

WUZHOU INTERNATIONAL
HOLDINGS LIMITED
五洲國際控股有限公司

WOZ 五洲国际
WUZHOU INTERNATIONAL
(Incorporated in the Cayman Islands with limited liability)
Stock code: 01369

INTERIM REPORT 2014





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Corporate Information

DIRECTORS

Executive Directors

Mr. Shu Cecheng (Chairman)
Mr. Shu Cewan (Chief Executive Officer)
Mr. Shu Ceyuan
Ms. Wu Xiaowu
Mr. Zhao Lidong

Independent Non-Executive Directors

Dr. Song Ming
Mr. Lo Kwong Shun, Wilson
Prof. Shu Guoying

COMPANY SECRETARY

Mr. Cheung Man Hoi

AUTHORIZED REPRESENTATIVES

Mr. Cheung Man Hoi
Mr. Shu Cecheng

AUDIT COMMITTEE

Mr. Lo Kwong Shun, Wilson (Committee Chairman)
Dr. Song Ming
Prof. Shu Guoying

REMUNERATION COMMITTEE

Dr. Song Ming (Committee Chairman)
Mr. Shu Cewan
Prof. Shu Guoying

NOMINATION COMMITTEE

Mr. Shu Cecheng (Committee Chairman)
Dr. Song Ming
Mr. Lo Kwong Shun, Wilson

AUDITORS

Ernst & Young
Certified Public Accountants

COMPLIANCE ADVISOR

Octal Capital Limited

PRINCIPAL BANKERS

Bank of China Limited
Bank of Communications Co., Ltd.
Industrial and Commercial Bank of China Limited
Xiamen International Bank Co. Ltd.

LEGAL ADVISORS

As to Hong Kong Law

Shearman & Sterling

As to PRC Law

Global Law Office

As to Cayman Islands Law

Walkers

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

CORPORATE HEAD OFFICE IN HONG KONG

Unit 5105, 51/F
The Center
99 Queen's Road Central
Central
Hong Kong

Corporate Information**CORPORATE HEADQUARTERS IN PEOPLE'S REPUBLIC OF CHINA**

19th Floor
Wuzhou International Columbus
Plaza Tower B
287 Guangyi Road
Wuxi
China

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Codan Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

LISTING INFORMATION**Share Listing**

The Company's ordinary shares
The Stock Exchange of Hong Kong Limited
Stock code: 01369

Senior Notes Listing

The Company's 13.75% 5 years senior notes due 2018
The Stock Exchange of Hong Kong Limited
Stock code: 05970

WEBSITE

<http://www.wz-china.com>



Chairman's Statement



Wuzhou International has continued to develop submarkets of commercial property together with warehousing and logistics industries by capitalizing our own advantages on the basis of internet O2O concept, achieving breakthroughs in the development of trading, warehousing, logistics and e-commerce.

Dear Shareholders,

On behalf of the board of directors, I hereby present the interim results of Wuzhou International Holdings Limited ("Wuzhou International" or the "Company") together with its subsidiaries (the "Group") for the six months ended 30 June 2014.

In the first half of 2014, total revenue and gross profit of the Group amounted to approximately RMB2,508 million and RMB1,027 million, representing increases of approximately 36.4% and 11.4% as compared with the corresponding period of the previous year, respectively. In the first half of the year, the recognized average revenue from sales of properties increased by 35.9% to approximately RMB2,389 million as compared with the corresponding period of the previous year. Profit attributable to owners of the Company and total comprehensive income amounted to approximately RMB352 million. To reserve more funds for the business development of the Group, the Board does not recommend the payment of interim dividend for the period ended 30 June 2014.

In the first half of 2014, the U.S. economy continued to recover and U.S. the Federal Reserve was approaching to its targets on unemployment rate and inflation. In the eurozone, higher deflationary pressure as well as no substantial improvement in the European debt crisis and sovereign debt imposed restraints on fiscal policy, bringing about economic uncertainties. For emerging markets, economic growth of the BRICS countries was still at a low level. Economies of Russia and Brazil continued to slide, in particular the Russian economy may be sluggish due to the impact of the Ukrainian crisis. The economies of India and South Africa have improved on the foundations which should be further consolidated. Under such macro-economic circumstances of uneven global recovery, 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 from the beginning of the year. Nonetheless, given the PRC government has implemented a series of "micro-stimulus" measure progressively; solid macro-economic fundamentals have shown consequent to interim adjustment in macro-economy. By taking opportunities for development brought about by ongoing urbanization in full scale in China, the Group has successfully overcome such difficult situations and challenges, maintaining a steady growth in our business.

Chairman's Statement

In the first half of 2014, the Group achieved contracted sales of RMB3,013 million, representing an increase of 33.5% over the previous year and attaining 46% of the annual sales target set by the Group. As at 30 June 2014, our portfolio of property developments consisted of 34 projects in 10 provinces across China. Our contracted sales have involved 29 development projects in 9 provinces, including Jiangsu Province, Zhejiang Province, Yunnan Province, Hubei Province, Chongqing Municipality, Shandong Province, Heilongjiang Province, Henan Province and Liaoning Province.

During the period under review, the number of new projects in operations increased unceasingly by leveraging our unique operating advantages maintained. Leling Wuzhou International Industrial Exhibition City and Wuxi Wuzhou International Chinese Food Culture Exposition City Phase III commenced operations in January 2014, Wuxi Luoshe Wuzhou Columbus Plaza, Longkou Wuzhou International Trade City and Wuxi Wuzhou International Small Commodity City (New Hall) commenced operations in April 2014, Wuxi Wuzhou International Industrial Exhibition City Hall C commenced operations in May 2014. As at 30 June 2014, 17 projects in total have commenced operations successfully.

In addition to our strong presence in Yangtze River Delta Area, we have expanded our business in various other cities for product development, and often acquired sufficient prime lands. In the first half of 2014, Wuzhou International, through public tenders, acquired land use rights of 2 parcels of land located in Zhengzhou City in Henan Province and Changchun City in Jilin Province. As at 30 June 2014, the total GFA of our completed projects was 2,867,000 sq.m., the total GFA of our projects under development was 2,202,000 sq.m. and the total GFA of our projects planned for future development was 4,983,000 sq.m..

By adhering to our mission of "Responsible Real Estate and Healthy Commercial Business", the development of Wuzhou International has earned the respects and accolades from our Shareholders, clients, business partners and industry peers. Wuzhou International has been named as the "2014 Top 100 Property Developers in China (the 84th)", "2014 Top 10 Hong Kong Listed PRC Real Estate Companies in terms of Financial Stability", "2014 Top 10 Hong Kong Listed PRC Real Estate Companies in terms of Investment Value", "2014 China Top 10 Consolidated Commercial Property Developers (the sixth)" and "2014 Top 10 Real Estate Developers in Jiangsu Province".

Upon gaining access to international capital markets, Wuzhou International has put its business forward without a moment to spare, and further upgraded its corporate strategies. In addition to the focus on developing our two core products, namely trade and logistics industrial park and commercial complex, Wuzhou International has continued to develop submarkets of commercial property together with warehousing and logistics industries by capitalizing our own advantages on the basis of internet O2O concept, achieving breakthroughs in the development of trading, warehousing, logistics and e-commerce. Furthermore, our strategic cooperation with Global Logistic Properties Investment Management (China) Co., Ltd. will create a project system integrating various platforms of trading, exhibition, warehousing, logistics, supply chain and financing across the globe, achieving a closed-loop strategy of supply chain. In the future, the Company is committed to provide our merchants and customers an effective integrated trading and logistics platform, linking all merchants to establish a nationwide trading wholesale network.

