紅星美凱龍家居集團股份有限公司
Red Star Macalline Group Corporation Ltd.

(A SINO-FOREIGN JOINT STOCK COMPANY INCORPORATED IN THE PEOPLE'S REPUBLIC OF CHINA WITH LIMITED LIABILITY)

STOCK CODE : 1528

Interim Report

2016

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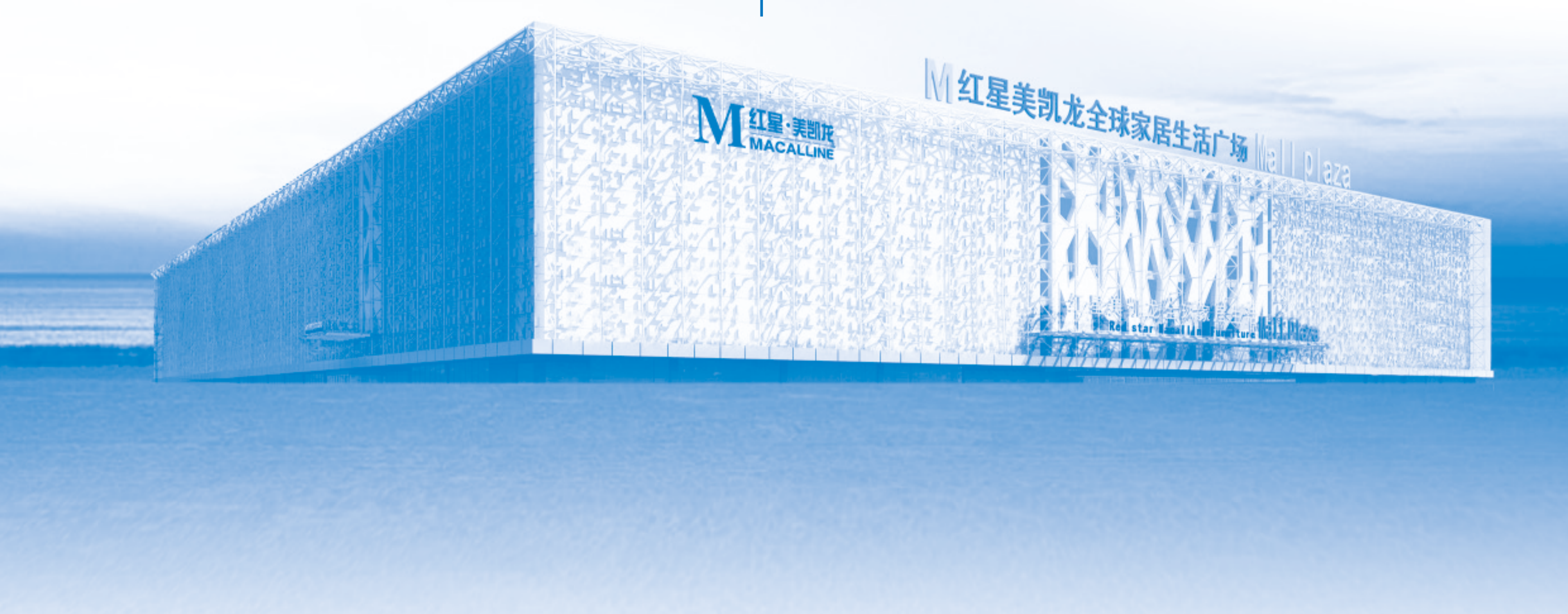


Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. CHE Jianxing *(Chairman)*

Ms. ZHANG Qi *(Vice Chairman)*

Ms. CHE Jianfang

Mr. JIANG Xiaozhong

Non-executive Directors

Ms. CHEN Shuhong

Mr. XU Guofeng

Mr. Joseph Raymond GAGNON

Mr. ZHANG Qiqi

Independent Non-executive Directors

Mr. ZHOU Qinye (Resigned on 19 April 2016)

Mr. LI Zhenning

Mr. DING Yuan

Mr. LEE Kwan Hung

Mr. QIAN Shizheng (Appointed on 19 April 2016)

SUPERVISORS

Mr. PAN Ning *(Chairman)*

Ms. NG Ellen Hoi Ying

Ms. CHAO Yanping

Mr. CHEN Gang (Appointed on 31 January 2016)

Mr. ZHENG Hongtao (Appointed on 31 January 2016)

AUDIT COMMITTEE

Mr. DING Yuan *(Chairman)*

Mr. ZHOU Qinye (Resigned on 19 April 2016)

Mr. LI Zhenning

Mr. QIAN Shizheng (Appointed on 19 April 2016)

REMUNERATION AND EVALUATION COMMITTEE

Mr. ZHOU Qinye *(Chairman)* (Resigned on 19 April 2016)

