大連萬達商業地產股份有限公司

Dalian Wanda Commercial Properties Co., Ltd.

(A joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock code: 3699)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2014 CHANGE OF PRINCIPAL PLACE OF BUSINESS IN HONG KONG ISSUE OF DOMESTIC CORPORATE BONDS IN THE PRC ISSUE OF DOMESTIC DEBT FINANCING INSTRUMENTS IN THE PRC

FINANCIAL HIGHLIGHTS

Revenue of the Group in 2014 amounted to RMB107,871 million, representing an increase of RMB21,097 million, or 24.31%, from RMB86,774 million in 2013.

Core profit attributable to equity holders of the Company (net of the effect of fair value change) in 2014 amounted to RMB14,824 million, representing an increase of RMB1,825 million, or 14.04%, from RMB12,999 million in 2013.

The increase in fair value of investment properties of the Company in 2014 was RMB13,455 million, representing a decrease of RMB1,988 million, or 12.87%, as compared with RMB15,443 million in 2013.

Earnings per share for the year 2014 amounted to RMB6.51.

The Board has proposed a final dividend of RMB0.95 per share (tax inclusive) for the year ended 31 December 2014, subject to the approval by the Shareholders at the AGM.

The board of directors (the "**Board**") of Dalian Wanda Commercial Properties Co., Ltd. (the "**Company**") is pleased to announce the consolidated results of the Company and its subsidiaries (collectively, the "**Group**") prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRS**") for the year ended 31 December 2014.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2014

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

Details of dividends payables and proposed for the year are disclosed in note 8 to the financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2014

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 December 2014

	Notes	31 December 2014 RMB'million	31 December 2013 RMB'million
NON-CURRENT ASSETS			
Property, plant and equipment		**35,147**	25,955
Investment properties	*10*	**248,101**	198,539
Prepaid land lease payments		**9,983**	6,268
Goodwill		**1,745**	287
Other intangible assets		**3,054**	155
Investment in joint ventures		**475**	–
Investment in an associate		**–**	114
Available-for-sale investments		**35**	37
Long-term receivables		**10**	11
Deferred tax assets		**4,272**	3,376
Total non-current assets		**302,822**	234,742
CURRENT ASSETS			
Inventories	*11*	**145,192**	100,474
Prepaid taxes		**5,469**	3,211
Trade and bills receivables	*12*	**848**	280
Prepayments, deposits and other receivables		**15,957**	18,654
Available-for-sale investments		**971**	–
Derivative financial instrument		**–**	19
Restricted cash		**6,732**	4,139
Cash and cash equivalents		**86,303**	69,525
Total current assets		**261,472**	196,302
CURRENT LIABILITIES			
Trade and bills payables	*13*	**53,743**	34,628
Other payables and accruals		**138,015**	117,009
Interest-bearing bank and other borrowings		**36,464**	21,016
Deferred income		**395**	450
Dividend payables		**13**	13
Taxes payable		**6,831**	7,161
Total current liabilities		**235,461**	180,277
NET CURRENT ASSETS		**26,011**	16,025
TOTAL ASSETS LESS CURRENT LIABILITIES		**328,833**	250,767

31 December 2014

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2014

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

Year ended 31 December 2014

	Notes	**2014** *RMB'million*	2013 *RMB'million*
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		**(7,533)**	(6,411)
Additions to investment properties		**(31,768)**	(14,953)
Additions to prepaid land lease payments		**(3,646)**	(772)
Additions to other intangible assets		**(857)**	(90)
Acquisitions of subsidiaries		**(3,317)**	(443)
Proceeds from disposal of items of property, plant and equipment		**57**	119
Net proceeds for purchase of available-for-sale investments		**(1,050)**	(27)
Investment in joint ventures		**(476)**	–
Cash flows relating to disposal of subsidiaries		**2,628**	(1,083)
Additions to investments in an associate		**–**	(123)
Dividend received from former subsidiary		**263**	–
Net cash flows used in investing activities		**(45,699)**	(23,783)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net proceeds from issue of bonds		**3,662**	3,614
New bank loans		**129,259**	80,745
Repayment of bank loans		**(84,180)**	(40,304)
Interest and bank charge paid		**(12,304)**	(6,962)
Dividends paid		**(1,999)**	(1,999)
Capital contributions from non-controlling shareholders		**680**	2,940
Capital contribution from shareholders		**23,755**	–
Acquisition of non-controlling interests		**(5,072)**	(130)
Net cash flows from financing activities		**53,801**	37,904
NET INCREASE IN CASH AND CASH EQUIVALENTS		**16,934**	20,928
Cash and cash equivalents at beginning of year		**69,525**	48,585
Effect of foreign exchange rate changes, net		**(156)**	12
CASH AND CASH EQUIVALENTS AT END OF YEAR		**86,303**	69,525
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and cash equivalents as stated in the statement of financial position		**86,303**	69,525
Cash and cash equivalents as stated in the statement of cash flows		**86,303**	69,525

