



益華控股有限公司 YI HUA HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 2213

Interim Report
2016

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Chen Jianren
 Mr. Fan Xinpei
 Mr. Su Weibing
 Mr. Lin Guangzheng
 Mr. Chen Zhengtao
 Mr. Leung Wai Kwan
 (Re-designated on 20 June 2016)

Non-executive Director

Mr. Chen Daren

Independent non-executive Directors

Mr. Sun Hong
 Mr. Xu Yinzhou
 Ms. Hung Wan Fong, Joanne
 (Appointed on 20 June 2016)

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 8A, 8th Floor
 Wah Kit Commercial Centre
 300-302 Des Voeux Road Central
 Hong Kong

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

Yihua Century Square
 Zhongshan 3rd Road
 Zhongshan City, Guangdong Province
 the PRC

COMPANY SECRETARY

Mr. Tse Wing York, CPA

AUTHORISED REPRESENTATIVES

Mr. Fan Xinpei
 Mr. Tse Wing York, CPA

AUDIT COMMITTEE

Mr. Sun Hong
 Mr. Xu Yinzhou
 Mr. Leung Wai Kwan (*Chairman*)
 (Ceased on 20 June 2016)
 Ms. Hung Wan Fong, Joanne (*Chairman*)
 (Appointed on 20 June 2016)

REMUNERATION COMMITTEE

Mr. Fan Xinpei
 Mr. Sun Hong
 Mr. Xu Yinzhou (*Chairman*)
 Mr. Leung Wai Kwan
 (Ceased on 20 June 2016)
 Ms. Hung Wan Fong, Joanne
 (Appointed on 20 June 2016)

NOMINATION COMMITTEE

Mr. Chen Jianren (*Chairman*)
 Mr. Sun Hong
 Mr. Xu Yinzhou
 Mr. Leung Wai Kwan
 (Ceased on 20 June 2016)
 Ms. Hung Wan Fong, Joanne
 (Appointed on 20 June 2016)

REGISTERED OFFICE

Clifton House
 75 Fort Street
 P.O. Box 1350
 Grand Cayman KY1-1108
 Cayman Islands

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Estera Trust (Cayman) Limited
 Clifton House
 75 Fort Street
 P.O. Box 1350
 Grand Cayman KY1-1108
 Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
 Level 22
 Hopewell Centre
 183 Queen's Road East
 Wanchai, Hong Kong

PRINCIPAL BANKS

The PRC:
 Industrial and Commercial Bank of China
 Ping An Bank

Hong Kong:
 The Hongkong and Shanghai Banking
 Corporation Limited
 Industrial and Commercial Bank of China
 (Asia) Limited
 The Bank of East Asia, Limited

AUDITORS

PricewaterhouseCoopers

INTERNAL CONTROL ADVISER

Baker Tilly Hong Kong Business Services
 Limited

LEGAL ADVISERS TO THE COMPANY

As to the PRC law
 JunZeJun Law Offices

COMPANY WEBSITE

www.yihua.com.cn

STOCK CODE

2213

MANAGEMENT DISCUSSION AND ANALYSIS

The board (the “**Board**”) of directors (the “**Directors**”) of Yi Hua Holdings Limited (the “**Company**”) is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (the “**Group**”) for the six months ended 30 June 2016.

BUSINESS REVIEW

For the six months ended 30 June 2016, the Group’s revenue was approximately RMB288.8 million, representing a decline of approximately 11.7% over the same period last year. Gross profit (revenue less purchases of and changes in inventories) was approximately RMB155.3 million, decreased by 17.2% over the same period last year. Operating profit was approximately RMB64.8 million, representing an increase of 142.7% over the same period last year. Profit attributable to shareholders was approximately RMB44.7 million, increased by 165.3% over the same period last year.

Completion of the acquisition of the entire equity interests in Enping Kangsheng Hotel Management Company Limited (“Enping Kangsheng Hotel”)

On 24 June 2016, the Group completed the acquisition of Enping Kangsheng Hotel, a company principally engaged in property management and property leasing. As at the date of completion, Enping Kangsheng Hotel owns three properties including a five-star hotel with a gross floor area of approximately 66,000 sq.m., a business hotel with a gross floor area of approximately 19,000 sq.m., and an annex building consists of shopping arcade with a gross floor area of approximately 5,000 sq.m.. The Group considered that these properties will be a long-term investment and planned to lease out in order to broaden the Group’s sources of income. As at 30 June 2016, the five-star hotel and the annex building have been leased out already.

The expansion of cross-border merchandise direct sales experience stores

During the first half of 2016, the Group has entered into a franchise agreement with a franchisee to open a cross-border merchandise direct sales experience store. By entering into this franchise agreement, the Group is entitled to receive a planning, design and consulting service fee of RMB2,500,000 and a franchise fee of RMB500,000. It has always been the Group’s strategy to expand the cross-border merchandise direct sales experience stores at low cost. By adopting the franchise model, the Group not only can lower the expansion cost, but also can have a franchise fee income.

Making adjustments to loss-making stores

In view of the weakened growth momentum of retail business in the PRC, the Group has taken different measures to reduce the loss-making stores, including the adjustment of concessionaire sales to fixed rental income, by reducing the department store area and increasing the areas for leasing out to catering and entertainment tenants.

MANAGEMENT DISCUSSION AND ANALYSIS

New Business Opportunity

With reference to the announcement of dated 14 June 2016, Zhongshan Subor Cultural Assets Company Limited (中山市小霸王文化產業有限公司; the “**JV Company**”), an associated company of the Group, is currently in negotiation with Mr. Fang Hong Qi (“**Mr. Fang**”), the shareholder of the JV Company, with a view to commence and develop business in the areas of production of game console, Virtual Reality (“**VR**”) and development of video games in the PRC (the “**Potential New Business**”). The JV Company was formerly owned as to 40% by the Group, and as to 60% by Mr. Fang. As the Company is confident in the future prospect of the JV Company, on 21 July 2016, the Group acquired from Mr. Fang an additional 9% of the entire equity interests in the JV Company and since then, the JV Company has been owned as to 49% by the Group and as to 51% by Mr. Fang.

The JV Company is in negotiation with a multinational semiconductor company (the “**Supplier**”) in relation to the purchase of semiconductor products for a game system which can fully support VR. The Supplier is incorporated in the United States of America which is engaged in the supply of semiconductor products for servers, workstations, personal computers and embedded systems. The Group has been actively exploring other business opportunities in order to diversify the existing business of the Group and to explore new markets with significant growth potential. The Potential New Business represents a good opportunity for the Group to expand its business portfolio, diversify its income sources and possibly enhance its financial performance.