Mr. QIAN Shizheng *(Chairman)* (Appointed on 19 April 2016)

Mr. CHE Jianxing

Mr. LI Zhenning

NOMINATION COMMITTEE

Mr. LI Zhenning *(Chairman)*

Mr. CHE Jianxing

Mr. LEE Kwan Hung

STRATEGY AND INVESTMENT COMMITTEE

Mr. CHE Jianxing *(Chairman)*

Ms. ZHANG Qi

Mr. JIANG Xiaozhong

Mr. ZHANG Qiqi

Mr. LI Zhenning

COMPANY SECRETARY

Mr. GUO Binghe

ASSISTANT COMPANY SECRETARY

Ms. LEUNG Suet Lun

AUTHORIZED REPRESENTATIVES

Mr. CHE Jianxing

Mr. GUO Binghe

REGISTERED OFFICE

Suite F801, 6/F

No. 518, Linyu Road

Pudong New District

Shanghai, the PRC

HEADQUARTERS IN THE PRC

9/F Red Star World Trade Building

No. 598, Nujiang Road North

Putuo District

Shanghai, the PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

36/F, Tower 2
Times Square
1 Matheson Street
Causeway Bay
Hong Kong

H SHARE REGISTRAR

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

LEGAL ADVISORS

As to Hong Kong and United States law

Davis Polk & Wardwell
Hong Kong Solicitors
The Hong Kong Club Building
3A Chater Road
Hong Kong

As to the PRC law

Llinks Law Offices
19/F One Lujiazui
68 Yin Cheng Road Middle
Shanghai 200120
The PRC

COMPLIANCE ADVISOR

Anglo Chinese Corporate Finance, Limited
40/F, Two Exchange Square
8 Connaught Place
Central
Hong Kong

AUDITOR

Deloitte Touche Tohmatsu
Certified Public Accountants
35/F, One Pacific Place
88 Queensway
Hong Kong

PRINCIPAL BANKERS

Industrial and Commercial Bank of China

Shanghai Branch Banking Department
No. 24 Zhongshan Dongyi Road
Shanghai, the PRC

Minsheng Bank

Shanghai South Branch
No. 550 Xujiahui Road
Shanghai, the PRC

Bank of Communication

Shanghai West Branch
No. 350 Jiangning Road
Shanghai, the PRC

Bank of China

Wuxi Xishan Branch
No. 82 Xiuhuzhong Road
Wuxi, the PRC

STOCK CODE

1528

COMPANY'S WEBSITE

www.chinaredstar.com

Financial and Operational Highlights

FINANCIAL HIGHLIGHTS

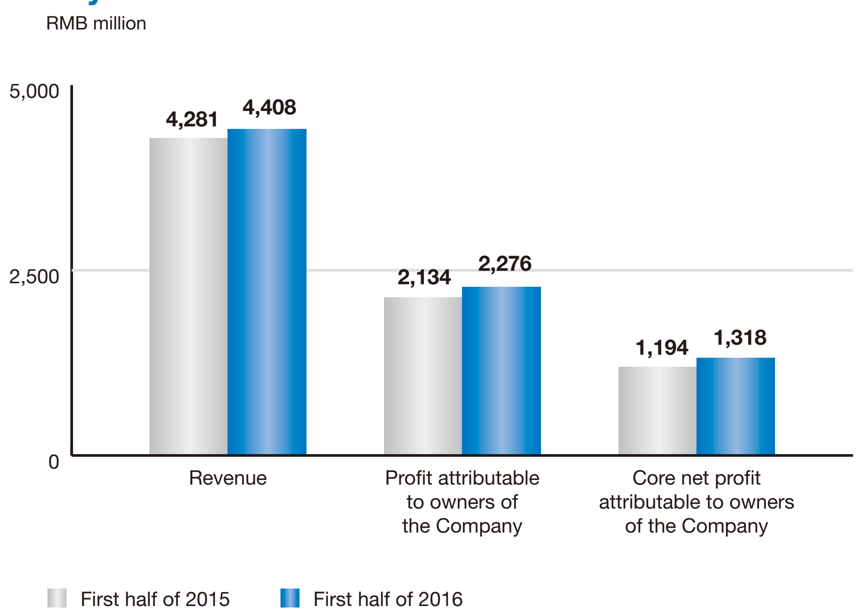
	Six months ended 30 June	
	2016	2015
	(in RMB million, except otherwise stated)	
	(Unaudited)	(Unaudited)
Revenue	**4,408**	4,281
Gross profit	**3,232**	3,178
Gross profit margin	**73.3%**	74.2%
Profit attributable to owners of the Company	**2,276**	2,134
Profit margin attributable to owners of the Company	**51.6%**	49.9%
Core net profit attributable to owners of the Company[1]	**1,318**	1,194
Core net profit margin attributable to owners of the Company[2]	**29.9%**	27.9%
Earnings per share	**RMB0.63**	RMB0.69

Notes:

(1) Core net profit attributable to owners of the Company represents the profit attributable to owners of the Company after deducting the after-tax effects of changes in fair values of investment properties, other income, other gains and losses and other expenses etc., which are not related to daily operating activities.

