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

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 01369)

ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2018

FINANCIAL HIGHLIGHTS

— For the six months ended 30 June 2018, the turnover of the Group amounted to approximately RMB1,477 million, representing a decrease of 8.0% from approximately RMB1,605 million for the corresponding period in 2017.

— Revenue derived from property development decreased by 9.7% to approximately RMB1,289 million for the six months ended 30 June 2018.

— Gross profit decreased by 5.0% to approximately RMB416 million for the six months ended 30 June 2018 from approximately RMB438 million for the corresponding period in 2017.

— Loss after tax for the period attributable to owners of the Company approximately RMB3,211 million for the six months ended 30 June 2018 compared with profit after tax for the period attributable to owners of the Company approximately RMB107 million for the corresponding period in 2017.

The board (the "**Board**") of directors (the "**Directors**") of Wuzhou International Holdings Limited (the "**Company**" or "**Wuzhou International**") announces the unaudited financial results of the Company and its subsidiaries (the "**Group**") for the six months ended 30 June 2018 together with comparative figures for the corresponding period in 2017, as follows:

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2018

		For the six months ended 30 June	
		2018	2017
	Notes	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited and restated)
Revenue	*6*	**1,477,383**	1,605,348
Cost of sales		**(1,061,383)**	(1,167,235)
Gross profit		**416,000**	438,113
Other income		**11,919**	181,606
Distribution and selling expenses		**(106,770)**	(156,476)
Administrative expenses		**(190,785)**	(139,984)
Change in investment at fair value through profit or loss		**(166,878)**	401,192
Other expenses		**–**	(8,656)
Finance costs	*7*	**(680,195)**	(451,939)
Share of result of associates		**(40,918)**	(4,475)
Loss on disposal of subsidiaries		**(424,554)**	–
Change in fair value of investment properties		**(893,909)**	–
Impairment loss on various assets		**(940,456)**	–
(Loss)/profit before tax		**(3,016,546)**	259,381
Income tax expenses	*8*	**(133,904)**	(177,540)
(Loss)/profit for the period	*9*	**(3,150,450)**	81,841
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Fair value gain on investment properties transferred from property, plant and equipment (net of tax)		**–**	187,920
Total comprehensive (loss)/income for the period		**(3,150,450)**	269,761

	Notes	For the six months ended 30 June **2018** ***RMB'000*** **(Unaudited)**	 2017 *RMB'000* (Unaudited and restated)
(Loss)/profit for the period attributable to:			
Owners of the Company		**(3,211,222)**	107,714
Non-controlling interests		**60,772**	(25,873)
		(3,150,450)	81,841
Total comprehensive (loss)/income for the period attributable to:			
Owners of the Company		**(3,211,222)**	228,067
Non-controlling interests		**60,772**	41,694
		(3,150,450)	269,761
(Loss)/earnings per share	*11*	***RMB cents***	*RMB cents*
Basic and diluted		**(64.35)**	2.16

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 30 June 2018

	Notes	**At 30 June 2018 *RMB'000* (Unaudited)**	At 31 December 2017 *RMB'000* (Audited and restated)
Non-current assets			
Property, plant and equipment		**150,542**	165,260
Investment properties	*12*	**7,307,994**	9,474,999
Goodwill		**–**	59,633
Intangible assets		**338**	723
Investments in associates		**289,680**	71,405
Investments in a joint venture		**87,126**	87,126
Investments at fair value through profit or loss		**11,626**	755,805
Long-term deferred expenses		**1,783**	2,048
Deferred tax assets		**–**	262,583
Prepayments, deposits and other receivables		**–**	90,592
Pledged deposit		**–**	90,000
		7,849,089	11,060,174
Current assets			
Inventories		**616**	479
Properties for sale under development		**2,837,155**	3,215,751
Properties held for sale		**4,214,980**	3,490,315
Trade receivables	*13*	**303,592**	169,080
Prepayments, deposits and other receivables		**2,713,666**	2,056,509
Prepaid land lease payments		**350,321**	2,283,575
Investments at fair value through profit or loss		**1,381,780**	804,479
Restricted bank balances		**296,934**	165,302
Pledged deposits		**158,486**	1,236,199
Bank and cash balances		**394,576**	363,494
		12,652,106	13,785,183