OUTLOOK AND PROSPECTS

Looking forward, the traditional retail business in the PRC will continue to slow down amidst the challenges arising from e-commerce, shopping centres and branded shops. Therefore, the Group will expand its source of income and control operating costs in the following directions to alleviate the unfavourable operating conditions.

Purchasing properties at a low cost

The Group will continue to focus on the acquisition of properties with good potential that can bring with stable rental income and decent investment return. As a well-known complex operator in Guangdong Province, the Group is able to take advantage of its reputation to acquire properties in prime locations at a low cost. The Group is in the process of negotiating with two property owners for the intention of acquiring the target properties. When these potential acquisitions being realised, they would bring a high investment return to the Group.

Making adjustments to stores

The Group will continue to streamline the number of stores, adjust the structure of the segment areas, as well as adhere to the strategy of reducing the areas for department store segment and increase the leasing areas for catering and entertainment tenants.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

For the six months ended 30 June 2016, the Group recorded a revenue of approximately RMB288.8 million, representing a decrease of approximately RMB38.4 million or 11.7% from approximately RMB327.2 million in the first half of 2015.

The following table sets forth a breakdown of the Group's revenue for the six months ended 30 June 2016 and 2015.

Six months ended 30 June

Department	2016					Total	2015					Total
	store segment	Supermarket segment	Electrical appliances segment	Furniture segment	Consulting service		store segment	Supermarket segment	Electrical appliances segment	Furniture segment	Consulting service	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Direct sales of goods	1,401	115,075	43,310	-	-	159,786	4,488	115,013	55,398	353	-	175,252
Commission income from concessionaire sales	82,694	5,400	4,158	-	-	92,252	96,680	5,984	4,510	-	-	107,174
Management fee and service income from operations	16,811	4,526	1,917	172	-	23,426	16,253	4,865	2,812	267	-	24,197
Rental income	7,534	3,376	533	724	-	12,167	3,096	2,889	819	781	-	7,585
Consulting service income	-	-	-	-	1,179	1,179	-	-	-	-	13,000	13,000
	108,440	128,377	49,918	896	1,179	288,810	120,517	128,751	63,539	1,401	13,000	327,208

Direct sales of goods

For the six months ended 30 June 2016, our revenue from direct sales was approximately RMB159.8 million, representing a decrease of approximately RMB15.5 million or 8.8%, from approximately RMB175.3 million in the first half of 2015. The decrease was mainly attributable to the decrease in sales of electrical appliances segment as a result of change of purchase habit from physical store to online.

Commission income from concessionaire sales

For the six months ended 30 June 2016, our revenue from concessionaire sales was approximately RMB92.3 million, representing a decrease of approximately RMB14.9 million, or 13.9%, from approximately RMB107.2 million in the first half of 2015.

MANAGEMENT DISCUSSION AND ANALYSIS

Management fee and service income from operations

For the six months ended 30 June 2016, the management fee and service income from operations were approximately RMB23.4 million, representing a decrease of approximately RMB0.8 million or approximately 3.2%, from approximately RMB24.2 million in the first half of 2015.

Rental income

For the six months ended 30 June 2016, our revenue from rental income was approximately RMB12.2 million, representing an increase of approximately RMB4.6 million, or 60.4%, from approximately RMB7.6 million in the first half of 2015. The increase was mainly due to the shift of more areas from concessionaire to leasing.

Consulting service income

For the six months ended 30 June 2016, the Group recorded an aggregate amount of approximately RMB1.2 million for the consulting service provided, while the consulting service income was RMB13.0 million in the first half of 2015.

Gross profit and gross profit margin

For the six months ended 30 June 2016, gross profit was approximately RMB155.3 million, a decrease of approximately RMB32.2 million, or 17.2%, from approximately RMB187.5 million in the first half of 2015. The gross profit margin for the six months ended 30 June 2016 and 30 June 2015 was approximately 53.8% and 57.3% respectively, represented a decrease of approximately 3.5 percentage points. The decrease in gross profit and gross profit margin was mainly due to the decrease in consulting service income. When excluding the consulting service income, the gross profit and gross profit margin decrease approximately RMB20.4 million and 1.9 percentage points, respectively.

Other income

For the six months ended 30 June 2016, other income was approximately RMB1.6 million, an increase of 6.7%, or approximately RMB0.1 million, from approximately RMB1.5 million in the first half of 2015.

Other gains – net

For the six months ended 30 June 2016, other gains was approximately RMB90.0 million, an increase of 610.4% or approximately RMB77.3 million from approximately RMB12.7 million in the first half of 2015. The significant increase was mainly due to (i) an increase in the fair value gain of approximately RMB48.8 million derived from the change in fair value of investment properties; and (ii) the gain from bargain purchase of approximately RMB32.6 million in relation to the acquisition of Enping Kangsheng Hotel.

MANAGEMENT DISCUSSION AND ANALYSIS

Purchases of and changes in inventories

For the six months ended 30 June 2016, the purchases of and changes in inventories was approximately RMB133.5 million, representing a decrease of approximately RMB6.2 million, or approximately 4.4%, from approximately RMB139.7 million in the first half of 2015.

Employee benefit expenses

For the six months ended 30 June 2016, employee benefit expenses were approximately RMB52.8 million, representing an increase of approximately RMB3.0 million, or 6.0%, from approximately RMB49.8 million in the first half of 2015. The increase was primarily due to the new stores opened in second half of 2015 which did not have impact in the first half of 2015 but fully counted in the first half of 2016.

Depreciation and amortisation

For the six months ended 30 June 2016, depreciation and amortisation expenses were approximately RMB14.0 million, representing an increase of approximately RMB0.3 million, or 2.3%, from approximately RMB13.7 million in the first half of 2015. The increase was mainly attributable to the new stores opened in the second half of 2015.

Operating lease rental expenses and property management fee

For the six months ended 30 June 2016, operating lease rental expenses and property management fee totalled approximately RMB62.5 million, representing an increase of approximately RMB5.1 million, or 8.9%, from approximately RMB57.4 million in the first half of 2015. This increase was primarily due to the organic growth in the rental of the existing stores and the new stores opened in the second half of 2015.

Other operating expenses

For the six months ended 30 June 2016, the other operating expenses were approximately RMB52.9 million, representing a decrease of approximately RMB1.3 million, or 2.3%, from approximately RMB54.1 million in the first half of 2015. This decrease was primarily attributable to the decrease in utilities expenses and consumption card related expenses.

