares in Xishuangbanna International Resort (“Xishuangbanna Wanda”). Upon completion of the acquisition, the Group held 80% equity interest of Xishuangbanna Wanda. On 31 October 2014, the Group disposed of its entire interest in Xishuangbanna Wanda. Details of the disposal are disclosed in note 40 to the financial statements.

21. Investments in subsidiaries (continued)

Nanchang Wanda City Investment Co., Ltd.

	2014 RMB'million	2013 RMB'million
NCI percentage	–	30.00%
Current assets	8,308	4,931
Non-current assets	2,677	671
Current liabilities	(7,120)	(3,149)
Non-current liabilities	(2,006)	(430)
Accumulated balances of NCI	–	607
	2014 RMB'million	2013 RMB'million
Revenue	–	–
Total expenses	(64)	24
(Loss)/profit for the year	(64)	24
Total (loss)/comprehensive income for the year	(64)	24
(Loss)/profit for the year allocated to NCI	(19)	7
Dividends paid to NCI	–	–
	2014 RMB'million	2013 RMB'million
Net cash flows (used in)/from operating activities	(610)	546
Net cash flows used in investing activities	(727)	(88)
Net cash flows from financing activities	685	2,386
Net (decrease)/increase in cash and cash equivalents	(652)	2,844

On 27 March 2014, the Group acquired an additional equity interest of 30% shares in Nanchang Wanda City Investment Co., Ltd. Upon completion of the acquisition, the Group held 100% equity interest of Nanchang Wanda City Investment Co., Ltd.

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21. Investments in subsidiaries (continued)

Harbin Wanda City Investment Co., Ltd.

	2014 RMB'million	2013 RMB'million
NCI percentage	–	30.00%
Current assets	6,638	5,414
Non-current assets	1,984	542
Current liabilities	(2,874)	(1,204)
Non-current liabilities	(3,993)	(3,009)
Accumulated balances of NCI	–	523

	2014 RMB'million	2013 RMB'million
Revenue	–	–
Total expenses	(28)	(58)
Loss for the year	(28)	(58)
Total loss for the year	(28)	(58)
Loss for the year allocated to NCI	(8)	(17)
Dividends paid to NCI	–	–

	2014 RMB'million	2013 RMB'million
Net cash flows used in operating activities	(182)	(3,382)
Net cash flows used in investing activities	(330)	(388)
Net cash flows from financing activities	765	4,477
Net increase in cash and cash equivalents	253	707

On 27 March 2014, the Group acquired an additional equity interest of 30% shares in Harbin Wanda City Investment Co., Ltd. Upon completion of the acquisition, the Group held 100% equity interest of Harbin Wanda City Investment Co., Ltd.

21. Investments in subsidiaries (continued)

Hefei Wanda City Investment Co., Ltd.

	2014 RMB'million	2013 RMB'million
NCI percentage	–	30.00%
Current assets	11,837	4,310
Non-current assets	1,987	146
Current liabilities	(9,643)	(2,389)
Non-current liabilities	(2,341)	(100)
Accumulated balances of NCI	–	590

	2014 RMB'million	2013 RMB'million
Revenue	–	–
Total expenses	(28)	(34)
Loss for the year	(28)	(34)
Total loss for the year	(28)	(34)
Loss for the year allocated to NCI	(8)	(10)
Dividends paid to NCI	–	–

	2014 RMB'million	2013 RMB'million
Net cash flows from operating activities	926	1,185
Net cash flows used in investing activities	(1,112)	(52)
Net cash flows from financing activities	1,619	2,100
Net increase in cash and cash equivalents	1,433	3,233

On 27 March 2014, the Group acquired an additional equity interest of 30% shares in Hefei Wanda City Investment Co., Ltd. Upon completion of the acquisition, the Group held 100% equity interest of Hefei Wanda City Investment Co., Ltd.

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21. Investments in subsidiaries (continued)

Qingdao Wanda Oriental Movie Metropolis Investment Co., Ltd.

	2014 RMB'million	2013 RMB'million
NCI percentage	–	30.00%
Current assets	7,675	5,008
Non-current assets	2,647	226
Current liabilities	(3,479)	(1,424)
Non-current liabilities	(4,001)	(900)
Accumulated balances of NCI	–	873
	2014 RMB'million	2013 RMB'million
Revenue	–	–
Total expenses	114	(89)
Profit/(loss) for the year	114	(89)
Total comprehensive income/(loss) for the year	114	(89)
Profit/(loss) for the year allocated to NCI	34	(27)
Dividends paid to NCI	–	–
	2014 RMB'million	2013 RMB'million
Net cash flows used in operating activities	(1,724)	(838)
Net cash flows used in investing activities	(335)	(5)
Net cash flows from financing activities	2,310	3,884
Net increase in cash and cash equivalents	251	3,041

On 27 March 2014, the Group acquired an additional equity interest of 30% shares in Qingdao Wanda Oriental Movie Metropolis Investment Co., Ltd. Upon completion of the acquisition, the Group held 100% equity interest of Qingdao Wanda Oriental Movie Metropolis Investment Co., Ltd.

21. Investments in subsidiaries (continued)

Qingdao Wanda Yacht Industry Investment Co., Ltd.

	2014 RMB'million	2013 RMB'million
NCI percentage	–	37.50%
Current assets	–	1,741
Non-current assets	–	–
Current liabilities	–	(944)
Non-current liabilities	–	–
Accumulated balances of NCI	–	299

	2014 RMB'million	2013 RMB'million
Revenue	–	–
Total expenses	–*	(2)
Loss for the year	–*	(2)
Total loss for the year	–*	(2)
Loss for the year allocated to NCI	–*	(1)

	2014 RMB'million	2013 RMB'million
Net cash flows from/(used in) operating activities	73	(592)
Net cash flows used in investing activities	(111)	(171)
Net cash flows from financing activities	318	800
Net increase in cash and cash equivalents	280	37

* The amount is presented as zero rounded to the nearest million.

On 27 March 2014, the Group acquired an additional equity interest of 37.5% shares in Qingdao Wanda Yacht Industry Investment Co., Ltd. Upon completion of the acquisition, the Group held 100% equity interest of Qingdao Yacht ("Qingdao Yacht"). On 31 October 2014, the Group disposed of its entire interest in Qingdao Yacht. Details of the disposal are disclosed in note 40 to the financial statements.

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21. Investments in subsidiaries (continued)

Wanda Hotel Development Company Limited

	2014 RMB'million	2013 RMB'million
NCI percentage	35.00%	35.00%
Current assets	5,160	1,296
Non-current assets	4,528	2,495
Current liabilities	(2,613)	(1,125)
Non-current liabilities	(4,294)	(1,608)
Accumulated balances of NCI	1,457	815
	2014 RMB'million	2013 RMB'million
Revenue	158	161
Total expenses	(209)	(4)
Loss for the year	(51)	(18)
Total loss for the year	(373)	(6)
Loss for the year allocated to NCI	(80)	(2)
Dividends paid to NCI	-	-
	2014 RMB'million	2013 RMB'million
Net cash flows used in operating activities	(4,275)	(722)
Net cash flows used in investing activities	(2,995)	(267)
Net cash flows from financing activities	7,362	1,044
Net increase in cash and cash equivalents	92	55

21. Investments in subsidiaries (continued)

Sunseeker International (Holdings) Limited

	2014 RMB'million	2013 RMB'million
NCI percentage	6.41%	–
Current assets	845	–
Non-current assets	2,329	–
Current liabilities	(1,920)	–
Non-current liabilities	(415)	–
Accumulated balances of NCI	54	–

	2014 RMB'million	2013 RMB'million
Revenue	825	–
Total expenses	(1,205)	–
Loss for the year	(380)	–
Total loss for the year	(489)	–
Loss for the year allocated to NCI	(34)	–
Dividends paid to NCI	–	–

	2014 RMB'million	2013 RMB'million
Net cash flows from operating activities	44	–
Net cash flows used in investing activities	(17)	–
Net cash flows used in financing activities	(91)	–
Net decrease in cash and cash equivalents	(64)	–

As set out in note 39(b), the Group acquired 91.81% equity interest in Sunseeker International (Holdings) Limited in June 2014 through acquisition of Wanda Jersey. On 30 September 2014, the Group acquired an additional equity interest of 1.78% shares in Sunseeker International (Holdings) Limited. Upon completion of the acquisition, the Group held 93.59% equity interest of Sunseeker International (Holdings) Limited.