	Notes	At 30 June 2018 RMB'000 (Unaudited)	At 31 December 2017 RMB'000 (Audited and restated)
Current liabilities			
Trade and bills payables	*14*	**2,889,198**	2,714,582
Contract liabilities		**3,147,208**	3,443,466
Accruals and other payables		**2,504,777**	2,082,782
Borrowings		**2,811,508**	3,244,992
Convertible notes		**435,655**	596,021
Senior notes		**2,085,748**	2,041,538
Corporate bonds		**1,976,983**	1,906,473
Current tax liabilities		**776,924**	842,122
		16,628,001	16,871,976
Net current liabilities		**(3,975,895)**	(3,086,793)
Total assets less current liabilities		**3,873,194**	7,973,381
Non-current liabilities			
Borrowings		**1,778,222**	2,359,727
Corporate bonds		**1,099,803**	1,063,303
Deferred tax liabilities		**410,853**	764,454
		3,288,878	4,187,484
NET ASSETS		**584,316**	3,785,897
Capital and reserves			
Share capital		**313,354**	313,354
Reserves		**(92,142)**	2,936,057
Equity attributable to owners of the Company		**221,212**	3,249,411
Non-controlling interests		**363,104**	536,486
TOTAL EQUITY		**584,316**	3,785,897

NOTES TO UNAUDITED INTERIM FINANCIAL INFORMATION

For 30 June 2018

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability. The address of its head office and principal place of business is located at Unit 5105, 51/F, The Center, 99 Queen's Road Central, Hong Kong. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") and have been suspended for trading shares since 3 September 2018.

The Company is an investment holding company. During the year, the Group, comprising the Company and its subsidiaries, was principally involved in property development, property investment and the provision of property management services in the People's Republic of China (the "**PRC**").

2. BASIS OF PREPARATION

These condensed financial statements have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" issued by the International Accounting Standards Board (the "**IASB**") and the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

These condensed financial statements should be read in conjunction with the 2017 annual financial statements. The accounting policies and methods of computation used in the preparation of these condensed financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2017 except as stated below.

(a) Financial assets

Financial assets are recognised and derecognised on a trade date basis where the purchase or sale of an asset is under a contract whose terms require delivery of the asset within the timeframe established by the market concerned, and are initially recognised at fair value, plus directly attributable transaction costs except in the case of investments at fair value through profit or loss. Transaction costs directly attributable to the acquisition of investments at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets of the Group are classified under the following categories:

— Financial assets at amortised; and

— Investments at fair value through profit or loss.

(i) Financial assets at amortised cost

Financial assets (including trade and other receivables) are classified under this category if they satisfy both of the following conditions:

— the assets are held within a business model whose objective is to hold assets in order to collect contractual cash flows; and

— the contractual terms of the assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

They are subsequently measured at amortised cost using the effective interest method less loss allowance for expected credit losses.

(ii) *Investments at fair value through profit or loss*

Financial assets are classified under this category if they do not meet the conditions to be measured at amortised cost and the conditions of debt investments at fair value through other comprehensive income unless the Group designates an equity investment that is not held for trading as at fair value through other comprehensive income on initial recognition.

Investments at fair value through profit or loss are subsequently measured at fair value with any gains or losses arising from changes in fair values recognised in profit or loss. The fair value gains or losses recognised in profit or loss are net of any interest income and dividend income. Interest income and dividend income are recognised in profit or loss.

Loss allowances for expected credit losses

The Group recognises loss allowances for expected credit losses on financial assets at amortised cost. Expected credit losses are the weighted average of credit losses with the respective risks of a default occurring as the weights.

At the end of each reporting period, the Group measures the loss allowance for a financial instrument at an amount equal to the expected credit losses that result from all possible default events over the expected life of that financial instrument ("lifetime expected credit losses") for trade receivables, contract assets and lease receivables, or if the credit risk on that financial instrument has increased significantly since initial recognition.

If, at the end of the reporting period, the credit risk on a financial instrument (other than trade receivables and contract assets) has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to the portion of lifetime expected credit losses that represents the expected credit losses that result from default events on that financial instrument that are possible within 12 months after the reporting period.

The amount of expected credit losses or reversal to adjust the loss allowance at the end of the reporting period to the required amount is recognised in profit or loss as an impairment gain or loss.

Revenue from contracts with customers

Revenue is measured based on the consideration specified in a contract with a customer with reference to the customary business practices and excludes amounts collected on behalf of third parties. For a contract where the period between the payment by the customer and the transfer of the promised product or service exceeds one year, the consideration is adjusted for the effect of a significant financing component.