(2) Core net profit margin attributable to owners of the Company represents the ratio of core net profit attributable to owners of the Company divided by revenue.

Key Financial Performance Indicators



OPERATIONAL HIGHLIGHTS

The following table sets forth certain operation data of Portfolio Shopping Malls[1] and Managed Shopping Malls[1] in operation as of the dates indicated:

	As at 30 June 2016	As at 31 December 2015
Number of shopping malls	**181**	177
Operating area of shopping malls (sq.m.)	**11,814,928**	11,660,468
Number of Portfolio Shopping Malls	**56**	55
Operating area of Portfolio Shopping Malls (sq.m.)	**4,457,050**	4,386,128
Average occupancy rate of Portfolio Shopping Malls	**95.4%**	94.1%
Number of Managed Shopping Malls	**125**	122
Operating area of Managed Shopping Malls (sq.m.)	**7,357,877**	7,274,340
Average occupancy rate of Managed Shopping Malls	**92.2%**	92.7%

Note:

(1) See definitions in the 2015 annual report of the Company.

Management Discussion and Analysis

I. OVERVIEW

For the six months ended 30 June 2016 (the "Reporting Period"), the Group focus on the strategic position of growing into an "omni-channel platform service provider for the pan home improvement and furnishings industry", actively sought opportunities for market expansion and business development, took the initiative to improve the operation and management standards, and obtained satisfactory results.

During the Reporting Period, the Group recorded a revenue of RMB4,407.8 million, representing an increase of 3.0% from RMB4,280.7 million for the same period in 2015. Gross profit margin decreased by 0.9 percentage points to 73.3% from 74.2% for the same period last year. During the Reporting Period, core net profit attributable to owners of the Company amounted to RMB1,317.8 million, representing an increase of 10.4% from RMB1,194.0 million for the same period in 2015. As at the end of the Reporting Period, the Group's bank balances and cash amounted to RMB5,507.9 million, representing a decrease of 7.5% from RMB5,954.1 million as at the end of 2015. As at the end of the Reporting Period, the net gearing ratio[1] of the Group increased to 28.5% from 25.5% as at 31 December 2015.

Note:

(1) Net gearing ratio is our total interest-bearing bank and other borrowings, bonds and obligations under finance leases net of bank balances and cash as a percentage of total equity at the end of each period.

To achieve the strategic goal of growing into an "omni-channel platform service provider for the pan home improvement and furnishings industry" of the Group, we aim to increase our market share and enhance our leading position in China's home improvement and furnishings industry by pursuing a series of strategic measures. We developed and optimized the strategic layout of shopping mall by applying the two-pronged business model of Portfolio Shopping Malls and Managed Shopping Malls. As at the end of the Reporting Period, we operated a total of 181 shopping malls with a nationwide coverage across 129 cities, with a total operating area of shopping malls of 11,814,928 sq.m.. We continuously improved the operation and management of shopping malls through tenant sourcing and management, operation management, marketing management and property management and proactively made efforts to develop explorative businesses such as extensive furnishings business, home furnishings financial services and full-range logistics service, etc.. We also explored commercial application of information technology through the "Star Cloud" information system and the "Smart Shopping Mall" project and optimized human resources management in order to support the rapid growth of our business. In the future, we will continue to pursue our development goal of becoming the most advanced and professional "omni-channel platform service provider for the pan home improvement and furnishings industry" in China.

II. INDUSTRY ENVIRONMENT

In the first half of 2016, despite complex domestic and overseas economic situation and the constant greater downward pressure in the economy, under the co-effect of a series of macro policies such as the reform of on-going promotion of the reform of side supply structure and the cultivation of new drive for economic development, the national economy of the PRC maintained an "overall stable and getting better" development trend.

According to the statistics of the National Bureau of Statistics of the People's Republic of China, in the first half of this year, the GDP grew by 6.7% on a year-on-year basis, while the national disposable income per capita increased by 8.7% on a year-on-year basis, with an actual growth rate of 6.5% after deducting price factors. During the same period, the accumulative value of retail sales of social consumer goods increased by 10.3%, while the accumulative value of retail sales of furniture category and construction and decoration material categories increased by 15.6%, both on a year-on-year basis. On the one hand, the "getting better" development trend, the continuous promotion of urbanization process and the increase of citizens' income level provide favorable conditions for the continuing development of social consumer goods market; on the other hand, compared with the overall performance in social consumer goods market, the market performance of home improvement and furnishings industry was stronger, which indicated the increasing domestic demand for home improvement and furnishings. In addition, the second interior decoration and the consumption upgrade for home appliance also bring room for development for the industry.

