



(Incorporated in the Cayman Islands with limited liability)  
Stock code: 01369

# WUZHOU INTERNATIONAL HOLDINGS LIMITED

五洲國際控股有限公司

## 2016 INTERIM REPORT







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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

### Non-Executive Director

Mr. Wang Wei

### 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

## PRINCIPAL BANKERS

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

## 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 Information

### CORPORATE HEAD OFFICE IN HONG KONG

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

### 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 will continue to accelerate resources integration along the trade logistics industrial chain and build up a new business model with the “service platform for trade logistics of the industrial chain” as the core and “light asset business” and “development and operation of trade logistics parks” as the complements”



## Dear Shareholders,

On behalf of the board (the “Board”) of directors (the “Directors”) of Wuzhou International Holdings Limited (“Wuzhou International” or the “Company”), I hereby present the interim results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2016.

## REVIEW OF RESULTS

Revenue of the Group for the six months ended 30 June 2016 was RMB2,006 million, representing a decrease of 8.1% compared to RMB2,182 million for the same period of 2015. Profit after tax and total comprehensive income of the Group attributable to equity owners of the Company amounted to approximately RMB53 million. To better address requirements of the Group’s business development, the Board does not recommend the payment of interim dividend for the six months ended 30 June 2016.

The economy in China is steadily grew by 6.7% in the first half of 2016 over the same period in 2015. The central government and local governments have introduced easing monetary policies and favourable policies on real estate industry, constituting positive impacts on real estate industry. However, small and medium-sized enterprises remained cautious in investment in such sluggish economic environment and greater pressure of destocking was put on commercial real estate sector, posing challenges to the business operation of the Group.

During the period under review, the Group recorded contracted sales and contracted sales area of approximately RMB2,236 million and approximately 355,000 square metres (“sq.m.”), representing decrease of 31.8% and 35.2% as compared with the same period of the previous year, respectively. Approximately RMB1,089 million and 193,000 sq.m. were from the sales of the trade logistics centers. Approximately RMB1,147 million and 161,000 sq.m. were from the sales of multi-functional commercial complexes. As at 30 June 2016, the Group owned 38 projects across 12 provinces/municipalities in China, and its contracted sales involved 34 projects in 12 provinces/municipalities.

### BUSINESS DEVELOPMENT STRATEGIES

Against the challenging macroeconomic backdrop in 2016, the Group has stuck to its plan drawn up at the end of 2015. On the one hand, the Group has promptly controlled its pace of development to reduce capital expenditures, making efforts on destocking and speeding up cash collection; on the other hand, the Group has accelerated its implementation of light-asset model to transform itself into an operator of modern mega-sized trade logistic park, achieving integration of extended functions of "trade + logistics + e-commerce + financing".

Looking forward to the second half of 2016, Wuzhou International will continue to accelerate resources integration along the trade logistics industrial chain and build up a new business model with the "service platform for trade logistics of the industrial chain" as the core and "light asset business" and "development and operation of trade logistics parks" as the complements for its healthy business development, allowing Wuzhou International to be the leading operator of integrated trade logistics platform in China.

### DIVERSIFIED FINANCING CHANNELS

The Group has extensively explored new financing instruments in domestic capital markets. In January 2016, Wuxi Wuzhou International Ornamental City Co., Ltd.\* (無錫五洲國際裝飾城有限公司), a wholly-owned subsidiary of Wuzhou International, was approved by the China Securities Regulatory Commission for issuance of public and non-public corporate bonds. Upon the approval, the Group has strengthened communications with domestic institutional investors, fully demonstrating its leading commercial operation model to investors and achieving remarkable progress with issuance of corporate bonds. At present, the issuance of public bonds and private bonds is progressing well. The successful issuance of corporate bonds will secure low-cost capital for strategic transformation of the Company, and further optimize the Group's debt structure, diversify financing channels and improve its profitability.

### BROAD RECOGNITION BY THE PUBLIC AND IN THE INDUSTRY

The development of Wuzhou International in adherence to its mission of pursuing "Responsible Real Estate and Healthy Commercial Business" has earned the respect of and commendation from its shareholders, clients, business partners and industry peers. The Group has repeatedly been named among the "Top 500 Private Enterprises in China".

### APPRECIATION

In the real estate industry, goodwill, sound cooperation with and enthusiastic support from stakeholders are paramount to the success of an enterprise. We would like to take this opportunity to thank our partners as well as our shareholders and investors for their loyal support. Sincere gratitude also goes to customers who have purchased our products and testified to their value and quality. Gaining the confidence of customers is essential to brand building and shows the genuine value of a company in the market. Last but not least, we must thank our Directors, senior management and employees for their total commitment and dedication, which has provided the driving force for our development and a strong foundation for our soaring growth in future. The people mentioned above have helped to assure ongoing stable development for Wuzhou International in the first half of 2016. Once again, may I express my profound gratitude to our Directors and senior management for their able leadership and to all employees for their relentless hard work.

**Wuzhou International Holdings Limited**

**Shu Cecheng**

*Chairman*

22 August 2016

# Management Discussion and Analysis



## MARKET REVIEW

The economy in China in general steadily grew by 6.7% in the first half of 2016 over the same period in 2015. The central government and local governments have introduced easing monetary policies and favourable policies on real estate industry, constituting positive impacts on real estate industry. However, small and medium-sized enterprises remained cautious in investment in such sluggish economic environment and greater pressure of destocking was put on commercial real estate sector, posing challenges to the business operation of the Group.

## BUSINESS REVIEW

### I. Contracted sales

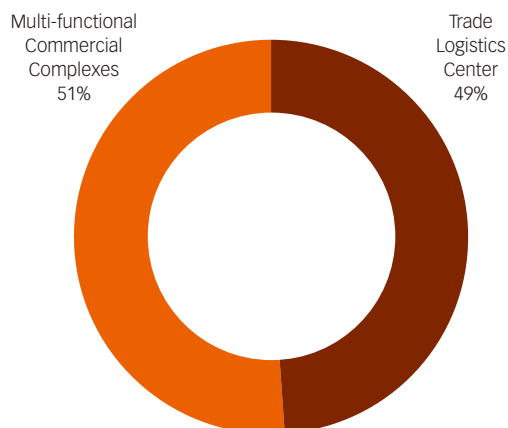
During the period under review, the Group recorded contracted sales and contracted sales area of approximately RMB2,236 million and approximately 355,000 square metres ("sq.m."), representing decrease of 31.8% and 35.2% as compared with the same period of the previous year, respectively. Approximately RMB1,089 million and 193,000 sq.m. were from the sales of the trade logistics centers. Approximately RMB1,147 million and 161,000 sq.m. were from the sales of multi-functional commercial complexes.



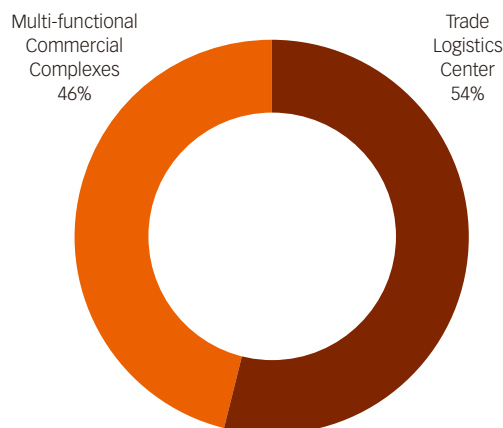


## Management Discussion and Analysis

**Percentage of contract sales amount by categories**



**Percentage of contract sales area by categories**

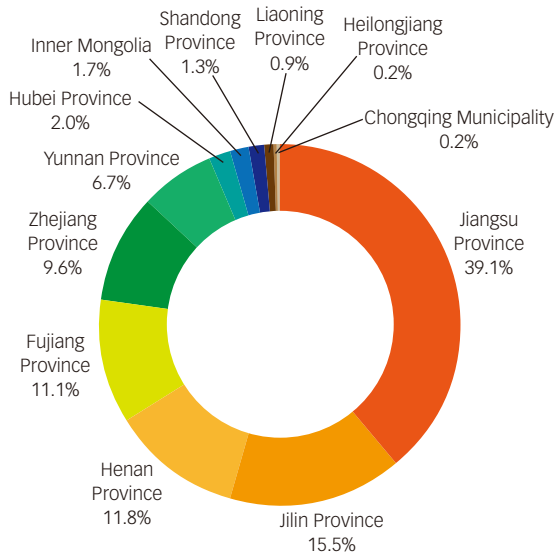


Contracted sales of the Group, by geographical location, were mainly from Jiangsu Province and Jilin Province. The contracted sales and contracted sales area were approximately RMB874 million and RMB346 million, and approximately 141,000 sq.m. and 52,000 sq.m., respectively, accounting for 39% and 15%, and 40% and 15% of the total contracted sales amount and the total contracted sales area, respectively. Attributable to the market expansion strategy of the Group in other rapidly-developing cities, the contracted sales from other provinces and cities increased continuously, resulting in a more balanced income source in terms of geographical locations.

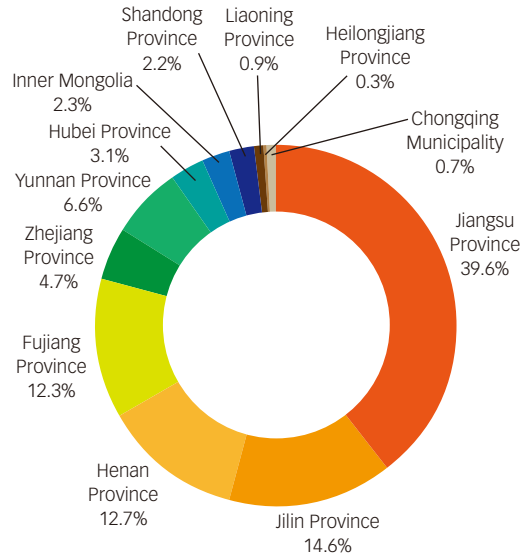
Region	Contracted sales amount		Contracted sales area	
	RMB million	Percentage (%)	'000 Sq.m.	Percentage (%)
Jiangsu Province	874	39.1	141	39.6
Jilin Province	346	15.5	52	14.6
Henan Province	265	11.8	45	12.7
Fujian Province	247	11.1	44	12.3
Zhejiang Province	214	9.6	16	4.7
Yunnan Province	150	6.7	23	6.6
Hubei Province	45	2.0	11	3.1
Inner Mongolia	38	1.7	8	2.3
Shandong Province	28	1.3	8	2.2
Liaoning Province	20	0.9	3	0.9
Heilongjiang Province	4	0.2	1	0.3
Chongqing Municipality	5	0.2	3	0.7
<b>Total</b>	<b>2,236</b>	<b>100.0</b>	<b>355</b>	<b>100.0</b>