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22. Deferred tax

Group

Deferred tax asset

	Land appreciation tax RMB'million	Deemed profit for pre-sales RMB'million	Others RMB'million	Total RMB'million
At 31 December 2012 and 1 January 2013	566	2,202	339	3,107
Deferred tax credited/(charged) to the statement of profit or loss	(25)	(338)	574	211
Acquisition of subsidiaries	–	–	58	58
At 31 December 2013 and 1 January 2014	541	1,864	971	3,376
Deferred tax credited/(charged) to the statement of profit or loss	98	641	151	890
Acquisition of subsidiaries (note 39)	–	–	203	203
Disposal of subsidiaries (note 40)	–	–	(197)	(197)
At 31 December 2014	639	2,505	1,128	4,272

Deferred tax liabilities

	Revaluation of investment properties RMB'million	Land appreciation tax RMB'million	Fair value adjustments arising from subsidiaries RMB'million	Total RMB'million
At 31 December 2012 and 1 January 2013	18,809	142	–	18,951
Deferred tax charged/(credited) to the statement of profit or loss	4,286	(105)	–	4,181
Acquisition of subsidiaries	–	–	480	480
At 31 December 2013 and 1 January 2014	23,095	37	480	23,612
Deferred tax charged/(credited) to the statement of profit or loss	3,918	(1)	(147)	3,770
Acquisition of subsidiaries (note 39)	–	–	536	536
Disposal of subsidiaries (note 40)	(29)	–	(68)	(97)
At 31 December 2014	26,984	36	801	27,821

22. Deferred tax (continued)

	2014 RMB'million	2013 RMB'million
Gross deferred tax liabilities	(27,821)	(23,612)
Gross deferred tax assets	4,272	3,376
	(23,549)	(20,236)

Deferred tax assets have not been recognised in respect of the following items:

	2014 RMB'million	2013 RMB'million
Tax losses	5,038	2,853

The above tax losses arising in Mainland China are available for offsetting against future taxable profit between one to five years. Deferred tax assets have not been recognised in respect of the above items as it is not considered probable that taxable profits will be available against which the above items can be utilised.

23. Available-for-sale investments

	Group		Company	
	2014 RMB'million	2013 RMB'million	2014 RMB'million	2013 RMB'million
Current portion				
– Financial products, at cost:	971	–	–	–
Non-current portion				
– Unlisted equity investment, at cost:	35	37	35	37

As at 31 December 2014, certain unlisted equity investments with a carrying amount of RMB1,006 million (2013: RMB37 million) were stated at cost less impairment because the range of reasonable fair value estimates is so significant that the Directors are of the opinion that their fair value cannot be measured reliably. The Group does not intend to dispose of them in the near future.

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24. Inventories

Group

	2014 RMB'million	2013 RMB'million
Properties*	144,585	100,417
Hotel merchandise	97	51
Yachts and yachts related	477	–
Others	93	6
Impairment	(60)	–
	145,192	100,474

* The properties include properties under development and completed properties held for sale.

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

Group

	2014 RMB'million	2013 RMB'million
At beginning of year	–	–
Acquisition of a subsidiary	39	–
Impairment losses recognised	46	–
Write-off of impairment	(21)	–
Exchange re-alignment	(4)	–
At end of year	60	–

Company

	2014 RMB'million	2013 RMB'million
Properties	321	380
Hotel merchandise	1	1
	322	381

24. Inventories (continued)

The analysis of carrying value of inventories for properties is as follows:

Group

	2014 RMB'million	2013 RMB'million
Situated in:		
Mainland China		
Long term leases (over 50 years)	55,550	36,305
Medium term leases (from 10 to 50 years)	85,186	63,351
	140,736	99,656
United Kingdom		
Permanent	831	761
Madrid		
Permanent	1,017	–
Los Angeles		
Permanent	2,001	–
	144,585	100,417

Company

	2014 RMB'million	2013 RMB'million
Situated in:		
Mainland China		
Medium term leases (from 10 to 50 years)	321	380

Certain properties under development of the Group and the Company were pledged to secure bank borrowings granted to the Group and the Company, details are set out in note 31.

25. Trade and bills receivables

Group

	2014 RMB'million	2013 RMB'million
Trade receivables	654	227
Bills receivable	210	59
Impairment	(16)	(6)
	848	280

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25. Trade and bills receivables (continued)

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

Group

	2014 RMB'million	2013 RMB'million
Within one year	826	249
Over one year	22	31
	848	280

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

Group

	2014 RMB'million	2013 RMB'million
At beginning of year	6	6
Impairment losses recognised/(reversed), net	(4)	–
Acquisition of a subsidiary	15	–
Exchange realignment	(1)	–
At end of year	16	6

The aged analysis of trade receivables that are not individually nor collectively considered to be impaired is as follows:

Group

	2014 RMB'million	2013 RMB'million
Neither past due nor impaired	57	–
	57	–

Company

	2014 RMB'million	2013 RMB'million
Trade receivables	5	7
Impairment	–	–
	5	7

25. Trade and bills receivables (continued)

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

	2014 RMB'million	2013 RMB'million
Within one year	5	6
Over one year	–	1
	5	7

The Group's trade receivables are mainly due from the customers to which the credit periods are usually within one year. The increase is mainly due to acquisition of Wanda Yacht Investment (Jersey) Company Limited ("Wanda Jersey"). The Group has a strict credit control policy and seeks to maintain strict control over its outstanding receivables.

26. Prepayments, deposits and other receivables

Group

	2014 RMB'million	2013 RMB'million
Other prepaid tax	5,780	4,667
Prepayments	3,635	5,541
Land deposits	1,585	3,011
Entrusted loan	200	200
Other receivables	4,935	2,782
Due from the Parent and the Parent's associates and the Company's fellow subsidiaries	–	2,592
Impairment	(178)	(139)
	15,957	18,654

None of the above is past due. The financial assets included in the above balances related to receivables for which had no recent history of default.

The aging of other receivables, due from the Parent and the Parent's associates and the Company's fellow subsidiaries is mainly within one year.

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26. Prepayments, deposits and other receivables (continued)

The aging of entrusted loan is as follows:

	2014 RMB'million	2013 RMB'million
Within one year	–	200
Over one year	200	–
	200	200

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

	2014 RMB'million	2013 RMB'million
At beginning of year	139	89
Impairment losses recognised/(reversed), net	70	51
Disposal of subsidiaries	(31)	(1)
At end of year	178	139

Company

	2014 RMB'million	2013 RMB'million
Prepayments	1,365	1,359
Other receivables	3,055	3,647
Due from the Parent and the Parent's associates and the Company's fellow subsidiaries	–	2,581
Due from subsidiaries	23,877	16,656
Dividend receivable	3,099	2,178
Impairment	(1,168)	(608)
	30,228	25,813

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

	2014 RMB'million	2013 RMB'million
At beginning of year	608	355
Impairment losses recognised/(reversed), net	560	253
At end of year	1,168	608

27. Derivative financial instrument

Group

	2014 RMB'million	2013 RMB'million
Right of redemption	–	19

According to the terms of the convertible bonds issued by Wanda Hotel, a subsidiary acquired by the Group in June 2013, Wanda Hotel has the right at any time to redeem the whole or any part of the outstanding convertible bonds at their face value. The option to redeem the convertible bonds is considered as a derivative financial instrument of the Group and revalued at each reporting date. All the convertible bonds have been converted into shares on 9 July 2014. Details of the convertible bonds issued by Wanda Hotel are set out in note 34.