III. FINANCIAL REVIEW

1. Revenue

During the Reporting Period, the Group's revenue amounted to RMB4,407.8 million, representing an increase of 3.0% from RMB4,280.7 million for the same period in 2015. The stable growth in our revenue was primarily due to an increase in revenue from our Owned/Leased Portfolio Shopping Malls. During the Reporting Period, the increase in revenue from our Owned/Leased Portfolio Shopping Malls was due to the increase in operating area, the average rent and management fee. The decrease in revenue from our Managed Shopping Malls was due to the reduction in construction consultation and management fee revenue as a result of reduction in provision of such services in development projects during the Reporting Period.

The following table sets forth our revenue by business segments:

	Six months ended 30 June			
	2016 (RMB'000)	2016 %	2015 (RMB'000)	2015 %
Owned/Leased Portfolio Shopping Malls	**2,848,265**	**64.6**	2,576,513	60.2
Managed Shopping Malls	**1,303,242**	**29.6**	1,577,864	36.9
Sales of merchandise and related services	**90,024**	**2.0**	39,740	0.9
Others	**166,267**	**3.8**	86,565	2.0
Total	**4,407,798**	**100.0**	4,280,682	100.0

III. FINANCIAL REVIEW (continued)

2. Gross profit and gross profit margin

During the Reporting Period, the Group's gross profit was RMB3,231.8 million, representing an increase of 1.7% from RMB3,177.8 million for the same period in 2015; the Group's integrated gross profit margin was 73.3%, representing a decrease of 0.9 percentage points from 74.2% for the same period in 2015, primarily due to the decrease in the revenue from construction consulting and management fee which have relatively high gross profit rate.

The following table sets forth our gross profit margin by business segments:

	Six months ended 30 June	
	2016	2015
Owned/Leased Portfolio Shopping Malls	**77.3%**	76.4%
Managed Shopping Malls	**69.3%**	72.5%
Sales of merchandise and related services	**33.1%**	16.7%
Others	**58.0%**	68.5%
Integrated gross profit margin	**73.3%**	74.2%

3. Selling and distribution expenses and administrative expenses

During the Reporting Period, the Group's selling and distribution expenses amounted to RMB568.2 million (accounting for 12.9% of the revenue), representing an increase of 2.3% from RMB555.5 million (accounting for 13.0% of the revenue) for the same period in 2015, primarily due to growing advertising and promotional expenses as a result of the increase in the number of shopping malls during the Reporting Period. Administrative expenses amounted to RMB442.0 million (accounting for 10.0% of the revenue), representing an increase of 3.7% from RMB426.1 million (accounting for 10.0% of the revenue) for the same period in 2015, primarily due to the increase in the remuneration cost of administrative staff as the scale of operation of the Group expanded.

4. Finance costs

During the Reporting Period, the Group's finance costs amounted to RMB438.8 million, representing a decrease of 8.8% from RMB481.2 million for the same period in 2015, primarily due to the decrease in average loan costs in the reporting period as a result of the optimization of the loan structure, expansion of the financing channels and issuance of the domestic corporate bonds with lower interest rates as well as improvement of efficiency in funds utilization.

III. FINANCIAL REVIEW (continued)

5. Income tax expense

During the Reporting Period, the income tax expenses of the Group amounted to RMB835.6 million, representing a decrease of 0.3% from RMB838.3 million for the same period in 2015. Through effective tax planning, the rate of the effective income tax decreased from 27.1% in the first half of 2015 to 25.7% in the Reporting Period.

6. Profit, core net profit attributable to owners of the Company and earnings per share

During the Reporting Period, profit attributable to owners of the Company amounted to RMB2,276.5 million, representing an increase of 6.7% from RMB2,134.1 million for the same period in 2015; core net profit attributable to owners of the Company amounted to RMB1,317.8 million, representing an increase of 10.4% from RMB1,194.0 million for the same period in 2015. The above was a result of the consolidated contributions from the increase in our revenue and the simultaneous strengthening of cost controls, increase in operational efficiency together with reasonable costs planning.

	Six months ended 30 June		
	2016 (RMB'000)	2015 (RMB'000)	Growth
Profit attributable to owners of the Company	**2,276,471**	2,134,108	6.7%
Profit margin attributable to owners of the Company	**51.6%**	49.9%	1.7 ppts
Core net profit attributable to owners of the Company	**1,317,824**	1,194,028	10.4%
Core net profit margin attributable to owners of the Company	**29.9%**	27.9%	2.0 ppts

During the Reporting Period, the Group's earnings per share was RMB0.63, as compared to RMB0.69 for the same period in 2015.

