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WUZHOU INTERNATIONAL HOLDINGS LIMITED

五洲國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 01369)

ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2014

FINANCIAL HIGHLIGHTS

- The Group's contracted sales for the period increased by 33.5% to RMB3,013 million from RMB2,257 million in the corresponding period in 2013.
- The Group's revenue for the period increased by 36.4% to RMB2,508 million from RMB1,839 million in the corresponding period in 2013.
- The Group's gross profit margin for the period maintained at a high level of 40.9%.
- The Group's profit attributable to the owners of the Company for the period was RMB352 million.
- Basic earnings per share for the period was RMB0.08.

The board (the “**Board**”) of directors (the “**Directors**”) of Wuzhou International Holdings Limited (the “**Company**”) announces the unaudited financial results of the Company and its subsidiaries (the “**Group**”) for the six months ended 30 June 2014 together with comparative figures for the corresponding period in 2013, as follows:

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

		For the six months ended 30 June	
	<i>Notes</i>	2014	2013
		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
REVENUE	5	2,508,225	1,839,151
Cost of sales		(1,481,352)	(917,138)
GROSS PROFIT		1,026,873	922,013
Other income and gains	5	26,861	13,913
Selling and marketing expenses		(205,389)	(122,924)
Administrative expenses		(208,225)	(195,707)
Other expenses		(26,878)	(4,084)
Fair value gain upon transfer to investment properties		271,615	65,542
Change in fair value of investment properties		134,014	352,781
Finance costs	6	(105,348)	(31,098)
Share of profits and losses of associates		(1,016)	(3,169)
PROFIT BEFORE TAX	7	912,507	997,267
Income tax expense	8	(413,587)	(408,897)
PROFIT AFTER TAX AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		498,920	588,370
Attributable to:			
Owners of the Company		351,604	484,505
Non-controlling interests		147,316	103,865
		498,920	588,370
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Basic and diluted	10	0.08	0.14

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		30 June 2014	31 December 2013
	<i>Notes</i>	RMB'000	RMB'000
		(Unaudited)	
NON-CURRENT ASSETS			
Property, plant and equipment		252,225	256,002
Investment properties		6,222,600	4,949,200
Prepaid land lease payments		26,331	172,628
Intangible assets		3,941	4,363
Long-term deferred expense		2,827	3,102
Investments in associates		42,562	41,128
Available-for-sale investment		—	10,000
Deferred tax assets		203,594	207,737
		<hr/>	<hr/>
Total non-current assets		6,754,080	5,644,160
		<hr/>	<hr/>
CURRENT ASSETS			
Inventories		588	772
Properties under development		4,784,021	5,006,026
Completed properties held for sale		2,453,465	1,340,113
Trade and bills receivables	<i>11</i>	50,997	40,051
Due from related companies		217	—
Prepaid land lease payments		695,411	843,777
Prepayments, deposits and other receivables		809,859	1,085,549
Tax recoverable		50,185	47,794
Restricted cash		114,728	179,546
Pledged deposits		371,395	292,090
Cash and cash equivalents		655,772	941,254
		<hr/>	<hr/>
Total current assets		9,986,638	9,776,972
		<hr/>	<hr/>

		30 June 2014	31 December 2013
	<i>Notes</i>	RMB'000 (Unaudited)	<i>RMB'000</i>
CURRENT LIABILITIES			
Trade and bills payables	12	3,068,798	2,707,940
Other payables, deposits received and accruals		1,120,975	709,437
Advances from customers		2,131,346	3,071,363
Due to related companies		400	—
Interest-bearing bank loans and other borrowings		1,510,580	1,081,708
Tax payable		780,259	723,170
		<hr/>	<hr/>
Total current liabilities		8,612,358	8,293,618
		<hr/>	<hr/>
NET CURRENT ASSETS		1,374,280	1,483,354
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		8,128,360	7,127,514
		<hr/>	<hr/>
NON-CURRENT LIABILITIES			
Interest-bearing bank loans and other borrowings		2,087,115	2,105,670
Senior notes		1,238,157	606,050
Deferred tax liabilities		511,632	431,719
		<hr/>	<hr/>
Total non-current liabilities		3,836,904	3,143,439
		<hr/>	<hr/>
NET ASSETS		4,291,456	3,984,075
		<hr/>	<hr/>
EQUITY			
Equity attributable to owners of the Company			
Share capital		292,893	292,893
Reserves		3,465,752	3,076,732
Proposed final dividend		—	128,119
		<hr/>	<hr/>
		3,758,645	3,497,744
		<hr/>	<hr/>
Non-controlling interests		532,811	486,331
		<hr/>	<hr/>
TOTAL EQUITY		4,291,456	3,984,075
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NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

The registered address of Wuzhou International Holdings Limited (the “**Company**”) is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KYI-1111, Cayman Islands.

The Company is an investment holding company and its subsidiaries (together with the Company, referred to as “**the Group**”) are principally engaged in property development business in the People’s Republic of China (the “**PRC**”). The ultimate holding company of the Company is Boom Win Holdings Limited. The ultimate controlling party of the Group is Mr. Shu Cecheng and Mr. Shu Cewan (“**Controlling Shareholders**”).

The shares of the Company were listed on the main board of The Stock Exchange of Hong Kong Limited on 13 June 2013.

The principal activities of the Group are described in note 4 to the condensed consolidated interim financial statements.

2. BASIS OF PREPARATION

The interim condensed consolidated financial statements for the six months ended 30 June 2014 have been prepared in accordance with International Accounting Standard (“**IAS**”) 34 “Interim Financial Reporting” issued by International Accounting Standards Board (the “**IASB**”).

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s financial statements for year ended 31 December 2013.

All intra-group transactions and balances have been eliminated on consolidation.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2013, except for the adoption of new standards and interpretations effective as of 1 January 2014.

In the current interim period, the Group has applied, for the first time, the following new or revised International Financial Reporting Standards (“IFRSs”, which also include IASs and interpretations) that are relevant to the Group’s operation for the preparation of the Group’s financial information:

Amendments to IFRS 10, IFRS 12 and IAS 27	<i>Investment Entities;</i>
Amendments to IAS 32	<i>Offsetting Financial Assets and Financial Liabilities</i>
Amendments to IAS 39	<i>Novation of Derivatives and Continuation of Hedge Accounting</i>
Amendments to IAS 36	<i>Recoverable Amounts Disclosures for Non-Financial Assets</i>
IFRIC-Int 21	<i>Levies</i>

The adoption of these new and revised IFRSs has had no significant financial effect on these interim condensed financial information and there have been no significant changes to the accounting policies applied in these interim condensed financial information.

