



# RENHE

Renhe Commercial Holdings Company Limited

*(incorporated in the Cayman Islands with limited liability)*

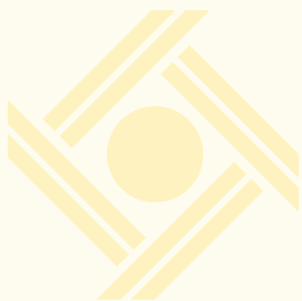
Stock Code : 1387

## Interim Report 2015



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# Corporate Information

## DIRECTORS

### Executive Directors

Dai Yongge (Chairman)  
Wang Hongfang (Chief Executive Officer)  
Hu Yuzhou  
Dai Bin  
Zhou Jun

### Non-Executive Directors

Hawken Xiu Li  
Jiang Mei  
Zhang Xingmei  
Zhang Dabin  
Wang Chunrong

### Independent Non-Executive Directors

Fan Ren-Da, Anthony  
Wang Shengli  
Wang Yifu  
Leung Chung Ki  
Tang Hon Man

## AUDIT COMMITTEE

Fan Ren-Da, Anthony (Chairman)  
Wang Shengli  
Wang Yifu

## REMUNERATION COMMITTEE

Wang Shengli (Chairman)  
Dai Yongge  
Wang Yifu

## NOMINATION COMMITTEE

Wang Shengli (Chairman)  
Dai Yongge  
Wang Yifu

## AUTHORISED REPRESENTATIVES

Wang Hongfang  
Hung Fan Kwan FCPA, FCCA

## COMPANY SECRETARY

Hung Fan Kwan FCPA, FCCA

## AUDITORS

KPMG  
Certified Public Accountants

## REGISTERED OFFICE

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

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suites 603-606, One International Finance Centre  
1 Harbour View Street  
Central  
Hong Kong

## CHINA OFFICE

No. 29 Mei Shun Street  
Nangang District  
Harbin, Heilongjiang  
China 150001

## HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited  
Shops 1712-1716  
17th Floor, Hopewell Centre  
183 Queen's Road East  
Wanchai  
Hong Kong

## STOCK CODE

The Stock Exchange of Hong Kong Limited: 1387

## SENIOR NOTES

Singapore Stock Exchange Short Name:  
RENHECOMMUS\$300M13%N160310R,  
RENHECOMMUS\$300M13%N160310A  
ISIN Code: USG75004AB07, US75972CAB54

## INVESTOR RELATIONS

Company Website: [www.renhebusiness.com](http://www.renhebusiness.com)  
Email: [ir@renhe.com.hk](mailto:ir@renhe.com.hk)



# Chairman's Statement

On behalf of the board of directors (the "Board") of Renhe Commercial Holdings Company Limited (the "Company", together with its subsidiaries, collectively the "Group"), I report to all shareholders on the unaudited results for the six months ended 30 June 2015.

The commercial property sector is still facing different kinds of challenges in 2015, which include over-supply of newly built commercial property space, as well as the weakened Chinese economy and domestic consumption power. All these contribute to the challenging environment for rental and sales business within the commercial property sector. Under this strong headwind, the rental income of the Group has recorded a certain level of decrease during the first half of 2015 compared to the same period last year.

With the successful completion of the tender offer of our senior notes (the "Tender Offer") and the rights issue at the beginning of year 2015, the Group was able to improve our capital structure. Furthermore, the Group announced on 9 June 2015 the very substantial acquisition and connected transaction in relation to the entire issued share capital of Yield Smart Limited (the "Target Company") which was ultimately controlled by a connected party of the Group's controlling shareholder (the "Acquisition"). The Target Company engages in the operation of agricultural products wholesale markets. It operates 8 markets in 6 different cities in China. The Acquisition is very meaningful to the Group's future business strategies. It enables the Group to get into the Chinese agriculture sector quickly, and utilizing the abundant off-line resources, the Group targets to develop the largest agri-product e-commerce trading platform in China.

## OUTLOOK

In respect of the existing underground shopping mall business, the Group will continue to actively enhance the operation of our existing underground shopping malls, and will thrive to improve the rental income. The Group will also explore business opportunities which can create synergies with the newly acquired agri-product e-commerce trading platform.

In respect of the newly acquired agricultural product business, the Group is positive and confident on its future business opportunities. The agriculture sector in China is huge and is one of the most supported industry by the Chinese government. According to the statistics released by the Ministry of Agriculture of the PRC, the wholesale trading value of agriculture products in 2013 amounted to RMB3.7 trillion. The entire value chain of the Chinese agriculture sector has enormous potential business opportunities. The Agri-e-commerce model will become the trend based on the development trajectory of the existing agriculture value-chain in China. The e-commerce and supply chain business will become the new income source for the China agriculture sector. Through the Acquisition which includes the mature off-line agri-product wholesale markets as well as the user resources which are of high quality, the Group will seize the opportunity to establish an agri-product e-commerce trading platform. The Group will invite and work with third-party strategic partners to build the largest and the truly O2O agri-product trading platform which combines trading, warehousing and storage, logistics and integrated services functions, to serve all the players, from farmers to consumers, along the value-chain.

Lastly, I would like to thank all members of the Board for their positive inputs, and our shareholders and business partners for their full support and trust in us. I would also like to thank the management and all employees for their team work and commitment. On behalf of the Board, I sincerely thank various local governments for their support in the past, and contribution towards the success of our business.

**Dai Yongge**

*Chairman*

27 August 2015

# Management Discussion and Analysis

## FINANCIAL REVIEW

### Revenue

For the six months ended 30 June 2015, the Group recorded a consolidated revenue of approximately RMB243.4 million (for the six months ended 30 June 2014: RMB274.8 million), representing a decrease of about 11.4% when compared with that of last corresponding period. Operating lease income decreased by 8.5% to RMB243.4 million in this period as compared to RMB266.0 million last period while the Company did not record any revenue from transfer of operation rights as compared to RMB8.8 million in last corresponding period.

	<b>For the six months ended 30 June 2015 RMB'000</b>	For the six months ended 30 June 2014 RMB'000	Change RMB'000	Change %
Operating lease	<b>243,385</b>	265,967	(22,582)	(8.5)
Transfer of operation rights	–	8,820	(8,820)	(100.0)
Revenue	<b>243,385</b>	274,787	(31,402)	(11.4)

### Operation Rights Transfer

Revenue generated from transfer of operation rights was recognized when the significant risks and rewards of the operation rights have been transferred to the buyers. For the six months ended 30 June 2015, the Company did not record any revenue from transfer of operation rights as compared to RMB8.8 million in the same period last year. Transfer in last period comprised 386 square meters ("sq.m") of Jinzhou Project and 58 sq.m of Harbin Phase 6 Project.

### Operating Lease

As we derive all our operating lease income from the lease of space in our shopping centres, our operating lease income for a given period depends primarily on the following factors: (i) the gross floor area ("GFA") of shops available for leasing during the period; and (ii) the average rental of shops during the period. For the six months ended 30 June 2015, operating lease income decreased by 8.5% to RMB243.4 million from RMB266.0 million last corresponding period. The decrease was mainly attributed to the drop in rental income in Shenyang projects. The keen competition among the operators of shopping malls adversely affected our occupancy rates.

### Cost of Sales

Cost of sales of the Group decreased by 100% to RMB Nil for the six months ended 30 June 2015 from RMB6.8 million in the last corresponding period, as there is no transfer of operating rights in this period.





## Management Discussion and Analysis

### Gross Profit

Without any transfer of operation rights, gross profit decreased to RMB243.4 million for the six months ended 30 June 2015 from RMB268.0 million in the last corresponding period. The gross profit margin of this period solely represented the margin of rental income, which was 100%. In last period, the gross profit margin was 97.5%, comprising margin of rental income of 100% and margin of transfer of operation rights of 23.4 %.

### Net Valuation Loss on Investment Properties

The net valuation loss on investment properties was RMB818.9 million as compared to RMB914.3 million last corresponding period. The Company incurred net valuation loss which was mainly due to the expected further delay in completing the projects under construction. The net valuation loss after deducting the related deferred tax and non-controlling interest was RMB640.8 million as compared to net loss of RMB679.6 million last corresponding period.

### Other Income

Other income decreased to RMB44.2 million for the six months ended 30 June 2015 from RMB50.9 million in the last corresponding period which was mainly attributed to the decrease in income from providing property management services.

### Administrative Expenses

Administrative expenses increased by 102.6% to RMB393.1 million for the six months ended 30 June 2015 from RMB194.1 million in the last corresponding period which was mainly due to the increase in staff cost, professional expenses and bad debts expenses.

### Other Operating Expenses

Other operating expenses decreased by 39.9% to RMB93.5 million for the six months ended 30 June 2015 from RMB155.5 million in the last corresponding period which was mainly due to the decrease in staff cost, utilities and repair and maintenance expenses.

### Finance Income

Finance income increased to RMB584.2 million for the six months ended 30 June 2015 from RMB99.2 million in the last corresponding period as a result of gain of RMB547.4 million from repurchase of senior notes during the period.

### Finance Expenses

Finance expenses increased by 29.0% to RMB274.0 million for the six months ended 30 June 2015 from RMB212.4 million in the last corresponding period.