7. Trade receivables and other receivables

As at the end of the Reporting Period, trade receivables and other receivables of the Group amounted to RMB1,724.1 million, of which trade and bills receivables amounted to RMB999.3 million, representing an increase of RMB30.5 million from RMB968.8 million as at the end of 2015, primarily due to the increase in the number of Managed Shopping Malls of the Group over the Reporting Period, both under development and in operation, leading to an increase in the trade receivables related to corresponding revenue.

III. FINANCIAL REVIEW (continued)

8. Investment properties

As at the end of the Reporting Period, the book value of the Group's investment properties amounted to RMB74,170.1 million, representing an increase of 5.1% from RMB70,593.0 million as at the end of 2015, primarily due to an increase in the rent of our Owned Portfolio Shopping Malls and advancement in the construction progress of investment properties under development.

9. Capital expenditures

During the Reporting Period, the Group's capital expenditures amounted to RMB1,897.4 million (the capital expenditures of the same period in 2015 was RMB1,309.2 million), primarily due to advancement in the construction progress of investment properties under development.

10. Bank balances, cash and cash flow

As at the end of the Reporting Period, the Group's bank balances and cash amounted to RMB5,507.9 million, (of which, cash and cash equivalents amounted to RMB5,418.4 million), representing a decrease of RMB446.2 million from RMB5,954.1 million as at the end of 2015.

During the Reporting Period, the Group's net cash inflow from operating activities amounted to RMB1,452.4 million, net cash outflow from investment activities amounted to RMB2,357.7 million and net cash inflow from financing activities amounted to RMB475.2 million.

	Six months ended 30 June	
	2016 (RMB'000)	2015 (RMB'000)
Net cash from operating activities	**1,452,359**	1,585,596
Net cash used for investment activities	**(2,357,675)**	(1,542,696)
Net cash from financing activities	**475,231**	5,430,771
Net (decrease)/increase in cash and cash equivalents	**(430,085)**	5,473,671

III. FINANCIAL REVIEW (continued)

11. Major debt ratio

As of the end of the Reporting Period, the total amount of debt of the Group was RMB18,179.5 million, of which banks and other borrowings were RMB10,333.4 million, and bonds were RMB7,846.1 million. Banks and other borrowings and bonds of the Group are denominated in RMB.

The following table sets out our specific debt:

	At 30 June 2016 (RMB'000)	At 31 December 2015 (RMB'000)
Bank and other borrowings		
Bank loans, secured	**9,759,339**	8,349,819
Bank loans, unsecured	**154,400**	535,000
Other loans, secured	**419,665**	439,733
	10,333,404	9,324,552
Fixed-rate borrowings	**419,664**	839,733
Variable-rate borrowings	**9,913,740**	8,484,819
	10,333,404	9,324,552
The borrowings are repayable		
Within one year or on demand	**2,043,920**	2,297,382
More than one year, but not exceeding two years	**2,577,650**	2,192,768
More than two years, but not exceeding five years	**3,830,276**	3,339,116
More than five years	**1,881,558**	1,495,286
	10,333,404	9,324,552
Actual interest rate range		
Fixed rate bank borrowings	**6.90%–7.59%**	6.15%–7.80%
Floating rate bank borrowings	**5.89%–8.64%**	5.15%–8.00%

III. FINANCIAL REVIEW (continued)

11. Major debt ratio (continued)

	At 30 June 2016 (RMB'000)	At 31 December 2015 (RMB'000)
Bond		
Unsecured medium-term notes		
— Bonds due in 2017	**892,366**	889,791
— Bonds due in 2018	**496,225**	495,449
— Bonds due in 2016	**498,597**	497,195
Private placement medium-term notes		
— Private placement bonds due in 2017	**991,883**	989,277
Corporate bonds		
— Corporate bonds due in 2018	**4,967,062**	4,960,494
	7,846,133	7,832,206

Among the total debt of the Group, portion to be repaid in a year or required to be repaid was RMB2,542.5 million; the portion to be repaid more than one year but not more than two years was RMB4,461.9 million; the portion to be repaid more than two years but not more than five years was RMB9,293.6 million; the portion to be repaid over five years was RMB1,881.6 million; the Group shall timely repay the above loans at the expiration date.

The following table sets out our major debt ratios:

	As at 30 June 2016	As at 31 December 2015
Asset-liability ratio[(1)]	**47.0%**	45.6%
Net gearing ratio	**28.5%**	25.5%

Note:

(1) Asset-liability ratio is calculated as the total liabilities divided by total assets as at the end of each period.

III. FINANCIAL REVIEW (continued)

12. Pledge of assets of the Company

As at the end of the Reporting Period, the Group had pledged investment properties with book value of RMB52,572.0 million and restricted bank deposits of RMB69.8 million for obtaining loans and providing guarantees.

