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## THIS CIRCULAR IS IMPORTANT AND REQUIRES IMMEDIATE ATTENTION

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**If you are in any doubt** as to any aspect of this Circular or as to the action to be taken, you should consult a licensed security dealer or other registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in Wanda Commercial Properties (Group) Co., Limited, you should at once hand this Circular, together with the enclosed form of proxy, to the purchaser or the transferee or to the licensed security dealer, registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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### 萬達商業地產(集團)有限公司 WANDA COMMERCIAL PROPERTIES (GROUP) CO., LIMITED

*(Incorporated in Bermuda with limited liability)*  
**(Stock Code: 169)**

**(1) FORMATION OF A JOINT VENTURE AS A SUBSIDIARY FOR  
THE ACQUISITION AND REDEVELOPMENT OF THE PROPERTY  
CONSTITUTING A MAJOR AND CONNECTED TRANSACTION;  
(2) FINANCIAL ASSISTANCE CONSTITUTING  
A CONNECTED TRANSACTION;  
AND  
(3) NOTICE OF SGM**

**Independent Financial Adviser to  
the Independent Board Committee and the Independent Shareholders**



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Terms used in this cover shall have the same meanings as defined in this Circular.

A letter from the Board is set out on pages 5 to 16 of this Circular. A letter of advice containing the recommendation from the Independent Board Committee to the Independent Shareholders is set out on pages 17 to 18 of this Circular. A letter of advice from Proton Capital, the Independent Financial Adviser, to the Independent Board Committee and the Independent Shareholders is set out on pages 19 to 31 of this Circular.

A notice of the SGM to be held at Unit 3007, 30/F., Two Exchange Square, 8 Connaught Place, Central, Hong Kong on 17 October 2013 at 4:00 p.m. is set out on pages SGM-1 to SGM-2 of this Circular. Whether or not you are able to attend and vote at the SGM in person, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company's Hong Kong branch share registrar, Tricor Standard Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding the SGM or any adjournment thereof (as the case may be).

Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish and in such event, the form of proxy shall be deemed to be revoked.

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## DEFINITIONS

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*In this Circular, the following terms and expressions shall have the following meanings unless the context requires otherwise:*

“Acquisition Agreement”	the agreement dated 14 June 2013 between DWCP and the Seller for the sale and purchase of the Property
“associates”	has the meaning given in the Listing Rules
“Board”	the board of Directors
“Circular”	this circular issued by the Company dated 30 September 2013
“Company”	Wanda Commercial Properties (Group) Co., Limited, a company incorporated in Bermuda with limited liability, the issued shares of which are listed on the main board of the Stock Exchange
“connected person(s)”	has the meaning given in the Listing Rules
“controlling shareholder”	has the meaning given in the Listing Rules
“Convertible Bonds”	the zero coupon convertible bonds due in 2018 issued by the Company on 21 January 2008
“Dalian Hexing”	means 大連合興投資有限公司 (Dalian Hexing Investment Co., Ltd.*), a company incorporated in the PRC engaged in investment holding
“Dalian Wanda”	means 大連萬達集團股份有限公司 (Dalian Wanda Group Co., Ltd.*), a company incorporated in the PRC engaged in property development, hotel development and management, and operation of movie theatre and other cultural industry and investment holding
“Director”	a director of the Company
“DWCP”	大連萬達商業地產股份有限公司 (Dalian Wanda Commercial Properties Co., Ltd.*), a company established in the PRC with limited liability

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## DEFINITIONS

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“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee of the Board comprising all the independent non-executive Directors, namely Mr. Liu Jipeng, Mr. Xue Yunkui and Mr. Ba Shusong, established to advise the Independent Shareholders in respect of the Shareholders’ Agreement, the Loan Agreement and the Share Charge
“Independent Financial Adviser” or “Proton Capital”	Proton Capital Limited, a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO and the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Shareholders’ Agreement, the Loan Agreement and the Share Charge
“Independent Shareholders”	all Shareholders other than Wanda Overseas and its associates
“Joint Venture”	the proposed joint venture between the Company and Wanda HK under the Shareholders’ Agreement
“JV Company”	the joint venture company under the Shareholders’ Agreement
“Latest Practicable Date”	25 September 2013, being the latest practicable date prior to the printing of this Circular for ascertaining certain information contained therein
“LIBOR”	the London inter-bank offered rate for loans in pound sterling or, as the case may be, US dollar, from time to time

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## DEFINITIONS

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“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Loan Agreement”	the loan agreement dated 6 September 2013 between the Company and Wanda HK in respect of a £60,000,000 (equivalent to approximately HK\$720 million) loan facility and a US\$20,000,000 (equivalent to approximately HK\$155.6 million) loan facility to be provided by Wanda HK to the Company
“Mr. Chen”	Mr. Chen Chang Wei, being a non-executive Director
“Mr. Wang”	Mr. Wang Jianlin (王健林), the ultimate controlling shareholder of Wanda HK
“PRC”	the People’s Republic of China excluding, for the purpose of this Circular, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Property”	1 Nine Elms Lane, London SW8 5NQ, United Kingdom
“Seller”	Kish Six Limited, a company incorporated in the Isle of Man
“SFO”	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	a special general meeting of the Company to be convened for the purpose of approving the Shareholders’ Agreement, the Loan Agreement and the Share Charge
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Share Charge”	the share charge to be granted by the Company in favour of Wanda HK over all the shares held by the Company in the JV Company (representing 60% of the shares in the JV Company) as security for the loan facilities under the Loan Agreement

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## DEFINITIONS

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“Shareholders”	shareholders of the Company
“Shareholders’ Agreement”	the shareholders’ agreement dated 6 September 2013 between the Company and Wanda HK
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US\$” or “US dollar”	US dollar, the lawful currency of the United States of America
“Wanda HK”	Wanda Commercial Properties (Hong Kong) Co. Limited, a company incorporated in Hong Kong with limited liability
“Wanda Overseas”	Wanda Commercial Properties Overseas Limited, a company incorporated in the British Virgin Islands with limited liability
“£” or “pound sterling”	Pound sterling, the lawful currency of the United Kingdom
“%”	per cent.

*Unless otherwise stated, the exchange rates adopted in this Circular for illustration purpose only are £1.00=HK\$12.00 and US\$1.00=HK\$7.78.*

*\* For identification purposes only*



萬達商業地產(集團)有限公司  
WANDA COMMERCIAL PROPERTIES (GROUP) CO., LIMITED  
*(Incorporated in Bermuda with limited liability)*  
(Stock Code: 169)

*Non-Executive Directors:*

Mr. Ding Benxi (*Chairman*)

Mr. Qi Jie

Mr. Qu Dejun

Mr. Chen Chang Wei

*Executive Director:*

Mr. Liu Chaohui

*Independent Non-Executive Directors:*

Mr. Liu Jipeng

Mr. Xue Yunkui

Mr. Ba Shusong

*Head office and principal place of  
business in Hong Kong:*

Unit 3007, 30th Floor

Two Exchange Square

8 Connaught Place

Central

Hong Kong

*Registered office:*

Canon's Court

22 Victoria Street

Hamilton HM 12

Bermuda

30 September 2013

*To the Shareholders*

Dear Sir or Madam,

**(1) FORMATION OF A JOINT VENTURE AS A SUBSIDIARY FOR  
THE ACQUISITION AND REDEVELOPMENT OF THE PROPERTY  
CONSTITUTING A MAJOR AND CONNECTED TRANSACTION;  
(2) FINANCIAL ASSISTANCE CONSTITUTING  
A CONNECTED TRANSACTION;  
AND  
(3) NOTICE OF SGM**

**A. INTRODUCTION**

Reference is made to the announcement issued by the Company on 6 September 2013 in relation to (1) the formation of a joint venture as a subsidiary for the acquisition and redevelopment of the Property constituting a major and connected transaction and (2) financial assistance constituting a connected transaction.

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## LETTER FROM THE BOARD

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### **B. THE SHAREHOLDERS' AGREEMENT**

On 6 September 2013, the Company and Wanda HK entered into the Shareholders' Agreement, pursuant to which the Company and Wanda HK have agreed to establish the Joint Venture through the JV Company for the purposes of acquiring and owning the Property, redeveloping it into a complex comprising a residential portion (which is intended to be held for sale) and hotel, office and retail portions (which are intended to be held for investment), and operating such complex (in each case, by the JV Company and/or through one or more of its subsidiaries). The terms of the Shareholders' Agreement were negotiated between the parties on an arm's length basis.

On 14 June 2013, DWCP entered into the Acquisition Agreement to acquire the Property from the Seller for a consideration of approximately £93 million (equivalent to approximately HK\$1,116 million) (inclusive of tax expenses). DWCP has paid a deposit of £8.88 million (equivalent to approximately HK\$106.56 million) in respect of the acquisition and completion is expected to take place on or before 27 October 2013. The consideration for the Property was negotiated between DWCP and the Seller on an arm's length basis. Under the terms of the Acquisition Agreement, DWCP has the right to nominate any of its subsidiaries to be the purchaser of the Property. To the best of the Directors' knowledge, information and belief and having made all reasonable enquiry, the Seller and its ultimate beneficial owner are third parties independent of the Company and the connected persons of the Company. A property valuation report on the Property as at 31 July 2013 is set out in Appendix II to this Circular.

The balance of the consideration payable to the Seller at completion of the Acquisition Agreement will be paid by the JV Company and an amount equal to the sum of the deposit and transactions costs paid by DWCP will also be repaid by the JV Company to DWCP at the same time or shortly thereafter. Such payments by the JV Company will be funded by the capital contributions made by the Company and Wanda HK to the JV Company.

The valuation of the Property was £113,500,000 as at 31 July 2013. (Please see the valuation report prepared by Cushman & Wakefield Valuation Advisory Services (HK) Limited set out in Appendix II to this Circular.)

#### **1. Parties to the Shareholders' Agreement**

- (a) The Company
- (b) Wanda HK



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## LETTER FROM THE BOARD

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### 2. Ownership of the JV Company

The JV Company will be a company incorporated in Hong Kong owned by the Company and Wanda HK as to 60% and 40%, respectively, at completion of the Shareholders' Agreement. At completion of the Shareholders' Agreement, the Company and Wanda HK will subscribe for and pay for new shares in the JV Company representing 60% and 40%, respectively, of the enlarged share capital of the JV Company at the price of HK\$120,000,000 and HK\$80,000,000, respectively.

As the Company will hold 60% of the issued share capital of the JV Company and by virtue of the terms of the Shareholders' Agreement, the JV Company will become a subsidiary of the Company upon completion of the Shareholders' Agreement.

The Company and Wanda HK, as shareholders of the JV Company, will participate in the profits of the JV Company in proportion to their shareholdings in the JV Company. The liability of each shareholder of the JV Company, being a limited liability company, will be limited to the amount payable by that shareholder on its shares in the JV Company in the event of the JV Company's winding-up. This means that the shareholders of the JV Company would, in effect, bear the losses of the JV Company in proportion to their shareholdings in the JV Company subject to such limitation.

### 3. Principal terms of the Shareholders' Agreement

The principal terms of the Shareholders' Agreement and certain other matters relating to the formation of the Joint Venture are as follows:

(a) *Scope of business*

The business of the JV Company is to acquire and own the Property, re-develop it into a high-end mixed-use hotel, residential, office and retail complex and operate such complex (in each case, by the JV Company and/or through one or more of its subsidiaries). Wanda HK has agreed to procure DWCP to nominate a subsidiary of the JV Company (which is a subsidiary of the Company and, since the Company is a subsidiary of DWCP, is also a subsidiary of DWCP) to be the purchaser of the Property. No consideration is payable for such nomination.

The Property has a site area of approximately 8,400 square metres and its redevelopment is expected to comprise a gross floor area of approximately 105,000 square metres (in respect of which planning permission has been obtained). Any changes to the approved planning permission (which also covers other matters such as the height of the buildings, use of the land and

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## LETTER FROM THE BOARD

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conditions to the construction work (for further details on the planning permission, please see page II-8 of this Circular)) will be subject to relevant governmental approvals.