Looking forward, Wuzhou International intends to enhance urban status in regions, and thus increase the corporate value by putting emphasis on the promotion of urban industrial upgrades and the creation of economies of scale from agglomeration of industries. Meanwhile, the Group will continue to put operations as our priority to secure healthy development as well as rapid appreciation of our properties, creating long-term, steady and substantial interests for more investors, clients and merchants.

This year marks the first anniversary of the listing of Wuzhou International on the main board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), representing a new milestone of our development. We would like to thank our cooperation partners as well as our Shareholders and investors for their constant supports. With the help of the parties aforesaid, Wuzhou International achieved satisfactory results in the first half of 2014 and laid a concrete foundation for stable development in the future. At last, I would like to take this opportunity to express my gratitude to our directors for their leadership and to all the staff for their dedication and hard work.

Shu Cecheng
Chairman

Hong Kong, 25 August 2014

Management Discussion and Analysis

By adhering to our mission of “Responsible Real Estate and Healthy Commercial Business”, the development of Wuzhou International has earned the respects and accolades from our Shareholders, clients, business partners and industry peers.



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.

Management Discussion and Analysis



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.

Management Discussion and Analysis



Percentage of contracted sales amount
by categories

Multi-functional
Commercial
Complexes
28%



Specialized
wholesale
markets
72%

Percentage of contracted sales area
by categories

Multi-functional
Commercial
Complexes
21%



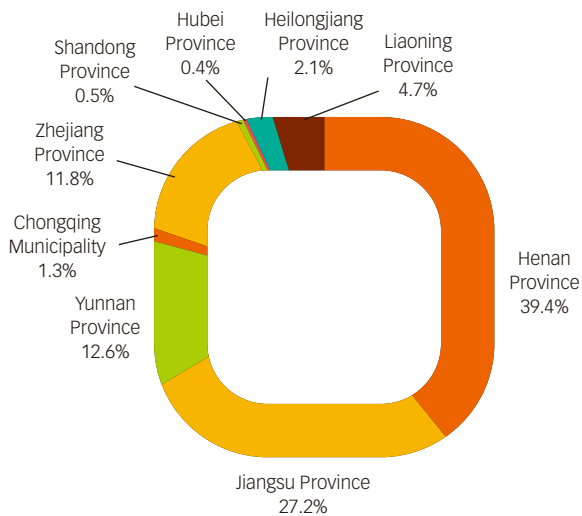
Specialized
wholesale
markets
79%

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.

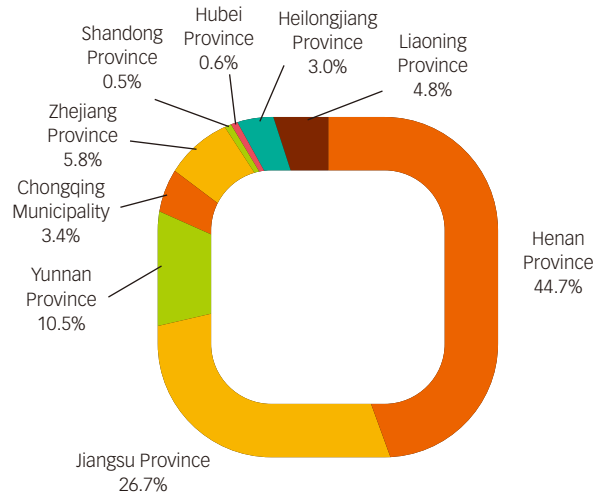
Management Discussion and Analysis

Regions	Contracted sales amount		Contracted sales area	
	RMB million	Percentage (%)	Sq.m.	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

Percentage of contracted sales amount by region



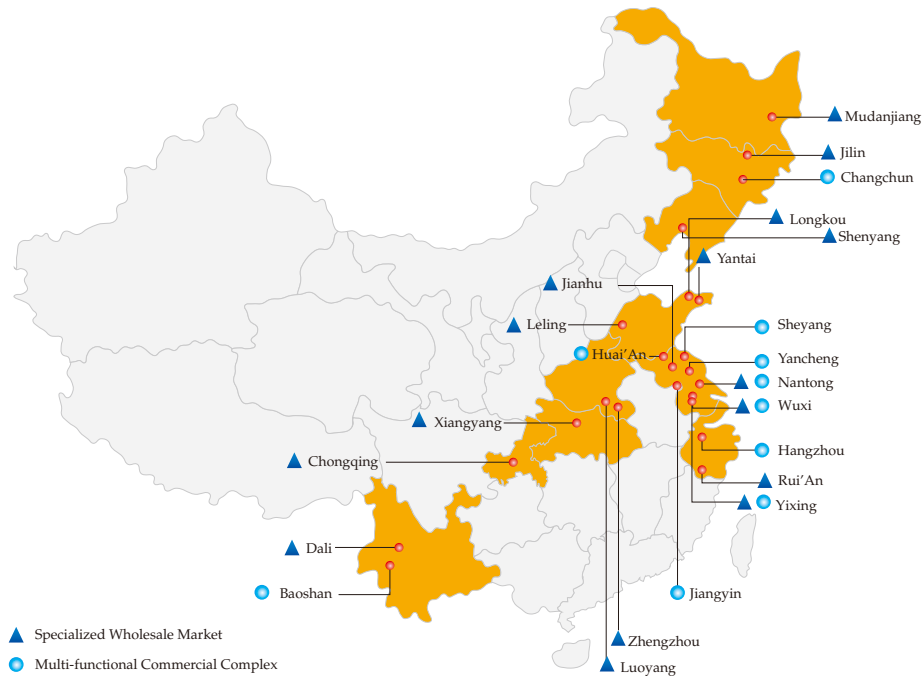
Percentage of contracted sales area by region



Management Discussion and Analysis

II. Project development

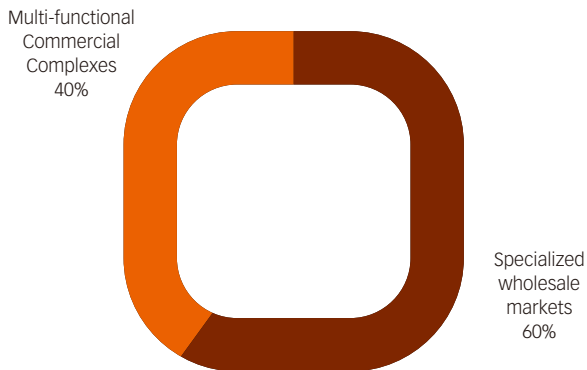
As at 30 June 2014, the Group had 34 development projects in Jiangsu Province, Zhejiang Province, Shandong Province, Hubei Province, Yunnan Province, Heilongjiang Province, Jilin Province, Henan Province, Liaoning Province and Chongqing Municipality, including 18 specialized wholesale markets and 16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



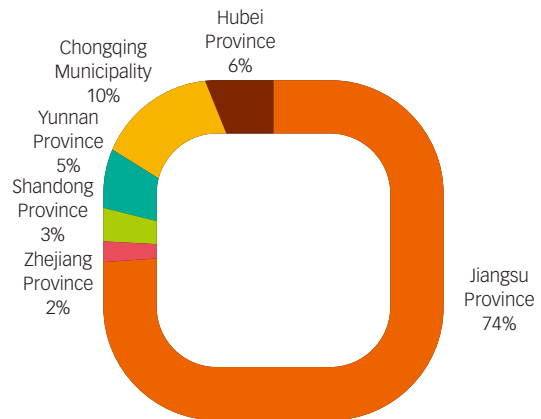
Completed projects

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.

