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)

ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2013

The Board of Directors (the "Board") of Wanda Commercial Properties (Group) Co., Limited (the "Company") is pleased to announce the consolidated financial results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2013 as follows:—

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the year ended 31 December 2013
(Expressed in Hong Kong dollars)

	Note	**2013** **$'000**	2012 $'000
Turnover	*3*	**1,347,995**	2,773,419
Cost of sales		**(754,612)**	(2,395,066)
Gross profit		**593,383**	378,353
Gain on redemption/repurchase of convertible bonds	*17*	**39,370**	14,860
Gain on revaluation and cancellation of convertible bonds redemption options	*4*	**32,946**	3,166
Net loss on disposal of subsidiaries	*8*	**(45,326)**	—
Impairment loss on goodwill		**(57,574)**	—
Net valuation gain on investment properties	*11(a)*	**93,116**	449,846
Other revenue	*5*	**8,137**	10,740
Other net loss	*5*	**(6,805)**	(4,043)
Selling, administrative and other operating expenses		**(83,048)**	(75,957)
Profit from operations		**574,199**	776,965
Finance costs	*6(a)*	**(89,916)**	(163,924)
Profit before taxation	*6*	**484,283**	613,041
Income tax	*7(a)*	**(250,382)**	(369,678)
Profit for the year		**233,901**	243,363
Attributable to:			
Equity shareholders of the Company		**190,879**	232,335
Non-controlling interests		**43,022**	11,028
Profit for the year		**233,901**	243,363
Earnings per share (HK cents)	*10*		
Basic		**7.3**	9.9
Diluted		**3.0**	3.9

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the year ended 31 December 2013
(Expressed in Hong Kong dollars)

	Note	2013 $'000	2012 $'000 (Restated)
Profit for the year		**233,901**	243,363
Other comprehensive income for the year (after tax and reclassification adjustments)	*9*		
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of subsidiaries in the mainland of the People's Republic of China (the "PRC") and the United Kingdom		**54,842**	107,621
Exchange reserve reclassified to profit or loss on disposal of subsidiaries		**(26,927)**	—
Other comprehensive income for the year		**27,915**	107,621
Total comprehensive income for the year		**261,816**	350,984
Attributable to:			
Equity shareholders of the Company		**204,793**	338,040
Non-controlling interests		**57,023**	12,944
Total comprehensive income for the year		**261,816**	350,984

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
at 31 December 2013
(Expressed in Hong Kong dollars)

	Note	**2013** **$'000**	2012 $'000 (Restated)
Non-current assets			
Fixed assets	*11*		
— Property, plant and equipment		**12,860**	13,189
— Prepaid lease payments		**21,476**	46,469
— Freehold land		**321,121**	—
— Investment properties		**2,734,384**	2,361,583
		3,089,841	2,421,241
Goodwill	*12*	**30,557**	106,939
Deferred tax assets	*18(b)*	**52,318**	85,510
		3,172,716	2,613,690
Current assets			
Properties for sales	*13*	**1,314,138**	2,107,945
Deposits for land use right		**—**	702,694
Trade and other receivables	*14*	**73,549**	132,887
Derivative financial instruments	*17*	**70,010**	63,430
Prepaid tax		**—**	28,068
Restricted bank deposits		**85,303**	42,904
Cash and cash equivalents		**106,436**	476,641
		1,649,436	3,554,569
Current liabilities			
Trade and other payables	*15*	**594,398**	949,417
Receipts in advance		**47,435**	1,532,527
Loans from financial institutions	*16*	**81,967**	41,099
Loans from related parties	*22(b)*	**256,268**	280,284
Advance from lessee		**—**	124,360
Current taxation	*18(a)*	**450,910**	550,835
		1,430,978	3,478,522
Net current assets		**218,458**	76,047
Total assets less current liabilities		**3,391,174**	2,689,737
Non-current liabilities			
Loans from financial institutions	*16*	**54,993**	10,008
Loans from intermediate holding company	*22(c)*	**1,202,634**	—
Convertible bonds	*17*	**234,906**	1,220,962
Deferred tax liabilities	*18(b)*	**552,324**	667,627
		2,044,857	1,898,597
NET ASSETS		**1,346,317**	791,140

	Note	2013 $'000	2012 $'000 (Restated)
CAPITAL AND RESERVES			
Share capital	*19*	**285,591**	235,292
Retained profits		**272,032**	84,144
Other reserves		**(17,124)**	343,970
Total equity attributable to equity shareholders of the Company		**540,499**	663,406
Non-controlling interests		**805,818**	127,734
TOTAL EQUITY		**1,346,317**	791,140

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 December 2013
(Expressed in Hong Kong dollars)

	Note	2013 $'000	2012 $'000
Operating activities			
Cash (used in)/generated from operations		**(792,638)**	1,574,162
PRC tax paid		**(347,403)**	(153,041)
Net cash (used in)/generated from operating activities		**(1,140,041)**	1,421,121
Investing activities			
Payment for the purchase of property, plant and equipment		**(324,391)**	(822)
Expenditure on investment properties		**—**	(161,620)
Disposal of subsidiaries net of cash disposed of	*8*	**(373,014)**	—
Disposal of discontinued operations, net of cash disposed of		**—**	73,000
Interest received		**8,137**	10,740
(Increase)/decrease in restricted bank deposits		**(42,399)**	306,519
Net cash (used in)/generated from investing activities		**(731,667)**	227,817
Financing activities			
Capital injection from non-controlling interests		**80,000**	37,501
Interest paid		**(12,865)**	(49,851)
Repayment of amount due to a director		**(58,000)**	—
Proceeds from loans from intermediate holding company		**1,179,267**	—
Proceeds from loans from related parties		**—**	27,062
Repayment of loans from related parties		**(31,165)**	(127,328)
Proceeds from new loans from financial institutions		**516,010**	—
Repayment of loans from financial institutions		**(51,107)**	(1,068,324)
Repayment of advance from lessee		**(124,360)**	—
Payment for the repurchase of convertible bonds		**—**	(50,000)
Net cash generated from/(used in) financing activities		**1,497,780**	(1,230,940)
Net (decrease)/increase in cash and cash equivalents		**(373,928)**	417,998
Cash and cash equivalents at 1 January		**476,641**	58,017
Effect of foreign exchange rate changes		**3,723**	626
Cash and cash equivalents at 31 December		**106,436**	476,641

NOTES

(Expressed in Hong Kong dollars unless otherwise indicated)

1 BASIS OF PREPARATION

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities ("Listing Rules") on The Stock Exchange of Hong Kong Limited ("Stock Exchange").

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Company. Note 2 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2013 comprise the Company and its subsidiaries (together referred to as the "Group").