As at the Latest Practicable Date, no other material regulatory approvals were expected to be required for the redevelopment of the Property. Demolition of the existing buildings and structures on the Property is expected to commence in the fourth quarter of 2013.

(b) *Board composition*

The Company is entitled to appoint the sole director of the JV Company.

(c) *Capital commitment*

The costs of the redevelopment of the Property (including the costs of the acquisition of the Property), which the board of the JV Company may determine from time to time, will be financed by way of equity, shareholder loans and/or loan financing, which may, subject to the cap of HK\$3,000,000,000 in respect of the aggregate of the total capital commitment of the Company described below, be guaranteed by Wanda HK and the Company on a several basis in proportion to their shareholdings in the JV Company. It is intended that the JV Company will seek to obtain third party financing secured by its own assets, including the Property.

The aggregate of the total capital commitment of the Company (whether equity, loan or otherwise and including any contractual commitment to subscribe for capital and any guarantee or indemnity) in relation to the formation of the Joint Venture is not expected to exceed (and could be lower than) HK\$3,000,000,000, which was arrived at after arm's length negotiations between the Company and Wanda HK having regard to the parties' current estimate of the costs of the redevelopment (including the costs of the acquisition of the Property) and including, in the light of the redevelopment being in a very preliminary stage, a buffer. The capital commitment required to be made by the Company from time to time is expected to be funded by (i) the Company's internal resources; (ii) debt financing; and/or (iii) equity financing.

While the Company has not been able to secure banking financing of its proposed investment in the Joint Venture in time for the completion of the Acquisition Agreement, the Company intends to continue exploring the possibility of obtaining such bank facilities and/or other debt and/or equity financing for its further investment in the Joint Venture. There is no assurance that the Company would be able to obtain financing on commercially viable terms. The shareholders of the JV Company will agree from time to time the amount of any further capital contributions to the JV Company. In considering this, the Company will take into account its ability to fund any such further capital contributions to the JV Company. Any failure on the part of the

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## LETTER FROM THE BOARD

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Company to fund such further capital contributions might result in changes to the proposed redevelopment of the Property or its timetable. Any failure of the Company to finance its capital commitment to the JV Company on commercially viable terms may have a material adverse effect on the redevelopment of the Property and on the business and financial condition of the JV Company and the Company.

(d) *Conditions precedent*

Completion of the Shareholders' Agreement shall be conditional upon the Company having obtained (i) the Independent Shareholders' approval of the Shareholders' Agreement and (ii) financing in the amount of £60,000,000 (equivalent to approximately HK\$720 million) and US\$20,000,000 (equivalent to approximately HK\$155.6 million). Under the Shareholders' Agreement, none of the conditions precedent may be waived.

Completion of the Shareholders' Agreement is expected to take place on or before 27 October 2013 or such later date as may be agreed between the Company and Wanda HK.

(e) *Reserved matters*

The following matters shall require the consent of both the Company and Wanda HK:

- (i) any amendment to the articles of association of the JV Company or any of its subsidiaries;
- (ii) any change to the rights attaching to any class of shares in the JV Company or any of its subsidiaries which are not set out in the articles of association of the JV Company or that subsidiary (as the case may be);
- (iii) the consolidation, sub-division, conversion or cancellation of any share capital of the JV Company or any of its subsidiaries;
- (iv) the issue or allotment of any share capital of the JV Company or any of its subsidiaries or the creation of any option or right to subscribe or acquire, or convert any security into, any share capital of the JV Company or any of its subsidiaries;
- (v) any reduction of the share capital of the JV Company or any of its subsidiaries;
- (vi) the purchase or redemption of any share capital of the JV Company or any of its subsidiaries;

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## LETTER FROM THE BOARD

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- (vii) any application for the listing of any shares or other securities of the JV Company or any of its subsidiaries on any stock exchange or for permission for dealings in any shares or other securities of the JV Company or any of its subsidiaries in any securities market;
- (viii) any resolution to wind up the JV Company or any of its subsidiaries;
- (ix) the filing of a petition for winding up by the JV Company or any of its subsidiaries or the making of any arrangement with creditors of the JV Company or any of its subsidiaries generally or any application for the appointment of a receiver in respect of the JV Company or any of its subsidiaries;
- (x) the repayment of capital or assets to members of the JV Company or any of its subsidiaries; and
- (xi) any material change in the nature or scope of the business.

(f) *Disposal of shares*

Neither shareholder of the JV Company may dispose of its shares in the JV Company without the consent of the other.

(g) *Events of default*

The following is a summary of the events of default under the Shareholders' Agreement:

- (A) any shareholder of the JV Company disposes of any its shares in the JV Company in breach of the Shareholders' Agreement;
- (B) any shareholder of the JV Company is in material or persistent breach of any of the other provisions of the Shareholders' Agreement and such breach has not, if capable of remedy, been remedied to the reasonable satisfaction of the other shareholder within 30 business days of receipt by the shareholder in breach of written notice from the other shareholder requiring such remedy;
- (C) there is a change of control of any shareholder of the JV Company;
- (D) there is an insolvency event of any shareholder of the JV Company; or
- (E) if the sole director of the JV Company has requested information and/or evidence from any shareholder to enable him to determine whether an event of default has occurred in relation to that shareholder, such

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## LETTER FROM THE BOARD

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information or evidence is not provided to the reasonable satisfaction of the sole director within 15 business days after the request is received.

If an event of default occurs, the innocent shareholder of the JV Company will have the right to buy the shares of the defaulting shareholder in the JV Company at a price equal to the fair value of the shares. The fair value of any shares in the JV Company shall be the market value of such shares (adjusted by reference to whether and, if so, the extent to which the holder of such shares controls or has the power to control the management of the business of the JV Company) as agreed between the Company and Wanda HK or, in the absence of agreement, as certified by the auditors of the JV Company.

#### **4. Reasons and benefits for entering into the Shareholders' Agreement**

The Company is an investment holding company whose subsidiaries are principally engaged in property development and property management. As stated in the composite offer and response document issued jointly by Wanda Overseas and the Company on 2 July 2013, Wanda Overseas may consider diversifying the business of the Group with an objective to broaden the Group's income sources should suitable investment or business opportunities arise. The Directors believe that the formation of the Joint Venture will offer an opportunity for the Group to broaden its income sources by expanding into overseas markets. In deciding to invest in the Property, the Directors have had regard to the price of the Property, its location, its redevelopment potential, its profit potential and its ability to supplement and diversify the Group's existing property portfolio, which is in the PRC.

The JV Company will be able to leverage on the experience of both the Company and Wanda HK in commercial property development. All of the Directors, apart from the independent non-executive Directors, have extensive experience in managing property development companies. In addition, the JV Company also proposes to engage professional consultants in the United Kingdom to assist with the management of the redevelopment.

The Company has been informed by Wanda Overseas, its controlling shareholder, that while it may from time to time explore opportunities for further joint ventures with the Company and consider acquisition opportunities which may be suitable to the Company, as at the Latest Practicable Date, Wanda Overseas had no intention to inject businesses or assets into the Company.

#### **5. Financial effect of the Shareholders' Agreement on the Group**

As the Company will hold 60% of the issued share capital of the JV Company and by virtue of the terms of the Shareholders' Agreement, the JV Company will become a subsidiary of the Company upon completion of the Shareholders' Agreement and its financial results will be consolidated into the results of the

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## LETTER FROM THE BOARD

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Group. The formation of the Joint Venture under the Shareholders' Agreement will have no immediate material impact on the consolidated earnings of the Group. Since completion of the Shareholders' Agreement shall be conditional upon the Company having obtained, among other things, financing in the amount of £60,000,000 (equivalent to approximately HK\$720 million) and US\$20,000,000 (equivalent to approximately HK\$155.6 million), consolidated assets and liabilities of the Group will increase as a result of the said financing.

### **6. Implications of the formation of the Joint Venture under the Listing Rules**

Wanda HK is a controlling shareholder and therefore a connected person of the Company. The formation of the Joint Venture under the Shareholders' Agreement would therefore constitute a connected transaction of the Company under the Listing Rules. As the highest applicable percentage ratio exceeds 25% but is less than 100%, in addition to being a connected transaction which is subject to reporting and announcement requirements and the approval of the Independent Shareholders under Chapter 14A of the Listing Rules, the Shareholders' Agreement will also constitute a major transaction for the Company under Chapter 14 of the Listing Rules.

### **C. FINANCIAL ASSISTANCE FROM A CONNECTED PERSON**

On 6 September 2013, the Company and Wanda HK entered into the Loan Agreement for a £60,000,000 (equivalent to approximately HK\$720 million) loan facility and a US\$20,000,000 (equivalent to approximately HK\$155.6 million) loan facility to be provided by Wanda HK to the Company, which are to be secured by the Share Charge over all the shares held by the Company in the JV Company (representing 60% of the shares in the JV Company). The Loan Agreement and the Share Charge are subject to the Independent Shareholders' approval (the requirement for which cannot be waived). The Company does not intend to borrow any money under the Loan Agreement if the Shareholders' Agreement is not approved by the Independent Shareholders.

Interest will accrue on the loan under the Loan Agreement at a rate per annum equal to six month LIBOR plus 5%. Accrued interest is payable at six month intervals. The loan is repayable on the third anniversary of the date of the drawdown of the loan. The Company has the right to prepay the loan without any prepayment fee. Under the terms of the Loan Agreement, an event of default occurs where (i) the Company fails to pay any sums due under the Loan Agreement; or (ii) an insolvency event occurs in respect of the Company. If an event of default occurs, Wanda HK may (i) notify the Company that all sums due under the Loan Agreement (including any accrued interest and default interest (which accrues at the rate per annum equal to 1% plus the normal interest rate)) to be immediately due and payable; and/or (ii) terminate the facility under the Loan Agreement.

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## LETTER FROM THE BOARD

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The terms of the Loan Agreement (including the interest rate) and the Share Charge were negotiated between the parties on an arm's length basis.

The loan facilities under the Loan Agreement are intended to fund the Company's capital commitments to the JV Company.

The Directors have considered other fund raising alternatives for the Group, including debt and equity financing. In the light of the lack of qualified assets to be pledged for bank borrowings, the Company has not been able to obtain bank borrowings with an amount comparable to the amount available under the Loan Agreement from commercial banks or financial institutions on terms acceptable to the Company. With regard to equity financing, the Directors are of the view that any placing, open offer or rights issue would either have a dilution effect to the shareholding interests of the existing Shareholders or require underwriting and be time-consuming (which may not cater for the funding needs of the JV Company to acquire the Property on or before 27 October 2013). The Directors therefore consider the Loan Agreement to be the most appropriate fund raising method currently available to the Group. While the Company will assess its capital requirements from time to time and will continue to explore the possibility of obtaining external debt and/or equity financing as and when the need arises and the terms of such financing are in the interests of the Company, as at the Latest Practicable Date, it had no intention to conduct any debt or equity financing activities other than pursuant to the Loan Agreement, any bank facilities which the Company may obtain from time to time in the ordinary course of its business and exploring the funding alternatives as disclosed above, nor had it entered into or negotiated the terms of any such financing (other than the Loan Agreement). The Company may use any banking facilities which it may obtain from time to time in the ordinary course of its business to fund its capital contributions to the JV Company.

Wanda HK is a controlling shareholder and therefore a connected person of the Company. The Loan Agreement and the Share Charge constitute a connected transaction of the Company and are subject to the reporting and announcement requirements and the approval of the Independent Shareholders under Rule 14A.63 of the Listing Rules.

### **D. INFORMATION ABOUT THE COMPANY**

The Company is incorporated in Bermuda with limited liability and is listed on the Stock Exchange. It is an investment holding company whose subsidiaries are principally engaged in property development and property management.

### **E. INFORMATION ABOUT WANDA HK**

Wanda HK is an investment holding company incorporated in Hong Kong with limited liability and is wholly owned by DWCP. DWCP is a company established in the PRC engaged in property development, property letting, property management and investment holding activities. DWCP is owned as to approximately 52.97% by Dalian Wanda, as to

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## LETTER FROM THE BOARD

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approximately 11.97% by Mr. Wang and his spouse, as to approximately 5.60% by the management of DWCP and as to approximately 29.46% by various minority shareholders who are third parties independent of the Company and its connected persons with individual stakes below 10%. Dalian Wanda is owned as to approximately 99.76% by Dalian Hexing and as to approximately 0.24% by Mr. Wang. Dalian Hexing is owned as to 98% by Mr. Wang. The sole director of Dalian Hexing is Mr. Wang.