Finance cost – net

For the six months ended 30 June 2016, we recorded net finance cost of approximately RMB2.1 million, representing a decrease of approximately RMB0.5 million, or approximately 20.1%, from approximately RMB2.6 million in the first half of 2015. This was mainly attributable to the increase in bank interest income.

MANAGEMENT DISCUSSION AND ANALYSIS

Profit attributable to owners of the Company

For the six months ended 30 June 2016, profit attributable to owners of the Company was approximately RMB44.7 million, representing an increase of approximately RMB27.8 million, or 165.3%, from approximately RMB16.8 million in the first half of 2015.

Liquidity and Financial Resources

As of 30 June 2016, the Group's cash and cash equivalents amounted to approximately RMB188.5 million (31 December 2015: RMB145.4 million).

The Group's borrowings from banks and bonds payable as of 30 June 2016 was approximately RMB221.0 million and RMB47.1 million, respectively (31 December 2015: RMB106.2 million and RMB33.2 million, respectively).

As of 30 June 2016, the Group's current liabilities exceeded its current assets by RMB199.6 million (31 December 2015: RMB156.5 million). The reasons for the increase in net current liabilities was mainly due to the Group has applied a portion of its cash generated from operating activities and short-term borrowings to finance the acquisition and renovation of its new department stores.

Gearing ratio

As of 30 June 2016, the gearing ratio was 97.3% (31 December 2015: 57.1%). The gearing ratio is calculated as total debts (including borrowings) divided by total equity at the balance sheet dates.

Pledge of assets

As of 30 June 2016, certain investment properties of the Group and a third party were pledged to banks for securing the bank loans with an amount of RMB111.2 million (31 December 2015: nil).

Employees

The Group ensures that all employees are paid competitively within the standard in the market and employees are rewarded on performance-related basis within the framework of the Group's salary, incentives and bonus scheme.

Contingent liabilities

The Group has no significant contingent liabilities as of 30 June 2016 (31 December 2015: nil).

Foreign exchange exposure

The Group conducted its business operations in the PRC and its revenues and expenses were denominated in RMB. Certain of the Group's bank deposits and bonds are denominated in Hong Kong dollars. Any significant exchange rate fluctuations of Hong Kong dollars against RMB may have financial impacts on the Group. The Group has not used any tools to hedge its foreign currency exposure. However, the Group will from time to time monitor and adjust the strategy based on the exchange rate movement.

MANAGEMENT DISCUSSION AND ANALYSIS

USE OF IPO PROCEEDS

Net proceeds from the Company's listing on the HKEX (the "Listing") (after deducting underwriting fees and related expenses) amounted to approximately HKD93.7 million, which is intended to be applied in the manner consistent with that set out in the Prospectus, that is, approximately 12% of the net proceeds for the newly opened department store in Yangjiang; approximately 43% and approximately 28% for opening of new department stores in Zhenjiang and Enping respectively; approximately 7% for upgrading our existing information technology systems; and approximately 10% for general working capital.

During the period from 11 December 2013 (the "Listing Date"), being the date on which dealings in the shares of the Company ("Shares") first began in The Stock Exchange of Hong Kong Limited (the "Stock Exchange") to 30 June 2016, net proceeds from the Listing had been applied as follows:

	Amount of net proceeds allocated HKD'000	Amount of net proceeds utilized during the period from Listing Date to 30 June 2016 HKD'000	Balance as at 30 June 2016 HKD'000
Yangjiang Store	11,244	11,244	–
Zhenjiang Store	40,291	40,291	–
Enping Store	26,236	5,639	20,597
Upgrading our computer system	6,559	6,559	–
General working capital purposes	9,370	9,370	–
Total	93,700	73,103	20,597

INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2016 (six months ended 30 June 2015: nil).

OTHER INFORMATION

SHARE OPTION SCHEME

The Company has conditionally adopted its pre-IPO share option scheme on 12 November 2013 (the “**Scheme**”). The purpose of the Scheme is to attract and retain the best quality personnel for the development of the Group’s businesses; to provide additional incentives to the employees; to provide eligible participants (as defined in the Scheme) (“**Eligible Participants**”) with the opportunity to acquire proprietary interests in the Company; and to promote the long term financial success of the Group by aligning the interests of grantees to the shareholders of the Company (“**Shareholders**”). Under the Scheme, the Board shall be entitled at any time (except for the period as defined under the Rules Governing the Listing of Securities of the Stock Exchange (the “**Listing Rules**”) whereby price sensitive event or a price sensitive matter has been the subject of a decision) within 10 years commencing on the date of adoption of the Scheme to make an offer for the grant of an option to any Eligible Participant (including any employee, officer or director, whether executive or non-executive, of the Group), and any consultant, adviser, supplier, customer or subcontractor of the Group or any other person determined by the Board as appropriate.

The shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other schemes must not exceed 30% of the Shares in issue from time to time. The maximum number of shares available for issue under options which may be granted under the Scheme and any other schemes of the Company must not in aggregate exceed 10% of the Shares in issue immediately following the commencement of dealings in the Shares on the Stock Exchange, being 360,000,000 shares. The total number of Shares issued and to be issued upon exercise of options (whether exercised or outstanding) in any 12-month period granted to each grantee must not exceed 1% of the Shares in issue, such further grant shall be subject to separate approval by the Shareholders in general meeting with the relevant grantee and his associates abstaining from voting.

The subscription price in respect of any particular option shall be such price as the Board may in its absolute discretion determine at the time of grant of the relevant option but the subscription price shall not be less than the highest of (i) the closing price of the Shares as stated in the daily quotations sheet issued by the Stock Exchange on the offer date which must be a business day for trading of securities on the Stock Exchange (“**Business Day**”); (ii) the average closing price of the Shares as stated in the daily quotation sheets issued by the Stock Exchange for the five Business Days immediately preceding the offer date; and (iii) the nominal value of a Share. HK\$1.00 is payable by the grantee to the Company on acceptance of the offer of the option. The period within which the Shares must be taken up under an option shall be determined by the Board in its absolute discretion at the time of grant, but such period must not exceed 10 years from the date of grant of the relevant option.

For the six months ended 30 June 2016, no option has been granted or agreed to be granted under the Scheme.

OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As of 30 June 2016, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO), or (ii) which were required, pursuant to section 352 of the SFO, to be entered into the register maintained by the Company, or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules (the “**Model Code**”) were as follows:

Name of Director	Company/ Name of associated corporation	Capacity/ Nature of interest	Number of shares	Approximate percentage of shareholding
Mr. Chen Daren	The Company	Interest in controlled corporation	260,145,000 (L) (Note 2)	53.31%
Mr. Fan Xinpei	The Company	Beneficial owner/ Interest in controlled corporation	43,142,915 (L) (Note 3)	8.84%
Mr. Lin Guangzheng	The Company	Beneficial Owner	5,362,916 (L)	1.1%
Mr. Su Weibing	The Company	Beneficial Owner	4,320,416 (L)	0.89%
Mr. Chen Daren	JAGUAR ASIAN LIMITED (“Jaguar Asian”)	Beneficial Owner	1 (L) (Note 2)	100%

OTHER INFORMATION

Notes:

1. The letter “L” denotes long position in the shares, underlying shares and debentures of the Company or any of its associated corporations.
2. Jaguar Asian is wholly-owned by Mr. Chen Daren, a non-executive Director. Mr. Chen Daren is deemed to be interested in the 260,145,000 Shares held by Jaguar Asian under the SFO.
3. 43,130,415 Shares and 12,500 Shares were held directly by Mr. Fan Xinpei and EAGLEPASS DEVELOPMENTS LIMITED (“**Eaglepass Developments**”) respectively. Eaglepass Developments is owned as to 15.66% and 84.34% by Mr. Lu Hanxing (a former Director who resigned on 4 May 2015) and Gain Profit Management Limited (“**Gain Profit**”) respectively. Gain Profit is wholly-owned by Zhongshan Yinglifeng Trading Developments Limited, which is in turn owned as to 66.33%, 9.62%, 9.62%, 4.81%, 4.81% and 4.81% by Mr. Fan Xinpei (an executive Director), Mr. Lin Guangzheng (an executive Director), Mr. Su Weibing (an executive Director), Ms. Wang Guping, Ms. Zhang Rong and Mr. Luo Chengwen respectively. As such, Mr. Fan Xinpei is deemed to be interested in the 12,500 Shares held by Eaglepass Developments under the SFO.

Save as disclosed above, as at 30 June 2016, none of the Directors nor the chief executive of the Company had or was deemed to have any interests or short positions in any shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO), or (ii) which were required, pursuant to section 352 of the SFO, to be entered into the register maintained by the Company, or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

OTHER INFORMATION

PERSONS WHO HAVE AN INTEREST OR SHORT POSITION WHICH IS DISCLOSEABLE UNDER DIVISION 2 AND 3 OF PART XV OF THE SFO AND SUBSTANTIAL SHAREHOLDERS OF THE COMPANY

So far as is known to the Directors, as at 30 June 2016, the following persons (not being Directors or chief executive of the Company) had, or were deemed to have, interests or short positions in the Shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of Shareholder	Nature of interests	Number of Shares held <i>(Note 1)</i>	Approximate percentage of shareholding <i>(Note 2)</i>
Jaguar Asian Limited	Beneficial owner	260,145,000 (L)	53.31%
Gold-Face Finance Limited <i>(Note 3)</i>	Person having a security interest in shares	114,574,500 (L)	23.48%
Good Profit Development Ltd <i>(Note 3)</i>	Interest in controlled corporation/Person having a security interest in shares	114,574,500 (L)	23.48%
Good Foundation Co. Ltd. <i>(Note 3)</i>	Interest in controlled corporation/Person having a security interest in shares	114,574,500 (L)	23.48%
Upbest Strategic Co. Ltd. <i>(Note 3)</i>	Interest in controlled corporation/Person having a security interest in shares	114,574,500 (L)	23.48%
Upbest Financial Holdings Limited <i>(Note 3)</i>	Interest in controlled corporation/Person having a security interest in shares	114,574,500 (L)	23.48%
Upbest Group Limited <i>(Note 3)</i>	Interest in controlled corporation/Person having a security interest in shares	114,574,500 (L)	23.48%

OTHER INFORMATION

Name of Shareholder	Nature of interests	Number of Shares held <i>(Note 1)</i>	Approximate percentage of shareholding <i>(Note 2)</i>
CCAA Group Limited <i>(Note 3)</i>	Interest in controlled corporation/Person having a security interest in shares	114,574,500 (L)	23.48%
Cheng Kai Ming, Charles <i>(Note 3)</i>	Interest in controlled corporation/Person having a security interest in shares	114,574,500 (L)	23.48%
Cheng Wai Ling, Annie <i>(Note 3)</i>	Interest in controlled corporation/Person having a security interest in shares	114,574,500 (L)	23.48%
Cheng Wai Lun, Andrew <i>(Note 3)</i>	Interest in controlled corporation/Person having a security interest in shares	114,574,500 (L)	23.48%

Notes:

1. The letter “L” denotes long position in the Shares.
2. The approximate percentage of shareholding is calculated based on 488,010,000 Shares in issue as at 30 June 2016.
3. According to the disclosure of interests forms of substantial Shareholders filed on 18 December 2015, Gold-Face Finance Limited is wholly-owned by Good Profit Development Ltd., which is in turn owned as to 50% and 50% by Good Foundation Co. Ltd. and Upbest Strategic Co. Ltd., respectively. Each of Good Foundation Co. Ltd. and Upbest Strategic Co. Ltd. is wholly-owned by Upbest Financial Holdings Limited, which is in turn wholly-owned by Upbest Group Limited. Upbest Group Limited is owned as to 73.65% by CCAA Group Limited, a trust of which Cheng Kai Ming, Charles, Cheng Wai Ling, Annie and Cheng Wai Lun, Andrew are beneficiaries.

Save as disclosed above, so far as is known to the Directors, as at 30 June 2016, no other persons had, or were deemed to have, interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO.

OTHER INFORMATION

Mr. Chen Daren is the sole director of Jaguar Asian Limited. Save as disclosed above, as at 30 June 2016, none of the Directors held any directorship or had any employment in a company which has an interest or short position in the Shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

REPURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

For the six months ended 30 June 2016, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed shares.

SUFFICIENCY OF PUBLIC FLOAT

According to the information that is publicly available to the Company and within the knowledge of the directors, there is sufficient public float of the Company's shares as required by the Listing Rules.

AUDIT COMMITTEE

The audit committee has reviewed the unaudited condensed consolidated interim financial information of the Company for the six months ended 30 June 2016 and discussed the financial related matters with the management of the Group.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company is committed to enhancing corporate governance and transparency of the Group by applying the principles in the code provisions of the Code on Corporate Governance Practices (the "Code") set out in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange. The Company has complied with the code provisions in the Code for the six months ended 30 June 2016.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules ("Model Code") as the code of practice for carrying out securities transactions by the Directors. After specific enquiry with all members of the Board, the Company confirmed that all Directors have fully complied with the relevant standards stipulated in the Model Code for the six months ended 30 June 2016.