## Management Discussion and Analysis

**Percentage of contract sales amount by regions**

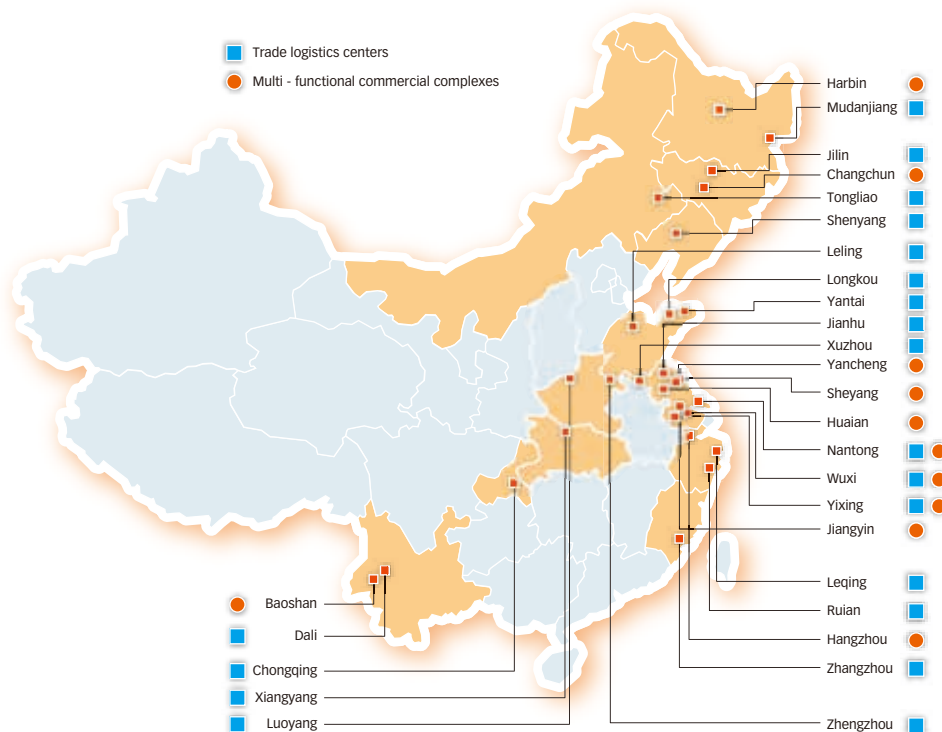


**Percentage of contract sales area by regions**



## II. Project development

As at 30 June 2016, the Group had 38 development projects in Jiangsu Province, Zhejiang Province, Shandong Province, Hubei Province, Yunnan Province, Heilongjiang Province, Jilin Province, Henan Province, Liaoning Province, Chongqing Municipality, Fujian Province and Inner Mongolia Autonomous Region, including 21 trade logistics centers and 17 multi-functional commercial complexes.

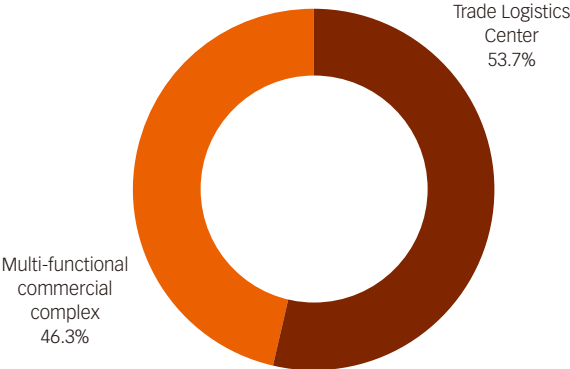


Management Discussion and Analysis

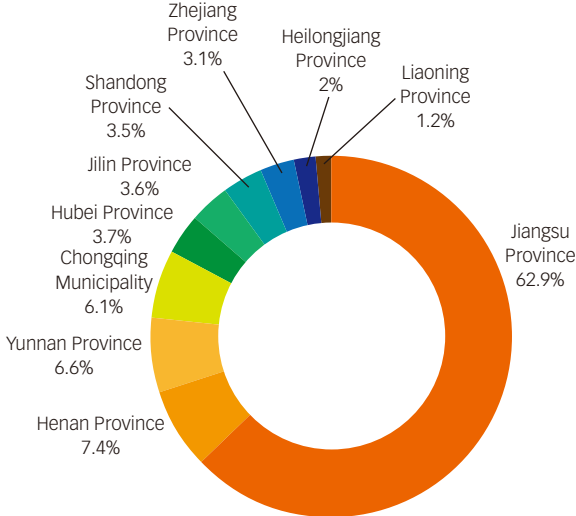
**Completed projects**

During the period under review, the Group completed a total of 31 projects or project phases with a total Gross Floor Area (“GFA”) of approximately 4,537,000 sq.m., including approximately 2,484,000 sq.m. of GFA sold and delivered and approximately 703,000 sq.m. of GFA held for lease.

**Total GFA of completed projects by categories**



**Total GFA of completed projects by regions**



List of completed projects:

Project name	City	Category	Interests of the Company	Total GFA ('000 sq.m.)	Total saleable GFA ('000 sq.m.)	GFA sold ('000 sq.m.)	GFA held for sale ('000 sq.m.)	GFA held for lease ('000 sq.m.)	
<b>Jiangsu province</b>									
1	Wuxi Wuzhou International Ornamental City	Wuxi	Trade logistics center	100%	392	340	233	6	101
2	Wuxi Wuzhou International Industrial Exhibition City	Wuxi	Trade logistics center	100%	440	395	322	3	70

## Management Discussion and Analysis

Project name	City	Category	Interests of the Company	Total GFA	Total saleable GFA	GFA sold	GFA held for sale	GFA held for lease	
				('000 sq.m.)	('000 sq.m.)	('000 sq.m.)	('000 sq.m.)	('000 sq.m.)	
3	Wuxi Wuzhou International Columbus Plaza	Wuxi	Multi-functional commercial complex	64.3%	212	168	107	17	44
4	Wuxi Wuzhou International Chinese Food Culture Exposition City	Wuxi	Multi-functional commercial complex	62%	191	154	91	17	46
5	Meicun Wuzhou International Plaza	Wuxi	Multi-functional commercial complex	90%	54	40	19	-	21
6	Yangjian Wuzhou International Plaza	Wuxi	Multi-functional commercial complex	100%	142	105	69	18	18
7	Wuxi New District Columbus Plaza	Wuxi	Multi-functional commercial complex	100%	91	71	36	12	23
8	Luoshe Wuzhou International Columbus Dragon City	Wuxi	Multi-functional commercial complex	100%	52	38	16	7	15
9	Jianhu Wuzhou International Trade City	Jianhu	Trade logistics center	100%	107	105	84	21	-
10	Yancheng Wuzhou International Plaza	Yancheng	Multi-functional commercial complex	100%	127	99	59	16	24
11	Huian Wuzhou International Plaza	Huian	Multi-functional commercial complex	100%	147	110	50	6	54
12	Wuzhou International Automobile Exhibition City	Nantong	Trade logistics center	75%	109	108	60	48	-
13	Nantong Wuzhou International Plaza	Nantong	Multi-functional commercial complex	51%	360	255	171	22	62
14	Jiangyin Wuzhou International Plaza	Jiangyin	Multi-functional commercial complex	90%	225	180	97	49	34
15	Yixing Wuzhou International Huadong Trade City	Yixing	Trade logistics center	100%	65	64	35	29	-
16	Sheyang Wuzhou International Plaza	Sheyang	Multi-functional commercial complex	100%	68	66	58	8	-
17	Qianzhou Wuzhou International Plaza	Wuxi	Multi-functional commercial complex	80%	74	58	10	30	18
				<b>Sub-total</b>	2,856	2,356	1,517	309	530
<b>Yunnan Province</b>									
18	Dali Wuzhou International Trade City	Dali	Trade logistics center	100%	178	176	163	13	-
19	Baoshan Wuzhou International Plaza	Baoshan	Multi-functional commercial complex	61%	120	119	76	17	26
				<b>Sub-total</b>	298	295	239	30	26

## 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.)	
<b>Chongqing City</b>									
20	Rongchang Wuzhou International Trade City	Chongqing	Trade logistics center	94%	276	274	124	65	85
				<b>Sub-total</b>	276	274	124	65	85
<b>Hubei Province</b>									
21	Xiangyang Wuzhou International Industrial Exhibition City	Xiangyang	Trade logistics center	100%	167	167	153	14	-
				<b>Sub-total</b>	167	167	153	14	-
<b>Shandong Province</b>									
22	Longkou Wuzhou International Trade City	Longkou	Trade logistics center	95%	51	51	33	18	-
23	Yantai Wuzhou International Industrial Exhibition City (Fushan)	Yantai	Trade logistics center	95%	69	69	67	2	-
24	Leling Wuzhou International Exhibition City	Leling	Trade logistics center	51%	38	38	23	15	-
				<b>Sub-total</b>	158	158	123	35	-
<b>Zhejiang Province</b>									
25	Hangzhou Wuzhou International Plaza	Hangzhou	Multi-functional commercial complex	100%	76	59	32	5	22
26	Ruian Wuzhou International Trade City	Ruian	Trade logistics center	100%	65	63	48	15	-
				<b>Sub-total</b>	141	122	80	20	22
<b>Heilongjiang Province</b>									
27	Mudanjiang Wuzhou International Industrial Exhibition City	Mudanjiang	Trade logistics center	100%	91	89	55	34	-
				<b>Sub-total</b>	91	89	55	34	-
<b>Henan Province</b>									
28	Luoyang Wuzhou International Industrial Exhibition City	Luoyang	Trade logistics center	51%	144	143	94	49	-
29	Zhengzhou Wuzhou International Industrial Exhibition City	Zhengzhou	Trade logistics center	100%	190	161	159	2	-
				<b>Sub-total</b>	334	304	253	51	-

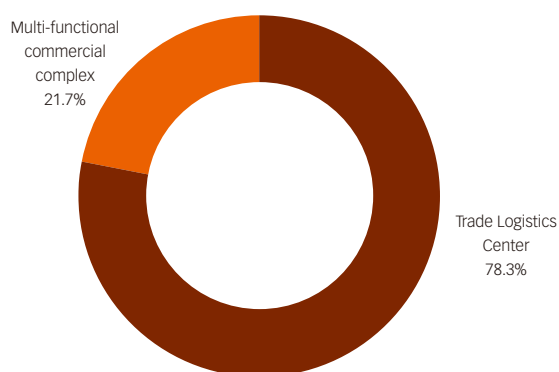
## Management Discussion and Analysis

Project name	City	Category	Interests of the Company	Total	Total	GFA	GFA	GFA	
				GFA	saleable	sold	held for	held	
				('000 sq.m.)	('000 sq.m.)	('000 sq.m.)	('000 sq.m.)	('000 sq.m.)	
<b>Jilin Province</b>									
30	Changchun Wuzhou International Plaza	Changchun	Multi-functional commercial complex	100%	163	161	89	32	40
				<b>Sub-total</b>	163	161	89	32	40
<b>Liaoning Province</b>									
31	Shenyang Wuzhou International Industrial Exhibition City	Shenyang	Trade logistics center	100%	53	51	50	1	-
				<b>Sub-total</b>	53	51	50	1	-
				<b>Total</b>	4,537	3,977	2,683	591	703