The Group has not adopted any other standard, interpretation or amendment that was issued but is not yet effective.

4. OPERATING SEGMENT INFORMATION

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

- (a) the property development segment engages in the development and sale of properties.
- (b) the property management and investment segment engages in providing commercial management services, providing property management services and investing in properties for their rental income potential and/or for capital appreciation.
- (c) the other segment engages in lending to customers and department store operation and providing consulting services.

Management monitors the results of its operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit or loss, which is a measure of adjusted profit or loss before tax from continuing operations.

No geographical information is presented as the Group’s revenue from the external customers is derived solely from its operation in the Mainland China and no non-current assets of the Group are located outside the Mainland China.

No information about major customers is presented as no single customer individually contributed to over 10% of the Group’s revenue for the six months ended 30 June 2013 and 2014.

Operating segments

The following tables present revenue, profit and certain expenditure information for the Group's business segments for the six months ended 30 June 2014 and 2013:

Six months ended 30 June 2014	Property development (Unaudited) RMB'000	Property management and investment (Unaudited) RMB'000	Others (Unaudited) RMB'000	Adjustments and eliminations (Unaudited) RMB'000	Consolidated (Unaudited) RMB'000
Segment revenue					
Sales to external customers	2,389,012	78,242	49,247	(8,276)	2,508,225
Segment results	579,505	395,088	36,002	8,276	1,018,871
<i>Reconciliation:</i>					
Finance costs					(105,348)
Share of profits and losses of associates					(1,016)
Profit before tax					912,507
Other segment information					
Depreciation and amortization	(9,366)	(1,463)	(2,661)	—	(13,490)
Fair value gain upon transfer to investment properties	—	271,615	—	—	271,615
Change in fair value of investment properties	—	134,014	—	—	134,014
Six months ended 30 June 2013	Property development (Unaudited) RMB'000	Property management and investment (Unaudited) RMB'000	Others (Unaudited) RMB'000	Adjustments and eliminations (Unaudited) RMB'000	Consolidated (Unaudited) RMB'000
Segment revenue					
Sales to external customers	1,758,475	69,028	31,318	(19,670)	1,839,151
Segment results	584,123	423,452	4,289	19,670	1,031,534
<i>Reconciliation:</i>					
Finance costs					(31,098)
Share of profits of and losses of associates					(3,169)
Profit before tax					997,267
Other segment information					
Depreciation and amortization	(12,226)	(931)	—	—	(13,157)
Fair value gain upon transfer to investment properties	—	65,542	—	—	65,542
Change in fair value of investment properties	—	352,781	—	—	352,781

5. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents income from the sale of properties, rental income, commercial management service income, property consulting service income, property management service income and commissions from concessionaire sales for the six months ended 30 June 2014.

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

	For the six months ended 30 June	
	2014	2013
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Revenue		
Sale of properties	2,389,012	1,758,475
Rental income	28,129	22,309
Commercial management service income	44,487	44,100
Property consulting service income	24,855	—
Property management income	5,626	2,374
Commissions from concessionaire sales	8,235	4,995
Others	7,881	6,898
	2,508,225	1,839,151
Other income and gains, net		
Subsidy income	3,219	7,543
Interest income	6,766	4,458
Gain on disposal of a subsidiary	11,734	—
Gain on disposal of items of property, plant and equipment	112	—
Others	5,030	1,912
	26,861	13,913

6. FINANCE COSTS

An analysis of finance costs is as follows:

	For the six months ended 30 June	
	2014	2013
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Interest on bank loans and other borrowings	193,963	134,952
Interest on senior notes	83,974	—
Less: Interest capitalised	(172,589)	(103,854)
	105,348	31,098

7. PROFIT BEFORE TAX

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

	For the six months ended 30 June	
	2014	2013
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Cost of properties sold	1,418,868	878,655
Cost of property management service provided	5,050	3,129
Cost of property consulting service provided	10,699	—
Depreciation of item of property, plant and equipment	12,418	11,909
Amortisation of intangible assets	471	467
Amortisation of long-term deferred expenses	601	781
Gain on disposal of a subsidiary	(11,734)	—
(Gain)/loss on disposal of items of property, plant and equipment	(82)	159
Direct operating expenses arising from rental earning properties and commercial management service provided	40,747	27,750
Auditors' remuneration	2,000	2,800
Employee benefit expense (including directors' remuneration):		
Wages and salaries	79,948	79,051
Pension scheme and social welfare	11,241	10,306
Equity-settled share-based payment expenses	5,459	1,246
Foreign exchange differences, net	22,156	1,559

8. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the tax jurisdictions in which members of the Group are domiciled and operate. Pursuant to the rules and regulations of the Cayman Islands and British Virgin Islands, the Group's subsidiaries incorporated in the Cayman Islands and British Virgin Islands are not subject to any income tax. The Group's subsidiaries incorporated in Hong Kong are not liable for income tax as they did not have any assessable income currently arising in Hong Kong for the six months ended 30 June 2014.

Subsidiaries of the Group operating in Mainland China are subject to the PRC corporate income tax rate of 25%.

According to the requirements of the Provisional Regulations of the PRC on land appreciation tax ("LAT") effective from 1 January 1994, and the Detailed Implementation Rules on the Provisional Regulations of the PRC on LAT effective from 27 January 1995, all income from the sale or transfer of state-owned leasehold interest on land, buildings and their attached facilities in Mainland China is subject to LAT at progressive rates ranging from 30% to 60% of the appreciation value, with an exemption provided for property sales of ordinary residential properties if their appreciation values do not exceed 20% of the sum of the total deductible items.

In addition, Wuxi Wuzhou Ornament City, Wuxi Zhongnan, Wuxi Longan, and Dali Wuzhou were subject to LAT which is calculated based on 3% to 8.34% of their revenue in accordance with “Wuxi Tax Circular No. (2009) 46” and “No. 1 (2010) Announcement of Dali tax bureau”.

The Group has estimated and made tax provision for LAT according to the requirements set forth in the relevant PRC tax laws and regulations. The actual LAT liabilities are subject to the determination by the tax authorities upon completion of the property development projects and the tax authorities might disagree with the basis on which the provision for LAT is calculated.