PUBLICATION OF THE INTERIM REPORT

The interim report of the Company will be dispatched to the shareholders and published on the websites of the Company (www.yihua.com.cn) and the Stock Exchange of Hong Kong Limited (www.hkex.com.hk) in due course.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Unaudited	
		Six months ended 30 June	
		2016 RMB'000	2015 RMB'000
Revenue	6	288,810	327,208
Other income		1,551	1,482
Other gains – net	8	90,011	12,670
Purchases of and changes in inventories		(133,527)	(139,728)
Employee benefit expenses		(52,753)	(49,773)
Depreciation and amortisation		(13,977)	(13,662)
Operating lease rental expense and property management fee		(62,487)	(57,374)
Other operating expenses		(52,875)	(54,149)
Operating profit		64,753	26,674
Finance income		1,661	1,171
Finance costs		(3,719)	(3,746)
Finance cost – net		(2,058)	(2,575)
Profit before income tax		62,695	24,099
Income tax expense	9	(17,459)	(6,371)
Profit for the period		45,236	17,728

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Unaudited

Six months ended 30 June

Note	2016 RMB'000	2015 RMB'000
Other comprehensive income		
<i>Items that will not be reclassified subsequently to profit or loss</i>		
Revaluation gains arising from transfer of property, plant and equipment to investment property, net of tax	–	6,058
Other comprehensive income for the period, net	–	6,058
Total comprehensive income for the period	45,236	23,786
Profit attributable to:		
– Owners of the Company	44,670	16,840
– Non-controlling interests	566	888
	45,236	17,728
Total comprehensive income attributable to:		
– Owners of the Company	44,670	22,898
– Non-controlling interests	566	888
	45,236	23,786
Basic and diluted earnings per share for profit attributable to owners of the Company (expressed in RMB per share)	0.0915	0.0468

The notes on pages 22 to 44 form an integral part of this interim consolidated financial information.

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

	Notes	Unaudited 30 June 2016 RMB'000	Audited 31 December 2015 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	11	229,346	242,934
Investment properties	12	426,570	58,840
Computer software		1,204	908
Deferred income tax assets		2,217	1,879
Deferred assets		1,632	726
Available-for-sale financial assets		–	15,000
Prepayments and other receivables		66,150	66,501
Amounts due from related parties		3,349	68,426
Total non-current assets		730,468	455,214
Current assets			
Inventories		79,720	90,942
Available-for-sale financial assets		15,000	–
Trade receivables, prepayments and other receivables	13	83,837	93,571
Amounts due from related parties		22,510	30,120
Restricted cash		22,976	24,921
Cash and cash equivalents		165,512	120,459
Total current assets		389,555	360,013
Total assets		1,120,023	815,227
EQUITY			
Equity attributable to owners of the Company			
Share capital	14	3,840	3,840
Other reserves		160,825	174,863
Retained earnings		105,638	61,164
		270,303	239,867
Non-controlling interests		5,310	4,094
Total equity		275,613	243,961

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

Notes	Unaudited 30 June 2016 RMB'000	Audited 31 December 2015 RMB'000	
LIABILITIES			
Non-current liabilities			
Borrowings	16	148,805	33,154
Deferred income tax liabilities		42,285	11,398
Deferred revenue		1,329	1,419
Other payables		62,848	8,749
Total non-current liabilities		255,267	54,720
Current liabilities			
Trade and other payables	15	338,087	289,923
Amounts due to related parties		9,813	2,504
Dividend payable		14,234	–
Deferred revenue		6,282	6,059
Advances from customers		98,784	108,062
Current income tax liabilities		2,628	3,756
Borrowings	16	119,315	106,242
Total current liabilities		589,143	516,546
Total liabilities		844,410	571,266
Total equity and liabilities		1,120,023	815,227

The notes on pages 22 to 44 form an integral part of this interim consolidated financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Unaudited					Total equity RMB'000
	Attributable to the owners of the Company				Non- controlling interests RMB'000	
	Share Capital RMB'000	Other Reserves RMB'000	Retained earnings RMB'000	Total RMB'000		
Balance at 1 January 2016	3,840	174,863	61,164	239,867	4,094	243,961
Total comprehensive income for the period ended 30 June 2016	–	–	44,670	44,670	566	45,236
Total transactions with owners, recognised directly in equity						
Capital injection from non-controlling shareholders	–	–	–	–	650	650
Appropriation to statutory reserve	–	196	(196)	–	–	–
Dividend distributed	–	(14,234)	–	(14,234)	–	(14,234)
Total transactions with owners, recognised directly in equity	–	(14,038)	(196)	(14,234)	650	(13,584)
Balance at 30 June 2016	3,840	160,825	105,638	270,303	5,310	275,613
Balance at 1 January 2015	2,830	114,083	42,445	159,358	2,733	162,091
Total comprehensive income for the period ended 30 June 2015	–	6,058	16,840	22,898	888	23,786
Total transactions with owners, recognised directly in equity						
Appropriation to statutory reserve	–	701	(701)	–	–	–
Dividends relating to 2014 paid in 2015	–	(28,800)	–	(28,800)	–	(28,800)
Total transactions with owners, recognised directly in equity	–	(28,099)	(701)	(28,800)	–	(28,800)
Balance at 30 June 2015	2,830	92,042	58,584	153,456	3,621	157,077

The notes on pages 22 to 44 form an integral part of this interim consolidated financial information.

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

Unaudited

Six months ended 30 June

	2016 RMB'000	2015 RMB'000
Cash flows from operating activities		
Cash (used in)/generated from operations	(13,852)	11,022
Interest received	815	323
Interest paid	(3,575)	(3,869)
Income tax paid	(4,455)	(4,893)
Cash flows from operating activities – net	(21,067)	2,583
Cash flows from investing activities		
Acquisition of a subsidiary, net of cash acquired	12,520	–
Proceeds from disposal of property, plant and equipment	357	171
Receipt of government grants	901	–
Advance received from disposal of available-for-sale financial assets	10,000	–
Purchases of property, plant and equipment and computer software	(8,437)	(25,366)
Cash flows from investing activities – net	15,341	(25,195)
Cash flows from financing activities		
Capital injection from non-controlling shareholders	650	–
Proceeds from borrowings	150,913	38,638
Repayments of advance from a third party	(34,414)	–
Repayments of borrowings	(67,000)	(22,000)
Cash flows from financing activities – net	50,149	16,638
Net increase/(decrease) in cash and cash equivalents	44,423	(5,974)
Cash and cash equivalents at beginning of the period	120,459	120,264
Exchange gains on cash and cash equivalents	630	–
Cash and cash equivalents at end of the period	165,512	114,290

The notes on pages 22 to 44 form an integral part of this interim consolidated financial information.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 GENERAL INFORMATION OF THE GROUP

Yi Hua Holdings Limited (the “Company”, formerly known as Yi Hua Department Store Holdings Limited) was incorporated in the Cayman Islands on 20 April 2012 as an exempted company with limited liability under the Cayman Islands Companies Law. The address of the Company’s registered office is at the Clifton House, 75 Fort Street, PO Box 1350, Grand Cayman, KY1-1108, Cayman Islands. The Company and its subsidiaries are collectively referred to as “the Group”.