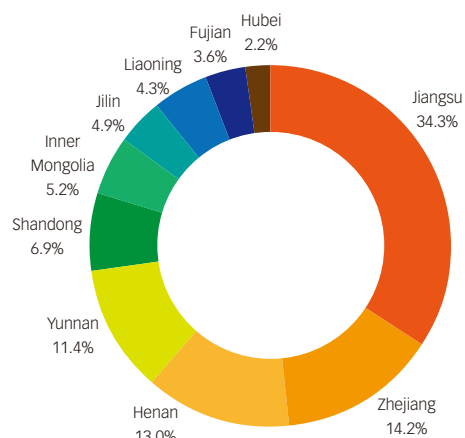
### Projects under development

As at 30 June 2016, the Group had a total of 21 projects or project phases under development with a total planned GFA of 2,289,000 sq.m., including approximately 457,000 sq.m. of GFA pre-sold and approximately 491,000 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	Total	GFA	GFA	GFA
						GFA	saleable	pre-sold	held for sale	held for lease
						('000 sq.m.)	('000 sq.m.)	('000 sq.m.)	('000 sq.m.)	('000 sq.m.)
<b>Jiangsu Province</b>										
1	Wuxi Wuzhou International Industrial Exhibition City Phase II Hall D	Wuxi	Trade logistics center	100%	2016	83	69	22	4	43
2	Wuxi Wuzhou International Ornamental City Phase V Hall F	Wuxi	Trade logistics center	100%	2016	34	26	-	26	-
3	Wuzhou International Automobile Exhibition City	Nantong	Trade logistics center	75%	2016	180	122	58	64	-
4	Jiangyin Wuzhou International Plaza	Jiangyin	Multi-functional commercial complex	90%	2016	29	27	25	2	-
5	Yixing Wuzhou International Plaza	Yixing	Multi-functional commercial complex	51%	2016	118	93	31	62	-
6	Sheyang Wuzhou International Plaza	Sheyang	Multi-functional commercial complex	100%	2016	66	63	-	63	-
7	Huaian Wuzhou International Plaza Phase II	Huaian	Multi-functional commercial complex	100%	2016	84	73	48	25	-
8	Xuzhou Road-port	Xuzhou	Trade logistics center	70%	2016	190	190	-	3	187
<b>Sub-total</b>						784	663	184	249	230
<b>Yunnan Province</b>										
9	Dali Wuzhou International Trade City	Dali	Trade logistics center	100%	2016	172	169	13	72	84
10	Baoshan Wuzhou International Plaza	Baoshan	Multi-functional commercial complex	61%	2016	88	66	2	64	-
<b>Sub-total</b>						260	235	15	136	84
<b>Hubei Province</b>										
11	Xiangyang Wuzhou International Industrial Exhibition City	Xiangyang	Trade logistics center	100%	2016	50	48	5	43	-
<b>Sub-total</b>						50	48	5	43	-

## Management Discussion and Analysis

Project Name	City	Category	Interests of the Company	Estimated construction completion date		Total	Total	GFA	GFA	GFA
						GFA	saleable	pre-sold	held for sale	held for lease
						('000 sq.m.)	('000 sq.m.)	('000 sq.m.)	('000 sq.m.)	('000 sq.m.)
<b>Shandong Province</b>										
12	China Longkou Wuzhou International Trade City	Longkou	Trade logistics center	95%	2016	82	69	5	39	25
13	Yantai Wuzhou International Industrial Exhibition City	Yantai	Trade logistics center	95%	2017	75	68	8	60	-
<b>Sub-total</b>						157	137	13	99	25
<b>Zhejiang Province</b>										
14	Ruian Wuzhou International Trade City	Ruian	Trade logistics center	100%	2016	171	143	15	30	98
15	Leqing Wuzhou International Electrics & Electronic Appliance City	Leqing	Trade logistics center	100%	2017	155	132	48	79	5
<b>Sub-total</b>						326	275	63	109	103
<b>Henan Province</b>										
16	Luoyang Wuzhou International Industrial Exhibition City	Luoyang	Trade logistics center	51%	2016	66	63	11	52	-
17	Zhengzhou Wuzhou International Industrial Exhibition City	Zhengzhou	Trade logistics center	100%	2016	231	205	102	103	-
<b>Sub-total</b>						297	268	113	155	-
<b>Jilin Province</b>										
18	Changchun Wuzhou International Plaza	Changchun	Multi-functional commercial complex	100%	2016	112	72	-	72	-
<b>Sub-total</b>						112	72	-	72	-
<b>Liaoning Province</b>										
19	Shenyang Wuzhou International Industrial Exhibition City	Shenyang	Trade logistics center	100%	2017	102	84	14	21	49
<b>Sub-total</b>						102	84	14	21	49
<b>Inner Mongolia Autonomous Region</b>										
20	Tongliao Wuzhou International Trade City	Tongliao	Trade logistics center	100%	2016	118	117	32	85	-
<b>Sub-total</b>						118	117	32	85	-



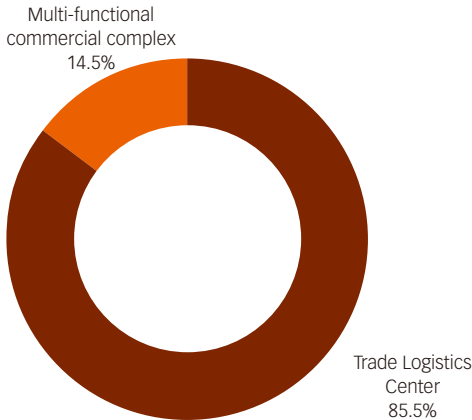
Management Discussion and Analysis

Project Name	City	Category	Interests of the Company	Estimated construction completion date		Total	Total	GFA	GFA	GFA
						GFA	saleable	pre-sold	held for sale	held for lease
						('000 sq.m.)	('000 sq.m.)	('000 sq.m.)	('000 sq.m.)	('000 sq.m.)
<b>Fujian Province</b>										
21	Zhangzhou Wuzhou City	Zhangzhou	Trade logistics center	100%	2017	83	83	18	65	-
<b>Sub-total</b>						83	83	18	65	-
<b>Total</b>						2,289	1,982	457	1,034	491

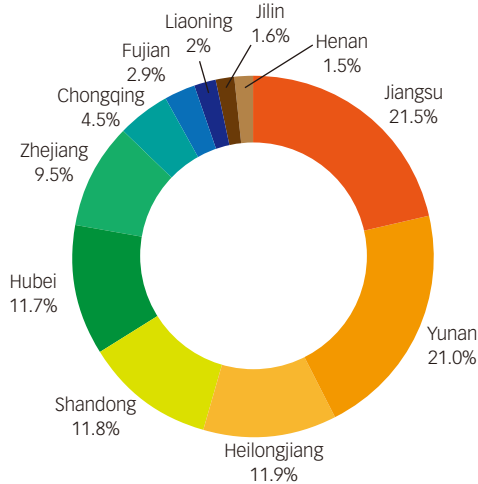
Projects planned for development

As at 30 June 2016, the Group had a total of 18 projects or project phases planned for development, with a total planned GFA of approximately 4,360,000 sq.m.

Total planned GFA of projects planned for development by categories



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



## Management Discussion and Analysis

List of projects planned for future development:

Project Name	City	Category	Interests of the Company	Total GFA ('000 sq.m.)
<b>Jiangsu Province</b>				
1	Wuxi	Wuzhou International Industrial Exhibition City Product Exhibition Hall B and Building Complex	100%	144
2	Wuxi	Qianzhou Wuzhou International Plaza	80%	27
3	Jianhu	Jianhu Wuzhou International Trade City Phase II	100%	114
4	Sheyang	Sheyang Wuzhou International Plaza	100%	307
5	Nantong	Wuzhou International Automobile Exhibition City	75%	134
6	Yixing	Yixing Wuzhou International Huadong Trade City	100%	211
<b>Sub-total</b>				<b>937</b>
<b>Chongqing City</b>				
7	Chongqing	Rongchang Wuzhou International Trade City Phase II	94%	197
<b>Sub-total</b>				<b>197</b>
<b>Yunnan Province</b>				
8	Dali	Dali Wuzhou International Trade City Phase III	100%	917
<b>Sub-total</b>				<b>917</b>
<b>Hubei Province</b>				
9	Xiangyang	Xiangyang Wuzhou International Industrial Exhibition City (Phase II)	100%	512
<b>Sub-total</b>				<b>512</b>
<b>Shandong Province</b>				
10	Leling	Leling Wuzhou International Exhibition City	51%	414
11	Longkou	China Longkou Wuzhou International Trade City	95%	100
<b>Sub-total</b>				<b>514</b>
<b>Heilongjiang Province</b>				
12	Mudanjiang	Mudanjiang Wuzhou International Industrial Exhibition City	100%	221
13	Harbin	Harbin Wuzhou International Animation, Cultural and Tourism City	100%	300
<b>Sub-total</b>				<b>521</b>

## Management Discussion and Analysis

Project Name	City	Category	Interests of the Company	Total GFA ('000 sq.m.)	
<b>Henan Province</b>					
14	Luoyang Wuzhou International Industrial Exhibition City	Luoyang	Trade logistics center	51%	64
				<b>Sub-total</b>	64
<b>Jilin Province</b>					
15	Jilin Wuzhou International Trade City	Jilin	Trade logistics center	100%	70
				<b>Sub-total</b>	70
<b>Liaoning Province</b>					
16	Shenyang Wuzhou International Industrial Exhibition City	Shenyang	Trade logistics center	100%	86
				<b>Sub-total</b>	86
<b>Zhejiang Province</b>					
17	Leqing Wuzhou International Electrics & Electronic Appliance City	Leqing	Trade logistics center	100%	416
				<b>Sub-total</b>	416
<b>Fujian Province</b>					
18	Zhangzhou Wuzhou City	Zhangzhou	Trade logistics center	100%	126
				<b>Sub-total</b>	126
				<b>Total</b>	4,360

## Management Discussion and Analysis

### III. Land bank

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

As at 30 June 2016, the total planned GFA of land bank amounted to approximately 7,999,000 sq.m., including approximately 1,350,000 sq.m. for completed projects, approximately 2,289,000 sq.m. for projects under development and approximately 4,360,000 sq.m. for projects planned for future development. The land bank is sufficient for the development of the Group in the future three to five years.

As at 30 June 2016, 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	877	784	937	2,598
Yunnan Province	40	260	917	1,217
Hubei Province	19	50	512	581
Shandong province	61	157	514	732
Zhejiang province	60	326	416	802
Heilongjiang province	49	–	521	570
Henan province	90	297	64	451
Jilin province	71	112	70	253
Liaoning province	7	102	86	195
Chongqing city	76	–	197	273
Inner Mongolia Autonomous Region	–	118	–	118
Fujian Province	–	83	126	209
<b>Total</b>	<b>1,350</b>	<b>2,289</b>	<b>4,360</b>	<b>7,999</b>

### 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.



## Management Discussion and Analysis

### Outlook

Looking forward to the second half of 2016, China's economy will keep facing greater downward pressure and throes in the process of structural adjustments as well as transformation and upgrade will remain. The cores value of trade logistics industry will shift from "development and sales" to "commercial operation" and transfer from "increment market" to "stock market".

Wuzhou International will continue to accelerate resources integration along the trade logistics industrial chain and build up a new business model with the "service platform for trade logistics of the industrial chain" as the core and "light asset business" and "development and operation of trade logistics parks" as the complements for its healthy business development, allowing Wuzhou International to be the leading operator of integrated trade logistics platform in China.