1. CORPORATE INFORMATION

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

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

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

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

2.1 Basis of preparation

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

Basis of consolidation

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

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

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

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

2.2 Changes in accounting policies and disclosures

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

Amendment to HKFRS 2 included in Annual Improvements 2010-2012 Cycle	*Definition of Vesting Condition*[1]
Amendment to HKFRS 3 included in Annual Improvements 2010-2012 Cycle	*Accounting for Contingent Consideration in a Business Combination*[1]
Amendment to HKFRS 13 included in Annual Improvements 2010-2012 Cycle	*Short-term Receivables and Payables*
Amendment to HKFRS 1 included in Annual Improvements 2011-2013 Cycle	*Meaning of Effective HKFRSs*

1 Effective from 1 July 2014

Other than explained below regarding the impact of (state the applicable standards/interpretation), the adoption of the above revised standards and interpretation has had no significant financial effect on these financial statements.

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

(b) The HKFRS 3 Amendment clarifies that contingent consideration arrangements arising from a business combination that are not classified as equity should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of HKFRS 9 or HKAS 39. The amendment has had no impact on the Group.

(c) The HKFRS 13 Amendment clarifies that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial. The amendment has had no impact on the Group.

3. OPERATING SEGMENT INFORMATION

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

(a) development, leasing and management of commercial properties held by the Group for long-term investment;

(b) development and sale of properties, including primarily commercial and residential properties;

(c) development and operation of hotels; and

(d) the "Others" segment mainly comprises management of properties sold, research and design centre, institute and other services.

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

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

Year ended 31 December 2014

	Investment properties leasing and management *RMB'million*	Sales of properties *RMB'million*	Hotel operation *RMB'million*	Others *RMB'million*	Total *RMB'million*
Segment revenue:					
Sales to external customers	**10,352**	**91,748**	**4,008**	**1,763**	**107,871**
Intersegment sales	**950**	**294**	**14**	**763**	**2,021**
	11,302	**92,042**	**4,022**	**2,526**	**109,892**
Reconciliation:					
Elimination of intersegment sales					**(2,021)**
Revenue from continuing operations					**107,871**

31 December 2014

	Investment properties leasing and management *RMB'million*	Sales of properties *RMB'million*	Hotel operation *RMB'million*	Others *RMB'million*	Total *RMB'million*
Cost of Goods Sold ("COGS")	(2,703)	(54,532)	(2,868)	(1,842)	(61,945)
Other income and gain	256	1,729	107	1,114	3,206
Increase in fair value of investment properties	13,455	–	–	–	13,455
Selling and distribution costs	(459)	(5,127)	(367)	(159)	(6,112)
Administrative expenses	(938)	(3,892)	(1,485)	(555)	(6,870)
Other expenses	–	(671)	–	–	(671)
Share of loss of associates	–	(1)	–	–	(1)
Share of loss of joint ventures	–	(1)	–	–	(1)
Segment results	19,963	29,253	(605)	321	48,932
Reconciliation:					
Finance costs					(7,132)
Profit before tax from continuing operations					41,800
Other segment information					
Depreciation and amortisation	–	(646)	(788)	(99)	(1,533)
Investments in joint ventures	–	475	–	–	475
Capital expenditure*	37,768	2,008	14,481	2,645	56,902