The Company is an investing holding company. The Company and its subsidiaries (together, the “Group”) are principally engaged in the operations of department stores in the People’s Republic of China (the “PRC”).

The Company has been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “HKEX”) (the “Placing and Public Offer”) since 11 December 2013.

This condensed consolidated interim financial information is presented in Renminbi (“RMB”), unless otherwise stated. This condensed consolidated interim financial information was approved for issue on 30 August 2016 and has not been audited.

Key events

The operational highlight during the period was the acquisition of Enping Kangsheng Hotel Management Company Limited (“Enping Hotel”). Further details are given in Note 7. As a result of this acquisition, there were significant additions of investment properties and changes in the amounts due from/to related companies.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

2 BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 June 2016 has been prepared in accordance with HKAS 34, 'Interim financial reporting'. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2015, which have been prepared in accordance with HKFRSs.

As at 30 June 2016, the current liabilities of the Group exceeded its current assets by approximately RMB199,588,000 (31 December 2015: RMB156,533,000). This is mainly because the Group has applied a portion of its cash generated from operating activities to finance the capital expenditure relating to its new department stores. Included in the current liabilities were advances from customers, primarily relating to consumption cards issued, amounting to approximately RMB98,784,000 (31 December 2015: RMB108,062,000). The Group has monitored its liquidity position by maintaining good relationship with bankers for sufficient facilities available to finance its daily operations whenever necessary and generating continuously positive cash inflows from operations. The Directors have prepared cash flow projection of the Group for the coming twelve months. Based on the Directors' review of the Group's cash flow projection, taking into account the banking facilities available, there are sufficient financial resources available to the Group at least in the coming twelve months to meet its liabilities as and when they fall due. Accordingly, the Directors are of the opinion that it is appropriate to prepare the financial statements on a going concern basis.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

3 ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2015, as described in those annual financial statements except for the adoption of amendments to HKFRSs effective for the financial year ending 31 December 2016.

(a) New and amended standards adopted by the Group

The following new and amended standards are mandatory for the first time for the financial year beginning on or after 1 January 2016.

Standards/Interpretation	Subject of amendment
Amendment to HKFRS 11	Accounting for acquisitions of interests in joint operation
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment entities: applying the consolidation exception
HKFRS 14	Regulatory deferral accounts
Amendment to HKAS 1	Disclosure initiative
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: bearer plants
Amendments to HKAS 27	Equity method in separate financial statements

The adoption of these new and amended standards does not have any material effect on the Group's operating results or financial position.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

3 ACCOUNTING POLICIES (CONTINUED)

- (b) New and amended standards that have been issued and are effective for periods commencing on or after 1 January 2017 and have not been early adopted by the Group.

Standards	Subject of amendment	Effective for accounting periods beginning on or after
Amendments to HKAS 7	Statement of cash flows	1 January 2017
Amendments to HKAS 12	Income taxes	1 January 2017
HKFRS 9	Financial instruments	1 January 2018
HKFRS 15	Revenue from contracts with customers	1 January 2018
HKFRS 16	Leases	1 January 2019
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

Management is in the process of making an assessment of their impact and is not yet in a position to state whether any substantial changes to the Group's significant accounting policies and presentation of the financial information will be resulted.

4 ESTIMATES

The preparation of interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial information, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2015.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

5 FINANCIAL RISK MANAGEMENT

5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: interest rate risk, credit risk and liquidity risk.

The condensed consolidated interim financial information do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2015.

There have been no changes in the risk management policies since year end.

5.2 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and the availability of funding through an adequate amount of undrawn committed credit facilities. Due to the dynamic nature of the underlying businesses, the Group's treasury function aims to maintain flexibility in funding by keeping committed credit lines available.

Except for the Group's long-term borrowings and certain trade and other payables, all of the Group's financial liabilities mature within 1 year from the end of the reporting period.

5.3 Fair value estimation

The table below analyses the Group's financial instruments carried at fair value, categorised into three different levels within a fair value hierarchy based on the type of input to valuation techniques used to estimate the fair value. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

5 FINANCIAL RISK MANAGEMENT (CONTINUED)

5.3 Fair value estimation (continued)

As at 30 June 2016, the Group's financial assets that are measured at fair value are available-for-sale financial assets. See Note 12 for disclosures of the investment properties that are measured at fair value.

There were no changes in valuation techniques during the period.

5.4 Valuation techniques used to derive Level 2 fair values

Level 2 equity investments are fair valued using the market approach. Sales price of comparable equity interests in close proximity are adjusted for differences in key attributes such as share scale. The most significant input into this valuation approach is price per 1% equity interest.

5.5 Group's valuation processes

The Group's finance department includes a team that reviews the valuations performed by the independent valuers for financial reporting purposes. This team reports directly to the chief financial officer ("CFO") and the audit committee. Discussions of valuation processes and results are held between the CFO, the valuation team and the independent valuers at least once every six months, in line with the Group's interim and annual reporting dates.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

6 SEGMENT INFORMATION

The chief operating decision-maker (“CODM”) has been identified as Executive Directors and senior management of the Company. Management determines the operating segments based on the Group’s internal reports, which are then submitted to Executive Directors and senior management for performance assessment and resources allocation.

The CODM considered the nature of the Group’s business and determined that the Group has five reportable operating segments as follows:

- (i) Department store;
- (ii) Supermarket;
- (iii) Electrical appliances;
- (iv) Furniture and;
- (v) Consulting service;
- (vi) Property investment.

The CODM assesses the performance of the operating segments based on a measure of revenue and gross profit (revenue less purchase of and changes in inventories, when appropriate). Assets and liabilities for the operating segments are not regularly reported to the CODM.

The Group has identified a new reportable operating segment – “property investment” during the period.

All revenue is generated in the PRC and all significant operating assets of the Group are in the PRC. No single external customer contributes 10 per cent or more of the Group’s revenues.