## Management Discussion and Analysis

### Investment Properties

Investment properties, either completed or under construction, are revalued in accordance with the valuation report prepared by BMI Appraisals Limited, a professional firm of professional surveyors. The analysis of investment properties as at 30 June 2015 and 31 December 2014 is as follows:

	<b>30 June 2015</b>	31 December 2014	Change	Change
	<b>RMB'million</b>	RMB'million	RMB'million	%
Completed projects	<b>16,069.6</b>	16,083.7	(14.1)	(0.1)
Projects under construction	<b>9,571.4</b>	10,114.3	(542.9)	(5.4)
Total	<b>25,641.0</b>	26,198.0	(557.0)	(2.1)

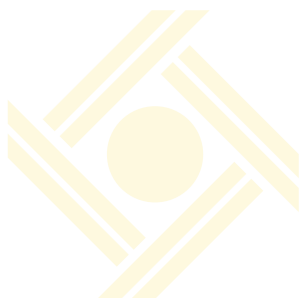
The total value of investment properties decreased by 2.1% to RMB25,641.0 million as at 30 June 2015 from RMB26,198.0 million as at 31 December 2014. The decrease was mainly due to the drop in the value of projects under construction as a result of delay in completion.

### Trade and Other Receivables

Trade and other receivables that were recorded as current asset as at 30 June 2015 was RMB432.5 million as compared with RMB2,892.1 million as at 31 December 2014. This balance mainly comprised trade receivables of RMB59.6 million (RMB176.1 million as at 31 December 2014) arose from the transfer of operating rights which purchasers would obtain bank loan or use cash to settle. The balance as at 31 December 2014 also comprised restricted bank deposit of RMB2,451.2 million arose from the receipt of subscription proceeds of the rights issue. In addition, there were trade receivables booked as non-current asset amounted to RMB466.3 million as at 30 June 2015 as compared with RMB520.5 million as at 31 December 2014 which solely arose from the transfer of operation rights in previous years that the Group has re-negotiated repayment schedules with the buyers to settle the outstanding balance within five years.

### Dividends

The Board has resolved that there was no interim dividend declared attributable to the six months ended 30 June 2015 (six months ended 30 June 2014: Nil).



## Malls under management

Cities	Number of malls	GFA under management – sq.m	Investment properties GFA – sq.m	Inventory GFA – sq.m	Location
Harbin	9	168,081	72,703	4,209	beneath Dongdazhi Street, Guogeli Avenue and Shitoudao Street etc, Nangang and Daoli District, Harbin City
Shenyang	3	210,602	80,225	92,163	beneath Changjiang Street and Bitang Garden, Huanggu District; Zhong Street and Zhengyang Street, Shenhe District; Taiyuan North Street and Zhongshan Road, Heping District, Shenyang City
Guangzhou	1	47,554	4,250	–	beneath Zhanqian Road and Zhannan Road, Guangzhou City
Wuhan	1	69,209	19,827	–	beneath Hanzheng Street, Zhongshan Avenue, Liji Road, Duofu Road and South Youyi Road, Wuhan City
Wuxi	1	429,255 (note 1)	419,911 (note 1)	–	No. 18 Xigan Road, Wuxi City
Handan	1	68,027	62,570	4,451	beneath Lingxi Avenue, Heping Road and Huanchengxi Road, Handan City
Putian	1	55,084	43,194	–	beneath Wenxian Road, Xueyuanzhong Street and Xueyuannan Street, Putian City
Anyang	1	25,310	23,501	–	beneath Jiefang Avenue, Anyang City
Ganzhou	1	59,900 (note 2)	45,339 (note 2)	–	beneath Wengqing Road, Ganzhou City
Fushun	1	10,596	10,596	–	beneath Zhongyang Avenue and Dongyi Street, Fushun City
Yueyang	1	81,780 (note 3)	41,780 (note 3)	27,895	beneath Dongmaoling Road and Pedestrian Street, Yueyang City
Jinzhou	1	40,765	10,765	29,614	beneath Zhongyang Avenue, Luoyang Road and Shanghai Road, Jinzhou City
<b>Total</b>	<b>22</b>	<b>1,266,163</b>	<b>834,661</b>	<b>158,332</b>	

Notes:

1. Includes car parking space of 56,507 sq.m
2. Includes car parking space of 25,040 sq.m
3. Includes car parking space of 9,908 sq.m

## Management Discussion and Analysis





## Management Discussion and Analysis

### Project reserves (including projects under construction)

Under construction <sup>a</sup>	Development status	Usage	Expected completion date	Total construction GFA – sq.m	Investment properties GFA – sq.m	Inventory GFA – sq.m	Location
1 Chongqing Banan Project Phase 1	Under construction	Commercial	2017	60,669	40,669	20,000	beneath Baxian Avenue, Banan District, Chongqing City
2 Chongqing Dadukou Project Phase 1	Under construction	Commercial	2017	40,379	20,379	20,000	beneath Jinxia Road, Dadukou District, Chongqing City
3 Liaoning Anshan Project Phase 2	Under construction	Commercial	2017	118,000	118,000	–	beneath Gaoxin Square, Anshan City
4 Hainan Sanya Project	Under construction	Commercial	2017	135,190	100,190	35,000	beneath Yingbin Road, Sanya City
5 Liaoning Shenyang Project Phase 2	Under construction	Commercial	2017	118,058	88,058	30,000	beneath Chaoyang Street and surrounding 5 streets; beneath Minzhu Road, Shenyang City
6 Guangdong Dongguan Humen Project Phase 1*	Under construction	Commercial	2017	423,890 (note 1)	273,890 (note 1)	150,000	beneath Binhai Avenue, Dongguan City
7 Hebei Qinhuangdao Project Phase 1	Under construction	Commercial	2017	23,282	13,282	10,000	beneath Wenhua Road, Haigang District, Qinhuangdao City
8 Liaoning Anshan Project Phase 3	Under construction	Commercial	2017	18,928	–	18,928	beneath Dongshan Street, Anshan City
9 Jiangxi Yingtan Project Phase 1	Under construction	Commercial	2017	86,000 (note 2)	61,000 (note 2)	25,000	beneath Zhongxin Square, Shengji Road, Jiaotong Road and Yingtan Garden, Yingtan City
10 Guangdong Dongguan Humen Project Phase 2*	Under construction	Commercial	2017	228,000 (note 3)	178,000 (note 3)	50,000	beneath Bada Avenue, Taiping Square, Wenguang Centre and Remimzhonglu, Dongguan City
11 Guangzhou Project Phase 2	Under construction	Commercial	2015	41,861 (note 4)	6,861 (note 4)	35,000	beneath Zhanqian Road, Guangzhou City
12 Shandong Yantai Project Phase 1	Under construction	Commercial	2017	30,000	5,000	25,000	beneath Xi Avenue, Yantai City
<b>Total</b>				<b>1,324,257</b>	<b>905,329</b>	<b>418,928</b>	

Project reserves (including projects under construction) (continued)

Approved and under planning stage	Development status	Usage	Expected completion date	Approved GFA – sq.m	Location	
1 Harbin Project Phase 4	Approved and under planning stage	TBD	TBD	15,738	beneath Songhuajiang Road, Harbin City	
2 Harbin Project Phase 5	Approved and under planning stage	TBD	TBD	10,000	beneath Wenjiao Street, Harbin City	
3 Harbin Project Phase 6	Approved and under planning stage	TBD	TBD	31,500	beneath Shangzhi Avenue and Shieraojie, Harbin City	
4 Tianjin Project	Approved and under planning stage	TBD	TBD	121,220	beneath Jinchongqiao Avenue, Tianjin City	
5 Tianjin West Station South Plaza Project	Approved and under planning stage	TBD	TBD	100,000	beneath West Station South Plaza, Tianjin City	
6 Hubei Wuhan XibeiHu Project	Approved and under planning stage	TBD	TBD	450,000	beneath Jianzhu Avenue, West lake, North lake, Fountain Garden, Jianshe Avenue and Xinhua Road, Jiangnan District, Wuhan City	
7 Shenzhen Project	Approved and under planning stage	TBD	TBD	160,000	beneath Huaqiangbei Road and Hongli Road, Shenzhen City	
8 Shandong Qingdao Project	Approved and under planning stage	TBD	TBD	500,000	beneath Dunhua Road and Lianyungang Road, Qingdao City	
9 Jiangsu Wuxi Taihu Plaza Project	Approved and under planning stage	TBD	TBD	250,000	beneath Taihu Plaza, Wuxi City	
10 Hebei Zhangjiakou Project	Approved and under planning stage	TBD	TBD	150,000	beneath Wuyi Avenue, Dongan Avenue, Shenglibei Road, Xuanhua Road and Jiefang Road, Zhangjiakou City	
11 Jiangxi Yingtan Project Phase 2	Approved and under planning stage	TBD	TBD	69,000	beneath Jiaotong Road, Sihai Road and Shaidong Road, Yingtan City	
12 Shandong Yantai Project Phase 2	Approved and under planning stage	TBD	TBD	56,000	beneath Xi Avenue, Yantai City	
13 Hebei Qinhuangdao Project Phase 2	Approved and under planning stage	TBD	TBD	96,718	beneath Wenhua Road, Qinhuangdao City	
14 Henan Zhengzhou Project Phase 2	Approved and under planning stage	TBD	TBD	350,000	beneath Jinsuidong Road and Hengshan Road, Zhengzhou City	
15 Henan Luoyang Project	Approved and under planning stage	TBD	TBD	194,840	beneath Longmen Avenue, Luoyang City	
16 Anhui Wuhu Project	Approved and under planning stage	TBD	TBD	150,000	beneath Zhushan Garden and Beijingxi Road, Wuhu City	
17 Yunnan Kunming Project	Approved and under planning stage	TBD	TBD	200,000	beneath Huanchengnan Road, Dongsi Street, Xichang Road and Haigeng Road, Kunming City	
18 Jiangxi Nanchang Bayi Tunnel Project	Approved and under planning stage	TBD	TBD	162,000	beneath Bayi Avenue, Nanchang City	
19 Guizhou Guiyang Project Phase 1	Approved and under planning stage	TBD	TBD	420,000	beneath Ruijin Road, Yanan Road, Dananmen, Zhanqian Square and surrounding 15 streets, Guiyang City	
<b>Total</b>				<b>3,487,016</b>		
<b>Grand Total</b>				<b>4,811,273</b>	<b>905,329</b>	<b>418,928</b>