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

Year ended 31 December 2013

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

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

Geographical information

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

Information about major customers

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

4. REVENUE, OTHER INCOME AND GAINS

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

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

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

5. PROFIT BEFORE TAX

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

	Notes	**2014** *RMB'million*	2013 *RMB'million*
Cost of inventories sold		**54,532**	44,345
Government grants released**		**(1,198)**	(3,295)
Loss on disposal of items of property plant and equipment, net		**1**	1
Depreciation		**1,314**	1,054
Amortisation of prepaid land lease payments*		**122**	100
Amortisation of other intangible assets*		**97**	17
Impairment of inventories	*11*	**46**	–
Impairment of trade receivables		**(4)**	–
Impairment of other receivables		**70**	51
Minimum lease payments under operating leases in respect of land and buildings		**121**	91
Auditors' remuneration		**8**	12
Employee benefit expenses*** (including directors' remuneration)			
Wages, salaries and bonuses		**7,021**	4,947
Pension scheme contributions		**604**	422
Social welfare and other costs		**1,388**	856
Shared-based payment		**67**	–
		9,080	6,225
Increase in fair value of investment properties	*10*	**(13,455)**	(15,443)
Foreign exchange loss/(gain), net		**86**	(12)
Remeasurement loss of equity interest in an associate		**8**	–
Direct operating expenses relating to investment properties leasing and management		**2,703**	2,212

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

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

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

6. FINANCE COSTS

An analysis of finance costs is as follows:

Group

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

7. INCOME TAX

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

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

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

Group

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

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

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

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

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

8. DIVIDENDS

	2014	2013
	RMB'million	*RMB'million*
Dividend declared and paid	**1,999**	1,999

The final dividends proposed by the board of directors on 30 March 2015 amounted to RMB4,301 million (RMB0.95 dividends per share).

9. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

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

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

	2014 ***RMB'million***	2013 *RMB'million*
Earnings		
Profit attributable to ordinary equity holders of the parent used in the basic earnings per share calculation	**24,839**	24,581
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**3,817**	3,736

10. INVESTMENT PROPERTIES

Group

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

	2014	2013
	RMB'million	*RMB'million*
Located in Mainland China and held under the following lease terms		
Between 10 and 50 years	**248,101**	198,539

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

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

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

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

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

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

At the end of the year, the Group:

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

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

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

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

11. INVENTORIES

Group

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

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

Group

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

Group

	2014	2013
	RMB'million	*RMB'million*
Situated in:		
Mainland China		
Long term leases (over 50 years)	**55,550**	36,305
Medium term leases (from 10 to 50 years)	**85,186**	63,351
	140,736	99,656
London		
Permanent	**831**	761
Madrid		
Permanent	**1,017**	–
Los Angeles		
Permanent	**2,001**	–
	144,585	100,417

Certain properties under development of the Group and the Company were pledged to secure bank borrowings granted to the Group and the Company.

12. TRADE AND BILLS RECEIVABLES

An aged analysis of trade and bills receivables of the Group as at the end of reporting period, based on the invoice date and net of impairment, is as follows:

Group

	2014	2013
	RMB'million	*RMB'million*
Within 1 year	**826**	249
Over 1 year	**22**	31
	848	280

The Group's trade receivables are mainly due from the tenants to which the credit periods are usually within one year. The Group has a strict credit control policy and seeks to maintain strict control over its outstanding receivables.

13. TRADE AND BILLS PAYABLES

An aged analysis of the trade and bills payables at the end of the reporting period, based on the invoice date, is as follows:

Group

	2014	2013
	RMB'million	*RMB'million*
Within 1 year	**50,430**	31,556
1 to 2 years	**2,345**	2,274
Over 2 years	**968**	798
	53,743	34,628

The trade payables are non-interest-bearing and are normally settled based on the progress of the construction of property projects.

MANAGEMENT DISCUSSION AND ANALYSIS

Results Overview

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

Corresponding with our core products, our Group's businesses comprise three major segments: 1) development, leasing and management of commercial properties held for long-term investment, mainly including shopping centers; 2) development and sales of properties, including retail spaces, office spaces, SOHOs and residential buildings, etc; 3) development and operation of luxury hotels.