28. Cash and cash equivalents

Group

	2014 RMB'million	2013 RMB'million
Cash and bank balances (a)	93,035	73,664
Less: Restricted cash		
Government regulation fund (b)	(4,164)	(2,458)
Pledged for bank loans (note 31)	(414)	(432)
Pledged for guarantee deposits	(1,064)	(69)
Pledged for mortgage deposits	(1,003)	(769)
Pledged for others	(87)	(411)
	(6,732)	(4,139)
Cash and cash equivalents	86,303	69,525

- (a) The cash and bank balances of the Group denominated in RMB and HK\$ amounted to RMB71,226 million and HK\$20,063 million, respectively, as at 31 December 2014 (2013: RMB70,215 million and HK\$380 million). The RMB is not freely convertible into other currencies, however, under the Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business. Cash at banks earns interest at floating rates based on daily bank deposit rates.

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28. Cash and cash equivalents (continued)

(b) In accordance with the requirement of the local government, certain property development companies are required to place the proceeds received for pre-sale of properties in designated bank accounts for the construction of related property projects. The deposits can only be used for purchases of construction materials and payments of construction fees for the related property projects. These deposits will be released according to the completion status of the related property projects.

Company

	2014 RMB'million	2013 RMB'million
Cash and bank balances (a)	30,872	10,202
Less: Restricted cash		
Pledged for guarantee deposits	(959)	(174)
	(959)	(174)
Cash and cash equivalents	29,913	10,028

29 Trade and bills payables

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

Group

	2014 RMB'million	2013 RMB'million
Within 1 year	50,430	31,556
1 to 2 years	2,345	2,274
Over 2 years	968	798
	53,743	34,628

29 Trade and bills payables (continued)

Company

	2014 RMB'million	2013 RMB'million
Within 1 year	12	36
1 to 2 years	–	53
Over 2 years	47	45
	59	134

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

30. Other payables and accruals

Group

	2014 RMB'million	2013 RMB'million
Advance from customers	118,914	104,273
Staff costs payables	1,832	1,311
Interest payable	542	405
Other taxes payable	540	133
Other payables	16,005	10,887
Others	182	–
	138,015	117,009

Company

	2014 RMB'million	2013 RMB'million
Advance from customers	90	111
Staff costs payables	184	136
Interest payable	76	73
Other taxes payable	127	53
Other payables	1,157	431
Due to the Company's subsidiaries	116,805	89,089
	118,439	89,893

Other payables are non-interest-bearing and have no fixed terms for repayment.

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31. Interest-bearing bank and other borrowings

Group

	2014 RMB'million	2013 RMB'million
Current:		
Bank loans – secured	78	607
Bank loans – unsecured	974	–
Other loans – secured	2,009	2,973
Other loans – unsecured	2,000	900
Current portion of long term		
Bank loans – secured	13,778	7,867
Bank loans – unsecured	3,571	680
Current portion of long term		
Other loans – secured	9,552	6,889
Other loans – unsecured	4,502	1,100
	36,464	21,016
Non-current:		
Bank loans – secured	91,958	74,496
Bank loans – unsecured	12,743	7,699
Other loans – secured	24,343	17,145
Other loans – unsecured	8,251	9,962
	137,295	109,302
	173,759	130,318

Group

	2014 RMB'million	2013 RMB'million
Repayable:		
Within one year or on demand	36,464	21,016
Over one year but within two years	48,276	35,796
Over two years but within five years	42,028	26,220
Beyond five years	46,991	47,286
	173,759	130,318

31. Interest-bearing bank and other borrowings (continued)

Bank and other borrowings bear interests at fixed rates and floating rates. The Group's bank and other borrowings bear effective interest rates ranging as follows:

Group

	2014	2013
Effective interest rates	1.20% – 12.3%	1.41% – 13.4%

Assets that have been pledged as collateral to secure bank and other borrowing are as follows:

Group

	2014 RMB'million	2013 RMB'million
Pledged bank deposits	414	432
Inventories	39,710	25,148
Prepaid land lease payments	4,418	2,307
Investment properties	173,937	180,233
Property, plant and equipment	15,730	17,951
	234,209	226,071

Company

	2014 RMB'million	2013 RMB'million
Current:		
Other loans – secured	–	750
Other loans – unsecured	2,705	750
Current portion of long term other loans – secured	–	4,639
Current portion of long term other loans – unsecured	4,985	502
	7,690	6,641
Non-current:		
Bank loans – secured	1,060	2,455
Other loans – secured	–	10,145
Other loans – unsecured	12,575	1,600
	13,635	14,200
	21,325	20,841

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31. Interest-bearing bank and other borrowings (continued)

Company

	2014 RMB'million	2013 RMB'million
Repayable:		
Within one year or on demand	7,690	6,641
Over one year but within two years	7,300	7,785
Over two years but within five years	4,060	3,960
Beyond five years	2,275	2,455
	21,325	20,841

Bank and other borrowings bear interests at fixed rates and floating rates. The Company's bank and other borrowings bear effective interest rates ranging as follows:

	2014	2013
Effective interest rates	6.55% – 12.3%	6.55% – 13.4%

Assets that have been pledged as collateral to secure bank and other borrowings are as follows:

Company

	2014 RMB'million	2013 RMB'million
Inventories	–	–
Prepaid land lease payments	300	293
Investment properties	1,013	1,470
Property, plant and equipment	1,006	986
	2,319	2,749

Certain subsidiaries in Mainland China which are engaged in development of real estate projects have entered into fund arrangements with certain financial institutions (the "Trustees"), pursuant to which the Trustees raised trust funds and injected the funds to these subsidiaries. All the funds bear fixed interest rates, have fixed repayment terms, and are secured by equity interests of these subsidiaries. The share of net assets in connection with the secured equity interests were approximately RMB28,298 million as at 31 December 2014 (2013: RMB16,896 million).

The Company obtained certain funds from the Trustees secured by the equity interests of the Group's certain subsidiaries. The share of net assets in connection with the secured equity interests were approximately RMB27,394 million as at 31 December 2014 (2013: RMB16,295 million).

32. Deferred income

Group

	2014 RMB'million	2013 RMB'million
Carrying amount at the beginning of year	756	325
Additions during the year	2,305	3,726
Recognised as income during the year	(1,198)	(3,295)
Disposal of a subsidiary (note 40)	(109)	–
Carrying amount at the end of year	1,754	756
Current portion	(395)	(450)
Non-current portion	1,359	306

Company

	2014 RMB'million	2013 RMB'million
Carrying amount at the beginning of year	–	–
Additions during the year	–	43
Recognised as income during the year	–	(43)
Carrying amount at the end of year	–	–

Deferred income represents government grants received by the Group as financial subsidies, which were recognised as income over the periods necessary to match the grants on a systematic basis to the costs that they were intended to compensate. There are no unfulfilled conditions or contingencies relating to the grants.

33. Tax payable and prepaid tax

Group

	2014 RMB'million	2013 RMB'million
LAT payable	1,278	2,948
CIT payable	5,553	4,213
Prepaid LAT	6,831	7,161
Prepaid CIT	(4,974)	(2,762)
	(495)	(449)
	(5,469)	(3,211)

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33. Tax payable and prepaid tax (continued)

Company

	2014 RMB'million	2013 RMB'million
LAT payable	–	60
CIT payable	6	6
	6	66

34. Convertible bonds

As at 30 June 2014, the convertible bonds of Wanda Hotel with a principal amount of HK\$112,000,000 were held by Mr. Chen Chang Wei ("Mr. Chen", a non-controlling shareholder of Wanda Hotel) and his family. The convertible bonds were secured by the shares of Amazing Wise Limited, a subsidiary of the Group.

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

- (a) Conversion rights are exercisable at any time up to maturity at the option of the convertible bond holders.
- (b) Pursuant to the terms of the convertible bonds, the conversion price and the number of shares to be issued upon exercise of the subscription rights attached to the convertible bonds have been adjusted as a result of a rights issue in January 2011. Wanda Hotel was required to issue ordinary shares at HK\$0.334 per share (originally HK\$0.5 per share before the rights issue of Wanda Hotel in January 2011). Wanda Hotel announced a rights issue in December 2013 and dealings of shares issued under the rights issue commenced in January 2014. As a result of the rights issue in January 2014, the conversion price of the convertible bonds was adjusted to HK\$0.326 per share accordingly.

On 9 July 2014, all the convertible bonds have been converted into shares of Wanda Hotel and thus the liabilities of Wanda Hotel under the convertible bonds have been satisfied and discharged in full.