Notes:

- Includes car parking space with GFA of 30,000 sq.m
  - Includes car parking space with GFA of 18,476 sq.m
  - Includes car parking space with GFA of 25,385 sq.m
  - Includes car parking space with GFA of 5,587 sq.m
- # all properties under construction are 100% owned by the PRC subsidiaries
- \* held by 90% owned subsidiary
- TBD to be determined

## Management Discussion and Analysis



## Management Discussion and Analysis

### Liquidity and Financial Resources

As at 30 June 2015, total assets of the Group amounted to RMB34,156.9 million as compared with RMB37,308.6 million as at 31 December 2014. In terms of financial resources as at 30 June 2015, the Group's total cash at bank and on hand was RMB817.3 million (as at 31 December 2014: RMB884.5 million). The total restricted bank deposits as at 30 June 2015 was RMB212.4 million as compared to RMB2,580.8 million as at 31 December 2014.

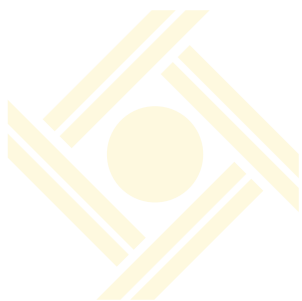
On 24 November 2014, the Company announced the Tender Offer of all of our senior notes, as well as the consent solicitation (the "Consent Solicitation") for the amendments and waiver to the Indenture attached to the senior notes. On the same day, the Company also announced the rights issue of a total of 10,574,066,000 rights shares at the price of HKD0.32 per share on the basis of one rights share for every two existing shares (the "Rights Issue").

Results of the Tender Offer and the Consent Solicitation were announced on 31 December 2014. The results were satisfactory. A total of USD221,291,000 of the senior notes due in 2015 (representing 73.8% of the total principal outstanding) and a total of USD438,802,000 of the senior notes due in 2016 (representing 73.1% of the total principal outstanding) had been tendered. The Consent Solicitation was also successful. The Company received consents from holders of 90.0% and 94.6% of the total aggregate principal amount of the senior notes due in 2015 and senior notes due in 2016 respectively. The total capital required for payment of the Tender Offer together with the accrued interest to the holders of the senior notes amounted to USD587,785,700. The payment was settled on 7 January 2015 with net proceeds resulted from the Rights Issue and new bank loans previously arranged and drawdown on the same day.

The Rights Issue became unconditional on 2 January 2015. Based on the acceptance results, the Rights Issue has received approximately 92% subscription rate. The net proceeds of the Rights Issue amounted to approximately HKD3,297 million, majority of which has been utilized as payment of the Tender Offer.

The gearing ratio as at 30 June 2015, which is calculated by dividing the total interest-bearing borrowings by total assets was 18.2% as compared to 23.0% as at 31 December 2014.

The Group services its debts primarily with recurring cash flow generated from its operation. Together with the proceeds raised from the capital market and bank loans, we are confident that we should have adequate financial resources to meet its future debt repayment and support its working capital and future expansion requirements.





## Management Discussion and Analysis

### Foreign Exchange Rate Risk

Renminbi is not freely convertible into foreign currencies. All foreign exchange transactions involving Renminbi must take place through the People's Bank of China (the "PBOC") or other institutions authorised to buy and sell foreign exchange. The exchange rate adopted for the foreign exchange transactions are the rates of exchange quoted by the PBOC that would be subject to a managed float against an unspecified basket of currencies. Foreign currency payments, including the remittance of earnings outside the PRC, are subject to the availability of foreign currency (which depends on the foreign currency denominated earnings of the Group) and must be arranged through the PBOC with government approval.

All cash and bank balances of the Group denominated in Renminbi were placed in banks in Hong Kong and the PRC. Renminbi is not freely convertible and the remittance of earnings to overseas is subject to exchange control promulgated by the PRC government. All the revenue-generating operations of the Group are transacted in Renminbi. The Group also kept certain bank balances in Hong Kong which are denominated in US dollar or HK dollar and the senior notes are denominated in US dollar. The Group is exposed to foreign currency risk on financing transactions denominated in currencies other than the functional currency of our subsidiaries (Renminbi) in the PRC and functional currency of the overseas group entities (Hong Kong dollar). Depreciation or appreciation of the Renminbi and Hong Kong dollar against foreign currencies can affect the Group's results. The Group currently does not hedge our foreign exchange risk but may do so in the future.

### Capital Commitments

As at 30 June 2015, the future capital expenditure for which the Group had contracted but not provided and authorized but not contracted for amounted to approximately RMB2,672.6 million and RMB2,265.0 million respectively (as at 31 December 2014: RMB2,590.5 million and RMB2,384.4 million respectively).

### Guarantees provided to Buyers

The Group has provided guarantees and made deposits to banks to assist the buyers of operation rights to obtain bank loans. The outstanding guarantees as at 30 June 2015 and 31 December 2014 amounted to RMB233.8 million and RMB300.5 million, respectively. The guarantees and deposits will be released accordingly along with the repayment of loan principal by the buyers.

### Pledge of Assets

The Group's subsidiaries in the PRC have entered into agreements with certain banks with respect to mortgage loans provided to buyers of the operation rights, and the Group's subsidiaries will make deposits as security for repayment of the loans under these agreements. The deposits will be released accordingly along with the repayment of loan principal by the buyers. As at 30 June 2015, the bank deposits for guarantees on buyers' bank loans amounted to RMB88.0 million (as at 31 December 2014: RMB116.4 million) and the bank deposits for guarantees on the Group's bank loans amounted to RMB124.4 million (as at 31 December 2014: RMB13.2 million).

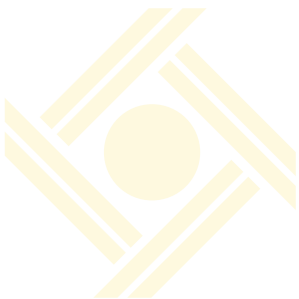
In addition, certain investment properties in some of the PRC projects have been pledged to obtain bank loans.

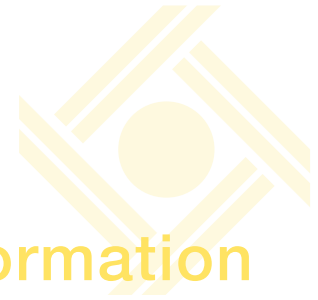
## Management Discussion and Analysis

### Human Resources

As at 30 June 2015, the Group employed 1,343 staff (as at 30 June 2014: 2,130). The Group's employees are remunerated according to the job nature, individual performance and market trends with built-in merit components. Total remuneration for the six months ended 30 June 2015 was approximately RMB120.1 million as compared with RMB103.4 million for the six months ended 30 June 2014. We have established a training program that aims to support and encourage members of our management team to continue improving their management skills and develop their careers, including arranging for seminars. We provide orientation training as well as on-the-job training on a regular basis on various topics, such as internal regulations, computer and management skills, sales skills and career development. Employees in Hong Kong participate in Mandatory Provident Fund Scheme while employees in the PRC also participate in similar scheme.

A share option scheme of the Company was adopted by the shareholders of the Company at the extraordinary general meeting held on 25 August 2008 to provide incentive for, amongst others, our employees to work with commitment towards enhancing the value of the Group.





