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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 2015

FINANCIAL HIGHLIGHTS

- The Group's contracted sales for the six months ended 30 June 2015 increased by 8.8% to RMB3,278 million from RMB3,013 million in the corresponding period in 2014.
- The Group's revenue for the six months ended 30 June 2015 decreased by 13.0% to RMB2,182 million from RMB2,508 million in the corresponding period in 2014.
- The Group's profit attributable to the owners of the Company for the six months ended 30 June 2015 was RMB164 million.
- The gearing ratio was 81.4% as at 30 June 2015 compared to that of 86.2% as at 31 December 2014.

The board (the “**Board**”) of directors (the “**Directors**”) of Wuzhou International Holdings Limited (the “**Company**” or “**Wuzhou International**”) announces the unaudited financial results of the Company and its subsidiaries (the “**Group**”) for the six months ended 30 June 2015 together with comparative figures for the corresponding period in 2014, as follows:

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

		For the six months ended 30 June	
		2015	2014
	<i>Notes</i>	RMB’000	RMB’000
		(Unaudited)	(Unaudited)
REVENUE	5	2,181,940	2,508,225
Cost of sales		(1,504,775)	(1,481,352)
GROSS PROFIT		677,165	1,026,873
Other income and gains	5	77,058	26,861
Selling and marketing expenses		(164,880)	(205,389)
Administrative expenses		(219,457)	(208,225)
Other expenses		(7,709)	(26,878)
Fair value gain upon transfer to investment properties		232,261	271,615
Change in fair value of investment properties		(88,862)	134,014
Finance costs	6	(39,498)	(105,348)
Share of profits and losses of associates		(2,345)	(1,016)
PROFIT BEFORE TAX	7	463,733	912,507
Income tax expense	8	(317,578)	(413,587)
PROFIT AFTER TAX AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		146,155	498,920
Attributable to:			
Owners of the parent		163,581	351,604
Non-controlling interests		(17,426)	147,316
		146,155	498,920
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic (Cents)	10	3.49	7.55
Diluted (Cents)	10	3.26	7.55

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		30 June 2015	31 December 2014
	<i>Notes</i>	RMB'000	RMB'000
		(Unaudited)	
NON-CURRENT ASSETS			
Property, plant and equipment		269,137	270,867
Investment properties		7,556,700	6,936,600
Intangible assets		3,506	3,939
Long-term deferred expense		2,948	2,351
Investments in associates		33,593	35,938
Deferred tax assets		217,889	322,825
		<hr/>	<hr/>
Total non-current assets		8,083,773	7,572,520
		<hr/>	<hr/>
CURRENT ASSETS			
Inventories		1,098	1,009
Properties under development		4,254,424	4,120,082
Completed properties held for sale		3,229,751	3,817,493
Trade and bills receivables	<i>11</i>	33,374	42,994
Due from related companies		8,696	2,881
Prepaid land lease payments		1,011,321	1,083,543
Prepayments, deposits and other receivables		797,553	815,030
Tax recoverable		95,436	114,646
Restricted cash		81,886	88,654
Pledged deposits		1,065,393	534,145
Cash and cash equivalents		695,671	1,179,260
		<hr/>	<hr/>
Total current assets		11,274,603	11,799,737
		<hr/>	<hr/>
CURRENT LIABILITIES			
Trade and bills payables	<i>12</i>	3,587,411	4,105,273
Other payables, deposits received and accruals		995,934	947,274
Advances from customers		2,901,497	3,208,366
Derivative financial instruments		85,327	84,704
Convertible bonds		512,425	487,774
Due to a related party		800	–
Interest-bearing bank loans and other borrowings		1,739,360	1,299,160
Tax payable		870,462	897,907
		<hr/>	<hr/>
Total current liabilities		10,693,216	11,030,458
		<hr/>	<hr/>
NET CURRENT ASSETS		581,387	769,279
		<hr/>	<hr/>

	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000
<i>Notes</i>		
TOTAL ASSETS LESS CURRENT LIABILITIES	8,665,160	8,341,799
NON-CURRENT LIABILITIES		
Interest-bearing bank loans and other borrowings	2,195,425	2,409,775
Senior notes	1,237,376	1,234,302
Deferred tax liabilities	511,147	486,439
Total non-current liabilities	3,943,948	4,130,516
NET ASSETS	4,721,212	4,211,283
EQUITY		
Equity attributable to owners of the Company		
Issued capital	313,354	293,026
Reserves	3,900,850	3,374,406
	4,214,204	3,667,432
Non-controlling interests	507,008	543,851
TOTAL EQUITY	4,721,212	4,211,283

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 the property development business in the People’s Republic of China (the “**PRC**”). The ultimate holding company of the Company is Boom Win Holding Limited (“**Boom Win**”). The ultimate controlling party of the Group is Mr. Shu Cecheng and Mr. Shu Cewan (the “**Shu Brothers**” or “**Controlling Shareholders**”).

The shares of the Company were listed on the main board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 13 June 2013.

The Group was principally involved in property development, property investment and the provision of property management services.