34. Convertible bonds (continued)

The liability component of convertible bonds recognised in the consolidated statements of financial position are analysed as follows:

Group

	2014 RMB'million	2013 RMB'million
Nominal value of convertible bonds at the beginning of year	66	–
Acquisition of a subsidiary Equity component	– (5)	66 (5)
Liability component	61	61
Interest expense	4	7
Exchange realignment	11	(7)
Convertible bonds converted	(76)	–
At the end of year	–	61

35. Guaranteed bonds

	2014 RMB'million	2013 RMB'million
Guaranteed bonds due 2018, listed	3,599	3,614
Guaranteed bonds due 2024, listed	3,611	–
	7,210	3,614

On 21 November 2013, a subsidiary of the Group issued guaranteed bonds with due date in November 2018 (“GB2018 Bonds”) in an aggregate principal amount of US\$600 million. The GB2018 Bonds were admitted to the Official List of the Hong Kong Exchange Securities Trading Limited. The GB2018 Bonds bear interest at a rate of 4.875% per annum, payable in arrears half-yearly on 21 May and 21 November of each year, commencing on 21 May 2014.

On 30 January 2014, a subsidiary of the Group issued guaranteed bonds with due date in January 2024 (“GB2024 Bonds”) in an aggregate principal amount of US\$600 million. The GB2024 Bonds bear interest at a rate of 7.25% per annum, payable in arrears half-yearly on 29 January and 29 June of each year, commencing on 29 July 2014.

36. Issued capital

	2014 RMB'million	2013 RMB'million
Registered, issued and fully paid: 4,474,800,000 (2013: 3,736,000,000) ordinary shares	4,475	3,736

The amounts of the Group’s issued capital and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity.

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37. Reserves

Group

(a) Share premium

Included in share premium are reserves resulting from the amount subscribed for issued capital in excess of nominal value.

(b) Capital reserve

Capital reserve comprises mainly the difference arising from changes in ownership interests in subsidiaries which do not result in change of control.

(c) Revaluation reserve

The property revaluation reserve arose from the transfer of owner-occupied properties to investment properties at the date of change in use.

(d) Statutory reserve

In accordance with the PRC Company Law and the articles of association of the Company, the Company is required to appropriate 10% of its net profits after tax, as determined under the Chinese Accounting Standards, to the statutory surplus reserve until the reserve balance reaches 50% of its registered capital. Subject to certain restrictions set out in the relevant PRC regulations and in the articles of association of the Company, the statutory surplus reserve may be used either to offset losses, or to be converted to increase share capital provided that the balance after this conversion is not less than 25% of the registered capital of the Company. The reserve cannot be used for purposes other than those for which it is created and is not distributable as cash dividends.

(e) Retained profits

Within retained profits as at 31 December 2014, RMB4,301 million was proposed as final dividends for the year which are subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

37. Reserves (continued)

Company

	Share premium RMB'million	Statutory reserve RMB'million	Retained profits RMB'million	Total reserve RMB'million
At 1 January 2013	–	1,133	5,959	7,092
Profit for the year	–	–	4,316	4,316
Total comprehensive income for the year	–	–	4,316	4,316
Transfer from retained profits	–	432	(432)	–
Dividend declared and paid	–	–	(1,999)	(1,999)
At 31 December 2013	–	1,565	7,844	9,409
At 1 January 2014	–	1,565	7,844	9,409
Profit for the year	–	–	3,959	3,959
Total comprehensive income for the year	–	–	3,959	3,959
Issue of shares	22,637	–	–	22,637
Transfer from retained profits	–	362	(362)	–
Deemed distribution	–	–	(185)	(185)
Dividend declared and paid	–	–	(1,999)	(1,999)
At 31 December 2014	22,637	1,927	9,257	33,821

38. Share-based payments

In July 2014, the Company issued a total of 138.8 million new shares at an issue price of RMB7.36 per share to 61 individuals, who were existing shareholders of the Company and employees of the Group, the Parent and the Company's fellow subsidiaries, for a total consideration of RMB1,022 million. The issuance of new shares to certain employees of the Group, the Parent and the Company's fellow subsidiaries as consideration for their services was accounted for as equity-settled share-based payment transactions. The fair value of the shares granted to certain employees of the Group was RMB556 million (RMB22.16 each), of which the Group recognised a share-based payment expense of RMB67 million. The fair value of the shares granted to certain employees of the Parent and the Company's fellow subsidiaries was RMB556 million (RMB22.16 each), of which the Group recognised a reserve of RMB185 million as deemed distribution during the year.

The fair value of shares granted during the year was evaluated using the market approach and estimated as at the date of grant taking into account the terms and conditions upon which the shares were granted.

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39. Acquisition of subsidiaries

(a) Acquisition of Dalian Jinshi

In May 2013, the Group acquired 5% of registered capital of Dalian Jinshi from a third party for a cash consideration of RMB123 million. In June 2013, pursuant to the capital contribution agreement, the Group agreed to make a capital contribution of RMB700 million into Dalian Jinshi by September 2016, representing 35% of registered capital. On 31 March 2014, the Group acquired 40% of the registered capital of Dalian Jinshi from the Parent for a cash consideration of RMB843 million. As the Parent obtained controlling equity interest at May of 2013 and the Parent's control over Dalian Jinshi was transitory, this acquisition is treated as a business combination, rather than that under common control. Accordingly, Dalian Jinshi became a subsidiary upon completion of the acquisition, whose principal activities are resort development and operation. The acquisition-date fair value of the previously held equity interest in Dalian Jinshi was RMB105 million, with a remeasurement loss of RMB8 million recognised in other expenses in 2014. The non-controlling interests were measured at their proportionate share of Dalian Jinshi's identifiable net assets.

The fair values of the identifiable assets and liabilities of Dalian Jinshi as at the date of acquisition were as follows:

	Fair value recognised on acquisition RMB'million
Cash and bank balances	488
Trade receivables, prepayments and other receivables**	84
Properties under development	2,206
Property, plant and equipment	96
Prepaid land lease payments	20
Deferred tax assets	159
Trade payables, other payables and accruals	(1,538)
Interest-bearing bank borrowings	(500)
Deferred tax liabilities	(67)
Total identifiable net assets at fair value	948
Non-controlling interests at proportionate share of identifiable net assets	-
	948
Satisfied by:	
Fair value of the previously held 11.11% equity interest in Dalian Jinshi*	105
Cash	843

39. Acquisition of subsidiaries (continued)

(a) Acquisition of Dalian Jinshi (continued)

An analysis of the net cash flow in respect of the acquisition of Dalian Jinshi is as follows:

	RMB'million
Cash consideration	843
Cash and bank balances acquired	(488)
Net cash outflow included in cash flows from investing activities	355

* Equity interest of 11.11% was calculated based on the paid-in capital.

** The fair values of the trade receivables and other receivables equal the gross contractual amounts, all of which are expected to be collectible.

Since the acquisition, Dalian Jinshi has contributed RMB314 million to the Group's revenue and a loss of RMB119 million to the consolidated profit for the year ended 31 December 2014.

Had the combination taken place on 1 January 2014, the Group's revenue and profit for the year ended 31 December 2014 would have been RMB107,892 million and RMB25,082 million, respectively.

(b) Acquisition of Wanda Jersey

On 6 January 2014, the Group entered into an agreement with the Parent, pursuant to which the Group acquired from the Parent its 100% equity interest in Wanda Jersey and its shareholder's loan to Wanda Jersey for a total consideration of RMB3,197 million. The consideration allocated to the equity interest in Wanda Jersey and shareholder's loan are approximately RMB42 million and RMB3,155 million, respectively, and the acquisition was completed by 30 June 2014. As the Parent obtained controlling equity interest at August of 2013 and the Parent's control over Wanda Jersey was transitory, this acquisition is treated as business combination, rather than that under common control. The principal activity of Wanda Jersey is investment holding which holds 91.81% equity interest in Sunseeker International (Holdings) Limited ("Sunseeker"), a subsidiary acquired by Wanda Jersey from a third party in August 2013. The principal activities of Sunseeker are production and sales of luxury yachts. The Directors consider the acquisition could expand the Group's existing scale of operation. The non-controlling interests were measured at their proportionate share of Sunseeker's identifiable net assets.

