



(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



INTERIM REPORT
2017







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Corporate Information

DIRECTORS

Executive Directors

Mr. Shu Cecheng (Chairman)

Mr. Shu Cewan (Chief Executive Officer)

Non-Executive Director

Mr. Wang Wei

Independent Non-Executive Directors

Dr. Song Ming

Mr. Lo Kwong Shun, Wilson

(resigned on 4 September 2017)

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)

(resigned on 4 September 2017)

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

(resigned on 4 September 2017)

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

Nixon Peabody CWL

As to PRC Law

Global Law Office

As to Cayman Islands Law

Walkers

REGISTERED OFFICE

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

CORPORATE HEAD OFFICE IN HONG KONG

Unit 5105, 51/F

The Center

99 Queen's Road Central

Central

Hong Kong

CORPORATE 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

Conyers 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



CHAIRMAN'S STATEMENT

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 2017.

REVIEW OF RESULTS

Revenue of the Group for the six months ended 30 June 2017 was RMB1,605 million, representing a decrease of 20.0% as compared to RMB2,006 million for the same period of 2016. Profit after taxation for the period attributable to equity owners of the Company increased by 90.6% to approximately RMB101 million from approximately RMB53 million for the corresponding period in 2016. 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 2017.

In the first half of 2017, China's gross domestic product grew by 6.9% as compared to the corresponding period in 2016, and China's economy maintained the state of "seeking progress in stability". The key indicators of the property market in China have been steady with a decent uplift at the beginning, and investments in property sector has been stable after the beyond-expectation growth in the first quarter, though growth in sales of the property market has been slowing down. For the third and fourth tier cities, prices and transaction volume in the property market continued to increase as a result of the excess demand from first and second tier cities as well as the "inventory clearance" policy. The manufacturing Purchasing Manager's Index (PMI) in China for the first half of 2017 was 51.5, showing an accelerated expansion of manufacturing sector in the state of "seeking progress in stability". Despite the fact that small and middle sized enterprises remained cautious in investments in view of the weak economic environment, sales performance of manufactured goods have been improving.

During the period under review, the Group recorded contracted sales and contracted sales area of approximately RMB2,160 million and approximately 299,000 square metres ("sq.m."), representing decreases of 3.4% and 15.7% as compared with the same period of the previous year, respectively. Approximately RMB1,847 million and 246,000 sq.m. were from the sales of the trade logistics centers. Approximately RMB312 million and 53,000 sq.m. were from the sales of multi-functional commercial complexes. As at 30 June 2017, the Group owned 40 projects across 12 provinces/municipalities in China, and its contracted sales involved 29 projects in 11 provinces/municipalities.

BUSINESS DEVELOPMENT STRATEGIES

In view of sluggish macroeconomic performance, the strategy of the Group was aimed at properly managing the speed of projects development, reducing capital expenditures, facilitating inventory clearance and accelerating cash collection. Meanwhile, the Group explored suitable investment opportunities in residential development projects and acquired two such projects during the period under review.

Looking ahead to 2017, shrinkage of balance sheet and the start of interest rate hiking cycle will bring numerous uncertainties to the stability of China's economy against the backdrop of macroeconomic stabilization. In the second half of 2017, signs of slowdown in property investment in China will be clearer as a result of tightening control over property market by the government of the People's Republic of China (the "PRC") and increasing mortgage rates by banks, posing challenges to the operation of the Group.

Wuzhou International will continue to accelerate resources integration along the trade logistics industrial chain and build up the "service platform for trade logistics of the industrial chain". In addition, the Group will continue to explore suitable investment opportunities in residential development projects to adapt changes of market demand and achieve growth in the business of the Company.

WIDE RANGE OF FINANCING PIPES

The Group has closely monitored the domestic capital market. Wuxi Wuzhou International Ornamental City Co., Ltd.* (無錫五洲國際裝飾城有限公司) ("Wuxi Wuzhou"), a wholly-owned subsidiary of the Company, issued one tranche of non-public onshore corporate bonds (the "Corporate Bond") in the PRC in January 2017. The tranche was issued in an amount of RMB1 billion for a term of three years with an annual coupon rate of 7.30%. The issue of the Corporate Bond has reduced the Group's finance cost and improve its debt structure and liquidity, providing the Group concrete financial support for business development.

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".

APPRECIATIONS

Close cooperation and coordination among property industry, goodwill and stakeholders as well as enthusiastic support are crucial to success of an enterprise. We would like to thank our cooperation partners as well as our shareholders and investors for their constant support. We hereby express our sincere gratitude to the customers who witness the value and quality of our products. Winning customer confidence is essential to brand building, and is our real value in the market. Last but not least, we would like to show our appreciation to our Directors, senior management and employees for their contributions and hard work, providing the Group a driving force for growth and a concrete foundation for expansion. The parties mentioned above have helped to assure ongoing stable development for Wuzhou International in the first half of 2017.

Wuzhou International Holdings Limited

Shu Cecheng

Chairman

31 August 2017

* For identification purpose only

Management Discussion and Analysis



On behalf of the board (the "Board") of directors (the "Directors") of Wuzhou International Holdings Limited (the "Company" or "Wuzhou International"), I have pleasure to present the unaudited financial results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2017.

MARKET REVIEW

In the first half of 2017, China's gross domestic product grew by 6.9% as compared to the corresponding period in 2016, and China's economy maintained the state of "seeking progress in stability". The key indicators of the property market in China have been steady with a decent uplift at the beginning, and investments in property sector has been stable after the beyond-expectation growth in the first quarter, though growth in sales of the property market has been slowing down. For the third and fourth tier cities, prices and transaction volume in the property market continued to increase as a result of the excess demand from first and second tier cities as well as the "inventory clearance" policy. The manufacturing Purchasing Manager's Index (PMI) in China for the first half of 2017 was 51.5, showing an accelerated expansion of manufacturing sector in the state of "seeking progress in stability". Despite the fact that small and middle sized enterprises remained cautious in investments in view of the weak economic environment, sales performance of manufactured goods have been improving.

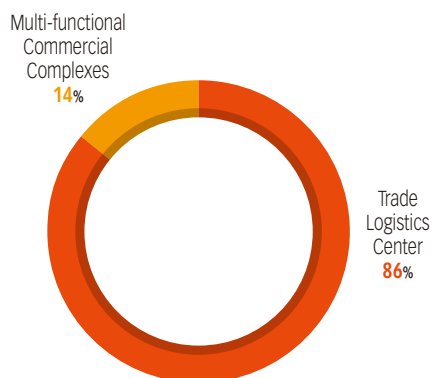
BUSINESS REVIEW

I. Contracted sales

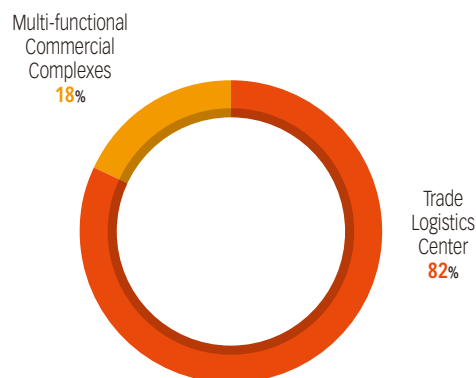
During the period under review, the Group recorded contracted sales and contracted sales area of approximately RMB2,160 million and approximately 299,000 square metres ("sq.m."), representing decreases of 3.4% and 15.7% as compared with the same period of the previous year, respectively. Approximately RMB1,847 million and 246,000 sq.m. were from the sales of the trade logistics centers. Approximately RMB312 million and 53,000 sq.m. were from the sales of multi-functional commercial complexes.



Percentage of contracted sales amount by categories



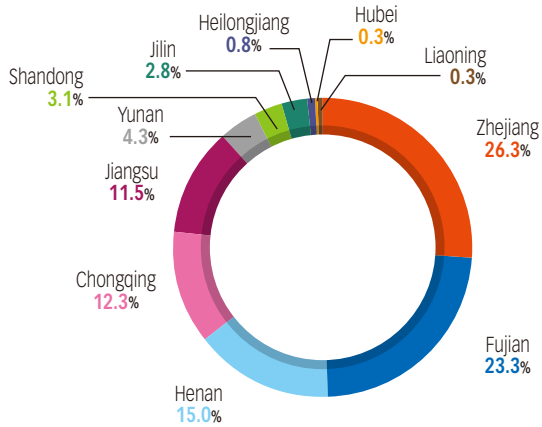
Percentage of contracted sales area by categories



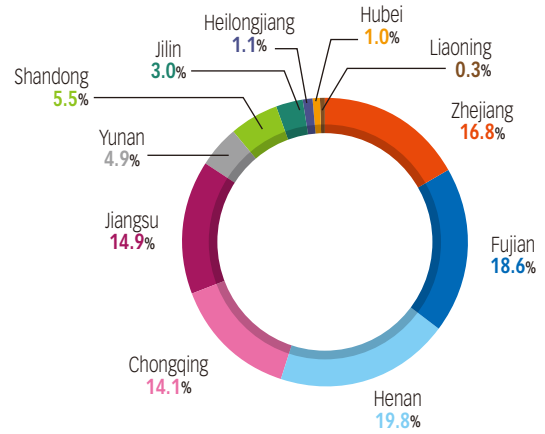
Contracted sales of the Group, by geographical location, were mainly from Zhejiang Province, Fujian Province and Henan Province. The contracted sales and contracted sales area were approximately RMB567 million, RMB503 million and RMB324 million, and approximately 50,000 sq.m., 56,000 sq.m. and 59,000 sq.m., respectively, accounting for 26.3%, 23.3% and 15.0%, and 16.8%, 18.6% and 19.8% of the total contracted sales amount and the total contracted sales area, respectively. Income source of the Group in terms of geographical locations became more balanced.