	For the six months ended 30 June	
	2014	2013
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current tax:		
PRC corporate income tax	134,094	185,231
LAT	196,608	142,128
Deferred tax	82,885	81,538
	<hr/>	<hr/>
Total tax charge for the period	413,587	408,897
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A reconciliation of income tax expense applicable to profit before tax at the statutory rates for the jurisdictions in which the Company and its subsidiaries are domiciled to the income tax expense at the effective income tax rate for the six months ended 30 June 2014 and 2013 is as follows:

	For the six months ended 30 June	
	2014	2013
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Profit before tax	912,507	997,267
	<hr/>	<hr/>
At the statutory income tax rates	228,127	249,317
Expenses not deductible for tax	24,496	5,828
Tax loss not recognized	7,690	12,080
Profits and losses attributable to associates	254	792
Withholding taxes on undistributed profits of the subsidiaries in the PRC	5,564	34,133
Adjustments to current tax of previous years	—	151
Provision for LAT	196,608	142,128
Tax effect on LAT	(49,152)	(35,532)
	<hr/>	<hr/>
Tax charge for the period	413,587	408,897
	<hr/>	<hr/>

9. DIVIDEND

The Board has resolved not to declare any interim dividend in respect of the six months ended 30 June 2014 (30 June 2013: Nil).

10. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of basic earnings per share amount for the period is based on the profit for the period attributable to owners of the Company, and the weighted average number of ordinary shares in issue during the period.

	For the six months ended 30 June	
	2014	2013
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Earnings		
Profit attributable to owners of the Company used in the basic earnings per share calculation	351,604	484,505
	For the six months ended 30 June	
	2014	2013
	(Unaudited)	(Unaudited)
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	4,655,977,914	3,547,365,085

No adjustment has been made to the basic earnings per share amounts presented for the six months ended 30 June 2014 in respect of a dilution as the impact of the share option had an anti-dilutive effect on the basic earnings per share amounts presented.

11. TRADE AND BILLS RECEIVABLES

Trade and bills receivables represent rentals receivable from tenants, sales income and service income receivables from customers which are payable on presentation of invoices or in accordance with the terms of the related sales and purchase agreements. The credit period is generally three months. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by management. In view of the aforementioned and the fact that the Group's trade and bills receivables relate to a large number of diversified customers, there is no significant concentration of credit risk.

Trade and bills receivables are unsecured and non-interest-bearing. The carrying amounts of trade receivables and bills receivable approximate to their fair values.

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

	30 June 2014 RMB'000 (Unaudited)	31 December 2013 RMB'000
Trade and bills receivables:		
Less than 3 months	49,131	31,210
4 to 6 months	908	8,841
7 to 12 months	958	—
	50,997	40,051

12. TRADE AND BILLS PAYABLES

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

	30 June 2014 RMB'000 (Unaudited)	31 December 2013 RMB'000
Less than 1 year	2,941,744	2,590,035
Over 1 year	127,054	117,905
	3,068,798	2,707,940

MANAGEMENT DISCUSSION AND ANALYSIS

Market Review

In the first half of 2014, the U.S. economy, though, continued to recover, the economy of the Eurozone faced a greater uncertainty, and the economic growth of emerging markets slowed down. The Chinese economy encountered a number of problems, such as lack of momentum in manufacturing industries, decreases in both imports and exports, decline in funds outstanding for foreign exchange, reaching for tipping point in property market and on-going depreciation of Renminbi since the beginning of the year. At present, the economic growth is slowing down, but is within the controllable range. Further, two targeted easing policies have been approved by the central bank for facilitating economic structural adjustment. Easing monetary policy may substantially increase liquidity, leading to a significant increase in capital flow to real estate market and reviving the property market. In addition, with low land costs, strong customer purchasing power and great market demands, commercial properties in cities, especially second and third-tier cities, in the Yangtze River Delta have higher development potential and stronger growth momentum as compared with other regions in China.

Currently, wholesale markets, including the integrated markets of various products and the specialized markets of specific products, are one of the most effective channels of commodity transaction in China, especially for small cities and towns, and play an important role in economic development.

In addition, rising urban population was resulted from the emphasis on urbanization under the Twelfth Five-year Plan of China. Benefiting from the economic growth, disposable income of residents further increased, which boosted consumption and demand for products and services. As a result, there were higher market demands for multi-functional commercial complexes, which integrate retail, office, residential, hotel, entertainment and other functions.

Business Review

I. Contracted sales

During the period under review, the Group recorded contracted sales and contracted sales area of approximately RMB3,013 million and approximately 438,000 sq.m., representing increases of 33.5% and 56.9% as compared with the same period of the previous year, respectively. Approximately RMB2,164 million and 346,000 sq.m. were from the sales of the specialized wholesale markets, representing increases of 129% and 98% as compared with the same period of the previous year, respectively. Approximately RMB849 million and 91,000 sq.m. were from the sales of multi-functional commercial complexes, representing decreases of 35% and 13% as compared with the same period of the previous year, respectively.

Contracted sales of the Group, by geographical location, were mainly from Henan Province and Jiangsu Province. The contracted sales and contracted sales area were approximately RMB1,186 million and RMB821 million, and approximately 195,000 sq.m. and 117,000 sq.m., respectively, accounting for 39% and 27%, and 45% and 27% of the total contracted sales amount and the total contracted sales area, respectively. Attributable to the market expansion strategy of the Group in other rapidly-developing cities, the contracted sales from other provinces and cities increased significantly, resulting in a more balanced income source in terms of geographical locations.

Regions	Contracted sales amount		Contracted sales area	
	<i>RMB million</i>	Percentage (%)	<i>Sq.m.</i>	Percentage (%)
Henan Province	1,186	39.4	195,469	44.7
Jiangsu Province	821	27.2	116,828	26.7
Yunnan Province	379	12.6	46,067	10.5
Chongqing Municipality	39	1.3	14,915	3.4
Zhejiang Province	357	11.8	25,564	5.8
Shandong Province	15	0.5	2,190	0.5
Hubei Province	12	0.4	2,569	0.6
Heilongjiang Province	62	2.1	13,086	3.0
Liaoning Province	142	4.7	20,983	4.8
Total	3,013	100.0	437,671	100.0

II. Project development

As at 30 June 2014, the Group had 34 development projects in Jiangsu Province, Zhejiang Province, Shandong Province, Hubei Province, Yunnan Province, Heilongjiang Province, Jilin Province, Henan Province, Liaoning Province and Chongqing Municipality, including 18 specialized wholesale markets and 16 multi-functional commercial complexes.