Total GFA of completed projects by categories



Total GFA of completed projects by regions



Management Discussion and Analysis

List of completed projects:

Project name	City	Category	Interests of the Company	Total	Total	GFA	GFA held	GFA held	
				GFA	saleable GFA	sold	for sale	for lease	
				('000 sq.m.)	('000 sq.m.)	('000 sq.m.)	('000 sq.m.)	('000 sq.m.)	
Jiangsu Province									
1	Wuxi	Wuzhou International Ornamental City	Specialized wholesale market	100%	392	340	228	25	87
2	Wuxi	Wuzhou International Industrial Exhibition City	Specialized wholesale market	100%	440	395	320	4	71
3	Wuxi	Wuzhou International Columbus Plaza	Multi-functional commercial complex	64.3%	212	169	105	17	47
4	Wuxi	Wuzhou International Chinese Food Culture Exposition City	Multi-functional commercial complex	62%	191	158	63	64	31
5	Wuxi	Meicun Wuzhou International Plaza	Multi-functional commercial complex	90%	54	40	17	-	23
6	Wuxi	Yangjian Wuzhou International Plaza	Multi-functional commercial complex	100%	142	105	67	20	18
7	Wuxi	New District Columbus Plaza	Multi-functional commercial complex	100%	91	71	27	21	23
8	Wuxi	Luoshe Wuzhou International Columbus Dragon City	Multi-functional commercial complex	100%	52	38	13	10	15
9	Jianhu	Jianhu Wuzhou International Trade City	Specialized wholesale market	100%	107	105	66	39	-
10	Yancheng	Yancheng Wuzhou International Plaza	Multi-functional commercial complex	100%	56	56	26	13	17
11	Huaian	Huaian Wuzhou International Plaza	Multi-functional commercial complex	100%	147	110	46	10	54
12	Nantong	Wuzhou International Automobile Exhibition City	Specialized wholesale market	75%	107	106	41	65	-
13	Nantong	Nantong Wuzhou International Plaza	Multi-functional commercial complex	51%	60	60	39	21	-
14	Jiangyin	Jiangyin Wuzhou International Plaza	Multi-functional commercial complex	90%	64	62	49	13	-
				Subtotal	2,115	1,815	1,107	322	386
Yunnan Province									
15	Dali	Dali Wuzhou International Trade City	Specialized wholesale market	100%	153	152	137	15	-
				Subtotal	153	152	137	15	-
Chongqing Municipality									
16	Chongqing	Rongchang Wuzhou International Trade City	Specialized wholesale market	94%	278	278	101	92	85
				Subtotal	278	278	101	92	85

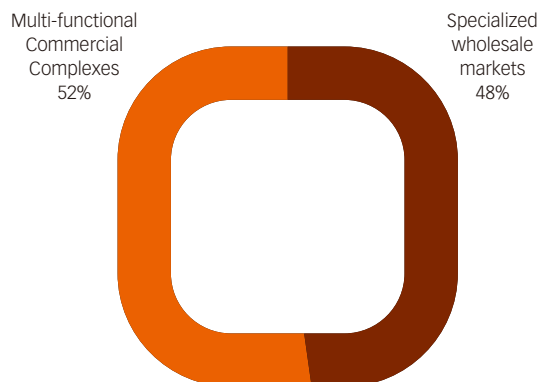
Management Discussion and Analysis

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.)
Hubei Province								
17 Xiangyang Wuzhou International Industrial Exhibition City	Xiangyang	Specialized wholesale market	100%	167	167	140	27	-
Subtotal				167	167	140	27	-
Shandong 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	-
Zhejiang Province								
20 Hangzhou Wuzhou International Plaza	Hangzhou	Multi-functional commercial complex	100%	77	60	30	12	18
Subtotal				77	60	30	12	18
Total				2,867	2,549	1,591	469	489

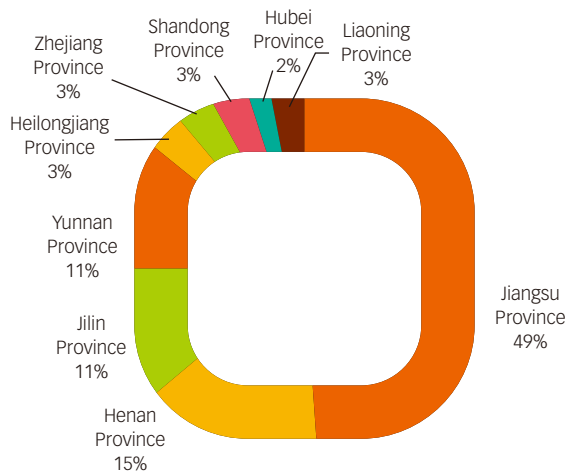
Projects under development

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.

Total GFA of projects under development by categories



Total GFA of projects under development by regions



Management Discussion and Analysis

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	Specialized wholesale market	100%	2015	83	70	-	27	43
2	Wuxi	Qianzhou Wuzhou International Plaza	Multi-functional commercial complex	80%	2015	74	60	5	37	18
3	Nantong	Nantong Wuzhou International Plaza	Multi-functional commercial complex	51%	2014	305	263	47	210	6
4	Nantong	Wuzhou International Automobile Exhibition City	Specialized wholesale market	75%	2015	180	123	28	95	-
5	Jiangyin	Jiangyin Wuzhou International Plaza	Multi-functional commercial complex	90%	2014	205	162	16	112	34
6	Yixing	Yixing Wuzhou International Huadong Trade City	Specialized wholesale market	100%	2014	66	65	11	54	-
7	Yancheng	Yancheng Wuzhou International Plaza	Multi-functional commercial complex	100%	2015	72	44	-	34	10
8	Sheyang	Sheyang Wuzhou International Plaza	Multi-functional commercial complex	100%	2015	101	85	17	68	-
					Subtotal	1,086	872	124	637	111
Yunnan Province										
9	Dali	Dali Wuzhou International Trade City	Specialized wholesale market	100%	2014	112	112	6	19	87
10	Baoshan	Baoshan Wuzhou International Plaza	Multi-functional commercial complex	61%	2014	137	135	21	87	27
					Subtotal	249	247	27	106	114
Hubei Province										
11	Xiangyang	Xiangyang Wuzhou International Industrial Exhibition City	Specialized wholesale market	100%	2015	50	48	-	48	-
					Subtotal	50	48	-	48	-
Shandong Province										
12	Longkou	Longkou Wuzhou International Trade City	Specialized wholesale market	95%	2014	29	29	10	19	-
13	Leling	Leling Wuzhou International Exhibition City	Specialized wholesale market	51%	2014	38	38	18	20	-
					Subtotal	67	67	28	39	-

Management Discussion and Analysis

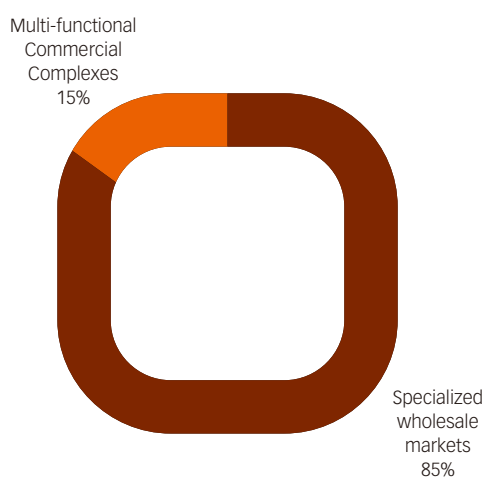
Project name	City	Category	Interests of the Company	Estimated construction completion date	Total GFA ('000 sq.m.)	Total saleable GFA ('000 sq.m.)	GFA pre-sold ('000 sq.m.)	GFA held for sale ('000 sq.m.)	GFA held for lease ('000 sq.m.)
Zhejiang Province									
14 Ruian Wuzhou International Trade City	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	-
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

Management Discussion and Analysis

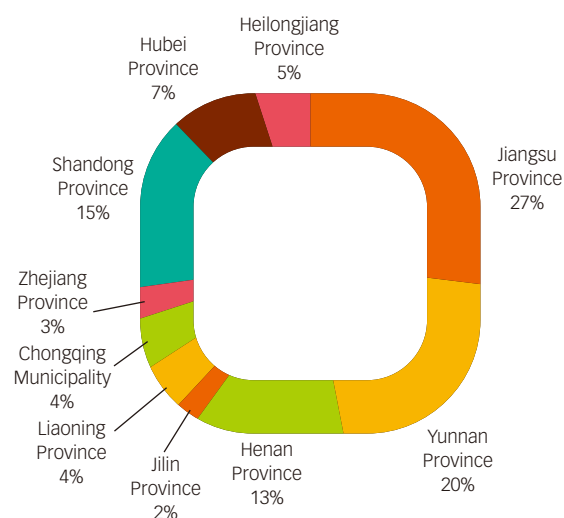
Projects planned for development

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.