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39. Acquisition of subsidiaries (continued)

(b) Acquisition of Wanda Jersey (continued)

Based on the review result of the management, the fair value of the identifiable assets and liabilities of Wanda Jersey including Sunseeker as at the acquisition date of 30 June 2014 was not finalised and recognised in the Group's consolidated financial statements as below:

	Fair value recognised on acquisition RMB'million
Cash and bank balances	226
Trade receivables, prepayments and other receivables**	374
Inventories	517
Property, plant and equipment	270
Other intangible assets*	2,353
Deferred tax assets	44
Trade payables, other payables and accruals	(1,151)
Due to the Parent	(3,155)
Interest-bearing bank borrowing	(314)
Deferred tax liabilities	(469)
Other non-current liabilities	(3)
Non-controlling interests of Sunseeker at proportionate share of identifiable net assets	(108)
Total identifiable net liabilities at fair value	(1,416)
Goodwill on acquisition	1,458
Satisfied by cash	42

The goodwill of RMB1,458 million recognised above is due to the new markets entered by the Group to achieve the business diversification. The above factor is neither separable nor contractual and therefore do not meet the criteria for recognition as intangible assets under HKAS 38 Intangible Assets. None of the goodwill recognised is expected to be deductible for income tax purposes.

An analysis of the net cash flow in respect of the acquisition of Wanda Jersey (including Sunseeker) is as follows:

	RMB'million
Cash consideration for equity interests	42
Cash and bank balances acquired	(226)
Cash consideration for shareholder's loan	3,155
Net cash inflow included in cash flows from investing activities	2,971

* The other intangible assets of Wanda Jersey mainly comprise brand, technology and business relationships.

** The fair values of the trade receivables and other receivables equal the gross contractual amounts, all of which are expected to be collectible.

Since the acquisition, Wanda Jersey had contributed RMB825 million to the Group's revenue and loss of RMB381 million for the year ended 31 December 2014.

Had the combination taken place on 1 January 2014, the Group's revenue and profit for the year ended 31 December 2014 would have been RMB109,102 million and RMB24,890 million, respectively.

39. Acquisition of subsidiaries (continued)

(c) Acquisition of 北京歐蘭特餐飲娛樂有限公司 (“Oulante Catering”) and 北京歐蘭特企業管理有限公司 (“Oulante Management”)

On 30 June 2014, the Group acquired 100% equity interest in Oulante Catering and Oulante Management from family members of Wang Jianlin, for a consideration of RMB1 and nil, respectively. The principal activities of Oulante Catering and Oulante Management are provision of catering from service business administration respectively. The Directors consider the acquisition could expand the Group's existing scale of operation.

Since the acquisition, both Oulante Catering and Oulante Management had contributed RMB8 million to the Group's revenue and losses of RMB5 million for the year ended 31 December 2014.

Had the combination taken place on 1 January 2014, the Group's revenue and profit for the year ended 31 December 2014 would have been RMB107,880 million and RMB25,110 million respectively.

40. Disposal of subsidiaries

(a) Disposal of 昆明萬達房地產有限公司 (“Kunming Wanda”)

In March 2014, the Company disposed its 100% equity interest in Kunming Wanda to the Parent for a cash consideration of RMB94 million based on the agreed value of net assets.

	2014 RMB'million
Net assets disposed of:	
Cash and bank balances	96
Trade receivables, prepayments and other receivables	64
Inventories	5
Property, plant and equipment	161
Prepaid land lease payments	211
Trade payables, other payables and accruals	(95)
Dividend payables	(263)
Taxes payable	(86)
Total net assets	93
Gain on disposal of Kunming Wanda	1
Satisfied by cash	94

An analysis of the cash flows in respect of the disposal of Kunming Wanda is as follows:

	RMB'million
Cash consideration received	94
Cash and bank balances disposed of	(96)
Net outflow of cash and cash equivalents in respect of disposal of Kunming Wanda	(2)

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40. Disposal of subsidiaries (continued)

(b) Disposal of 四川萬達大酒店管理有限公司 (“Sichuan Wanda”)

In March 2014, the Company disposed its 100% equity interest in Sichuan Wanda to a third party for a cash consideration of RMB560 million.

	2014 RMB'million
Net assets disposed of:	
Cash and bank balances	25
Trade receivables, prepayments and other receivables	14
Inventories	1
Property, plant and equipment	126
Prepaid land lease payments	38
Trade payables, other payables and accruals	(29)
Taxes payable	(1)
Total identifiable net assets	174
Gain on disposal of Sichuan Wanda	386
Satisfied by cash	560

An analysis of the cash flows in respect of the disposal of Sichuan Wanda is as follows:

	RMB'million
Cash consideration received	560
Cash and bank balances disposed of	(25)
Net inflow of cash and cash equivalents in respect of disposal of Sichuan Wanda	535

40. Disposal of subsidiaries (continued)

(c) Disposal of Xishuangbanna Wanda

In October 2014, the Company disposed its 80% equity interest in Xishuangbanna Wanda to a related party for a cash consideration of RMB2,144 million.

	2014 RMB'million
Net assets disposed of:	
Cash and bank balances	1,430
Financial asset held for trading	121
Trade receivables, prepayments and other receivables	124
Inventories	2,932
Other current asset	719
Property, plant and equipment	702
Investment properties	1,334
Prepaid land lease payments	205
Deferred tax asset	50
Trade payables, other payables and accruals	(2,635)
Taxes payable	(1)
Deferred income	(109)
Long-term borrowings	(2,880)
Deferred tax liabilities	(25)
Non-controlling interest	(386)
Total identifiable net assets	1,581
Gain on disposal of Xishuangbanna Wanda	563
Satisfied by cash	2,144

An analysis of the cash flows in respect of the disposal of Xishuangbanna Wanda is as follows:

	RMB'million
Cash consideration received	2,144
Cash and bank balances disposed of	(1,430)
Net inflow of cash and cash equivalents in respect of disposal of Xishuangbanna Wanda	714

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40. Disposal of subsidiaries (continued)

(d) Disposal of Dalian Jinshi

In October 2014, the Company disposed its 100% equity interest in Dalian Jinshi to a related party for a cash consideration of RMB949 million.

	2014 RMB'million
Net assets disposed of:	
Cash and bank balances	309
Trade receivables, prepayments and other receivables	180
Properties under development	2,198
Property, plant and equipment	98
Prepaid land lease payments	20
Deferred tax asset	133
Trade payables, other payables and accruals	(1,542)
Long-term borrowings	(500)
Deferred tax liabilities	(66)
Total identifiable net assets	830
Gain on disposal of Dalian Jinshi	119
Satisfied by cash	949

An analysis of the cash flows in respect of the disposal of Dalian Jinshi is as follows:

	RMB'million
Cash consideration received	949
Cash and bank balances disposed of	(309)
Net inflow of cash and cash equivalents in respect of disposal of Dalian Jinshi	640

40. Disposal of subsidiaries (continued)

(e) Disposal of Qingdao Wanda Yacht Industry Investment Co., Ltd. ("Qingdao Yacht")

In October 2014, the Company disposed its 100% equity interest in Qingdao Yacht to a related party for a cash consideration of RMB1,042 million.

	2014 RMB'million
Net assets disposed of:	
Cash and bank balances	301
Trade receivables, prepayments and other receivables	209
Inventories	1,760
Property, plant and equipment	50
Investment properties	185
Prepaid land lease payments	29
Deferred tax asset	14
Trade payables, other payables and accruals	(983)
Long-term borrowings	(560)
Deferred tax liabilities	(6)
Total identifiable net assets	999
Gain on disposal of Qingdao Yacht	43
Satisfied by cash	1,042

An analysis of the cash flows in respect of the disposal of Qingdao Yacht is as follows:

	RMB'million
Cash consideration received	1,042
Cash and bank balances disposed of	(301)
Net inflow of cash and cash equivalents in respect of disposal of Qingdao Yacht	741

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41. Contingent liabilities

At the end of the reporting period, contingent liabilities not provided were as follows:

Group

	2014 RMB'million	2013 RMB'million
Guarantees given to banks for: Mortgage facilities granted to purchasers of the Group's properties	44,406	38,026

Company

	2014 RMB'million	2013 RMB'million
Guarantees given to banks for: Loans to the subsidiaries	153,990	94,479
Outstanding balances of the guaranteed loans to subsidiaries	102,176	50,328

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 upon the earlier of (i) the satisfaction of the mortgage loan by the purchaser of the property and (ii) the issuance of a property ownership certificate for the mortgaged property, which is generally available within six months to one year after the purchaser takes possession of the relevant property.