Region	Contracted sales amount		Contracted sales area	
	RMB million	Percentage (%)	'000 sq.m.	Percentage (%)
Zhejiang Province	567	26.3	50	16.8
Fujian Province	503	23.3	56	18.6
Henan Province	324	15.0	59	19.8
Chongqing Municipality	266	12.3	42	14.1
Jiangsu Province	248	11.5	44	14.9
Yunnan Province	93	4.3	14	4.9
Shandong Province	68	3.1	16	5.5
Jilin Province	60	2.8	9	3.0
Heilongjiang Province	17	0.8	3	1.1
Hubei Province	7	0.3	3	1.0
Liaoning Province	6	0.3	1	0.3
Total	2,160	100.0	299	100.0

Percentage of contracted sales amount by regions

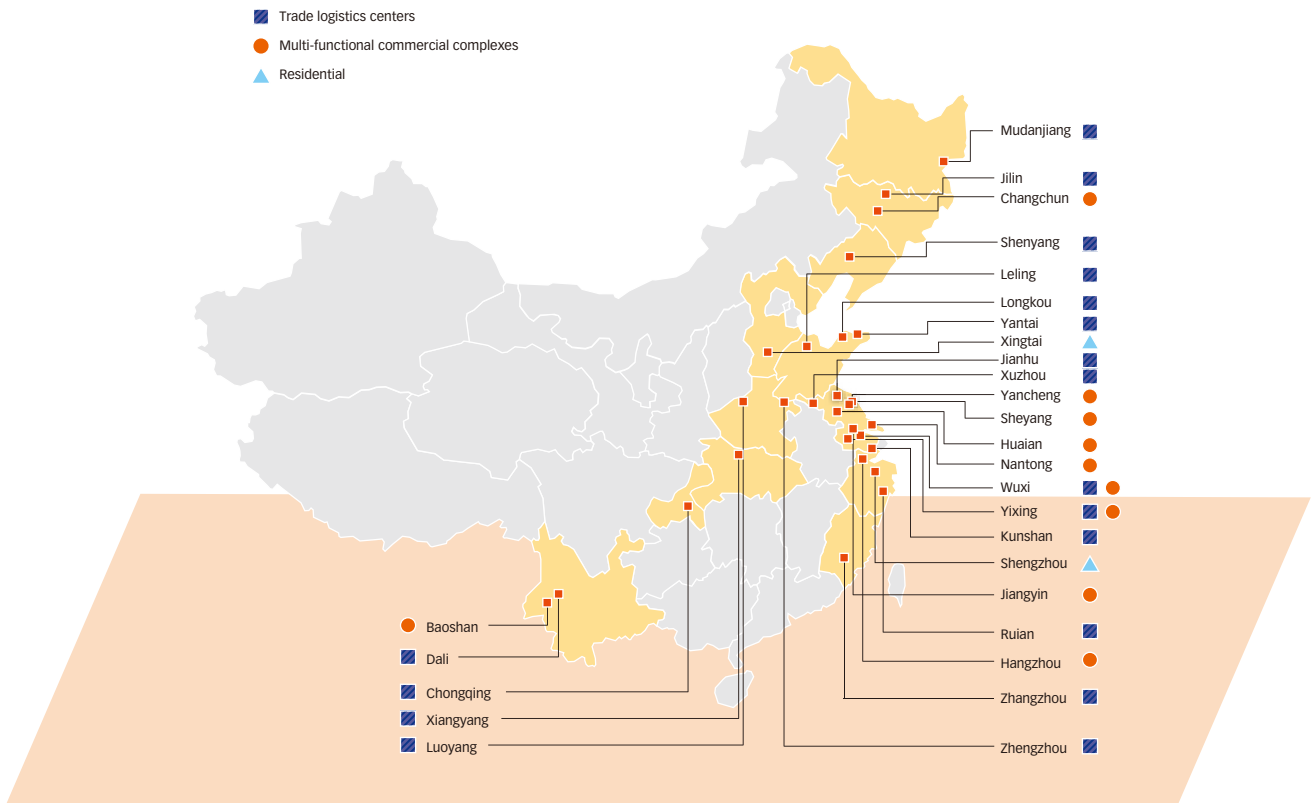


Percentage of contracted sales area by regions



II. Project development

As at 30 June 2017, the Group had 40 development projects in Jiangsu, Zhejiang, Shandong, Hubei, Yunnan, Heilongjiang, Jilin, Henan, Liaoning, Chongqing, Hebei and Fujian, including 23 trade logistics centers, 15 multi-functional commercial complexes and 2 residential projects.



Completed projects

During the period under review, the Group completed a total of 32 projects or project phases with a total gross floor area ("GFA") of approximately 5,323,000 sq.m., including approximately 3,032,000 sq.m. of GFA sold and delivered and approximately 841,000 sq.m. of GFA held for lease.

List of completed projects:

Project name	City	Category	Interests of the Company	Total GFA ('000 sq.m.)	Total saleable GFA ('000 sq.m.)	GFA sold ('000 sq.m.)	GFA held for sale ('000 sq.m.)	GFA held for lease ('000 sq.m.)
Jiangsu Province								
1	Wuxi	Wuzhou International Ornamental City	100%	392	340	236	4	100
2	Wuxi	Wuzhou International Industrial Exhibition City	100%	523	464	347	4	113
3	Wuxi	Wuzhou International Columbus Plaza	64.3%	212	168	108	2	58
4	Wuxi	Wuzhou International Chinese Food Culture Exposition City	62%	191	154	94	14	46
5	Wuxi	Meicun Wuzhou International Plaza	100%	54	40	19	-	21
6	Wuxi	Yangjian Wuzhou International Plaza	100%	142	105	69	18	18
7	Wuxi	New District Columbus Plaza	100%	91	71	40	8	23
8	Wuxi	Luoshe Wuzhou International Columbus Dragon City	100%	52	38	19	4	15
9	Jianhu	Jianhu Wuzhou International Trade City	100%	107	105	84	21	-
10	Yancheng	Yancheng Wuzhou International Plaza	100%	127	99	59	15	25
11	Huaian	Huaian Wuzhou International Plaza	100%	233	185	115	16	54
12	Nantong	Nantong Wuzhou International Plaza	51%	360	255	180	13	62
13	Jiangyin	Jiangyin Wuzhou International Plaza	90%	225	180	111	35	34
14	Yixing	Yixing Wuzhou International Huadong Trade City	100%	65	64	35	4	25
15	Sheyang	Sheyang Wuzhou International Plaza	100%	68	66	59	7	-
16	Wuxi	Qianzhou Wuzhou International Plaza	100%	74	59	16	4	39
17	Yixing	Yixing Wuzhou International Plaza	51%	35	35	26	9	-
Sub-total				2,951	2,428	1,617	178	633

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.)
Yunnan Province								
18 Dali Wuzhou International Trade City	Dali	Trade logistics center	100%	256	255	206	49	-
19 Baoshan Wuzhou International Plaza	Baoshan	Multi-functional commercial complex	70.5%	136	130	82	22	26
			Sub-total	392	385	288	71	26
Chongqing City								
20 Rongchang Wuzhou International Trade City	Chongqing	Trade logistics center	94%	276	274	134	55	85
			Sub-total	276	274	134	55	85
Hubei Province								
21 Xiangyang Wuzhou International Industrial Exhibition City	Xiangyang	Trade logistics center	100%	167	167	159	8	-
			Sub-total	167	167	159	8	-
Shandong Province								
22 Longkou Wuzhou International Trade City	Longkou	Trade logistics center	95%	114	101	43	33	25
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	33	5	-
			Sub-total	221	208	143	40	25
Zhejiang Province								
25 Hangzhou Wuzhou International Plaza	Hangzhou	Multi-functional commercial complex	100%	76	59	33	4	22
26 Ruian Wuzhou International Trade City	Ruian	Trade logistics center	100%	65	63	48	15	-
27 Leqing Wuzhou International Electrics & Electronic Appliance City	Leqing	Trade logistics center	100%	312	240	163	66	11
			Sub-total	453	362	244	85	33

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.)
Heilongjiang Province								
28 Mudanjiang Wuzhou International Industrial Exhibition City	Mudanjiang	Trade logistics center	100%	91	89	64	25	-
			Sub-total	91	89	64	25	-
Henan Province								
29 Luoyang Wuzhou International Industrial Exhibition City	Luoyang	Trade logistics center	51%	200	199	125	74	-
30 Zhengzhou Wuzhou International Industrial Exhibition City	Zhengzhou	Trade logistics center	100%	341	290	269	21	-
			Sub-total	541	489	394	95	-
Jilin Province								
31 Changchun Wuzhou International Plaza	Changchun	Trade logistics center	100%	164	161	119	2	40
			Sub-total	164	161	119	2	40
Liaoning Province								
32 Shenyang Wuzhou International Industrial Exhibition City	Shenyang	Trade logistics center	100%	69	68	64	4	-
			Sub-total	69	68	64	4	-
			Total	5,323	4,632	3,227	564	841

Projects under development

As at 30 June 2017, the Group had a total of 19 projects or project phases under development with a total planned GFA of 1,715,000 sq.m., including approximately 545,000 sq.m. of GFA pre-sold and approximately 418,000 sq.m. of GFA held for lease.