The revenue reported to the CODM is measured in a manner consistent with that in the interim condensed consolidated statement of comprehensive income.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

6 SEGMENT INFORMATION (CONTINUED)

Entity-wide information

The turnover of the Group for the six months ended 30 June 2016 and 2015 is set out as follows:

	Six months ended 30 June	
	2016 RMB'000	2015 RMB'000
Direct sales of goods	159,786	175,252
Commission income from concessionaire sales	92,252	107,174
Management fee and service income from operations	23,426	24,197
Rental income	12,167	7,585
Consulting service income	1,179	13,000
	288,810	327,208

7 BUSINESS COMBINATION

On 24 June 2016, the Group acquired 100% equity of Enping Hotel, a company that principally engaged in development and leasing commercial properties in Enping City, Guangdong Province, the PRC, for a cash consideration of RMB120,000,000. The acquisition is expected to lower the Group's pressure of rising rents and capture the benefit of the capital appreciation of the property.

The negative goodwill of RMB32,557,000 arises from the excess amount of the fair value of the net identifiable assets of Enping Hotel as at 24 June 2016 over the fair value of the consideration given by the Group.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

7 BUSINESS COMBINATION (CONTINUED)

The following table summaries the consideration paid for Enping Hotel, and the amounts of the assets acquired and liabilities assumed recognised at the acquisition date.

	24 June 2016
	RMB'000
Purchase consideration	
– Consideration paid	85,732
– Consideration payable	34,268
Total purchase consideration	120,000
Less: Discount impact for consideration payable due after one year	(2,820)
Fair value of purchase consideration	117,180
Recognised amounts of identifiable assets acquired and liabilities assumed	
Provisional fair value	
Cash and cash equivalents	33,252
Property, plant and equipment	27
Investment properties	310,070
Prepayments	179
Other receivables	74
Accruals and other payables	(36,999)
Amounts due to related parties	(96,565)
Borrowings	(44,100)
Deferred tax liabilities	(16,201)
Total identifiable net assets	149,737
Gain from bargain purchase	(32,557)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

7 BUSINESS COMBINATION (CONTINUED)

24 June 2016

RMB'000

Inflow of cash to acquire business, net of cash acquired	
Cash consideration paid	85,732
Less: cash consideration paid in the year ended 31 December 2015	(65,000)
Cash consideration paid in six months ended 30 June 2016	20,732
Less: cash and banks in Enping Hotel acquired	(33,252)
Cash inflow on acquisition	(12,520)

(a) Gain from bargain purchase recorded in profit and loss

The excess amount of the fair value of the net identifiable assets of Enping Hotel as at 24 June 2016 over the fair value of the consideration given by the Group is recognised as a gain from bargain purchase in profit and loss.

(b) Revenue and profit contribution

The acquired business did not contribute revenues and profit to the Group for the period from 24 June 2016 to 30 June 2016. If the acquisition had occurred on 1 January 2016, consolidated revenue and consolidated profit for the half year ended 30 June 2016 would have been RMB289,741,000 and RMB54,373,000 respectively.

8 OTHER GAINS – NET

	Six months ended 30 June	
	2016 RMB'000	2015 RMB'000
Fair value gains on investment property (Note 12)	57,660	8,900
Gain from bargain purchase (Note 7)	32,557	–
Property related income	–	3,726
Others	(206)	44
	90,011	12,670

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

9 INCOME TAX EXPENSE

	Six months ended 30 June	
	2016 RMB'000	2015 RMB'000
Current income tax – PRC corporate income tax	1,587	3,770
Deferred income tax	15,872	2,601
	17,459	6,371

Taxation has been provided at the appropriate tax rates prevailing in the territories in which the Group operates. Corporate Income Tax (“CIT”) is provided on the assessable income of entities within the Group incorporated in the PRC.

Pursuant to the PRC CIT law, the tax rates applicable to group entities incorporated in the PRC for the six months ended 30 June 2016 is 25% (six months ended 30 June 2015: 25%).

According to the CIT law, starting from 1 January 2008, a 10% withholding tax will be levied on the immediate holding companies established outside PRC when their PRC subsidiaries declare dividends out of their profits earned after 1 January 2008. A lower withholding tax rate may be applied if there is a tax treaty arrangement between the PRC and the jurisdiction of the foreign immediate holding companies.

10 DIVIDENDS

A dividend in respect of the year ended 31 December 2015 of HK\$ 0.1 per share, amounting to a total dividend of HK\$48,801,000, was approved on the annual general meeting on 17 June 2016. Eligible shareholders may elect to receive the dividend in cash, or in the form of fully paid new shares in lieu of cash, or partly in cash and partly in the form of fully paid new share (the “Scrip Dividend Scheme”). Up to 30 June 2016, the election is still in the process and has not yet completed. During the six months ended 30 June 2016, the Company has recognised dividend appropriation and dividend payable amounting to RMB14,234,000 according to its best estimation of final outcome of cash dividend.

No interim dividend in respect of six months ended 30 June 2016 (six months ended 30 June 2015: Nil) was proposed by the board of directors.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

11 PROPERTY, PLANT AND EQUIPMENT

**Property, plant
and equipment**
RMB'000

Six months ended 30 June 2016

Opening net book amount as at 1 January 2016	242,934
Additions	698
Disposals	(357)
Depreciation	(13,929)
Closing net book amount as at 30 June 2016	229,346

Six months ended 30 June 2015

Opening net book amount as at 1 January 2015	288,608
Additions	9,473
Transfer to investment properties	(41,523)
Disposals	(132)
Depreciation	(13,636)
Closing net book amount as at 30 June 2015	242,790

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

12 INVESTMENT PROPERTIES

Investment properties RMB'000

At fair value

Six months ended 30 June 2016

Opening net book amount as at 1 January 2016	58,840
Investment properties acquired from business combination (Note 7)	310,070
Revaluation gains recognised in profit or loss	57,660
Closing net book amount as at 30 June 2016	426,570

Six months ended 30 June 2015

Opening net book amount as at 1 January 2015	–
Transfer from property, plant and equipment under construction	41,523
Revaluation gains recognised as other comprehensive income	8,077
Revaluation gains recognised in profit or loss	8,900
Closing net book amount as at 30 June 2015	58,500

13 TRADE RECEIVABLES, PREPAYMENTS AND OTHER RECEIVABLES

As at

	30 June 2016 RMB'000	31 December 2015 RMB'000
Trade receivables	25,686	23,957
Prepayments, deposits and other receivables	124,301	136,115
	149,987	160,072
Less: non-current portion of prepayments and other receivables	(66,150)	(66,501)
	83,837	93,571

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

13 TRADE RECEIVABLES, PREPAYMENTS AND OTHER RECEIVABLES (CONTINUED)

The majority of the Group's sales are made with cash payment. The balance of trade receivables mainly included management fee and service income from concessionaires and other lessees, the credit terms of which are generally within 30 to 60 days.