Total planned GFA of projects planned for development by categories



Total planned GFA of projects planned for development by provinces and cities



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

Management Discussion and Analysis

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
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

Management Discussion and Analysis

Project name	City	Category	Interests of the Company	Total GFA ('000 sq.m.)
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 expanded and developed 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.

Management Discussion and Analysis

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 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.

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

Management Discussion and Analysis

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.

Management Discussion and Analysis

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.

Management Discussion and Analysis**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 Gain

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.

Management Discussion and Analysis**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,

Management Discussion and Analysis

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

Disclosure of Interests

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2014, the interests and short positions of the Directors and the chief executives of the Company in the shares, underlying shares and debentures of the Company or of any associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, as recorded in the register maintained by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") were as follows:

Interest in the shares of the Company

Name of Director/Chief Executive	Long/Short position	Nature of interests	Number of issued ordinary shares held	Interest in underlying shares	Approximate percentage of shareholding
Mr. Shu Cecheng	Long position	Interest of controlled corporation ⁽¹⁾	3,387,940,295	–	72.77%
Mr. Shu Cewan	Long position	Interest of controlled corporation ⁽¹⁾	3,387,940,295	–	72.77%
Mr. Shu Ceyuan	Long position	Personal	–	3,000,000 ⁽⁵⁾	0.06%
	Long position	Interest of controlled corporation ⁽²⁾	8,384,297	–	0.18%
Ms. Wu Xiaowu	Long position	Personal	–	2,000,000 ⁽⁵⁾	0.04%
	Long position	Interest of controlled corporation ⁽³⁾	8,384,297	–	0.18%
Mr. Zhao Lidong	Long position	Personal	–	2,000,000 ⁽⁵⁾	0.04%
	Long position	Interest of controlled corporation ⁽⁴⁾	3,832,821	–	0.08%
Dr. Song Ming	Long position	Personal	–	2,600,000 ⁽⁵⁾	0.06%
Mr. Lo Kwong	Long position	Personal	–	500,000 ⁽⁵⁾	0.01%
Shun Wilson					
Prof. Shu Guoying	Long position	Personal	–	500,000 ⁽⁵⁾	0.01%

Notes 1: Boom Win Holdings Limited ("Boom Win") is owned as to 60% by Mr. Shu Cecheng and 40% by Mr. Shu Cewan and Mr. Shu Cecheng and Mr. Shu Cewan are deemed to be interested in the shares of the Company held by Boom Win for the purpose of Part XV of the SFO.

Notes 2: Dream Chaser Holdings Limited ("Dream Chaser") is wholly owned by Mr. Shu Ceyuan and Mr. Shu Ceyuan is deemed to be interested in the shares of the Company held by Dream Chaser for the purpose of Part XV of the SFO.

Notes 3: Starry Horizon Holdings Limited ("Starry Horizon") is wholly owned by Ms. Wu Xiaowu and Ms. Wu Xiaowu is deemed to be interested in the shares of the Company held by Starry Horizon for the purpose of Part XV of the SFO.

Notes 4: Mastery Ventures Holdings Limited ("Mastery Ventures") is wholly owned by Mr. Zhao Lidong and Mr. Zhao Lidong is deemed to be interested in the shares of the Company held by Mastery Ventures for the purpose of Part XV of the SFO.

Notes 5: The relevant Director/Chief Executive was granted options to subscribe for such number of Shares under Scheme (as defined under the sub-section headed "Share Option Scheme" in this section) on 24 September 2013.

Disclosure of Interests

Long Positions in Associated Corporations

Name of Director	Nature of interest	Name of associated corporation	No. of shares or debentures	Description of shares or debentures	Percentage of that associated corporation's issued share capital
Mr. Shu Cecheng	Corporate Interest	Boom Win	30,000 shares	Par value of US\$1.00	60%
Mr. Shu Cewan	Corporate Interest	Boom Win	20,000 shares	Par value of US\$1.00	40%
Mr. Shu Ceyuan	Corporate Interest	Dream Chaser	1 share	Par value of US\$1.00	100%
Ms. Wu Xiaowu	Corporate Interest	Starry Horizon	1 share	Par value of US\$1.00	100%
Mr. Zhao Lidong	Corporate Interest	Mastery Ventures	1 share	Par value of US\$1.00	100%

Save as disclosed above, as at 30 June 2014, none of the Directors and chief executives of the Company had an interests or short positions in the equity or debt securities of the Company or any associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Part XV of the SFO (including the interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2014, so far as the Directors or chief executives of the Company were aware, the person(s) or institution(s) (other than a Director or chief executives of the Company) who had interests or short positions in any shares and underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO were as follows:

Name of shareholder	Nature of Interest	Number of shares	Approximate percentage of interest in our Company as at 30 June 2014
Boom Win	Beneficial interest ⁽¹⁾	3,387,940,295	72.77%

Notes:

(1) Boom Win is owned as to 60% by Mr. Shu Cecheng and 40% by Mr. Shu Cewan. Mr. Shu Cecheng and Mr. Shu Cewan are deemed to be interested in the shares held by Boom Win for the purpose of Part XV of the SFO.

Save as disclosed above, as at 30 June 2014, the Directors were not aware of any other persons who had any interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO.

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 "Corporate Governance Code and Corporate Governance Report" (the Corporate Governance Code) 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.

Corporate Governance and Other Information**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.

SHARE OPTION SCHEME

The Company adopted a share option scheme (the "Scheme") which became effective on 27 May 2013 for the purpose of rewarding eligible participants who have contributed to the Group and to encourage eligible participants to work towards enhancing the value of the Company. Eligible participants of the Scheme include (i) any employee (whether full time or part time) of the Company, its subsidiaries or any entity in which the Group holds any equity interest (the "Invested Entity"), including any executive Director of the Company, its subsidiaries or Invested Entity; (ii) any non-executive Director (including independent non-executive Director) of the Company, its subsidiaries or any Invested Entity; or (iii) any senior management of our Company, its subsidiaries or Invested Entity, who the Board considers, in its sole discretion, have contributed or will contribute to the Group. Subject to earlier termination by the Company in general meeting or by the Board, the Scheme shall be valid and effective for a period of 6 years from the date of its adoption.

The total number of Shares in respect of which options may be granted under the Scheme is not permitted to exceed 10% in nominal amount of the aggregate of Shares in issue, unless with the prior approval from the Company's shareholders. The maximum number of Shares in respect of which options may be granted under the Scheme to each eligible participant in any 12-month period is not permitted to exceed 1% in nominal amount of the aggregate of Shares in issue, unless with the prior approval from the Company's shareholders and with such participants and his associates abstaining from voting. Options granted to a connected person of the Company, or any of their respective associates, shall be subject to the prior approval of the independent non-executive Directors. Where any option granted to a substantial shareholder or an independent non-executive Director of our Company, or any of their respective associates, would result in the Shares issued or to be issued upon exercise of all options already granted and to be granted to such person in the 12 month period, (i) representing in aggregate over 0.1% of the Shares in issue on the date of such grant; and (ii) having an aggregate value, based on the closing price of the Shares, in excess of HK\$5 million, such grant of options shall be subject to prior approval by resolutions of the Shareholders (voting by way of poll).