2. BASIS OF PREPARATION

The interim financial information for the six months ended 30 June 2015 has been prepared in accordance with International Accounting Standard (“IAS”) 34 *Interim Financial Reporting* issued by the International Accounting Standards Board (the “IASB”).

The interim financial information does 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 the year ended 31 December 2014.

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 financial information are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2014, except for the adoption of new standards and interpretations effective as of 1 January 2015. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

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 IAS 19	<i>Defined Benefit Plans: Employee Contributions</i>
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Amendments included in *Annual Improvements 2010-2012 Cycle*:

IFRS 8	<i>Operating Segments</i>
IAS 16	<i>Property, Plant and Equipment</i>
IAS 24	<i>Related Party Disclosures</i>
IAS 38	<i>Intangible Assets</i>

Amendments included in *Annual Improvements 2011-2013 Cycle*:

IFRS 3	<i>Business Combinations</i>
IFRS 13	<i>Fair Value Measurement</i>
IAS 40	<i>Investment Property</i>

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

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised 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, property management services and investing in properties for their rental income potential and/or for capital appreciation; and
- (c) the others segment engages in department store operation and providing consulting 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 or loss, which is a measure of adjusted profit before tax from continuing operations.

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

No information about major customers is presented as no sales to a single customer individually contributed to over 10% of the Group’s revenue for the six months ended 30 June 2015 and 2014.

The following tables present revenue, profit and certain expenditure information for the Group's business segments for the six months ended 30 June 2015 and 2014:

Six months ended 30 June 2015	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	2,041,078	98,295	61,255	(18,688)	2,181,940
Segment results	340,258	120,389	26,242	18,688	505,577
<i>Reconciliation:</i>					
Finance costs					(39,498)
Share of profits and losses of associates					(2,346)
Profit before tax					463,733
Other segment information					
Depreciation and amortisation	(10,443)	(1,505)	(2,881)	–	(14,829)
Fair value gain upon transfer to investment properties	–	232,261	–	–	232,261
Change in fair value of investment properties	–	(88,862)	–	–	(88,862)
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 amortisation	(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

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 2015 and 2014.

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

	For the six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Revenue		
Sale of properties	2,041,078	2,389,012
Rental income	42,412	28,129
Commercial management service income	49,343	44,487
Property consulting service income	32,275	24,855
Property management income	5,043	5,626
Commissions from concessionaire sales	3,845	8,235
Others	7,944	7,881
	<u>2,181,940</u>	<u>2,508,225</u>
Other income and gains, net		
Subsidy income	51,557	3,219
Interest income	10,677	6,766
Gain on disposal of a subsidiary	–	11,734
Gain on disposal of items of property, plant and equipment	119	112
Foreign exchange gains	9,045	–
Others	5,660	5,030
	<u>77,058</u>	<u>26,861</u>

6. FINANCE COSTS

An analysis of finance costs is as follows:

	For the six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Interest on bank loans and other borrowings	191,389	193,963
Interest on senior notes	88,225	83,974
Interest on convertible notes	46,479	–
Less: Interest capitalised	(286,595)	(172,589)
	<u>39,498</u>	<u>105,348</u>

7. PROFIT BEFORE TAX

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

	For the six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Cost of properties sold	1,397,622	1,418,868
Cost of property management service provided	4,469	5,050
Cost of property consulting service provided	12,868	10,699
Depreciation of items of property, plant and equipment	13,784	12,418
Amortisation of intangible assets	433	471
Amortisation of long-term deferred expenses	612	601
Gain on disposal of a subsidiary	–	(11,734)
Gain on disposal of items of property, plant and equipment	(104)	(82)
Direct operating expenses arising from rental earning properties and commercial management service provided	43,165	40,747
Auditors' remuneration	2,600	2,000
Employee benefit expense (including directors' remuneration):		
Wages and salaries	139,786	79,948
Pension scheme and social welfare	31,094	11,241
Equity-settled share-based payment expenses	1,289	5,459
Foreign exchange differences, net	(9,045)	22,156

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 the British Virgin Islands, the Group's subsidiaries incorporated in the Cayman Islands and the 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 arising in Hong Kong for the six months ended 30 June 2015.

Subsidiaries of the Group operating in Mainland China are subject to PRC corporate income tax at a 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, 無錫五洲國際裝飾城有限公司, 無錫中南置業投資有限公司, 無錫市崇安新城龍安置業有限公司 and 大理五洲國際商貿城有限公司 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	
	2015	2014
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current tax:		
PRC corporate income tax	88,603	134,094
LAT	99,330	196,608
Deferred tax	129,645	82,885
Total tax charge for the period	317,578	413,587

A reconciliation of income tax expense applicable to profit before tax at the statutory rate for the jurisdiction 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 2015 and 2014 is as follows:

	For the six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Profit before tax	463,733	912,507
At the statutory income tax rate	115,933	228,127
Expenses not deductible for tax	57,631	24,496
Deductible temporary difference not recognised	10,421	–
Tax loss not recognised	56,562	7,690
Profits and losses attributable to associates	586	254
Withholding taxes on undistributed profits of the subsidiaries in the PRC	1,947	5,564
Provision for LAT	99,330	196,608
Tax effect on LAT	(24,832)	(49,152)
Tax charge for the period	317,578	413,587

9. DIVIDEND

The Board has resolved not to declare any interim dividend in respect of the six months ended 30 June 2015 (30 June 2014: Nil).