As at 30 June 2016 and 31 December 2015, the aging analysis of trade receivables is as follows:

	As at	
	30 June 2016 RMB'000	31 December 2015 RMB'000
Trade receivables, gross		
– Within 2 months	16,021	18,221
– Over 2 months	9,665	5,736
	25,686	23,957

14 SHARE CAPITAL

Ordinary shares, issued and fully paid:

	Number of shares	Share capital RMB'000
As at 31 December 2015 and 30 June 2016	488,010,000	3,840

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

15 TRADE AND OTHER PAYABLES

	As at	
	30 June 2016 RMB'000	31 December 2015 RMB'000
Trade payables	60,472	63,979
Others payables	340,463	234,693
	400,935	298,672
Less: non-current portion of other payables	(62,848)	(8,749)
	338,087	289,923

As at 30 June 2016 and 31 December 2015, the aging analysis of trade payables is as follows:

	As at	
	30 June 2016 RMB'000	31 December 2015 RMB'000
Trade payables		
– Within 3 months	54,349	58,417
– Over 3 months	6,123	5,562
	60,472	63,979

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

16 BORROWINGS

As at

	30 June 2016 RMB'000	31 December 2015 RMB'000
Non-current		
Bonds		
– Unsecured	47,130	33,154
Long-term bank borrowings		
– Secured (Note (a))	101,675	–
	148,805	33,154
Current		
Short-term bank borrowings		
– Secured (Note (b))	79,785	106,242
– Unsecured	30,000	–
Long-term bank borrowings due within 1 year		
– Secured (Note (a))	9,530	–
	119,315	106,242
Total borrowings	268,120	139,396

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

16 BORROWINGS (CONTINUED)

Movements in borrowings is analysed as follows:

	RMB'000
Six months ended 30 June 2016	
Opening amount as at 1 January 2016	139,396
Proceeds of new borrowings	137,648
Borrowings acquired from business combination (Note 7)	44,100
Repayments of borrowings	(67,000)
Net proceeds from issue of bonds (Note (c))	13,265
Exchange losses on bonds	711
Closing amount as at 30 June 2016	268,120
Six months ended 30 June 2015	
Opening amount as at 1 January 2015	96,412
Proceeds of new borrowings	27,000
Repayments of borrowings	(22,000)
Net proceeds from issue of bonds	11,638
Closing amount as at 30 June 2015	113,050

- (a) The long-term bank borrowings are secured by certain investment properties of the Group and a third party.
- (b) The short-term bank borrowings are secured by guarantees given by the Company and subsidiaries within the Group.
- (c) On 4 March 2016, 16 March 2016, 28 April 2016 and 2 June 2016, the Company issued 7.0% bond (the "2016 Bonds") which will be due for payment on 4 March 2023, 23 September 2023, 27 October 2023 and 2 June 2023 respectively. The total nominal value of these bonds was HK\$17,000,000 (equivalent to RMB14,530,000) and the total net proceeds after deducting the transaction costs, amounted to RMB13,265,000.
- (d) The fair value of the Group's borrowings approximates to their carrying amounts.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

17 CONTINGENT LIABILITIES

As at 30 June 2016, the Group did not have any significant contingent liabilities (31 December 2015: Nil).

18 COMMITMENTS

(a) Capital commitments

Capital expenditure of the Group contracted for at each consolidated balance sheet date, but not yet incurred is as follows:

	As at	
	30 June 2016 RMB'000	31 December 2015 RMB'000
Property, plant and equipment	3,173	3,101

(b) Operating lease commitments

The Group leases various buildings for operations under non-cancellable operating lease agreements. The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	As at	
	30 June 2016 RMB'000	31 December 2015 RMB'000
– Within 1 year	57,203	71,238
– Between 1 and 2 years	34,754	39,034
– Between 2 and 5 years	27,122	41,334
– Over 5 years	47,854	50,042
	166,933	201,648

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

18 COMMITMENTS (CONTINUED)

(b) Operating lease commitments (continued)

The above lease commitments only include commitments for basic rentals or fixed rentals, and do not include commitments for additional rental payable (contingent rents), if any, which are to be determined generally by applying predetermined percentages to future sales as it is not possible to determine in advance the amount of such additional rentals.

The Group also entered several long-term lease agreements with lessors, lease period of which varied from 3 years to 20 years. According to these agreements, the Group shall negotiate and agree rental with lessors annually.

The future minimum lease income under non-cancellable operating leases is as follows:

	As at	
	30 June 2016 RMB'000	31 December 2015 RMB'000
– Within 1 year	8,699	8,432
– Between 1 and 2 years	7,239	7,018
– Between 2 and 5 years	5,861	5,885
– Over 5 years	190	190
	21,989	21,525

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

19 RELATED PARTIES AND SIGNIFICANT RELATED PARTY TRANSACTIONS

The ultimate controlling individual of the Company is Mr. Chen Daren.

(a) Rental expenses and property management fee

	Six months ended 30 June	
	2016 RMB'000	2015 RMB'000
Companies controlled by Mr. Chen Daren	31,138	28,322
Companies jointly controlled by Mr. Chen Daren and third parties	2,205	2,292
	33,343	30,614

(b) Purchases of service

	Six months ended 30 June	
	2016 RMB'000	2015 RMB'000
Companies controlled by Mr. Chen Daren	538	519

(c) Sales of goods

	Six months ended 30 June	
	2016 RMB'000	2015 RMB'000
Companies controlled by Mr. Chen Daren	1,114	1,720

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

20 EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

Registered shareholders of the Company on 24 June 2016 were entitled for dividend of HK\$0.10 per share regarding the year ended 31 December 2015. The number of total shares held by them was 488,010,000.

According to Scrip Dividend Scheme as described in note 10, up to 1 August 2016, the due date for the election, certain shareholders who held 167,458,756 shares have elected for a cash dividend approximately HK\$16,746,000 (equivalent to RMB14,234,000).

Up to 1 August 2016, the remaining shareholders who held 320,551,244 shares have elected to receive dividend by allotment of new shares credited as fully paid in lieu of cash. The market value for each new share has been fixed at HK\$3.24. Accordingly, as at 12 August 2016, 9,893,555 new shares, with total value of approximately HK\$32,055,124, were allotted and issued to the respective shareholders.