The Group recognises revenue when it satisfies a performance obligation by transferring control over a product or service to a customer. Depending on the terms of a contract and the laws that apply to that contract, a performance obligation can be satisfied over time or at a point in time. A performance obligation is satisfied over time if:

(a) the customer simultaneously receives and consumes the benefits provided by the Group's performance;

(b) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

(c) the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If a performance obligation is satisfied over time, revenue is recognised by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the product or service.

On 4 July 2018, the Company announced among other things that (i) an event of default had occurred and was continuing under the indenture agreement dated 26 September 2013 for the issuance of the US$300,000,000 13.75% Senior Notes Due 2018 (the "**Notes**"), (ii) the Group has defaulted on principal repayments of certain loans and received notices from its creditors demanding early repayment or declaring certain loans to be immediately due and payable, and (iii) certain creditors had initiated litigations against the Company and/or its subsidiaries in the PRC.

On 10 August 2018, it was further announced that the Group had been experiencing going concern issues as it was not in a position to settle those of its financial liabilities which have fallen due.

On 2 September 2018, the Company announced that the publication of the interim results for the six months period ended 30 June 2018, and the despatch of the corresponding interim report would be delayed. On 3 September 2018, trading in the shares of the Company on the Stock Exchange was suspended at the request of the Company.

On 17 September 2018, the Company announced that it has formed a special investigation committee to investigate certain suspected transfers of equity interest of subsidiaries which had not been approved by the board of directors of the Company (the "**Board**") (the "**Suspected Unapproved Transfers**"). Subsequently, an independent advisor was engaged to perform an independent review into the Suspected Unapproved Transfers.

By way of letters dated 13 November 2018 and 16 October 2019, the Stock Exchange imposed the following Resumption Guidance for the Company:

(i) Publish all outstanding financial results and address any audit modifications;

(ii) Conduct an appropriate investigation into the Suspected Unapproved Transfers, announce findings and take appropriate remedial actions;

(iii) Demonstrate its compliance with Rule 13.24 of the Listing Rules;

(iv) Inform the market of all material information for shareholders and investors to appraise the Company's position;

(v) Demonstrate the Company has in place adequate internal controls and procedures to comply with the Listing Rules;

(vi) Demonstrate that there is no reasonable regulatory concern about management integrity and/or the integrity of any persons with substantial influence over the Company's management and operations, which will pose a risk to investors and damage market confidence; and

(vii) Demonstrate that all directors of the Company meet a standard of competence commensurate with their position as directors of a listed issuer to fulfil duties of skill, care and diligence as required under Rules 3.08 and 3.09 of the Listing Rules.

On 5 December 2019, due to a pending litigation with 無錫五洲國際裝飾城有限公司 (Wuxi Wuzhou International Ornamental City Co., Ltd), a subsidiary of the Company, the accounting books and records of the subsidiary has been held in custody by the court under an execution order.

The Company received a letter (the "**Letter**") from the Stock Exchange on 13 March 2020, the Listing Committee of the Stock Exchange (the "**Listing Committee**") decided to cancel the Company's listing under listing rules (the "**Delisting Decision**"). It is indicated in the Letter that, if the Company decides not to request the Delisting Decision be referred to the Listing Review Committee of the Stock Exchange for review pursuant the listing rules, the last day of listing of the shares of the Company would be on 27 March 2020, and the listing of the shares of the Company would be on 30 March 2020.

On 24 March 2020, the Company has submitted a request to the Listing Review Committee for review of the Delisting Decision pursuant to the Listing Rules.

The Company, together with its professional advisors, is taking steps to implement the Group's restructuring and is preparing a submission to the Listing Review Committee.

Pursuant to the sale and purchase agreement dated 25 December 2017 entered into between the Group and an independent third party purchaser, the purchaser agreed to purchase and the Group agreed to sell 100% equity interest in Xuyi Wuzhou Property Co., Ltd* 盱眙五洲國際置業有限公司 (the "**Disposal Company**") in an aggregate consideration of RMB350,000,000. However, the disposal was terminated during the year 2018, the assets and liabilities comprising the disposal company classified as held for sale are in changes in the consolidated amounts reported in the consolidated financial statements as follows:

	2017
	RMB'000
Property, plant and equipment	54
Properties held for sale under development	171,074
Investment properties	504,500
Intangible assets	103
Trade receivables	4,623
Prepayments, deposits and other receivables	58,158
Bank and cash balances	17,275
Assets held for sale	(755,787)
Trade and bills payables	(141,953)
Accruals and other payables	(350,388)
Contract liabilities	(48,145)
Borrowings	(4,900)
Deferred tax liabilities	(44,904)
Liabilities directly associated with assets held for sale	590,290

3. GOING CONCERN BASIS

The Group incurred a loss attributable to owners of the Company of RMB3,211,222,000 for the six months ended 30 June 2018 and as at 30 June 2018 the Group had net current liabilities of RMB3,975,895,000 respectively. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

The consolidated financial statements have been prepared on a going concern basis on the basis that the restructuring of the Group will be successfully completed, and that, following the restructuring, the Group will continue to meet in full its financial obligation as they fall due in the foreseeable future.