The Group did not incur any material losses during the financial period in respect of the guarantees provided for mortgage facilities granted to the purchasers of the Group's properties. The Directors consider that in case of default on payments, the net realisable values of the related properties can cover the repayments of the outstanding mortgage loans together with any accrued interest and penalty, and therefore no provision has been made in connection with the guarantees.

42. Operating lease arrangements

(a) As lessor

The Group leases out its investment properties under operating lease arrangements on terms ranging from one to twenty five years and with an option for renewal after the expiry dates, at which time all terms will be renegotiated.

At the end of the reporting period, the Group and the Company had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

Group

	2014 RMB'million	2013 RMB'million
Within one year	9,622	5,349
In the second to fifth years inclusive	28,339	21,810
After five years	18,111	19,507
	56,072	46,666

Company

	2014 RMB'million	2013 RMB'million
Within one year	65	19
In the second to fifth years inclusive	82	80
After five years	22	4
	169	103

(b) As lessee

The Group leases certain of its office premises, plant and warehouses under operating lease arrangements. Leases of the properties are negotiated for terms ranging from one to five years.

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

Group

	2014 RMB'million	2013 RMB'million
Within one year	78	37
In the second to fifth years inclusive	90	109
After five years	-	91
	168	237

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43. Commitments

The Group and the Company had the following capital commitments at the end of the reporting period:

Group

	2014 RMB'million	2013 RMB'million
Contracted, but not provided for Land, buildings, plant and machinery	148,712	124,562
Capital contribution to an investee	-	700
	148,712	125,262

Company

	2014 RMB'million	2013 RMB'million
Contracted, but not provided for Land, buildings, plant and machinery	-	555

44. Related party transactions

(a) Significant related party transactions

In addition to the transactions detailed elsewhere in the financial statements, the Group had the following transactions with related parties during the year:

	2014 RMB'million	2013 RMB'million
The Parent:		
Acquisitions of equity interests	5,804	-
Rendering of services**/**	1	1
Disposal of a subsidiary (note 40 (a))	94	-
Fellow subsidiaries:		
Purchase of goods**	35	15
Purchase of services**/**	548	321
Rendering of services**/**	210	179
Rental income**	440	340
Disposal of subsidiaries (note 40 (c)-(e))	4,135	-

44. Related party transactions (continued)

(a) Significant related party transactions (continued)

	2014 RMB'million	2013 RMB'million
Companies controlled by the ultimate controlling shareholder:		
Purchase of goods**	33	14
Purchase of service*/**	50	10
Rendering of services*/**	163	132
Rental income**	1,202	915
An associate:		
Rendering of services	-	13

All the transactions with related parties were made according to the published prices and conditions offered to the major customers of the Group.

* These transactions with related parties mainly include properties management service, design and other services.

** These transactions are included but not limited to the connected transactions under Chapter 14A of the Listing Rules following the listing on the Stock Exchange.

(b) Outstanding balances with related parties

	2014 RMB'million	2013 RMB'million
Trade receivables due from		
Fellow subsidiaries	36	55
Companies controlled by the ultimate controlling shareholder	-	1
Other receivables due from		
The Parent	-	2,581
Fellow subsidiaries	-	11
Trade payables due to		
Fellow subsidiaries	8	17
Companies controlled by the ultimate controlling shareholder	28	7
Other payables due to		
The Parent	309	300
Fellow subsidiaries	87	73
Companies controlled by the ultimate controlling shareholder	192	99
Loans due to		
Companies controlled by the ultimate controlling shareholder	-	1,000
Fellow subsidiaries	2,000	-

The above loan balances are unsecured, have fixed terms of repayment of 2015 and bear annual interest rates of 9.6%.

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44. Related party transactions (continued)

(c) Guarantees provided by related parties

	2014 RMB'million	2013 RMB'million
Transactions:		
Guarantees given by the Parent and the ultimate controlling shareholder for the Group's bank and other borrowings	34,918	38,454
Balance:		
Outstanding balances of the guaranteed loans	29,235	31,296

(d) Compensation of key management personnel of the Group

	2014 RMB'million	2013 RMB'million
Salaries, allowances and benefits in kind	76	60
Performance related bonuses	29	24
Pension schemes contributions	—*	—*
Total compensation paid to key management personnel	105	84

* The pension schemes contribution is presented as zero rounded to the nearest million.

45. Financial instruments by category

The carrying amounts of each of the categories of financial instruments as at the end of reporting period are as follows:

Group

	As at 31 December 2014			
	Derivative financial instruments RMB'million	Loans and receivables RMB'million	Available- for-sale financial assets RMB'million	Total RMB'million
Financial assets:				
Long-term receivables	—	10	—	10
Available-for-sale investments	—	—	1,006	1,006
Trade and bills receivables	—	848	—	848
Financial assets included in prepayments, deposits and other receivables	—	12,184	—	12,184
Restricted cash	—	6,732	—	6,732
Cash and cash equivalents	—	86,303	—	86,303
	—	106,077	1,006	107,083

45. Financial instruments by category (continued)

As at 31 December 2013				
	Derivative financial instruments RMB'million	Loans and receivables RMB'million	Available- for-sale financial assets RMB'million	Total RMB'million
Financial assets:				
Long-term receivables	–	11	–	11
Available-for-sale investments	–	–	37	37
Trade and bills receivables	–	280	–	280
Financial assets included in prepayments, deposits and other receivables	–	13,019	–	13,019
Derivative financial instrument	19	–	–	19
Restricted cash	–	4,139	–	4,139
Cash and cash equivalents	–	69,525	–	69,525
	19	86,974	37	87,030
			2014 RMB'million	2013 RMB'million
Financial liabilities:				
Trade and bills payables			53,743	34,628
Financial liabilities included in other payables and accruals			17,087	11,425
Convertible bonds			–	61
Guaranteed bonds			7,210	3,614
Interest-bearing bank and other borrowings			173,759	130,318
			251,799	180,046

Company

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

As at 31 December 2014			
	Loans and receivables RMB'million	Available- for-sale financial assets RMB'million	Total RMB'million
Financial assets:			
Long-term receivables	10	–	10
Available-for-sale investments	–	35	35
Trade and bills receivables	5	–	5
Financial assets included in prepayments, deposits and other receivables	28,863	–	28,863
Restricted cash	959	–	959
Cash and cash equivalents	29,913	–	29,913
	59,750	35	59,785

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45. Financial instruments by category (continued)

	As at 31 December 2013		
	Loans and receivables RMB'million	Available- for-sale financial assets RMB'million	Total RMB'million
Financial assets:			
Long-term receivables	11	–	11
Available-for-sale investments	–	37	37
Trade and bills receivables	7	–	7
Financial assets included in prepayments, deposits and other receivables	24,454	–	24,454
Restricted cash	174	–	174
Cash and cash equivalents	10,028	–	10,028
	34,674	37	34,711
		2014	2013
		RMB'million	RMB'million
Financial liabilities:			
Trade and bills payables		59	134
Financial liabilities included in other payables and accruals		118,165	89,646
Interest-bearing bank and other borrowings		21,325	20,841
		139,549	110,621

46. Fair value and fair value hierarchy of financial instruments

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

Carrying amounts

	2014	2013
	RMB'million	RMB'million
Financial assets:		
Derivative financial instrument	–	19
	–	19
Financial liabilities:		
Convertible bonds	–	61
Guaranteed bonds	7,210	3,614
Interest-bearing bank and other borrowings	173,759	130,318
	180,969	133,993

46. Fair value and fair value hierarchy of financial instruments (continued)

Fair values

	2014 RMB'million	2013 RMB'million
Financial assets:		
Derivative financial instrument	–	19
	–	19
Financial liabilities:		
Convertible bonds	–	61
Guaranteed bonds	7,210	3,614
Interest-bearing bank and other borrowings	173,759	130,318
	180,969	133,993

Management has assessed that the fair values of cash and cash equivalents, restricted cash, trade and bills receivables, financial assets included in prepayments, deposits and other receivables, trade and bills payables and financial liabilities included in other payables and accruals approximate to their carrying amounts largely due to the short term maturities of these instruments.