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following assets are stated at their fair value:

— derivative financial instruments; and

— investment property.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

2 CHANGES IN ACCOUNTING POLICIES

(i) Adoption of new and amendments to standards

The HKICPA has issued a number of new HKFRSs and amendments to HKFRSs that are first effective for the current accounting period of the Group. Of these, the following developments are relevant to the Group's financial statements:

- Amendments to HKAS 1, *Presentation of financial statements — Presentation of items of other comprehensive income*
- HKFRS 10, *Consolidated financial statements*
- HKFRS 12, *Disclosure of interests in other entities*
- HKFRS 13, *Fair value measurement*
- Amendments to HKFRS 7 — *Disclosures — Offsetting financial assets and financial liabilities*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Impacts of the adoption of the above new or amended HKFRSs are discussed below:

Amendments to HKAS 1, Presentation of financial statements — Presentation of items of other comprehensive income

The amendments require entities to present separately the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met from those that would never be reclassified to profit or loss. The presentation of other comprehensive income in the consolidated statement of profit or loss and other comprehensive income in these financial statements has been modified accordingly. In addition, the Group has chosen to use the new titles "statement of profit or loss" and "statement of profit or loss and other comprehensive income" as introduced by the amendments in these financial statements.

HKFRS 10, Consolidated financial statements

HKFRS 10 replaces the requirements in HKAS 27, *Consolidated and separate financial statements* relating to the preparation of consolidated financial statements and HK-SIC 12 *Consolidation — Special purpose entities*. It introduces a single control model to determine whether an investee should be consolidated, by focusing on whether the entity has power over the investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power to affect the amount of those returns.

As a result of the adoption of HKFRS 10, the Group has changed its accounting policy with respect to determining whether it has control over an investee. The adoption does not change any of the control conclusions reached by the Group in respect of its involvement with other entities as at 1 January 2013.

HKFRS 12, Disclosure of interests in other entities

HKFRS 12 brings together into a single standard all the disclosure requirements relevant to an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. The disclosures required by HKFRS 12 are generally more extensive than those previously required by the respective standards.

HKFRS 13, Fair value measurement

HKFRS 13 replaces existing guidance in individual HKFRSs with a single source of fair value measurement guidance. HKFRS 13 also contains extensive disclosure requirements about fair value measurements for both financial instruments and non-financial instruments. The adoption of HKFRS 13 does not have any material impact on the fair value measurements of the Group's assets and liabilities.

Amendments to HKFRS 7 — Disclosures — Offsetting financial assets and financial liabilities

The amendments introduce new disclosures in respect of offsetting financial assets and financial liabilities. Those new disclosures are required for all recognised financial instruments that are set off in accordance with HKAS 32, *Financial instruments: Presentation* and those that are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments and transactions, irrespective of whether the financial instruments are set off in accordance with HKAS 32.

The adoption of the amendments does not have an impact on these financial statements because the Group has not offset financial instruments, nor has it entered into master netting arrangement or similar agreement which is subject to the disclosures of HKFRS 7 during the periods presented.

(ii) Change in accounting policy on buildings held for own use

In prior year, buildings held for own use of the Group are stated in the statement of financial position at their revalued amount, being fair value at the date of the revaluation less any subsequent accumulated depreciation. During the year, in order to align with the accounting policies of the ultimate controlling party of the Group after the change of controlling shareholder, the Group changed the accounting policy on buildings held for own use. In accordance with the new policy adopted by the Group, buildings held for own use are stated in the statement of financial position at cost less accumulated depreciation and impairment losses.

This change in accounting policy has been applied retrospectively by restating the balance at 31 December 2012, with consequential adjustments to comparatives for the year ended 31 December 2012 as follows:

	As previously reported	**Effect of change in accounting policy**	**As restated**
	$'000	*$'000*	*$'000*
Consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2012			
Other comprehensive income for the year	111,659	(4,038)	107,621
Total comprehensive income for the year	355,022	(4,038)	350,984
Consolidated statement of financial position as at 31 December 2012			
Property, plant and equipment	18,512	(5,323)	13,189
Fixed assets	2,426,564	(5,323)	2,421,241
Total non-current assets	2,619,013	(5,323)	2,613,690
Deferred tax liabilities	668,912	(1,285)	667,627
Total non-current liabilities	1,899,882	(1,285)	1,898,597
Net assets/Total equity	795,178	(4,038)	791,140
Total equity attributable to equity shareholders of the Company	667,444	(4,038)	663,406

This change in accounting policy did not have material impact on the statement of financial position of the Group as at 1 January 2012, and the consolidated statement of profit or loss for the year ended 31 December 2012. The Group's fixed assets and deferred tax liabilities at 31 December 2013 are higher by $6,253,000 and $1,563,000 respectively than they would have been if the policy had not been changed.

In addition, as previously reported in the interim financial report prepared by the Group, the net loss on disposal of subsidiaries as set out in note 8 was $45,872,000. As a result of the change in the accounting policy, the net loss on disposal of subsidiaries is restated at $45,326,000.

3 TURNOVER AND SEGMENT REPORTING

(a) Turnover

The principal activities of the Group are property development and investment. Turnover during the year is analysed as follows.

	2013	2012
	$'000	*$'000*
Sales of properties	**1,231,746**	2,728,045
Rental income	**94,423**	43,124
Property management income	**21,826**	2,250
	1,347,995	2,773,419

Included in turnover from sales of properties during the year ended 31 December 2013 is an amount of $875,508,000 generated from subsidiaries disposed as set out in note 8 (2012: $378,724,000).

(b) Segment reporting

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

- The PRC: this segment engages in the development of commercial and residential properties for sales and leasing in the PRC.

- The United Kingdom: this segment engages in the development of a property project in the United Kingdom.

(i) Segment results, assets and liabilities

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

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

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

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

	The PRC		The United Kingdom		Total	
	2013	2012	**2013**	2012	**2013**	2012
	$'000	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*
For the years ended 31 December 2013 and 2012						
Revenue from external customers	**1,347,995**	2,773,419	**—**	—	**1,347,995**	2,773,419
Reportable segment profit/(loss)	**391,831**	712,313	**(5,126)**	—	**386,705**	712,313
At 31 December 2013 and 2012						
Reportable segment assets	**3,391,136**	5,939,952	**1,299,174**	—	**4,690,310**	5,939,952
Reportable segment liabilities	**1,326,939**	4,097,336	**1,104,363**	—	**2,431,302**	4,097,336

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

	2013	2012
	$'000	*$'000*
Revenue		
Reportable segment and consolidated revenue	**1,347,995**	2,773,419
Profit before taxation		
Reportable segment profit	**386,705**	712,313
Unallocated head office and corporate results	**97,578**	(99,272)
Consolidated profit before taxation	**484,283**	613,041

	2013	2012
	$'000	*$'000*
Assets		
Reportable segment assets	**4,690,310**	5,939,952
Unallocated head office and corporate assets	**131,842**	228,307
Consolidated total assets	**4,822,152**	6,168,259
Liabilities		
Reportable segment liabilities	**2,431,302**	4,097,336
Unallocated head office and corporate liabilities	**1,044,533**	1,279,783
Consolidated total liabilities	**3,475,835**	5,377,119

(iii) Geographical information

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

	Revenue from external customers		**Specified non-current assets**	
	2013	2012	**2013**	2012
	$'000	*$'000*	***$'000***	*$'000*
The PRC (including Hong Kong)	**1,347,995**	2,773,419	**2,799,277**	2,528,180
United Kingdom	**—**	—	**321,121**	—
	1,347,995	2,773,419	**3,120,398**	2,528,180

(iv) Information about major customers

The Group had one customer with whom transactions have exceeded 10% of the Group's turnover for the year ended 31 December 2013 (2012: Nil). During the year ended 31 December 2013, revenue from this customer amounted to $849,501,000 (2012: Nil).