As at the Latest Practicable Date, Wanda Overseas, an indirect wholly-owned subsidiary of Wanda HK, held approximately 65% of the issued Share capital of the Company.

### **F. INFORMATION ON THE SELLER**

The Seller is principally engaged in property development and investment.

### **G. GENERAL**

#### **1. The SGM**

The SGM will be held for the purpose of considering and, if thought fit, approving (i) the Shareholders' Agreement; and (ii) the Loan Agreement and the Share Charge. Wanda Overseas and any other Shareholders with a material interest in (i) the Shareholders' Agreement; and (ii) the Loan Agreement and the Share Charge and their respective associates are required to abstain from voting on the relevant resolution or (as the case may be) the resolutions. Apart from Wanda Overseas, the Company is not aware of any other shareholders who have a material interest in (i) the Shareholders' Agreement, or (ii) the Loan Agreement or the Share Charge.

A notice convening the SGM is set out on pages SGM-1 to SGM-2 of this Circular. Whether or not you intend to attend the meeting or any adjournment thereof, please complete and return the enclosed form of proxy in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof to the Hong Kong branch share registrar of the Company, Tricor Standard Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong. Completion and return of the form of proxy will not preclude you from attending and voting at the meeting or any adjournment meeting if you so wish.

#### **2. Independent Board Committee**

An Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Liu Jipeng, Mr. Xue Yunkui and Mr. Ba Shusong, has been established to advise the Independent Shareholders as to whether the terms of the Shareholders' Agreement, the Loan Agreement and the Share Charge are fair and reasonable and in the interests of the Company and the Shareholders as a whole and to advise the Independent Shareholders on how to vote, taking into account the



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## LETTER FROM THE BOARD

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recommendations of Proton Capital, the Independent Financial Adviser. None of the members of the Independent Board Committee has a material interest in the transactions contemplated under the Shareholders' Agreement, the Loan Agreement and the Share Charge.

Your attention is drawn to the letter from the Independent Board Committee, which are set out on pages 17 to 18 of this Circular, containing its opinions as to whether the terms of the Shareholders' Agreement, the Loan Agreement and the Share Charge are fair and reasonable and in the interests of the Company and the Shareholders as a whole and their recommendations as to voting.

### **3. Independent Financial Adviser**

The Company has appointed Proton Capital as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Shareholders' Agreement, the Loan Agreement and the Share Charge.

Your attention is drawn to the letter from Proton Capital, which are set out on pages 19 to 31 of this Circular, containing its opinions as to whether the terms of the Shareholders' Agreement, the Loan Agreement and the Share Charge are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole and their recommendations as to voting.

## **H. RECOMMENDATION**

The Board (other than (a) Mr. Ding Benxi, Mr. Qi Jie, Mr. Qu Dejun and Mr. Liu Chaohui, who are materially interested in the formation of the Joint Venture under the Shareholders' Agreement, the Loan Agreement and the Share Charge by virtue of their shareholdings in DWCP and, in the case of Mr. Ding Benxi, Mr. Qi Jie and Mr. Qu Dejun, being directors of DWCP and Mr. Liu Chaohui being senior management of Dalian Wanda and have abstained from voting at the board meeting held to consider the transactions, and (b) the independent non-executive Directors whose view is set out in the letter from the Independent Board Committee on pages 17 to 18 of this Circular) considers the Shareholders' Agreement, the Loan Agreement and the Share Charge to be on normal commercial terms, is of the view that their terms are fair and reasonable and that the Company's entry into the Shareholders' Agreement, the Loan Agreement and the Share Charge is in the interest of the Company and the Shareholders as a whole, and accordingly recommends the Independent Shareholders to vote in favour of the resolutions to be proposed at the SGM to approve the Shareholders' Agreement, the Loan Agreement and the Share Charge and the respective transactions contemplated thereunder.

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**LETTER FROM THE BOARD**

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**I. FURTHER INFORMATION**

Your attention is also drawn to the additional information set out in the appendices to this Circular.

Yours faithfully,

For and on behalf of the Board

**WANDA COMMERCIAL PROPERTIES (GROUP) CO., LIMITED**

**Ding Benxi**

*Chairman*

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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*The following is the text of the letter of advice from the Independent Board Committee, prepared for the purpose of incorporation into this Circular, setting out its recommendation to the Independent Shareholders regarding the Shareholders' Agreement, the Loan Agreement and the Share Charge:*



**萬達商業地產(集團)有限公司**  
**WANDA COMMERCIAL PROPERTIES (GROUP) CO., LIMITED**  
*(Incorporated in Bermuda with limited liability)*  
**(Stock Code: 169)**

30 September 2013

*To the Independent Shareholders*

Dear Sir or Madam,

**FORMATION OF A JOINT VENTURE AS A SUBSIDIARY  
FOR THE ACQUISITION AND REDEVELOPMENT OF THE PROPERTY  
CONSTITUTING A MAJOR AND CONNECTED TRANSACTION  
AND  
FINANCIAL ASSISTANCE CONSTITUTING A CONNECTED TRANSACTION**

We refer to the circular of the Company to the Shareholders dated 30 September 2013 (the “**Circular**”), of which this letter forms a part. Unless the context requires otherwise, capitalised terms used in this letter will have the same meanings given to them in the section headed “DEFINITIONS” of the Circular.

We are members of the Independent Board Committee which has been formed by the Board to advise the Independent Shareholders as to whether the terms of the Shareholders' Agreement, the Loan Agreement and the Share Charge are fair and reasonable so far as the Independent Shareholders are concerned.

We also wish to draw your attention to the letter of advice from Proton Capital, being the Independent Financial Adviser appointed to advise the Independent Board Committee and the Independent Shareholders on the terms of the Shareholders' Agreement, the Loan Agreement and the Share Charge, which contains, among other things, Proton Capital's advice, opinions and recommendations regarding the terms of the Shareholders' Agreement, the Loan Agreement and the Share Charge, as set out on pages 19 to 31 of the Circular, and the Letter from the Board as set out on pages 5 to 16 of the Circular.

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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Having given due consideration to the reasons relating to the Shareholders' Agreement, the Loan Agreement and the Share Charge and their terms and to the advice and recommendations of Proton Capital stated in its letter of advice dated 30 September 2013:

- (i) we consider (i) the terms of the Shareholders' Agreement to be on normal commercial terms; (ii) the terms of the Shareholders' Agreement to be fair and reasonable so far as the Independent Shareholders are concerned; and (iii) the formation of the Joint Venture to be in the interests of the Company and the Shareholders as a whole and accordingly, we recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the SGM to approve the Shareholders' Agreement and the transactions contemplated thereunder; and
  
- (ii) we consider (i) the terms of the Loan Agreement and the Share Charge to be on normal commercial terms; (ii) the terms of the Loan Agreement and the Share Charge to be fair and reasonable so far as the Independent Shareholders are concerned; and (iii) the Loan Agreement and the Share Charge to be in the interests of the Company and the Shareholders as a whole and accordingly, we recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the SGM to approve the Loan Agreement and the Share Charge and the respective transactions contemplated thereunder.

Yours faithfully,

**Independent Board Committee of**  
**Wanda Commercial Properties (Group) Co., Limited**  
**Mr. Liu Jipeng                      Mr. Xue Yunkui                      Mr. Ba Shusong**  
*Independent Non-executive Directors*

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## LETTER FROM PROTON CAPITAL

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*Set out below is the text of a letter received from Proton Capital, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, regarding the Shareholders' Agreement, the Loan Agreement and the Share Charge for the purpose of inclusion in this Circular.*



Suite 06-07, 28/F.  
Shui On Centre  
6-8 Harbour Road  
Wanchai, Hong Kong

30 September 2013

*To: The independent board committee and the independent shareholders  
of Wanda Commercial Properties (Group) Co., Limited*

Dear Sirs,

**(1) FORMATION OF A JOINT VENTURE AS A SUBSIDIARY  
FOR THE ACQUISITION AND REDEVELOPMENT OF THE PROPERTY  
CONSTITUTING A MAJOR AND CONNECTED TRANSACTION  
AND  
(2) FINANCIAL ASSISTANCE CONSTITUTING A CONNECTED  
TRANSACTION**

### INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Shareholders' Agreement, the Loan Agreement and the Share Charge, details of which are set out in the letter from the Board (the "**Board Letter**") contained in the circular dated 30 September 2013 issued by the Company to the Shareholders (the "**Circular**"), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

On 6 September 2013, the Company and Wanda HK entered into the Shareholders' Agreement, pursuant to which the Company and Wanda HK have agreed to establish the Joint Venture for the purposes of acquiring and owning the Property, re-developing it into a high-end mixed-use hotel, residential, office and retail complex and operating such complex. Pursuant to the Shareholders' Agreement, the JV Company shall be owned by the Company and Wanda HK as to 60% and 40%, respectively, and shall become a subsidiary of the Company at completion of the Shareholders' Agreement.

On the even date, the Company and Wanda HK entered into the Loan Agreement for a £60,000,000 (equivalent to approximately HK\$720 million) loan facility and US\$20,000,000 (equivalent to approximately HK\$155.6 million) loan facility to be provided by Wanda HK to

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## LETTER FROM PROTON CAPITAL

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the Company, which are to be secured by the Share Charge over all the shares held by the Company in the JV Company (representing 60% of the shares in the JV Company).

Wanda HK is a controlling Shareholder and therefore a connected person of the Company. The Shareholders' Agreement would therefore constitute a connected transaction of the Company under the Listing Rules. As the highest ratio exceeds 25% but is less than 100%, the Shareholders' Agreement will also constitute a major transaction of the Company under Chapter 14 of the Listing Rules, and is subject to reporting and announcement requirements and the approval of the Independent Shareholders. The Loan Agreement and the Share Charge will constitute a connected transaction of the Company and be subject to the reporting and announcement requirements and the approval of the Independent Shareholders under Rule 14A.63 of the Listing Rules. The SGM will be held for the purpose of considering and, if thought fit, approving (i) the Shareholders' Agreement; and (ii) the Loan Agreement and the Share Charge. Wanda Overseas and its associates are required to abstain from voting on the resolutions at the SGM.

An Independent Board Committee comprising Mr. Liu Jipeng, Mr. Xue Yunkui and Mr. Ba Shusong (all being independent non-executive Directors) has been formed to advise the Independent Shareholders on (i) whether the terms of each of the Shareholders' Agreement, the Loan Agreement and the Share Charge are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; (ii) whether the transactions contemplated under the Shareholders' Agreement, the Loan Agreement and the Share Charge (the "**Transactions**") are in the interests of the Company and the Shareholders as a whole; and (iii) how the Independent Shareholders should vote in respect of the relevant resolutions to approve the Shareholders' Agreement, the Loan Agreement and the Share Charge and the transactions contemplated thereunder at the SGM. We, Proton Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

### **BASIS OF OUR OPINION**

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations as provided to us by the Directors. We have assumed that all information and representations that have been provided by the Directors, for which they are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its advisers and/or the Directors, which have been provided to us. We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with Rule 13.80 of the Listing Rules.

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## LETTER FROM PROTON CAPITAL

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The Directors have collectively and individually accepted full responsibility for the accuracy of the information contained in the Circular and have confirmed, that having made all reasonable enquiries, which to the best of their knowledge and belief, that the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement in the Circular or the Circular misleading.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Company, DWCP, the Seller, Wanda HK, Wanda Overseas, the Joint Venture or their respective subsidiaries or associated companies, nor have we considered the taxation implication on the Group or the Shareholders as a result of the Shareholders' Agreement, the Loan Agreement and the Share Charge. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including any material change in market and economic conditions) may affect and/or change our opinion and we have no obligation to update this opinion to take into account events occurring after the Latest Practicable Date or to update, revise or reaffirm our opinion. Nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

Lastly, where information in this letter has been extracted from published or otherwise publicly available sources, the sole responsibility of Proton Capital is to ensure that such information has been correctly extracted from the relevant sources.