Completed projects

During the period under review, the Group completed a total of 20 projects or project phases with a total gross floor area (“GFA”) of approximately 2,867,000 sq.m., including approximately 1,437,000 sq.m. of GFA sold and delivered and approximately 489,000 sq.m. of GFA held for lease.

List of completed projects:

Project name	City	Category	Interests of the Company	Total GFA (’000 sq.m.)	Total saleable GFA (’000 sq.m.)	GFA sold (’000 sq.m.)	GFA held for sale (’000 sq.m.)	GFA held for lease (’000 sq.m.)
Jiangsu Province								
1 Wuxi Wuzhou International Ornamental City	Wuxi	Specialized wholesale market	100%	392	340	228	25	87
2 Wuxi Wuzhou International Industrial Exhibition City	Wuxi	Specialized wholesale market	100%	440	395	320	4	71
3 Wuxi Wuzhou International Columbus Plaza	Wuxi	Multi-functional commercial complex	64.3%	212	169	105	17	47
4 Wuxi Wuzhou International Chinese Food Culture Exposition City	Wuxi	Multi-functional commercial complex	62%	191	158	63	64	31
5 Meicun Wuzhou International Plaza	Wuxi	Multi-functional commercial complex	90%	54	40	17	–	23
6 Yangjian Wuzhou International Plaza	Wuxi	Multi-functional commercial complex	100%	142	105	67	20	18
7 Wuxi New District Columbus Plaza	Wuxi	Multi-functional commercial complex	100%	91	71	27	21	23
8 Luoshe Wuzhou International Columbus Dragon City	Wuxi	Multi-functional commercial complex	100%	52	38	13	10	15
9 Jianhu Wuzhou International Trade City	Jianhu	Specialized wholesale market	100%	107	105	66	39	–
10 Yancheng Wuzhou International Plaza	Yancheng	Multi-functional commercial complex	100%	56	56	26	13	17
11 Huaian Wuzhou International Plaza	Huaian	Multi-functional commercial complex	100%	147	110	46	10	54

			Interests of the Company	Total GFA (^{'000} sq.m.)	Total saleable GFA (^{'000} sq.m.)	GFA sold (^{'000} sq.m.)	GFA held for sale (^{'000} sq.m.)	GFA held for lease (^{'000} sq.m.)
Project name	City	Category						
12 Wuzhou International Automobile Exhibition City	Nantong	Specialized wholesale market	75%	107	106	41	65	–
13 Nantong Wuzhou International Plaza	Nantong	Multi-functional commercial complex	51%	60	60	39	21	–
14 Jiangyin Wuzhou International Plaza	Jiangyin	Multi-functional commercial complex	90%	64	62	49	13	–
Subtotal				2,115	1,815	1,107	322	386
Yunnan Province								
15 Dali Wuzhou International Trade City	Dali	Specialized wholesale market	100%	153	152	137	15	–
Subtotal				153	152	137	15	–
Chongqing Municipality								
16 Rongchang Wuzhou International Trade City	Chongqing	Specialized wholesale market	94%	278	278	101	92	85
Subtotal				278	278	101	92	85
Hubei Province								
17 Xiangyang Wuzhou International Industrial Exhibition City	Xiangyang	Specialized wholesale market	100%	167	167	140	27	–
Subtotal				167	167	140	27	–
Shangdong Province								
18 Longkou Wuzhou International Trade City	Longkou	Specialized wholesale market	95%	22	22	22	–	–
19 Yantai Wuzhou International Industrial Exhibition City (Fushan)	Yantai	Specialized wholesale market	95%	55	55	54	1	–
Subtotal				77	77	76	1	–

				Interests of the Company	Total GFA (^{'000} sq.m.)	Total saleable GFA (^{'000} sq.m.)	GFA sold (^{'000} sq.m.)	GFA held for sale (^{'000} sq.m.)	GFA held for lease (^{'000} sq.m.)
Project name		City	Category						
Zhejiang Province									
20	Hangzhou Wuzhou International Plaza	Hangzhou	Multi-functional commercial complex	100%	77	60	30	12	18
					Subtotal	77	60	30	12
					Total	2,867	2,549	1,591	469

Projects under development

As at 30 June 2014, the Group had a total of 19 projects or project phases under development with a total planned GFA of 2,202,000 sq.m., including approximately 265,000 sq.m. of GFA sold and approximately 225,000 sq.m. of GFA held for lease.

List of projects under development

Project name	City	Category	Interests of the Company	Estimated construction completion date	Total GFA (^{'000} sq.m.)	Total saleable GFA (^{'000} sq.m.)	GFA pre-sold (^{'000} sq.m.)	GFA held for sale (^{'000} sq.m.)	GFA held for lease (^{'000} sq.m.)
Jiangsu Province									
1 Wuxi Wuzhou International Industrial Exhibition City Phase II Hall D	Wuxi	Specialized wholesale market	100%	2015	83	70	–	27	43
2 Qianzhou Wuzhou International Plaza	Wuxi	Multi-functional commercial complex	80%	2015	74	60	5	37	18
3 Nantong Wuzhou International Plaza	Nantong	Multi-functional commercial complex	51%	2014	305	263	47	210	6
4 Wuzhou International Automobile Exhibition City	Nantong	Specialized wholesale market	75%	2015	180	123	28	95	–
5 Jiangyin Wuzhou International Plaza	Jiangyin	Multi-functional commercial complex	90%	2014	205	162	16	112	34
6 Yixing Wuzhou International Huadong Trade City	Yixing	Specialized wholesale market	100%	2014	66	65	11	54	–
7 Yancheng Wuzhou International Plaza	Yancheng	Multi-functional commercial complex	100%	2015	72	44	–	34	10
8 Sheyang Wuzhou International Plaza	Sheyang	Multi-functional commercial complex	100%	2015	101	85	17	68	–
				Subtotal	1,086	872	124	637	111