The directors are therefore of the opinion that it is appropriate to prepare the consolidated financial statements on a going concern basis. Should the Group be unable to continue as a going concern, adjustments would have to be made to the consolidated financial statements to adjust the value of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively.

4. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current period, the Group has adopted all the new and revised International Financial Reporting Standards ("**IFRSs**") issued by the International Accounting Standards Board that are relevant to its operations and effective for its accounting year beginning on 1 January 2018. IFRSs comprise International Financial Reporting Standards ("**IFRS**"); International Accounting Standards ("**IAS**"); and Interpretations. The adoption of these new and revised IFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's financial statements and amounts reported for the current period and prior years except as stated below.

A. IFRS 9 (2014) "Financial Instruments"

Available-for-sale investments are now classified as investments at fair value through profit or loss.

IFRS 9 (2014) has been applied retrospectively and resulted in changes in the consolidated amounts reported in the consolidated financial statements as follows:

	31 December 2017 *RMB'000*	1 January 2017 *RMB'000*
At 31 December 2017:		
Decrease in available-for-sale investments	**(1,547,984)**	(518,125)
Increase in investments at fair value through profit or loss	**1,547,984**	518,125
Decrease in available-for-sale investments reserves	**(1,932)**	(2,422)
Increase in retained profits	**1,932**	2,422
For the year ended 31 December 2017:		
Increase in other income	**2,677**	
Increase in income tax expenses	**(745)**	
Decrease in other comprehensive income	**(1,932)**	
Increase in EPS (cents)	**0.04**	

B. IFRS 15 "Revenue from Contracts with Customers"

IFRS 15 has been applied retrospectively and resulted in changes in the consolidated amounts reported in the consolidated financial statements as follows:

	31 December 2017 *RMB'000*	1 January 2017 *RMB'000*
Increase in contract liabilities	**3,443,466**	2,899,039
Decrease in advances from customers	**(3,443,466)**	(2,899,039)

5. SEGMENT INFORMATION

The Group has three reportable 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, property consulting services and investing in properties for their rental income potential and/or for capital appreciation; and

(c) the "others" segment engages in department store operation and providing consulting services.

The Group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology and marketing strategies.

The accounting policies of the operating segments are the same as those described in note 4 to the financial statements. Segment profits or losses do not include finance costs, dividend income and share of results of associates and joint venture. Segment assets do not include investments at fair value through profit or loss and interests in associates and a joint venture as these assets are managed on a group basis.

The Group accounts for intersegment sales and transfers as if the sales or transfers were to third parties, i.e. at current market prices.

Information about reportable segments' profit or loss, assets and liabilities:

	Property development	**Property management and investment**	**Others**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Six months ended 30 June 2018				
Revenue from external customers	**1,288,979**	**181,083**	**7,321**	**1,477,383**
Segment loss	**(1,367,216)**	**(42,435)**	**(885,781)**	**(2,295,432)**
Income tax expenses	**(128,133)**	**(4,153)**	**(1,618)**	**(133,904)**
Other material non-cash items:				
Change in fair value of investment properties	**–**	**(893,909)**	**–**	**(893,909)**
Depreciation	**(1,426)**	**(577)**	**(96)**	**(2,099)**
Six months ended 30 June 2017				
Revenue from external customers	1,427,060	124,677	53,611	1,605,348
Segment profit	175,441	445,763	85,722	706,926
Finance costs				(451,939)
Share of results of associates				(4,475)
Income tax expense				
Other material non-cash items:				
Impairment of assets				401,192
Additions to segment non-current assets				72,201
Depreciation	(6,525)	(745)	(1,365)	(8,635)

6. REVENUE

Revenue, represents income from the sale of properties, commercial management service income, property management service income, property consulting service income and rental income during the period, after deduction of allowances for returns and discounts.