### **PRINCIPAL FACTORS AND REASONS CONSIDERED**

In arriving at our opinion in respect of each of the Shareholders' Agreement, the Loan Agreement and the Share Charge, we have taken into consideration the following principal factors and reasons:

#### **Information on the Group**

With reference to the Board Letter, the Company is incorporated in Bermuda with limited liability and is listed on the Stock Exchange. It is an investment holding company whose subsidiaries are principally engaged in property development and property management.

On 25 June 2013, the controlling shareholder of the Company was changed to Wanda Overseas upon completion of a sale and purchase agreement dated 20 March 2013 relating to sale of 1,856,341,956 Shares and convertible bonds in principal amount of HK\$209 million issued by the Company by the former controlling shareholder of the Company to Wanda Overseas. On 23 July 2013, after close of the mandatory general offer, Wanda Overseas held 1,856,876,006 Shares, which constituted 65.02% of the total issued shares of the Company. Wanda Overseas is an indirect wholly-owned subsidiary of DWCP.

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**LETTER FROM PROTON CAPITAL**

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Set out below are the financial information of the Group for the six months ended 30 June 2013 and the two financial years ended 31 December 2012 as extracted from the Company's interim report for the six months ended 30 June 2013 (the "2013 Interim Report") and the annual report for the financial year ended 31 December 2012 (the "2012 Annual Report"):

	<b>For the six months ended 30 June 2013</b>	<b>For the year ended 31 December 2012</b>	<b>For the year ended 31 December 2011</b>	<b>Change from 2011 to 2012</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>%</i>
Revenue	1,146,089	2,773,419	–	N/A
– Sales of properties	1,090,925	2,728,045	–	N/A
– Rental income	45,139	43,124	–	N/A
– Property management income	10,025	2,250	–	N/A
Profit for the year/period	210,974	243,363	194,695	25.00
		<b>As at</b>	<b>As at</b>	<b>Change</b>
	<b>As at</b>	<b>31 December</b>	<b>31 December</b>	<b>from</b>
	<b>30 June 2013</b>	<b>2012</b>	<b>2011</b>	<b>2011 to</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>%</i>
Restricted bank deposits	63,175	42,904	349,423	(87.72)
Cash at bank and in hand	40,048	476,641	58,017	721.55
Net assets	1,226,017	795,178	464,088	71.34

We noted from the above table that while the Group did not generate any revenue for the year ended 31 December 2011 and a turnover of approximately HK\$2,773 million was recorded for the year ended 31 December 2012. According to the 2012 Annual Report, such substantial increase was primarily attributable the completion of the Hengli City project in 2012 which generated a turnover of approximately HK\$2,349.3 million for the Group whereas the lease of the commercial podium and other units of the Hengli City allowed the Group to record rental income of approximately HK\$43.1 million for the year ended 31 December 2012 while the Group had only pre-sale its properties in 2011.

With reference to the 2013 Interim Report, the Group's unaudited turnover for the six months ended 30 June 2013 was approximately HK\$1,146 million, representing a decrease of approximately 36.16% as compared to the same period in 2012. The decrease was mainly due to that Hengli City was completed in June 2012 and significant part of the pre-sales of the project since 2009 were recognized in June 2012.



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## LETTER FROM PROTON CAPITAL

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The Group intends to create value by diversifying the business of the Group to countries and regions where the Group considers there to be suitable investment opportunities in the commercial real estate sector in line with the Group's development strategy. The Directors believe that the formation of the Joint Venture will offer an opportunity for the Group to broaden its income sources. The Group will continue to seek investment opportunities, including doing so jointly with the controlling Shareholder, DWCP, with a view to enhancing the Group's profit and maximizing the interest of the Shareholders.

With reference to the Board Letter, the Company has been informed by Wanda Overseas, its controlling shareholder, that while it may from time to time explore opportunities for further joint ventures with the Company and consider acquisition opportunities which may be suitable to the Company, as at the Latest Practicable Date, Wanda Overseas had no intention to inject businesses or assets into the Company. As at the Latest Practicable Date, save and except the Joint Venture, the Group has not identified any suitable investment opportunities.

### **Information on the JV Company and the Property**

With reference to the Board Letter, the business of the JV Company is to acquire and own the Property, redevelop it into a high-end mixed-use hotel, residential, office and retail complex and operate such complex (in each case, by the JV Company and/or through one or more of its subsidiaries).

The Property is located at 1 Nine Elms Lane, London SW8 5NQ, United Kingdom and has a site area of approximately 8,400 square metres and its redevelopment is expected to comprise a gross floor area of approximately 105,000 square metres (in respect of which planning permission has been obtained). Any changes to the approved planning permission (which also covers other matters such as the height of the buildings, use of the land and conditions to the construction work) will be subject to relevant governmental approvals.

As at the Latest Practicable Date, no other material regulatory approvals were expected to be required for the re-development of the Property. Demolition of the existing buildings and structures on the Property is expected to commence in the fourth quarter of 2013.

### **Information on Wanda HK**

With reference to the Board Letter, Wanda HK is an investment holding company incorporated in Hong Kong with limited liability and is wholly-owned by DWCP. DWCP is a company established in the PRC engaged in property development, property letting, property management and investment holding activities.

**(A) THE SHAREHOLDERS' AGREEMENT**

**(1) Background of the Shareholders' Agreement**

On 6 September 2013, the Company and Wanda HK entered into the Shareholders' Agreement, pursuant to which the Company and Wanda HK have agreed to establish the Joint Venture through the JV Company for the purposes of acquiring and owning the Property, redeveloping it into a hotel, residential, office and retail complex comprising a residential portion (which is intended to be held for sale) and hotel, office and retail portions (which are intended to be held for investment), and operating such complex (in each case, by the JV Company and/or through one or more of its subsidiaries). The terms of the Shareholders' Agreement were negotiated between the parties on an arm's length basis.

On 14 June 2013, DWCP entered into the Acquisition Agreement to acquire the Property from the Seller for a consideration of approximately £93 million (equivalent to approximately HK\$1,116 million) (inclusive of tax expenses) (the "**Property Acquisition**"). DWCP has paid a deposit of £8.88 million (equivalent to approximately HK\$106.56 million) in respect of the acquisition and completion is expected to take place on or before 27 October 2013. The consideration for the Property was negotiated between DWCP and the Seller on an arm's length basis. Under the terms of the Acquisition Agreement, DWCP has the right to nominate any of its subsidiaries to be the purchaser of the Property.

The balance of the consideration payable to the Seller at completion of the Acquisition Agreement will be paid by the JV Company and an amount equal to the sum of the deposit and transactions costs paid by DWCP will also be repaid by the JV Company to DWCP at the same time or shortly thereafter. Such payments by the JV Company will be funded by the capital contributions made by the Company and Wanda HK to the JV Company.

*Reasons for the entering into of the Shareholders' Agreement*

With reference to the Board Letter, the Company is an investment holding company whose subsidiaries are principally engaged in property development and property management. As stated in the composite offer and response document issued jointly by Wanda Overseas and the Company on 2 July 2013, Wanda Overseas may consider diversifying the business of the Group with an objective to broaden the Group's income sources should suitable investment or business opportunities arise. The Directors believe that the formation of the Joint Venture will offer an opportunity for the Group to broaden its income sources by expanding into overseas markets. As the Company currently only has one property, Hengli City, the acquisition of the Property by the JV Company, which would become a subsidiary of the Company, would necessarily broaden the Company's income sources.

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## LETTER FROM PROTON CAPITAL

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As mentioned earlier, the Property is located at 1 Nine Elms Lane, London SW8 5NQ, United Kingdom. For our due diligence purpose, we have researched over the Bloomberg regarding the economic environment of the United Kingdom and noted that the gross domestic products (GDP) of the United Kingdom increased approximately 6.9% from approximately £1,462.1 billion in 2008 to approximately £1,562.3 billion in 2012. We also noted from the Bloomberg that the unemployment rate of the United Kingdom was in a decreasing trend. House price level for United Kingdom was in an increasing trend and reached 337.8 in August 2013 as compared to 326.5 in August 2012.

Having taken into account (i) the principal business and future business plan of the Group; (ii) the potential future prospects of the redevelopment of the Property; and (iii) the substantial experience of DWCP in developing and operating commercial property projects, we concur with the Directors that the formation of the Joint Venture is in the interests of the Company and the Shareholders as a whole.

### **(2) Principal terms of the Shareholders' Agreement**

The following table tabulates a summary of the major terms of the Shareholders' Agreement:

#### *Parties*

The Company and Wanda HK

#### *Ownership of the JV Company*

The JV Company will be a company incorporated in Hong Kong owned by the Company and Wanda HK as to 60% and 40%, respectively, at completion of the Shareholders' Agreement. At completion of the Shareholders' Agreement, the Company and Wanda HK will subscribe for and pay for new shares in the JV Company representing 60% and 40%, respectively, of the enlarged share capital of the JV Company at the price of HK\$120,000,000 and HK\$80,000,000, respectively. As the Company will hold 60% of the issued share capital of the JV Company and by virtue of the terms of the Shareholders' Agreement, the JV Company will become a subsidiary of the Company upon completion of the Shareholders' Agreement.

The Company and Wanda HK, as shareholders of the JV Company, will participate in the profits of the JV Company in proportion to their shareholdings in the JV Company. The liability of each shareholder of the JV Company, being a limited liability company, will be limited to the amount payable by that shareholder on its shares in the JV Company in the event of the JV Company's winding-up. This means that the shareholders of the JV Company would, in effect, bear the losses of the JV Company in proportion to their shareholdings in the JV Company subject to such limitation.

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## LETTER FROM PROTON CAPITAL

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Having considered that (i) the respective initial contributions of the Company and Wanda HK (i.e. HK\$120,000,000 and HK\$80,000,000 respectively) towards the JV Company reflect their respective equity interests in the JV Company; and (ii) the Company and Wanda HK, as shareholders of the JV Company, will participate in the profits of the JV Company in proportion to their shareholdings in the JV Company, we are of the view that the respective contributions of the Company and Wanda HK towards the JV Company are fair and reasonable so far as the Independent Shareholders are concerned.

### *Scope of business*

With reference to the Board Letter and as mentioned above, the business of the JV Company is to acquire and own the Property, redevelop it into a high-end mixed-use hotel, residential, office and retail complex and operate such complex (in each case, by the JV Company and/or through one or more of its subsidiaries). Wanda HK has agreed to procure DWCP to nominate a subsidiary of the JV Company (which is a subsidiary of the Company and, since the Company is a subsidiary of DWCP, is also a subsidiary of DWCP) to be the purchaser of the Property. No consideration is payable for such nomination.

### *Board composition*

The Company is entitled to appoint the sole director of the JV Company. The Directors considered that the Company can control the composition of the board of the JV Company with such entitlement.

### *Capital commitment*

The costs of the redevelopment of the Property (including the cost of the acquisition of the Property), which the board of the JV Company may determine from time to time, will be financed by way of equity, shareholder loans and/or loan financing, which may, subject to the cap of HK\$3,000,000,000 in respect of the aggregate of the total capital commitment of the Company described below, be guaranteed by Wanda HK and the Company on a several basis in proportion to their shareholdings in the JV Company. It is intended that the JV Company will seek to obtain third party financing secured by its own assets, including the Property.

The aggregate of the total capital commitment of the Company (whether equity, loan or otherwise and including any contractual commitment to subscribe for capital and any guarantee or indemnity) in relation to the formation of the Joint Venture is not expected to exceed (and could be lower than) HK\$3,000,000,000, which was arrived at after arm's length negotiations between the Company and Wanda HK having regard to the parties' current estimate of the costs of the redevelopment (including the costs of the acquisition of the Property) and including, in the light of the redevelopment being in a very preliminary stage, a buffer. The capital commitment required to be made by the Company from time to time is expected to be funded by (i) the Company's internal resources; (ii) debt financing; and/or (iii) equity financing.