Project name	City	Category	Interests of the Company	Estimated construction completion date	Total GFA (<i>'000 sq.m.</i>)	Total saleable GFA (<i>'000 sq.m.</i>)	GFA pre-sold (<i>'000 sq.m.</i>)	GFA held for sale (<i>'000 sq.m.</i>)	GFA held for lease (<i>'000 sq.m.</i>)
Yunnan Province									
9 Dali Wuzhou International Trade City	Dali	Specialized wholesale market	100%	2014	112	112	6	19	87
10 Baoshan Wuzhou International Plaza	Baoshan	Multi-functional commercial complex	61%	2014	137	135	21	87	27
				Subtotal	249	247	27	106	114
Hubei Province									
11 Xiangyang Wuzhou International Industrial Exhibition City	Xiangyang	Specialized wholesale market	100%	2015	50	48	–	48	–
				Subtotal	50	48	–	48	–
Shandong Province									
12 Longkou Wuzhou International Trade City	Longkou	Specialized wholesale market	95%	2014	29	29	10	19	–
13 Leling Wuzhou International Exhibition City	Leling	Specialized wholesale market	51%	2014	38	38	18	20	–
				Subtotal	67	67	28	39	–
Zhejiang Province									
14 Ruian Wuzhou International Trade City	Ruian	Specialized wholesale market	100%	2014	65	64	17	47	–
				Subtotal	65	64	17	47	–
Heilongjiang Province									
15 Mudanjiang Wuzhou International Industrial Exhibition City	Mudanjiang	Specialized wholesale market	100%	2014	68	66	17	49	–
				Subtotal	68	66	17	49	–
Henan Province									
16 Luoyang Wuzhou International Industrial Exhibition City	Luoyang	Specialized wholesale market	51%	2014	134	134	51	83	–
17 Zhengzhou Wuzhou International Industrial Exhibition City	Zhengzhou	Specialized wholesale market	100%	2015	190	154	–	154	–
				Subtotal	324	288	51	237	–

Project name	City	Category	Interests of the Company	Estimated construction completion date	Total GFA ('000 sq.m.)	Total saleable GFA ('000 sq.m.)	GFA pre-sold ('000 sq.m.)	GFA held for sale ('000 sq.m.)	GFA held for lease ('000 sq.m.)
Jilin Province									
18 Changchun Wuzhou International Plaza	Changchun	Multi-functional commercial complex	100%	2015	240	200	–	200	–
Subtotal					240	200	–	200	–
Liaoning Province									
19 Shenyang Wuzhou International Industrial Exhibition City	Shenyang	Specialized wholesale market	100%	2015	53	52	1	51	–
Subtotal					53	52	1	51	–
Total					2,202	1,904	265	1,414	225

Projects planned for development

As at 30 June 2014, the Group had a total of 24 projects or project phases planned for development, with a total planned GFA of approximately 4,983,000 sq.m.

List of projects planned for future development:

Project name	City	Category	Interests of the Company	Total GFA ('000 sq.m.)
Jiangsu Province				
1. Wuxi Wuzhou International Ornamental City Phase V Hall F	Wuxi	Specialized wholesale market	100%	34
2. Wuxi Wuzhou International Industrial Exhibition City Product Exhibition Hall B and Multi-use Building	Wuxi	Specialized wholesale market	100%	145
3. Qianzhou Wuzhou International Plaza	Wuxi	Multi-functional commercial complex	80%	53
4. Huaian Wuzhou International Plaza Phase II	Huaian	Multi-functional commercial complex	100%	91
5. Jianhu Wuzhou International Trade City Phase II	Jianhu	Specialized wholesale market	100%	114
6. Jianhu China Green Light Exposition City	Jianhu	Specialized wholesale market	100%	94
7. Sheyang Wuzhou International Plaza	Sheyang	Multi-functional commercial complex	100%	350

Project name	City	Category	Interests of the Company	Total GFA ('000 sq.m.)
8. Wuzhou International Automobile Exhibition City	Nantong	Specialized wholesale market	75%	134
9. Yixing Wuzhou International Huadong Trade City	Yixing	Specialized wholesale market	100%	211
10. Yixing Wuzhou International Plaza	Yixing	Multi-functional commercial complex	51%	116
			Subtotal	1,342
Chongqing Municipality				
11. Rongchang Wuzhou International Trade City Phase II	Chongqing	Specialized wholesale market	94%	197
			Subtotal	197
Yunnan Province				
12. Dali Wuzhou International Trade City Phase III	Dali	Specialized wholesale market	100%	917
13. Baoshan Wuzhou International Plaza	Baoshan	Multi-functional commercial complex	61%	85
			Subtotal	1,002
Hubei Province				
14. Xiangyang Wuzhou International Industrial Exhibition City (Phase II)	Xiangyang	Specialized wholesale market	100%	350
			Subtotal	350
Shandong Province				
15. Leling Wuzhou International Exhibition City	Leling	Specialized wholesale market	51%	414
16. China Longkou Wuzhou International Trade City	Longkou	Specialized wholesale market	95%	255
17. Yantai Wuzhou International Industrial Exhibition City	Yantai	Specialized wholesale market	95%	93
			Subtotal	762

Project name	City	Category	Interests of the Company	Total GFA ('000 sq.m.)
Zhejiang Province				
18. Ruian Wuzhou International Trade City	Ruian	Specialized wholesale market	100%	166
			Subtotal	166
Heilongjiang Province				
19. Mudanjiang Wuzhou International Industrial Exhibition City	Mudanjiang	Specialized wholesale market	100%	244
			Subtotal	244
Henan Province				
20. Luoyang Wuzhou International Industrial Exhibition City	Luoyang	Specialized wholesale market	51%	141
21. Zhengzhou Wuzhou International Industrial Exhibition City	Zhengzhou	Specialized wholesale market	100%	503
			Subtotal	644
Jilin Province				
22. Changchun Wuzhou International Plaza Phase II	Changchun	Multi-functional commercial complex	100%	35
23. Jilin Wuzhou International Trade City	Jilin	Specialized wholesale market	100%	70
			Subtotal	105
Liaoning Province				
24. Shenyang Wuzhou International Industrial Exhibition City	Shenyang	Specialized wholesale market	100%	171
			Subtotal	171
			Total	4,983

III. Land bank

The Group considers that acquiring ample land bank at reasonable costs is crucial to its long-term development and profitability. It carried out in-depth studies on local urban planning and acquired lands of substantial development potential in order to build new commercial areas and design projects in line with market demand. During the period under review, the Group strived to consolidate its existing land bank and actively expand and develop into other areas, including Henan Province and Jilin Province, for more extensive land bank across China.