4 GAIN ON REVALUATION AND CANCELLATION OF CONVERTIBLE BONDS REDEMPTION OPTIONS

The amount included gain on revaluation of redemption options in respect of the convertible bonds, offset by loss arising from the cancellation of the respective redemption options as a result of redemption of the convertible bonds during the year as set out in note 17.

5 OTHER REVENUE AND NET LOSS

	2013	2012
	$'000	*$'000*
Other revenue		
Interest income from banks	**8,137**	10,740
Other net loss		
Exchange loss	**(13,650)**	(3,952)
Forfeiture of deposits from purchasers	**6,350**	—
Others	**495**	(91)
	(6,805)	(4,043)

6 PROFIT BEFORE TAXATION

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

	2013	2012
	$'000	*$'000*
(a) Finance costs:		
Interest on loans from financial institutions	**4,452**	43,712
Interest on convertible bonds *(note 17)*	**53,569**	95,570
Interest on loans from related parties and intermediate holding company repayable within five years	**52,181**	67,270
Deemed interest on advance from lessee	**1,687**	26,232
	111,889	232,784
Less: Interest expenses capitalised into investment properties under development and properties under development *	**(21,973)**	(68,860)
	89,916	163,924

* The borrowing costs have been capitalised at rates ranging from 7%-15% per annum (2012: 5.85%-18% per annum).

	2013	2012
	$'000	*$'000*
(b) Staff costs:		
Contributions to defined contribution retirement plan	**1,226**	1,219
Salaries, wages and other benefits	**27,865**	17,778
	29,091	18,997
(c) Other items:		
Amortisation of prepaid lease payments	**477**	138
Depreciation of property, plant and equipment	**1,570**	982
Auditor's remuneration		
— Audit services	**900**	1,082
— Other services	**2,450**	741
Operating lease charges: minimum lease payments on the hire of property, plant and equipment	**2,098**	527
Loss on disposal of property, plant and equipment	**7**	4
Cost of properties sold	**740,531**	2,388,283

7 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(a) Income tax in the consolidated statement of profit or loss represents:

	2013	2012
	$'000	*$'000*
Current tax		
PRC Corporate Income Tax *(iii)*	**193,833**	327,485
PRC Land Appreciation Tax *(iv)*	**177,599**	448,140
Withholding tax *(v)*	**—**	17,441
	371,432	793,066
Deferred tax *(note 18(b))*		
Origination and reversal of temporary differences:		
— Revaluation of properties	**(138,128)**	(373,099)
— Deductibility of PRC Land Appreciation Tax	**17,078**	(79,405)
— Tax losses	**—**	29,116
	(121,050)	(423,388)
Total income tax	**250,382**	369,678

Notes

(i) Pursuant to the rules and regulations of the Bermuda and BVI, the Group is not subject to any income tax in the Bermuda Islands and BVI.

(ii) No provision for Hong Kong Profits Tax or United Kingdom Corporation Tax has been made in the consolidated financial statements as the Company and the Group did not have assessable profits in Hong Kong or the United Kingdom for the year.

(iii) PRC Corporate Income Tax ("CIT")

The provision for CIT has been calculated at the applicable tax rates on the estimated assessable profits of the Group's subsidiaries in the PRC as determined in accordance with the relevant income tax rules and regulations of the PRC. The CIT rate applicable to the Group's subsidiaries located in the PRC is 25% (2012: 25%).

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

All income from sale or transfer of state-owned land use rights, buildings and their attached facilities in the PRC is subject to LAT at progressive rates ranging from 30% to 60% of the appreciation value, which under the applicable regulations is calculated based on the proceeds of sales of properties less deductible expenditures including costs of land use rights, borrowing costs and relevant development expenditure.

(v) Withholding tax

Withholding taxes are levied on the Hong Kong companies in respect of dividend distributions arising from profit of PRC subsidiaries earned after 1 January 2008 at 5%.

(b) Reconciliation between income tax expense and accounting profit at applicable tax rates:

	2013	2012
	$'000	*$'000*
Profit before taxation	**484,283**	613,041
Notional tax calculated at rates applicable to profits in the tax jurisdictions concerned	**141,838**	167,967
Tax effect of non-deductible expenses	**30,149**	41,158
Tax effect of non-taxable income	**(10,720)**	(5,173)
Tax effect of unused tax losses not recognised	**1,819**	1,383
Temporary differences not recognised in previous years	**(471)**	(3,594)
Withholding tax	**—**	17,441
LAT and corresponding PRC CIT effect	**75,299**	150,496
Others	**12,468**	—
Actual tax expense	**250,382**	369,678

8 DISPOSAL OF SUBSIDIARIES

On 20 March 2013, the Company entered into an agreement with Mr. Chen Chang Wei ("Mr. Chen"), Onu Holdings Limited ("Onu") and Zhizun Holdings Limited ("Zhizun"), companies wholly owned by Mr. Chen, for:

(1) the Company's sale to Zhizun of 47% of the issued share capital of Amazing Wise Limited ("Amazing Wise"), a subsidiary of the Company, at a consideration of approximately $587,811,000;

(2) the Company's sale to Onu of all the issued share capital of each of Flying Hope Investments Limited, Brilliant Hope Investments Limited, Sparkling Hope Investments Limited and Hengli Capital Management Limited at a total consideration of approximately $324,567,000; and

(3) the Company's sale to Onu of loans owed by Flying Hope Investments Limited, Brilliant Hope Investments Limited, Sparkling Hope Investments Limited and Hengli Capital Management Limited and their respective subsidiaries (the "Disposal Group") to the Company at a total consideration of approximately $399,164,000.

The aggregate consideration of the above, amounted to $1,311,542,000, was satisfied by:

(i) the setting-off of the amount owed by the Company to Mr. Chen as a result of the redemption by the Company of outstanding Convertible Bonds in a principal amount of $1,311,000,000 held by Mr. Chen; and

(ii) the payment of $542,000 by Mr. Chen in cash.

The above transactions were completed on 25 June 2013. Subsequent to the above transactions, Flying Hope Investments Limited, Brilliant Hope Investments Limited, Sparkling Hope Investments Limited and Hengli Capital Management Limited ceased to be subsidiaries of the Company while Amazing Wise remained as a subsidiary of the Company.

The effect on the Group's assets and liabilities is set out as below:

	$'000
Current assets	(2,037,538)
Non-current assets	(40,208)
Current liabilities	1,286,992
Non-current liabilities	379,052
Non-controlling interests	37,340
Net identifiable assets and liabilities disposed of	(374,362)
De-recognition of goodwill attributable to the Disposal Group *(note 12)*	(22,458)
Reclassification of exchange reserve of the Disposal Group within equity to profit or loss	26,927
Total consideration	324,567
Loss on disposal	(45,326)
Consideration satisfied by cash	542
Cash and cash equivalents disposed of	(373,556)
Net cash outflow	(373,014)

No gain or loss was recognised in relation to the disposal of 47% equity interest in Amazing Wise as the Company continues to retain control over Amazing Wise. The difference between the consideration of $587,811,000 and the non-controlling interest of $578,401,000 was credited to special reserve within the equity of the Group.