	For the six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
Sale of properties	**1,288,979**	1,427,060
Commercial management service income	**108,169**	57,150
Property consulting service income	**9,274**	30,660
Property management service income	**10,057**	8,364
Others	**7,321**	23,522
Revenue from contracts with customers	**1,423,800**	1,546,756
Rental income	**53,583**	58,592
	1,477,383	1,605,348

Disaggregation of revenue from contracts with customers:

2018	**Property development**	**Property management and investment**	**Others**	**Total**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***
Major products/service				
Properties	**1,288,979**	**–**	**–**	**1,288,979**
Commercial management service	**–**	**108,169**	**–**	**108,169**
Property consulting service	**–**	**9,274**	**–**	**9,274**
Property management service	**–**	**10,057**	**–**	**10,057**
Department store operation and providing consulting services	**–**	**–**	**7,321**	**7,321**
	1,288,979	**127,500**	**7,321**	**1,423,800**
Timing of revenue recognition				
At a point in time	**1,288,979**	**–**	**–**	**1,288,979**
Over time	**–**	**127,500**	**7,321**	**134,821**
	1,288,979	**127,500**	**7,321**	**1,423,800**

All revenue generated by the Group were derived from the PRC.

2017	Property development *RMB'000*	Property management and investment *RMB'000*	Others *RMB'000*	Total *RMB'000*
Major products/service				
Sale of properties	1,427,060	–	–	1,427,060
Commercial management service income	–	57,150	–	57,150
Property consulting service income	–	30,660	–	30,660
Property management service income	–	8,364	–	8,364
Department store operation and providing consulting services	–	–	23,522	23,522
	1,427,060	96,174	23,522	1,546,756
Timing of revenue recognition				
At a point in time	1,427,060	–	–	1,427,060
Over time	–	96,174	23,522	119,696
	1,427,060	96,174	23,522	1,546,756

All revenue generated by the Group were derived from the PRC.

Sales of properties

The Group develops and sells properties to the customers. Sales of a contract are recognised when control of the property has transferred, being when the customer obtains the physical possession or the legal title of the completed property and the Group has present right to payment and the collection of the consideration is probable.

Provision management and consulting service

The Group provides management and consulting service to the customers. Management and consulting fee income is recognised when the management and consulting service is rendered and there is no unfulfilled obligation that could affect the customer's acceptance of the service.

7. FINANCE COSTS

	For the six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
Interest expenses on borrowings	**468,187**	231,410
Interest expenses on senior notes	**139,738**	157,933
Interest expenses on convertible notes	**26,630**	64,163
Interest expenses on corporate bonds	**107,010**	113,982
	741,565	567,488
Less: Amount capitalised	**(61,370)**	(115,549)
	680,195	451,939

8. INCOME TAX

	For the six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
PRC Enterprise Income Tax	**5,756**	67,432
PRC LAT	**–**	33,510
	5,756	100,942
Deferred tax	**128,148**	74,381
	133,904	175,323

No provision for Hong Kong Profits Tax has been made for the six months ended 30 June 2018 as the Group did not generate any assessable profits arising in Hong Kong during that period (2017: Nil).

Tax charge on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

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 LAT effective from 1 January 1994, and the Detailed Implementation Rules on the Provisional Regulations of the PRC on LAT effective from 27 January 1995, all income from the sale or transfer of state-owned leasehold interest on land, buildings and their attached facilities in Mainland China is subject to LAT at progressive rates ranging from 30% to 60% of the appreciation value except for those permitted otherwise under the respective laws and regulations, 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.

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

9. (LOSS)/PROFIT FOR THE PERIOD

The Group's (loss)/profit for the year is stated after charging/(crediting) the following:

	For the six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
Total cost of sales	**1,059,871**	1,116,526
Depreciation	**1,620**	7,943
Amortisation of intangible assets	**161**	421
Amortisation of long-term deferred expenses	**318**	271
Staff costs (including directors' remuneration):		
Salaries, bonus and allowances	**45,156**	53,294
Pension and social welfare	**2,273**	10,620
Equity-settled share-based payment expenses	**–**	(576)

10. DIVIDENDS

The Directors do not recommend the payment of any dividend for the six months ended 30 June 2018 (2017: Nil).

11. (LOSS)/EARNINGS PER SHARE

Basic (loss)/earnings per share

The calculation of basic loss per share attributable to owners of the Company is based on the loss for the period of approximately RMB3,211,222,000 (2017: a profit RMB107,714,000) attributable to owners of the Company and the weighted average number of 4,990,259,914 (2017:4,990,259,914) ordinary shares in issue during the period.