As at 30 June 2014, the total planned GFA of land bank amounted to approximately 8,129,000 sq.m., including approximately 944,000 sq.m. for completed projects, approximately 2,202,000 sq.m. for projects under development and approximately 4,983,000 sq.m. for projects planned for future development. The land bank is sufficient for the development of the Group in the future three to five years.

As at 30 June 2014, the breakdown of land bank by regions is as follows:

Region	Completed projects ('000 sq.m.)	Projects under development ('000 sq.m.)	Projects planned for future development ('000 sq.m.)	Total planned GFA of land bank ('000 sq.m.)
Jiangsu Province	727	1,086	1,342	3,155
Yunnan Province	25	249	1,002	1,276
Hubei Province	48	50	350	448
Shandong Province	9	67	762	838
Zhejiang Province	31	65	166	262
Heilongjiang Province	–	68	244	312
Henan Province	–	324	644	968
Jilin Province	–	240	105	345
Liaoning Province	–	53	171	224
Chongqing Municipality	104	–	197	301
Total	944	2,202	4,983	8,129

IV. Centralized operation, management and marketing

Most of the purchasers of its retail stores entered into exclusive operation and management agreements with the Group, under which the Group received management service income from the purchasers for managing and controlling the leases of the retail shops, event organization and ancillary service provision. The Group also provided the purchasers with services such as project positioning, planning, design, construction, marketing, leasing and operation so as to ensure the centralized operation of projects. In addition, the Group also provided general property management services for tenants and occupants.

V. Outlook

“Pursuing steady growth” will continually be the general goal for social and economic development in China in 2014. As stated in a government report, investment is the key to stable economic growth with an aim to maintain reasonable growth in fixed-asset investment. New type of urbanization will become a major driving force to the development of real estate market. In addition to recognizing the importance of investment in the government report, domestic demand is also emphasized in the report as a major engine to economic growth. It states that consumption is the essential element to expand domestic demand, and expansion of service consumption will become an important driver to consumption growth. As a result, the services in relation to trading, logistics and real estate may be underpinned by policies implemented in the future, providing the Group with new opportunities for further development.

The unique business model of the Group plays a vital role for its successful development. Looking forward, the Group will strive to apply its successful business models for its business expansion in other rapidly-developing cities in China. The Group is committed to creating new specialized wholesale markets and developing industrial cities such as Harbin and Zhengzhou, which are the core cities of the respective regions. In the long run, the Group’s business will continue to be expanded to the mid-west and northeast region as well as the Bohai Rim in China, especially in second-tier provincial capitals including Chongqing and Xi’an. The Group will expand its multi-functional commercial complexes to first tier cities such as Beijing, Shanghai, Guangzhou and Shenzhen in the future. It will also make efforts to establish new projects in Hangzhou, Nantong, Yancheng and Xuyi where both economic development and population are on rapid growth track.

Huge territory of China provides an opportunity for e-commerce and logistics to develop rapidly. In 2014, e-commerce in China has transformed to provide platforms, and e-commerce in China developed along with logistics platform. Convergence of e-commerce and logistics platform will not be limited to business integration, but a complete convergence of strategies, systems and supply chains. Also, logistic services will become a key focus for capital investment. The Group is planning to engage in logistics business along with our integrated commercial trading platform provided to customers. As an initial step, capital investment for a parcel of land for logistics use located in Zhengzhou, Henan, was made for developing logistics business. In addition, we seek to cooperate with business partners for entering into logistics real estate market

in a timely manner. In the future, the Company is committed to providing our merchants and customers an effective integrated logistics platform, linking all merchants to establish a nationwide trading wholesale network. Furthermore, the Group will capitalized on the opportunities brought about by the development of e-commerce, and to innovate the Group's operation model and cooperation model through differential positioning and industry-specific planning, in order to explore new business opportunities during the urbanization process in China.

Looking forward, the Company will adhere to the values advocated by the Group, "Create value for the customers. Generate wealth for the society", so as to provide solid guarantee for the sustainable development of the Group and our projects.

Financial Review

Revenue

Our revenue comprises mainly income from the sale of properties, rental income, commercial management service income, property consulting service income, property management service income and commissions from concessionaire sales after deduction of allowances for returns and trade discounts.

For the six months ended 30 June 2014, turnover of the Group amounted to approximately RMB2,508 million, representing an increase of 36.4% from approximately RMB1,839 million for the corresponding period in 2013.

Sale of Properties

Revenue from the sale of properties is recognized (i) when the significant risks and rewards of ownership of the properties are transferred to the purchasers; (ii) neither continuing managerial involvement to the degree usually associated with ownership, nor effective control over the properties, are retained; (iii) the amount of revenue can be measured reliably; (iv) it is probable that the economic benefits associated with the transaction will flow to the Group; and (v) the cost incurred or to be incurred in relation to the transaction can be measured reliably. We consider that the significant risks and rewards of ownership are transferred when the construction of relevant properties has been completed and the properties have been delivered to the purchasers.

Revenue from property development represents proceeds from sales of our properties held for sale.

Revenue derived from property development increased by 35.9% to approximately RMB2,389 million for the six months ended 30 June 2014 from approximately RMB1,758 million for the corresponding period in 2013. This increase was due primarily to an increase in total GFA sold to our customers.

Rental Income

Rental income generated from rental of investment properties increased by 26.1% to approximately RMB28 million for the six months ended 30 June 2014 from approximately RMB22 million for the corresponding period in 2013. The increase was due primarily to the continuing growth of the investment properties.

Commercial Management Service Income and Property Management Income

We generate commercial management service income from most purchasers of the retail units at our projects pursuant to our exclusive operation and management agreements. Under these agreements, which we enter into with the purchasers at the pre-sale stage, we typically receive commercial management service income equivalent to the entire rental value of the underlying properties for the initial periods ranging from three to five years, which typically commence upon the opening for operation of the building where the property is located, and then 8% to 10% of the rental value for the remaining years. In practice, we collect rents directly from the tenants of the underlying properties, retain our commercial management service fees and remit the remainder, if any, to the purchasers. To attract tenants, we may offer selected tenants rent-free periods ranging from two to six months. We typically secure tenants for the vast majority of the purchasers prior to the commencement of the initial period. Since we charge commercial management service fees based on the rental value of the underlying properties, we will not be able to receive any commercial management service fees in the event we are unable to lease out the underlying properties.