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## LETTER FROM PROTON CAPITAL

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With reference to Appendix I to the Circular, the Directors, after due and careful consideration, are of the opinion that, after taking into account the financial resources available to the Group, including its internally generated funds, the available credit loan facilities and the available shareholder's loans (including the additional shareholder's loans to be raised for the formation of the Joint Venture), the Group has sufficient working capital for its present requirements for at least twelve months from the date of the Circular in the absence of unforeseeable circumstances.

With reference to the Board Letter, while the Company has not been able to secure banking financing of its proposed investment in the Joint Venture in time for the completion of the Acquisition Agreement, the Company intends to continue exploring the possibility of obtaining such bank facilities and/or other debt and/or equity financing for its further investment in the Joint Venture. There is no assurance that the Company would be able to obtain financing on commercially viable terms. The shareholders of the JV Company will agree from time to time the amount of any further capital contributions to the JV Company. In considering this, the Company will take into account its ability to fund any such further capital contributions to the JV Company. Any failure on the part of the Company to fund such further capital contributions might result in changes to the proposed redevelopment of the Property or its timetable. Any failure of the Company to finance its capital commitment to the JV Company on commercially viable terms may have a material adverse effect on the redevelopment of the Property and on the business and financial condition of the JV Company and the Company.

### *Conditions precedent*

Completion of the Shareholders' Agreement shall be conditional upon the Company having obtained (i) the Independent Shareholders' approval of the Shareholders' Agreement and (ii) financing in the amount of £60,000,000 (equivalent to approximately HK\$720 million) and US\$20,000,000 (equivalent to approximately HK\$155.6 million).

Completion of the Shareholders' Agreement is expected to take place on or before 27 October 2013 or such later date as may be agreed between the Company and Wanda HK.

### *Reserved matters*

Matters which shall require the consent of both the Company and Wanda HK were set out in the section headed "Principal terms of the Shareholders' Agreement" in the Board Letter (the "**Reserved Matters Requirements**"). The Directors considered that the Company's interest in the JV Company can be further protected by the Reserved Matters Requirements.

### *Disposal of shares*

Neither shareholder of the JV Company may dispose of its shares in the JV Company without the consent of the other. The Directors considered that such restriction would protect the Company's interest in the JV Company from unexpected introduction of new investor(s) in the JV Company and secure the commitment of Wanda HK in the JV Company.

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## LETTER FROM PROTON CAPITAL

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Further details of the Shareholders' Agreement are set out in the section headed "Principal terms of the Shareholders' Agreement" in the Board Letter.

Having considered the terms of the Shareholders' Agreement as discussed above, in particular:

- (i) the respective initial contributions of the Company and Wanda HK (i.e. HK\$120,000,000 and HK\$80,000,000 respectively) reflect their respective equity interests in the JV Company;
- (ii) the Company and Wanda HK, as shareholders of the JV Company, will participate in the profits of the JV Company in proportion to their shareholdings in the JV Company;
- (iii) the liability of the Company, as a shareholder of the JV Company (being a limited liability company), will be limited to the amount payable by the Company on its shares in the JV Company in the event of the JV Company's winding-up;
- (iv) the Company's entitlement to appoint the sole director of the JV Company which allows the Company to control the composition of the board of the JV Company;
- (v) the aggregate of the total capital commitment of the Company in relation to the formation of the Joint Venture will be capped at HK\$3,000,000,000;
- (vi) the Company's interest in the JV Company can be further protected by the Reserved Matters Requirements; and
- (vii) the restriction on disposal of shares of the JV Company would protect the Company's interest in the JV Company from unexpected introduction of new investor(s) in the JV Company and secure the commitment of Wanda HK in the JV Company,

we are of the view that the terms of the Shareholders' Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

### **(3) Possible financial effects of the Transactions**

As the Company will hold 60% of the issued share capital of the JV Company and by virtue of the terms of the Shareholders' Agreement, the JV Company will become a subsidiary of the Company upon completion of the Shareholders' Agreement and its financial results will be consolidated into the results of the Group.

#### *Effects on net asset value and earnings*

As extracted from the 2013 Interim Report, the consolidated net asset value of the Group was approximately HK\$1,226.0 million as at 30 June 2013. The Transactions of the Joint Venture under the Shareholders' Agreement will have no immediate material impact on the consolidated earnings of the Group as well as the net asset value attributable to equity shareholders of the Company.

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## LETTER FROM PROTON CAPITAL

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### *Effect on gearing*

According to the 2013 Interim Report, the gearing ratio, which is the quotient arrived at by dividing net debts by the aggregate of net debts and total equity, was 30.5% as at 30 June 2013. Since completion of the Shareholders' Agreement shall be conditional upon the Company having obtained, among other things, financing in the amount of £60,000,000 (equivalent to approximately HK\$720 million) and US\$20,000,000 (equivalent to approximately HK\$155.6 million), consolidated assets and liabilities of the Group will increase as a result of the said financing. Hence, the gearing ratio would increase upon the formation of the Joint Venture.

It should be noted that the aforementioned analyses are for illustrative purpose only and does not purport to represent how the financial position of the Group will be upon completion of the Transactions.

### **RECOMMENDATION ON THE SHAREHOLDERS' AGREEMENT**

Having taken into consideration the factors and reasons as stated above, we are of the opinion that (i) the terms of the Shareholders' Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; and (ii) the formation of the Joint Venture is in the ordinary and usual course of business of the Company and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the relevant resolution to be proposed at the SGM to approve the Shareholders' Agreement and the transactions contemplated thereunder and we recommend the Independent Shareholders to vote in favour of the resolution in this regard.

### **(B) FINANCIAL ASSISTANCE FROM A CONNECTED PERSON**

#### **(1) Background and reasons of the Loan Agreement and the Share Charge**

On 6 September, 2013, the Company and Wanda HK entered into the Loan Agreement for a £60,000,000 (equivalent to approximately HK\$720 million) loan facility and a US\$20,000,000 (equivalent to approximately HK\$155.6 million) loan facility (the "**Loan Facilities**") to be provided by Wanda HK to the Company, which are to be secured by the Share Charge over all the shares held by the Company in the JV Company (representing 60% of the shares in the JV Company). The Loan Agreement and the Share Charge are subject to the Independent Shareholders' approval.

The Loan Facilities under the Loan Agreement are intended to fund the Company's capital commitments to the JV Company.

#### **(2) Financing alternatives available to the Group**

Upon our enquiry with the Directors regarding the financing alternatives available to the Group, we understand that apart from the issue of the Loan Agreement, the Directors have also considered other fund raising alternatives for the Group, including both debt and equity financing. In relation to debt financing, the Directors advised us that in the light of the lack of qualified assets to be pledged for bank borrowings, the Company was unable to obtain bank borrowings with amount comparable to the Loan Facilities from commercial banks and/or financial institutions.

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## LETTER FROM PROTON CAPITAL

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With regard to equity financing, the Directors are of the view that any placing exercise, which deprives the rights of the Shareholders to participate in, would cause dilution effect to the shareholding interests of the existing Shareholders in the Company, and hence would not be in the interest of the Shareholders. Furthermore, the Directors advised us that although both open offer and rights issue would allow the Shareholders to maintain their pro-rata shareholdings in the Company, such fund raising activities (i) require the Company to procure commercial underwriting; and (ii) in general, are relatively time-consuming (which may not cater the funding needs of the JV Company to acquire the Property before 27 October 2013). Given the above, we concur with the Directors that entering into the Loan Agreement is the most appropriate fund raising method currently available to the Group.

### (3) Principal terms of the Loan Agreement and the Share Charge

The Loan Facilities to be provided by Wanda HK to the Company are amounted to £60,000,000 (equivalent to approximately HK\$720 million) and US\$20,000,000 (equivalent to approximately HK\$155.6 million) respectively. The Loan Facilities will be secured by the Share Charge over all the shares held by the Company in the JV Company (representing 60% of the shares in the JV Company).

Interest will accrue on the loan under the Loan Agreement at a rate per annum equal to six month LIBOR plus 5%. Accrued interest is payable at six month intervals. The loan is repayable on the third anniversary of the date of the drawdown of the loan. The Company has the right to prepay the loan without any prepayment fee. Under the terms of the Loan Agreement, an event of default occurs where (i) the Company fails to pay any sums due under the Loan Agreement; or (ii) an insolvency event occurs in respect of the Company. If an event of default occurs, Wanda HK may (i) notify the Company that all sums due under the Loan Agreement (including any accrued interest and default interest (which accrues at the rate per annum equal to 1% plus the normal interest rate)) to be immediately due and payable; and/or (ii) terminate the facility under the Loan Agreement. The terms of the Loan Agreement (including the interest rate) and the Share Charge were negotiated between the parties on an arm's length basis.

For our due diligence purpose, we have further enquired into the Directors regarding the basis for determining the interest rate for the loan under the Loan Agreement. As advised by the Directors and based on our understanding, it is a common practice for commercial banks to charge interest at a rate with reference to the LIBOR, on corporate loans. In addition, we found that according to the statistics from Bloomberg, the six-month LIBOR for (i) £ ranged from approximately 0.58% to approximately 0.92% per annum; and (ii) US\$ ranged from approximately 0.39% to approximately 0.69% per annum, from 7 September 2012 to 6 September 2013. Based on the above, the interest rate for the Loan Facilities for £ and US\$ would range from approximately 5.58% to approximately 5.92% and approximately 5.39% to approximately 5.69% respectively (the “**Indicated Interest Rate(s)**”).



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## LETTER FROM PROTON CAPITAL

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With reference to the 2013 Interim Report, during the period, the Group had interest-bearing borrowings from financial institutions and related parties and accordingly, the Group's cost of borrowing was affected by changes in interest rates. As at 30 June 2013, borrowings of HK\$62.1 million were on a floating rate basis. As advised by the Directors, the interest rate for the interest-bearing borrowings (on a fixed interest rate basis) from commercial banks or financial institutions and related parties ranged from approximately 5.85% per annum to approximately 18% per annum (the "**Range**"), during the 18 months ended 30 June 2013. We further noted from the 2013 Interim Report that an existing loan provided by an entity controlled by Mr. Chen Chang Wei, a non-executive Director, to the Group, bears interest at 15% per annum (the "**Existing CP Borrowing Rate**"). Accordingly, the highest Indicated Interest Rate are within the Range and much below the Existing CP Borrowing Rate.

Given that the Loan Facilities are intended to fund the Company's capital commitments to the JV Company and the JV Company is yet to generate any revenue, we are of the view that the Share Charge is acceptable.

In the light of the above, we concur with the Directors that the terms of the Loan Agreement and the Share Charge are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

### **RECOMMENDATION ON THE LOAN AGREEMENT AND THE SHARE CHARGE**

Having taken into consideration the factors and reasons as stated above, we are of the opinion that (i) the terms of the Loan Agreement and the Share Charge are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; and (ii) the Loan Agreement and the Share Charge are in the ordinary and usual course of business of the Company and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the relevant resolution to be proposed at the SGM to approve the Loan Agreement and the Share Charge and the transactions contemplated thereunder and we recommend the Independent Shareholders to vote in favour of the resolution in this regard.

Yours faithfully,  
For and on behalf of  
**Proton Capital Limited**  
**Frankie Yan**

*Deputy Managing Director – Corporate Finance*

## 1. FINANCIAL INFORMATION OF THE GROUP

Financial information of the Group for each of the three years ended 31 December 2010, 2011 and 2012 and for the six months ended 30 June 2013 was disclosed in the annual reports of the Company for the years ended 31 December 2010 (pages 30 to 100), 2011 (pages 30 to 106) and 2012 (pages 33 to 105) and the interim report of the Company for the six months ended 30 June 2013 (pages 16 to 40), respectively, all of which can be found on the websites of the Stock Exchange (<http://www.hkex.com.hk>) and the Company (<http://www.wanda-cp.com.hk>).

## 2. INDEBTEDNESS STATEMENT

### **Borrowings**

At the close of business on 31 July 2013, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this circular, the Group had outstanding secured bank borrowings of approximately HK\$68.3 million.

As at 31 July 2013, the Group had outstanding borrowings from a company controlled by Mr. Chen of approximately RMB200.4 million. Such borrowings are unsecured and bear interest at a rate of 15% per annum.