13. Contingent liabilities

As at the end of the Reporting Period, the Group issued financial guarantees jointly with our cooperative partners to a bank in respect of a loan in the amount of up to RMB400.0 million, which was granted to one of our joint ventures; as at the end of the Reporting Period, the joint venture had utilized RMB100.0 million (as at 31 December 2015: RMB178.0 million) of such loan.

As at the end of the Reporting Period, the Group issued financial guarantees to the financial institutions in respect of a loan up to RMB1,500.0 million granted to an associate together with our cooperative partner, of which the Group provided corresponding guarantees for the above financial commitments based on its 25% shareholding proportion (RMB375.0 million); as at the end of the Reporting Period, RMB1,300.0 million (as at 31 December 2015: RMB1,000.0 million) of which was utilized by the associate.

The directors of the Company considered that the amount of the above financial guarantees is not significant and the financial position of the guaranteed joint venture and associate are in good condition.

14. Capital commitments

As at the end of the Reporting Period, the Group had entered into agreements involving capital commitments in respect of acquisition and construction of investment properties in the amount of RMB2,526.5 million but has not made provision for it in the financial statements. In addition, the Group has entered into agreements with its partners, pursuant to which the Group's commitment to contribute funds for development of investment properties jointly with the partners amounted to RMB498.0 million as at the end of the Reporting Period.

III. FINANCIAL REVIEW (continued)

15. Financial resources and capital structure

As at the end of the Reporting Period, the net gearing ratio of the Group is 28.5%. The aggregate amount of bank and other borrowings and bonds is RMB18,179.5 million, of which 86.0% are payable with a period above one year. All borrowings and bonds are denominated in RMB. In the future, the main sources of capital of the Group will be from cash generated from our operating activities, bank borrowings, issuance of bonds and share capital contributions from our Shareholders. To ensure the capital of the Group is effectively utilized, the Group will continue to regularly monitor our cash flow needs, comply with financing agreements and maintain the sufficiency of our cash reserves and credit limits so as to meet our cash flow needs.

16. Future plans for major investments

Our future major investments are primarily capital expenditures in respect of acquisition and construction of investment properties (including through acquisition of subsidiaries). We expect to capitalize on secular growth trends in the home improvement and furnishings industry by strategically opening new shopping malls in selected cities in China with attractive market attributes and strengthening scale effect. As at the end of the Reporting Period, the amount of which the Group has contracted for but not provided in the financial statements was RMB2,526.5 million. In addition, the Group has entered into agreements with its partners, pursuant to which the Group's commitment to contribute funds for development of investment properties jointly with the partners amounted to RMB498.0 million as at the end of the Reporting Period. The capital commitment as disclosed in Note 26 to the Consolidated Condensed Financial Statements on page 74 was primarily in relation to the development of our Portfolio Shopping Malls.

We will adhere to a prudent and rational financial management strategy, unified management of funds and financing, plan and arrange the investment and operating expenses based on the cash inflow, expand financing channels while maintain a reasonable financial condition and debt ratio level, so as to maximize the benefits.

17. Material acquisitions and disposals

During the Reporting Period, the Group had no material acquisitions or disposals in relation to our subsidiaries or joint ventures/associates.

18. Significant investments

During the Reporting Period, the Group did not make any material investments.

III. FINANCIAL REVIEW (continued)

19. Foreign exchange risk

The Group operates in China. All income and almost all expenditure of the Group are in RMB. The Group retains a small amount of bank deposit in Hong Kong dollars, and the dividend in respect of H shares will be paid in Hong Kong dollars. Currently, we do not hedge foreign currency as our Directors believe that our exposure to foreign exchange risk is minimal. The Group manages foreign exchange risks by regularly checking foreign currency exchange rates. The Group will consider hedging policies to manage material foreign exchange risks where necessary.