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

As at 31 December 2014:

- Total number of Wanda Plazas in operation was 107, among which, 23 were newly opened in 2014.

- Total Gross Floor Area ("GFA") of properties held and in operation amounted to 21.56 million square meters, representing an increase of 31.87% compared to 16.35 million square meters at the end of 2013.

- Total GFA of shopping centers in operation amounted to 17.71 million square meters, representing an increase of 27.87% compared to 13.85 million square meters at the end of 2013.

  Total Leasable Floor Area ("LFA") of shopping centers amounted to 11.49 million square meters, representing an increase of 23.55% compared to 9.30 million square meters at the end of 2013.

- Total amount of contracted sales of the year was RMB160,150 million, representing an increase of 26.65% over 2013; contracted sales area was 14.78 million square meters, representing an increase of 35.97% over 2013.

- Total number of hotels in operation amounted to 62, among which, 18 hotels were newly opened in 2014.

- Total number of hotel rooms in operation was 19,165, among which 5,546 rooms were newly added in 2014.

In 2014, all the Group's businesses were carried out as scheduled and achieved remarkable financial results. The Group's total revenue amounted to RMB107,871 million, up by 24.31% as compared with 2013. The Group achieved core profit (net of fair value gains of investment properties) of RMB14,824 million in 2014, representing an increase of 14.04% compared to 2013, core profit margin was 13.74%. The increase in core profit was mainly attributable to the increase in profit of our investment property leasing and property management business as well as sales of properties. In 2014, the Group realized earnings per share of RMB6.51.

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

(RMB million)

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

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

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

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

Contribution of profit before tax (excluding LAT)

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

BUSINESS SEGMENTS ANALYSIS

Investment property leasing and property management

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

Main operating information about shopping centers:

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

Notes:

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

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

Investment property

- Our investment properties mainly include shopping centers and cultural and entertainment complex projects of Wanda Plaza and Wanda City.

- In 2014, we further expanded our portfolio of investment properties. We opened 23 new shopping centers with a total GFA of approximately 3.85 million square meters and a total LFA of approximately 2.19 million square meters. As of 31 December 2014, we owned 107 shopping centers in operation in 71 cities with a total GFA of approximately 17.71 million square meters and a total LFA of approximately 11.49 million square meters. In 2014, Wanda Plaza recorded total sales of RMB102.0 billion and foot traffic of more than 1.6 billion visits, establishing itself as the largest provider of experiencing consumption platform and services in China's mass consumption market.

- Our shopping centers opened in 2014 basically recorded a 100% occupancy rate upon their opening. As at 31 December 2014, the average occupancy rate of all our shopping centers in operation was 99.32%.

- As at the end of 2014, the Group had established cooperation with nearly 5,000 brands, including more than 2,000 long-term strategic cooperation brands. We have become the largest partner of many international brands in the world.

- Our self-developed Hui Yun Management Platform (慧雲管理平台) enabling functions, such as remote monitoring, operation pre-alert and real-time statistics and interactive services, as well as remote management via mobile terminals. As such we were able to make use of our core operation and management team of approximately 5,000 people to effectively manage 107 shopping centers in operation and dozens of shopping centers under construction for business and brand management.

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

- effectively track foot traffic, automatic generation of hotspot map for customer distribution in public areas and inside the retail spaces by using new technologies, thus enabling scientific judgement on the shop location and effective utilization of the business areas;

- more effective and well-targeted marketing by conducting comprehensive analysis of the customers' consumption habits and behavioral records using big data and new technologies;

- enhanced relevancy of customer consumption, leveraging the unique diversified trade mix;

- stylish, comfortable and pleasant shopping environment and increase customer loyalty by combining market changes and consumer trend.

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

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

Revenue

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

Cost

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

Gross Profit

Investment property leasing and property management realized a gross profit of RMB7,649 million in 2014, representing an increase of 39.20% as compared with 2013, with a gross profit margin of 73.89%, representing an increase of 2.59 percentage points as compared with 2013. The main reason for increase was attributable to economies of scale and increased operating efficiency which resulted in greater rate of increase in revenue than costs.