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

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

	For the six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Earnings		
Profit attributable to ordinary equity holders of the parent used in the basic earnings per share calculation	163,581	351,604
Interest on convertible notes	5,630	–
Add: Fair value loss on the derivative component of the convertible notes	623	–
	<u>169,834</u>	<u>351,604</u>
Profit attributable to ordinary equity holders of the parent before interest on convertible notes	<u>169,834</u>	<u>351,604</u>
Attributable to:		
Continuing operations	<u>169,834</u>	<u>351,604</u>
	For the six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	4,686,026,024	4,655,977,914
Effect of dilution – weighted average number of ordinary shares: Convertible notes	520,805,369	–
	<u>5,206,831,393</u>	<u>4,655,977,914</u>

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 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000
Trade and bills receivables:		
Less than 3 months	31,118	36,836
4 to 6 months	2,256	6,158
	33,374	42,994

12. TRADE AND BILLS PAYABLES

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

	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000
Less than 1 year	3,399,065	3,918,198
Over 1 year	188,346	187,075
	3,587,411	4,105,273

MANAGEMENT DISCUSSION AND ANALYSIS

Market Review

In the first half of 2015, the Chinese economy was stable and improved under perplexing economic conditions domestically and globally, and kept operating within a reasonable growth range. Certain key performance indices have picked up in the last few months, rate of urban job creation has become positive, domestic demand has further expanded, industrial structure has continued to optimize and the growth in national income has been in line with the economic development. The economic growth in the past two quarters maintained at 7% which was very close to market anticipation, mirroring a stabilization of Chinese economy with moderate but stable and sound momentum of development.

In addition, a relatively loose monetary policy has been maintained by the People's Bank of China by simultaneously adopting the policy of reduction in both interest rate and reserve requirement ratio. Further release of liquidity and benign macroeconomic conditions in the first half of 2015 significantly narrowed down the decrease in gross floor area ("GFA") sold of commodity properties as compared to the decrease in GFA sold at the beginning of 2015. Progressive reduction in interest rate has been stimulating the demand of buyers for house purchase, and demand for properties is expected to rise stronger.

BUSINESS REVIEW

I. Contracted sales

During the period under review, the Group recorded contracted sales and contracted sales area of approximately RMB3,278 million and approximately 547,000 square metres (“sq. m.”), representing increases of 8.8% and 25.1% as compared with the same period of the previous year, respectively. Approximately RMB2,014 million and 374,000 sq.m. were from the sales of the merchandising and logistics centers. Approximately RMB1,264 million and 173,000 sq.m. were from the sales of multi-functional commercial complexes.

Contracted sales of the Group, by geographical location, were mainly from Jiangsu Province, Jilin Province and Henan Province. The contracted sales and contracted sales area were approximately RMB1,540 million, RMB363 million and RMB335 million, and approximately 254,000 sq.m., 42,000 sq.m. and 55,000 sq.m., respectively, accounting for 47%, 11% and 10%, and 46%, 8% and 10% 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 continuously, resulting in a more balanced income source in terms of geographical locations.

Region	Contracted sales amount		Contracted sales area	
	<i>RMB million</i>	Percentage (%)	<i>'000 Sq.m.</i>	Percentage (%)
Jiangsu Province	1,540	47.0	254	46.4
Jilin Province	363	11.1	42	7.7
Henan Province	335	10.2	55	10.1
Inner Mongolia	228	7.0	49	9.0
Liaoning Province	210	6.4	40	7.3
Zhejiang Province	207	6.3	30	5.5
Heilongjiang Province	150	4.6	30	5.5
Shandong Province	113	3.4	18	3.3
Yunnan Province	91	2.8	16	2.9
Chongqing Municipality	21	0.6	6	1.1
Hubei Province	20	0.6	7	1.3
Total	3,278	100.0	547	100.0

II. Project development

As at 30 June 2015, the Group had 37 development projects in Jiangsu Province, Zhejiang Province, Shandong Province, Hubei Province, Yunnan Province, Heilongjiang Province, Jilin Province, Henan Province, Liaoning Province, Chongqing Municipality and Inner Mongolia Autonomous Region, including 20 merchandising and logistics centers and 17 multi-functional commercial complexes.