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

Group

As at 31 December 2013

	Fair value measurement using			Total RMB'million
	Quoted prices in active markets (Level 1) RMB'million	Significant observable inputs (Level 2) RMB'million	Significant unobservable inputs (Level 3) RMB'million	
Derivative financial instrument	–	19	–	19

The Group did not have any financial assets measured at fair value as at 31 December 2014.

The Group did not have any financial liabilities measured at fair value as at 31 December 2014 and 2013.

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities.

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47. Financial risk management objectives and policies

The Group's principal financial instruments comprise cash and cash equivalents, restricted cash, bonds and interest-bearing bank and other borrowings. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The Group does not hold or issue derivative financial instruments for trading purposes. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below:

(a) Credit risk

The Group has no concentration of credit risk. The Group's cash and cash equivalents are mainly deposited with reputable overseas banks and state-owned banks in Mainland China. The carrying amounts of the trade receivables, other receivables, restricted cash, cash and cash equivalents included in the consolidated statement of financial position represent the Group's maximum exposure to credit risk in relation to its financial assets. The Group has no other financial assets which carry significant exposure to credit risk. The Group has arranged bank financing for certain purchasers of its properties and has provided guarantees to secure the obligations of these purchasers for repayments.

(b) Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long term debt obligations with floating interest rates.

If interest rates had been 100 basis points higher/lower and all other variables are held constant, the Group's interest charge would have increased/decreased by approximately RMB753 million for the years ended 31 December 2014 (2013: RMB684 million). This is mainly attributable to the Group's exposure to interest rates on its variable-rate bank and other borrowings.

47. Financial risk management objectives and policies (continued)

(c) Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets (e.g., trade receivables) and projected cash flows from operations.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans.

The maturity profile of the Group's financial liabilities as at the end of the reporting year, based on the contractual undiscounted payments, is as follows:

	As at 31 December 2014				
	Less than 1 year RMB'million	1 to 2 years RMB'million	2 to 5 years RMB'million	Over 5 years RMB'million	Total RMB'million
Interest-bearing bank and other borrowings	48,135	56,448	55,779	58,738	219,100
Trade payables and other payables	70,830	–	–	–	70,830
Guaranteed bonds	445	445	4,818	4,792	10,500
Convertible bonds	–	–	–	–	–
	119,410	56,893	60,597	63,530	300,430

	As at 31 December 2013				
	Less than 1 year RMB'million	1 to 2 years RMB'million	2 to 5 years RMB'million	Over 5 years RMB'million	Total RMB'million
Interest-bearing bank and other borrowings	29,309	42,673	37,697	57,282	166,961
Trade payables and other payables	46,053	–	–	–	46,053
Guaranteed bonds	178	178	4,194	–	4,550
Convertible bonds	7	7	104	–	118
	75,547	42,858	41,995	57,282	217,682

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47. Financial risk management objectives and policies (continued)

(c) Liquidity risk (continued)

The maturity profile of the Company's financial liabilities as at the end of the reporting year, the reporting period, based on the contractual undiscounted payments, is as follows:

	As at 31 December 2014				
	Less than 1 year RMB'million	1 to 2 years RMB'million	2 to 5 years RMB'million	Over 5 years RMB'million	Total RMB'million
Interest-bearing bank and other borrowings	8,791	8,368	5,566	3,486	26,211
Trade payables and other payables	118,224	–	–	–	118,224
	127,015	8,368	5,566	3,486	144,435

	As at 31 December 2013				
	Less than 1 year RMB'million	1 to 2 years RMB'million	2 to 5 years RMB'million	Over 5 years RMB'million	Total RMB'million
Interest-bearing bank and other borrowings	8,356	8,595	5,011	3,016	24,978
Trade payables and other payables	89,780	–	–	–	89,780
	98,136	8,595	5,011	3,016	114,758

(d) Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the reporting periods.

47. Financial risk management objectives and policies (continued)

(d) Capital management (continued)

The Group monitors capital using gearing ratio and debt-to-asset ratio. Gearing ratio is defined as net debt divided by capital. Net debt represents interest-bearing bank and other borrowings plus bonds less cash and cash equivalents and restricted cash. Capital represents total equity. Debt-to-asset ratio is total liabilities net of advance from customers divided by total assets. The gearing ratios at the end of the reporting period were as follows:

	2014 RMB'million	2013 RMB'million
Interest-bearing bank and other borrowings	173,759	130,318
Bonds	7,210	3,675
Less:		
Cash and cash equivalents	(86,303)	(69,525)
Restricted cash	(6,732)	(4,139)
Net debt	87,934	60,329
Total equity	155,146	113,872
Gearing ratio	56.7%	53.0%

The debt-to-asset ratios at the end of the reporting period were as follows:

	2014 RMB'million	2013 RMB'million
Total liabilities	409,148	317,172
Less:		
Advance from customers	(118,914)	(104,273)
	290,234	212,899
Total assets	564,294	431,044
Debt-to-asset ratio	51.4%	49.4%

48. Events after the reporting period

- (a) On 14 January 2015, the over-allotment option described in the prospectus of the Company dated 10 December 2014 has been partially exercised by the Underwriter Representatives in respect of the over-allotment shares, representing approximately 8.76% of the total number of offer shares initially available under the global offering before exercise of the over-allotment option, to cover over-allocations under the international offering. The over-allotment shares are issued and allotted by the Company at HK\$48.00 per share, resulting in the increase of issued capital from RMB4,475 million to RMB4,527 million.
- (b) On 23 January 2015, Wanda One Sydney Pty, an indirectly owned subsidiary of the Group, entered into a contract for sale and purchase of the land parcel situated at 1 Alfred Street and the land parcel situated at 19-31 Pitt Street, Sydney, NSW 2000, Australia, respectively from the vendors at an aggregate consideration of AUD488 million (equivalent to approximately RMB2,470 million). The Group plans to develop into a new high-end multipurpose complex comprising hotel, housing and retail.

49. Approval of the financial statements

The financial statements were approved and authorised for issue by the board of directors on 30 March 2015.

Definition

“Articles of Association” or “Articles”	the articles of association of the Company
“Beijing Dagexing”	Beijing Dagexing Investment Co., Ltd (北京大歌星投資有限公司), a company established under the laws of the PRC with limited liability on July 6, 2010 and an indirect wholly-owned subsidiary of Dalian Wanda Group, and our Connected Person
“Beijing Dagexing Group”	Beijing Dagexing and its subsidiaries
“Board” or “Board of Directors”	the board of Directors of the Company
“Board of Supervisors”	the board of Supervisors of the Company
“Business Day”	any day (other than a Saturday, Sunday or public holiday) on which banks in Hong Kong are generally open for normal banking business
“China” or “PRC”	the People’s Republic of China, but for the purpose of this annual report only, excluding Hong Kong, Macau and Taiwan
“city(ies)”	cities within PRC and, for the purpose of this annual report and for geographical reference only, prefectural-level cities, sub-provincial cities, county-level cities and sub-prefectural cities
“Company” or “Wanda Commercial”	Dalian Wanda Commercial Properties Co., Ltd. (大連萬達商業地產股份有限公司), a joint stock company with limited liability incorporated in the PRC on December 10, 2009
“Connected Person(s)”	has the meaning ascribed to it under the Listing Rules
“Connected Transaction(s)”	has the meaning ascribed to it under the Listing Rules
“Continuing Connected Transaction(s)”	has the meaning ascribed to it under the Listing Rules
“Controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules and, unless the context requires otherwise, refers to Mr. WANG Jianlin, Dalian Hexing and Dalian Wanda Group
“CSRC”	China Securities Regulatory Commission (中華人民共和國證券監督管理委員會)
“Dalian Hexing”	Dalian Hexing Investment Co., Ltd. (大連合興投資有限公司), a company incorporated in the PRC with limited liability on April 27, 2007 which is directly owned as to 98% by Mr. WANG Jianlin and as to 2% by Mr. WANG Sicong, Mr. WANG Jianlin’s son, and a Controlling Shareholder of the Company
“Dalian Wanda Group”	Dalian Wanda Group Co., Ltd. (大連萬達集團股份有限公司), a joint stock company incorporated in the PRC with limited liability on September 28, 1992, which is owned as to 99.76% through Dalian Hexing and directly owned as to 0.24% by Mr. WANG Jianlin, and a Controlling Shareholder of the Company, holding a 54.31% equity interest in the Company