List of projects under development:

Project name	City	Category	Interests of the Company	Estimated construction completion date	Total GFA ('000 sq.m.)	Total saleable GFA ('000 sq.m.)	GFA pre-sold ('000 sq.m.)	GFA held for sale ('000 sq.m.)	GFA held for lease ('000 sq.m.)
Jiangsu Province									
1	Wuxi	Trade logistics center	100%	2017	34	26	-	26	-
Ornamental City Phase V Hall F									
2	Jiangyin	Multi-functional commercial complex	90%	2017	29	27	25	2	-
3	Yixing	Multi-functional commercial complex	51%	2017	82	57	11	46	-
4	Sheyang	Multi-functional commercial complex	100%	2017	66	63	36	27	-
5	Xuzhou	Trade logistics center	70%	2017	190	186	-	-	186
6	Kunshan	Trade logistics center	60%	2018	231	158	110	48	-
Sub-total					632	517	182	149	186
Yunnan Province									
7	Dali	Trade logistics center	100%	2017	87	85	-	-	85
8	Baoshan	Multi-functional commercial complex	70.5%	2017	73	55	19	36	-
Sub-total					160	140	19	36	85
Chongqing City									
9	Chongqing	Trade logistics center	94%	2017	7	7	-	7	-
Rongchang Wuzhou International Trade City Phase II									
10	Chongqing	Trade logistics center	66%	2017	61	60	40	20	-
Sub-total					68	67	40	27	-
Hubei Province									
11	Xiangyang	Trade logistics center	100%	2017	50	48	5	43	-
Xiangyang Wuzhou International Industrial Exhibition City									
Sub-total					50	48	5	43	-

Project name	City	Category	Interests of the Company	Estimated construction completion date	Total GFA ('000 sq.m.)	Total saleable GFA ('000 sq.m.)	GFA pre-sold ('000 sq.m.)	GFA held for sale ('000 sq.m.)	GFA held for lease ('000 sq.m.)	
Shandong Province										
12	Longkou Wuzhou International Trade City	Longkou	Trade logistics center	95%	2017	20	20	3	17	-
13	Yantai Wuzhou International Industrial Exhibition City (Fushan)	Yantai	Trade logistics center	95%	2017	75	68	18	50	-
					Sub-total	95	88	21	67	-
Zhejiang Province										
14	Ruian Wuzhou International Trade City	Ruian	Trade logistics center	100%	2017	171	143	35	10	98
					Sub-total	171	143	35	10	98
Henan Province										
15	Luoyang Wuzhou International Industrial Exhibition City	Luoyang	Trade logistics center	51%	2017	11	7	5	2	-
16	Zhengzhou Wuzhou International Industrial Exhibition City	Zhengzhou	Trade logistics center	100%	2017	124	118	104	14	-
					Sub-total	135	125	109	16	-
Jilin Province										
17	Changchun Wuzhou International Plaza	Changchun	Trade logistics center	100%	2017	112	72	-	72	-
					Sub-total	112	72	-	72	-
Liaoning Province										
18	Shenyang Wuzhou International Industrial Exhibition City	Shenyang	Trade logistics center	100%	2017	85	68	3	16	49
					Sub-total	85	68	3	16	49
Fujian Province										
19	Zhangzhou Wuzhou City	Zhangzhou	Trade logistics center	100%	2018	209	206	130	77	-
					Sub-total	209	206	130	77	-
					Total	1,715	1,474	545	511	418

Projects planned for future development

As at 30 June 2017, the Group had a total of 17 projects or project phases planned for future development, with a total planned GFA of approximately 4,148,000 sq.m.

List of projects planned for future development:

Project name	City	Category	Interests of the Company	Total GFA ('000 sq.m.)
Jiangsu Province				
1	Wuxi	Wuzhou International Industrial Exhibition City Product Exhibition Hall B and Building Complex	100%	144
2	Wuxi	Qianzhou Wuzhou International Plaza	100%	27
3	Sheyang	Sheyang Wuzhou International Plaza	100%	307
4	Yixing	Yixing Wuzhou International Huadong Trade City	100%	211
Sub-total				689
Chongqing City				
5	Chongqing	Rongchang Wuzhou International Trade City Phase II	94%	190
6	Chongqing	Wulong Wuzhou International Trade Logistics Park	55%	165
Sub-total				355
Yunnan Province				
7	Dali	Dali Wuzhou International Trade City Phase III	100%	917
Sub-total				917
Hubei Province				
8	Xiangyang	Xiangyang Wuzhou International Industrial Exhibition City Phase II	100%	512
Sub-total				512
Shandong Province				
9	Leling	Leling Wuzhou International Exhibition City	51%	414
10	Longkou	Longkou Wuzhou International Trade City	95%	100
Sub-total				514

Project name	City	Category	Interests of the Company	Total GFA ('000 sq.m.)
Heilongjiang Province				
11 Mudanjiang Wuzhou International Industrial Exhibition City	Mudanjiang	Trade logistics center	100%	221
			Sub-total	221
Henan Province				
12 Luoyang Wuzhou International Industrial Exhibition City	Luoyang	Trade logistics center	51%	64
			Sub-total	64
Jilin Province				
13 Jilin Wuzhou International Trade City	Jilin	Trade logistics center	51.01%	70
			Sub-total	70
Liaoning Province				
14 Shenyang Wuzhou International Industrial Exhibition City	Shenyang	Trade logistics center	100%	105
			Sub-total	105
Zhejiang Province				
15 Leqing Wuzhou International Electrics & Electronic Appliance City	Leqing	Trade logistics center	100%	273
16 Wuzhou International Tanshanfu	Shengzhou	Residential	51%	112
			Sub-total	385
Hebei Province				
17 Wuzhou International Yuecheng Tianxitai	Xingtai	Residential	51%	315
			Sub-total	315
			Total	4,148

III. Land bank

The Group considers that acquiring ample land bank at reasonable costs is crucial to the long term development and profitability of the Company. The Group 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. With the fluctuations in the wholesale market in China, we made the strategic decision to pause acquisitions of trade logistics projects during the period under review. Meanwhile, the Group explored suitable investment opportunities in residential development projects and acquired two such projects during the period under review.

As of 30 June 2017, the total planned GFA of land bank amounted to approximately 7,313,000 sq.m., including approximately 1,450,000 sq.m. for completed projects, approximately 1,715,000 sq.m. for projects under development and approximately 4,148,000 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 2017, 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	752	632	689	2,073
Yunnan Province	83	160	917	1,160
Zhejiang Province	194	171	385	750
Shandong Province	71	95	514	680
Hubei Province	12	50	512	574
Henan Province	196	135	64	395
Chongqing City	68	68	355	491
Hebei Province	–	–	315	315
Heilongjiang Province	33	–	221	254
Jilin Province	25	112	70	207
Liaoning Province	16	85	105	206
Fujian Province	–	209	–	209
Total	1,450	1,715	4,148	7,313

IV. Centralized operation, management and marketing

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

The Group develops and operates its trade logistics centers and multi-functional commercial complexes under the brands of “Wuzhou International” and “Columbus”. In order to unify the brand image of its specialized wholesale markets and multi-functional commercial complexes, its professional planning and marketing team is responsible for formulating the nation-wide promotion strategies and coordinating marketing activities. During the period under review, both the brand effect and visitor flow of its trade logistics centers and multi-functional commercial complexes recorded significant growth attributable to various marketing and promotion activities and sponsorship for a number of activities. Moreover, asset management, construction, design and operation capability of the Group were highly recognized in the industry. As a result, the brands “Wuzhou International” and “Columbus” were well-received in the places where the Group operates.

V. Outlook

Looking ahead to 2017, shrinkage of balance sheet and the start of interest rate hiking cycle will bring numerous uncertainties to the stability of China’s economy against the backdrop of macroeconomic stabilization. In the second half of 2017, signs of slowdown in property investment in China will be clearer as a result of tightening control over property market by the PRC government and increasing mortgage rates by banks, posing challenges to the operation of the Group.