## FINANCIAL REVIEW

### Revenue

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

For the six months ended 30 June 2016, turnover of the Group amounted to approximately RMB2,006 million, representing a decrease of 8.1% from approximately RMB2,182 million for the corresponding period in 2015.

### Sale of Properties

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

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

Revenue derived from property development decreased by 9.6% to approximately RMB1,844 million for the six months ended 30 June 2016 from approximately RMB2,041 million for the corresponding period in 2015. This decrease was the combined effects of decrease in total GFA sold and increase in the average selling price of properties sold to our customers.

### Rental Income

Rental income generated from rental of investment properties increased by 41.4% to approximately RMB60 million for the six months ended 30 June 2016 from approximately RMB42 million for the corresponding period in 2015. The increase was due primarily to the continuing growth of the investment properties.

### Commercial Management Service Income and Property Management Service Income

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

Commercial management service income decreased by 6.7% to approximately RMB46 million for the six months ended 30 June 2016 from approximately RMB49 million for the corresponding period in 2015. Property management service income decreased by 68.8% to approximately RMB2 million for the six months ended 30 June 2016 from approximately RMB5 million for the corresponding period in 2015. The decrease in commercial management service income was due primarily to the lower operating activities of the properties operated and managed by us, while the decrease in property management service income was due to the continuous transfer of property management business to other third parties for reducing the operating cost and concentrating in the business of commercial management service.

### Property Consulting Service Income

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

Property consulting service income decreased by 23.6% to approximately RMB25 million for the six months ended 30 June 2016 from approximately RMB32 million for the corresponding period in 2015. The decrease in property consulting service income was due primarily to the decrease in business volume of third party customers which in return reduced the demand for property consulting service.

### Gross Profit and Margin

Gross profit decreased by 10.1% to approximately RMB609 million for the six months ended 30 June 2016 from approximately RMB677 million for the corresponding period in 2015. Gross profit margin decreased to 30.3% for the six months ended 30 June 2016 from 31.0% for the corresponding period in 2015. The decrease in gross profit was in line with the decrease in the total revenue for the six months ended 30 June 2016 while there was a minimal change in our gross margin.

### Other Income and Gain

Other income and gains increased by 20.9% to approximately RMB93 million for the six months ended 30 June 2016 from approximately RMB77 million for the corresponding period in 2015. Other income and gains mainly represented by subsidy income and interest income and certain non-recurring income and gains.

### Selling and Marketing Expenses

Our selling and marketing expenses decreased by 28.9% to approximately RMB117 million for the six months ended 30 June 2016 from approximately RMB165 million for the corresponding period in 2015. The decrease was due primarily to a decrease in general selling, marketing and advertising activities resulting from fewer number of properties that were launched for pre-sale in the first half of 2016 as compared to that in the same period of 2015.

## Management Discussion and Analysis

### Administrative Expenses

Our administrative expenses decreased by 28.2% to approximately RMB157 million for the six months ended 30 June 2016 from approximately RMB219 million for the corresponding period in 2015. This decrease was primarily due to the Group's policy of furthering the control of administrative expenses in the first half of 2016.

### Finance Costs

Our finance costs increased by 453.5% to approximately RMB219 million for the six months ended 30 June 2016 from approximately RMB39 million for the corresponding period in 2015. This increase was due primarily to an increase in bank loans, senior note to finance the business operation and development, which in turn increased the interest expenses.

### Income Tax Expenses

Our income tax expenses decreased by 37.1% to approximately RMB200 million for the six months ended 30 June 2016 from approximately RMB318 million for the corresponding period in 2015. The change was primarily due to the decrease in corporate income tax and decrease in land appreciation tax and deferred tax accrual made in the first half of 2016.

### 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 67.6% to approximately RMB53 million for the six months ended 30 June 2016 from approximately RMB164 million for the corresponding period in 2015. This decrease was due primarily to the combined effects of decrease in gross profit, selling and marketing expenses, administrative expenses and income tax expense and increase in finance costs in the first half of 2016 as compared to that in the same period of 2015. Our net profit margin was 2.6% for the period under review.

## LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

### Cash Position

As at 30 June 2016, the Group's bank balances and cash (including restricted cash and pledged deposits) was approximately RMB3,188 million (31 December 2015: approximately RMB2,552 million), representing an increase of 24.9% as compared to that as at 31 December 2015. 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 2016, the Group's restricted cash was approximately RMB53 million (31 December 2015: approximately RMB154 million).

### Current Ratio and Gearing Ratio

As at 30 June 2016, the Group has current ratio (being current assets over current liabilities) of approximately 1.04 compared to that of 1.01 as at 31 December 2015. The gearing ratio was 137.6% as at 30 June 2016 compared to that of 123.5% as at 31 December 2015. The gearing ratio was measured by net debt (aggregated bank loans and other borrowings, senior and convertible notes net of cash and cash equivalents, pledged deposits and restricted cash) over the total equity of the Group. The total debt (being aggregated bank loans and other borrowings, senior and convertible notes) over total assets ratio was 40.9% as at 30 June 2016 (31 December 2015: 35.8%).

### Borrowings and Charges on the Group's Assets

As at 30 June 2016, the Group had an aggregate interest-bearing bank and other borrowings, senior and convertible notes of approximately RMB8,809 million. Amongst the bank and other borrowings, approximately RMB3,523 million will be repayable within 1 year, approximately RMB2,358 million will be repayable between 2 to 5 years and approximately RMB284 million will be repayable after 5 years. The senior notes were repayable between 2 to 5 years and convertible notes are redeemable on or after 30 September 2017.



## Management Discussion and Analysis

As at 30 June 2016, a substantial part of the bank and other borrowings were secured by land use rights and properties of the Group. The senior and convertible notes were jointly and severally guaranteed by certain subsidiary companies of the Group. The bank and other borrowings were mainly denominated in RMB while the senior and convertible notes were denominated in U.S. dollar.

### Exchange Rate Risk

The Group mainly operates in the PRC. Other than the foreign currency denominated bank deposits, bank borrowings, senior and convertible notes, the Group does not have any other material direct exposure to foreign exchange fluctuations. To mitigate foreign exchange exposure for the purpose of minimizing adverse effect on the operation of the Group, the Group continues to adopt a conservative approach and will closely monitor the foreign currency market and actively explore the domestic capital market for financing opportunities.

### Capital Commitments

As at 30 June 2016, the Group did not have committed payment for the acquisition of land use rights (31 December 2015: RMB100 million) and the committed payment for properties under development amounting to approximately RMB2,933 million (31 December 2015: RMB2,914 million).

### Contingent Liabilities

As at 30 June 2016, the Group had provided guarantees amounting to approximately RMB1,910 million (31 December 2015: approximately RMB1,891 million) in respect of mortgage facilities granted by certain banks in connection with the mortgage loans entered into by purchasers of the Group's properties. Pursuant to the terms of the guarantees, if there is default of the mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage loans together with accrued interests thereon and any penalty owed by the defaulted purchasers to banks. The Group is then entitled to take over the legal title of the related properties. The guarantee period commences from the dates of grant of the relevant mortgages loans and ends after the purchaser obtained the individual property ownership certificate. In the opinion of the Directors, no provision for the guarantee contracts was recognized in the financial statement for the six months ended 30 June 2016 as the default risk is low.

### Employees and Remuneration Policies

As at 30 June 2016, the Group had 2,630 employees, of which 1,174 employees involved in the property development sector and 1,456 in the property operation services sector. Total staff costs, including directors' emoluments, for the six months ended 30 June 2016 amounted to approximately RMB109 million (six months ended 30 June 2015: approximately RMB172 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 (the "Scheme"). As at 30 June 2016, the total number of shares in respect of which options were granted under the Scheme remain outstanding were 43,363,106 shares.

### INTERIM DIVIDEND

The Directors resolved that no interim dividend will be paid for the six months ended 30 June 2016 (six months ended 30 June 2015: nil).



# Disclosure of Interests

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

As at 30 June 2016, 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 of Hong Kong Limited (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 Issuers (the "Model Code") were as follows:

### (i) Interest in the ordinary shares of the Company (the "Shares") and underlying Shares

Name of Director/ Chief Executive	Long/Short position	Nature of interests	Number of issued Shares held	Interest in underlying Shares	Approximate percentage of shareholding
Mr. Shu Cecheng	Long position	Interest of controlled corporation <sup>(1)</sup>	2,539,311,038	–	50.89%
Mr. Shu Cewan	Long position	Interest of controlled corporation <sup>(1)</sup>	2,539,311,038	–	50.89%
Mr. Shu Ceyuan	Long position	Personal	–	3,000,000 <sup>(5)</sup>	0.06%
Mr. Shu Ceyuan	Long position	Interest of controlled corporation <sup>(2)</sup>	11,384,297	–	0.23%
Ms. Wu Xiaowu	Long position	Personal	–	2,000,000 <sup>(5)</sup>	0.04%
Ms. Wu Xiaowu	Long position	Interest of controlled corporation <sup>(3)</sup>	11,012,297	–	0.22%
Mr. Zhao Lidong	Long position	Personal	–	1,628,000 <sup>(5)</sup>	0.03%
Mr. Zhao Lidong	Long position	Interest of controlled corporation <sup>(4)</sup>	6,992,821	–	0.14%
Dr. Song Ming	Long position	Personal	–	2,160,000 <sup>(5)</sup>	0.04%
Mr. Lo Kwong Shun Wilson	Long position	Personal	–	500,000 <sup>(5)</sup>	0.01%
Prof. Shu Guoying	Long position	Personal	–	500,000 <sup>(5)</sup>	0.01%

Note 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 held by Boom Win for the purpose of Part XV of the SFO.

Note 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 held by Dream Chaser for the purpose of Part XV of the SFO.

Note 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 held by Starry Horizon for the purpose of Part XV of the SFO.

Note 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 held by Mastery Ventures for the purpose of Part XV of the SFO.

Note 5: The relevant Director/Chief Executive was granted options to subscribe for such number of Shares under Scheme on 24 September 2013.

## Disclosure of Interests

### (ii) Long position in 13.75% senior notes due 2018 issued by the Company

The following Director has interests in the 13.75% senior notes due 2018 issued by the Company (the "2018 Senior Notes"). Details of the 2018 Senior Notes held by the Director as at 30 June 2016 were as follows:

Name of Director	Nature of interest	Amount of 2018 Senior Notes in USD held	Percentage to the total 2018 Senior Notes in issue as at 30 June 2016
Wu Xiaowu	Personal interests	1,750,000	0.583%

### (iii) Long positions in Associated Corporation

Name of Director	Nature of interest	Name of associated corporation	No. of shares held	Description of shares	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 2016, none of the Directors and chief executives of the Company had an interests or short positions in the shares, underlying shares and debentures 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.