20. Human resources

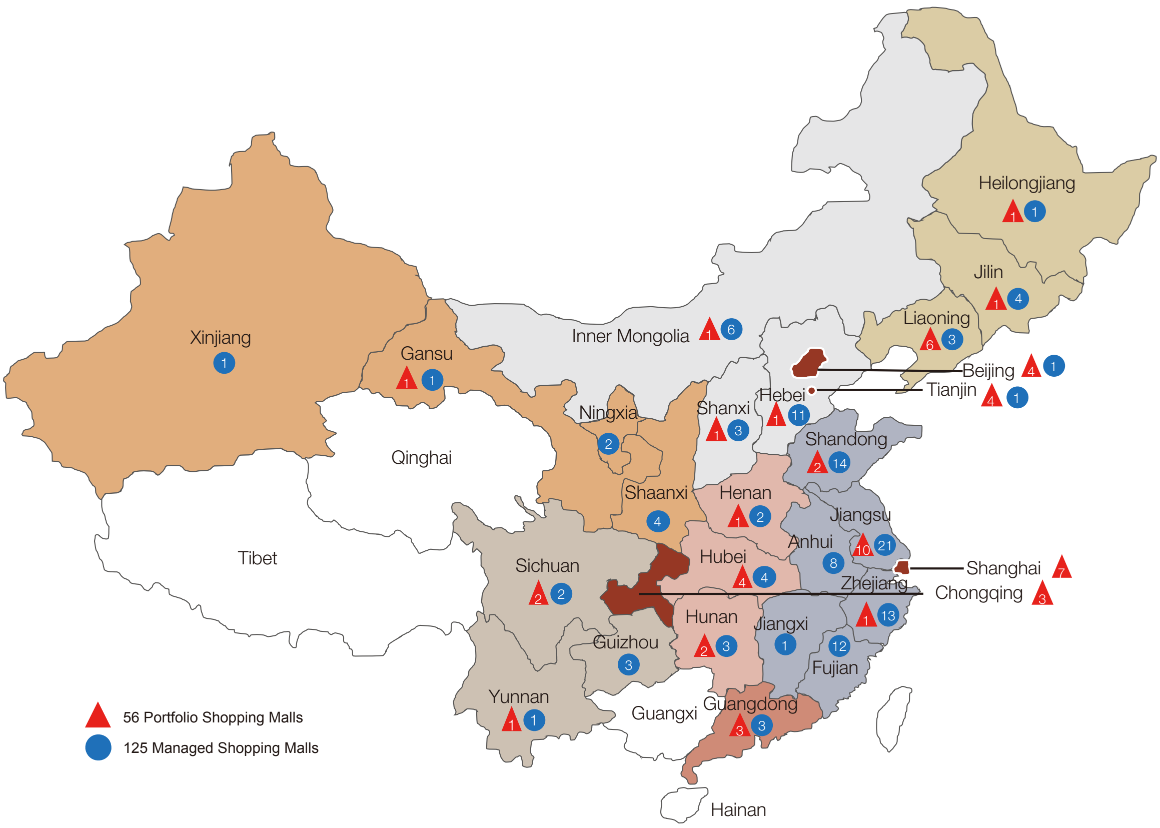
As at the end of the Reporting Period, the Group has employed 17,793 employees (first half of 2015: 15,512 employees). The Group enters into labor contracts with employees according to the Labor Law of the PRC and the relevant provisions of the employee's locality. The Group will determine the employee's basic wage and bonus level according to the employee's performance, work experience and the market wage standard, and shall pay social insurance and housing provident fund for the employees. During the Reporting Period, the Group paid a total of RMB881.8 million for salary expenditures (first half of 2015: RMB775.7 million). Meanwhile, the Group also continued to invest resources in providing various education and training opportunities for the staff, aiming at standardizing the management work and improving the operation performance, and continuously improved the knowledge and technology level as well as professional competence of the employees.

IV. BUSINESS REVIEW

1. Business development and deployment: steady development of shopping malls and strategic deployment with a nationwide coverage

As at the end of the Reporting Period, we operated a total of 181 shopping malls with a nationwide coverage across 129 cities in 27 provinces, autonomous regions and municipalities, with a total operating area of 11,814,928 sq.m.. Through applying the two-pronged development model of Portfolio Shopping Malls and Managed Shopping Malls, we have occupied the properties in prime locations in Tier I Cities and Tier II Cities, at the same time accumulated extensive experience in operation of shopping malls, constantly strengthened the brand value, and set a relatively high entry barrier for other companies.

The following map sets forth the geographical distribution of our shopping malls as at the end of the Reporting Period:



IV. BUSINESS REVIEW (continued)

1. Business development and deployment: steady development of shopping malls and strategic deployment with a nationwide coverage (continued)

The following table sets forth the number and operating area of our Portfolio Shopping Malls and Managed Shopping Malls in operation by region as at the end of Reporting Period:

Color	Region[(1)] (Municipality/ Administrative Region)	Portfolio Shopping Malls No.	Portfolio Shopping Malls Sub-total Operating Area (m^2)	Managed Shopping Malls No.	Managed Shopping Malls Sub-total Operating Area (m^2)
	Beijing	4	271,141	1	80,584
	Shanghai	7	683,423	0	0
	Tianjin	4	291,211	1	29,109
	Chongqing	3	262,028	0	0
	Northeast China	8	654,223	8	377,667
	North China (excl. Beijing, Tianjin)	3	172,339	20	1,185,493
	East China (excl. Shanghai)	13	1,060,789	69	4,005,216
	Central China	7	608,847	9	498,164
	South China	3	178,242	3	235,860
	Northwest China	1	65,977	8	540,410
	Southwest China (excl. Chongqing)	3	208,830	6	405,374
	Total	**56**	**4,457,050**	**125**	**7,357,877**