## Other Information

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

As at 30 June 2015, the interests and short positions of each director and chief executive of the Company in the shares, underlying shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register maintained by the Company as required to be kept pursuant to Section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") were as follows:

#### (a) Long/short positions in shares/underlying shares of the Company:

Name of director	Capacity	Nature of interest (note 1)	Number of issued shares/ underlying shares	Approximate percentage of interest in the Company
Mr. Dai Yongge	Beneficial owner	L	153,900,000	0.48%
	Interest in controlled corporations	L (note 2)	16,146,900,132	50.90%
	Interest of spouse	L (note 3)	12,243,902,439	38.59%
	Interest in a controlled corporation	S	66,556,293	0.20%
Mr. Wang Hongfang	Beneficial owner	L	28,050,000	0.09%
	Interest in a controlled corporation	L	7,575,000	0.02%
Mr. Zhang Dabin	Beneficial owner	L	3,000,000	0.00%
	Interest in a controlled corporation	L	13,100,000	0.05%
Ms. Wang Chunrong	Interest in a controlled corporation	L	33,600,000	0.10%
Ms. Zhang Xingmei	Interest in controlled corporations	L (note 4)	12,243,902,439	38.59%
	Interest of spouse	L (note 5)	16,300,800,132	51.38%
	Interest of spouse	S	66,556,293	0.20%

## Other Information

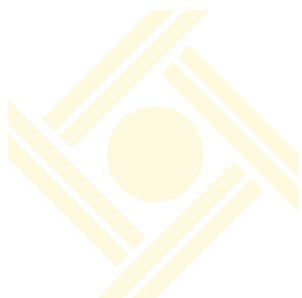
### (b) Long positions in shares of associated corporations of the Company

Name of director	Capacity	Nature of associated corporation	Number of ordinary shares	Percentage of the issued share capital of the associated corporation
Mr. Dai Yongge	Beneficial owner	Shining Hill Investments Limited ("Shining Hill")	1	100.00%
	Interest in a controlled corporation	Super Brilliant Investments Limited ("Super Brilliant")	1	100.00%

Notes:

- (1) The letter "L" denotes the person's long position in such shares and the letter "S" denotes the person's short position in such shares.
- (2) Mr. Dai Yongge is deemed to be interested in such shares held through controlled corporations, Super Brilliant, Wealthy Aim Holdings Limited and Gloss Season Limited.
- (3) Mr. Dai Yongge is deemed to be interested in the shares held by his spouse, Ms. Zhang Xingmei.
- (4) Ms. Zhang Xingmei is deemed to be interested in such shares held through a controlled corporation, New Amuse Limited.
- (5) Ms. Zhang Xingmei is deemed to be interested in the shares held by her spouse, Mr. Dai Yongge.

Save as disclosed above, none of the directors or chief executives of the Company or their associates had, as at 30 June 2015, any other interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO).





## SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2015, the interests or short positions of the substantial shareholders (other than the directors or chief executives of the Company) in the 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	Capacity	Number of issued shares/Nature of interest (note 1)	Approximate percentage of interest in the Company
Super Brilliant	Beneficial owner	15,383,738,082 (L)	48.49%
	Beneficial owner	66,556,293 (S)	0.20%
Shining Hill (note 2)	Interest in a controlled corporation	15,383,738,082 (L)	48.49%
	Interest in a controlled corporation	66,556,293 (S)	0.20%

Notes:

- (1) The letter "L" denotes the person's long position in such shares and the letter "S" denotes the person's short position in such shares.
- (2) Mr. Dai Yongge is interested in the entire issued share capital of Shining Hill which in turn is interested in the entire issued share capital of Super Brilliant and therefore, Mr. Dai Yongge and Shining Hill are deemed or taken to be interested in the shares beneficially owned by Super Brilliant for the purposes of the SFO.

Save as disclosed above and so far as the Directors are aware of, as at 30 June 2015, there was no other person, other than the directors or chief executives of the Company, who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to section 336 of the SFO, to be entered in the register referred to therein.



## Other Information

### (c) Share Option Scheme

The Company adopted a share option scheme on 25 August 2008. There were no outstanding share options as at 31 December 2014. No share options have been granted, exercised, cancelled and lapsed during the six months ended 30 June 2015.

Save as disclosed above, as at 30 June 2015, the Company had not been notified of any other interests or short positions in the shares or underlying shares of the Company.

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

On 24 November 2014, the Company tendered to purchase its outstanding 11.75% senior notes due in 2015 with an aggregate principal amount of USD300,000,000 and its outstanding 13.0% senior notes due in 2016 with an aggregate principal amount of USD600,000,000, which the Company issued on 18 May 2010 and 10 September 2010 as well as 15 November 2010 respectively. On 7 January 2015, the Company completed the tender offer to purchase an aggregate principal amount of the USD221,291,000 of the senior notes due in 2015 and an aggregate principal amount of the USD438,802,000 of the senior notes due in 2016, respectively, representing approximately 73.8% and 73.1% of the total aggregate principal amount of the outstanding senior notes.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2015.

### CORPORATE GOVERNANCE PRACTICES

The Company has complied with the code provisions in the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), throughout the six months ended 30 June 2015, save and except for the following:

#### Code Provision A.2.7

The Chairman of the Company did not hold any formal meeting with the independent non-executive directors and other non-executive directors due to the tight schedule of the Chairman and the non-executive directors. The Chairman may communicate with the independent non-executive directors and other non-executive directors on a one-to-one or group basis to understand their concerns and to discuss pertinent issues.

#### Code Provisions A.6.7 and E.1.2

The Chairman of the Company and certain independent non-executive directors and other non-executive directors did not attend the annual general meeting ("AGM") held on 25 June 2015 due to other business commitments or overseas engagements. In absence of the Chairman, Mr. Wang Hongfang, an executive director of the Company, acted as the chairman of the AGM. The Board will finalize and inform the date of the AGM as earliest as possible to make sure that the Chairman and other non-executive directors (including independent non-executive directors) would attend the AGM of the Company in the future.

Save as disclosed above, there has been no deviation from the code provisions of the CG Code for the six months ended 30 June 2015.



### **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its own code for directors' securities transactions. Upon specific enquiries made by the Company, all directors of the Company have confirmed that they have complied with the required standard set out in the Model Code throughout the six months ended 30 June 2015.

### **DISCLOSURE OF CHANGE OF INFORMATION OF DIRECTORS UNDER RULE 13.51B(1) OF THE LISTING RULES**

The change in the information of Directors of the Company subsequent to the publication of the 2014 annual report of the Company is set out below pursuant to Rule 13.51B(1) of the Listing Rules:

The monthly salary of Mr. Dai Bin has been revised from HKD100,000 to HKD400,000 starting from 1 August 2015.

### **AUDIT COMMITTEE**

The Company has established an audit committee in accordance with the requirements of the Listing Rules and the CG Code. The primary duty of the audit committee is to review and supervise the financial reporting process and internal control systems of the Group. The audit committee comprises three independent non-executive directors. The audit committee has reviewed the unaudited interim results of the Group for the six months ended 30 June 2015.

# Independent Review Report

## Review report to the board of directors of Renhe Commercial Holdings Company Limited

*(Incorporated in the Cayman Islands with limited liability)*

### INTRODUCTION

We have reviewed the interim financial report set out on pages 19 to 46 which comprises the consolidated statement of financial position of Renhe Commercial Holdings Company Limited (the "Company") as of 30 June 2015 and the related consolidated statement of profit or loss, statement of profit or loss and other comprehensive income and statement of changes in equity and condensed consolidated cash flows statement for the six month period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and International Accounting Standard 34, *Interim financial reporting*, issued by the International Accounting Standards Board. The directors are responsible for the preparation and presentation of the interim financial report in accordance with International Accounting Standard 34.

Our responsibility is to form a conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

### SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants. A review of the interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

### CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2015 is not prepared, in all material respects, in accordance with International Accounting Standard 34, *Interim financial reporting*.

#### **KPMG**

*Certified Public Accountants*  
8th Floor, Prince's Building  
10 Chater Road  
Central, Hong Kong

27 August 2015



# Consolidated Statement of Profit or Loss

For the six months ended 30 June 2015 – unaudited

(Expressed in Renminbi)

	Note	Six months ended 30 June	
		2015 RMB'000	2014 RMB'000
Revenue	4	243,385	274,787
Cost of sales		–	(6,753)
<b>Gross profit</b>		<b>243,385</b>	268,034
Net valuation loss on investment properties	10	(818,869)	(914,261)
(Loss)/profit on disposal of investment properties	5	(120)	2,571
Other income	6	44,230	50,928
Administrative expenses		(393,140)	(194,055)
Other operating expenses		(93,490)	(155,508)
<b>Loss from operations</b>		<b>(1,018,004)</b>	(942,291)
Finance income		584,162	99,153
Finance expenses		(273,987)	(212,441)
Net finance income/(expenses)	7(a)	310,175	(113,288)
<b>Loss before taxation</b>	7	<b>(707,829)</b>	(1,055,579)
Income tax	8	174,177	171,925
<b>Loss for the period</b>		<b>(533,652)</b>	(883,654)
<b>Attributable to:</b>			
Equity shareholders of the Company		(519,835)	(844,277)
Non-controlling interests		(13,817)	(39,377)
<b>Loss for the period</b>		<b>(533,652)</b>	(883,654)
<b>Basic and diluted loss per share (RMB cents)</b>	9	<b>(1.64)</b>	(Restated) (3.81)

The notes on pages 27 to 46 form part of this interim financial report.

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2015 – unaudited  
(Expressed in Renminbi)

	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
<b>Loss for the period</b>	<b>(533,652)</b>	(883,654)
<b>Other comprehensive income for the period (after tax and reclassification adjustments):</b>		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of foreign operations	<b>(4,305)</b>	(57,808)
<b>Total comprehensive income for the period</b>	<b>(537,957)</b>	(941,462)
<b>Attributable to:</b>		
Equity shareholders of the Company	<b>(524,140)</b>	(902,085)
Non-controlling interests	<b>(13,817)</b>	(39,377)
<b>Total comprehensive income for the period</b>	<b>(537,957)</b>	(941,462)



The notes on pages 27 to 46 form part of this interim financial report.