Wuzhou International will continue to accelerate resources integration along the trade logistics industrial chain and build up the “service platform for trade logistics of the industrial chain”. In addition, the Group will continue to explore suitable investment opportunities in residential development projects to adapt changes of market demand and achieve growth in the business of the Company.

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 2017, turnover of the Group amounted to approximately RMB1,605 million, representing a decrease of 20.0% from approximately RMB2,006 million for the corresponding period in 2016.

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 22.6% to approximately RMB1,427 million for the six months ended 30 June 2017 from approximately RMB1,844 million for the corresponding period in 2016. This decrease was the combined effects of a decrease in total GFA sold and a decrease in the average selling price of properties sold to our customers.

Rental Income

Rental income generated from rental of investment properties decreased by 2.3% to approximately RMB59 million for the six months ended 30 June 2017 from approximately RMB60 million for the corresponding period in 2016. The decrease was primarily due to the weak demand of commercial properties.

Commercial Management Service Income and Property Management Service Income

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

Commercial management service income increased by 24.2% to approximately RMB57 million for the six months ended 30 June 2017 from approximately RMB46 million for the corresponding period in 2016. Property management service income increased by 431% to approximately RMB8 million for the six months ended 30 June 2017 from approximately RMB2 million for the corresponding period in 2016. The increase in commercial management service income was due primarily to an increase in the GFA of the properties operated and managed by us and an increase of projects with service income derived from 10% of the rental value of the properties, while the increase in property management service income was mainly due to expiration of a service contract with a supplier in Wuxi and that the operation of property management service was taken back by the Group for a project in Wuxi.

Property Consulting Service Income

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

Property consulting service income increased by 24.3% to approximately RMB31 million for the six months ended 30 June 2017 from approximately RMB25 million for the corresponding period in 2016. The increase in property consulting service income was primarily due to the increase in business volume of property consulting service in the period.

Gross Profit and Margin

Gross profit decreased by 28.0% to approximately RMB438 million for the six months ended 30 June 2017 from approximately RMB609 million for the corresponding period in 2016. Gross profit margin decreased to 27.3% for the six months ended 30 June 2017 from 30.3% for the corresponding period in 2016. The decrease in gross profit was in line with the decrease in the total revenue for the six months ended 30 June 2017 while the decrease in our gross margin was resulted from the change in product mix.

Other Income and Gain

Other income and gains increased by 85.3% to approximately RMB173 million for the six months ended 30 June 2017 from approximately RMB93 million for the corresponding period in 2016. Other income and gains mainly represented by foreign exchange gain, gains on disposal and acquisition of subsidiaries, interest income and certain non-recurring income and gains.

Selling and Marketing Expenses

Our selling and marketing expenses increased by 33.6% to approximately RMB156 million for the six months ended 30 June 2017 from approximately RMB117 million for the corresponding period in 2016. The increase was primarily due to an increase in general selling, marketing and advertising activities resulting from new developing projects where the Group was a new entrant in these markets.

Administrative Expenses

Our administrative expenses decreased by 11.1% to approximately RMB140 million for the six months ended 30 June 2017 from approximately RMB157 million for the corresponding period in 2016. This decrease was primarily due to the Group's policy of furthering the control of administrative expenses in the first half of 2017.

Finance Costs

Our finance costs increased by 106.7% to approximately RMB452 million for the six months ended 30 June 2017 from approximately RMB219 million for the corresponding period in 2016. This increase was primarily due to an increase in borrowings to finance the Group's business operation and development, which in turn increased the interest expenses.

Income Tax Expenses

Our income tax expenses decreased by 12.3% to approximately RMB175 million for the six months ended 30 June 2017 from approximately RMB200 million for the corresponding period in 2016. The change was primarily due to the decrease in corporate income tax and decrease in land appreciation tax in the first half of 2017.

Profit After Tax for the Period Attributable to Owners of the Company

Profit after tax for the period attributable to owners of the Company increased by 90.6% to approximately RMB101 million for the six months ended 30 June 2017 from approximately RMB53 million for the corresponding period in 2016. This increase was primarily due to the combined effects of decrease in gross profit and administrative expenses and increase in other income and gain, selling and marketing expenses, fair value of investment properties, finance costs in the first half of 2017 as compared to that in the same period of 2016. Our net profit margin was 6.3% for the period under review.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Cash Position

As at 30 June 2017, the Group's bank balances and cash (including restricted cash and pledged deposits) was approximately RMB2,161 million (31 December 2016: approximately RMB3,761 million), representing a decrease of 42.5% as compared to that as at 31 December 2016. 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 2017, the Group's restricted cash was approximately RMB88 million (31 December 2016: approximately RMB92 million).

Current Ratio and Gearing Ratio

As at 30 June 2017, the Group has a current ratio (being current assets over current liabilities) of approximately 1.10 compared to that of 1.04 as at 31 December 2016. The gearing ratio was 214.1% as at 30 June 2017 compared to that of 165.2% as at 31 December 2016. The gearing ratio was measured by net debt (aggregated bank loans and other borrowings, corporate bonds, 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, corporate bonds, senior and convertible notes) over total assets ratio was 43.6% as at 30 June 2017 (31 December 2016: 45.2%).

Borrowings and Charges on the Group's Assets

As at 30 June 2017, the Group had an aggregate interest-bearing bank and other borrowings, corporate bonds, senior and convertible notes of approximately RMB11,718 million. Amongst the bank and other borrowings, approximately RMB2,983 million will be within 1 year, approximately RMB2,622 million will be repayable between 2 to 5 years and approximately RMB191 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. Amongst the corporate bonds, approximately RMB529 million are repayable within 1 year and approximately RMB2,598 million are repayable between 2 to 5 years.

As at 30 June 2017, a substantial part of the bank and other borrowings were secured by land use rights and properties of the Group. The senior and convertible notes were jointly and severally guaranteed by certain subsidiary companies of the Group and secured by pledge of their shares. The bank and other borrowings and corporate bonds 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 2017, the Group had committed payment for the acquisition of land use rights of approximately RMB275 million (31 December 2016: RMB378 million) and the committed payment for properties under development amounting to approximately RMB3,173 million (31 December 2016: RMB2,672 million).

Contingent Liabilities

As at 30 June 2017, the Group had provided guarantees amounting to approximately RMB1,163 million (31 December 2016: approximately RMB1,235 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 2017 as the default risk is low.

Employees and Remuneration Policies

As at 30 June 2017, the Group had 2,189 employees, of which 845 employees were involved in the property development sector and 1,344 in the property operation services sector. Total staff costs, including directors' emoluments, for the six months ended 30 June 2017 amounted to approximately RMB63 million (six months ended 30 June 2016: approximately RMB109 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 2017, the total number of shares in respect of which options were granted under the Scheme remain outstanding were 29,345,141 shares.

INTERIM DIVIDEND

The Directors resolved that no interim dividend will be paid for the six months ended 30 June 2017 (six months ended 30 June 2016: nil).

Disclosure of Interests

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

As at 30 June 2017, 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 ⁽¹⁾	2,539,911,038	–	50.90%
Mr. Shu Cewan	Long position	Interest of controlled corporation ⁽¹⁾	2,539,911,038	–	50.90%
Dr. Song Ming	Long position	Personal	–	3,000,000 ⁽²⁾	0.06%
Mr. Lo Kwong Shun	Long position	Personal	–	500,000 ⁽²⁾	0.01%
Wilson					
Prof. Shu Guoying	Long position	Personal	–	500,000 ⁽²⁾	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: The relevant Director/chief executive was granted options to subscribe for such number of Shares under Scheme on 24 September 2013.

(ii) 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%

Save as disclosed above, as at 30 June 2017, 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.

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2017, so far as the Directors or chief executives of the Company were aware, the person(s) or institution(s) (other than Directors 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 2017
Boom Win	Beneficial interest ⁽¹⁾	2,539,911,038	50.90%
Sun Hongbing	Beneficial interest	1,112,112,000	22.29%
Pingan Real Estate Capital Limited ("Pingan Real Estate")	Beneficial interest ⁽³⁾	274,503,401 ⁽²⁾	5.50%
Ping An Real Estate Company Limited ("Ping An Co")	Interest of controlled corporation ⁽³⁾	274,503,401 ⁽²⁾	5.50%
Ping An Property & Casualty Insurance Company of China, Ltd. ("Ping An Property")	Interest of controlled corporation ⁽³⁾	274,503,401 ⁽²⁾	5.50%
Ping An Life Insurance Company of China, Ltd. ("Ping An Life Insurance")	Interest of controlled corporation ⁽³⁾	274,503,401 ⁽²⁾	5.50%
Ping An Insurance (Group) Company of China, Ltd. ("Ping An Group")	Interest of controlled corporation ⁽³⁾	316,734,693 ⁽²⁾	6.35%

DISCLOSURE OF INTERESTS

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 controlled as to 35% by Ping An Property and 49% 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 Property, 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 60.70% 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 2017, the Directors were not aware of any other persons (other than Directors or chief executives of the Company) 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

CORPORATE GOVERNANCE

During the six months ended 30 June 2017, the Company has complied with the code provisions set out in the “Corporate Governance Code and Corporate Governance Report” (the “CG Code”) contained in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) except for code provision A.4.1 and A.6.7.