## Disclosure of Interests

### SUBSTANTIAL SHAREHOLDERS

As at 30 June 2016, 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/ underlying Shares held	Approximate percentage of interest in our Company as at 30 June 2015
Boom Win	Beneficial interest <sup>(1)</sup>	2,539,311,038	50.89%
Sun Hongbing	Beneficial interest	1,112,112,000	22.29%
Pingan Real Estate Capital Limited ("Pingan Real Estate")	Beneficial interest <sup>(3)</sup>	274,503,401 <sup>(2)</sup>	5.50%
Ping An Real Estate Company Limited ("Ping An Co")	Interest of controlled corporation <sup>(3)</sup>	274,503,401 <sup>(2)</sup>	5.50%
Ping An Life Insurance Company of China Ltd. ("Ping An Life Insurance")	Interest of controlled corporation <sup>(3)</sup>	274,503,401 <sup>(2)</sup>	5.50%
Ping An Insurance (Group) Company of China, Ltd. ("Ping An Group")	Interest of controlled corporation <sup>(3)</sup>	316,734,693 <sup>(2)</sup>	6.35%

Notes:

- (1) Boom Win is owned as to 60% by Mr. Shu Cecheng and 40% by Mr. Shu Cewan. Each of Mr. Shu Cecheng and Mr. Shu Cewan is deemed to be interested in the Shares held by Boom Win for the purpose of Part XV of the SFO.
- (2) Interests in the 7.00% convertible notes due 2019 (the "Convertible Notes").
- (3) This represents derivative interests in the underlying Shares. Pingan Real Estate holds a direct interest in the Convertible Notes which will be convertible into 274,503,401 Shares and is owned as to 100% by Ping An Co. Ping An Co is 49% controlled by Ping An Life Insurance. Ping An Life Insurance is 99.5% controlled by Ping An Group. Therefore, each of Ping An Co, Ping An Life Insurance and Ping An Group is deemed to be interested in 274,503,401 underlying Shares represented by the Convertible Notes directly held by Pingan Real Estate.

Ping An UOB Fund Management Company Limited ("Ping An UOB") holds a direct interest in the Convertible Notes which will be convertible into 42,231,292 Shares and is 60.63% held by China Ping An Trust Co., Ltd. ("Ping An Trust"), which is 99.88% held by Ping An Group. Therefore, each of Ping An Trust and Ping An Group is deemed to be interested in 42,231,292 underlying Shares represented by the Convertible Notes directly held by Ping An UOB.

Save as disclosed above, as at 30 June 2016, 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, one non-executive Director 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.

## CORPORATE GOVERNANCE

During the six months ended 30 June 2016, the Company has complied with the code provisions set out in the "Corporate Governance Code and Corporate Governance Report" contained in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

## MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 to 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 during the six months ended 30 June 2016 and all Directors confirmed that they have complied with the Model Code during the six months ended 30 June 2016.

## AUDIT COMMITTEE

The Company has established an audit committee in compliance with the Listing Rules to fulfill the functions of reviewing and monitoring the financial reporting and internal control of the Company. The audit committee of the Company currently comprises three independent non-executive Directors, including Mr. Lo Kwong Shun Wilson, Dr. Song Ming and Prof. Shu Guoying, while Mr. Lo Kwong Shun Wilson is the chairman of the audit committee. The main responsibilities of the audit committee is to review important accounting policies, supervise the Company's financial reporting processes, monitor the performance of the external auditors 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 interim report of the Group for the six months ended 30 June 2016.

In addition, the independent auditors of the Company, Ernst & Young, have reviewed the unaudited interim results of the Group for the six months ended 30 June 2016 in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

### REMUNERATION COMMITTEE

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

### NOMINATION COMMITTEE

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

### 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 the 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 when the Scheme was adopted, 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% of the 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, 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 of the Company (voting by way of poll).

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.

## Corporate Governance and Other Information

As at 30 June 2016, the total number of Shares in respect of which options were granted under the Scheme remained outstanding was 43,363,106 Shares, representing 0.87% of the total number of Shares in issue. For the six months ended 30 June 2016, no share option has been granted or agreed to be granted to any person and no share options has been exercised under the Scheme and 8,233,663 share options granted under the Scheme were cancelled.

The summary below set out the details of options outstanding as at 30 June 2016 which have been granted pursuant to the Scheme.

Name	Date of Grant	Exercise price HK\$	Closing Price of the Shares on the date of grant HK\$	Balance as at 1 January 2016	Grant during the period	Exercise during the period	Lapsed during the period	Cancelled during the period	Balance as at 30 June 2016
Directors									
Mr. Shu Cewan	24 September 2013	1.270	1.270	3,000,000	-	-	-	-	3,000,000 <sup>Note</sup>
Mr. Shu Ceyuan	24 September 2013	1.270	1.270	2,000,000	-	-	-	-	2,000,000 <sup>Note</sup>
Ms. Wu Xiaowu	24 September 2013	1.270	1.270	1,628,000	-	-	-	-	1,628,000 <sup>Note</sup>
Mr. Zhao Lidong	24 September 2013	1.270	1.270	2,160,000	-	-	-	-	2,160,000 <sup>Note</sup>
Dr. Song Ming	24 September 2013	1.270	1.270	500,000	-	-	-	-	500,000 <sup>Note</sup>
Mr. Lo Kwong Shun Wilson	24 September 2013	1.270	1.270	500,000	-	-	-	-	500,000 <sup>Note</sup>
Prof. Shu Guoying	24 September 2013	1.270	1.270	500,000	-	-	-	-	500,000 <sup>Note</sup>
Other employees of the Group	24 September 2013	1.270	1.270	41,308,769	-	-	-	8,233,663	33,075,106 <sup>Note</sup>
Total				51,596,769	-	-	-	8,233,663	43,363,106

Notes:

The share options are exercisable during the following periods:

- up to 30% of the share options granted to each grantee at any time after the expiration of 12 months from the date of grant and ending on the expiry date of the option period and after the grantee has satisfied the vesting conditions specified by the Board; and
- up to 30% of the share options granted to each grantee at any time after the expiration of 24 months from the date of grant and ending on the expiry date of the option period and after the grantee has satisfied the vesting conditions specified by the Board; and
- up to 40% of the share options granted to each grantee at any time after the expiration of 36 months from the date of grant and ending on the expiry date of the option period and after the grantee has satisfied the vesting conditions specified by the Board.

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

There was no purchase, sale or redemption by the Company or any of its subsidiaries, of the Company's listed securities during the six months ended 30 June 2016.

# Report on Review of Interim Financial Information



To the Board of Directors of  
**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 64, which comprises the condensed consolidated statement of financial position of Wuzhou International Holdings Limited (the “Company”) and its subsidiaries as at 30 June 2016 and the related condensed consolidated statements of profit or loss and other 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 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*

22nd Floor  
CITIC Tower, 1 Tim Mei Avenue, Central  
Hong Kong

22 August 2016

# Unaudited Interim Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2016

	Notes	For the six months ended 30 June	
		2016 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited)
<b>REVENUE</b>	5	<b>2,005,884</b>	2,181,940
Cost of sales		<b>(1,397,291)</b>	(1,504,775)
<b>GROSS PROFIT</b>		<b>608,593</b>	677,165
Other income and gains	5	<b>93,197</b>	77,058
Selling and marketing expenses		<b>(117,163)</b>	(164,880)
Administrative expenses		<b>(157,485)</b>	(219,457)
Other expenses	5	<b>(76,246)</b>	(7,709)
Increase in fair value of investment properties		<b>151,678</b>	143,399
Finance costs	6	<b>(218,613)</b>	(39,498)
Share of profits and losses of associates		<b>(4,300)</b>	(2,345)
<b>PROFIT BEFORE TAX</b>	7	<b>279,661</b>	463,733
Income tax expense	8	<b>(199,912)</b>	(317,578)
<b>PROFIT AFTER TAX AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>79,749</b>	146,155
Attributable to:			
Owners of the parent		<b>53,021</b>	163,581
Non-controlling interests		<b>26,728</b>	(17,426)
		<b>79,749</b>	146,155
<b>EARNINGS PER SHARE</b>			
ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic (RMB Cents)	10	<b>1.06</b>	3.49
Diluted (RMB Cents)	10	<b>1.06</b>	3.26



# Unaudited Interim Condensed Consolidated Statement of Financial Position

30 June 2016

	Notes	30 June 2016 RMB'000 (Unaudited)	31 December 2015 RMB'000 (Audited)
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	11	254,969	260,470
Investment properties	12	8,291,550	7,939,100
Intangible assets		3,428	3,914
Long-term deferred expenses		2,026	2,416
Investments in associates		28,069	29,997
Available-for-sale investment		950	950
Deferred tax assets		179,850	212,855
Total non-current assets		8,760,842	8,449,702
<b>CURRENT ASSETS</b>			
Inventories		12,993	6,553
Properties under development		4,314,490	4,705,991
Completed properties held for sale		3,057,262	3,053,952
Trade and bills receivables	13	30,585	25,738
Due from a related company	23	2,476	–
Prepaid land lease payments		1,190,127	1,222,788
Prepayments, deposits and other receivables		890,638	863,278
Tax recoverable		81,731	122,252
Restricted cash	14	52,944	154,210
Pledged deposits	14	1,796,702	1,391,220
Cash and cash equivalents	14	1,338,403	1,006,078
Total current assets		12,768,351	12,552,060
<b>CURRENT LIABILITIES</b>			
Trade and bills payables	15	3,181,229	3,677,178
Other payables, deposits received and accruals		1,077,435	1,036,728
Advances from customers		3,071,333	3,543,472
Derivative financial instruments	16	31,488	29,272
Convertible notes	18	618,584	573,578
Interest-bearing bank and other borrowings	17	3,523,016	2,793,739
Tax payable		784,075	733,282
Total current liabilities		12,287,160	12,387,249
<b>NET CURRENT ASSETS</b>		481,191	164,811
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		9,242,033	8,614,513

Continued/...

## Unaudited Interim Condensed Consolidated Statement of Financial Position

30 June 2016

	Notes	30 June 2016 RMB'000 (Unaudited)	31 December 2015 RMB'000 (Audited)
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing bank and other borrowings	17	2,641,932	2,165,691
Senior notes	19	2,025,877	1,976,608
Deferred tax liabilities		482,473	456,331
Total non-current liabilities		5,150,282	4,598,630
<b>NET ASSETS</b>			
<b>EQUITY</b>			
<b>Equity attributable to owners of the Parent</b>			
Share capital	20	313,354	313,354
Reserves		3,293,615	3,244,929
		3,606,969	3,558,283
Non-controlling interests		484,782	457,600
<b>TOTAL EQUITY</b>		<b>4,091,751</b>	<b>4,015,883</b>

**Shu Cecheng**  
Chairman

**Shu Cewan**  
Chief Executive Officer

# Unaudited Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2016

	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)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2016	313,354	1,299,010	95,885	21,201	322,094	1,506,739	3,558,283	457,600	4,015,883
Total comprehensive income for the period	-	-	-	-	-	53,021	53,021	26,728	79,749
Acquisition of non-controlling interests	-	-	(3,454)	-	-	-	(3,454)	454	(3,000)
Equity-settled share option arrangements	-	-	-	(881)	-	-	(881)	-	(881)
<b>As at 30 June 2016</b>	<b>313,354</b>	<b>1,299,010</b>	<b>92,431</b>	<b>20,320</b>	<b>322,094</b>	<b>1,559,760</b>	<b>3,606,969</b>	<b>484,782</b>	<b>4,091,751</b>