# Consolidated Statement of Financial Position

At 30 June 2015 – unaudited  
(Expressed in Renminbi)

		At 30 June 2015	At 31 December 2014
	Note	RMB'000	RMB'000
<b>Non-current assets</b>			
Property and equipment		457,901	474,215
Investment properties	10	25,641,004	26,198,046
Intangible asset		11,119	11,123
Goodwill	11	363,792	363,792
Other assets	14	1,138,245	1,249,634
Deferred tax assets	18(a)	142,282	135,262
Trade and other receivables	13	466,266	520,528
<b>Total non-current assets</b>		<b>28,220,609</b>	28,952,600
<b>Current assets</b>			
Inventories	12	4,686,514	4,579,443
Trade and other receivables	13	432,504	2,892,110
Cash at bank and on hand	15	817,292	884,493
<b>Total current assets</b>		<b>5,936,310</b>	8,356,046
<b>Current liabilities</b>			
Interest-bearing borrowings	17(ii)	2,311,008	3,185,101
Trade and other payables	16	2,833,153	5,534,252
Taxation		6,393	18,538
<b>Total current liabilities</b>		<b>5,150,554</b>	8,737,891
<b>Net current assets/(liabilities)</b>		<b>785,756</b>	(381,845)
<b>Total assets less current liabilities</b>		<b>29,006,365</b>	28,570,755

The notes on pages 27 to 46 form part of this interim financial report.

## Consolidated Statement of Financial Position

At 30 June 2015 – unaudited (continued)

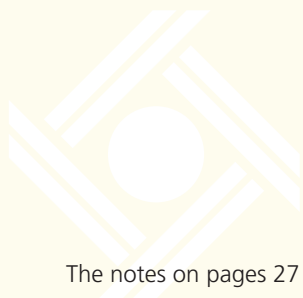
(Expressed in Renminbi)

	Note	At 30 June 2015 RMB'000	At 31 December 2014 RMB'000
<b>Non-current liabilities</b>			
Interest-bearing borrowings	17(i)	3,888,637	5,403,091
Deferred tax liabilities	18(b)	3,891,826	4,059,703
Receipt in advance	19	550,423	539,617
<b>Total non-current liabilities</b>		<b>8,330,886</b>	10,002,411
<b>Net assets</b>		<b>20,675,479</b>	18,568,344
<b>Capital and reserves</b>			
Share capital		269,968	186,376
Reserves		20,279,448	18,242,088
<b>Total equity attributable to equity shareholders of the Company</b>		<b>20,549,416</b>	18,428,464
<b>Non-controlling interests</b>		<b>126,063</b>	139,880
<b>Total equity</b>		<b>20,675,479</b>	18,568,344

Approved and authorised for issue by the board of directors on 27 August 2015.

**Dai Yongge**  
Chairman

**Wang Hongfang**  
Director



The notes on pages 27 to 46 form part of this interim financial report.



# Consolidated Statement of Changes in Equity

For the six months ended 30 June 2015 – unaudited  
(Expressed in Renminbi)

	Attributable to equity shareholders of the Company										Non-controlling interests	Total equity
	Share capital	Share premium	Capital		Reserve fund	Exchange reserve	Merger reserves	Retained earnings	Total	Total		
			redemption reserve	surplus								
			RMB'000	RMB'000								
<b>Balance at 1 January 2014</b>	186,376	6,179,085	7,508	129,488	629,836	13,409	128,704	12,844,639	20,119,045	187,910	20,306,955	
<b>Changes in equity for the six months ended 30 June 2014:</b>												
Loss for the period	-	-	-	-	-	-	-	(844,277)	(844,277)	(39,377)	(883,654)	
Other comprehensive income	-	-	-	-	-	(57,808)	-	-	(57,808)	-	(57,808)	
Total comprehensive income for the period	-	-	-	-	-	(57,808)	-	(844,277)	(902,085)	(39,377)	(941,462)	
<b>Balance at 30 June 2014</b>	186,376	6,179,085	7,508	129,488	629,836	(44,399)	128,704	12,000,362	19,216,960	148,533	19,365,493	

The notes on pages 27 to 46 form part of this interim financial report.

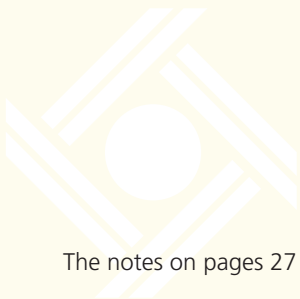


## Consolidated Statement of Changes in Equity

For the six months ended 30 June 2015 – unaudited (continued)

(Expressed in Renminbi)

	Attributable to equity shareholders of the Company										
	Share capital RMB'000	Share premium RMB'000	Capital			Exchange reserve RMB'000	Merger reserves RMB'000	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
			redemption reserve RMB'000	Capital surplus RMB'000	Reserve fund RMB'000						
<b>Balance at 30 June 2014 and 1 July 2014</b>	186,376	6,179,085	7,508	129,488	629,836	(44,399)	128,704	12,000,362	19,216,960	148,533	19,365,493
<b>Changes in equity for the six months ended 31 December 2014:</b>											
Loss for the period	-	-	-	-	-	-	-	(822,236)	(822,236)	(8,653)	(830,889)
Other comprehensive income	-	-	-	-	-	33,740	-	-	33,740	-	33,740
Total comprehensive income for the period	-	-	-	-	-	33,740	-	(822,236)	(788,496)	(8,653)	(797,149)
Transfer to reserve fund	-	-	-	-	5,607	-	-	(5,607)	-	-	-
<b>Balance at 31 December 2014</b>	186,376	6,179,085	7,508	129,488	635,443	(10,659)	128,704	11,172,519	18,428,464	139,880	18,568,344



The notes on pages 27 to 46 form part of this interim financial report.



## Consolidated Statement of Changes in Equity

For the six months ended 30 June 2015 – unaudited (continued)

(Expressed in Renminbi)

	Attributable to equity shareholders of the Company										
	Share capital	Share premium	Capital			Reserve fund	Exchange reserve	Merger reserves	Retained earnings	Non-controlling interests	Total equity
			redemption reserve	surplus							
			RMB'000	RMB'000	RMB'000						
Balance at 1 January 2015	186,376	6,179,085	7,508	129,488	635,443	(10,659)	128,704	11,172,519	18,428,464	139,880	18,568,344
<b>Changes in equity for the six months ended 30 June 2015:</b>											
Loss for the period	-	-	-	-	-	-	-	(519,835)	(519,835)	(13,817)	(533,652)
Other comprehensive income	-	-	-	-	-	(4,305)	-	-	(4,305)	-	(4,305)
Total comprehensive income for the period	-	-	-	-	-	(4,305)	-	(519,835)	(524,140)	(13,817)	(537,957)
Issue of shares under rights issue	83,592	2,561,500	-	-	-	-	-	-	2,645,092	-	2,645,092
<b>Balance at 30 June 2015</b>	<b>269,968</b>	<b>8,740,585</b>	<b>7,508</b>	<b>129,488</b>	<b>635,443</b>	<b>(14,964)</b>	<b>128,704</b>	<b>10,652,684</b>	<b>20,549,416</b>	<b>126,063</b>	<b>20,675,479</b>

The notes on pages 27 to 46 form part of this interim financial report.

# Condensed Consolidated Cash Flow Statement

For the six months ended 30 June 2015 – unaudited  
(Expressed in Renminbi)

	Note	Six months ended 30 June	
		2015 RMB'000	2014 RMB'000
<b>Operating activities</b>			
Cash used in operations		(249,554)	(120,560)
Tax paid		(12,864)	(31,818)
<b>Net cash used in operating activities</b>		<b>(262,418)</b>	(152,378)
<b>Investing activities</b>			
Additions to investment properties		(196,448)	(300,957)
Proceeds from disposal of subsidiaries, net of cash disposed of		–	260,190
Decrease in time deposits		51,552	178,460
Other cash flows arising from investing activities		24,626	60,548
<b>Net cash (used in)/generated from investing activities</b>		<b>(120,270)</b>	198,241
<b>Financing activities</b>			
Proceeds from new borrowings		2,973,682	730,000
Repayment of borrowings		(883,700)	(145,400)
Repayment of Senior Notes		(480,747)	–
Repayment of tender offers of Senior Notes		(3,471,671)	–
Interest paid		(395,651)	(445,940)
Proceeds from issuance of shares under rights issue		2,645,092	–
Other cash flows (used in)/arising from financing activities		(19,722)	3,197
<b>Net cash generated from financing activities</b>		<b>367,283</b>	141,857
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(15,405)</b>	187,720
<b>Cash and cash equivalents at 1 January</b>	15	<b>832,941</b>	1,004,100
<b>Effect of foreign exchange rates changes</b>		<b>(244)</b>	1,778
<b>Cash and cash equivalents at 30 June</b>	15	<b>817,292</b>	1,193,598

The notes on pages 27 to 46 form part of this interim financial report.



# Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

## 1 BASIS OF PREPARATION

This interim financial report of Renhe Commercial Holdings Company Limited (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”) has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with International Accounting Standard (IAS) 34, *Interim financial reporting*, issued by the International Accounting Standards Board (IASB). It was authorised for issue on 27 August 2015.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2014 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2015 annual financial statements. Details of any changes in accounting policies are set out in Note 2.

The preparation of an interim financial report in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2014 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with International Financial Reporting Standards (IFRSs) promulgated by the IASB.

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants. KPMG’s independent review report to the Board of Directors is included on page 18.

The financial information relating to the financial year ended 31 December 2014 that is included in the interim financial report does not constitute the Company’s annual financial statements prepared under IFRSs for that financial year but is derived from those financial statements. The annual financial statements for the year ended 31 December 2014 are available from the Company’s registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 26 March 2015.

## Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

### 2 CHANGES IN ACCOUNTING POLICIES

The IASB has issued the following amendments to IFRSs that are first effective for the current accounting period of the Group and the Company.

- *Annual Improvements to IFRSs 2010–2012 Cycle*
- *Annual Improvements to IFRSs 2011–2013 Cycle*

None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

### 3 SEGMENT REPORTING

IFRS 8 requires segment disclosure to be based on the way that the Group's chief operating decision maker regards and manages the Group, with the amounts reported for each reportable segment being the measures reported to the Group's chief operating decision maker for the purposes of assessing segment performance and making decisions about operating matters.

The Group manages its business in a single segment, namely the shopping mall operating business. The Group's most senior executive management assesses performance and allocates resources on a group basis. Accordingly, no operating segment information is presented.

The Group's operations are located in the People's Republic of China (the "PRC"), no geographic segment reporting is presented.

### 4 REVENUE

	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
Operating lease	243,385	265,967
Transfer of operation rights	–	8,820
	<b>243,385</b>	<b>274,787</b>

The Group's customer base is diversified and there is no customer with whom transactions have exceeded 10% of the Group's revenue during the six months ended 30 June 2015 (six months ended 30 June 2014: Nil).

### 5 (LOSS)/PROFIT ON DISPOSAL OF INVESTMENT PROPERTIES

The Group disposed certain shopping mall units which were previously held as investment properties during the period. The disposals were achieved by transferring the operation rights of these shopping mall units to buyers.



## Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

### 6 OTHER INCOME

	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
Revenue from property management and relevant service	44,265	49,384
Net (loss)/gain on disposal of property and equipment	(35)	170
Others	–	1,374
	<b>44,230</b>	<b>50,928</b>

### 7 LOSS BEFORE TAXATION

#### (a) Net finance (income)/expenses

	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
Finance income		
— Interest income on bank deposits	13,637	3,032
— Income from loan receivable	11,840	–
— Gain on tender offers of senior notes (Note 17(i)(a))	547,363	–
— Interest income on trade receivables	11,322	96,121
	<b>584,162</b>	<b>99,153</b>
Finance expenses		
— Interest on interest-bearing borrowings	(312,787)	(462,293)
Less: interest expenses capitalised into investment properties and inventories*	54,390	237,439
	<b>(258,397)</b>	<b>(224,854)</b>
— Discount effect of trade receivables	(17,993)	–
— Net foreign exchange gain	2,714	12,715
— Bank charges and others	(311)	(302)
	<b>(273,987)</b>	<b>(212,441)</b>
	<b>310,175</b>	<b>(113,288)</b>

\* The borrowing costs have been capitalised at rates ranging from 13.67% to 13.72% per annum (six months ended 30 June 2014: 7.38% to 13.72%).

## Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

### 7 LOSS BEFORE TAXATION (continued)

#### (b) Other items

	Note	Six months ended 30 June	
		2015 RMB'000	2014 RMB'000
Repairs and maintenance		34,243	51,217
Utility charges		19,778	27,342
Depreciation of property and equipment		19,715	21,688
Operating lease charges		11,122	13,431
Impairment loss on receivables	13(iii)	135,420	–

### 8 INCOME TAX

Income tax in the consolidated statement of profit or loss represents:

	Six months ended 30 June	
	2015 RMB'000	2014 RMB'000
<b>Current tax</b>		
PRC Enterprise Income Tax		
Provision for the period	11,842	18,226
(Over)/under-provision in respect of prior years	(11,122)	2,945
Land Appreciation Tax	–	590
<b>Deferred tax</b>		
Reversal and origination of temporary difference	(174,897)	(193,686)
	<b>(174,177)</b>	<b>(171,925)</b>

- (i) According to the Corporate Income Tax Law of the PRC, from 1 January 2008, the statutory income tax rate applicable to the Group's subsidiaries in the PRC is 25%.





## Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

### 8 INCOME TAX (continued)

- (ii) According to the Implementation Rules of the Corporate Income Tax Law, the overseas investor to foreign investment enterprises (“FIEs”) shall be liable for withholding tax at 10% on the dividend derived from the profits of the year 2008 and thereafter of the FIEs in the PRC. In addition, tax treaties between the PRC and other countries could override the withholding tax rate on dividend if a tax treaty provides a more favourable withholding tax rate. Under the Sino-Hong Kong Double Tax Arrangement, a Hong Kong company will be liable for withholding tax at the rate of 5% for dividend income derived from the PRC if the Hong Kong company holds 25% of equity interests or more of the Chinese company directly. As the holding companies of such FIEs in the Group are Hong Kong companies (the “Group’s Hong Kong Holding Companies”), the Group calculated relevant withholding tax based on the withholding tax rate of 5%.

Along with the implementation of Circular of the State Administration of Taxation on How to Understand and Determine “Beneficial Owners” under Tax Conventions (Guo Shui Han [2009] No. 601), the Group’s Hong Kong Holding Companies need to get approval from tax authorities for the determination of “beneficial owners” for the purpose of enjoying withholding tax rate of 5%. As at 30 June 2015, the Group obtained all the approvals for the PRC companies which declared dividends.

- (iii) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands (the “BVI”), the Group is not subject to any income tax in the Cayman Islands and the BVI.
- (iv) No provision for Hong Kong Profits Tax has been made as the Group did not earn any income subject to Hong Kong Profits Tax during the period.
- (v) In accordance with the Land Appreciation Tax Law of the PRC, Land Appreciation Tax is levied at the properties developed with legal title by the Group for sale in the PRC. Land Appreciation Tax is charged on the appreciated amount at progressive rates ranged from 30% to 60%.

### 9 BASIC AND DILUTED LOSS PER SHARE

The calculation of basic loss per share is based on the loss attributable to ordinary equity shareholders of the Company of RMB519,835,000 (six months ended 30 June 2014: loss of RMB844,277,000) and the weighted average of 31,722,198,000 ordinary shares (six months ended 30 June 2014 (Restated): 22,145,685,000) during the review period, as adjusted to reflect issuance of shares under the rights issue in January 2015. In calculating loss per share, the weighted average number of shares outstanding during six months ended 30 June 2014 was calculated as if the bonus elements without consideration included in the rights issue has been existed from the beginning of the comparative period.

During the six months ended 30 June 2015 and 2014, diluted loss per share is calculated on the same basis as basic loss per share.



## Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

### 10 INVESTMENT PROPERTIES

	Completed properties RMB'000	Properties under construction RMB'000	Total RMB'000
<b>At fair value:</b>			
<b>At 1 January 2015</b>	<b>16,083,700</b>	<b>10,114,346</b>	<b>26,198,046</b>
Additions (ii)	198,411	64,348	262,759
Disposals	(932)	–	(932)
Fair value adjustment	(211,579)	(607,290)	(818,869)
<b>At 30 June 2015</b>	<b>16,069,600</b>	<b>9,571,404</b>	<b>25,641,004</b>

- (i) All of the investment properties owned by the Group are located in the PRC.

All completed and under development investment properties of the Group were revalued at 30 June 2015 by BMI Appraisals Limited ("BMI"), an independent firm of professional surveyors who have among their staff Fellows of the Hong Kong Institute of Surveyors with recent experience in the location and category of property being valued. The Group's completed investment properties were valued in their existing states by reference to comparable market transactions. The Group's investment properties under construction were valued by estimating the fair value of such properties as if they were completed in accordance with the relevant development plan and then deducting from that amount the estimated costs to complete the construction, financing costs, marketing and legal costs and an allowance for developer's risk and profit.

- (ii) To facilitate the Group's plan of repositioning certain shopping malls, the Group has acquired certain shop units from buyers. The additions of completed properties mainly represent these shop units acquired.
- (iii) As at 30 June 2015, investment properties with original cost of RMB1,606,976,000 (31 December 2014: RMB2,198,275,000) were pledged as security for the Group's interest-bearing borrowings (Note 17).

### 11 GOODWILL

Goodwill relates to the acquisition of Wuxi Merchant City Co., Ltd. ("Wuxi Project"), which is identified to be a cash-generating unit ("CGU"). The recoverable amount of the CGU is determined based on value-in-use calculations. These calculations use cash flow projection based on financial budgets approved by management covering a 10-year period. Cash flows beyond the 10-year period are extrapolated using an estimated weighted average growth rate of 4%. The cash flows are discounted using a discount rate of 7.7%. The discount rate used is pre-tax and reflect specific risks relating to the business.



## Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

### 12 INVENTORIES

	<b>At 30 June 2015 RMB'000</b>	At 31 December 2014 RMB'000
Properties under construction	<b>2,694,865</b>	2,590,223
Completed properties	<b>1,947,402</b>	1,943,722
Trading goods	<b>44,247</b>	45,498
	<b>4,686,514</b>	4,579,443

The Group constructs shopping malls and transfers the operating rights of certain units of the shopping malls to buyers. Inventories balance of properties under construction and completed properties represents the cost of the units of the shopping malls of which the operation rights will be transferred to buyers subsequently.