Corporate Governance and Other Information

An offer of the grant of an option under the Scheme shall remain open for acceptance for 15 days from the date of grant. Upon acceptance of such grant, the grantee shall pay HK\$1 to the Company as consideration. Options may be exercised in accordance with the terms of the Scheme at any time from the date of grant until the expiry of 6 years from such date. The subscription price shall be determined by the Board in its absolute discretion, and in any event shall not be less than the higher of (i) the closing price of Shares as stated in the Stock Exchange's daily quotations on the date of grant of that option, which must be a business day; (ii) the average closing price of Shares as stated in the Stock Exchange's daily quotations for the five business days immediately preceding the date of grant of that option; and (iii) the nominal value of the Shares.

As at 30 June 2014, the total number of Shares in respect of which options granted under the Scheme remain outstanding is 74,935,076 Shares, representing 1.61% of the total number of Shares in issue. For the six months ended 30 June 2014, no share option has been granted or agreed to be granted to any person or exercised by any person under the Scheme.

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.

Report on Review of Interim Financial Information

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To the Board of Directors

Wuzhou International Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the accompanying interim financial information set out on pages 30 to 60, which comprises the condensed consolidated statement of financial position of Wuzhou International Holdings Limited (the "Company") and its subsidiaries as at 30 June 2014 and the related condensed consolidated statements of comprehensive income, changes in equity and cash flows for the six-month period then ended, and explanatory notes.

The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 Interim Financial Reporting ("IAS 34") issued by the International Accounting Standards Board. The directors of the company are responsible for the preparation and the presentation of this interim financial information in accordance with IAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review 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. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with IAS 34.

Ernst & Young

Certified Public Accountants

Hong Kong
25 August 2014

Unaudited Interim Condensed Consolidated Statement of Comprehensive Income

	Notes	For the six months ended 30 June	
		2014 RMB'000 (Unaudited)	2013 RMB'000 (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 parent		351,604	484,505
Non-controlling interests		147,316	103,865
		498,920	588,370
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted (RMB)	10	0.08	0.14

Unaudited Interim Condensed Consolidated Statement of Financial Position

		30 June 2014 RMB'000 (Unaudited)	31 December 2013 RMB'000
	Notes		
NON-CURRENT ASSETS			
Property, plant and equipment	11	252,225	256,002
Investment properties	12	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
Total non-current assets		6,754,080	5,644,160
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	13	50,997	40,051
Due from related company	21	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	14	114,728	179,546
Pledged deposits	14	371,395	292,090
Cash and cash equivalents	14	655,772	941,254
Total current assets		9,986,638	9,776,972
CURRENT LIABILITIES			
Trade and bills payables	15	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 company	21	400	–
Interest-bearing bank loans and other borrowings	16	1,510,580	1,081,708
Tax payable		780,259	723,170
Total current liabilities		8,612,358	8,293,618
NET CURRENT ASSETS		1,374,280	1,483,354
TOTAL ASSETS LESS CURRENT LIABILITIES		8,128,360	7,127,514

Unaudited Interim Condensed Consolidated Statement of Financial Position

	Notes	30 June 2014 RMB'000 (Unaudited)	31 December 2013 RMB'000
NON-CURRENT LIABILITIES			
Interest-bearing bank loans and other borrowings	16	2,087,115	2,105,670
Senior notes	17	1,238,157	606,050
Deferred tax liabilities		511,632	431,719
Total non-current liabilities		3,836,904	3,143,439
NET ASSETS		4,291,456	3,984,075
EQUITY			
Equity attributable to owners of the Company			
Share capital	18	292,893	292,893
Reserves		3,465,752	3,076,732
Proposed dividends		–	128,119
		3,758,645	3,497,744
Non-controlling interests		532,811	486,331
TOTAL EQUITY		4,291,456	3,984,075

Unaudited Interim Condensed Consolidated Statement of Changes in Equity

	Attributable to owners of the parent									
	Share capital	Share premium*	Capital reserve*	Share option reserve*	Statutory surplus reserve*	Retained profits*	Proposed final dividend	Total	Non-controlling interests	Total equity
	(unaudited) RMB'000	(unaudited) RMB'000	(unaudited) RMB'000	(unaudited) RMB'000	(unaudited) RMB'000	(unaudited) RMB'000	(unaudited) RMB'000	(unaudited) RMB'000	(unaudited) RMB'000	(unaudited) RMB'000
As at 1 January 2014	292,893	948,042	51,570	5,124	236,477	1,835,519	128,119	3,497,744	486,331	3,984,075
Total comprehensive income for the period	-	-	-	-	-	351,604	-	351,604	147,316	498,920
Acquisition of non-controlling interests	-	-	31,957	-	-	-	-	31,957	(54,657)	(22,700)
Dividends paid to non-controlling shareholders	-	-	-	-	-	-	-	-	(46,179)	(46,179)
Equity-settled share option arrangements	-	-	-	5,459	-	-	-	5,459	-	5,459
Final 2013 dividend declared	-	-	-	-	-	-	(128,119)	(128,119)	-	(128,119)
As at 30 June 2014	292,893	948,042	83,527	10,583	236,477	2,187,123	-	3,758,645	532,811	4,291,456

* As at 30 June 2014, these reserve accounts comprised the total consolidated reserves of RMB3,465,752,000 (31 December 2013: RMB3,076,732,000) in the interim condensed consolidated statement of financial position.

	Attributable to owners of the parent									
	Share capital	Share premium	Capital reserve	Share option reserve	Statutory surplus reserve	Retained profits	Total	Non-controlling interests	Total equity	
	(unaudited) RMB'000	(unaudited) RMB'000	(unaudited) RMB'000	(unaudited) RMB'000	(unaudited) RMB'000	(unaudited) RMB'000	(unaudited) RMB'000	(unaudited) RMB'000	(unaudited) RMB'000	
As at 1 January 2013	216,659	-	51,074	-	143,304	908,656	1,319,693	325,422	1,645,115	
Issuance of new shares	70,483	993,521	-	-	-	-	1,064,004	-	1,064,004	
Contribution from non-controlling shareholders of subsidiaries	-	-	-	-	-	-	-	32,800	32,800	
Total comprehensive income for the period	-	-	-	-	-	484,505	484,505	103,865	588,370	
Equity-settled share option arrangements	-	-	-	1,246	-	-	1,246	-	1,246	
As at 30 June 2013	287,142	993,521	51,074	1,246	143,304	1,393,161	2,869,448	462,087	3,331,535	

Unaudited Interim Condensed Consolidated Statement of Cash Flows

	For the six months ended 30 June	
	2014 RMB'000 (Unaudited)	2013 RMB'000 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	912,507	997,267
Adjustments for:		
Finance costs	105,348	31,098
Share of profits and losses of associates	1,016	3,169
Interest income	(6,766)	(4,458)
Depreciation	12,418	11,909
Amortisation of intangible assets	471	467
Amortisation of long-term deferred expenses	601	781
(Gain)/loss on disposal of items of property, plant and equipment	(82)	159
Gain on disposal of a subsidiary	(11,734)	–
Fair value gain upon transfer to investment properties	(271,615)	(65,542)
Change in fair value of investment properties	(134,014)	(352,781)
Equity-settled share-based payment expenses	5,459	1,246
	613,609	623,315
Decrease in inventories	184	301
Increase in properties under development and completed properties held for sale	(1,064,757)	(492,136)
Disposal of investment properties	10,398	–
Additions of long-term deferred expense	(326)	(1,716)
Increase in trade and bills receivables	(10,946)	(12,353)
Decrease/(increase) in prepayments, deposits and other receivables	21,752	(424,808)
Decrease/(increase) in prepaid land lease payments	294,663	(204,246)
Increase/(decrease) in trade and bills payables	240,284	(7,769)
Decrease/(increase) in restricted cash	64,818	(290,616)
(Increase)/decrease in pledged deposits	(79,305)	67,800
Increase/(decrease) in other payables, deposits received and accruals	674,250	(91,072)
Decrease/(increase) in advances from customers	(940,017)	274,353
Cash used in operations	(175,393)	(558,947)
Interest received	6,766	4,458
Interest paid	(291,943)	(100,195)
Tax paid	(276,004)	(190,354)
Net cash flows used in operating activities	(736,574)	(845,038)