Diluted (loss)/earnings per share

The effects of all potential ordinary shares are anti-dilutive for the six months ended 30 June 2018 and 30 June 2017.

12. INVESTMENT PROPERTIES

The Group's investment properties were revalued at 30 June 2018 and 2017 on an open market value basis by reference to valuation performed by Savills Valuation (2017: Savills Valuation and Yinxin Assets Appraisal Co., Limited), an independent firm of chartered surveyors. Valuations were based on capitalisation of net income derived from the existing tenancies with allowance for the reversionary income potential of the properties. The investment properties are leased to third parties under operating leases.

At 30 June 2018, certain of the Group's investment properties with an aggregate carrying amount of RMB4,657,115,000 (2017: RMB4,371,495,000) are pledged to secure general facilities granted to the Group.

13. TRADE RECEIVABLES

	30 June 2018 *RMB'000*	31 December 2017 *RMB'000*
Trade receivables	**342,517**	169,080
Less: impairment losses	**(38,925)**	–
	303,592	169,080

Trade receivable

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 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 approximate to their fair values.

The following is an aging analysis of trade receivables, net of allowance for doubtful debts, presented based on the invoice date at the end of the reporting period:

	30 June 2018 *RMB'000*	31 December 2017 *RMB'000*
0 to 90 days	**294,771**	99,197
91 to 180 days	**7,447**	69,409
181 to 365 days	**1,374**	235
1 to 2 years	**–**	239
	303,592	169,080

14. TRADE AND BILLS PAYABLES

An aging analysis of the trade payables at the end of the reporting period, based on invoice dates, is as follows:

	30 June 2018 *RMB'000*	31 December 2017 *RMB'000*
Within 1 year	**2,463,331**	2,602,993
Over 1 year	**425,867**	111,589
	2,889,198	2,714,582

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Contracted Sales

During the six months ended 30 June 2018, the Group recorded contracted sales and contracted sales area of RMB1,289 million and 190,311 sq.m. respectively representing a decrease of 76% and 69% respectively as compared to the six months ended 30 June 2017 (the six months ended 30 June 2017: RMB2,160 million: 299,000 sq.m.).

Project development

As at 30 June 2018, the Group had 14 development projects in Jiangsu, Zhejiang, Shangdong, Hubei, Yunnan, Heilongjing, Jilin, Chongqing, Hebei, Fujian, including 9 trade logistics centers, 2 multi-functional commercial complexes and 3 residential projects.

Completed projects

During the six months ended 30 June 2018, the Group completed a total of 18 projects or project phases with a gross floor area ("**GFA**") of approximately 1,118,093 sq.m.

Projects under development

As at 30 June 2018, the Group had a total of 17 projects or project phases under development with a total planned GFA of 1,070,571 sq.m.

Projects planned for future developments

As at 30 June 2018, the Group had a total of 16 projects or project phases planned for future development, with a total planned GFA of approximately 3,028,712 sq.m.

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. During the period under review, the Group was committed to securing a land bank at the regions we operate, while actively exploring and developing other regions, allowing the Group to expand its land bank nationwide.

As of 30 June 2018, the total planned GFA of land bank amounted to approximately 680,085 sq.m..

Centralised Operation, Management and Marketing

Most of the purchasers of our retail stores entered into exclusive operation and management agreements with the Group, pursuant to which the Group received management service income from the purchasers for managing and handling 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, planning and 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 trade logistics centers and multi-functional commercial complexes, its professional planning and marketing team is responsible for formulating the nation-wide promotion strategies and coordinating marketing activities. After years of effort that included delivering high quality of products and successful brand strategy, the 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 those places where the Group operates.

FINANCIAL REVIEW

Revenue

Our revenue is derived from sale of properties, rental income, commercial and property management service income and property consulting service income after deduction of allowances for returns and trade discounts.

Revenue decreased by RMB128 million from RMB1,605 million for the six months ended 30 June 2017 to RMB1,477 million for the six months ended 30 June 2018. The decrease in revenue was due to the decrease in revenue from all business segments.

Gross Profit and Margin

Gross profit decreased by RMB22 million to RMB416 million for the six months ended 30 June 2018 as compared to RMB438 million for the six months ended 30 June 2017. Meanwhile, gross profit margin also decreased to 28% for the six months ended 30 June 2018 as compared to 27% for the six months ended 30 June 2017. The decrease in gross profit and gross profit margin were the net effects of lower construction costs and change in product mix.