Code provision A.4.1 of the CG Code stipulates that non-executive directors should be appointed for a specific term, subject to re-election. Mr. Wang Wei, the non-executive Director of the Company was not appointed for a specific term. The articles of association of the Company stipulates that every Director shall be subject to retirement by rotation and re-election at least once every three years. Therefore, in the opinion of the Board, this meets the objective of the CG Code.

Code provision A.6.7 of the CG Code stipulates that independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders. All independent non-executive Directors and the non-executive Director did not attend the annual general meeting of the Company held on 26 May 2017 since they had other business commitments that required their attendance.

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 2017 and all Directors confirmed that they have complied with the Model Code during the six months ended 30 June 2017.

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 risk management and internal control of the Company. As at the date of this report, the audit committee of the Company comprised three independent non-executive Directors, including Mr. Lo Kwong Shun Wilson, Dr. Song Ming and Prof. Shu Guoying, while Mr. Lo Kwong Shun Wilson was the chairman of the audit committee. The main responsibilities of the audit committee is to review important accounting policies, supervise the Company’s financial reporting processes, monitor the performance of the external auditor and the internal audit department, review and evaluate the effectiveness of the Company’s financial reporting procedures and risk management 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 reviewed the accounting policies and practices adopted by the Group and discussed, among other things, risk management and internal controls and financial reporting matters including a review of the unaudited interim results of the Group for the six months ended 30 June 2017.

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. As at the date of this report, the nomination committee comprised 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 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.

As at 30 June 2017, the total number of Shares in respect of which options were granted under the Scheme remained outstanding was 29,345,141 Shares, representing 0.59% of the total number of Shares in issue. For the six months ended 30 June 2017, 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 2,239,437 share options granted under the Scheme were cancelled.

The summary below set out the details of options outstanding as at 30 June 2017 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 2017	Granted during the period	Exercised during the period	Lapsed during the period	Cancelled during the period	Balance as at 30 June 2017
Directors									
Mr. Shu Cewan	24 September 2013	1.270	1.270	3,000,000	-	-	-	-	3,000,000 ^{Note}
Dr. Song Ming	24 September 2013	1.270	1.270	500,000	-	-	-	-	500,000 ^{Note}
Mr. Lo Kwong Shun Wilson	24 September 2013	1.270	1.270	500,000	-	-	-	-	500,000 ^{Note}
Prof. Shu Guoying	24 September 2013	1.270	1.270	500,000	-	-	-	-	500,000 ^{Note}
Other employees of the Group	24 September 2013	1.270	1.270	27,084,578	-	-	-	2,239,437	24,845,141 ^{Note}
Total				31,584,578	-	-	-	2,239,437	29,345,141

Note:

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 2017.

For and on behalf of the Board

Wuzhou International Holdings Limited

Shu Cecheng

Chairman

Hong Kong

31 August 2017

Unaudited Interim Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2017

	Notes	For the six months ended 30 June	
		2017 RMB'000 (Unaudited)	2016 RMB'000 (Unaudited)
REVENUE	5	1,605,348	2,005,884
Cost of sales		(1,167,235)	(1,397,291)
GROSS PROFIT		438,113	608,593
Other income and gains	5	172,737	93,197
Selling and marketing expenses		(156,476)	(117,163)
Administrative expenses		(139,984)	(157,485)
Other expenses		(8,656)	(76,246)
Increase in fair value of investment properties		401,192	151,678
Finance costs	6	(451,939)	(218,613)
Share of profits and losses of Associates		(4,475)	(4,300)
PROFIT BEFORE TAX	7	250,512	279,661
Income tax expense	8	(175,323)	(199,912)
PROFIT AFTER TAX FOR THE PERIOD		75,189	79,749
Attributable to:			
Owners of the parent		101,062	53,021
Non-controlling interests		(25,873)	26,728
		75,189	79,749
EARNINGS PER SHARE			
ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic (RMB cents)	10	1.51	1.06
Diluted (RMB cents)	10	1.51	1.06

Unaudited Interim Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2017

	Notes	For the six months ended 30 June	
		2017 RMB'000 (Unaudited)	2016 RMB'000 (Unaudited)
PROFIT FOR THE PERIOD		75,189	79,749
Other comprehensive income to be reclassified to profit or loss in subsequent periods (net of tax):			
Net gain on available-for-sale investments		6,652	–
Net other comprehensive income to be reclassified to profit or loss in subsequent periods (net of tax)		6,652	–
Other comprehensive income not to be reclassified to profit or loss in subsequent periods (net of tax):			
Fair value gain on investment properties transferred from property, plant and equipment		187,920	–
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods (net of tax)		187,920	–
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		269,761	79,749
Attributable to:			
Owners of the parent		228,067	53,021
Non-controlling interests		41,694	26,728
		269,761	79,749

Unaudited Interim Condensed Consolidated Statement of Financial Position

30 June 2017

	Notes	30 June 2017 RMB'000 (Unaudited)	31 December 2016 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		133,200	251,468
Investment properties	11	9,654,700	8,522,900
Prepaid land lease payments		673,391	761,085
Intangible assets		2,374	2,875
Long-term deferred expenses		843	1,114
Investments in associates		74,952	57,640
Available-for-sale investments		552,393	271,850
Deferred tax assets		211,495	187,196
Total non-current assets		11,303,348	10,056,128
CURRENT ASSETS			
Inventories		113	15,183
Properties under development		5,219,717	3,519,156
Completed properties held for sale		3,845,032	3,532,799
Trade receivables	12	44,680	46,451
Due from a related company	24	1,695	2,606
Due from a related party	24	8	630
Prepaid land lease payments		950,310	523,011
Prepayments, deposits and other receivables		2,822,479	1,691,598
Tax recoverable		160,127	75,208
Available-for-sale investments		368,807	246,275
Restricted cash	13	88,404	92,470
Pledged deposits	13	1,574,216	1,982,599
Cash and cash equivalents	13	498,735	1,685,744
Total current assets		15,574,323	13,413,730
CURRENT LIABILITIES			
Trade and bills payables	14	2,853,745	3,164,463
Due to a related company	24	19,950	–
Due to a related party	24	2,500	–
Other payables deposits received and accruals		1,400,662	1,179,277
Advances from customers		4,785,266	2,899,039
Derivative financial instruments	15	12,877	23,728
Convertible notes	17	709,240	684,840
Corporate bonds	19	528,857	508,689
Interest-bearing bank and other borrowings	16	2,982,880	3,494,704
Tax payable		922,332	914,134
Total current liabilities		14,218,309	12,868,874
NET CURRENT ASSETS		1,356,014	544,856
TOTAL ASSETS LESS CURRENT LIABILITIES		12,659,362	10,600,984

30 June 2017

	Notes	30 June 2017 RMB'000 (Unaudited)	31 December 2016 RMB'000 (Audited)
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	16	2,813,016	2,285,514
Senior notes	18	2,085,228	2,126,449
Corporate bonds	19	2,598,500	1,515,131
Deferred tax liabilities		699,457	523,595
Total non-current liabilities		8,196,201	6,450,689
NET ASSETS			
EQUITY			
Equity attributable to owners of the Parent			
Share capital	20	313,354	313,354
Reserves		3,567,015	3,331,205
Non-controlling interests		3,880,369	3,644,559
		582,792	505,736
TOTAL EQUITY		4,463,161	4,150,295

Unaudited Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2017

	Attributable to owners of the parent					Non-controlling interests RMB'000	Total equity RMB'000
	Share capital RMB'000	Share premium* RMB'000	Reserves* RMB'000	Retained profits* RMB'000	Total RMB'000		
As at 1 January 2017	313,354	1,299,010	476,175	1,556,020	3,644,559	505,736	4,150,295
Business combination	-	-	-	-	-	45,581	45,581
Total comprehensive income for the year	-	-	127,005	101,062	228,067	41,694	269,761
Acquisition of non-controlling interests	-	-	8,319	-	8,319	(10,219)	(1,900)
Equity-settled share option arrangements	-	-	(576)	-	(576)	-	(576)
As at 30 June 2017	313,354	1,299,010	610,923	1,657,082	3,880,369	582,792	4,463,161

* As at 30 June 2017, these reserve accounts comprised the total consolidated reserves of RMB3,567,015,000 (30 June 2016: RMB3,293,615,000) in the interim condensed consolidated statement of financial position.