Unaudited Interim Condensed Consolidated Statement of Cash Flows

	For the six months ended 30 June	
	2014	2013
	RMB'000 (Unaudited)	RMB'000 (Unaudited)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of items of property, plant and equipment	(9,444)	(13,975)
Purchases of intangible assets	(64)	–
Proceeds from disposal of items of property, plant and equipment	776	221
Increase in investment properties	(413,721)	(547,140)
Acquisition of non-controlling interests	(22,700)	–
Disposal of a subsidiary	19,866	–
Decrease in available-for-sale investment	10,000	–
Investment in an associate	(2,450)	–
Advances to shareholders	–	(12,269)
Recovery of advances to shareholders	–	12,269
Advances to related companies	(217)	(139,940)
Recovery of advances to related companies	–	485,289
Net cash flows used in investing activities	(417,954)	(215,545)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	–	946,436
Net proceeds from the issuance of senior notes	613,214	–
Foreign exchange gain	19,413	–
Distribution to a non-controlling shareholder	(46,179)	–
Dividends paid	(128,119)	–
Capital contribution from non-controlling interests	–	32,800
Repayment of advances from related companies	–	(1,285,616)
Advances from shareholders	–	17,731
Repayment of advances from shareholders	–	(35,867)
Advances from related companies	400	820,997
Proceeds from interest-bearing bank loans and other borrowings	912,500	1,614,780
Repayment of interest-bearing bank loans and other borrowings	(502,183)	(399,318)
Net cash flows from financing activities	869,046	1,711,943

Unaudited Interim Condensed Consolidated Statement of Cash Flows

	For the six months ended 30 June	
	2014 RMB'000 (Unaudited)	2013 RMB'000 (Unaudited)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(285,482)	651,360
Cash and cash equivalents at beginning of period	941,254	755,451
CASH AND CASH EQUIVALENTS AT END OF PERIOD	655,772	1,406,811
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	1,141,895	1,783,398
Less: Restricted cash	114,728	213,837
Pledged deposits	371,395	162,750
Cash and cash equivalents as stated in the statement of cash flows	655,772	1,406,811

Notes to Unaudited Interim Financial Information

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 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 2014 has been prepared in accordance with International Accounting Standard (“IAS”) 34 Interim Financial Reporting issued by 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 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 financial information 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>
IFRIC-Int 21	<i>Levies</i>

Notes to Unaudited Interim Financial Information**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

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.

The Group has not early 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, property management services and investing in properties for their rental income potential and/or for capital appreciation; and
- (c) the other segments engage in lending to customers and 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 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 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 2013 and 2014.

Notes to Unaudited Interim Financial Information

4. OPERATING SEGMENT INFORMATION (continued)

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 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

Notes to Unaudited Interim Financial Information

4. OPERATING SEGMENT INFORMATION (continued)

Operating segments (continued)

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 amortisation	(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

Notes to Unaudited Interim Financial Information

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 RMB'000 (Unaudited)	2013 RMB'000 (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 (note 20)	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 RMB'000 (Unaudited)	2013 RMB'000 (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

Notes to Unaudited Interim Financial Information

7. PROFIT BEFORE TAX

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

	For the six months ended 30 June	
	2014 RMB'000 (Unaudited)	2013 RMB'000 (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 arising in Hong Kong for the six months ended 30 June 2014.

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.

Notes to Unaudited Interim Financial Information

8. INCOME TAX (continued)

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 RMB'000 (Unaudited)	2013 RMB'000 (Unaudited)
Current tax:		
PRC corporate income tax	134,094	185,231
LAT	196,608	142,128
Deferred tax	82,885	81,538
Total tax charge for the period	413,587	408,897

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 RMB'000 (Unaudited)	2013 RMB'000 (Unaudited)
Profit before tax	912,507	997,267
At the statutory income tax rates	228,127	249,317
Expenses not deductible for tax	24,496	5,828
Tax loss not recognised	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)
Tax charge for the period	413,587	408,897

Notes to Unaudited Interim Financial Information

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 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	
	2014 RMB'000 (Unaudited)	2013 RMB'000 (Unaudited)
Earnings		
Profit attributable to ordinary equity holders of the parent used in the basic earnings per share calculation	351,604	484,505

	For the six months ended 30 June	
	2014 (Unaudited)	2013 (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 amount presented for the six months ended 30 June 2014 in respect of a dilution as the impact of the share options had an anti-dilutive effect on the basic earnings per share amount presented.

11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2014, the Group acquired items of property, plant and equipment at a total cost of RMB9,444,000 (six months ended 30 June 2013: RMB13,975,000) and disposed of or wrote off items of property, plant and equipment with a total net carrying amount of RMB694,000 (six months ended 30 June 2013: RMB786,000).

Certain of the Group's buildings with an aggregate carrying value of approximately RMB124,588,000 as at 30 June 2014 (31 December 2013: RMB126,056,000) were pledged to secure general banking facilities granted to the Group (note 16).

Notes to Unaudited Interim Financial Information**12. INVESTMENT PROPERTIES**

The Group's investment properties as at 30 June 2014 were valued by Savills Valuation and Professional Services Limited, independent professionally qualified valuers, at RMB6,222,600,000 (31 December 2013: RMB4,949,200,000) on an open market, existing use basis.

Certain of the Group's investment properties with an aggregate carrying value of approximately RMB3,012,879,000 as at 30 June 2014 (31 December 2013: RMB2,074,269,000) were pledged to secure general banking facilities granted to the Group (note 16).

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's investment properties:

	Fair value measurement as at 30 June 2014 using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Recurring fair value measurement for:				
Completed commercial properties	–	–	5,185,789	5,185,789
Commercial properties under development	–	–	1,036,811	1,036,811
	–	–	6,222,600	6,222,600

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3.

Notes to Unaudited Interim Financial Information

13. 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

14. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	30 June 2014 RMB'000 (Unaudited)	31 December 2013 RMB'000
Cash and bank balances	1,107,324	1,382,230
Time deposits	34,571	30,660
	1,141,895	1,412,890
Less: Restricted cash	114,728	179,546
Pledged deposits	371,395	292,090
Cash and cash equivalents	655,772	941,254

Notes to Unaudited Interim Financial Information**14. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS (continued)**

Pursuant to relevant regulations in the PRC, certain property development companies of the Group are required to place certain amounts of cash in designated bank accounts for specified use. As at 30 June 2014 and 31 December 2013, such amounts of restricted cash were amounted to RMB114,728,000 and RMB179,546,000, respectively.

Bank deposits of RMB371,395,000 and RMB292,090,000, respectively, were pledged as security for bank loans, as guarantee deposits in respect of mortgage facilities granted to purchasers of the Group's properties, or as collateral for issuance of bank acceptance notes as at 30 June 2014 and 31 December 2013.

At 30 June 2014 and 31 December 2013, all the cash and bank balances of the Group were denominated in RMB. The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default. The carrying amounts of the cash and cash equivalents approximate to their fair values.