### **Convertible Bonds**

At the close of business on 31 July 2013, the Group had outstanding Convertible Bonds in the principal amount of HK\$321 million with carrying value of approximately HK\$227.5 million. The Convertible Bonds were issued on 21 January 2008 with the right to be converted into Shares from 21 January 2008 to 20 January 2018. The conversion price as at 31 July 2013 was HK\$0.334 per Share.

### **Contingent liabilities**

As at 31 July 2013, the Group had provided guarantees of approximately RMB357.1 million to banks in favour of its customers in respect of mortgaged loans provided by the banks to these customers for their purchase of the Group's properties. Each of these guarantees will be released upon the bank's receipt of the real estate ownership certificate for the property as security for the loan.

Save as disclosed above and the Loan Agreement and the Share Charge and apart from intra-group liabilities, the Group did not have any outstanding mortgages, charges, debt securities, term loans and overdrafts, hire purchase commitments, liabilities under acceptances (other than normal trade bills) or acceptance credits, other borrowings or indebtedness in the nature of borrowings or any guarantees or other material contingent liabilities as at the close of business on 31 July 2013.

**3. WORKING CAPITAL**

The Directors, after due and careful consideration, are of the opinion that, after taking into account the financial resources available to the Group, including its internally generated funds, the available credit loan facilities and the available shareholder's loans (including the additional shareholder's loans to be raised for the formation of the Joint Venture), the Group has sufficient working capital for its present requirements for at least twelve months from the date of this Circular in the absence of unforeseeable circumstances.

**4. NO MATERIAL ADVERSE CHANGE**

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2012, being the date to which the latest published audited consolidated financial statements of the Group were made up.

**5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP**

The Company is an investment holding company whose subsidiaries are principally engaged in property development and property management. The Group intends to create value by diversifying the business of the Group to countries and regions where the Group considers there to be suitable investment opportunities in the commercial real estate sector in line with the Group's development strategy. In considering investment opportunities in the commercial real estate sector, the Group will take into account various factors including, among others, site location, market prospects, governmental restrictions and profit potentials. The Directors believe that the formation of the Joint Venture will offer an opportunity for the Group to broaden its income sources. The Group will continue to seek investment opportunities, including doing so jointly with the controlling shareholder of the Company, DWCP, with a view to enhancing the Group's profit and maximizing the interest of the Shareholders. As at the Latest Practicable Date, save and except the Joint Venture, the Group has not identified any suitable investment opportunities.

*The following is the text of a letter, summary of values and a valuation certificate, prepared for the purpose of incorporation in this circular received from Cushman & Wakefield Valuation Advisory Services (HK) Limited, an independent valuer, in connection with its valuation as at 31 July 2013 of the Property.*

30 September 2013

**Cushman & Wakefield Valuation Advisory Services (HK) Limited**



9/F St George's Building  
2 Ice House Street, Central, Hong Kong  
Tel: (852) 2956 3888  
Fax:(852) 2956 2323

[www.cushmanwakefield.com](http://www.cushmanwakefield.com)

The Board of Directors  
Wanda Commercial Properties (Group) Co., Limited  
Unit 3007, 30th Floor  
Two Exchange Square  
8 Connaught Place  
Central  
Hong Kong

Dear Sirs,

**Preliminary**

In accordance with your instruction to value the property located at 1 Nine Elms Lane, London SW8 5NQ, United Kingdom (the “**Property**”) to be acquired by Wanda Commercial Properties (Group) Co., Limited (the “**Company**”) and its subsidiaries (hereinafter together referred to as the “**Group**”). We confirm that we have carried out physical inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the property interests as at 31 July 2013 (the “**Valuation Date**”).

**Basis of Valuation**

Our valuation of the property interests represents the “market value” which we would define as intended to mean “the estimated amount for which an asset or liability should exchange on the Valuation Date between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

The valuation has been prepared in accordance with the requirements set out in Chapter 5 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited; the International Valuation Standards (2011) published by the International Valuation Standards Council and effective from 1 June 2011.

**Valuation  
Assumptions**

Our valuation has been made on the assumption that the seller sells the property interests in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the values of the property interests.

As the Property is held under a freehold interest, we have assumed that the owner has free and uninterrupted rights to use the Property.

No allowance has been made in our report for any charges, mortgages or amounts owing on the property interests valued nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the Property is free from encumbrances, restrictions and outgoings of an onerous nature, which could affect its value.

We have not carried out detailed site measurement to verify the correctness of the site area in respect of the Property but have assumed that the site area shown on the documents and/or official plans handed to us by Dalian Wanda Commercial Properties Co., Ltd. (“**DWCP**”) are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.

We have reviewed an Environmental Audit report provided. Therefore, we understand it is not yet clear if the subject site is clear from contamination. We have undertaken the valuation on the basis that the site is free from contamination and that there is no potential threat from past or present uses. Should it subsequently be established that contamination exists, we reserve the right to review our valuation accordingly.

In providing our opinion of the 60% interest attributable to the Group, we have assumed that this represents the Company’s shareholding in the special purpose vehicle that holds 100% of the legal interest in the Property and that the interest in the property attributable to each shareholder of the special purpose vehicle is the same as its percentage shareholding in the special purpose vehicle.

**Site Inspection**

We have inspected the Property. We are unaware of any adverse ground conditions affecting the Property and have not had sight of a ground and soil survey. We have not carried out investigations on site to determine the suitability of the ground conditions and services etc. for any future development (if any). Our valuations are prepared on the assumption that these aspects are satisfactory and that no extraordinary expenses or delays will be incurred during the construction period.

**Valuation  
Methodologies**

We have valued the property interests by the Residual Approach assuming sale of the property interests in their existing state with the benefit of immediate vacant possession, save for 3 tenancies and a licence where we have made an allowance for potential compensation to these tenants and licensee. We arrived at the sale values of the proposed development upon completion by Direct Comparison Approach and to arrive at the Gross Development Value (“GDV”).

It is practically impossible to value most development properties on a straightforward comparison basis, due to their highly individual characteristics. We have therefore used the residual valuation approach. This approach assumes the property’s capital value equates to the end value of the property once developed, less the costs of realisation (which includes site assembly and purchase, demolition, build costs, professional fees, planning, finance and marketing costs and developer’s profit).

To form an opinion of residual “land value” we have had to make certain assumptions for the input variables. We consider these assumptions are appropriate and reasonable, but they cannot be guaranteed. You should therefore satisfy yourself that our assumptions are appropriate and consistent with your own knowledge of the actual costs and input variables. If there is any difference, you should inform us as the value reported is only valid within the context of the assumptions that we have adopted.

You should also be aware that the residual value is highly sensitive to even small movements in the input variables. Accordingly, the result must be treated with caution, as a small correction to even a single input could have a disproportionately adverse effect on the outcome.

**Source of Information**

We have relied to a very considerable extent on the information given by DWCP and have accepted advice given to us on such matters as tenure, planning approvals, the proposed development scheme, estimated development costs, easements, particulars of occupancy, identification of the Property and all other relevant matters.

We have had no reason to doubt the truth and accuracy of the information provided to us by DWCP. We have also sought confirmation from DWCP that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view, and we have no reason to suspect that any material information has been withheld.

**Title Investigations**

We have been, in some instances, provided by DWCP with extracts of the title documents including site boundaries relating to the property interests, and have made relevant enquiries. However, we have not searched the original documents to verify the existing title to the property interests and any material encumbrances that might be attached to the Property.

**Currency & Exchange Rate**

Unless otherwise stated, all monetary sums stated in this report are in British Pound (“**GBP**”). The exchange rate adopted in our valuations is approximately GBP1=HKD11.868 which was approximately the prevailing exchange rate as at the Valuation Date.

Our valuations are summarized below and the valuation certificates are attached.

Yours faithfully,  
for and on behalf of

**Cushman & Wakefield Valuation Advisory Services (HK) Limited**

**Vincent K. C. Cheung**

*RICS Registered Valuer*

*Registered Professional Surveyor (GP)*

*BSc(Hons) MBA MRICS MHKIS*

*National Director, Valuation & Advisory, Greater China*

*Note:* Mr. Vincent K. C. Cheung holds a Master of Business Administration and he is a Registered Professional Surveyor with 16 years’ experience in real estate industry and assets valuations sector. His experience on valuations covers Hong Kong, Macau, Taiwan, South Korea, Mainland China, Vietnam, Cambodia and other overseas countries. Mr. Cheung is a member of The Royal Institution of Chartered Surveyors and a member of the Hong Kong Institute of Surveyors. Mr. Cheung is one of the valuers on the “list of property valuers for undertaking valuation for incorporation or reference in listing particulars and circulars and valuations in connection with takeovers and mergers” as well as a Registered Business Valuer of the Hong Kong Business Valuation Forum.

## SUMMARY OF VALUE

## PROPERTY INTERESTS TO BE ACQUIRED BY THE GROUP FOR FUTURE DEVELOPMENT IN UK

<b>Property</b>	<b>Market Value in existing state as at 31 July 2013 GBP</b>	<b>Interest to be attributable to the Group post-acquisition</b>	<b>Market Value in existing state as at 31 July 2013 to be attributable to the Group post-acquisition GBP</b>
1 Nine Elms Lane, London SW8 5NQ, UK	113,500,000	60%	68,100,000
<b>Total:</b>	<b><u>113,500,000</u></b>		<b><u>68,100,000</u></b>



## VALUATION CERTIFICATE

## PROPERTY INTERESTS TO BE ACQUIRED BY THE GROUP FOR FUTURE DEVELOPMENT IN UK

## 1 NINE ELMS LANE, LONDON SW8 5NQ, UK

Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 July 2013 <i>GBP</i>
1 Nine Elms Lane, London SW8 5NQ, UK	The Property comprises a parcel of triangular land with a total site area of approximately 0.84 ha (i.e. 2.08 acres) which various office/ commercial buildings and ancillary structures, which were completed in 1970's, are erected thereon. The existing buildings are to be demolished as part of the development.  The Property is held under a freehold interest.	The Property is currently mainly vacant. It is subject to certain leases and a licence. (Please refer to Note No. 6 for the tenancy and licence details.)	113,500,000 <i>(ONE HUNDRED AND THIRTEEN MILLION FIVE HUNDRED THOUSAND)</i>  60% interest to be attributable to the Group post-acquisition: 68,100,000

*Notes:*

1. The valuation of the Property was prepared by Vincent K. C. Cheung in collaboration with Mr. Rupert Dodson, Mr. Andrew Johnston and Ms. Ksenia Pane. Mr. Rupert Dodson is a Fellow of The Royal Institution of Chartered Surveyors ("RICS"), with 35 years' experience in real estate industry and assets valuations sector. His experience on valuations covers all property asset classes. Mr. Andrew Johnston is a Member of RICS, with 13 years' experience in real estate valuations. Ms. Ksenia Pane is a Member of RICS, with 1 year's experience in real estate valuations.
2. The Property was inspected by Mr. Andrew Johnston and Ms. Ksenia Pane on 6 June 2013 and 31 July 2013 respectively.

3. The general description and market information of the Property is summarised as below:

Location	:	<p>The Property is situated in the London Borough of Wandsworth, which lies on the south side of the River Thames. The Property lies on the edge of the administrative boundary of the London Borough of Lambeth, which is located at the intersection of Nine Elms Lane and Wandsworth Road.</p> <p>Opposite to the North of the Property is a 50-storey tower, namely St George's Tower, which is scheduled to be completed in 2014. The New Covent Garden Flower Market is located on the South of the Property. We understand that this market is subject to an application of redevelopment as a proposed new mixed-use project comprising of residential, office and retail.</p> <p>On the East side of the Property is another mixed-use development site, namely Vauxhall Square, which will include residential, office, hotel and other ancillary facilities upon completion.</p> <p>The River Thames is located on the West of the Property across Nine Elms Lane.</p>
Transportation	:	<p>Vauxhall underground and railway station is located near the Property. Vauxhall is one of the major transportation hubs in London. The public bus services, underground, train and taxi are available in the locality, which connect the Property with other destinations of London.</p>
Nature of Surrounding Area	:	<p>The subject area is predominately a residential area, where several residential developments such as St George's Tower are situated near the Property.</p>
Distance from the Central Business District	:	<p>It is about 12 minutes' driving distance from the City of London and about 21 minutes' driving distance from Canary Wharf.</p>
Market yield in the vicinity	:	<p>Office: about 7% Prime retail: about 7%</p>
Market price in the vicinity	:	<p>Residential: GBP1,300 – 1,500 per square foot (average)</p>
Market rental in the vicinity	:	<p>Office: GBP35 per square foot per annum (average) Retail: GBP25 per square foot per annum (average)</p>

4. The registered owner of the Property is Kish Six Limited, a company incorporated in the Isle of Man.

5. The Property falls at the spearhead of the Nine Elms Opportunity Area where high density mixed use development is encouraged and we are not aware of any restrictions which may impact upon value.