Other Income

Other income decreased by RMB161 million to RMB12 million for the six months ended 30 June 2018 as compared to RMB182 million for the six months ended 30 June 2017. The decrease in other income was mainly due to the decrease in foreign exchange gain, gain on disposal of subsidiaries and fair value gain of investments for the six months ended 30 June 2018 as compared to the six months ended 30 June 2017. Other income recorded during the six months ended 30 June 2018 comprised of subsidy income, interest income, and certain non-recurring income and gains.

Selling and Distribution Expenses

Selling and distribution expenses decreased by RMB49 million or 31% from RMB156 million for the six months ended 30 June 2017 to RMB107 million for the six months ended 30 June 2018 mainly due to a decrease in general selling, marketing and advertising activities during the financial period under review.

Administrative Expenses

Administrative expenses increased by RMB51 million from RMB140 million for the six months ended 30 June 2017 to RMB191 million for the six months ended 30 June 2018 mainly due to the increase in foreign exchange losses during the period under review.

Finance Costs

Finance costs increased by RMB228 million from RMB452 million for the six months ended 30 June 2017 to RMB680 million for the six months ended 30 June 2018 mainly to the increase in interest on bank borrowings as a result of late payment interest during the period under review.

Income Tax Expenses

The Group recorded income tax expenses of RMB133 million for the six months ended 30 June 2018 as compared to income tax expenses of RMB175 million for the six months ended 30 June 2017. The income tax expenses was mainly due to provision for income tax, corporate income tax and land appreciation tax.

Profit for The Year Attributable to Owners of The Company

The Group recorded a substantial loss of RMB3,211 million for the six months ended 30 June 2018 as compared to profit of RMB107 million for the six months ended 30 June 2017. The increase of losses was mainly due to the combined effects of the increase in administrative expenses, finance costs, fair value loss of investments properties, loss on disposal of subsidiaries.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Cash Position

As at 30 June 2018, the Group's bank balances and cash (including restricted cash and pledged deposits) was RMB850 million (31 December 2017: RMB1,765 million), representing a decrease of 51.8% as compared to that as at 31 December 2017. A portion of our cash are restricted bank deposits that are restricted for use of property development. The restricted bank deposits will be released upon completion of the development of the relevant properties in which such deposits is related to. As at 30 June 2018, the Group's restricted cash was RMB297 million (31 December 2017: RMB165 million), representing an increase of 80.0% as compared to that as at 31 December 2017.

Current Ratio and Gearing Ratio

As at 30 June 2018, the Group has current ratio (being current assets over current liabilities) of 0.76 compared to that of 0.82 as at 31 December 2017. The gearing ratio was 1,598.1% as at 30 June 2018 as compared to that of 247.1% as at 31 December 2017. The gearing ratio was measured by net debts (aggregated interest-bearing bank 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 interest-bearing bank and other borrowings, corporate bonds, senior and convertible notes) over total assets ratio was 49.7% as at 30 June 2018 as compared to that of 45.1% as at 31 December 2017.

Borrowings and Charges on the Group's Assets

As at 30 June 2018, the Group had an aggregate interest-bearing bank and other borrowings, senior and convertible notes and corporate bonds of RMB4.6 billion (2017: RMB5.6 billion) and RMB5.6 billion (2017: RMB5.6 billion), respectively. Amongst the interest bearing bank and other borrowings, RMB2.8 billion (2017: RMB3.2 billion) will be repayable within 1 year, RMB1.7 billion (2017: RMB2.0 billion) will be repayable between 2 to 5 years, RMBnil (2017: RMB360 million) will be repayable after 5 years. (The senior notes are repayable within 1 year and convertible notes are redeemable on or after 30 September 2017.) Amongst the corporate bonds, RMB1.9 billion (2017: RMB1.9 billion) are repayable within 1 year and RMB1.0 billion (2017: RMB1.1 billion) are repayable between 2 to 5 years.

As at 30 June 2018, a substantial part of the interest-bearing 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 subsidiaries of the Group and secured by pledged of their shares. The interest-bearing bank and other borrowings and corporate bonds were denominated in RMB while the senior and convertible notes were denominated in U.S. Dollar.

Exchange Rate Risk

The Group mainly operates in the PRC. 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 minimising 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.

Commitments

As at 30 June 2018, the Group had committed payment for properties under development amounting to RMB2.1 billion (2017: RMB2.0 billion) and there is no committed payment for the acquisitions of land use rights (2017: RMB130.0 million).