	Attributable to owners of the parent					Non-controlling interests RMB'000	Total equity RMB'000
	Share capital RMB'000	Share premium* RMB'000	Reserves* RMB'000	Retained profits* RMB'000	Total RMB'000		
As at 1 January 2016	313,354	1,299,010	439,180	1,506,739	3,558,283	457,600	4,015,883
Total comprehensive income for the year	-	-	-	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)
As at 30 June 2016	313,354	1,299,010	434,845	1,559,760	3,606,969	484,782	4,091,751

Unaudited Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2017

	Notes	For the six months ended 30 June	
		2017 RMB'000	2016 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		250,512	279,661
Adjustments for:			
Finance costs	6	451,939	218,613
Share of profits and losses of associates		4,475	4,300
Interest income	5	(11,223)	(26,086)
Gain on acquisition of subsidiaries	5	(28,457)	–
Depreciation	7	7,943	9,439
Amortisation of intangible assets	7	421	470
Amortisation of long-term deferred expenses	7	271	536
Gain on disposal of items of property, plant and equipment		(424)	(578)
Write-down of properties under development and for sale to net realisable value	7	6,678	2,399
Gain on disposal of a subsidiary		(41,283)	(15,991)
Change in fair value of investment properties		(401,192)	(151,678)
Change in fair value of derivative financial instruments	5	(10,851)	2,216
Equity-settled share-based payment expenses	7	(576)	(881)
		228,233	322,420
Decrease/(increase) in inventories		15,070	(6,440)
(Increase)/decrease in properties under development and completed properties held for sale		(610,578)	567,582
Disposal of investment properties		1,139	16,119
Additions of long-term deferred expenses		–	(146)
Decrease/(increase) in trade receivables		1,771	(4,847)
Increase in prepayments, deposits and other receivables		(499,775)	(112,212)
(Increase)/decrease in prepaid land lease payments		(157,561)	32,661
Decrease in trade and bills payables		(130,999)	(396,267)
Decrease in restricted cash		4,066	101,266
Decrease in pledged deposits		9,584	193,333
(Decrease)/increase in other payables, deposits received and accruals		(52,093)	48,300
Increase/(decrease) in advances from customers		553,534	(472,139)
Cash from/(used in) operations		(637,609)	289,630
Interest received	5	11,223	26,086
Interest paid		(394,586)	(387,427)
Tax paid		(140,095)	(49,451)
Net cash flows used in operating activities		(1,161,067)	(121,162)

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2017

	Notes	For the six months ended 30 June	
		2017 RMB'000	2016 RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		(1,686)	(4,418)
Proceeds from disposal of items of property, plant and equipment		739	884
Proceeds of acquisition of subsidiaries	23	(377,465)	–
Purchase of available-for-sale investments		(395,000)	–
Investment in an associate		(20,000)	–
Increase in investment properties		(211,328)	(293,635)
Disposal of a subsidiary	22	49,960	99,997
Advances to related companies	24	(1,373)	(6,248)
Advances to a related party	24	(2,513)	–
Recovery of advances to related companies	24	497	1,400
Recovery of advances to a related party	24	3,135	–
Increase in prepayments, deposits and other receivables		(463,175)	–
Net cash flows used in investing activities		(1,418,209)	(202,020)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net proceeds from the issuance of corporate bonds	19	989,555	–
Effect of foreign exchange rate changes, net		(72,941)	51,804
Acquisition of non-controlling interests		–	(3,000)
Advances from related companies	24	99,529	–
Advances from a related party	24	2,500	–
Repayment of advances from related companies	24	(79,579)	–
Decrease/(increase) in pledged deposits		440,916	(598,815)
Proceeds from interest-bearing bank and other borrowings		1,694,867	3,160,811
Repayment of interest-bearing bank and other borrowings		(1,682,580)	(1,955,293)
Net cash flows generated from financing activities		1,392,267	655,507
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at beginning of period		(1,187,009)	332,325
		1,685,744	1,006,078
CASH AND CASH EQUIVALENTS AT END OF PERIOD			
		498,735	1,338,403
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		2,161,355	3,188,049
Less: Restricted cash		88,404	52,944
Pledged deposits		1,574,216	1,796,702
Cash and cash equivalents as at 30 June		498,735	1,338,403

Notes to Unaudited Interim Financial Information

30 June 2017

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 (the "Stock Exchange") 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.

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 2017 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 2016.

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 2016, except for the adoption of revised standards effective for the annual periods beginning on 1 January 2017. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

In the current interim period, the Group has applied, for the first time, the following 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 IAS 7: *Statement of Cash Flows: Disclosure Initiative*
- Amendments to IAS 12: *Income Taxes: Recognition of Deferred Tax Assets for Un-realised Losses*
- Annual Improvements 2012–2014 Cycle: *IFRS 12 Disclosure of Interests in Other Entities: Clarification of the scope of disclosure requirements in IFRS 12*

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.

30 June 2017

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 People’s Republic of China (the “PRC”) and no non-current assets of the Group are located outside the PRC.

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 2017 and 2016.

Six months ended 30 June 2017	Property development RMB'000	Property management and investment RMB'000	Others RMB'000	Adjustments and eliminations RMB'000	Consolidated RMB'000
Segment revenue					
Sales to external customers	1,427,060	124,677	59,574	(5,963)	1,605,348
Segment results	175,441	445,763	79,759	5,963	706,926
<i>Reconciliation:</i>					
Finance costs					(451,939)
Share of profits and losses of associates					(4,475)
Profit before tax					250,512
Other segment information					
Depreciation and amortisation	(6,525)	(745)	(1,365)	–	(8,635)
Increase in fair value of investment properties	–	401,192	–	–	401,192

30 June 2017

4. OPERATING SEGMENT INFORMATION (continued)

Six months ended 30 June 2016	Property development RMB'000	Property management and investment RMB'000	Others RMB'000	Adjustments and eliminations RMB'000	Consolidated RMB'000
Segment revenue					
Sales to external customers	1,844,323	107,868	59,902	(6,209)	2,005,884
Segment results	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
Other segment information					
Depreciation and amortisation	(7,319)	(1,406)	(1,720)	–	(10,445)
Increase in fair value of investment properties	–	151,678	–	–	151,678

30 June 2017

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 2017 and 2016.

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

	For the six months ended 30 June	
	2017 RMB'000	2016 RMB'000
Revenue		
Sale of properties	1,427,060	1,844,323
Rental income	58,592	59,988
Commercial management service income	57,150	46,019
Property consulting service income	30,660	24,671
Property management service income	8,364	1,575
Commissions from concessionaire sales	1,543	3,597
Others	21,979	25,711
	1,605,348	2,005,884
Other income		
Foreign exchange differences	76,782	–
Gain on disposal of a subsidiary (note 22)	41,283	15,991
Gain on acquisition of subsidiaries (note 23)	28,457	–
Interest income	11,223	26,086
Derivative instruments at fair value through profit or loss	10,851	–
Subsidy income	1,167	48,902
Gain on disposal of items of property, plant and equipment	549	636
Others	2,425	1,582
	172,737	93,197

6. FINANCE COSTS

An analysis of finance costs is as follows:

	For the six months ended 30 June	
	2017 RMB'000	2016 RMB'000
Interest on bank and other borrowings	231,410	222,296
Interest on senior notes	157,933	144,152
Interest on convertible notes	64,163	56,061
Interest on corporate bonds	113,982	–
Less: Interest capitalised	(115,549)	(203,896)
	451,939	218,613

30 June 2017

7. PROFIT BEFORE TAX

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

	For the six months ended 30 June	
	2017 RMB'000	2016 RMB'000
Cost of properties sold	1,111,991	1,352,473
Cost of property management service provided	339	440
Cost of property consulting service provided	4,196	3,000
Impairment loss recognised	6,678	2,399
Depreciation of items of property, plant and equipment	7,943	9,439
Amortisation of intangible assets	421	470
Amortisation of long-term deferred expenses	271	536
Direct operating expenses arising from rental earning properties and commercial management service provided	33,215	30,622
Employee benefit expense (including directors' remuneration):		
Wages and salaries	53,294	88,531
Pension scheme and social welfare	10,620	21,745
Equity-settled share-based payment expenses	(576)	(881)
Foreign exchange differences, net	(76,782)	62,946

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 2017.

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.

NOTES TO UNAUDITED INTERIM FINANCIAL INFORMATION

30 June 2017

8. INCOME TAX (continued)

	For the six months ended 30 June	
	2017 RMB'000	2016 RMB'000
Current tax:		
PRC corporate income tax	67,432	75,386
LAT	33,510	65,379
Deferred tax	74,381	59,147
Total tax charge for the period	175,323	199,912

9. DIVIDEND

The Board has resolved not to declare any interim dividend in respect of the six months ended 30 June 2017 (30 June 2016: Nil).

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	
	2017 RMB'000	2016 RMB'000
Earnings		
Profit attributable to ordinary equity holders of the parent used in the basic earnings per share calculation	101,062	53,021
Interest on convertible notes	–	–
Add: Fair value loss on the derivative component of the convertible notes	–	–
Profit attributable to ordinary equity holders of the parent before interest on convertible notes	101,062	53,021

	For the six months ended 30 June	
	2017	2016
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	4,990,259,914	4,990,259,914
Effect of dilution – weighted average number of ordinary shares: Convertible notes	–	–
	4,990,259,914	4,990,259,914

30 June 2017

11. INVESTMENT PROPERTIES

The Group's investment properties as at 30 June 2017 were valued by Savills Valuation and Professional Services Limited, independent professionally qualified valuers, at RMB9,654,700,000 (31 December 2016: RMB8,522,900,000) on an open market, existing use basis.