Completed projects

During the period under review, the Group completed a total of 27 projects or project phases with a total GFA of approximately 4,035,000 sq.m., including approximately 2,072,000 sq.m. of GFA sold and delivered and approximately 642,000 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	Merchandising and Logistics Center	100%	392	340	230	7	103
2 Wuxi Wuzhou International Industrial Exhibition City	Wuxi	Merchandising and Logistics Center	100%	440	395	322	3	70
3 Wuxi Wuzhou International Columbus Plaza	Wuxi	Multi-functional commercial complex	64.3%	212	168	106	18	44
4 Wuxi Wuzhou International Chinese Food Culture Exposition City	Wuxi	Multi-functional commercial complex	62%	191	154	75	33	46
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	70	18	17
7 Wuxi New District Columbus Plaza	Wuxi	Multi-functional commercial complex	100%	91	71	29	19	23
8 Luoshe Wuzhou International Columbus Dragon City	Wuxi	Multi-functional commercial complex	100%	52	38	15	8	15
9 Jianhu Wuzhou International Trade City	Jianhu	Merchandising and Logistics Center	100%	107	105	72	33	–
10 Yancheng Wuzhou International Plaza	Yancheng	Multi-functional commercial complex	100%	55	55	27	13	15
11 Huaian Wuzhou International Plaza	Huaian	Multi-functional commercial complex	100%	147	110	50	6	54

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.)
12 Wuzhou International Automobile Exhibition City	Nantong	Merchandising and Logistics Center	75%	109	108	48	60	–
13 Nantong Wuzhou International Plaza	Nantong	Multi-functional commercial complex	51%	360	254	139	50	65
14 Jiangyin Wuzhou International Plaza	Jiangyin	Multi-functional commercial complex	90%	230	183	93	56	34
15 Yixing Wuzhou International Huadong Trade City	Yixing	Merchandising and Logistics Center	100%	64	64	17	47	–
16 Sheyang Wuzhou International Plaza	Sheyang	Multi-functional commercial complex	100%	68	66	45	21	–
Subtotal				<u>2,714</u>	<u>2,256</u>	<u>1,355</u>	<u>392</u>	<u>509</u>
Yunnan Province								
17 Dali Wuzhou International Trade City	Dali	Merchandising and Logistics Center	100%	153	152	142	10	–
18 Baoshan Wuzhou International Plaza	Baoshan	Multi-functional commercial complex	61%	73	70	27	17	26
Subtotal				<u>226</u>	<u>222</u>	<u>169</u>	<u>27</u>	<u>26</u>
Chongqing Municipality								
19 Rongchang Wuzhou International Trade City	Chongqing	Merchandising and Logistics Center	94%	280	278	117	76	85
Subtotal				<u>280</u>	<u>278</u>	<u>117</u>	<u>76</u>	<u>85</u>
Hubei Province								
20 Xiangyang Wuzhou International Industrial Exhibition City	Xiangyang	Merchandising and Logistics Center	100%	167	167	150	17	–
Subtotal				<u>167</u>	<u>167</u>	<u>150</u>	<u>17</u>	<u>–</u>

				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						
Shandong Province									
21	Longkou Wuzhou International Trade City	Longkou	Merchandising and Logistics Center	95%	51	51	32	19	–
22	Yantai Wuzhou International Industrial Exhibition City (Fushan)	Yantai	Merchandising and Logistics Center	95%	55	55	54	1	–
Subtotal					106	106	86	20	–
Zhejiang Province									
23	Hangzhou Wuzhou International Plaza	Hangzhou	Multi-functional commercial complex	100%	76	59	32	5	22
24	Ruian Wuzhou International Trade City	Ruian	Merchandising and Logistics Center	100%	64	63	46	17	–
Subtotal					140	122	78	22	22
Heilongjiang Province									
25	Mudanjiang Wuzhou International Industrial Exhibition City	Mudanjiang	Merchandising and Logistics Center	100%	68	66	36	30	–
Subtotal					68	66	36	30	–
Henan Province									
26	Luoyang Wuzhou International Industrial Exhibition City	Luoyang	Merchandising and Logistics Center	51%	144	143	85	58	–
27	Zhengzhou Wuzhou International Industrial Exhibition City	Zhengzhou	Merchandising and Logistics Center	100%	190	161	155	6	–
Subtotal					334	304	240	64	–
Total					4,035	3,521	2,231	648	642

Projects under development

As at 30 June 2015, the Group had a total of 23 projects or project phases under development with a total planned GFA of 2,304,000 sq.m., including approximately 451,000 sq.m. of GFA pre-sold and approximately 389,000 sq.m. of GFA held for lease.

List of projects under development:

				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.)
Project name	City	Category								
Jiangsu Province										
1	Wuxi Wuzhou International Industrial Exhibition City Phase II Hall D	Wuxi	Merchandising and Logistics Center	100%	2015	83	69	9	17	43
2	Wuxi Wuzhou International Ornamental City Phase V Hall F	Wuxi	Merchandising and Logistics Center	100%	2016	34	26	–	26	–
3	Qianzhou Wuzhou International Plaza	Wuxi	Multi-functional commercial complex	80%	2015	74	60	9	33	18
4	Wuzhou International Automobile Exhibition City	Nantong	Merchandising and Logistics Center	75%	2015	180	123	51	72	–
5	Jiangyin Wuzhou International Plaza	Jiangyin	Multi-functional commercial complex	90%	2015	28	27	17	10	–
6	Yixing Wuzhou International Plaza	Yixing	Multi-functional commercial complex	51%	2016	118	93	19	74	–
7	Yancheng Wuzhou International Plaza	Yancheng	Multi-functional commercial complex	100%	2015	73	44	22	12	10
8	Sheyang Wuzhou International Plaza	Sheyang	Multi-functional commercial complex	100%	2016	67	63	–	63	–
9	Huaian Wuzhou International Plaza	Huaian	Multi-functional commercial complex	100%	2016	85	73	17	56	–
10	Xuzhou Road-port	Xuzhou	Merchandising and Logistics Center	70%	2015	89	72	–	–	72
Subtotal						831	650	144	363	143

					Estimated					
				Interests	construction		Total	Total	GFA	GFA
Project name		City	Category	of the	completion		Total	saleable	pre-sold	held
				Company	date		GFA	GFA	GFA	for sale
							('000	('000	('000	('000
							sq.m.)	sq.m.)	sq.m.)	sq.m.)
Yunnan Province										
11	Dali Wuzhou International Trade City	Dali	Merchandising and Logistics Center	100%	2016	197	194	25	85	84
12	Baoshan Wuzhou International Plaza	Baoshan	Multi-functional commercial complex	61%	2015	137	115	29	86	–
Subtotal						334	309	54	171	84
Hubei Province										
13	Xiangyang Wuzhou International Industrial Exhibition City	Xiangyang	Merchandising and Logistics Center	100%	2015	50	48	1	47	–
Subtotal						50	48	1	47	–
Shandong Province										
14	China Longkou Wuzhou International Trade City	Longkou	Merchandising and Logistics Center	95%	2016	74	74	3	46	25
15	Leling Wuzhou International Exhibition City	Leling	Merchandising and Logistics Center	51%	2015	39	38	25	13	–
16	Yantai Wuzhou International Industrial Exhibition City	Yantai	Merchandising and Logistics Center	95%	2015	23	23	12	11	–
Subtotal						136	135	40	70	25
Zhejiang Province										
17	Ruian Wuzhou International Trade City	Ruian	Merchandising and Logistics Center	100%	2016	170	143	9	37	97
Subtotal						170	143	9	37	97

				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.)	
Project name	City	Category									
Heilongjiang Province											
18	Mudanjiang Wuzhou International Industrial Exhibition City	Mudanjiang	Merchandising and Logistics Center	100%	2016	23	23	5	18	–	
						Subtotal	23	23	5	18	–
Henan Province											
19	Luoyang Wuzhou International Industrial Exhibition City	Luoyang	Merchandising and Logistics Center	51%	2015	66	63	7	56	–	
20	Zhengzhou Wuzhou International Industrial Exhibition City	Zhengzhou	Merchandising and Logistics Center	100%	2016	231	205	45	160	–	
						Subtotal	297	268	52	216	–
Jilin Province											
21	Changchun Wuzhou International Plaza	Changchun	Multi-functional commercial complex	100%	2016	275	235	41	154	40	
						Subtotal	275	235	41	154	40
Liaoning Province											
22	Shenyang Wuzhou International Industrial Exhibition City	Shenyang	Merchandising and Logistics Center	100%	2015	70	69	56	13	–	
						Subtotal	70	69	56	13	–
Inner Mongolia Autonomous Region											
23	Tongliao Wuzhou International Trade City	Tongliao	Merchandising and Logistics Center	100%	2016	118	117	49	68	–	
						Subtotal	118	117	49	68	–
						Total	2,304	1,997	451	1,157	389

Projects planned for development

As at 30 June 2015, the Group had a total of 17 projects or project phases planned for development, with a total planned GFA of approximately 3,778,000 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 Industrial Exhibition City Product Exhibition Hall B and Building Complex	Wuxi	Merchandising and Logistics Center	100%	144
2 Qianzhou Wuzhou International Plaza	Wuxi	Multi-functional commercial complex	80%	27
3 Jianhu Wuzhou International Trade City Phase II	Jianhu	Merchandising and Logistics Center	100%	114
4 Jianhu China Green Light Exposition City	Jianhu	Merchandising and Logistics Center	100%	94
5 Sheyang Wuzhou International Plaza	Sheyang	Multi-functional commercial complex	100%	307
6 Wuzhou International Automobile Exhibition City	Nantong	Merchandising and Logistics Center	75%	134
7 Yixing Wuzhou International Huadong Trade City	Yixing	Merchandising and Logistics Center	100%	211
Subtotal				<u>1,031</u>
Chongqing Municipality				
8 Rongchang Wuzhou International Trade City Phase II	Chongqing	Merchandising and Logistics Center	94%	197
Subtotal				<u>197</u>
Yunnan Province				
9 Dali Wuzhou International Trade City Phase III	Dali	Merchandising and Logistics Center	100%	917
Subtotal				<u>917</u>