\* As at 30 June 2016, these reserve accounts comprised the total consolidated reserves of RMB3,293,615,000 (30 June 2015: RMB3,900,850,000) 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)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2015	293,026	950,569	83,527	15,451	292,703	2,032,156	3,667,432	543,851	4,211,283
Issuance of new shares	20,043	343,025	-	-	-	-	363,068	-	363,068
Exercise of share options	285	5,416	-	(1,039)	-	-	4,662	-	4,662
Total comprehensive income for the period	-	-	-	-	-	163,581	163,581	(17,426)	146,155
Acquisition of non-controlling interests	-	-	14,172	-	-	-	14,172	(19,417)	(5,245)
Equity-settled share option arrangements	-	-	-	1,289	-	-	1,289	-	1,289
<b>As at 30 June 2015</b>	<b>313,354</b>	<b>1,299,010</b>	<b>97,699</b>	<b>15,701</b>	<b>292,703</b>	<b>2,195,737</b>	<b>4,214,204</b>	<b>507,008</b>	<b>4,721,212</b>

# Unaudited Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2016

		For the six months ended 30 June	
		2016	2015
		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
	Notes		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		279,661	463,733
Adjustments for:			
Finance costs	6	218,613	39,498
Share of profits and losses of associates		4,300	2,345
Interest income	5	(26,086)	(10,677)
Depreciation	7	9,439	13,784
Amortisation of intangible assets	7	470	433
Amortisation of long-term deferred expenses	7	536	612
Gain on disposal of items of property, plant and equipment	5	(578)	(104)
Write-down of properties under development and for sale to net realisable value	7	2,399	39,809
Gain on disposal of a subsidiary	5	(15,991)	–
Change in fair value of investment properties		(151,678)	(143,399)
Change in fair value of derivative financial instruments	5	2,216	623
Equity-settled share-based payment expenses	7	(881)	1,289
		<b>322,420</b>	<b>407,946</b>
Increase in inventories		(6,440)	(89)
Decrease in properties under development and completed properties held for sale		567,582	237,218
Disposal of investment properties		16,119	30,998
Additions of long-term deferred expenses		(146)	(1,209)
(Increase)/decrease in trade and bills receivables		(4,847)	9,620
(Increase)/decrease in prepayments, deposits and other receivables		(112,212)	17,477
Decrease in prepaid land lease payments		32,661	72,222
Decrease in trade and bills payables		(396,267)	(497,984)
Decrease in restricted cash		101,266	6,768
Decrease/(increase) in pledged deposits		193,333	(185,512)
Increase in other payables, deposits received and accruals		48,300	60,223
Decrease in advances from customers		(472,139)	(306,869)
Cash from/(used) in operations		<b>289,630</b>	<b>(149,191)</b>
Interest received	5	26,086	10,677
Interest paid		(387,427)	(310,116)
Tax paid		(49,451)	(196,169)
Net cash flows used in operating activities		<b>(121,162)</b>	<b>(644,799)</b>

Continued/...

## Unaudited Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2016

	Notes	For the six months ended 30 June	
		2016 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchases of items of property, plant and equipment		(4,418)	(12,401)
Proceeds from disposal of items of property, plant and equipment		884	451
Increase in investment properties		(293,635)	(64,609)
Disposal of a subsidiary	22	99,997	–
Advances to related companies	23	(6,248)	(6,044)
Recovery of advances to related companies	23	1,400	229
Net cash flows used in investing activities		(202,020)	(82,374)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of shares		–	367,730
Effect of foreign exchange rate changes, net		51,804	185
Acquisition of non-controlling interests		(3,000)	(5,245)
Advances from a related company		–	800
Increase in pledged deposits		(598,815)	(345,736)
Proceeds from interest-bearing bank and other borrowings		3,160,811	985,150
Repayment of interest-bearing bank and other borrowings		(1,955,293)	(759,300)
Net cash flows from financing activities		655,507	243,584
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>			
Cash and cash equivalents at beginning of period		1,006,078	1,179,260
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>		<b>1,338,403</b>	695,671
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>			
Cash and bank balances		3,188,049	1,842,950
Less: Restricted cash		52,944	81,886
Pledged deposits		1,796,702	1,065,393
Cash and cash equivalents as at 30 June		1,338,403	695,671

# Notes to Unaudited Interim Financial Information

30 June 2016

## 1. CORPORATE INFORMATION

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 22 June 2010 under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The Company's shares were listed on the Main Board of the Stock Exchange of Hong Kong Limited on 13 June 2013.

The head office and principal place of business of the Company in Hong Kong is located at Unit 5105, 51/F, The Center, 99 Queen's Road Central, Hong Kong.

During the period ended 30 June 2016, the Group was principally involved in property development, property investment and the provision of property management services.

In the opinion of the directors, the ultimate holding company of the Company is Boom Win Holding Limited ("Boom Win"), which was incorporated in the British Virgin Islands. The ultimate controlling party of the Group is Mr. Shu Cecheng and Mr. Shu Cewan (the "Shu Brothers" or "Controlling Shareholders").

## 2. BASIS OF PREPARATION

The interim financial information for the six months ended 30 June 2016 has been prepared in accordance with International Accounting Standard ("IAS") 34 *Interim Financial Reporting* issued by the International Accounting Standards Board (the "IASB").

The interim financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's financial statements for the year ended 31 December 2015.

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 2015, except for the adoption of new and revised standards and interpretations effective for annual periods beginning on or after 1 January 2016. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

## Notes to Unaudited Interim Financial Information

30 June 2016

### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 operations for the preparation of the Group's interim financial information:

Amendments to IFRS 11	<i>Accounting for Acquisitions of Interests in Joint Operations</i>
Amendments to IAS 16 and IAS 38	<i>Clarification of Acceptable Methods of Depreciation and Amortisation</i>
Amendments to IAS 27	<i>Equity Method in Separate Financial Statements</i>
Annual Improvements 2012-2014 Cycle	<i>IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, IFRS 7 Financial Instruments: Disclosures, IAS 19 Employee Benefits and IAS 34 Interim Financial Reporting</i>
Amendments to IAS 1	<i>Disclosure Initiative</i>
Amendments to IFRS 10, IFRS 12 and IAS 28	<i>Investment Entities: Applying the Consolidation Exception</i>

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

### 4. OPERATING SEGMENT INFORMATION

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

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

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

No geographical information is presented as the Group's revenue from external customers is derived solely from its operations 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 2016 and 2015.

## Notes to Unaudited Interim Financial Information

30 June 3016

### 4. OPERATING SEGMENT INFORMATION (continued)

Six months ended 30 June 2016	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
<b>Segment revenue</b>					
Sales to external customers	1,844,323	107,868	59,902	(6,209)	2,005,884
<b>Segment results</b>	256,644	174,430	65,291	6,209	502,574
<i>Reconciliation:</i>					
Finance costs					(218,613)
Share of profits and losses of associates					(4,300)
Profit before tax					279,661
<b>Other segment information</b>					
Depreciation and amortisation	(7,319)	(1,406)	(1,720)	–	(10,445)
Increase in fair value of investment properties	–	151,678	–	–	151,678

Six months ended 30 June 2015	Property development (Unaudited) RMB'000	Property management and investment (Unaudited) RMB'000	Others (Unaudited) RMB'000	Adjustments and eliminations (Unaudited) RMB'000	Consolidated (Unaudited) RMB'000
<b>Segment revenue</b>					
Sales to external customers	2,041,078	98,295	61,255	(18,688)	2,181,940
<b>Segment results</b>	340,258	120,388	26,242	18,688	505,576
<i>Reconciliation:</i>					
Finance costs					(39,498)
Share of profits and losses of associates					(2,345)
Profit before tax					463,733
<b>Other segment information</b>					
Depreciation and amortisation	(10,443)	(1,505)	(2,881)	–	(14,829)
Increase in fair value of investment properties	–	143,399	–	–	143,399



## Notes to Unaudited Interim Financial Information

30 June 3016

### 5. REVENUE, OTHER INCOME AND EXPENSES

Revenue 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 2016 and 2015.

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

	For the six months ended 30 June	
	2016 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited)
<b>Revenue</b>		
Sale of properties	1,844,323	2,041,078
Rental income	59,988	42,412
Commercial management service income	46,019	49,343
Property consulting service income	24,671	32,275
Property management income	1,575	5,043
Commissions from concessionaire sales	3,597	3,845
Others	25,711	7,944
	<b>2,005,884</b>	<b>2,181,940</b>
<b>Other income</b>		
Subsidy income	48,902	51,557
Interest income	26,086	10,677
Gain on disposal of a subsidiary (note 7, 22)	15,991	–
Gain on disposal of items of property, plant and equipment (note 7)	636	119
Foreign exchange gains	–	9,045
Others	1,582	5,660
	<b>93,197</b>	<b>77,058</b>
<b>Other expenses</b>		
Foreign exchange differences (note 7)	62,946	–
Derivative instruments at fair value through profit or loss (note 7)	2,216	623
Donation expenditure	720	732
Loss on disposal of items of property, plant and equipment (note 7)	58	15
Others	10,306	6,339
	<b>76,246</b>	<b>7,709</b>

## Notes to Unaudited Interim Financial Information

30 June 3016

### 6. FINANCE COSTS

An analysis of finance costs is as follows:

	For the six months ended 30 June	
	2016 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited)
Interest on bank and other borrowings	222,296	191,389
Interest on senior notes	144,152	88,225
Interest on convertible notes	56,061	46,479
Less: Interest capitalised	(203,896)	(286,595)
	<b>218,613</b>	<b>39,498</b>

### 7. PROFIT BEFORE TAX

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

	For the six months ended 30 June	
	2016 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited)
Cost of properties sold	1,352,473	1,397,622
Cost of property management service provided	440	4,469
Cost of property consulting service provided	3,000	12,868
Impairment loss recognised	2,399	39,809
Depreciation of items of property, plant and equipment	9,439	13,784
Amortisation of intangible assets	470	433
Amortisation of long-term deferred expenses	536	612
Gain on disposal of a subsidiary	15,991	–
Derivative instruments at fair value through profit or loss	2,216	623
Gain on disposal of items of property, plant and equipment	(578)	(104)
Direct operating expenses arising from rental earning properties and commercial management service provided	30,622	43,165
Auditors' remuneration	2,600	2,600
Employee benefit expense (including directors' remuneration):		
Wages and salaries	88,531	139,786
Pension scheme and social welfare	21,745	31,094
Equity-settled share-based payment expenses	(881)	1,289
Foreign exchange differences, net	62,946	(9,045)

## Notes to Unaudited Interim Financial Information

30 June 3016

### 8. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the tax jurisdictions in which members of the Group are domiciled and operate. Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group's subsidiaries incorporated in the Cayman Islands and the British Virgin Islands are not subject to any income tax. The Group's subsidiaries incorporated in Hong Kong are not liable for income tax as they did not have any assessable income arising in Hong Kong for the six months ended 30 June 2016.

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 interests 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 values, with an exemption provided for property sales of ordinary residential properties if their appreciation values do not exceed 20% of the sum of the total deductible items.

In addition, 無錫五洲國際裝飾城有限公司, 無錫中南置業投資有限公司, 無錫市崇安新城龍安置業有限公司 and 大理五洲國際商貿城有限公司 were subject to LAT which is calculated based on 3% to 8.34% of their revenue in accordance with "Wuxi Tax Circular No. (2009) 46" and "No. 1 (2010) Announcement of Dali Tax Bureau".