Certain of the Group's investment properties with an aggregate carrying value of approximately RMB7,397,660,000 as at 30 June 2017 (31 December 2016: RMB5,449,379,000) were pledged to secure general banking facilities granted to the Group (note 16).

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 in Mainland China. During the six months ended 30 June 2017 and 2016, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3.

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 2017	31 December 2016
Commercial properties	Income capitalisation method	Estimated rental value (per sq.m. and per month)	21 to 279	21 to 270
		Discount rate	4.13%	4.28%
Commercial properties under construction	Income capitalisation method	Estimated rental value (per sq.m. and per month)	22 to 80	24 to 74
		Discount rate	4.54%	4.92%

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

30 June 2017

12. TRADE RECEIVABLES

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

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

	30 June 2017 RMB'000	31 December 2016 RMB'000
Trade receivables:		
Less than 3 months	39,397	25,904
4 to 6 months	4,936	20,253
6 to 12 months	53	189
1 to 2 years	294	105
	44,680	46,451

13. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	30 June 2017 RMB'000	31 December 2016 RMB'000
Cash and bank balances	2,161,355	3,760,813
Less: Restricted cash	88,404	92,470
Pledged deposits	1,574,216	1,982,599
Cash and cash equivalents	498,735	1,685,744

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 2017 and 31 December 2016, such amounts of restricted cash amounted to RMB88,404,000 and RMB92,470,000, respectively.

As at 30 June 2017, bank deposits of RMB1,305,932,000 (31 December 2016: RMB1,746,848,000) were pledged as security for bank loans and other borrowings to secure banking or trust financing granted to the Group, or as collateral for issuance of bank acceptance notes.

30 June 2017

13. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS (continued)

At 30 June 2017 and 31 December 2016, 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.

14. TRADE AND BILLS PAYABLES

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

	30 June 2017 RMB'000	31 December 2016 RMB'000
Less than 1 year	1,956,101	2,472,956
Over 1 year	377,693	691,507
	2,333,794	3,164,463

15. DERIVATIVE FINANCIAL INSTRUMENTS

	30 June 2017 RMB'000	31 December 2016 RMB'000
Embedded derivatives in convertible notes	12,877	23,728

The derivative financial liabilities are reported at their fair values.

NOTES TO UNAUDITED INTERIM FINANCIAL INFORMATION

30 June 2017

16. INTEREST-BEARING BANK AND OTHER BORROWINGS

	30 June 2017			31 December 2016		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
Current						
Bank loans – secured	1.65–8.63	2018	1,450,228	1.45–8.90	2017	2,014,984
Other loans – secured	8.50–15.00	2018	256,000	9.00–15.00	2017	245,400
Current portion of long term bank loans – secured	5.00–11.80	2018	703,100	5.39–11.80	2017	774,320
Current portion of long term other loans – secured	8.80–14.50	2018	573,552	8.80–12.50	2017	460,000
			2,982,880			3,494,704
Non-current						
Bank loans – secured	5.39–11.80	2024	2,077,555	5.00–11.80	2024	1,475,514
Other loans – secured	9.00–12.50	2021	735,461	9.00–14.50	2019	810,000
			2,813,016			2,285,514
			5,795,896			5,780,218

The Group's borrowings are all denominated in RMB.

Analysed into

	30 June 2017 RMB'000	31 December 2016 RMB'000
Repayable within one year	2,982,880	3,494,704
Repayable in the second year	2,053,990	1,304,939
Repayable in the third to fifth years, inclusive	568,026	758,075
Repayable after five years	191,000	222,500
Subtotal	2,813,016	2,285,514
	5,795,896	5,780,218

30 June 2017

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

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 2017 RMB'000	31 December 2016 RMB'000
Property, plant and equipment	–	195,987
Investment properties	7,397,660	5,449,379
Prepaid land lease payments	133,789	173,259
Properties under development	169,772	979,289
Completed properties held for sale	986,435	857,111
Pledged deposits	1,305,932	1,746,848

On top of the pledges mentioned above, the Shu Brothers have guaranteed certain of the Group's bank loans up to RMB 2,876,983,000 (2016: RMB1,675,159,000) as at the end of the reporting period.

17. CONVERTIBLE NOTES

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

	30 June 2017 RMB'000	31 December 2016 RMB'000
Convertible Notes – Tranche 1 ("Tranche 1") – host debt	350,374	337,491
Convertible Notes – Tranche 2 ("Tranche 2") – host debt	358,866	347,349
	709,240	684,840

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 2017.

NOTES TO UNAUDITED INTERIM FINANCIAL INFORMATION

30 June 2017

18. 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.

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

	30 June 2017 RMB'000	31 December 2016 RMB'000
Carrying amount as at the beginning of the period/year	2,126,449	1,976,608
Exchange realignment	(57,258)	131,235
Interest expenses	157,933	291,205
Coupon paid	(141,896)	(272,599)
Carrying amount as at the end of the period/year	2,085,228	2,126,449

19. CORPORATE BONDS

On 19 August 2016, Wuxi Wuzhou Ornament City, an indirectly wholly-owned subsidiary of the Company, issued a non-public corporate bond of RMB500,000,000 for a term of three years with an annual coupon rate of 6.90% ("the first tranche Corporate Bonds"). At the end of the first and the second year subsequent to the inception date, Wuxi Wuzhou Ornament City as the issuer is entitled to adjust interest rate and the holders of the first tranche Corporate Bonds may at their options ("Options") sell back the bonds to Wuxi Wuzhou Ornament City in whole or in part at a price equal to 100% of the principal amount of the bond plus accrued and unpaid interest to the sold-back date.

On 19 September 2016, Wuxi Wuzhou Ornament City, issued a non-public corporate bond of RMB1,500,000,000 for a term of three years with an annual coupon rate of 7.40% ("the second tranche Corporate Bonds"). At the end of the second year subsequent to the inception date, Wuxi Wuzhou Ornament City as the issuer is entitled to adjust interest rate and the holders of the second tranche Corporate Bonds may at their options ("Options") sell back the bonds to Wuxi Wuzhou Ornament City in whole or in part at a price equal to 100% of the principal amount of the bond plus accrued and unpaid interest to the sold-back date.

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19. CORPORATE BONDS (continued)

On 18 January 2017, Wuxi Wuzhou Ornament City, issued a non-public corporate bond of RMB1,000,000,000 for a term of three years with an annual coupon rate of 7.30% ("the third tranche Corporate Bonds"). At the end of the second year subsequent to the inception date, Wuxi Wuzhou Ornament City as the issuer is entitled to adjust interest rate and the holders of the third tranche Corporate Bonds may at their options ("Options") sell back the bonds to Wuxi Wuzhou Ornament City in whole or in part at a price equal to 100% of the principal amount of the bond plus accrued and unpaid interest to the sold-back date.

The first tranche Corporate Bonds, the second tranche Corporate Bonds and the third Corporate Bonds recognised in the statement of financial position were calculated as follows:

	30 June 2017 RMB'000	31 December 2016 RMB'000
Carrying amount as at the beginning of the period/year	2,023,820	–
Additions during the period/year	989,555	1,974,865
Interest expenses during the period/year	113,982	48,955
Coupon paid	–	–
Carrying amount as at the end of the period/year	3,127,357	2,023,820
Less: Current portion	528,857	508,689
Non-current portion	2,598,500	1,515,131

20. SHARE CAPITAL

	30 June 2017 RMB'000	31 December 2016 RMB'000
Shares		
Issued and fully paid 4,990,259,914 (31 December 2016: 4,990,259,914) ordinary shares of US\$0.01 each	313,354	313,354

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 2016, 31 December 2016 and 30 June 2017	4,990,259,914	313,354	1,299,010	1,612,364

There was no movement in share capital during six months ended 30 June 2017 or year ended 31 December 2016.

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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.

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 2017, the Group recognised an expense in relation to the Awarded Shares granted to certain employees of the Group amounting to approximately RMB55,000 (six months ended 30 June 2016: RMB307,000) 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.

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21. SHARE-BASED PAYMENT TRANSACTIONS (continued)**(b) Share option scheme (continued)**

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

	For the six months ended 30 June			
	2017		2016	
	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	31,585	1.27	51,597
Granted during the period	1.27	–	1.27	–
Exercised during the period	1.27	–	1.27	–
Forfeited during the period	1.27	(2,240)	1.27	(8,243)
At 30 June		29,345		43,363

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

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Number of options '000	Exercise price HK\$ per share	Exercise period
4,031	1.27	14-9-24 to 17-9-23
10,849	1.27	15-9-24 to 17-9-23
14,465	1.27	16-9-24 to 17-9-23
29,345		

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

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21. SHARE-BASED PAYMENT TRANSACTIONS (continued)**(b) Share option scheme (continued)**

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 (six months ended 30 June 2016: Nil).

During the six months ended 30 June 2017, the Group reversed an expense in relation to the Share Option scheme granted to certain employees of the Group amounting to approximately RMB631,000 (six months ended 30 June 2016: RMB1,188,000).