Project name	City	Category	Interests of the Company	Total GFA ('000 sq.m.)
Hubei Province				
10 Xiangyang Wuzhou International Industrial Exhibition City (Phase II)	Xiangyang	Merchandising and Logistics Center	100%	512
Subtotal				512
Shandong Province				
11 Leling Wuzhou International Exhibition City	Leling	Merchandising and Logistics Center	51%	414
12 China Longkou Wuzhou International Trade City	Longkou	Merchandising and Logistics Center	95%	116
13 Yantai Wuzhou International Industrial Exhibition City	Yantai	Merchandising and Logistics Center	95%	65
Subtotal				595
Heilongjiang Province				
14 Mudanjiang Wuzhou International Industrial Exhibition City	Mudanjiang	Merchandising and Logistics Center	100%	221
Subtotal				221
Henan Province				
15 Luoyang Wuzhou International Industrial Exhibition City	Luoyang	Merchandising and Logistics Center	51%	64
Subtotal				64
Jilin Province				
16 Jilin Wuzhou International Trade City	Jilin	Merchandising and Logistics Center	100%	70
Subtotal				70
Liaoning Province				
17 Shenyang Wuzhou International Industrial Exhibition City	Shenyang	Merchandising and Logistics Center	100%	171
Subtotal				171
Total				3,778

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 selectively expanded and developed into other areas, including Heilongjiang Province, for more extensive land bank across China.

As at 30 June 2015, the total planned GFA of land bank amounted to approximately 7,403,000 sq.m., including approximately 1,321,000 sq.m. for completed projects, approximately 2,304,000 sq.m. for projects under development and approximately 3,778,000 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 2015, 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	924	831	1,031	2,786
Yunnan province	45	334	917	1,296
Hubei province	25	50	512	587
Shandong province	27	136	595	758
Zhejiang province	49	170	–	219
Heilongjiang province	50	23	221	294
Henan province	112	297	64	473
Jilin province	–	275	70	345
Liaoning province	–	70	171	241
Chongqing Municipality	89	–	197	286
Inner Mongolia Autonomous Region	–	118	–	118
Total	1,321	2,304	3,778	7,403

IV. Centralized operation, management and marketing

Most of the purchasers of the Group’s retail stores entered into exclusive operation and management agreements with it 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.

Outlook

China's fixed-asset investment is forecasted to rise approximately 12% this year with a tendency of slower growth in investments in developing manufacturing industries and real estate but a high growth in investments in infrastructure. Thanks to the effects of the policies promoting spending, the total amount of retail and consumer goods is anticipated to steadily grow in the second half of 2015. In addition, as further release of liquidity and benign macroeconomic conditions were bolstered by the policies of reductions in both interest rate and deposit reserve ratio, steady growth in property market is expected in the second half of 2015. Progressive reduction in interest rate has been simulating the demand of buyers for house purchase, and demand for properties is expected to rise.

In such circumstances, property developers have to give up their conventional business model involving development, construction, operation, property leasing and subdivision, and link an openly comprehensive services chain instead, creating a dynamic industrial ecosystem with business innovation, investment and financing services, enterprise and university collaborations and smart technology development, in order to gain competitive edge over rivals. In the great transformation of the property industry, each property developer has its unique characteristics. Wuzhou International has moved in the direction of developing synergy of trading, logistics and e-commerce, laying a concrete foundation for its "asset-light" transformation.

In March 2015, an "Internet Plus" strategy was delivered in the PRC government work report, highlighting the vital role of internet in the course of transformation of economic structure. Such strategy will encourage healthy development of e-commerce, industrial networks and internet banking. Wuzhou International will continue to facilitate integration of the operation of e-commerce platform and mortgage financing, forming a chain linking the sectors of trading, logistics and finance. Wuzhou International has strong offline channel and customer resources, providing it more competitive advantages. In 2015, Wuzhou International focuses on trading and logistics, the two key businesses, as well as chattel mortgage services, the new business, in a bid to progressively move in the direction of "asset-light" transformation.

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 and property management service income, property consulting service income and commissions from concessionaire sales after deduction of allowances for returns and trade discounts.

For the six months ended 30 June 2015, turnover of the Group amounted to approximately RMB2,182 million, representing a decrease of 13.0% from approximately RMB2,508 million for the corresponding period in 2014.

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 decreased by 14.6% to approximately RMB2,041 million for the six months ended 30 June 2015 from approximately RMB2,389 million for the corresponding period in 2014. This decrease was due primarily to a decrease in the average selling price of properties sold to our customers.

Rental Income

Rental income generated from rental of investment properties increased by 50.8% to approximately RMB42 million for the six months ended 30 June 2015 from approximately RMB28 million for the corresponding period in 2014. The increase was due primarily to the continuing growth of the investment properties.

Commercial Management Service Income and Property Management Service 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 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 increased by 10.9% to approximately RMB49 million for the six months ended 30 June 2015 from approximately RMB44 million for the corresponding period in 2014. Property management service income decreased by 10.4% to approximately RMB5 million for the six months ended 30 June 2015 from approximately RMB6 million for the corresponding period in 2014. The increase in commercial management service income was due primarily to the increase in the GFA of the properties operated and managed by us, while the decrease in property management service income was due to the gradual transfer of property management business to other third parties for concentrating in the business of commercial management service.