Commercial management service income remained at RMB44 million for the six months ended 30 June 2014 while property management income increased by 137.0% to approximately RMB6 million for the six months ended 30 June 2014 from approximately RMB2 million for the corresponding period in 2013. The commercial management service income remained flat mainly because the newly added properties operated and managed by us did not generate much rental value in their initial period of operations, while the increase in property management income was due to an increase in the GFA of the properties we provide property management service to.

Property consulting service income

Property consulting service income was RMB25 million for the six months ended 30 June 2014. We generated such income by providing commercial planning and management consulting service to other third parties.

Commissions from concessionaire sales

Revenue derived from the commissions from concessionaire sales increased by 64.9% to approximately RMB8 million for the six months ended 30 June 2014 from approximately RMB5 million for the corresponding period in 2013, which was resulted from our mature operation.

Gross Profit and Margin

Gross profit increased by 11.4% to approximately RMB1,027 million for the six months ended 30 June 2014 from approximately RMB922 million for the corresponding period in 2013, while our gross profit margin decreased to 40.9% for the six months ended 30 June 2014 from 50.1% for the corresponding period in 2013. This increase in gross profit was in line with the increase in the total revenue for the six months ended 30 June 2014 while the decrease in our gross margin was resulted from the change in product mix, but it remained in a high level.

Other Income and Gains

Other income and gains increased by 93.1% to approximately RMB27 million for the six months ended 30 June 2014 from approximately RMB14 million for the corresponding period in 2013. Other income and gains mainly represented by subsidy income and interest income and certain non-recurring income and gains.

Selling and Marketing Expenses

Our selling and marketing expenses increased by 67.1% to approximately RMB205 million for the six months ended 30 June 2014 from approximately RMB123 million for the corresponding period in 2013. This increase was due primarily to an increase in general selling, marketing and advertising activities resulting from an increase in the number of properties that were pre-sold in the first half of 2014 as compared to that in the same period of 2013.

Administrative Expenses

Our administrative expenses increased by 6.4% to approximately RMB208 million for the six months ended 30 June 2014 from approximately RMB196 million for the corresponding period in 2013. This increase was primarily due to the expansion of business of the Group.

Finance Costs

Our finance costs increased by 238.8% to approximately RMB105 million for the six months ended 30 June 2014 from approximately RMB31 million for the corresponding period in 2013. This increase was due primarily to an increase in bank loans and the issue of senior notes in September 2013 and January 2014 respectively to finance the business operation and development, which in turn increased the interest expenses.

Income Tax Expenses

Our income tax expenses increased by 1.1% to approximately RMB414 million for the six months ended 30 June 2014 from approximately RMB409 million for the corresponding period in 2013. The change was the net effect of decrease in corporate income tax, withholding taxes and increase in land appreciation tax accrual resulted from more properties delivered.

Profit After Tax and Total Comprehensive Income Attributable to Owners of the Company

Profit after tax and total comprehensive income attributable to owners of the Company decreased by 27.4% to approximately RMB352 million for the six months ended 30 June 2014 from approximately RMB485 million for the corresponding period in 2013. This decrease was due primarily to an increase in selling and marketing expenses and finance costs in the first half of 2014 as compared to that in the same period of 2013. Our net profit margin was 14% for the period under review.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Cash Position

As at 30 June 2014, the Group's bank balances and cash (including restricted cash and pledged deposits) was approximately RMB1,142 million (31 December 2013: approximately RMB1,413 million), representing an decrease of 19.2% as compared to that as at 31 December 2013. A portion of our cash are restricted bank deposits that are restricted for use of property development. These restricted bank deposits will be released upon completion of the development of the relevant properties in which such deposits relate to. As at 30 June 2014, the Group's restricted cash was approximately RMB115 million (31 December 2013: approximately RMB180 million).

Current Ratio and Gearing Ratio

As at 30 June 2014, the Group has current ratio (being current assets over current liabilities) of approximately 1.16 compared to that of 1.18 as at 31 December 2013. The gearing ratio was 86.1% as at 30 June 2014 compared to that of 59.8% as at 31 December 2013. The gearing ratio was measured by net debt (aggregated bank loans and other borrowings and senior notes net of cash and cash equivalents, pledged deposits and restricted cash) over the total equity of the Group. The total debt (being aggregated bank loans and other borrowings and senior notes) over total assets ratio was 28.9% (31 December 2013: 24.6%) as at 30 June 2014.

Borrowings and Charges on the Group's Assets

As at 30 June 2014, the Group had an aggregate interest-bearing bank and other borrowings and senior notes of approximately RMB4,836 million. Amongst the bank and other borrowings, approximately RMB1,511 million will be repayable within 1 year, approximately RMB1,845 million will be repayable between 2 to 5 years and approximately RMB242 million will be repayable after 5 years. The senior notes were repayable between 2 to 5 years.

As at 30 June 2014, a substantial part of the bank and other borrowings were secured by land use rights and properties of the Group. The senior note were jointly and severally guaranteed by certain subsidiary companies of the Group and by pledge of their shares. The bank and other borrowings were denominated in RMB while the senior note were denominated in U.S. dollar.

Exchange Rate Risk

The Group mainly operates in the PRC. Apart from fund raising transactions in the capital market, there is limited exposure in foreign exchange risk. Appreciation in RMB would have a positive effect on the value on paying interest and repayment of foreign currency bank borrowings. The Directors expect that any fluctuation of RMB's exchange rate will not have material adverse effect on the operation of the Group.

Capital Commitments

As at 30 June 2014, the Group had committed payment for the acquisitions of land use rights and properties under development amounting to approximately RMB71 million (31 December 2013: RMB183 million) and approximately RMB2,200 million (31 December 2013: RMB1,885 million), respectively.

Contingent Liabilities

As at 30 June 2014, the Group had provided guarantees amounting to approximately RMB1,058 million (31 December 2013: approximately RMB1,003 million) in respect of mortgage facilities granted by certain banks in connection with the mortgage loans entered into by purchasers of the Group's properties. Pursuant to the terms of the guarantees, if there is default of the mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage loans together with accrued interests thereon and any penalty owed by the defaulted purchasers to banks. The Group is then entitled to take over the legal title of the related properties. The guarantee period commences from the dates of grant of the relevant mortgages loans and ends after the purchaser obtained the individual property ownership certificate. In the opinion of the Directors, no provision for the guarantee contracts was recognized in the financial statement for the six months ended 30 June 2014 as the default risk is low.