22. DISPOSAL OF A SUBSIDIARY

	For the six months ended 30 June	
	2017 RMB'000	2016 RMB'000
Net assets disposed of:		
Deferred tax assets	13,120	–
Intangible assets	131	16
Property, plant and equipment	613	174
Properties under development	168,366	–
Prepayments, deposits and other receivables	22,737	84,852
Tax recoverable	2,087	–
Cash and bank balances	40	3
Trade and bills payables	(68,376)	(832)
Other payables, deposits received and accruals	(42,232)	(204)
Advances from customers	(87,769)	–
Total net assets	8,717	84,009
Gain on disposal of a subsidiary	41,283	15,991
Satisfied by cash	50,000	100,000

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22. DISPOSAL OF A SUBSIDIARY (continued)

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	
	2017 RMB'000	2016 RMB'000
Cash consideration	50,000	100,000
Cash and bank balances disposed of	(40)	(3)
Net inflow of cash and cash equivalents in respect of the disposal of a subsidiary	49,960	99,997

23. BUSINESS COMBINATION

On 16 January 2017, the Group acquired a 51% equity interest in Xingtai Yuecheng Property Development Co., Ltd ("Xingtai Yuecheng"), an unlisted company with a registered capital of RMB100,000,000 from Yuecheng Group Co., Ltd..The purchase consideration is RMB5,000,000 as at the acquisition date.

On 24 January 2017, the Group acquired a 100% equity interest in Jiangsu Wufeng Property Development Co., Ltd. ("Jiangsu Wufeng"), an unlisted company with a registered capital of RMB386,880,000 from Mr. Huang Qifeng, Lin Jianshan, Lin Yunzan, Taishun Kaizheng Investment Management Co., Ltd. and Suzhou Junzilan Construction Machinery Manufacturing Co., Ltd. The purchase consideration is RMB386,880,000 as at the acquisition date.

On 28 February 2017, the Group acquired a 55% equity interest in Chongqing Yishang Property Development Co., Ltd. ("Chongqing Yishang"), an unlisted company with a registered capital of RMB50,000,000 from Mr. Chen Meiqing. The purchase consideration is RMB1 as at the acquisition date.

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23. BUSINESS COMBINATION (continued)

Xingtai Yuecheng, Jiangsu Wufeng and Chongqing Yishang are mainly engaged in residential real estate development. The acquisition was made as part of the Group's strategy to develop in real estate business.

	Fair value recognised on acquisition RMB'000
Property, plant and equipment	2,622
Prepaid land lease payments	182,044
Properties under development	1,739,230
Prepayments and other receivables	190,668
Tax recoverable	39,655
Pledged deposits	42,117
Cash and bank balances	14,415
Trade and bills payables	(9,970)
Other payables and accruals	(305,401)
Advances from customers	(1,420,462)
Interest-bearing bank and other borrowings	(9,000)
	465,918
Non-controlling interests	(45,581)
Goodwill arising on acquisition (provisional)	(28,457)
Satisfied by cash	391,880

An analysis of the cash flows in respect of the acquisition of a subsidiary is as follows:

	RMB'000
Cash consideration	391,880
Cash and bank balances acquired	(14,415)
Net inflow of cash and cash equivalents	377,465

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24. 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
Henan Zhonghe Wuzhou Agriculture Logistics Co., Ltd. ("Henan Zhonghe")	Associated company
Ms. Qi Xueqing	Mr. Shu Cewan's wife
Mr. Shu Cezhang	Key management personnel

(2) Related party transactions

	For the six months ended 30 June	
	2017 RMB'000	2016 RMB'000
(i) Recovery of advances to related companies:		
– Wuxi Xiangjiang	497	194
– Wuzhou Investment	–	1,206
(ii) Recovery of advances to a related party:		
– Mr. Shu Cezhang	3,135	–
(iii) Advances to related companies:		
– Wuxi Xiangjiang	1,373	5,042
– Wuzhou Investment	–	1,206
(iv) Advances to a related party:		
– Mr. Shu Cezhang	2,513	–
(v) Advances from related companies:		
– Wuzhou Investment	54,713	–
– Boom Win	24,816	–
– Henan Zhonghe	20,000	–
(vi) Repayment of advances from related companies:		
– Wuzhou Investment	54,713	–
– Boom Win	24,816	–
– Henan Zhonghe	50	–
(vii) Advances from a related party:		
– Ms. Qi Xueqing	2,500	–

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24. RELATED PARTY TRANSACTIONS (continued)**(3) Outstanding balances with a related party**

	30 June 2017 RMB'000	31 December 2016 RMB'000
Due from a related party: Mr. Shu Cezhang	8	630
Due from a related company: Wuxi Xiangjiang	1,695	2,606
Due to a related party: Ms. Qi Xueqin	2,500	–
Due to a related company: Henan Zhonghe	19,950	–

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	
	2017 RMB'000	2016 RMB'000
Short term employee benefits	1,142	1,772
Equity-settled share-based payment expenses	(169)	(881)
Pension scheme contributions and social welfare	56	152
Total compensation paid to key management personnel	1,029	1,043

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25. 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 2017 RMB'000	31 December 2016 RMB'000
Within one year	114,984	96,115
In the second to fifth years, inclusive	419,971	359,561
After five years	758,929	848,508
	1,293,884	1,304,184

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 2017 RMB'000	31 December 2016 RMB'000
Within one year	391	2,621
In the second to fifth years, inclusive	2	1,065
Over five years	12	114
	405	3,800

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26. COMMITMENTS

In addition to the operating lease commitments as detailed in note 25 above, the Group had the following capital commitments at the end of the reporting period:

	30 June 2017 RMB'000	31 December 2016 RMB'000
Contracted, but not provided for:		
– Acquisition of land use rights	274,500	378,200
– Properties under development	3,172,552	2,672,179

27. CONTINGENT LIABILITIES

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

	30 June 2017 RMB'000	31 December 2016 RMB'000
Guarantees given to banks in connection with facilities granted to purchasers of the Group's properties	1,162,541	1,235,411

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.

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28. 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:

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	Loans and receivables RMB'000	Available- for-sale financial assets RMB'000	Total RMB'000
Financial assets			
Available-for-sale investments	–	921,200	921,200
Financial assets included in prepayments, deposits and other receivables	1,808,621	–	1,808,621
Trade receivables (note 12)	44,680	–	44,680
Due from a related company (note 24)	1,695	–	1,695
Due from a related party (note 24)	8	–	8
Restricted cash (note 13)	88,404	–	88,404
Pledged deposits (note 13)	1,574,216	–	1,574,216
Cash and cash equivalents (note 13)	498,735	–	498,735
	4,016,359	921,200	4,937,559
	Financial liabilities at fair value through profit or loss RMB'000	Financial liabilities at amortised cost RMB'000	Total RMB'000
Financial liabilities			
Trade and bills payables (note 14)	–	2,853,745	2,853,745
Due to a related company (note 24)	–	19,950	19,950
Due to a related party (note 24)	–	2,500	2,500
Financial liabilities included in other payables, deposits received and accruals	–	761,843	761,843
Derivative financial instruments (note 15)	12,877	–	12,877
Convertible notes (note 17)	–	709,240	709,240
Corporate bonds (note 19)	–	3,127,357	3,127,357
Interest-bearing bank loans and other borrowings (note 16)	–	5,795,896	5,795,896
Senior notes (note 18)	–	2,085,228	2,085,228
	12,877	15,355,759	15,368,636

NOTES TO UNAUDITED INTERIM FINANCIAL INFORMATION

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28. FINANCIAL INSTRUMENTS (continued)**31 December 2016**

	Loans and receivables RMB'000	Available for-sale financial assets RMB'000	Total RMB'000
Financial assets			
Available-for-sale investments	–	518,125	518,125
Financial assets included in prepayments, deposits and other receivables	217,323	–	217,323
Trade and bills receivables (note 12)	46,451	–	46,451
Due from a related company (note 24)	2,606	–	2,606
Due from a related party (note 24)	630	–	630
Restricted cash (note 13)	92,470	–	92,470
Pledged deposits (note 13)	1,982,599	–	1,982,599
Cash and cash equivalents (note 13)	1,685,744	–	1,685,744
	4,027,823	518,125	4,545,948
Financial liabilities			
	Financial liabilities at fair value through profit or loss RMB'000	Financial liabilities at amortised cost RMB'000	Total RMB'000
Trade and bills payables (note 14)	–	3,164,463	3,164,463
Financial liabilities included in other payables, deposits received and accruals	–	589,643	589,643
Derivative financial instruments (note 15)	23,728	–	23,728
Convertible notes (note 17)	–	684,840	684,840
Corporate bonds (note 19)	–	2,023,820	2,023,820
Interest-bearing bank loans and other borrowings (note 16)	–	5,780,218	5,780,218
Senior notes (note 18)	–	2,126,449	2,126,449
	23,728	14,369,433	14,393,161

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29. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of interest-bearing bank loans and other borrowings approximate to their carrying amounts largely due to the fact that these borrowings are made between the Group and independent third-party financial institutions based on prevailing market interest rates.

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 once a year for 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.