Property Consulting Service Income

Property consulting service income represents the revenue from consulting and advisory service rendered by the Group to third party companies in their development and construction of commercial properties.

Property consulting service income increased by 29.9% to approximately RMB32 million for the six months ended 30 June 2015 from approximately RMB25 million for the corresponding period in 2014. The increase in property consulting service income was due primarily to the increase in business volume of the services provided by us to third party customers.

Commissions from Concessionaire Sales

Revenue derived from the commissions from concessionaire sales decreased by 53.3% to approximately RMB4 million for the six months ended 30 June 2015 from approximately RMB8 million for the corresponding period in 2014, which was resulted from the decrease of the relevant sales.

Gross Profit and Margin

Gross profit decreased by 34.1% to approximately RMB677 million for the six months ended 30 June 2015 from approximately RMB1,027 million for the corresponding period in 2014. Gross profit margin decreased to 31.0% for the six months ended 30 June 2015 from 40.9% for the corresponding period in 2014. The decrease in gross profit was in line with the decrease in the total revenue for the six months ended 30 June 2015 while the decrease in our gross margin was resulted from the change in product mix.

Other Income and Gain

Other income and gains increased by 186.9% to approximately RMB77 million for the six months ended 30 June 2015 from approximately RMB27 million for the corresponding period in 2014. 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 decreased by 19.7% to approximately RMB165 million for the six months ended 30 June 2015 from approximately RMB205 million for the corresponding period in 2014. The decrease was due primarily to a decrease in general selling, marketing and advertising activities resulting from fewer number of properties that were pre-sold in the first half of 2015 as compared to that in the same period of 2014.

Administrative Expenses

Our administrative expenses increased by 5.4% to approximately RMB219 million for the six months ended 30 June 2015 from approximately RMB208 million for the corresponding period in 2014. This increase was primarily due to the increase in number of projects of the Group in the first half of 2015.

Finance Costs

Our finance costs decreased by 62.5% to approximately RMB39 million for the six months ended 30 June 2015 from approximately RMB105 million for the corresponding period in 2014. This decrease was due primarily to an increase in numbers of properties under development where the relevant finance costs was capitalized.

Income Tax Expenses

Our income tax expenses decreased by 23.2% to approximately RMB318 million for the six months ended 30 June 2015 from approximately RMB414 million for the corresponding period in 2014. The change was primarily due to the decrease in corporate income tax and decrease in land appreciation tax accrual.

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 53.5% to approximately RMB164 million for the six months ended 30 June 2015 from approximately RMB352 million for the corresponding period in 2014. This decrease was due primarily to the decrease in gross profit and revaluation gain on the appreciation of our investment properties in the first half of 2015 as compared to that in the same period of 2014. Our net profit margin was 7.5% for the period under review.

Liquidity, Financial and Capital Resources

Cash Position

As at 30 June 2015, the Group's bank balances and cash (including restricted cash and pledged deposits) was approximately RMB1,843 million (31 December 2014: approximately RMB1,802 million), representing an increase of 2.3% as compared to that as at 31 December 2014. 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 2015, the Group's restricted cash was approximately RMB82 million (31 December 2014: approximately RMB89 million).

Current Ratio and Gearing Ratio

As at 30 June 2015, the Group has current ratio (being current assets over current liabilities) of approximately 1.05 compared to that of 1.07 as at 31 December 2014. The gearing ratio was 81.4% as at 30 June 2015 compared to that of 86.2% as at 31 December 2014. The gearing ratio was measured by net debt (aggregated bank loans and other borrowings, senior and convertible 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, senior and convertible notes) over total assets ratio was 29.4% as at 30 June 2015 (31 December 2014: 28.0%).

Borrowings and Charges on the Group's Assets

As at 30 June 2015, the Group had an aggregate interest-bearing bank and other borrowings, senior and convertible notes of approximately RMB5,685 million. Amongst the bank and other borrowings, approximately RMB1,739 million will be repayable within 1 year, approximately RMB1,845 million will be repayable between 2 to 5 years and approximately RMB351 million will be repayable after 5 years. The senior notes were repayable between 2 to 5 years and convertible notes are redeemable on or after 30 September 2017.

As at 30 June 2015, a substantial part of the bank and other borrowings were secured by land use rights and properties of the Group. The senior and convertible notes 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 and convertible notes 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. In accomplishing the aim of minimizing foreign exchange risk, the Group is closely monitoring the foreign exchange market in order to avoid any material adverse effect on the operation of the Group.

Capital Commitments

As at 30 June 2015, the Group had committed payment for properties under development amounting to approximately RMB2,584 million (31 December 2014: RMB2,950 million).

Contingent Liabilities

As at 30 June 2015, the Group had provided guarantees amounting to approximately RMB1,547 million (31 December 2014: approximately RMB1,083 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 2015 as the default risk is low.