### 13 TRADE AND OTHER RECEIVABLES

	<b>At 30 June 2015 RMB'000</b>	At 31 December 2014 RMB'000
Trade receivables (i)/(ii)	<b>678,336</b>	713,713
Bank deposits (Note 14(i))	<b>105,759</b>	2,483,177
Deposits for acquisition (v)	<b>110,000</b>	110,000
Others	<b>162,212</b>	127,865
	<b>1,056,307</b>	3,434,755
Less: allowance for doubtful debts (iii)	<b>(157,537)</b>	(22,117)
	<b>898,770</b>	3,412,638
Representing:		
— Non-current	<b>466,266</b>	520,528
— Current	<b>432,504</b>	2,892,110
	<b>898,770</b>	3,412,638

Except as disclosed in Note 13(i) below, the balance of trade and other receivables are expected to be settled or recovered within one year.

## Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

### 13 TRADE AND OTHER RECEIVABLES (continued)

#### (i) Trade receivables arose from the transfer of operation rights

The Group normally requested a 30%–50% cash payment upon the purchase from buyers and the remaining balance would be mainly settled by loans obtained by buyers from commercial banks or by cash. As at 30 June 2015, the management estimated the receivables will be recovered:

	<b>At 30 June 2015 RMB'000</b>	At 31 December 2014 RMB'000
Within one year	<b>59,607</b>	176,142
Over one year	<b>618,729</b>	537,571
	<b>678,336</b>	713,713

#### (ii) Ageing analysis

Included in trade and other receivables are trade receivables with the following ageing analysis as of the end of the reporting period:

	<b>At 30 June 2015 RMB'000</b>	At 31 December 2014 RMB'000
Within 6 months	<b>430</b>	8,991
6 months to 1 year	<b>7,460</b>	8,195
More than 1 year	<b>670,446</b>	696,527
	<b>678,336</b>	713,713





## Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

### 13 TRADE AND OTHER RECEIVABLES *(continued)*

#### (iii) Impairment of trade receivables

Impairment losses in respect of trade receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade receivables directly.

The movement in the allowance for doubtful debts is as follows:

	<b>At 30 June 2015 RMB'000</b>	At 31 December 2014 RMB'000
At 1 January	<b>22,117</b>	6,370
Impairment loss recognised	<b>135,420</b>	15,747
At 30 June/31 December	<b>157,537</b>	22,117

As at 30 June 2015, the Group's trade and other receivable of RMB157,537,000 (31 December 2014: RMB22,117,000) were individually determined to be impaired. The individually impaired receivables related to balances that management assessed not to be recovered based on available information. Consequently, specific allowances for doubtful debts were recognised.

#### (iv) Trade receivables that are not impaired

Receivables that were past due but not impaired relate to a number of independent buyers of operation rights who are in the process of getting bank loans to finance the payment or have agreed semi-annual instalment payment schedule with the Group. According to the terms in the operation rights transfer agreement, if the buyers fail to repay the receivables of the Group, the Group is entitled to lease the shop units to others to indemnify the loss of the Group. Based on the assessment of these buyers' credit quality and the indemnification the Group is entitled to, the directors of the Company are of the opinion that the trade receivables are collectible and no impairment is considered necessary.

#### (v) Deposits for acquisition

The balance represents deposit made as a security for acquisition of a new project in the PRC.

## Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

### 14 OTHER ASSETS

	<b>At 30 June 2015 RMB'000</b>	At 31 December 2014 RMB'000
Bank deposits (i)	<b>106,624</b>	97,605
Prepayments for construction	<b>797,456</b>	917,864
Prepayment for acquisition of non-controlling interests (ii)	<b>234,165</b>	234,165
	<b>1,138,245</b>	1,249,634

(i) Bank deposits represent deposits for guarantees for loans:

	<b>At 30 June 2015 RMB'000</b>	At 31 December 2014 RMB'000
Repayable within one year (Note 13)		
— guarantees for buyers' bank loans (a)	<b>35,759</b>	24,975
— security for bank loans (b)	<b>70,000</b>	7,000
— proceeds from the rights issue (c)	–	2,451,202
	<b>105,759</b>	2,483,177
Repayable after more than one year		
— guarantees for buyers' bank loans (a)	<b>52,238</b>	91,444
— security for bank loans (b)	<b>54,386</b>	6,161
	<b>106,624</b>	97,605
	<b>212,383</b>	2,580,782

(a) The Group's subsidiaries in the PRC have entered into agreements with certain banks with respect to loans provided to buyers of the operation rights. The Group makes deposits as security for repayment of the loans under these agreements. The deposits will be released along with the repayment of loan principal by the buyers.

(b) The amounts represent deposits made as security to obtain the bank loans from certain PRC banks (Note 17(i)(b)). The deposit will be released along with the Group's repayment of such related bank loans.

(c) The Group proposed the right shares at a subscription price of HKD0.32 each on the basis of one right share for every two existing shares on 9 December 2014 (the "Rights Issue"). As at 31 December 2014, subscription proceeds of RMB2,451,202,000 was received by the Group from shareholders for the Rights Issue. The proceeds were restricted to the use of subscription of the Rights Issue upon it became unconditional on 2 January 2015.



## Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

### 14 OTHER ASSETS (continued)

- (ii) Prepayment for acquisition of non-controlling interests represents prepayment for the acquisition of the entire issued share capital of Wise Track Group Limited which holds 10% equity interest in Dongguan New World, one of the Group's PRC subsidiaries. The Group has not completed the above acquisition as at 30 June 2015.

### 15 CASH AT BANK AND ON HAND

	At 30 June 2015 RMB'000	At 31 December 2014 RMB'000
Cash on hand	10,258	9,043
Cash at bank	807,034	875,450
	<b>817,292</b>	884,493
Representing:		
— Cash and cash equivalents	817,292	832,941
— Time deposits with original maturity over three months	–	51,552
	<b>817,292</b>	884,493

### 16 TRADE AND OTHER PAYABLES

	At 30 June 2015 RMB'000	At 31 December 2014 RMB'000
Receipts in advance (i)	293,937	374,002
Construction payables (ii)	1,615,864	1,707,394
Other taxes payable (iii)	121,912	110,444
Deposits (iv)	511,986	522,319
Amounts due to related parties	1,232	20,554
Salary and welfare expenses payable	4,656	5,065
Professional service fee payables	29,216	16,106
Interest payable	71,341	175,962
Proceeds from the Rights Issue	–	2,451,202
Others	183,009	151,204
	<b>2,833,153</b>	5,534,252

## Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

### 16 TRADE AND OTHER PAYABLES (continued)

- (i) The amount of receipts in advance was expected to be recognised as income within one year.
- (ii) The ageing analysis of construction payables at the end of the reporting period is as follows:

	<b>At 30 June 2015 RMB'000</b>	At 31 December 2014 RMB'000
Due within one year or on demand	<b>1,615,864</b>	1,707,394

- (iii) Other taxes payable mainly represents the payables of business tax, which is 5% of the gross revenue, and property tax which levied at original cost of investment properties or lease income.
- (iv) These mainly represent deposits paid by tenants for the privilege to renew the operating lease contracts upon expiry, to sign new operating lease contracts and to sign operation rights transfer contracts for the units of the Group's shopping malls to be opened in the future and deposits collected from customers to secure the execution of the lease agreements.

### 17 INTEREST-BEARING BORROWINGS

- (i) Non-current interest-bearing borrowings comprise:

	<i>Note</i>	<b>At 30 June 2015 RMB'000</b>	At 31 December 2014 RMB'000
Senior notes	(a)		
— Senior Notes 2015		—	1,830,201
— Senior Notes 2016		<b>980,788</b>	3,642,591
Secured bank and other loans	(b)	<b>4,318,657</b>	1,680,200
Secured loans from other financial institutions	(c)	<b>800,200</b>	1,375,200
		<b>6,099,645</b>	8,528,192
Less: current portion of long-term bank loans	17(ii)	<b>(430,020)</b>	(419,700)
current portion of long-term loans from other financial institutions	(c)	<b>(800,200)</b>	(875,200)
current portion of senior notes		<b>(980,788)</b>	(1,830,201)
		<b>3,888,637</b>	5,403,091



## Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

### 17 INTEREST-BEARING BORROWINGS *(continued)*

(i) Non-current interest-bearing borrowings comprise: *(continued)*

(a) The Company issued senior notes of aggregate amount of USD900,000,000 in 2010.

On 18 May 2010, the Company issued senior notes of USD300,000,000 ("Senior Notes 2015"). The Senior Notes 2015 bear interest at 11.75% per annum, payable semi-annually in arrears, and were due in May 2015.

On 10 September 2010 and 15 November 2010, the Company issued in aggregation of USD600,000,000 senior notes ("Senior Notes 2016"). The Senior Notes 2016 bear interest at 13% per annum, payable semi-annually in arrears, and will be due in 2016.

In November 2014, the Company commenced the tender offers to purchase for cash any and all of its outstanding Senior Notes 2015 and Senior Notes 2016 (the "Tender Offer"), which were completed on 7 January 2015. The Company has purchased back an aggregate principal amount of the USD221,291,000 of the Senior Notes 2015 and an aggregate principal amount of the USD438,802,000 of the Senior Notes 2016.

The remaining outstanding balance of the Senior Notes 2015 amounting to USD78,709,000 was due and repaid in May 2015. The remaining outstanding balance of the Senior Notes 2016 amounting to USD161,198,000 will be due in 2016.

The Group's certain subsidiaries registered in Hong Kong and the BVI have provided guarantee to the Senior Notes 2016 issued in 2010. The guarantee will be released upon the full and final payments of Senior Notes.

