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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2014

The Board of Directors (the "Board") of Wanda Commercial Properties (Group) Co., Limited (the "Company") announces the unaudited condensed consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2014 as follows:—

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the six months ended 30 June 2014 — unaudited
(Expressed in Hong Kong Dollars)

		Six months ended 30 June	
		2014	2013
	Note	***$'000***	*$'000*
			(Restated)
Revenue	*4*	**88,728**	1,146,089
Cost of sales		**(19,065)**	(672,265)
Gross profit		**69,663**	473,824
Other revenue	*5*	**3,493**	7,977
Other net income/(loss)	*5*	**28,822**	(1,782)
Net valuation (loss)/gain on investment properties	*12*	**(148,376)**	3,783
Selling expenses		**(4,610)**	(3,786)
Administrative expenses		**(42,048)**	(35,930)
Gain on redemption of convertible bonds		**—**	39,370
Gain on revaluation and cancellation of convertible bonds redemption options	*6*	**11,050**	32,535
Net loss on disposal of subsidiaries		**—**	(45,326)
Impairment loss on goodwill	*13*	**(2,531)**	(38,685)
(Loss)/profit from operations		**(84,537)**	431,980
Finance costs	*8*	**(36,702)**	(60,092)
(Loss)/profit before tax	*7*	**(121,239)**	371,888
Income tax	*9*	**46,291**	(160,368)
(Loss)/profit for the period		**(74,948)**	211,520

	Note	Six months ended 30 June **2014** **$'000**	2013 $'000 (Restated)
Attributable to:			
Owners of the parent		**(57,803)**	204,288
Non-controlling interests		**(17,145)**	7,232
		(74,948)	211,520
(Loss)/earnings per share attributable to ordinary equity holders of the parent (HK cents)	*10*		
Basic		**(1.6)**	8.5
Diluted		**(1.3)**	2.3
(Loss)/profit for the period		**(74,948)**	211,520
Other comprehensive income			
Exchange reserve realised on disposal of subsidiaries		**—**	(26,927)
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of the financial statements of foreign subsidiaries		**(50,225)**	32,706
Other comprehensive income, net of tax		**(50,225)**	5,779
Total comprehensive income, net of tax		**(125,173)**	217,299
Attributable to:			
Owners of the parent		**(76,953)**	206,719
Non-controlling interests		**(48,220)**	10,580
		(125,173)	217,299

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30 June 2014 — unaudited

(Expressed in Hong Kong Dollars)

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

	Note	**30 June 2014**	31 December 2013
		$'000	*$'000*
Non-current liabilities			
Convertible bonds	*16*	**244,044**	234,906
Loans from financial institutions		**243,512**	54,993
Loans from intermediate holding company		**1,241,900**	1,202,634
Deferred tax liabilities		**474,328**	552,324
Total non-current liabilities		**2,203,784**	2,044,857
Net assets		**3,671,464**	1,346,317
Equity			
Equity attributable to owners of the parent			
Share capital	*17*	**371,268**	285,591
Retained earnings		**214,229**	272,032
Other reserves		**2,328,369**	(17,124)
		2,913,866	540,499
Non-controlling interests		**757,598**	805,818
Total equity		**3,671,464**	1,346,317

NOTES

1 BASIS OF PREPARATION

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

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

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

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

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

The interim financial report is unaudited, but has been reviewed by the Group's audit committee. It has also been reviewed by Ernst & Young in accordance with Hong Kong Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*, issued by the HKICPA.

2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

(i) Adoption of new and amendments to standards

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

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

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

Investment Entities (Amendments to HKFRS 10, HKFRS 12 and HKAS 27)

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

Offsetting Financial Assets and Financial Liabilities — Amendments to HKAS 32

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

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

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

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

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

HK(IFRIC)- Interpretation 21 *Levies*

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

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

The Group has not applied any new standard or interpretation that is not yet effective for the six months ended 30 June 2014.

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

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

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

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

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

3. SEGMENT REPORTING

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

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

- Overseas: this segment engages in the development of property projects overseas.

(i) Segment results, assets and liabilities

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

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

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

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

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

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

	Six months ended 30 June	
	2014	2013
	$'000	*$'000*
Revenue		
Reportable segment and consolidated revenue	**88,728**	1,146,089
(Loss)/Profit before taxation		
Reportable segment (loss)/profit	**(100,467)**	244,385
Unallocated head office and corporate results	**(20,772)**	127,503
Consolidated (loss)/profit before taxation	**(121,239)**	371,888

	30 June	31 December
	2014	2013
	$'000	*$'000*
Assets		
Reportable segment assets	**6,698,705**	4,690,310
Unallocated head office and corporate assets	**1,845,384**	131,842
Consolidated total assets	**8,544,089**	4,822,152
Liabilities		
Reportable segment liabilities	**3,773,164**	2,431,302
Unallocated head office and corporate liabilities	**1,099,461**	1,044,533
Consolidated total liabilities	**4,872,625**	3,475,835

(iii) Geographical information

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

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

(iv) Information about major customers

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

4. REVENUE

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

An analysis of revenue is as follows:

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

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

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

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

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

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

7. (LOSS)/PROFIT BEFORE TAXATION

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

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

8. FINANCE COSTS

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

	Six months ended 30 June	
	2014	2013
	$'000	*$'000*
Interest on loans from financial institutions	**6,450**	3,694
Interest on convertible bonds *(note 16)*	**9,138**	44,631
Interest on loans from related parties and intermediate holding company repayable within five years	**55,051**	19,814
Others	**24**	1,687
	70,663	69,826
Less: Interest expenses capitalised into properties under development and construction in progress	**(33,961)**	(9,734)
	36,702	60,092

9. INCOME TAX

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

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

(ii) No provision for Hong Kong profits tax has been made as the Group had no assessable profits arising in Hong Kong during the period.