Employees and Remuneration Policies

As at 30 June 2015, the Group had approximately 3,731 employees, of which 2,032 employees involved in the property development sector and 1,699 in the property operation services sector. Total staff costs, including directors' emoluments, for the six months ended 30 June 2015 amounted to approximately RMB172 million (six months ended 30 June 2014: approximately RMB97 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 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 2015, the outstanding share options were 55,966,625.

Interim Dividend

The Directors resolved that no interim dividend will be paid for the six months ended 30 June 2015 (six months ended 30 June 2014: nil).

CORPORATE GOVERNANCE

During the six months ended 30 June 2015, the Company has complied with the code provisions set out in the “Corporate Governance Code and Corporate Governance Report” contained in Appendix 14 of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on the Stock Exchange.

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 main responsibilities of 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 of the Group for the six months ended 30 June 2015.

In addition, the independent auditors of the Company, Ernst & Young, have reviewed the unaudited interim results of the Group for the six months ended 30 June 2015 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.

PLACING OF EXISTING SHARES AND SUBSCRIPTION OF NEW SHARES

On 4 June 2015, a total of 327,464,000 placing shares (the **"Placing Shares"**) had been placed at the placing price of HK\$1.42 per Placing Share to not less than six placees who were professional investors, each of which, with their ultimate beneficial owners, are independent third parties to the Company, and not connected with the Company and any of its connected persons (as defined in the Listing Rules) or their respective associates (as defined in the Listing Rules) and independent of and not acting in concert with Boom Win and its concert parties (the **"Placing"**).

Further, the subscription of 327,464,000 new shares by Boom Win (the **"Subscription"**) took place on 15 June 2015. A total of 327,464,000 subscription shares (the **"Subscription Shares"**) (equal to the number of the Placing Shares successfully placed by the joint placing agents pursuant to the placing and subscription agreement) were subscribed by Boom Win at the net issue price per Subscription Share (after deduction of the relevant commission and expenses incurred by Boom Win in relation to the Placing and the Subscription) of HK\$1.42 for each Subscription Share. The Subscription Shares represent approximately 6.56% of the issued share capital of the Company as enlarged by the issue and allotment of the Subscription Shares. The Company received total net proceeds from the Subscription of approximately HK\$460 million. For details, please refer to the announcements of the Company dated 1 June 2015 and 15 June 2015.

As at 30 June 2015, the proceeds has been fully utilized in compliance with the intended use of proceeds set out in the announcement of the Company dated 1 June 2015.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

The Company completed the Placing and Subscription on 4 June 2015 and 15 June 2015, respectively. Please refer to the section headed “Placing of Existing Shares and Subscription of New Shares” above for further details.

Save as disclosed above, there was no purchase, sale or redemption by the Company or any of its subsidiaries, of the Company's listed securities during the six months ended 30 June 2015.

EVENTS AFTER THE REPORTING PERIOD

- (1) On 3 July 2015, the Group, through Wuxi Wuzhou Ornament City Co., Ltd* (無錫五洲國際裝飾城有限公司), an indirect wholly owned subsidiary of the Company, won the bids for the land use rights in respect of four land parcels located at the convenient centre location of Liubai Xincheng* (柳白新城), Yueqing City, Zhejiang Province, the People's Republic of China (the “**Target Land Parcel**”) at RMB450,300,000, through the listing-for-sale processes of the Target Land Parcel as evidenced by the confirmation letter dated 3 July 2015 issued by Yueqing Municipal Bureau of State Land and Resources in respect of the Target Land Parcel.

The Target Land Parcel has a total site area of approximately 222,655 square metres with a total planned gross floor areas of approximately 462,115 square metres. The purpose of such acquisition is to begin the initial development of the China International Electrics & Electronic Appliance City* (中國國際電工電器城). For further details, please refer to the announcement of the Company dated 3 July 2015.

- (2) On 26 September 2013, the Company issued the 13.75% senior notes due 2018 (the “**2018 Senior Notes**”) in the aggregate principal amount of US\$100 million (“**Original Notes**”). On 15 January 2014, the Company further issued the 2018 Senior Notes in an additional aggregate principal amount of US\$100 million (“**Additional Notes in the First Tranche**”), for the purpose of funding the existing and new real estate projects and general corporate purposes. Both the Original Notes and the Additional Notes in the First Tranche, which form the 2018 Senior Notes, were issued on the same terms and conditions.

On 6 July 2015, the Company issued the additional US\$100 million 13.75% senior notes due 2018 which consolidate and form a single class with the Original Notes and Additional Notes in the First Tranche (the “**Additional Notes in the Second Tranche**”). The Additional Notes in the Second Tranche were issued on the same terms and conditions as those of the Original Notes and the Additional Notes in the First Tranche, save for the issue date and the purchase price. Please refer to the announcements of the Company dated 25 June 2015 for further details. The net proceeds from the issue of the Additional Notes in the Second Tranche amounted to approximately US\$101.2 million.

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 2015 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, 27 August 2015

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

** for identification purpose only*