9 OTHER COMPREHENSIVE INCOME — RESTATED

Components of other comprehensive income, including reclassification adjustments:

	2013	2012
	$'000	*$'000*
Exchange reserve:		
— Arising from translation of financial statements of subsidiaries in the mainland of the PRC and the United Kingdom	**54,842**	107,621
— Reclassification to profit or loss	**(26,927)**	—
Net movement in exchange reserve during the year recognised in other comprehensive income	**27,915**	107,621

10 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of $190,879,000 (2012: $232,335,000) and divided by the weighted average number of 2,625,774,000 (2012: 2,351,804,000) ordinary shares in issue during the year, calculated as follows:

Weighted average number of ordinary shares

	2013	2012
	'000	*'000*
Issued ordinary shares at 1 January	**2,352,917**	2,328,965
Effect of exercise of convertible bonds	**272,857**	22,839
	2,625,774	2,351,804

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on profit attributable to equity shareholders of the Company of $172,132,000 (2012: $309,879,000) and the weighted average number of 5,698,910,000 shares (2012: 8,033,686,000 shares), calculated as follows:

(i) Profit attributable to equity shareholders of the Company (diluted)

	2013	2012
	$'000	*$'000*
Profit attributable to equity shareholders	**190,879**	232,335
Interest on convertible bonds	**53,569**	95,570
Gain on redemption/repurchase of convertible bonds	**(39,370)**	(14,860)
Gain on revaluation and cancellation of convertible bonds redemption options	**(32,946)**	(3,166)
	172,132	309,879

(ii) Weighted average number of ordinary shares (diluted)

	2013	2012
	'000	*'000*
Weighted average number of ordinary shares at 31 December	**2,625,774**	2,351,804
Effect of deemed conversion of convertible bonds	**3,073,136**	5,681,882
	5,698,910	8,033,686

11 FIXED ASSETS

(a) Investment properties

	Completed	Under development	Total
	$'000	*$'000*	*$'000*
At 1 January 2012	—	1,683,501	1,683,501
Transfer from properties for sales	48,002	—	48,002
Addition	—	161,620	161,620
Exchange adjustments	—	18,614	18,614
Surplus on revaluation	449,846	—	449,846
Transfer	1,863,735	(1,863,735)	—
At 31 December 2012	2,361,583	—	2,361,583
Representing:			
Valuation - 2012	2,361,583	—	2,361,583
At 1 January 2013	2,361,583	—	2,361,583
Transfer from properties for sales	235,223	—	235,223
Reversal of over-accrued development costs	(22,572)	—	(22,572)
Exchange adjustments	67,034	—	67,034
Surplus on revaluation	93,116	—	93,116
At 31 December 2013	2,734,384	—	2,734,384
Representing:			
Valuation - 2013	2,734,384	—	2,734,384

(b) The analysis of net book value of the properties of the Group is as follows:

	2013 *$'000*	2012 *$'000* (Restated)
In Hong Kong		
— held under long lease (over 50 years)	**—**	27,304
Outside Hong Kong		
— Freehold	**321,121**	—
— Held under medium term lease (10 to 50 years)	**2,764,698**	2,391,453
	3,085,819	2,418,757

	2013 *$'000*	2012 *$'000* (Restated)
Representing:		
— Freehold land carried at cost	**321,121**	—
— Prepaid lease payment carried at cost	**21,476**	46,469
— Buildings held for own use carried at cost	**8,838**	10,705
— Investment properties carried at fair value	**2,734,384**	2,361,583
	3,085,819	2,418,757

(c) Investment properties leased out under operating leases

The Group leases out its investment properties under operating leases. The leases for most of the properties typically run for an initial period of one to twenty years, with an option to renew the lease after that date at which time all terms are renegotiated.

The Group's total future minimum rental receivables under non-cancellable operating leases are as follows:

	2013 *$'000*	2012 *$'000*
Within 1 year	**93,620**	43,347
After 1 year but within 5 years	**356,454**	278,797
After 5 years	**1,091,675**	1,232,774
	1,541,749	1,554,918

12 GOODWILL

	2013	2012
	$'000	*$'000*
Cost	**394,782**	394,782
Accumulated impairment losses	**(356,574)**	(299,000)
De-recognised on disposal of subsidiaries *(note 8)*	**(22,458)**	—
Exchange adjustments	**14,807**	11,157
Carrying amount	**30,557**	106,939

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

The Group carried out impairment testing of the goodwill at the end of each reporting period. In assessing the impairment of goodwill, the recoverable amount of the cash generating units ("CGU") is determined. The CGU related to the goodwill includes all subsidiaries under the PRC segment. In previous years, an impairment loss of $299,000,000 was recorded. During the year ended 31 December 2013, as a result of disposal of the Disposal Group as set out in note 8, the recoverable amount of CGU, which was estimated based on its fair value less cost to sale of the CGU, was re-determined and accordingly, an additional impairment loss of $57,574,000 was provided.

13 PROPERTIES FOR SALES

	2013	2012
	$'000	*$'000*
Properties under development	**938,177**	700,723
Completed properties for sales	**375,961**	1,407,222
	1,314,138	2,107,945

(a) Analysis of carrying amount of leasehold and freehold land included in properties for sales by lease terms is as follows:

	2013	2012
	$'000	*$'000*
Held under:		
— long leases (over 50 years) in the PRC	**88,290**	183,112
— medium-term leases (10 to 50 years) in the PRC	**116,845**	1,264,982
— freehold land in the United Kingdom	**938,177**	—
	1,143,312	1,448,094

(b) The amount of properties for sale expected to be recovered after more than one year is analysed as follows:

	2013	2012
	$'000	*$'000*
Properties under development	**938,177**	700,723

(c) Certain of the Group's properties for sale were pledged as securities for the Group's loans from financial institutions and undrawn bank facilities as at 31 December 2013 (note 16).

14 TRADE AND OTHER RECEIVABLES

	2013	2012
	$'000	*$'000*
Trade receivables	**4,567**	115
Other receivables, prepayments and deposits	**68,253**	132,772
Amounts due from related parties	**729**	—
	73,549	132,887

The amounts due from subsidiaries and related parties are unsecured, interest free and repayable on demand.

For the trade receivables arising from sales of properties, the Group manages the credit risk by fully receiving cash before delivery of property. The Group has set out policies to ensure follow-up action is taken to recover overdue debts. The Group also reviews regularly the recoverable amount of each individual trade receivable balance to ensure that adequate impairment losses are made for irrecoverable amounts. The maximum exposure to credit risk without taking account of any collateral held is represented by the carrying amount of each financial asset in the statement of financial position after deducting any impairment allowance.