Selling and Distribution Expenses

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

Administrative Expenses

Administrative expenses for investment property leasing and property management include the management's salaries, travel expenses, office expenses and rents, which was RMB938 million in 2014, representing an increase of 36.54% as compared with 2013; such expenses accounted for 9.06% of the revenue from investment property leasing and property management in 2014, representing an increase of 0.15 percentage point as compared with 2013. The increase was mainly due to increase in the number of shopping centers in operation and under construction. Among which, administrative expenses of shopping centers opened before 2014 increased by RMB46 million as compared with 2013, administrative expenses of shopping centers opened in 2014 increase by RMB117 million as compared with 2013 and administrative expenses of shopping centers under construction in 2014 increased by RMB37 million as compared with 2013. The administrative expenses of the Business Management head office increased by RMB51 million as compared with 2013.

Fair value gains on investment properties

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

Sales of properties

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

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

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

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

Notes:

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

Revenue

In 2014, the Group's sales of properties recognized a revenue of RMB91,748 million, representing an increase of 22.36% as compared with 2013, mainly due to the increase in the sales area for which the properties have been delivered as per contract and the revenue has been recognized. In 2014, the Group's sales of properties recognized an area of 7.5549 million sq.m, representing an increase of approximately 20.19% as compared with 2013. The Jiangning Project in Nanjing, Kaifu Project in Changsha, Qingxiu Project in Nanning, Taibai Road Project in Jining and Nanhai Project in Foshan were the five largest projects of the Group in terms of recognized revenue during the year.

Cost

The costs of property sales include the land acquisition costs, construction costs, capitalized interest and other costs. In 2014, our costs of property sales amounted to RMB54,532 million, representing an increase of 22.97% as compared with 2013, mainly due to the increase in the area for which the properties were sold and revenue was recognized during the year.

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

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

Gross profit

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

Selling and distribution expenses

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

Administrative expenses

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

Hotel operations

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

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

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

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

Revenue

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

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

Item	**2014**		2013	
	Amount *(RMB million)*	**Percentage**	Amount *(RMB million)*	Percentage
Self-operated hotels	**1,548**	**38.62%**	580	18.04%
Hotels managed by third parties	**2,460**	**61.38%**	2,635	81.96%
Total	**4,008**	**100.0%**	3,215	100.0%

Costs

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

Gross profit

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

Selling and distribution expenses

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

Administrative expenses

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

Land acquisitions and land reserves

For the year ended 31 December 2014, the Group had land reserves with an aggregate GFA of approximately 75.94 million sq.m. We newly purchased 40 land projects in 2014 (including the lands acquired in phases of Wanda Plaza and Wanda City underdevelopment) with an aggregate GFA of approximately 26.88 million sq.m. The table below sets forth the composition of our land reserves:

	Total GFA for the year ended 31 December 2014 *(Million m^2)*
Completed properties but not yet recognize revenue	**3.79**
Of which: pre-sold	**1.70**
Properties under construction	**47.35**
Properties held for future development	**24.80**
Total	**75.94**

Breakdown of Land Reserves by Region

Region	Total GFA *(Million m^2)*	Percentage %
East China	33.10	43.59%
Northeast China	13.37	17.61%
South China	7.72	10.17%
Northwest China	8.10	10.67%
Central China	6.67	8.78%
North China	4.07	5.35%
Southwest China	2.91	3.83%
Total	75.94	100.00%

Land reserve allocation by usage

Usage	Total GFA *(Million m^2)*	Percentage %
Sales of properties	60.26	79.35%
Investment properties	9.11	12.00%
Hotel	1.86	2.45%
Others	4.71	6.20%
Total	75.94	100.00%

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

Analysis on Other Financial Items

Other income and gains

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

Financing costs

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

Income tax expenses

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

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

Capital expenditure

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

Debts

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

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

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

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

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

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

Net gearing ratio

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

Credit rating

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

Cash flow analysis

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

(RMB million)