15. 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

Notes to Unaudited Interim Financial Information

16. INTEREST-BEARING BANK AND OTHER BORROWINGS

	30 June 2014			31 December 2013		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
Current						
Bank loans – secured	6.72–7.2	2015	40,000	6.72–7.80	2014	50,000
Trust financing – secured	–	–	–	13.00	2014	50,000
Trust financing – unsecured	11.90	2015	12,000	–	–	–
Current portion of long term bank loans – secured	6.15–8.52	2015	1,018,800	6.55–8.52	2014	699,258
Current portion of long term trust financing – secured	11.50–14.50	2015	439,780	11.50–14.50	2014	282,450
			1,510,580			1,081,708
Non-current						
Bank loans – secured	6.15–9.53	2023	1,700,515	6.55–9.53	2023	1,776,740
Trust financing – secured	11.60–14.00	2016	386,600	14.00–14.50	2015	328,930
			2,087,115			2,105,670
			3,597,695			3,187,378

The Group's borrowings are all denominated in RMB.

Notes to Unaudited Interim Financial Information

16. INTEREST-BEARING BANK AND OTHER BORROWINGS (continued)

Analysed into:

	30 June 2014 RMB'000 (Unaudited)	31 December 2013 RMB'000
Repayable within one year	1,510,580	1,081,708
Repayable in the second year	1,300,290	1,190,330
Repayable in the third to fifth years, inclusive	544,225	601,740
Repayable after five years	242,600	313,600
Subtotal	2,087,115	2,105,670
	3,597,695	3,187,378

The Group's bank loans are secured by the pledges of the following assets with carrying values at the end of the reporting period as follows:

	30 June 2014 RMB'000 (Unaudited)	31 December 2013 RMB'000
Property, plant and equipment	124,588	126,056
Investment properties	3,012,879	2,074,269
Prepaid land lease payments	150,565	470,351
Properties under development	1,702,933	2,052,450
Completed properties held for sale	1,228,206	275,511
Pledged deposits	1,801	1,801

The fair values of interest-bearing bank loans and other borrowings repayable at the end of the reporting period approximated to their corresponding carrying amounts.

Notes to Unaudited Interim Financial Information

17. SENIOR NOTES

On 26 September 2013, the Company issued senior notes in an aggregate principal amount of US\$100,000,000 (the "2013 Notes"). The 2013 Notes are listed on the Stock Exchange of Hong Kong Limited and the Singapore Exchange Securities Trading Limited. The 2013 Notes carry interest at the rate of 13.75% per annum, payable semi-annually on 26 March and 26 September in arrears, and will mature on 26 September 2018, unless redeemed earlier.

On 16 January 2014, the Company issued additional senior notes in an aggregate principal amount of US\$100,000,000 (the "2014 Notes"). The additional senior notes are listed on the Stock Exchange of Hong Kong Limited and the Singapore Exchange Securities Trading Limited. The additional senior notes carry interest at the rate of 13.75% per annum, payable semi-annually on 26 March and 26 September in arrears, and will mature on 26 September 2018, unless redeemed earlier. The above two senior notes form one single transaction.

The 2013 Notes and 2014 Notes recognised in the statement of financial position were calculated as follows:

	RMB'000
Carrying amount as at 1 January 2014	606,050
Additions	613,214
Exchange gains	19,413
Interest expenses (note 6)	83,974
Coupon paid	(84,494)
Carrying amount as at 30 June 2014	1,238,157

18. SHARE CAPITAL

	30 June 2014 US\$'000 (Unaudited)	31 December 2013 US\$'000
Shares		
Authorised 10,000,000,000 (2013: 10,000,000,000) ordinary shares of US\$0.01 each	100,000	100,000

Notes to Unaudited Interim Financial Information

18. SHARE CAPITAL (continued)

	30 June 2014 RMB'000 (Unaudited)	31 December 2013 RMB'000
Issued and fully paid 4,655,977,914 (2013: 4,655,977,914) ordinary shares of US\$0.01 each	292,893	292,893

19. SHARE-BASED PAYMENT TRANSACTIONS

(a) Pre-IPO share award scheme

Pursuant to the board resolution dated 30 September 2012, the Group established a pre-IPO share award scheme (the "Share Award Scheme"). Under the Share Award Scheme, the Shu Brothers, the Controlling Shareholders and directors of the Group, transferred 1% of the Company's shares (representing 34,221,619 shares, the "Awarded Shares") held by them through Boom Win to 7 employees of the Group. The share transfer was completed on 12 October 2012. The objectives of the Share Award Scheme are to recognise the contributions of certain employees of the Group and to provide incentives.

The Awarded Shares, subject to a vesting period, are being held by the trust on behalf of the grantees. The vesting period is five years, from the beginning of each instalment, during which 24%, 24%, 24%, 14% and 14% of the Award Shares granted to employees will vest on each of the five anniversaries of the first vesting date. The first vesting date is 1 January of the year following the successful listing of the Company's shares on The Stock Exchange of Hong Kong Limited.

The fair value of the Awarded Shares granted under the Share Award Scheme on 30 September 2012 was RMB14,246,971, which was determined by Savills Valuation and Professional Services Limited, independent professionally qualified valuers, using the income approach. The significant input into the approach was the estimated fair value of shares at the grant date. The consideration of the above 1% equity interests of the Company was RMB8,411,805.

The Awarded Shares are contingent at the grant date and are subject to the cancellation in the event of resignation of the grantee; and the vesting conditions of the shares successfully listed on The Stock Exchange of Hong Kong Limited and satisfactory performance of such employee based on his or her annual performance appraisal. During the six months ended 30 June 2014, the Group recognised an expense in relation to the Awarded Shares granted to certain employees of the Group amounting to approximately RMB827,000 (six months ended 30 June 2013: RMB1,246,000) as the vesting condition was probable since the Listing Date.

Notes to Unaudited Interim Financial Information

19. SHARE-BASED PAYMENT TRANSACTIONS (continued)

(b) Share option scheme

The Company operates a share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Scheme include the Company's directors, including independent non-executive directors, other employees of the Group, suppliers of goods or services to the Group, customers of the Group, the Company's shareholders, and any non-controlling shareholder in the Company's subsidiaries.

Pursuant to the board resolution dated 24 September 2013, the Company has granted share options under the Scheme adopted on 27 May 2013 to certain directors (including independent non-executive directors) and the employees of the Company and its subsidiaries (the "Grantee(s)") which, subject to the acceptance of the share options by the Grantees, will enable the Grantees to subscribe for an aggregate of 93,119,611 new shares of US\$0.01 each (the "Share(s)") in the share capital of the Company, representing approximately 2% of the issued share capital of the Company.

The following share options were outstanding under the Scheme during the period:

	For the six months ended 30 June			
	2014		2013	
	Weighted average exercise price HK\$ per share	Number of options '000	Weighted average exercise price HK\$ per share	Number of options '000
At 1 January	1.27	86,619	–	–
Granted during the period	1.27	–	–	–
Forfeited during the period	1.27	(11,684)	–	–
At 30 June	1.27	74,935	–	–

Notes to Unaudited Interim Financial Information

19. SHARE-BASED PAYMENT TRANSACTIONS (continued)

(b) Share option scheme (continued)

The exercise prices and exercise periods of the share options outstanding as at the end of the reporting period are as follows:

30 June 2014

Number of options '000	Exercise price HK\$ per share	Exercise period
43,712	1.27	13-9-24 to 14-9-23
21,232	1.27	14-9-24 to 15-9-23
9,991	1.27	15-9-24 to 16-9-23
74,935		

The fair value of the share option on the grant date was HK\$33,084,001 (HK\$0.355 each).

The fair value of equity-settled share options granted during the year was estimated as at the date of grant, using a binomial model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

Dividend yield (%)	–
Expected volatility (%)	35.24
Risk-free interest rate (%)	0.9
Expected life of options (year)	4
Weighted average share price (HK\$ per share)	1.27

The expected life of the options is based on the historical data and is not necessarily indicative of the exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

No other feature of the options granted was incorporated into the measurement of fair value.