6. As per information provided by DWCP, various portions of the existing buildings are subject to various tenancies and a licence. The tenancy and licence details are listed below:

Tenant/Licensee	Date of Agreement	Premises	Start Date	Expiry Date	Monthly Rent/ Licence Fee
Sevan Caterers (Vauxhall) Limited	12 November 1980	Restaurant and stores on Podium and Ground Floors, Market Towers	29 September 1975	29 September 2020	Nil
Sevan Caterers (Vauxhall) Limited	17 October 1994	Basement Floor and a portion of Ground Floor, Market Towers	17 October 1994	29 September 2020	Nil
The Photographic Angle	21 December 2012	Mezzanine, 1st to 19th and 21st Floors, Market Towers	21 December 2012	3 May 2016	Nil
JC Decaux UK Limited*	12 September 2012	The advertising hoardings at Market Towers	16 April 2012	15 April 2015	GBP7,000 excluding Value Added Tax ("VAT") from 16 April 2013 to 15 April 2014 and GBP7,333 excluding VAT from 16 April 2014 to 15 April 2015

\* *Licensee*

We understand from DWCP that the licence in respect of advertising hoardings at Market Towers is expected to remain on the Property throughout the demolition and at the beginning of the construction process and that the licence is expected to be terminated before its expiry.

7. Pursuant to a planning permission granted on 30 October 2012 by London Borough of Wandsworth, demolition of the existing buildings and structures and erection of two new buildings of 58 storeys (up to 200m above ground) and 43 storeys (up to 161m above ground) high to include the following uses were permitted and the details are shown as below:

Permitted Use	Remarks
Residential	491 units
Retail	Classes A1-A4
Office	Class B1
Hotel	Class C1
Public open spaces	N/A
Vehicular access and reconfigured vehicular access routes	N/A
Car, cycle and motorcycle parking spaces	N/A
Servicing and energy centre	Within a 2-level basement
Landscaping area	N/A
Excavation works	N/A
Other associated works	N/A

8. As per information provided by DWCP, the proposed development scheme of the Property is listed below:

<b>Proposed Use</b>	<b>Net Saleable Area (square feet)</b>	<b>Gross Internal Area (square feet)</b>
Private Residential	475,080	680,951
Offices	71,129	109,918
Hotel	97,081	112,968
Retail/Leisure	12,454	21,983
Amenity Space	18,902	26,133
Affordable Housing	36,716	56,421
Basement	7,279	121,956
<b>Total</b>	<b>718,641</b>	<b>1,130,330</b>

9. The market value of the Property assuming completion of the proposed development as at the Valuation Date (i.e. GDV) is GBP782,910,000.
10. We have been advised that the compensation payable by the lessor to the existing tenant, Sevan Caterers (Vauxhall) Limited, for a surrender of the tenancy would be GBP4,000,000 plus VAT and Stamp Duty Land Tax under the Agreement for Surrender and Valuation dated 6 August 2012. We understand that DWCP intends to nominate a joint venture company between it and the Company (the "JV Company") to acquire the Property and that accordingly the compensation payable to the existing tenant will be borne by the JV Company as owner of the Property. In the course of our valuation, we have considered this compensation. The Photographic Angle lease can be terminated by either party or 10 days' prior written notice with nil payment.
11. Pursuant to the valuation report dated 17 June 2013 for 1 Nine Elms Lane, London SW8 5NQ, UK issued by Cushman & Wakefield LLP, the market value of the Property was GBP113,500,000 as at 17 June 2013.

## 1. RESPONSIBILITY STATEMENT

This Circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this Circular misleading.

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

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

### Interests in the shares and underlying shares of the Company

Name of Director	Long position/ short position	Capacity/ Nature of interest	Interest in shares and underlying shares of the Company	Approximate percentage of the issued share capital of the Company
Mr. Chen Chang Wei	Long	Beneficial owner and held by controlled corporation (Note 1)	228,815,562	8.01%
	Long	Interest of spouse (Notes 1 and 2)	12,346,000	0.43%
	Long	Beneficial owner (Note 3)	287,425,149	10.06%
	Long	Interest of spouse (Notes 2 and 4)	14,970,059	0.52%

**Interests in Convertible Bonds**

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

**Interests in shares of DWCP *(Note 5)***

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

**Interest in shares of Amazing Wise Limited *(Note 6)***

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

*Notes:*

- (1) As at the Latest Practicable Date, Mr. Chen was deemed to have a long position of 241,161,562 Shares, of which (i) 14,894,000 Shares were beneficially and legally owned by him, (ii) 157,106,000 Shares were held on trust for him by Ever Good Luck Limited (“**Ever Good**”), (iii) 56,815,562 Shares were beneficially owned by Ever Good, and (iv) 12,346,000 Shares were held by his spouse, Ms. Chan Sheung Ni, as beneficial owner.
- (2) Ms. Chan Sheung Ni is the spouse of Mr. Chen.
- (3) This represents Mr. Chen’s interest in underlying shares of the Company by virtue of the Convertible Bonds held by him. As at the Latest Practicable Date, Mr. Chen held Convertible Bonds of an outstanding principal amount of HK\$96,000,000 which were convertible into Shares at the price of HK\$0.334 per Share.
- (4) This represents Mr. Chen’s deemed interest in underlying shares of the Company by virtue of the Convertible Bonds held by his spouse, Ms. Chan Sheung Ni. As at the Latest Practicable Date, Ms. Chan Sheung Ni held Convertible Bonds of an outstanding principal amount of HK\$5,000,000 which were convertible into Shares at the price of HK\$0.334 per Share.
- (5) DWCP, being an indirect holding company of the Company, is an associated company of the Company under Part XV of the SFO.
- (6) Amazing Wise Limited, being a subsidiary of the Company, is an associated company of the Company under Part XV of the SFO.
- (7) As at the Latest Practicable Date, the 47 shares in Amazing Wise Limited was held by Zhizun Holdings Limited, which was wholly owned by Mr. Chen.

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

### 3. SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at the Latest Practicable Date, so far as was known to the Company, the following persons (other than the Directors and chief executive of the Company) had interests or short positions in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group were as follows:

<b>Name</b>	<b>Long position/ short position</b>	<b>Capacity/ Nature of interest</b>	<b>Interest in shares and underlying shares of the Company</b>	<b>Approximate percentage of the issued share capital of the Company</b>
Wanda Overseas	Long	Beneficial owner	1,856,876,006	65.02%
	Long	Beneficial owner (Note 1)	625,748,502	21.91%
Wanda Real Estate Investments Limited* (萬達地產投資 有限公司)	Long	Interest in controlled corporation (Note 2)	1,856,876,006	65.02%
	Long	Interest in controlled corporation (Note 2)	625,748,502	21.91%
Wanda HK	Long	Interest in controlled corporation (Note 3)	1,856,876,006	65.02%
	Long	Interest in controlled corporation (Note 3)	625,748,502	21.91%



<b>Name</b>	<b>Long position/ short position</b>	<b>Capacity/ Nature of interest</b>	<b>Interest in shares and underlying shares of the Company</b>	<b>Approximate percentage of the issued share capital of the Company</b>
DWCP	Long	Interest in controlled corporation (Note 4)	1,856,876,006	65.02%
	Long	Interest in controlled corporation (Note 4)	625,748,502	21.91%
Dalian Wanda	Long	Interest in controlled corporation (Note 5)	1,856,876,006	65.02%
	Long	Interest in controlled corporation (Note 5)	625,748,502	21.91%
Dalian Hexing	Long	Interest in controlled corporation (Note 6)	1,856,876,006	65.02%
	Long	Interest in controlled corporation (Note 6)	625,748,502	21.91%
Mr. Wang Jianlin	Long	Interest in controlled corporation (Note 7)	1,856,876,006	65.02%
	Long	Interest in controlled corporation (Note 7)	625,748,502	21.91%

Name	Long position/ short position	Capacity/ Nature of interest	Interest in shares and underlying shares of the Company	Approximate percentage of the issued share capital of the Company
Ms. Chan Sheung Ni	Long	Beneficial owner	12,346,000	0.43%
	Long	Interest of spouse (Note 8)	228,815,562	8.01%
	Long	Interest of spouse (Note 12)	287,425,149	10.06%
	Long	Beneficial owner (Note 11)	14,970,059	0.52%
Ever Good Luck Limited (Note 9)	Long	Beneficial owner	56,815,562	1.99%
	Long	Trustee	157,106,000	5.50%
Glories Structure Limited (Note 10)	Long	Beneficial owner	170,000,000	5.95%
Mr. Wu Huishun	Long	Interest in controlled corporation (Note 13)	170,000,000	5.95%

## Notes:

- (1) This represents Wanda Overseas' interest in underlying shares of the Company by virtue of the Convertible Bonds held by Wanda Overseas. As at the Latest Practicable Date, Wanda Overseas held Convertible Bonds of an outstanding principal amount of HK\$209,000,000 which were convertible into Shares at the price of HK\$0.334 per Share.
- (2) Wanda Real Estate Investments Limited\* (萬達地產投資有限公司) holds more than one-third of the issued shares of Wanda Overseas and is therefore deemed to have an interest in the shares and underlying shares of the Company in which Wanda Overseas is interested.
- (3) Wanda HK holds more than one-third of the issued shares of Wanda Real Estate Investments Limited\* (萬達地產投資有限公司) and is therefore deemed to have an interest in the shares and underlying shares of the Company in which Wanda Real Estate Investments Limited\* (萬達地產投資有限公司) is deemed to be interested.
- (4) DWCP holds more than one-third of the issued shares of Wanda HK and is therefore deemed to have an interest in the shares and underlying shares of the Company in which Wanda HK is deemed to be interested. Mr. Ding Benxi, being a non-executive Director and the chairman of the Board, is the chairman of DWCP. Mr.

- Qi Jie, being a non-executive Director, is a director and the chief executive officer of DWCP. Mr. Qu Dejun, being a non-executive Director, is a director and a senior vice president of DWCP. Mr. Liu Jipeng, Mr. Xue Yunkui and Mr. Ba Shusong, each being an independent non-executive Director, are independent directors of DWCP.
- (5) Dalian Wanda holds more than one-third of the issued shares of DWCP and is therefore deemed to have an interest in the shares and underlying shares of the Company in which DWCP is deemed to be interested. Mr. Ding Benxi, being a non-executive Director, is an executive director and president of Dalian Wanda. Mr. Liu Chaohui, being an executive Director, is a general manager of the investment management centre in Dalian Wanda.
  - (6) Dalian Hexing holds more than one-third of the issued shares of Dalian Wanda and is therefore deemed to have an interest in the shares and underlying shares of the Company in which Dalian Wanda is deemed to be interested.
  - (7) Mr. Wang Jianlin holds more than one-third of the issued shares of Dalian Hexing and is therefore deemed to have an interest in the shares and underlying shares of the Company in which Dalian Hexing is deemed to be interested.
  - (8) Ms. Chan Sheung Ni is the spouse of Mr. Chen. Ms. Chan Sheung Ni is therefore deemed to have an interest in the shares of the Company in which Mr. Chen is interested.
  - (9) The entire issued share capital of Ever Good Luck Limited is ultimately owned by Mr. Chen and Mr. Chen is the sole director of Ever Good Luck Limited. See note (1) in the section headed “Directors’ and Chief Executive’s Interests and Short Positions in Shares, Underlying Shares and Debentures” in this Appendix III.
  - (10) Glories Structure Limited is a company incorporated in the BVI.
  - (11) This represents Ms. Chan Sheung Ni’s interest in underlying shares of the Company by virtue of the Convertible Bonds held by her. As at the Latest Practicable Date, Ms. Chan Sheung Ni held Convertible Bonds of an outstanding principal amount of HK\$5,000,000 which were convertible into Shares at the price of HK\$0.334 per Share.
  - (12) This represents Ms. Chan Sheung Ni’s interest in underlying shares of the Company by virtue of the Convertible Bonds held by her spouse, Mr. Chen. As at the Latest Practicable Date, Mr. Chen held Convertible Bonds of an outstanding principal amount of HK\$96,000,000 which were convertible into Shares at the price of HK\$0.334 per Share.
  - (13) According to the filing in relation to Mr. Wu Huishun made under Part XV of the SFO, Mr. Wu Huishun exercises control as to 100% of the voting rights of Glories Structure Limited and is therefore deemed to have an interest in the shares of the Company in which Glories Structure Limited is interested.