(a) Ageing analysis

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

	2013	2012
	$'000	*$'000*
Within 1 month	**3,357**	115
Over 3 months but within 6 months	**1,210**	—
	4,567	115

At 31 December 2013, no impairment allowance is necessary in respect of the Group's trade receivables as the management considers that the balance is fully recoverable. The Group does not hold any collateral over the balance.

15 TRADE AND OTHER PAYABLES

	2013	2012
	$'000	*$'000*
Trade payables *(note (a))*	**95,692**	135,898
Other creditors and accrued charges	**197,288**	659,747
Interest payable to related parties	**121,706**	79,002
Interest payable to intermediate holding company	**12,320**	—
Amount due to a director	**—**	58,000
Amounts due to intermediate holding company *(note (b))*	**27,833**	—
Amounts due to related parties *(note (b))*	**122,491**	—
Amounts due to non-controlling equity holders *(note (b))*	**17,068**	16,770
	594,398	949,417

(a) None of the Group's trade payables are expected to be settled after more than one year (2012: $93,373,000).

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

	2013	2012
	$'000	*$'000*
Within 1 month	**7,260**	11,428
1 to 3 months	**837**	4,840
Over 3 months but within 6 months	**3,218**	4,791
Over 6 months but within 12 months	**2,484**	9,846
Over 12 months	**81,893**	104,993
	95,692	135,898

(b) The amounts due to subsidiaries, intermediate holding company, related parties and non-controlling equity holders are unsecured, interest free and repayable on demand or within one year.

16 LOANS FROM FINANCIAL INSTITUTIONS

At 31 December 2013, loans from financial institutions were repayable and secured as follows:

	2013	2012
	$'000	*$'000*
Current		
Within 1 year	**81,967**	41,099
Non-current		
After 1 year but within 2 years	**8,952**	2,159
After 2 years but within 5 years	**46,041**	6,851
After 5 years	**—**	998
	54,993	10,008
	136,960	51,107

(a) As at 31 December 2013, undrawn bank facilities of the Group amounted to $1,138,221,000 (2012: $Nil).

(b) Certain loans from financial institutions as at 31 December 2013 were guaranteed by Mr. Chen.

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

	2013	2012
	$'000	*$'000*
		(Restated)
Buildings held for own use	**8,838**	1,884
Prepaid lease payments	**102**	24,875
Investment properties	**2,108,080**	—
Properties for sale *(note 13(c))*	**56,029**	—
Restricted bank deposits	**85,303**	42,904
	2,258,352	69,663

17 CONVERTIBLE BONDS

On 21 January 2008, the Company issued $2,701,711,500 zero coupon convertible bond at 100% of principal amount to Mr. Chen as part of the consideration for the acquisition of Amazing Wise Limited and its subsidiaries.

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

— Conversion rights are exercisable at any time up to maturity at the option of the convertible bond holder.

— Pursuant to the terms of the convertible bonds, the conversion price and the number of shares to be issued upon exercise of the subscription rights attached to the convertible bonds have been adjusted as a result of a rights issue in January 2011. The Company is required to deliver ordinary shares at a rate of $0.334 per share (originally $0.5 per share before the rights issue of the Company in January 2011). The Company announced a rights issue in December 2013 and the rights issue was completed on 23 January 2014 and dealings of shares issued under the rights issue commenced on 27 January 2014. As a result of the rights issue in 2014, the conversion price of the convertible bonds of the Company was adjusted to $0.326 per share accordingly.

The Company has the right at any time to redeem the whole or any part of the outstanding principal amount of the convertible bonds at their face value. The option to enable the Company to redeem the convertible bonds is considered as derivative financial assets of the Company and revalued at each reporting date.

If the convertible bond holder's conversion rights have not been exercised or the convertible bonds have not been repurchased or redeemed up to the maturity date, i.e. on 20 January 2018, the Company will redeem at face value on 20 January 2018.

During the year ended 31 December 2013, convertible bonds with principal amount of $168,000,000 were converted into 502,994,011 ordinary shares of the Company. In addition, as mentioned in note 8, convertible bonds with principal amount of $1,311,000,000 was redeemed by the Company. Subsequent to the conversion and the redemption, the outstanding principal amount of the convertible bonds was reduced to $321,000,000. As a result of the redemption, the liability component of the convertible bond was remeasured at its fair value at the date of the redemption and the difference between the remeasured amount and the carrying amount upon the redemption date was dealt with in the profit or loss. As a result of the redemption, a gain of approximately $39,370,000 was recognised in the profit or loss.

Further, on 25 June 2013, convertible bonds with principal amount of $209,000,000 were transferred by Mr. Chen to Wanda Commercial Properties Overseas Limited, intermediate holding company of the Company. As a result, as at 31 December 2013, convertible bonds with principal amount of $209,000,000 were held by Wanda Commercial Properties Overseas Limited and convertible bonds with principal amount of $112,000,000 were held by Mr. Chen and his family.

The liability component of convertible bonds recognised in the statements of financial position are analysed as follows:

	Liability component *$'000*	**Equity component** *$'000*
Carrying amount at 1 January 2012	1,203,381	111,620
Interest expense *(i)*	95,570	—
Conversion rights exercised	(5,268)	(466)
Convertible bonds redeemed	(72,721)	(6,292)
Carrying amount at 31 December 2012	1,220,962	104,862
Carrying amount at 1 January 2013	1,220,962	104,862
Interest expense *(i)*	53,569	—
Conversion bonds converted	(117,915)	(9,787)
Convertible bonds redeemed	(921,710)	(76,375)
Carrying amount at 31 December 2013	234,906	18,700

(i) *Interest expense*

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

18 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(a) Current taxation in the consolidated statement of financial position represents:

	2013	2012
	$'000	*$'000*
Prepaid tax:		
PRC Corporate Income Tax	**—**	22,366
PRC Land Appreciation Tax	**—**	5,702
	—	28,068
Current tax payable:		
PRC Corporate Income Tax	**24,250**	208,796
PRC Land Appreciation Tax	**426,660**	342,039
	450,910	550,835

(b) Deferred tax assets and liabilities recognised:

The components of deferred tax assets/(liabilities) recognised in the consolidated statement of financial position and the movements during the year are as follows:

Deferred tax arising from:

	Revaluation of properties	**Land appreciation tax**	**Tax losses**	**Total**
	$'000	*$'000*	*$'000*	*$'000*
At 1 January 2012	(1,029,101)	—	29,116	(999,985)
Exchange adjustments	(5,458)	(62)	—	(5,520)
Credited/(charged) to profit or loss *(note 7(a))*	373,099	79,405	(29,116)	423,388
At 31 December 2012 (Restated)	(661,460)	79,343	—	(582,117)
At 1 January 2013 (Restated)	**(661,460)**	**79,343**	**—**	**(582,117)**
Exchange adjustments	**(28,992)**	**2,430**	**—**	**(26,562)**
Credited/(charged) to profit or loss *(note 7(a))*	**138,128**	**(17,078)**	**—**	**121,050**
Disposal	**—**	**(12,377)**	**—**	**(12,377)**
At 31 December 2013	**(552,324)**	**52,318**	**—**	**(500,006)**

19 CAPITAL AND DIVIDENDS

(a) Share capital

	2013		2012	
	No. of shares	**Amount**	**No. of shares**	**Amount**
	'000	*$'000*	*'000*	*$'000*
Authorised:				
Ordinary shares of $0.1 each	10,000,000	10,000,000	10,000,000	1,000,000
Issued and fully paid:				
Ordinary shares of $0.1 each				
At 1 January	2,352,917	235,292	2,328,965	232,897
Conversion of convertible bonds	502,994	50,299	23,952	2,395
At 31 December	2,855,911	285,591	2,352,917	235,292

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

As mentioned in note 17, convertible bonds with principal amount of $168,000,000 were converted to ordinary shares of the Company on 17 June 2013. Accordingly, 502,994,011 shares of $0.1 each were issued by the Company and share premium of $51,037,000 was arose.