“Director(s)”	the director(s) of the Company
“Domestic Shares”	ordinary shares issued by the Company in the PRC, with a nominal value of RMB1.00 each, which are subscribed for and paid for in RMB
“DTZ”	DTZ Debenham Tie Leung Limited
“GFA”	GFA the GFA of a building comprise the area contained within the external walls of the building measured at each floor level (including any floor below ground level and the thickness of the external walls of the building). For both above-ground areas and underground areas, the GFA generally include mechanical and electrical service rooms, refuse rooms, water tanks and carparking floors.
“Group”, “our” or “we”	the Company and its subsidiaries
“H Share Registrar”	Computershare Hong Kong Investor Services Limited
“H Shares”	overseas listed foreign shares in the ordinary share capital of the Company, with a nominated value of RMB1.00 each, which are listed on the Main Board of the Stock Exchange
“HK\$” or “Hong Kong dollars”	Hong Kong dollars, the lawful currency of Hong Kong
“HK Listed Subsidiary”	Wanda Hotel Development Company Limited (萬達酒店發展有限公司), formerly known as Wanda Commercial Properties (Group) Co., Limited and Hengli Commercial Properties (Group) Limited, an exempted company incorporated in Bermuda on November 2, 2000 with limited liability whose shares are listed on the Stock Exchange (stock code:169) and a 65.04% owned subsidiary of our Company as of the date of this annual report
“Hong Kong” or “HK”	Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange” or “Stock Exchange”	The Stock Exchange of Hong Kong Limited
“independent third party(ies)”	any party(ies) who is/are not connected (within the meaning of the Listing Rules) with any director, chief executive or Substantial Shareholder of the Company or any of its subsidiaries or an associate of any of them
“Listing”	The listing of the Shares on the Stock Exchange
“Listing Date”	23 December 2014, the date on which dealings in the Shares first commence on the Stock Exchange
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange (as amended from time to time)
“LFA”	LFA the aggregate GFA of the leasable portion in the investment property
“Macau”	the Macau Special Administrative Region of the PRC

Definition

“MOFCOM”	the Ministry of Commerce of the PRC (中華人民共和國商務部)
“MOHURD”	the Ministry of Housing and Urban-Rural Development of the PRC (中華人民共和國住房和城鄉建設部)
“NDRC”	the National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)
“province(s)”	the provinces and, for the purpose of this annual report and for geographical reference only, autonomous regions and municipalities directly administered by the PRC central government
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“SFC”	The Securities and Futures Commission of Hong Kong
“SFO” or “Securities and Futures Ordinance”	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise, modified from time to time
“Share(s)”	share(s) in the share capital of our Company, with a nominal value of RMB1.00 each, comprising our Domestic Shares and our H Shares
“Shareholder(s)”	the holder(s) of the shares of our Company
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“Supervisor(s)”	the supervisor(s) of our Company
“U.K.” or “United Kingdom”	the United Kingdom, its territories, its possessions and all areas subject to its jurisdiction
“U.S.” or “United States”	the United States of America, its territories and possessions, any State of the United States, and the District of Columbia
“US\$” or “U.S. dollars”	United States dollars, the lawful currency of the United States
“Wanda Cinema”	Wanda Cinema Line Co., Ltd. (萬達電影院線股份有限公司), a company established under the laws of the PRC as a joint stock company on January 20, 2005 and a direct 60.71% owned subsidiary of Dalian Wanda Group, and the Connected Person
“Wanda Cultural”	Beijing Wanda Cultural Industry Group Co., Ltd. (北京萬達文化產業集團有限公司), a company established under the Laws of the PRC with limited liability on September 19, 2012 and which is directly wholly-owned by Dalian Wanda Group, and is the Connected Person
“Wanda Department Store”	Wanda Department Store Co., Ltd. (萬達百貨有限公司), a company established under the laws of the PRC with limited liability on April 17, 2007 and is indirectly wholly-owned by Mr. WANG Jianlin, and the Connected Person

Corporate Information

Registered name	Dalian Wanda Commercial Properties Co., Ltd.
Directors	
Executive Directors	Mr. DING Benxi (<i>Chairman</i>) Mr. QI Jie Mr. QU Dejun
Non-Executive Directors	Mr. ZHANG Lin Mr. WANG Guiya Mr. YIN Hai
Independent Non-Executive Directors	Mr. LIU Jipeng Dr. XUE Yunkui Dr. HU, Fred Zulu
Strategy Committee	Mr. DING Benxi (<i>Chairman</i>) Mr. QI Jie Mr. LIU Jipeng
Audit Committee	Dr. XUE Yunkui (<i>Chairman</i>) Mr. WANG Guiya Mr. LIU Jipeng
Nomination Committee	Mr. LIU Jipeng (<i>Chairman</i>) Mr. YIN Hai Dr. XUE Yunkui
Remuneration and Evaluation Committee	Dr. HU, Fred Zulu (<i>Chairman</i>) Mr. YIN Hai Dr. XUE Yunkui
Supervisors	Ms. GAO Qian (<i>Chairman</i>) Mr. WANG Yunan Mr. GAO Xiaojun
Company secretary	Mr. WANG Jian (<i>appointed on 13 March 2015</i>) Mr. LIU Chaohui (<i>resigned on 13 March 2015</i>)
Assistant Company Secretary	Ms. LAM Wai Yee Sophie
Authorized Representatives	Mr. QU Dejun (<i>appointed on 13 March 2015</i>) Mr. WANG Jian (<i>appointed on 13 March 2015</i>) Mr. WANG Guiya (<i>resigned on 13 March 2015</i>) Mr. LIU Chaohui (<i>resigned on 13 March 2015</i>)

Registered office	No. 539 Changjiang Road Xigang District Dalian Liaoning Province
Principal place of business in PRC	Block B Wanda Plaza No.93 Jianguo Road Changyang District Beijing
Principal place of business in Hong Kong	Unit 3007, 30/F Two Exchange Square 8 Connaught Place Central Hong Kong
Principal bankers	Bank of China No.1 Fuxingmen Nei Avenue Xicheng District Beijing
	Agricultural Bank of China No.69 Jianguomen Nei Avenue Dongcheng District Beijing
	Industrial and Commercial Bank of China No.55 Fuxingmen Nei Avenue Xicheng District Beijing
	China Merchants Bank 7088 Shennan Boulevard Futian District Shenzhen Guangdong Province
	China Everbright Bank China Everbright Center, No. 25 Taipingqiao Avenue Xicheng District Beijing
Compliance advisor	China International Capital Corporation Hong Kong Securities Limited
International auditors	Ernst & Young

Corporate Information

Hong Kong Legal Advisors	Freshfields Bruckhaus Deringer 11/F, Two Exchange Square Central Hong Kong
PRC Legal Advisors	Beijing Tian Yuan Law Firm 10th Floor China Pacific Insurance Plaza 28 Fengsheng Hutong Xicheng District Beijing
H Share Registrar	Computershare Hong Kong Investor Services Limited Shops 1712-1716, 17th Floor, Hopewell Centre 183 Queen's Road East Wanchai Hong Kong
Stock code	3699
Company's website	www.wandaplazas.com
Listing place	The Stock Exchange of Hong Kong Limited



大连万达商业地产股份有限公司
DALIAN WANDA COMMERCIAL PROPERTIES CO., LTD.