Contingent Liabilities

As at 30 June 2018, the Group had (i) the share of a joint venture's contingent liabilities of RMB23 million (2017: RMB23 million) arising from litigations; and (ii) provided guarantees amounting to RMB1.4 billion (2017: RMB1.5 billion) 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 loan together with accrued interests thereon and any penalty owed by the defaulting purchasers to banks. The Group is then entitled to take over the legal title of the relevant 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 recognised in the financial statements for the six months ended 30 June 2018 as the default risk is low.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Save for transactions disclosed below, the Group did not have any significant investments, acquisitions or disposals of subsidiaries, associates and joint ventures during the six months ended 30 June 2018.

On 12 April 2018, Shenzhen AnChuang Investment Management Limited* (深圳安創投資管理有限公司) ("**Investor I**"), Lasa Economic Shengrui Asset Management Company * (拉薩經濟技術開發區盛瑞資產管理有限公司) ("**Investor II**"), Wuxi Wuzhou Ornament City Co., Ltd * (無錫五洲國際裝飾城有限公司) ("**Wuxi Wuzhou Ornament City**"), Dali Wuzhou International Trade City Co., Ltd. * (大理五洲國際商貿城有限公司) ("**Dali Wuzhou**") and Mr. Shu Cecheng, Mr. Shu Cewan, Ms. Zhu Lijuan and Ms. Qi Xueqin as the guarantors entered into a cooperation agreement whereby the parties agreed that, among others (i) Investor I and Investor II shall inject RMB267,450,000 and RMB178,300,000 respectively, as capital injection into Dali Wuzhou; and (ii) Investor I and Investor II shall provide RMB120,000,000 and RMB80,000,000 respectively, as shareholders' loan to Dali Wuzhou. Please refer to the announcement of the Company dated 12 April 2018 for further details.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

As at 30 June 2018, the Group had no material capital commitments and no future plans for material investments or capital assets.

EVENTS AFTER THE REPORTING PERIOD

Save for the events disclosed below, no major subsequent event has occurred since the end of the six months ended 30 June 2018 up to 30 September 2018. Please also refer to the Company's annual reports 2018 and 2019 for the events subsequent to 30 September 2018.

On 7 August 2018, Mr. Zhu Yongqiu, Mr. Shen Xiaowei and Ms. Cai Qiaoling have been appointed as an executive Director, Mr. Liu Chaodong has been appointed as an independent non-executive Director and Mr. Zhou Chen has been re-designated from an independent non-executive Director to and executive Director. On the even date, Mr. Zhou Chen has been replaced by Mr. Liu Chaodong as the chairman of the audit committee. Please refer to the announcement of the Company dated 7 August 2018.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2018, the Group had approximately 1,207 employees. Total staff costs (including Directors' emoluments) for the six months ended 30 June 2018 amounted to RMB47 million (2017: RMB63 million). Remuneration is determined by reference to the performance, skills, qualifications and experiences of the staff concerned and according to the prevailing industry practice. In addition to salary payments, other staff benefits include contribution to 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.

INTERIM DIVIDEND

The Directors resolved that no interim dividend will be paid for the six months ended 30 June 2018 (2017: nil).

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the six months ended 30 June 2018, 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 provisions 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 1 June 2018 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 2018 and all Directors confirmed that they have complied with the Model Code during the six months ended 30 June 2018.

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 announcement, the audit committee of the Company comprised three independent non-executive Directors, including Mr. Zhou Chen, Dr. Song Ming and Prof. Shu Guoying, while Mr. Zhou Chen 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, the financial reporting matters including a review of the unaudited interim results of the Group for the six months ended 30 June 2018.

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 2018.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This results announcement is published on the website of the Stock Exchange (www.hkexnews.hk) and the Company (www.wz-china.com). The interim report of the Company for the six months ended 30 June 2018 containing all the information required by the Listing Rules will be dispatched to the Company's shareholders and published on the above websites in due course.

CONTINUED SUSPENSION OF TRADING OF THE SHARES

Trading in the shares of the Company on the Stock Exchange was suspended with effect from 9:00 a.m. on 3 September 2018 and will remain suspended until further notice.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

By order of the Board
Wuzhou International Holdings Limited
Shen Xiaowei
Executive Director and Chief Executive Officer

Hong Kong, 18 August 2020

As at the date of this announcement, the Board comprises four executive Directors, being Mr. Shen Xiaowei (Chief Executive Officer), Mr. Zhu Yongqiu, Ms. Cai Qiaoling and Mr. Zhou Chen, and three independent non-executive Directors, being Dr. Song Ming, Prof. Shu Guoying and Mr. Liu Chaodong.