(b) Dividends

The Directors of the Company did not recommend the payment of a final dividend for the year ended 31 December 2013 (2012: Nil).

20 COMMITMENTS

(a) Capital commitments outstanding at 31 December 2013 not provided for in the financial statements are as follows:

	2013	2012
	$'000	*$'000*
Contracted for	**—**	908,033
Authorised but not contracted for	**1,740,702**	230,069
	1,740,702	1,138,102

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

(b) At 31 December 2013, the total future minimum lease payments regarding properties under non-cancellable operating leases are payable as follows:

	2013	2012
	$'000	*$'000*
Within 1 year	**5,009**	50
After 1 year but within 5 years	**7,514**	—
	12,523	50

The Group is the lessee in respect of a property held under operating leases. The lease typically runs for an initial period of three years, with an option to renew the lease when all terms are renegotiated. The lease does not include contingent rentals.

21 CONTINGENT LIABILITIES

The Group has arranged bank financing for certain purchasers of the Group's property units and provided guarantees to secure obligations of such purchasers for repayments. Such guarantees terminate upon the earlier of (i) issuance of the real estate ownership certificate upon the completion of guarantee registration; or (ii) the satisfaction of mortgaged loan by the purchasers of properties.

Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted purchasers to the banks and the Group is entitled to take over the legal title and possession of the related properties. The Group's guarantee period starts from the dates of grant of the mortgages. The directors of the Company are of the view that the fair value of financial guarantee is not significant.

The amount of guarantees given to banks for mortgage facilities granted to the purchasers of the Group's properties at the end of each reporting period is as follows:

	2013	2012
	$'000	*$'000*
Guarantees given to banks for mortgage facilities granted to purchasers of the Group's properties	**235,440**	587,427

The directors do not consider it probable that the Group will sustain a loss under these guarantees during the period under guarantee as the individual property ownership certificates have not been obtained and thus the Group can take over the ownership of the related properties and sell the properties to recover any amounts paid by the Group to the banks. The Group has not recognised any deferred income in respect of these guarantees as its fair value is considered to be minimal by the directors. The directors also consider that the fair market value of the underlying properties is able to cover the outstanding mortgage loans guaranteed by the Group in the event that the purchasers default payments to the banks.

22 MATERIAL RELATED PARTY TRANSACTIONS

(a) Transactions with key management personnel

Remuneration for key management personnel of the Group is as follows:

	2013	2012
	$'000	*$'000*
Short-term employee benefits	**8,700**	8,280

Total remuneration is included in "staff costs" (see note 6(b)).

(b) Loans from related parties

Mr. Chen is a director and shareholder of the Group and is considered a related party of the Group. The loans from related parties are made from an entity controlled by Mr. Chen. The loans from an entity controlled by Mr. Chen, amounted to $256,268,000 (2012: $280,284,000) that bear interest at 15% per annum, are unsecured and repayable six months after the date of the respective drawdowns. Interest incurred during the year and interest payable to related parties as at 31 December 2013 are set out in notes 6(a) and 15 respectively.

(c) Loans from intermediate holding company

The loans from intermediate holding company are interest-bearing at a rate of six month LIBOR plus 5% per annum, secured by the share charge over all the shares held by the Company in Wanda International Real Estate Investments Co., Limited and repayable three years after the date of the respective drawdowns. The loans are denominated in GBP with carrying amount of GBP94,048,000 as at 31 December 2013. Interest incurred during the year and interest payable to intermediate holding company as at 31 December 2013 are set out in notes 6(a) and 15 respectively.

(d) Disposal of subsidiaries

On 20 March 2013, the Company entered into a disposal agreement with Mr. Chen and two companies wholly owned by him, being Zhizun and Onu, for (1) the Company's sale to Zhizun of 47% of the issued share capital of Amazing Wise at a consideration of approximately $587,811,000; (2) the Company's sale to Onu of all the issued share capital of the disposal group at a total consideration of approximately $324,567,000; and (3) the Company's sale to Onu of a shareholder's loan at a total consideration of approximately $399,164,000. Details of the disposal are set out in note 8.

(e) Convertible bonds

During the year, Mr. Chen converted convertible bonds with principal amount of HK$168,000,000 into 502,994,011 ordinary shares at a conversion price of $0.334 per share. Details of the convertible bonds converted are disclosed in note 17.

(f) Other related party transactions

Other amounts due from/to related parties are set out in notes 14 and 15.

(g) Applicability of the Listing Rules relating to connected transactions

The related party transactions in respect of loans from related parties and loans from intermediate holding company above constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules, however they are exempt from the disclosure requirements in Chapter 14A of the Listing Rules.

23 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

(a) Rights issue

On 13 December 2013, the Company announced its proposed rights issue (the "Rights Issue") of 856,773,210 shares (the "Rights Shares") at a subscription price of $2.88 per Rights Share. The Rights Shares were proposed to be issued on the basis of three Rights Shares for every ten existing ordinary shares of the Company in issue on 24 December 2013. The Rights Issue was completed on 23 January 2014 and the dealings of the Rights Shares commenced on 27 January 2014.

(b) Development of a new property project in the PRC

On 27 February 2014, the Company, Wanda Commercial Properties (Hong Kong) Co., Limited ("Wanda HK", a controlling shareholder of the Company) and Wanda Properties Investment Limited (owned as to 51% by the Company and 49% by Wanda HK) entered into an agreement in relation to the development of a piece of land in Guilin, the PRC, into a "Wanda Plaza", which comprises commercial and residential properties (the "Agreement"). Pursuant to the Agreement, the total capital commitment to be made by the Company and Wanda HK is expected to be, respectively, US$91.8 million and US$88.2 million, with reference to the consideration of the land acquired and the estimated capital requirement of its development.