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

In 2014, net cash inflow generated from the Group's operating activities amounted to RMB8,832 million, representing an increase of 29.75% as compared with 2013, mainly due to an increase in cash received from sales of properties, investment properties leasing and property management; net cash outflow used in investment activities amounted to RMB45,699 million, representing an increase of 92.15% as compared with 2013. Among which, payment for purchase and construction of investment property, fixed assets, land use right and other intangible assets was RMB43,804 million, representing an increase of RMB21,578 million as compared with 2013, mainly due to the investment in the newly developed projects during the year. Net cash inflow generated from financing activities amounted to RMB53,801 million, representing an increase of 41.94% as compared with 2013, mainly due to the completion of the IPO of H Shares during the year as well as the new bank loans of RMB129,259 million.

Foreign exchange risk

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

Contingent liabilities

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

Major disposals

(1) On 16 October 2014, the Company entered into an equity transfer agreement pursuant to which our Company transferred the entire equity interests in Xishuangbanna International Resort Development Co., Ltd. ("Xishuangbanna International Resort") held by us to Wanda Cultural for a cash consideration of RMB2,144 million.

(2) On 22 October 2014, the Company entered into an equity transfer agreement, pursuant to which, our Company transferred the entire equity interests in Qingdao Wanda Yacht Industry Investment Co., Ltd. ("Qingdao Wanda Yacht") held by us to Wanda Cultural for a cash consideration of RMB1,042 million.

(3) On 20 October 2014, the Company entered into an equity transfer agreement, pursuant to which, our Company transferred the entire equity interests in Dalian Jinshi Cultural Tourism Investment Co., Ltd. ("Dalian Jinshi") held by us to Wanda Cultural for a cash consideration of RMB949 million.

Employees, remuneration policies and training

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

With an aim to cope with its development, the Group has established and optimized its remuneration mechanism. The Group decides on the basic salaries and incentives of its employees in accordance with their performances, work experience and the prevailing market rates. The Group has also been in strict compliance with the Labor Law, Labor Contract Law and other relevant laws so as to ensure employee's benefits. Meanwhile, to regulate the management of employee training, the Group emphasized the need for providing training to employees, actively motivated all departments initiatives and organized various training for the employees.

Business Outlook

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

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

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

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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

DISTRIBUTIONS AND DIVIDENDS

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

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

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

Should the holders of H Shares of the Company have any doubt in relation to the aforesaid arrangements, they are recommended to consult their tax advisors for relevant tax impact in Mainland China, Hong Kong and other countries (regions) on the possession and disposal of the H Shares of the Company.

CHANGE OF PRINCIPAL PLACE OF BUSINESS IN HONG KONG

With effect from 30 March 2015, the Company's principal place of business in Hong Kong will be changed to Unit 3007, 30/F, Two Exchange Square, 8 Connaught Place, Central, Hong Kong. Correspondences sent to the previous principal place of business of the Company in Hong Kong on or before the date of this announcement will be transmitted immediately to the Company upon receipt.

ISSUE OF DOMESTIC CORPORATE BONDS IN THE PRC

For purpose of broadening financing channels, meeting the financing needs and improving corporate debt structure, the Board resolved to approved the issuing of domestic corporate bonds (the "**Domestic Corporate Bonds**") , if see appropriate, in PRC on the following conditions:

1. The size of issuance: no more than RMB15 billion.

2. The term of the bonds: no more than 10 years and the bonds shall be a combination of single or multiple term varieties. Specific team shall be determined by the Board in accordance with relevant provisions, market conditions and Company's funding demands.

3. Interest rate or its determination method: the Domestic Corporate Bond will be issued by way of a combination of online and offline issuance, the interest rate shall be determined by the Company and the lead underwriter based on the results of offline enquiry and in accordance with the relevant provisions of the PRC.

4. Issuance method: after approved by the China Securities Regulatory Commission, the Domestic Corporate Bonds will be publicly issued in PRC in one tranche or by tranches.

5. Use of proceeds: repay debt, supplement working capital and other purposes permitted by applicable laws and regulations.

6. Listing Place: The Company will apply for listing of the Domestic Corporate Bond on Shanghai Stock Exchange. After approved by authorities, the Domestic Corporate Bond may be listed on other stock exchanges.