(iii) Corporate Income Tax ("CIT")

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

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

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

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

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

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

11. PROPERTY, PLANT AND EQUIPMENT

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

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

12. INVESTMENT PROPERTIES

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

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

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

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

13. PROPERTIES FOR SALES

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

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

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

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

14. TRADE AND OTHER RECEIVABLES

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

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

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

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

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

15. TRADE AND OTHER PAYABLES

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

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

The above balances are unsecured and are interest-free.

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

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

16. CONVERTIBLE BONDS

As at 30 June 2014, convertible bonds with principal amount of $209,000,000 and $112,000,000 were held by Wanda Overseas and Mr. Chen and his family respectively. The convertible bonds were secured by the shares of Amazing Wise Limited, a subsidiary of the Group.

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

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

(ii) Pursuant to the terms of the convertible bonds, the conversion price and the number of shares to be issued upon exercise of the subscription rights attached to the convertible bonds have been adjusted as a result of a rights issue in January 2011. The Company is required to issue ordinary shares at $0.334 per share (originally $0.5 per share before the rights issue of the Company in January 2011). The Company completed a rights issue in January 2014 and as a result of the rights issue, the conversion price of the convertible bonds was adjusted to $0.326 per share accordingly.

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

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

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

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

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

17. SHARE CAPITAL AND DIVIDEND

(i) Share capital

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

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

(ii) Dividend

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

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Hengli City, Fuzhou, PRC

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

London Project, UK

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

Wanda Plaza, Guilin, PRC

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

Joint Venture Platform in Continental Europe and Madrid Project, Spain

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

Joint Venture Platform in the Americas and Chicago Project, America

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

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

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

Memorandum of Understanding and Proposed Change of Company Name

On 25 August 2014, the Company, DWCP and Wanda HK, both controlling Shareholders of the Company, entered into the memorandum of understanding in which the parties have expressed their intention to establish the Group as a platform for the investment and operation of hotels under Wanda's brands in overseas markets. DWCP and Wanda HK both expressed their continued support to the Group for the aforesaid business direction. Accordingly, the Board proposes to change the name of the Company from "Wanda Commercial Properties (Group) Co., Limited" to "Wanda Hotel Development Company Limited" and adopt the Chinese name "万达酒店发展有限公司" as its secondary name to replace the existing Chinese name "万达商业地产(集团)有限公司". A special resolution will be proposed at a special general meeting to be convened and held as soon as practicable for the shareholders to consider and, if thought fit, approve the proposed change of company name.

FINANCIAL REVIEW

Revenue and results

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

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

Net assets and equity attributable to equity shareholders

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

Liquidity and financial ratios

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

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

Borrowings and financial resources

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

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

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

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

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

Foreign currency and interest rate exposure

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

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

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

PLEDGE OF ASSETS

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

CHANGES IN SHARE CAPITAL

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

INVESTMENT

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

CONTINGENT LIABILITIES

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

MATERIAL ACQUISITION AND DISPOSAL

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

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

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Other than disclosure in note 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 30 June 2014, the Group had around 270 full time employees, all of them being in the PRC, Hong Kong and the United Kingdom.

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

DIVIDEND

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

OUTLOOK

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

OTHER INFORMATION

SHARE OPTIONS SCHEME

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

PURCHASE, SALE OR REDEMPTION OF SHARES

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

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

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE AND LISTING RULES

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

The resignation of Mr. Ba Shusong, an independent non-executive Director, on 20 May 2014, results in the Company's non-compliance with Rules 3.10(1), 3.10A, 3.21 and 3.25 of the Listing Rules. The Company has been taking active steps to identify a suitable candidate to fill the abovementioned vacancy. The Company will appoint an independent non-executive Director and a member of the audit committee (the "Audit Committee") and remuneration committee (the "Remuneration Committee") as soon as practicable, in any event, by 12 September 2014. Further announcement will be made by the Company as and when appropriate, in compliance with the requirement of the relevant Listing Rules.

REVIEW OF INTERIM RESULTS BY THE AUDIT COMMITTEE

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

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

The Audit Committee has reviewed the Group's financial statements for the six months ended 30 June 2014 and discussed the financial related matters with management and external auditor.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM 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 interim report of the Company for the six months ended 30 June 2014 will be dispatched to shareholders and published on the aforesaid websites in due course.

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

Hong Kong, 25 August 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 and Mr. Xue Yunkui are the independent non-executive Directors.