MANAGEMENT DISCUSSION AND ANALYSIS

CHANGE OF CONTROLLING SHAREHOLDER

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

BUSINESS REVIEW

On 20 March 2013, the Company entered into a sale and purchase agreement with Mr. Chen, the then chairman of the Board, an executive director and a controlling shareholder of the Company, and two companies wholly owned by him, to dispose of 1) 47% of shares in Amazing Wise Limited, a wholly-owned subsidiary of the Company which indirectly holds a 95% interest in Hengli City (恒力城), 2) 100% of the shares in the wholly-owned subsidiaries of the Company which indirectly hold 100% interests in Hengli • Financial Center (恒力 • 金融中心) and Hengli • Prosperity Center (恒力 • 創富中心) and 70% interest in Hengli • Bona Plaza (恒力 • 博納廣場), and 3) shareholder's loan of approximately HK$399 million (together the "Disposal"). The total consideration of the Disposal was approximately HK$1,311.54 million, which brought to the Company cash of approximately HK$0.54 million and reduced convertible bonds issued by the Company in principal amount of HK$1,311 million, which formed a significant part of the Company's then outstanding convertible bonds. The Disposal was completed on 25 June 2013.

Upon completion of the Disposal, Hengli City became the only significant project of the Group. Hengli City is a residential, office and retail complex with a total gross floor area of approximately 241,600 square meters. The retail commercial podium of Hengli City of approximately 56,219 sq.m. was leased to Beijing Wangfujing Department Store (Group) Co. Ltd. (北京王府井百貨(集團)股份有限公司) for a term of 20 years, which, together with the leased office and car park space units, has contributed rental income of approximately HK$94.4 million to the Group for the year ended 31 December 2013. During the year, Hengli City has achieved income from sales of properties of approximately HK$356.2 million.

The Group has completed the acquisition of the property at 1 Nine Elms Lane, London SW8 5NQ, United Kingdom (further details are set out in the circular of the Company dated 30 September 2013) in 2013 and completed the demolition and relocation plan of the existing property in February 2014 as planned. The demolition and relocation work has also commenced accordingly. The Group will continue to promote the development of the project.

In addition, the Group is currently pursuing the acquisition of the State-owned Construction Land Use Rights in Guilin City, Guangxi Zhuang Autonomous Region, the PRC (further details are set out in the circular of the Company dated 17 March 2014). If approval is granted by the independent shareholders, the Group will jointly develop the land into "Wanda Plaza", a project comprising commercial and residential properties, with Wanda Commercial Properties (Hong Kong) Co. Limited, a controlling shareholder, through a project company owned as to 51% by the Company and 49% by Wanda Commercial Properties (Hong Kong) Co. Limited.

On 23 January 2014, the Company completed a rights issue on the basis of three rights shares for every ten existing shares, issuing 856,773,210 Rights Shares in total at the subscription price was HK$2.88 per rights shares (further details are set out in the prospectus of the Company dated 31 December 2013). The gross proceed before expenses was HK$2,467.5 million. An aggregate of 356 valid acceptances and applications had been received for an aggregate of 1,173,336,496 Rights Shares. Accordingly, the Rights Issue was approximately 36.95% oversubscribed.

FINANCIAL REVIEW

Turnover and results

The Group's turnover for the year ended 31 December 2013 was approximately HK$1,348.0 million. Compared to HK$2,773.4 million for 2012, the decrease was mainly due to that Hengli City was completed in 2012 and a significant part of the pre-sales of the project since 2009 were recognized in 2012. Turnover of HK$1,231.7 million, HK$94.4 million and HK$21.8 million were derived from sales of developed properties, property leasing and property management service for the year ended 31 December 2013 respectively.

The Group's profit attributable to equity shareholders of the Company was approximately HK$190.9 million (2012: HK$232.3 million). The decrease was mainly due to i) decrease in valuation gain on investment properties of HK$356.7 million due to that the investment properties was completed in the prior period, ii) net loss on disposal of subsidiaries of HK$45.3 million incurred during the year, iii) impairment loss on goodwill of HK$57.6 million, which was partly set off by: iv) increase in gross profit of HK$215.0 million since properties with higher profit margin contributed to more sales in the year, v) increase of totally HK$54.3 million in gain on redemption of convertible bonds in the year and net gain on revaluation and cancellation of redemption right attached to the convertible bonds, and vi) decrease in finance cost of HK$74.0 million.

Net assets and equity attributable to equity shareholders

As at 31 December 2013, the Group recorded total assets and total liabilities of approximately HK$4,822.2 million and HK$3,475.8 million respectively. The Group had net assets of approximately HK$1,346.3 million as at 31 December 2013 as compared to approximately HK$791.1 million (Restated) as at 31 December 2012. As at 31 December 2013, the equity attributable to equity shareholders of the Company was approximately HK$540.5 million as compared to HK$663.4 million (Restated) as at 31 December 2012.

Liquidity and financial ratios

The Group had total bank and cash balances of approximately HK$191.7 million as at 31 December 2013 as compared with HK$519.5 million as at 31 December 2012. As at 31 December 2013, the current ratio, which is the quotient arrived at by dividing current assets by current liabilities, was 1.15 as compared with 1.02 as at 31 December 2012. The gearing ratio, which is the quotient arrived at by dividing net interest bearing debts by the aggregate of net interest bearing debts and total equity, was 54.9% as at 31 December 2013 as compared with 56.6% (Restated) as at 31 December 2012.

Borrowings

The Group had interest-bearing borrowings from financial institutions of approximately HK$137.0 million as at 31 December 2013 (31 December 2012: HK$51.1 million), representing an increase of approximately 168.1% over the amount as at 31 December 2012. Borrowings were denominated in Renminbi ("RMB") and Hong Kong dollar ("HK$"). Approximately 59.9% of the borrowings is repayable within one year of which 89.1% is secured by cash deposit. The rest represents bank loans repayable after one year of HK$55.0 million. The Company is confident in meeting its loan repayment obligations with its cash and bank deposits and proceeds from lease and sale of properties.

The Group had interest-bearing borrowings from related parties of approximately HK$256.3 million as at 31 December 2013 (31 December 2012: HK$280.3 million). These borrowings are repayable within one year.

The Group had interest-bearing borrowings from intermediate holding company of approximately HK$1,202.6 million as at 31 December 2013 (31 December 2012: nil). These borrowings are repayable in year 2016.

Taken into account its cash and bank deposits, proceeds from lease and sale of its properties, and that Mr. Chen has agreed to provide funding by way of loan in an amount up to the shortfall required to satisfy any funding needs or liabilities of the Hengli City project if the Group does not have sufficient financial resources and is unable to secure adequate third party financing to satisfy any immediate funding needs or liabilities relating to the Hengli City project, the Group is confident in meeting its loan repayment obligations.

The Group had aggregate net carrying amount of convertible bonds of approximately HK$234.9 million (principal amount of approximately HK$321.0 million) as at 31 December 2013. The Convertible Bonds bear zero coupon and the maturity date of the Convertible Bonds is 20 January 2018.

Foreign currency exposure

Other than borrowings denominated in Hong Kong Dollars, the Group had, during the period, conducted its business in RMB and Great Britain Pounds (GBP). The Group was exposed to foreign exchange risk arising from fluctuations in the exchange rate between RMB and HK$ and between GBP and HK$.

During the year, the Group did not use any financial instruments to hedge foreign currency exposure and the Group did not have any hedging instruments outstanding as at 31 December 2013.