(b) Secured bank and other loans represent bank and other loans borrowed by the PRC subsidiaries bearing interest rates ranging from 5.535% to 8.61% per annum (31 December 2014: 5.895% to 8.61% per annum).

(c) Secured loans from other financial institutions represent loans borrowed by PRC subsidiaries from financial institutions other than banks, bearing interest rates ranging from 9% to 16% per annum (31 December 2014: 7.68% to 16% per annum).



## Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

### 17 INTEREST-BEARING BORROWINGS (continued)

(ii) The short-term loans and borrowing comprise:

	<b>At 30 June 2015 RMB'000</b>	At 31 December 2014 RMB'000
Secured bank loans (a)	<b>100,000</b>	60,000
Current portion of senior notes	<b>980,788</b>	1,830,201
Current portion of long-term bank loans (Note 17(i))	<b>430,020</b>	419,700
Current portion of long-term loans from other financial institutions	<b>800,200</b>	875,200
	<b>2,311,008</b>	3,185,101

(a) Secured bank loans represent bank loans borrowed by PRC subsidiaries with total principal amount of RMB100,000,000 (31 December 2014: RMB60,000,000) bearing interest rate ranging from 6.12% to 6.16% (31 December 2014: ranging from 5.60% to 6.72%) per annum. The loan is secured by investment properties and guaranteed by certain PRC subsidiaries of the Group (31 December 2014: secured by investment properties).

(iii) The bank and other loans are repayable as follows:

	<b>At 30 June 2015 RMB'000</b>	At 31 December 2014 RMB'000
Within one year	<b>1,330,220</b>	1,354,900
Between one and two years	<b>3,026,137</b>	870,000
Between two and five years	<b>564,500</b>	567,500
After five years	<b>298,000</b>	323,000
	<b>5,218,857</b>	3,115,400





## Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

### 18 DEFERRED TAX ASSETS AND LIABILITIES

#### (a) Deferred tax assets

Deferred tax assets mainly represent the unused tax losses of the Group's PRC companies.

#### (b) Deferred tax liabilities

Deferred tax liabilities mainly represent the deferred tax liabilities recognised as a result of fair value adjustments of the investment properties.

### 19 NON-CURRENT RECEIPT IN ADVANCE

The amounts represent the payments received by the Group from the buyers before the transfer of the operation rights of the shop units. The operation rights of the shop units are expected to be transferred to the buyers after three years from the date of commencement of operation of the relevant shopping mall according to the operation rights transfer agreement. The carrying value of the inventory to be transferred under these contracts amount to RMB318,129,000 at 30 June 2015 (31 December 2014: RMB314,509,000).

### 20 CAPITAL, RESERVES AND DIVIDENDS

#### (a) Dividends

- (i) Dividends payable to equity shareholders attributable to the interim period

There was no interim dividend declared attributable to the six months ended 30 June 2015 (six months ended 30 June 2014: Nil).

- (ii) Dividends payable to equity shareholders attributable to the previous financial year, approved and paid during the interim period

The directors of the Company did not recommend the payment of a final dividend attributable to the previous financial years during the six month ended 30 June 2015 (six months ended 30 June 2014: Nil).

## Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

### 20 CAPITAL, RESERVES AND DIVIDENDS (continued)

#### (b) Share capital

	At 30 June 2015		At 31 December 2014	
	Number of shares '000	RMB'000	Number of shares '000	RMB'000
<b>Authorised:</b>				
Ordinary shares of HKD0.01 each	<b>40,000,000</b>		40,000,000	
<b>Issued and fully paid:</b>				
At 1 January	<b>21,148,132</b>	<b>186,376</b>	21,148,132	186,376
Issue of shares under rights issue (c)	<b>10,574,066</b>	<b>83,592</b>	–	–
At 30 June/31 December	<b>31,722,198</b>	<b>269,968</b>	21,148,132	186,376

#### (c) Issue of shares under rights issue

The Group proposed issuance of rights shares at a subscription price of HKD0.32 each on the basis of one rights share for every two existing shares on 9 December 2014. Total number of 10,574,066,000 ordinary shares with par value of HKD0.01 each, have been issued on 8 January 2015.

### 21 CONTINGENCIES

#### (a) Guarantees

The Group has provided guarantees and made deposits to banks to assist the buyers of operation rights to obtain bank loans (Note 14(i)). The outstanding guarantees as at 30 June 2015 amounted to RMB233,751,000 (31 December 2014: RMB300,527,000). The guarantees and deposits will be released along with the repayment of loan principal by the buyers.





## Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

### 22 OPERATING LEASE

#### (a) Leases as lessor

The Group leases out its investment properties under operating leases. The future minimum lease payments under non-cancellable leases are receivable as follows:

	<b>At 30 June 2015 RMB'000</b>	At 31 December 2014 RMB'000
Less than one year	<b>341,318</b>	408,383
Between one and five years	<b>40,881</b>	39,143
More than five years	<b>38,701</b>	65,620
	<b>420,900</b>	513,146

#### (b) Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

	<b>At 30 June 2015 RMB'000</b>	At 31 December 2014 RMB'000
Less than one year	<b>15,209</b>	16,708
Between one and five years	<b>31,372</b>	35,422
More than five years	<b>26,375</b>	29,305
	<b>72,956</b>	81,435

## Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

### 23 CAPITAL COMMITMENTS

As at 30 June 2015 and 31 December 2014, the Group has the following commitments in respect of the construction of shopping mall not provided for in the financial statements:

	<b>At 30 June 2015 RMB'000</b>	At 31 December 2014 RMB'000
Contracted for	<b>2,672,649</b>	2,590,450
Authorised but not contracted for	<b>2,265,008</b>	2,384,406
	<b>4,937,657</b>	4,974,856

### 24 MATERIAL RELATED PARTY TRANSACTIONS

#### (a) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors and certain of the highest paid employees, is as follows:

	<b>Six months ended 30 June</b>	
	<b>2015 RMB'000</b>	2014 RMB'000
Salaries and other emoluments	<b>62,935</b>	23,701
Retirement plan contributions	<b>117</b>	168
	<b>63,052</b>	23,869





## Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

### 24 MATERIAL RELATED PARTY TRANSACTIONS *(continued)*

#### (b) Material related party transactions

	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
Operating lease to		
— Directors	12	12
— Other related parties	32	32
Operating lease from		
— Other related parties	400	400
Repayment to a director <i>(i)</i>	19,722	30,163
Payment payable to a director	—	33,360
Payment payable to a related party	100,000	—
Repayment to a related party	100,000	—
Guarantee received from directors <i>(ii)</i>	2,858,000	700,000

(i) During the six months ended 30 June 2015, the Group made payment to Mr. Dai Yongge, the Chairman of the Company as a repayment of debt.

(ii) Mr. Dai Yongge provided guaranty for the bank loans and loans from other financial institutions obtained by certain PRC subsidiaries of the Group with a total amount of RMB2,858,000,000 (six months ended 30 June 2014: RMB700,000,000) during the six months ended 30 June 2015. The period of these loans is from 6 January 2014 to 20 October 2016 (six months ended 30 June 2014: from 6 January 2014 to 27 June 2016).

Ms. Zhang Xingmei, a non-executive Director of the Company, provided guaranty for the loans from other financial institutions obtained by certain PRC subsidiaries of the Group with a total amount of RMB500,000,000 (six months ended 30 June 2014: RMB500,000,000) during six months ended 30 June 2015. The period of the loan is from 20 June 2014 to 27 June 2016 (six months ended 30 June 2014: from 20 June 2014 to 27 June 2016).

## Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

### 25 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

The Group does not have any financial instruments measured at fair value at the end of the reporting period.

The carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 31 December 2014 and 30 June 2015 except for the following financial instruments, for which their carrying amounts and fair values are disclosed below:

	At 30 June 2015		At 31 December 2014	
	Carrying amount RMB'000	Fair value RMB'000	Carrying amount RMB'000	Fair value RMB'000
Senior notes	<b>980,788</b>	<b>975,645</b>	5,472,792	4,715,913
Fixed rate long-term loans	<b>908,200</b>	<b>953,252</b>	1,495,200	1,536,256
	<b>1,888,988</b>	<b>1,928,897</b>	6,967,992	6,252,169

### 26 SUBSEQUENT EVENTS

On 9 June 2015, the Company entered into a sales and purchase agreement with New Amuse Limited ("the Vendor"), a wholly-owned subsidiary of Shouguang Dili Agri-Products Group Company Limited, which is ultimately held by Ms. Zhang Xingmei, a non-executive Director of the Group and the spouse of Mr. Dai Yongge. Pursuant to the sales and purchase agreement, the Company would acquire the entire issued share capital of Yield Smart Limited (the "Acquisition"), a company incorporated in the BVI with limited liability and a wholly owned subsidiary of the Vendor. Upon the completion of the Acquisition, the Company will control the operation business of eight agricultural produce wholesale markets in the PRC.

The total consideration for the acquisition is composed of (i) the allotment and issue of 12,243,902,439 shares by the Company to the Vendor; and (ii) HKD1.48 billion by the assumption of the loan of the Vendor by the Company before or upon completion.

The above acquisition has completed as all the conditions have been fulfilled or waived on 27 July 2015 (the "Acquisition Date"). Based on the market price of the consideration shares on the Acquisition Date, the total consideration was HKD8,092,159,000.