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

	For the six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current tax:		
PRC corporate income tax	75,386	88,603
LAT	65,379	99,330
Deferred tax	59,147	129,645
Total tax charge for the period	199,912	317,578

## Notes to Unaudited Interim Financial Information

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### 8. INCOME TAX (continued)

A reconciliation of income tax expense applicable to profit before tax at the statutory rate for the jurisdiction in which the Company and its subsidiaries are domiciled to the income tax expense at the effective income tax rate for the six months ended 30 June 2016 and 2015 is as follows:

	For the six months ended 30 June	
	2016 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited)
Profit before tax	<b>279,661</b>	463,733
At the statutory income tax rate	<b>69,915</b>	115,933
Expenses not deductible for tax	<b>77,328</b>	57,631
Utilisation of tax losses previously not recognised	<b>(4,746)</b>	(131)
Tax losses not recognised	<b>7,306</b>	67,114
Profits and losses attributable to associates	<b>1,075</b>	586
Withholding taxes on undistributed profits of the subsidiaries in the PRC	–	1,947
Provision for LAT	<b>65,379</b>	99,330
Tax effect on LAT	<b>(16,345)</b>	(24,832)
Tax charge for the period	<b>199,912</b>	317,578

### 9. DIVIDEND

The Board has resolved not to declare any interim dividend in respect of the six months ended 30 June 2016 (30 June 2015: Nil).

## Notes to Unaudited Interim Financial Information

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

The calculation of the basic earnings per share amount is based on the profit 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	
	2016 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited)
<b>Earnings</b>		
Profit attributable to ordinary equity holders of the parent used in the basic earnings per share calculation	53,021	163,581
Interest on convertible notes	–	5,630
Add: Fair value loss on the derivative component of the convertible notes	–	623
Profit attributable to ordinary equity holders of the parent before interest on convertible notes	53,021	169,834
	For the six months ended 30 June	
	2016 (Unaudited)	2015 (Unaudited)
<b>Shares</b>		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	4,990,259,914	4,686,026,024
Effect of dilution – weighted average number of ordinary shares:		
Convertible notes	–	520,805,369
	4,990,259,914	5,206,831,393



## Notes to Unaudited Interim Financial Information

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### 11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2016, the Group acquired items of property, plant and equipment at a total cost of RMB4,418,000 (six months ended 30 June 2015: RMB12,401,000) and disposed of or wrote off items of property, plant and equipment with a total net carrying amount of RMB306,000 (six months ended 30 June 2015: RMB347,000).

Certain of the Group's buildings with an aggregate carrying value of approximately RMB116,500,000 as at 30 June 2016 (31 December 2015: RMB118,695,000) were pledged to secure general banking facilities granted to the Group (note 17).

### 12. INVESTMENT PROPERTIES

The Group's investment properties as at 30 June 2016 were valued by Savills Valuation and Professional Services Limited, independent professionally qualified valuers, at RMB8,291,550,000 (31 December 2015: RMB7,939,100,000) on an open market, existing use basis.

Certain of the Group's investment properties with an aggregate carrying value of approximately RMB5,346,033,000 as at 30 June 2016 (31 December 2015: RMB5,361,586,000) were pledged to secure general banking facilities granted to the Group (note 17).

#### **Fair value hierarchy**

The Level 3 – Significant unobservable inputs fair value measurement hierarchy is used for the Group's investment properties, which are all located Mainland China. During the six months ended 30 June 2016 and 2015, 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

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### 12. INVESTMENT PROPERTIES (continued)

#### Fair value hierarchy (continued)

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

	Valuation techniques	Significant unobservable inputs	Range or weighted average	
			30 June 2016	31 December 2015
Commercial properties	Income capitalisation method	Estimated rental value (RMB per sq.m. and per month)	<b>21 to 268</b>	21 to 262
		Discount rate	<b>4.35%</b>	4.26%
Commercial properties under construction	Income capitalisation method	Estimated rental value (RMB per sq.m. and per month)	<b>22 to 73</b>	23 to 77
		Discount rate	<b>4.85%</b>	4.93%

The fair values of investment properties are determined using the income capitalisation method by capitalising the rental income derived from the existing tenancies with due provisions for the reversionary income potential of the properties. The fair value measurement is positively correlated to the market monthly rental rate, and negatively correlated to the capitalisation rate.

A significant increase/(decrease) in the estimated rental value per annum in isolation would result in a significant increase/(decrease) in the fair value of the investment properties. A significant increase/(decrease) in the capitalisation rate in isolation would result in a significant decrease/(increase) in the fair value of the investment properties.

## Notes to Unaudited Interim Financial Information

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### 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 2016 RMB'000 (Unaudited)	31 December 2015 RMB'000
Trade and bills receivables:		
Less than 3 months	26,653	19,883
4 to 6 months	3,932	5,855
	<b>30,585</b>	25,738

### 14. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	30 June 2016 RMB'000 (Unaudited)	31 December 2015 RMB'000
Cash and bank balances	3,188,049	2,551,508
Less: Restricted cash	52,944	154,210
Pledged deposits	1,796,702	1,391,220
Cash and cash equivalents	<b>1,338,403</b>	1,006,078



## Notes to Unaudited Interim Financial Information

30 June 2016

### 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 2016 and 31 December 2015 such amounts of restricted cash amounted to RMB52,944,000 and RMB154,210,000 respectively.

Bank deposits of RMB1,796,702,000 and RMB1,391,220,000, 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 2016 and 31 December 2015.

At 30 June 2016 and 31 December 2015, 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 2016 RMB'000 (Unaudited)	31 December 2015 RMB'000
Less than 1 year	3,035,910	3,488,580
Over 1 year	145,319	188,598
	<b>3,181,229</b>	3,677,178

## Notes to Unaudited Interim Financial Information

30 June 2016

### 16. DERIVATIVE FINANCIAL INSTRUMENTS

	30 June 2016 RMB'000 (Unaudited)	31 December 2015 RMB'000
Embedded derivatives in convertible notes	<b>31,488</b>	29,272

The derivative financial liabilities are reported at their fair values.

### 17. INTEREST-BEARING BANK AND OTHER BORROWINGS

	30 June 2016			31 December 2015		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
Current						
Bank loans – secured	1.45-12.00	2017	1,783,356	1.45-8.00	2016	322,149
Other loans – secured	5.22-15.00	2017	622,050	5.22-13.50	2016	936,010
Current portion of long term bank loans – secured	5.40-11.00	2017	666,450	5.00-11.00	2016	718,700
Current portion of long term other loans – secured	9.50-12.20	2017	451,160	9.76-13.00	2016	816,880
			3,523,016			2,793,739
Non-current						
Bank loans – secured	5.00-11.00	2024	1,730,732	2.71-11.00	2024	1,945,691
Other loans – secured	10.50-14.50	2019	911,200	10.70-12.20	2017	220,000
			2,641,932			2,165,691
			<b>6,164,948</b>			<b>4,959,430</b>

The Group's borrowings are all denominated in RMB.

## Notes to Unaudited Interim Financial Information

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### 17. INTEREST-BEARING BANK AND OTHER BORROWINGS (continued)

#### Analysed into

	30 June 2016 RMB'000 (Unaudited)	31 December 2015 RMB'000
Repayable within one year	3,523,016	2,793,739
Repayable in the second year	1,294,800	930,000
Repayable in the third to fifth years, inclusive	1,063,132	853,116
Repayable after five years	284,000	382,575
Subtotal	2,641,932	2,165,691
	<b>6,164,948</b>	4,959,430

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

	30 June 2016 RMB'000 (Unaudited)	31 December 2015 RMB'000
Property, plant and equipment	116,500	118,695
Investment properties	5,346,033	5,361,586
Prepaid land lease payments	188,929	137,634
Properties under development	947,112	1,162,669
Completed properties held for sale	1,296,292	1,034,493
Pledged deposits	1,562,961	964,441

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

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### 18. CONVERTIBLE NOTES

The carrying values of the host debt components of the convertible notes are as follows:

	30 June 2016 RMB'000 (Unaudited)	31 December 2015 RMB'000
Convertible Notes – Tranche 1 (“Tranche 1”) – host debt	304,127	281,374
Convertible Notes – Tranche 2 (“Tranche 2”) – host debt	314,457	292,204
	<b>618,584</b>	573,578

On 26 September 2014 and 22 October 2014 (the “Issue Date”), the Company issued respectively two tranches of convertible notes (“Tranche 1” and “Tranche 2”) maturing on 30 September 2019 (the “Maturity Date”), in the aggregate principal amount of US\$50 million of each tranche with an initial conversion price of HK\$1.78 per ordinary share of the Company. Pursuant to the indenture, if the accumulated aggregate site area of new industrial logistic projects invested by the Company and certain of its subsidiaries on the day falling 18 months after the first closing date is less than 600 mu, the initial conversion price shall be deemed to be HK\$1.49 per share subject to adjustment in the manner provided in the indenture.

The coupon interest rate is 7% per annum, and the interest is payable semi-annually in arrears on 30 March and 30 September in each year. The bondholders have the option to convert Tranche 1 and Tranche 2 to ordinary shares of the Company at any time after the Issue Date to its maturity.

No convertible notes were converted into shares of the Company during the six months ended 30 June 2016.

### 19. 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. 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 senior notes in an aggregate principal amount of US\$100,000,000 (the “2014 Notes”). The 2014 Notes are listed on the Stock Exchange of Hong Kong Limited and the Singapore Exchange Securities Trading Limited. The 2014 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 6 July 2015, the Company issued additional senior notes in an aggregate principal amount of US\$100,000,000 (the “2015 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.

## Notes to Unaudited Interim Financial Information

30 June 2016

### 19. SENIOR NOTES (continued)

The 2013 Notes, 2014 Notes and 2015 Notes were as follows:

	30 June 2016 US\$'000 (Unaudited)	31 December 2015 US\$'000
Carrying amount as at the beginning of the period/year	1,976,608	1,234,302
Additions during the period/year	–	618,973
Exchange realignment	39,974	108,618
Interest expenses during the period/year	144,152	232,793
Coupon paid	(134,857)	(218,078)
Carrying amount as at the end of the period/year	<b>2,025,877</b>	1,976,608

### 20. SHARE CAPITAL

	30 June 2016 US\$'000 (Unaudited)	31 December 2015 US\$'000
<b>Shares</b>		
Authorised 10,000,000,000 (31 December 2015: 10,000,000,000) ordinary shares of US\$0.01 each	<b>100,000</b>	100,000

	30 June 2016 RMB'000 (Unaudited)	31 December 2015 RMB'000
Issued and fully paid 4,990,259,914 (31 December 2015: 4,990,259,914) ordinary shares of US\$0.01 each	<b>313,354</b>	313,354

## Notes to Unaudited Interim Financial Information

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### 20. SHARE CAPITAL (continued)

A summary of the transactions during the period with reference to the above movements in the Company's issued share capital is as follows:

	Number of shares in issue	Share capital RMB'000	Share premium account RMB'000	Total RMB'000
At 1 January 2015	4,658,145,914	293,026	950,569	1,243,595
Placement of new shares	327,464,000	20,043	343,025	363,068
Exercise of share options	4,650,000	285	5,416	5,701
At 31 December 2015 and At 30 June 2016 (Unaudited)	4,990,259,914	313,354	1,299,010	1,612,364

On 5 June 2015, 327,464,000 ordinary shares of US\$0.01 each were placed. The proceeds of US\$3,274,640 (equivalent to RMB20,043,089) representing the par value of the shares placed were credited to the Company's issued capital. The remaining proceeds of HK\$439,611,813 (equivalent to RMB343,025,332), after deducting share placing expenses, were credited to the Company's share premium account.