Employees and Remuneration Policies

As at 30 June 2014, the Group had approximately 3,273 employees, of which 1,306 employees involved in the property development sector and 1,967 in the property operation services sector. Total staff costs, including directors' emoluments, for the six months ended 30 June 2014 amounted to approximately RMB97 million (six months ended 30 June 2013: approximately RMB91 million). Remuneration is determined by reference to their performance, skills, qualifications and experiences of the staff concerned and according to the prevailing industry practice. Besides salary payments, other staff benefits include contribution of the mandatory provident fund (for Hong Kong employees) and state-managed retirement pension scheme (for PRC employees), a discretionary bonus program and a share option scheme.

The Company adopted a share option scheme which became effective on 27 May 2013. In September 2013, the Group has granted share options to subscribe 93,119,611 shares of the Company in conformity with the share option scheme to some of the directors and employees of the Group, at an exercise price of HK\$1.27 per share. As at 30 June 2014, the outstanding share options were 74,935,076.

INTERIM DIVIDEND

The Directors had resolved that no interim dividend be paid for the six months ended 30 June 2014 (six months ended 30 June 2013: nil).

CORPORATE GOVERNANCE AND OTHER INFORMATION

The Company is committed to maintaining high standards of corporate governance with a view to assuring the conduct of management of the Company as well as protecting the interests of all shareholders. The Company has always recognized the importance of the shareholders' transparency and accountability. It is the belief of the Board that shareholders can maximize their benefits from good corporate governance.

The Board comprises five executive Directors and three independent non-executive Directors. The Board is responsible for the leadership and control of the Company and oversees the Group's businesses, strategic decisions and performances, and has full and timely access to all relevant information in relation to the Group's businesses and affairs, but the day-to-day management is delegated to the management of the Company. The independent non-executive Directors possess respectively professional qualifications and related management experience in the areas of financial accounting, law and global economy and have contributed to the Board with their professional opinions.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has adopted the code provisions set out in the Code on Corporate Governance Practices ("Code on Corporate Governance") contained in Appendix 14 of the Rules Governing the Listing of Securities (the "**Listing Rules**") on the Stock Exchange.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as the code of conduct regarding directors' securities transactions. The Company has made specific enquiry of all Directors whether the Directors have complied with the required standard set out in the Model Code regarding directors' securities transactions for the six months ended 30 June 2014 and all Directors confirmed that they have complied with the Model Code.

AUDIT COMMITTEE

The Company has established an audit committee in compliance with the Listing Rules to fulfill the functions of reviewing and monitoring the financial reporting and internal control of the Company. The audit committee of the Company currently comprises three independent non-executive Directors, including Mr. Lo Kwong Shun Wilson, Dr. Song Ming and Prof. Shu Guoying, while Mr. Lo Kwong Shun Wilson is the chairman of the audit committee. The audit committee is to review important accounting policies, supervise the Company's financial reporting processes, monitor the performance of the external auditor and the internal audit department, review and evaluate the effectiveness of the Company's financial reporting procedures and internal control and ensure the compliance with applicable statutory accounting and reporting requirements, legal and regulatory requirements, internal rules and procedures approved by the Board.

The audit committee together with the management of the Company has reviewed the accounting policies and practices adopted by the Group and discussed, among other things, internal controls and financial reporting matters including a review of the unaudited interim results for the six months ended 30 June 2014.

In addition, the independent auditors of the Company, Ernst & Young, have reviewed the unaudited interim results for the six months ended 30 June 2014 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 Hong Kong Institute of Certified Public Accountants.

REMUNERATION COMMITTEE

The Company has established a remuneration committee in compliance with the Listing Rules. The remuneration committee currently comprises an executive Director, Mr. Shu Cewan, and two independent non-executive Directors, Dr. Song Ming and Prof. Shu Guoying, while Dr. Song Ming is the chairman of the committee. The remuneration committee is responsible for advising the Board on the remuneration policy and framework of the Company’s Directors and senior management member(s), as well as reviewing and determining the remuneration of all executive Directors and senior management member(s) with reference to the Company’s objectives from time to time.

NOMINATION COMMITTEE

The Company has established a nomination committee in compliance with the Listing Rules. The nomination committee currently comprises an executive Director, Mr. Shu Cecheng, and two independent non-executive Directors, Mr. Lo Kwong Shun Wilson and Dr. Song Ming while Mr. Shu Cecheng is the chairman of the committee. The nomination committee is primarily responsible for considering and nominating suitable candidates to become members of the Board. Criteria adopted by the committee in considering the suitability of a candidate for directorship includes his/her qualifications, experience, expertise and knowledge as well as the requirements under the Listing Rules.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S SHARES

The Company is empowered by the applicable laws of the Cayman Islands and its articles of association to repurchase its own shares subject to certain restrictions and the Board may only exercise this power on behalf of the Company subject to any applicable requirements imposed from time to time by the Stock Exchange. There was no purchase, sale or redemption by the Company or any of its subsidiaries, of the Company’s listed shares for the six months ended 30 June 2014.

USE OF NET PROCEEDS FROM THE GLOBAL OFFERING

As disclosed in the 2013 annual report and the announcement dated 9 July 2014 of the Company, the net proceeds from the global offering of the Company's shares ("**IPO Proceeds**") amounted to approximately HK\$1,460 million (after deducting the underwriting commission and estimated expenses payable by the Group in relation to the listing of the Company after the exercise of the over-allotment option). As at 31 December 2013, the IPO Proceeds has been fully utilized.

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed herein, there was no other significant events that might affect the Group since the end of the period under review.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This results announcement is published on the website of the Stock Exchange (www.hkex.com.hk) and the Company (www.wz-china.com). The interim report of the Company for the six months ended 30 June 2014 containing all the information required by the Listing Rules will be dispatched to the Company's shareholders and published on the above websites in due course.

By order of the Board
Wuzhou International Holdings Limited
Shu Cecheng
Chairman

Hong Kong, 25 August 2014

As at the date of this announcement, the executive Directors of the Company are Mr. Shu Cecheng, Mr. Shu Cewan, Mr. Shu Ceyuan, Ms. Wu Xiaowu and Mr. Zhao Lidong; and the independent non-executive Directors of the Company are Dr. Song Ming, Mr. Lo Kwong Shun Wilson and Prof. Shu Guoying.