Notes to Unaudited Interim Financial Information

20. DISPOSAL OF A SUBSIDIARY

	For the six months ended 30 June	
	2014 RMB'000 (Unaudited)	2013 RMB'000 (Unaudited)
Net assets disposed of		
Cash and bank balances	134	–
Prepayments, deposits and other receivables	246,771	–
Properties under development	9,292	–
Property, plant and equipment	109	–
Intangible assets	15	–
Deferred tax assets	1,171	–
Other payables, deposits received and accruals	(249,226)	–
Total net assets	8,266	–
Gain on disposal of a subsidiary	11,734	–
Satisfied by cash	20,000	–

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of a subsidiary is as follows:

	For the six months ended 30 June	
	2014 RMB'000 (Unaudited)	2013 RMB'000 (Unaudited)
Cash consideration	20,000	–
Cash and bank balances disposed of	(134)	–
Net inflow of cash and cash equivalents in respect of the disposal of a subsidiary	19,866	–

Notes to Unaudited Interim Financial Information

21. RELATED PARTY TRANSACTIONS

(1) Name and relationship

Name of related party	Relationship with the Group
The Shu Brothers	Ultimate controlling shareholders
Boom Win Holding Limited ("Boom Win")	Ultimate holding company
Wuxi Longhe Property Co., Ltd. ("Wuxi Longhe")	Associated company
Wuxi Bonan Property Co., Ltd. ("Wuxi Bonan")	Associated company
Wuxi Wuzhou Xiangjiang Housing Co., Ltd ("Wuxi Xiangjiang")	Associated company
Wuxi Wuzhou Investment Co., Ltd. ("Wuzhou Investment")	Company controlled by the Shu Brothers
Hong Kong Wuzhou International Group Investment Limited ("Wuzhou Int'l Group Investment")	Company controlled by the Shu Brothers
Shenzhen Continent Investment Development Co., Ltd. ("Shenzhen Continent")	Company under significant influence of the Shu Brothers
Ms. Zhu Lijuan	Mr. Shu Cecheng's wife
Ms. Qi Xueqing	Mr. Shu Cewan's wife

(2) Outstanding balances with related parties

The Group

	30 June 2014 RMB'000 (Unaudited)	31 December 2013 RMB'000
Due from related company: Wuxi Longhe	217	–
Due to related company: Wuxi Xiangjiang	400	–

Balances with the related parties are unsecured, non-interest-bearing and have no fixed repayment terms.

Notes to Unaudited Interim Financial Information

22. OPERATING LEASE ARRANGEMENTS**As lessor**

The Group leases out its investment properties under operating lease arrangements with leases negotiated for terms ranging from 1 to 20 years. The terms of the leases generally require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions.

At the end of the reporting period, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	30 June 2014 RMB'000 (Unaudited)	31 December 2013 RMB'000
Within one year	92,432	80,763
In the second to fifth years, inclusive	371,003	300,705
After five years	951,272	888,673
	1,414,707	1,270,141

As lessee

The Group leases certain of its office properties under operating lease arrangements, negotiated for terms of one to three years with an option for renewal after the end of the lease terms, at which time all terms will be renegotiated.

At the end of the reporting period, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	30 June 2014 RMB'000 (Unaudited)	31 December 2013 RMB'000
Within one year	5,910	5,755
In the second to fifth years, inclusive	1,202	2,800
After five years	–	–
	7,112	8,555

Notes to Unaudited Interim Financial Information

23. COMMITMENTS

In addition to the operating lease commitments as detailed in note 22 above, the Group had the following capital commitments at the end of the reporting period:

	30 June 2014 RMB'000 (Unaudited)	31 December 2013 RMB'000
Contracted, but not provided for:		
– Acquisition of land use rights	71,176	182,858
– Properties under development	2,199,599	1,884,974
	2,270,775	2,067,832

24. CONTINGENT LIABILITIES

At the end of the reporting period, contingent liabilities not provided for in the consolidated financial statements were as follows:

	30 June 2014 RMB'000 (Unaudited)	31 December 2013 RMB'000
Guarantees in respect of mortgage facilities granted to purchasers of the Group's properties	1,057,516	1,002,899

The Group has provided guarantees in respect of mortgage facilities granted by certain banks to the purchasers of the Group's completed properties held for sale. Pursuant to the terms of the guarantee arrangements, in case of default on mortgage payments by the purchasers, the Group is responsible for repaying the outstanding mortgage loans together with any accrued interest and penalty owed by the defaulted purchasers to banks. The Group is then entitled to take over the legal titles of the related properties. The Group's guarantee period commences from the date of grant of the relevant mortgage loan and ends after the execution of the individual purchaser's collateral agreement.

The Group did not incur any material losses during the reporting period in respect of the guarantees provided for mortgage facilities granted to the purchasers of the Group's completed properties held for sale. The directors consider that in case of default on payments, the net realisable value of the related properties can cover the repayment of the outstanding mortgage loans together with any accrued interest and penalty, and therefore no provision has been made in connection with the guarantees.

Notes to Unaudited Interim Financial Information

25. FINANCIAL INSTRUMENTS

Set out below is an overview of financial instruments, other than cash and time deposits, held by the Group as at the end of the reporting period:

30 June 2014

	Loans and receivables RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Financial assets		
Financial assets included in prepayments, deposits and other receivables	137,780	137,780
Trade and bills receivables (note 13)	50,997	50,997
Due from related companies (note 21)	217	217
	188,994	188,994
Total current	188,994	188,994
Total non-current	–	–
	Financial liabilities at amortised cost RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Financial liabilities		
Trade and bills payables (note 15)	3,068,798	3,068,798
Financial liabilities included in other payables, deposits received and accruals	399,235	399,235
Due to related companies (note 21)	400	400
Interest-bearing bank loans and other borrowings (note 16)	3,597,695	3,597,695
Senior notes (note 17)	1,238,157	1,238,157
	8,304,285	8,304,285
Total current	5,020,991	5,020,991
Total non-current	3,283,294	3,283,294

Notes to Unaudited Interim Financial Information

25. FINANCIAL INSTRUMENTS (continued)

31 December 2013

	Loans and receivables RMB'000	Total RMB'000
Financial assets		
Financial assets included in prepayments, deposits and other receivables	182,758	182,758
Trade and bills receivables (note 13)	40,051	40,051
	222,809	222,809
Total current	222,809	222,809
Total non-current	–	–
	Financial liabilities at amortised cost RMB'000	Total RMB'000
Financial liabilities		
Trade and bills payables (note 15)	2,707,940	2,707,940
Financial liabilities included in other payables, deposits received and accruals	323,362	323,362
Interest-bearing bank loans and other borrowings (note 16)	3,187,378	3,187,378
Senior notes (note 17)	606,050	606,050
	6,824,730	6,824,730
Total current	4,113,010	4,113,010
Total non-current	2,711,720	2,711,720

Notes to Unaudited Interim Financial Information**25. FINANCIAL INSTRUMENTS (continued)****Fair values**

Management has assessed that the fair values of cash and cash equivalents, pledged deposits, restricted cash, due from related companies, trade and bills receivables, financial assets included in prepayments, deposits and other receivables, trade and bills payables, financial liabilities included in other payables, deposits received and accruals, the current portion of interest-bearing bank loans and other borrowings, amounts due to shareholders, amounts due to related companies approximate to their carrying amounts largely due to the short term maturities of these instruments.

Management has assessed that the fair values of the non-current portion of interest-bearing bank loans, other borrowings and senior notes approximate to their carrying amounts largely due to the fact that such borrowings were made between the Group and independent third parties based on prevailing market interest rates.

26. APPROVAL OF THE UNAUDITED INTERIM FINANCIAL INFORMATION

The unaudited interim financial information was approved and authorised for issue by the board of directors on 25 August 2014.