



STRATEGIC FINANCIAL RELATIONS (CHINA) LIMITED
縱橫財經公關顧問(中國)有限公司

[Press Release]



Wuzhou International Announces 2014 Interim Results

Revenue up 36.4% to RMB 2,508 million

Gross profit up 11.4% to RMB 1,027 million

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Promotes Business Upgrade

Develops and Operates Integrated Trading, Logistics and Real Estate Businesses

(Hong Kong, 25 August 2014) – Wuzhou International Holdings Limited (“Wuzhou International” or together with its subsidiaries, the “Group,” (stock code: 01369), a leading developer and operator of trade logistics centres and multi-functional commercial complexes in China, has announced its unaudited interim results for the six months ended 30 June 2014 (“period under review”).

In the first half of 2014, Wuzhou International seized the opportunity presented by the strong urbanisation trend in China to achieve stable business growth, despite the difficult environment and industry challenges. During the period under review, the Group recorded a revenue of approximately RMB2,508 million, an increase of 36.4% from the same period last year. Gross profit increased to RMB1,027 million, an increase of 11.4% from RMB922 million in the same period last year. Gross profit margin remained at a relatively high level of above 40%. Meanwhile, the Group’s profit after tax and total comprehensive income decreased by 15.2% year-on-year to RMB499 million as a result of the change in product portfolio, higher selling and marketing expenses due to a greater number of new property launches, and a rise in interest expenses. Basic earnings per share were RMB0.08. To retain capital for future development, the board of directors has resolved not to declare any interim dividend for the six months ended 30 June 2014.

Mr. SHU Cecheng, Executive Director and Chairman of Wuzhou International said, “In the first half of 2014, under the environment of the uneven recovery of global economy, the Chinese economy also faced many challenges. Mild stimulus measures launched by the Government mitigated the adverse economic conditions and began to stabilise the economy. At the same time, the pace of urbanisation continued unabated. In response to such a complicated environment and challenges, the Group leveraged its unique advantages in commercial operation and achieved stable growth in new project launches. Upon stepping into the international capital market, we have continued to promote business upgrade. With

trade logistics centres and commercial complexes as our core products, the Group continued to develop the commercial property niche market. Merging storage and logistics operations with the O2O concept, we have achieved breakthroughs in the areas of trading, storage, logistics and e-commerce operations.”

During the period under review, the Group recorded contracted sales and a gross floor area (“GFA”) sold of approximately RMB3,013 million and 438,000 sq. m., representing increases of 33.5% and 56.9% respectively as compared to the corresponding period last year. Trade logistics centres and multi-functional commercial complexes accounted for 72% and 28% of the Group’s contracted sales respectively. Henan and Jiangsu provinces were the main revenue streams, accounting for approximately 39.4% and 27.2% of the Group’s contracted sales. Attributable to the Group’s active expansion strategy towards other emerging cities and provinces, contract sales generated from other provinces and cities increased significantly, resulting in a more geographically balanced revenue mix.

As for its project development, the Group had a total of 34 projects as at 30 June 2014, covering Jiangsu, Zhejiang, Shandong, Hubei, Yunnan, Heilongjiang, Jilin, Henan and Liaoning provinces as well as Chongqing municipality. Among these, 18 were trade logistics centres while 16 were multi-functional commercial complexes. During the period under review, the Group had completed a total of 20 projects or project phases with a total GFA of approximately 2,867,000 sq.m., of which approximately 1,437,000 sq.m. was GFA sold and delivered and approximately 489,000 sq.m. was held for lease. The Group had a total of 19 projects or project phases under development with a total GFA of 2,202,000 sq.m., of which approximately 265,000 sq.m. was pre-sold and approximately 225,000 sq.m. was held for lease. The Group had a total of 24 projects or project phases planned for future development, with an estimated total GFA of 4,983,000 sq.m.

Regarding upgrade and transformation, the Group secured a piece of land for logistics use in Zhengzhou, Henan province during the period. The Group intends to develop it into its first storage and logistics project. The Group entered into a cooperation framework agreement with Global Logistic Properties Investment Management (China) Co., Ltd. (“GLP China”) for collaboration across a wide scope of business including developing and operating trade logistics centres. The cooperation is set to form an integrated system of activities that covers trading, exhibition, e-commerce, storage, logistics and supply chain financial services, offering a closed-loop strategy for industry sector business chains. As for the O2O segment, the Group has started to develop an e-commerce platform conducting big data analysis, consolidating and enlarging the customer base and recruiting new business.

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Acquisition of prime land is vital to the Group's rapid growth in the future. In addition to the strong presence in Yangtze River Delta Area, the Group has expanded its business in other cities for project development. During the period under review, the Group strived to consolidate its existing land bank and actively expanded into and developed other areas, including Henan and Jilin provinces, giving it a more extensive land bank across China. As at 30 June 2014, the total planned GFA of the 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 following three-to-five years.

Mr. SHU concluded, "The huge territory of China offers an opportunity for e-commerce and logistics to rapidly develop. In the future, the convergence of e-commerce and logistics platform will not be limited to business integration, but will enable a complete convergence from strategies, systems and supply chain integration. Wuzhou International is planning to engage in the logistics business along with providing its integrated commercial trading platform to customers. Initial capital investment has already been made for developing the logistics business. In addition, the Group seeks to collaborate with business partners to enter the logistics property development market in a timely manner. Moving forward, the Group is committed to provide merchants and customers an integrated logistics platform, linking all participants to establish a nationwide wholesale trading network. The Group places its top priority on improving its operations with the aim to achieve a balanced development of its facilities, and bolster their capabilities and functions, thus generating long-term stable and promising value and returns for investors, customers and partners."

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Wuzhou International Holding Limited

Starting in Wuxi, Jiangsu Province in 2004, Wuzhou International is a developer and operator of trade logistics centres and multi-functional commercial complexes with 34 projects covering ten provinces and cities across China as of 30 June 2014. The Group's "Wuzhou International" brand was named "2013 Chinese commercial real estate brand value Top 10", by Development Research Centre of the State Council. As at the end of 2013, Wuzhou International is No. 1 in the no. of trade logistics centre, No. 1 in the no. of partial completed and trade logistics centre in operation, and No. 1 in the coverage of provinces and cities, according to Savills.

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