Interest rate exposure

During the year, the Group had interest-bearing borrowings from financial institutions, related parties and intermediate holding company. Accordingly, the Group's cost of borrowing was affected by changes in interest rates. As at 31 December 2013, borrowings of HK$1,340.0 million were on a floating rate basis, of which HK$1,202.6 million were loans from intermediate holding company. The interest rate risk exposure was considered acceptable and no hedging was considered necessary. During the year, the Group had monitored the suitability and cost efficiency of hedging instruments and had considered a mix of fixed and floating rate borrowings in order to manage interest rate risks.

PLEDGE OF ASSETS

As at 31 December 2013, the Group pledged certain of its property, plant and equipment, prepaid lease payments, investment properties, inventory and restricted bank deposits to financial institutions in the PRC to secure the loans of approximately HK$137.0 million and undrawn bank facilities of approximately HK$1,138.2 million granted by these financial institutions. The aggregate carrying value of these property, plant and equipment, prepaid lease payments, investment properties, inventory and restricted bank deposits as at 31 December 2013 amounted to approximately HK$8.8 million, HK$0.1 million, and HK$2,108.1 million, HK$56.0 million and HK$85.3 million respectively.

CHANGES IN SHARE CAPITAL

During the year ended 31 December 2013, 502,994,011 ordinary shares of HK$0.10 each were issued pursuant to the exercise of the conversion rights attaching to the Company's convertible bonds at a conversion price of HK$0.334 per share. As at 31 December 2013, total issued shares of the Company was 2,855,910,703 ordinary shares and paid up share capital was HK$285,591,070.3.

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

INVESTMENT

As at 31 December 2013, other than its investment in Hengli City and the property located at 1 Nine Elms Lane, London SW8 5NQ, United Kingdom, there were no significant investments held by the Group.

CONTINGENT LIABILITIES

As at 31 December 2013, the Group had provided guarantees of approximately HK$235.4 million to banks in favour of its customers in respect of mortgaged loans provided by the banks to these customers for their purchase of the Group's properties. Each of these guarantees would be released upon receipt by the bank of the real estate ownership certificate for the property from the customer as security for the loan.

MATERIAL ACQUISITION AND DISPOSAL

On 20 March 2013, the Company entered into a sale and purchase agreement with Mr. Chen, the then chairman of the Board, an executive director and a controlling shareholder of the Company, and two companies wholly owned by him, to dispose of 1) 47% of shares in Amazing Wise Limited, a wholly-owned subsidiary of the Company which indirectly holds a 95% interest in Hengli City (恒力城), 2) 100% of the shares in the wholly-owned subsidiaries of the Company which indirectly hold 100% interests in Hengli • Financial Center (恒力 • 金融中心) and Hengli • Prosperity Center (恒力 • 創富中心) and 70% interest in Hengli • Bona Plaza (恒力 • 博納廣場), and 3) shareholder's loan of approximately HK$399 million (together the "Disposal"). The total consideration of the Disposal was approximately HK$1,311.54 million.

The Group has acquired the property located at 1 Nine Elms Lane, London SW8 5NQ, United Kingdom in October 2013. Details of the acquisiton are set out in the circular of the Company dated 30 September 2013.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Other than disclosure in note 16 to the financial statements, no director has right to acquire shares or debentures of the Company or its subsidiaries.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2013, the Group had around 225 full time employees, all of them being in the PRC, Hong Kong and United Kingdom.

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

DIVIDEND

The Directors of the Company did not recommend the payment of a final dividend for the year ended 31 December 2013 (year ended 31 December 2012: Nil).

OUTLOOK

Looking forward, the Group believes that as the global economy continues to recover, there will be meaningful investment and development opportunities in the commercial real estate sector in certain countries and regions. The Group, positioned as an investment and financing platform for the controlling shareholder, DWCP Parent Co. will, with supports from DWCP Parent Co. focus on developing overseas financing channels and actively pursuing profitable development opportunities in the PRC and overseas which are similar to the projects in London and Guilin that are in line with the Group's development strategy on an ongoing basis. We will steadily invest in the commercial real estate sector together with DWCP Parent Co. further expand our income sources, enhance our profit and continue to maximize the interests of our shareholders.

OTHER INFORMATION

SHARE OPTIONS SCHEME

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

PURCHASE, SALE OR REDEMPTION OF SHARES

During the year, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules as its own code of conduct regarding securities transactions by the Directors. Following specific enquiry by the Company, all Directors have confirmed that they have complied with the required standard as set out in the Model Code during the year ended 31 December 2013.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has complied with the Corporate Governance Code (the "Code") as contained in Appendix 14 of the Listing Rules, except for deviations from Code A.2.1 (Separate of roles of chairman and chief executive officer), Code Provision A.6.7 (independent non-executive directors attending general meetings).

Code provision A.2.1

Code provision A.2.1 stipulates that the roles of the chairman and the chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and the chief executive should be clearly established and set out in writing.

Mr. Chen Chang Wei held both positions of Chairman and Managing Director from 1 January 2013 to 3 July 2013. As the Group's business further developed and expanded, he was re-designated as non-executive Director of the Company on 3 July 2013 and he resigned from the position of Chairman and Managing Director effective from 3 July 2013. Mr. Ding Benxi was appointed as non-executive Director and Chairman of the Company on 3 July 2013, and Mr. Liu Chaohui was appointed as executive Director and Managing Director of the Company on 3 July 2013.

Code provision A.6.7

Code provision A.6.7 stipulates that independent non-executive directors should attend general meetings. Due to other business engagements, not all independent non-executive Directors attended the annual general meeting and special general meeting of the Company.

REVIEW OF ANNUAL RESULTS BY THE AUDIT COMMITTEE

The Company has established an audit committee (the "Audit Committee") with written terms of reference in accordance with the requirements of the Code for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls. The Audit Committee previously comprised three independent non-executive Directors, Mr. Ma Ving Lung, Mr. Yip King Keung, Pony and Ms. Lin Wen Feng. Mr. Ma Ving Lung, Mr. Yip King Keung, Pony and Ms. Lin Wen Feng resigned from the Audit Committee with effect from 24 July 2013. Mr. Xue Yunkui, an independent non-executive Director, was appointed as chairman and member of the Audit Committee, and Mr. Qi Jie, a non-executive Director, and Mr. Ba Shusong, an independent non-executive Director, were appointed as members of the Audit Committee with effect from 24 July 2013.

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

The Audit Committee has reviewed the Group's financial statements for the year ended 31 December 2013 and discussed the financial related matters with management and external auditor.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement will be published on both the websites of the Company (www.wanda-cp.com.hk) and of the Stock Exchange of Hong Kong Limited (www.hkexnews.hk). The annual report of the Company for the year ended 31 December 2013 will be dispatched to shareholders and published on the aforesaid websites in due course.

By Order of the Board
Ding Benxi
Chairman

Hong Kong, 17 March 2014

As at the date of this announcement, Mr. Ding Benxi, Mr. Qi Jie, Mr. Qu Dejun and Mr. Chen Chang Wei are the non-executive Directors; Mr. Liu Chaohui is the executive Director; Mr. Liu Jipeng, Mr. Xue Yunkui and Mr. Ba Shusong are the independent non-executive Directors.