7. The validity period of the resolution: valid within 12 months from the date of being approved at the AGM;

8. Authorizing the Board to handle all matters related to issuance of the Domestic Corporate Bonds.

It is agreed that once the above (1) to (6) are approved and authorized by Shareholders at the AGM, the Board shall authorise the Chairman of the Company to specifically handle matters related to issuance and listing of Domestic Corporate Bonds.

The above resolution is subject to approval of the Shareholders at the AGM.

ISSUE OF DOMESTIC DEBT FINANCING INSTRUMENTS IN THE PRC

For purpose of optimizing the Company's debt structure and reducing financing costs, the Board resolved to approve the Company's proposed issuance of domestic debt financing instruments in the PRC, which may include but without limitation, short-term bond, medium term note (including the long term bonds with options under medium-term notes), PPN, ABN, PRN, and M&A debt (the "**Domestic Debt Financing Instruments**") on the following conditions:

1. Size of issuance: no more than RMB20 billion.

2. Term of the Domestic Debt Financing Instruments: to be determined by the Board in accordance with relevant provisions, market conditions and the Company's funding demands.

3. Interest Rates and its determination method: to be determined by underwriters and the Company based on market conditions with reference to the base pricing announced by National Association of Financial Market Institutional Investors.

4. Issuance methods: after being approved by National Association of Financial Market Institutional Investors, the Domestic Debt Financing Instruments shall be publicly issued in the PRC in one tranche or by tranches.

5. Use of proceeds: development and construction of projects, repay debt and other purposes permitted by applicable laws and regulations.

6. The validity period of the resolution: valid within 12 months from the date of being approved at the AGM.

7. Authorizing the Board to handle all matters related to issuance of the Domestic Debt Financing Instruments.

It is agreed that once the above (1) to (6) are approved and authorized by Shareholders at the AGM, the Board shall authorize the Chairman of the Company to specifically handle matters related to issuance and listing of the Domestic Debt Financing Instruments.

The above resolution is subject to approval of the Shareholders at the AGM.

AUDIT COMMITTEE

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

ANNUAL GENERAL MEETING

The AGM will be held on 26 May 2015 at Beijing, the PRC. For further details of the AGM, please refer to the notice of AGM, which will be dispatched to the Shareholders in due course.

AUDITORS

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

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

CLOSURE OF REGISTER OF MEMBERS

In order to ascertaining Shareholders' entitlement to attend and vote at the AGM and to the 2014 Final Dividend, no transfer of Shares will be registered from 26 April 2015 to 26 May 2015 (both days inclusive) and from 30 May 2015 to 5 June 2015 (both days inclusive), respectively. Shareholders whose names appear on the register of members of the Company on 26 April 2015 shall be entitled to attend and vote at the AGM. In order to qualify for attending and voting at the AGM, holders of H Shares shall lodge transfer documents with the Company's H Share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration before 4:30 p.m. on 24 April 2015. In order to qualify for receiving the 2014 Final Dividend (subject to the approval by Shareholders at the AGM), holders of H Shares shall lodge transfer documents with the Company's H Share registrar at the above mentioned address for registration before 4:30 p.m. on 29 May 2015.

PUBLICATION OF ANNUAL REPORT

This results announcement was released on the websites of the Stock Exchange (www.hkexnews.hk) and of the Company (www.wandaplazas.com).

The annual report of the Company for the year ended 31 December 2014 which contains all the information required by the Listing Rules including audited financial statements will be dispatched to the Shareholders on or around 8 April 2015 and will be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.wandaplazas.com).

By Order of the Board
Dalian Wanda Commercial Properties Co., Ltd.
DING Benxi
Chairman

Beijing, the PRC
30 March 2015

As at the date of this announcement, our executive Directors are Mr. DING Benxi, Mr. QI Jie and Mr. QU Dejun; our non-executive Directors are Mr. ZHANG Lin, Mr. WANG Guiya and Mr. YIN Hai; and our independent non-executive Directors are Mr. LIU Jipeng, Dr. XUE Yunkui and Dr. HU, Fred Zuliu.