### 21. 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 them 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 under 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.

## Notes to Unaudited Interim Financial Information

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### 21. SHARE-BASED PAYMENT TRANSACTIONS (continued)

#### (a) Pre-IPO share award scheme (continued)

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 2016, the Group recognised an expense in relation to the Awarded Shares granted to certain employees of the Group amounting to approximately RMB307,000 (six months ended 30 June 2015: RMB519,000) as the vesting condition has been probable since the Listing Date.

#### (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 "Grantees") 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 "Shares") 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			
	2016		2015	
	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	51,597	1.27	68,860
Granted during the period	1.27	-	1.27	-
Exercised during the period	1.27	-	1.27	(4,650)
Forfeited during the period	1.27	(8,234)	1.27	(8,243)
At 30 June		43,363		55,967

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### 21. 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 2016

Number of options '000	Exercise price HK\$ per share	Exercise period
8,236	1.27	14-9-24 to 17-9-23
15,054	1.27	15-9-24 to 17-9-23
20,073	1.27	16-9-24 to 17-9-23
<hr/>		
43,363		

The fair value of the share options granted during 2013 was HK\$33,084,001 (HK\$0.355 each) on the grant date.

The fair value of equity-settled share options granted during 2013 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.

No share option was exercised during the period. And the 4,650,000 share options exercised during the six months ended 30 June 2015 resulted in the issue of 4,650,000 ordinary shares of the Company and new share capital of RMB285,000, as further detailed in note 20 to the interim financial information.

#### (c) Mainland China share award scheme

Pursuant to the board resolution dated 29 October 2015, Wuxi Wuzhou Technology Co., Ltd., a subsidiary of the Group incorporated in Mainland China established a share award scheme (the "Mainland China Share Award Scheme"). Under the Mainland China Share Award Scheme, Shanghai AoCe Investment Center LLP Obtained 15% equity shares of Wuxi Wuzhou Technology Co., Ltd. by way of capital increase (representing 4,500,000 shares, the "Awarded Shares") with the consideration of RMB4,500,000. The capital increase was completed on 23 December 2015. Shanghai AoCe Investment Center LLP was held by five employees and the objective of the Mainland China Share Award Scheme is to recognise the contributions of certain employees of the Group and providing incentives.



## Notes to Unaudited Interim Financial Information

30 June 3016

### 21. SHARE-BASED PAYMENT TRANSACTIONS (continued)

#### (c) Mainland China share award scheme (continued)

The fair value of the Awarded Shares with no vesting period granted under the Mainland China Share Award Scheme on 29 October 2015 was RMB8,460,000, which was determined by China Alliance Appraisal Co., Ltd. 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 15% equity interest of the Company is RMB4,500,000.

During the six months ended 30 June 2016 and 2015, no expense was recognised in relation to the Mainland China Awarded Shares granted to certain employees of the Group.

### 22. DISPOSAL OF A SUBSIDIARY

	For the six months ended 30 June	
	2016 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited)
Net assets disposed of		
Cash and bank balances	3	–
Prepayments, deposits and other receivables	84,852	–
Property, plant and equipment	174	–
Intangible assets	16	–
Trade and bills payables	(832)	–
Other payables, deposits received and accruals	(204)	–
Total net assets	84,009	–
Gain on disposal of a subsidiary	15,991	–
Satisfied by cash	100,000	–

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	
	2016 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited)
Cash consideration	100,000	–
Cash and bank balances disposed of	(3)	–
Net inflow of cash and cash equivalents in respect of the disposal of a subsidiary	99,997	–

## Notes to Unaudited Interim Financial Information

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### 23. 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 Wuzhou Xiangjiang Housing Co., Ltd. ("Wuxi Xiangjiang")	Associated company
Wuxi Wuzhou Investment Co., Ltd. ("Wuzhou Investment")	Company controlled by the Shu Brothers
Ms. Qi Xueqin	Mr. Shu Cewan's wife

#### (2) Related party transactions

	For the six months ended 30 June	
	2016 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited)
(i) Recovery of advances to related companies:		
– Wuxi Xiangjiang	194	–
– Wuzhou Investment	1,206	–
– Wuxi Longhe	–	229
(ii) Advances to related companies:		
– Wuxi Xiangjiang	5,042	6,044
– Wuzhou Investment	1,206	–
(iii) Advances from a related party:		
– Ms. Qi Xueqing	–	800

In addition, the Shu Brothers pledged one property for certain of the Group's bank loans up to RMB80,000,000 (31 December 2015: RMB80,000,000) as at the end of the reporting period.

## Notes to Unaudited Interim Financial Information

30 June 2016

### 23. RELATED PARTY TRANSACTIONS (continued)

#### (3) Outstanding balances with a related party

	30 June 2016 RMB'000 (Unaudited)	31 December 2015 RMB'000
Due from a related company, net: – Wuxi Xiangjiang	2,476	–

Balance with the related party is unsecured, non-interest-bearing and has no fixed repayment terms.

#### (4) Compensation of key management personnel of the Group

	For the six months ended 30 June	
	2016 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited)
Short term employee benefits	1,772	3,040
Equity-settled share-based payment expenses	(881)	1,289
Pension scheme contributions and social welfare	152	169
Total compensation paid to key management personnel	1,043	4,498

### 24. 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 2016 RMB'000 (Unaudited)	31 December 2015 RMB'000
Within one year	95,360	82,232
In the second to fifth years, inclusive	356,088	364,444
After five years	850,721	901,096
	1,302,169	1,347,772

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### 24. OPERATING LEASE ARRANGEMENTS (continued)

#### 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 2016 RMB'000 (Unaudited)	31 December 2015 RMB'000
Within one year	1,743	6,005
In the second to fifth years, inclusive	1,423	3,436
Over five years	–	404
	<b>3,166</b>	9,845

### 25. COMMITMENTS

In addition to the operating lease commitments as detailed in note 24 above, the Group had the following capital commitments at the end of the reporting period:

	30 June 2016 RMB'000 (Unaudited)	31 December 2015 RMB'000
Contracted, but not provided for:		
– Acquisition of land use rights	–	100,000
– Properties under development	2,932,857	2,914,066

## Notes to Unaudited Interim Financial Information

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### 26. CONTINGENT LIABILITIES

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

	30 June 2016 RMB'000 (Unaudited)	31 December 2015 RMB'000
Guarantees given to banks in connection with facilities granted to purchasers of the Group's properties	1,910,366	1,890,812

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

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### 27. 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 2016

	Loans and receivables RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
<b>Financial assets</b>		
Financial assets included in prepayments, deposits and other receivables	413,171	413,171
Trade and bills receivables (note 13)	30,585	30,585
Due from a related company (note 23)	2,476	2,476
Restricted cash (note 14)	52,944	52,944
Pledged deposits (note 14)	1,796,702	1,796,702
Cash and cash equivalents (note 14)	1,338,403	1,338,403
	<b>3,634,281</b>	<b>3,634,281</b>

	Financial liabilities at fair value through profit or loss RMB'000 (Unaudited)	Financial liabilities at amortised cost RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
<b>Financial liabilities</b>			
Trade and bills payables (note 15)	–	3,181,229	3,181,229
Financial liabilities included in other payables, deposits received and accruals	–	514,544	514,544
Derivative financial instruments (note 16)	31,488	–	31,488
Convertible notes (note 18)	–	618,584	618,584
Interest-bearing bank loans and other borrowings (note 17)	–	6,164,948	6,164,948
Senior notes (note 19)	–	2,025,877	2,025,877
	<b>31,488</b>	<b>12,505,182</b>	<b>12,536,670</b>

## Notes to Unaudited Interim Financial Information

30 June 2016

### 27. FINANCIAL INSTRUMENTS (continued)

31 December 2015

	Loans and receivables RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
<b>Financial assets</b>		
Financial assets included in prepayments, deposits and other receivables	213,991	213,991
Trade and bills receivables (note 13)	25,738	25,738
Restricted cash (note 14)	154,210	154,210
Pledged deposits (note 14)	1,391,220	1,391,220
Cash and cash equivalents (note 14)	1,006,078	1,006,078
	2,791,237	2,791,237

	Financial liabilities at fair value through profit or loss RMB'000 (Unaudited)	Financial liabilities at amortised cost RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
<b>Financial liabilities</b>			
Trade and bills payables (note 15)	–	3,677,178	3,677,178
Financial liabilities included in other payables, deposits received and accruals	–	440,556	440,556
Derivative financial instruments (note 16)	29,272	–	29,272
Convertible notes (note 18)	–	573,578	573,578
Interest-bearing bank loans and other borrowings (note 17)	–	4,959,430	4,959,430
Senior notes (note 19)	–	1,976,608	1,976,608
	29,272	11,627,350	11,656,622

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### 28. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair values	
	30 June 2016 RMB'000	31 December 2015 RMB'000	30 June 2016 RMB'000	31 December 2015 RMB'000
<b>Financial liabilities</b>				
Interest-bearing bank borrowings	<b>6,164,948</b>	4,959,430	<b>6,202,108</b>	4,987,358
Senior notes	<b>2,025,877</b>	1,976,608	<b>1,897,253</b>	1,896,417
Convertible notes	<b>618,584</b>	573,578	<b>623,186</b>	583,603
	<b>8,809,409</b>	7,509,616	<b>8,722,547</b>	7,467,378

Management has assessed that the fair values of the remaining financial instruments approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance manager reports directly to the chief financial officer. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation results are discussed with the audit committee twice a year for interim and annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.



## Notes to Unaudited Interim Financial Information

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### 28. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

#### Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

#### Liabilities measured at fair value:

As at 30 June 2016

	Fair value measurement 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	
Derivative financial instruments	-	31,488	-	31,488

As at 31 December 2015

	Fair value measurement 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	
Derivative financial instruments	-	29,272	-	29,272

During the six months ended 30 June 2016 and 2015, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities.

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### 28. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

#### Fair value hierarchy (continued)

#### Liabilities for which fair values are disclosed:

As at 30 June 2016

	Fair value measurement 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	
Interest-bearing bank loans and other borrowings	–	6,202,108	–	6,202,108
Senior notes	1,897,253	–	–	1,897,253
Convertible notes – host contract	–	–	623,186	623,186
	<b>1,897,253</b>	<b>6,202,108</b>	<b>623,186</b>	<b>8,722,547</b>

As at 31 December 2015

	Fair value measurement 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	
Interest-bearing bank loans and other borrowings	–	4,987,358	–	4,987,358
Senior notes	1,896,417	–	–	1,896,417
Convertible notes – host contract	–	–	583,603	583,603
	<b>1,896,417</b>	<b>4,987,358</b>	<b>583,603</b>	<b>7,467,378</b>

### 29. APPROVAL OF THE UNAUDITED INTERIM FINANCIAL INFORMATION

The unaudited interim financial information was approved and authorised for issue by the board of directors on 22 August 2016.