\* *For identification purposes only.*

#### 4. DIRECTORS’ INTERESTS IN ASSETS

On 20 March 2013, the Company entered into a sale and purchase agreement (the “**Disposal Agreement**”) with Mr. Chen and two companies wholly owned by him, being Zhizun Holdings Limited (“**Zhizun**”) and Onu Holdings Limited (“**Onu**”), for (1) the Company’s sale to Zhizun of 47% of the issued share capital of Amazing Wise Limited (“**Amazing Wise**”) at HK\$587,811,263.59; (2) the Company’s sale to Onu of the entire issued share capital of each of Flying Hope Investments Limited, Brilliant Hope Investments Limited, Sparkling Hope Investments Limited and Hengli Capital Management Limited at HK\$324,567,124.04; and (3) the Company’s sale to Onu of the

loans in the aggregate principal amount of HK\$399,163,591.79 owed by Flying Hope Investments Limited, Brilliant Hope Investments Limited, Sparkling Hope Investments Limited and Hengli Capital Management Limited and their respective subsidiaries to the Company at HK\$399,163,591.79. The principal terms of the Disposal Agreement were disclosed in the circular issued by the Company on 24 May 2013. Completion of the Disposal Agreement took place on 25 June 2013.

Save as disclosed in this Circular, as at the Latest Practicable Date, none of the Directors, directly or indirectly, had any interest in any assets which had since 31 December 2012 (being the date to which the latest published audited financial statements of the Group were made up) been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

## 5. DIRECTORS' INTERESTS IN CONTRACTS

The Company and a company controlled by Mr. Chen have entered into loan agreements pursuant to which the company controlled by Mr. Chen has provided loan facilities to the Group. As at the Latest Practicable Date, the Group had outstanding borrowings from the company controlled by Mr. Chen of approximately RMB200.4 million. Such borrowings are secured and bear interest at the rate of 15% per annum.

Saved as disclosed in this Circular, as at the Latest Practicable Date, there was no contract or arrangement subsisting in which any Director was materially interested, directly or indirectly, and which was significant in relation to the business of the Group.

## 6. MATERIAL CONTRACTS

The following contracts, not being contracts entered into in the ordinary course of business of the Group, were entered into by members of the Group within the two years immediately preceding the date of this Circular and up to the Latest Practicable Date and are or may be material:

- (a) On 21 November 2011, the Company entered into a sale and purchase agreement with Mr. Chen pursuant to which the Company agreed to purchase, and Mr. Chen agreed to sell, Convertible Bonds in the principal amount of HK\$356,000,000. The consideration of HK\$356,000,000 was partially settled by setting off the amount owed by the Company to Mr. Chen in a principal amount of RMB289,329,962 with the remainder of the consideration settled by cash. The sale and purchase of the Convertible Bonds was completed on 31 December 2011.
- (b) On 20 March 2013, the Company entered into the Disposal Agreement. Information on the Disposal Agreement is set out in the paragraphs headed "Directors' interests in assets" in this Appendix III.
- (c) On 20 March 2013, the Company entered into a shareholders' agreement in relation to Amazing Wise (the "**Amazing Wise Shareholders' Agreement**") with Zhizun,

Mr. Chen and Amazing Wise. The principal terms of the Amazing Wise Shareholders' Agreement were set out in the circular issued by the Company on 24 May 2013. The Amazing Wise Shareholders' Agreement took effect upon completion of the Disposal Agreement.

## 7. LITIGATION

As at the Latest Practicable Date, none of the members of the Group was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened by or against any member of the Group.

## 8. EXPERTS AND CONSENT

The following are the qualifications of the experts who have given opinion or advice contained in this Circular:

<b>Name</b>	<b>Qualification</b>
Cushman & Wakefield Valuation Advisory Services (HK) Limited	Independent property valuer
Proton Capital	A licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO.

Each of Cushman & Wakefield Valuation Advisory Services (HK) Limited and Proton Capital has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its report or letter (as the case may be) and references to its name in the form and context in which they respectively appear.

As at the Latest Practicable Date, each of Cushman & Wakefield Valuation Advisory Services (HK) Limited and Proton Capital was not interested in any shares in the Company or any member of the Group, nor did it have any right or option (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for any shares in the Company or any member of the Group.

As at the Last Practicable Date, neither Cushman & Wakefield Valuation Advisory Services (HK) Limited nor Proton Capital had any interest, direct or indirect, in any assets which have been, since 31 December 2012 (being the date to which the latest published audited accounts of the Group were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

**9. SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors had entered into, or proposed to enter into, a service contract with the Company or any member of the Group which does not expire or is not determinable by the Company or such member of the Group within one year without payment of compensation (other than statutory compensation).

**10. DIRECTORS' INTERESTS IN COMPETING BUSINESS**

As at the Latest Practicable Date, the interests of Directors and their respective associates in businesses which compete or are likely to compete, either directly or indirectly, with business of the Group which interests would be required to be disclosed under Rule 8.10 of the Listing Rules if the relevant Director were a controlling shareholder of the Company were as follows:

<b>Name of Director/ associate</b>	<b>Name of company</b>	<b>Nature of interest in the company</b>	<b>Business of the company</b>
Mr. Chen Chang Wei	Fujian Hengli Real Estate Development Co., Ltd.	Ultimate beneficial owner with 100% interest	Holding company of Fujian Hengli Commercial Properties Development Co. Ltd.
Mr. Chen Chang Wei	Fujian Hengli Commercial Properties Development Co. Ltd.	Ultimate beneficial owner with 100% interest	To develop, own and manage Hengli Prosperity Center, a composite commercial development in Fuzhou
Mr. Chen Chang Wei	Fujian Hengli Bona Plaza Development Co., Ltd.	Ultimate beneficial owner with 70% interest	To develop, own and manage Hengli Bona Plaza, a commercial and residential property to be developed in Fuzhou

As at the Latest Practicable Date, save as disclosed above, none of the Directors or their respective associates was interested in any business which competes or is likely to compete, either directly or indirectly, with business of the Group which interest would be required to be disclosed under Rule 8.10 of the Listing Rules if the relevant Director were a Controlling Shareholder of the Company.

## 11. MISCELLANEOUS

- (a) The company secretary of the Company is Ms. Hui Wai Man, Shirley. She is a fellow member of The Association of Chartered Certified Accountants, Hong Kong Institute of Certified Public Accountants, The Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Chartered Secretaries. She is also a member of Hong Kong Securities Institute and the Society of Chinese Accountants & Auditors.
- (b) The principal share registrar and transfer office of the Company is Butterfield Fulcrum Group (Bermuda) Limited located at 26 Burnaby Street, Hamilton, HM 11 Bermuda.
- (c) The Hong Kong branch share registrar and transfer office of the Company is Tricor Standard Limited located at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong.
- (d) The English text of this Circular prevails over the Chinese text.

## 12. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours from 9:30 a.m. to 5:30 p.m. (except Saturdays, Sundays and gazetted public holidays in Hong Kong), at Unit 3007, 30/F, Two Exchange Square, 8 Connaught Place, Central, Hong Kong from the date of this Circular up to and including the date of the SGM:

- (a) the memorandum of association and bye-laws of the Company;
- (b) the annual reports of the Company for each of the two financial years ended 31 December 2011 and 2012;
- (c) the interim report of the Company for the six months ended 30 June 2013;
- (d) the letter from the Board, the text of which is set out on pages 5 to 16 of this Circular;
- (e) the letter from the Independent Board Committee, the text of which is set out on pages 17 to 18 of this Circular;

- (f) the letter of advice from Proton Capital, the text of which is set out on pages 19 to 31 of this Circular;
- (g) the property valuation report prepared by Cushman & Wakefield Valuation Advisory Services (HK) Limited, the text of which is set out in Appendix II to this Circular;
- (h) the contracts referred to in the paragraph headed “Material contracts” in this Appendix III;
- (i) the Shareholders’ Agreement;
- (j) the Loan Agreement;
- (k) the Share Charge;
- (l) the written consents referred to in the paragraph headed “Experts and consent” in this Appendix III;
- (m) the circular issued by the Company on 24 May 2013 in relation to, among other things, disposal of interests in subsidiaries of the Company constituting a very substantial disposal; and
- (n) this Circular.





萬達商業地產(集團)有限公司  
WANDA COMMERCIAL PROPERTIES (GROUP) CO., LIMITED

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 169)**

**NOTICE IS HEREBY GIVEN** that a special general meeting of Wanda Commercial Properties (Group) Co., Limited (the “**Company**”) will be held at Unit 3007, 30/F., Two Exchange Square, 8 Connaught Place, Central, Hong Kong on 17 October 2013 at 4:00 p.m. for the purpose of considering and, if thought fit, passing the following resolutions (with or without amendments) as ordinary resolutions of the Company:

**ORDINARY RESOLUTIONS**

1. “**THAT** the entry into by the Company of the Shareholders’ Agreement dated 6 September 2013 (a copy of which has been produced to the meeting and initialled by the chairman of the meeting for the purposes of identification) and the transactions contemplated thereunder be and are hereby approved (terms defined in the circular of the Company dated 30 September 2013 having the same meanings when used in this resolution).”
2. “**THAT** the entry into by the Company of each of the Loan Agreement dated 6 September 2013 and the Share Charge (copies of which have been produced to the meeting and initialled by the chairman of the meeting for the purposes of identification) and the respective transactions contemplated thereunder be and are hereby approved (terms defined in the circular of the Company dated 30 September 2013 having the same meanings when used in this resolution).”

By order of the Board  
**Wanda Commercial Properties (Group) Co., Limited**  
**Ding Benxi**  
*Chairman*

Hong Kong, 30 September 2013

*Notes:*

- (1) A shareholder entitled to attend and vote at the meeting convened by the above notice (or at any adjournment thereof) is entitled to appoint a proxy to attend and, on a poll, vote instead of him. A shareholder holding two or more shares is entitled to appoint more than one proxy. A proxy need not be a shareholder of the Company but must be present in person to represent the shareholder. Completion and return of an instrument appointing a proxy will not preclude a shareholder from attending and voting in person at the meeting (or any adjournment thereof).

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## NOTICE OF SGM

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- (2) Where there are joint registered holders of any shares, any one of such persons may vote at the meeting (or at any adjournment thereof), either personally or by proxy, in respect of such shares as if he were solely entitled thereto; but if more than one of such joint holders are present at the meeting (or at any adjournment thereof) personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such shares shall alone be entitled to vote in respect thereof.
  
- (3) In order to be valid, the proxy form, and any power of attorney (if any) or other authority (if any) under which it is signed (or a copy of such power or authority certified notarially), must be delivered to the Company's Hong Kong branch share registrar, Tricor Standard Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong, not less than 48 hours before the time fixed for holding the meeting (or any adjournment thereof).
  
- (4) The shareholders whose names appear on the register of members of the Company on 16 October 2013 are entitled to attend the meeting. In order to qualify for attending the meeting, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Standard Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong, no later than 4:30 p.m. on 16 October 2013.