Note:

(1) The information disclosed above is obtained according to the following statistic standards. The provinces, municipalities and autonomous regions of the PRC are divided into 7 large regions and 4 municipalities (excl. Hong Kong, Macau and Taiwan regions), among which, Northeast China includes Heilongjiang Province, Jilin Province, Liaoning Province; North China (excluding Beijing and Tianjin) includes Shanxi Province, Hebei Province, Inner Mongolia Autonomous Region; East China (excl. Shanghai) includes Shandong Province, Jiangsu Province, Zhejiang Province, Anhui Province, Jiangxi Province, Fujian Province; Central China includes Hunan Province, Hubei Province, Henan Province; South China includes Hainan Province, Guangdong Province, Guangxi Zhuang Autonomous Region; Northwest China includes Shaanxi Province, Gansu Province, Qinghai Province, Ningxia Hui Autonomous Region, Xinjiang Uygur Autonomous Region; Southwest China (excluding Chongqing) includes Yunnan Province, Sichuan Province, Guizhou Province, Tibet Autonomous Region; 4 municipalities are Beijing, Shanghai, Tianjin and Chongqing respectively.

IV. BUSINESS REVIEW (continued)

1. Business development and deployment: steady development of shopping malls and strategic deployment with a nationwide coverage (continued)

During the Reporting Period, we continued to implement the policy of strategic distribution of our Portfolio Shopping Malls to make sure that most of our Portfolio Shopping Malls are located in prime locations in Tier I and Tier II Cities. As at the end of the Reporting Period, we operated 56 Portfolio Shopping Malls covering a total operating area of 4,457,050 sq.m. with an average occupancy rate of 95.4%. Among which, 18 Portfolio Shopping Malls were located in the four municipalities, which are Beijing, Shanghai, Tianjin and Chongqing, representing 32.1% of the total number of Portfolio Shopping Malls. The operating area of the aforesaid Portfolio Shopping Malls was 1,507,803 sq.m., representing 33.8% of the total operating area of the Portfolio Shopping Malls. The same mall growth[1] during the Reporting Period was 3.6%. We will continue to focus on the core areas of Tier I and Tier II Cities to distribute our Portfolio Shopping Malls strategically in future.

Note:

(1) "Same mall growth" is the growth in income from operation for a particular accounting period compared with the same period last year for all Portfolio Shopping Malls that are in operation for at least 24 months as at the end of the second year and remain in operation.

In addition, by virtue of a reputable brand name in the pan home improvement and furnishings industry and having extensive experience in shopping mall development, tenant sourcing and operation management, we continued to rapidly develop Managed Shopping Malls. We have also established a strict screening and reviewing internal mechanism to ensure a steady and rapid development of our Managed Shopping Malls. As at the end of the Reporting Period, we operated 125 Managed Shopping Malls covering a total operating area of 7,357,877 sq.m., with an average occupancy rate of 92.2%. Among which, 89 Managed Shopping Malls, representing 71.2% of the total number of Managed Shopping Malls, were located at East and North China, the operating area of the aforesaid Managed Shopping Malls was 5,190,710 sq.m, representing 70.5% of the total operating area of the Managed Shopping Malls. As at the end of the Reporting Period, we entered into agreements for 488 contracted pipeline Managed Shopping Malls, of which 279 had secured land parcels. Along with the stable social and economic development of the country, the penetration and the progression of urbanization strategy, and the constant growth in disposable income per capita of the population, we will further speed up the development of Managed Shopping Malls business throughout the nation.

IV. BUSINESS REVIEW (continued)

2. Operational and Management of Shopping Malls

We continued to improve the operation and management of our shopping malls in four respects, including tenant sourcing management, operational management, marketing management and property management.

2.1 Tenant Sourcing Management

Leading the home furnishings consumption trend by promoting brands and product categories upgrading and optimizing our shopping malls layout

We are devoted to reading the home furnishings consumption trend in various cities with our insights into such trend and continuously optimised the layout of shopping malls, brands and product categories. We not only catered for the needs of local consumers, but also endeavored to introduce flagship stores of major brands that meet their demands, so as to maintain our leadership in the local home furnishings consumption trend; we improved the layout of shopping malls and diversified channels for furnishings brands to display their image by opening street-front stores; we also enhanced our customized house-filling products in line with the changing furnishing and decoration market; emerging product categories including overall designs for living rooms and original designs were introduced into and promoted in major cities such as Shanghai, Shenzhen, Beijing, Nanjing and Suzhou. Besides, we launched consumption experience interactive programs with kitchen themes combining cupboards and kitchen appliances, which strengthens the loyalty of consumers.

Providing customized operating analysis and recommendations for the brand factories to achieve brand resources management and value-added services for key clients

We regularly studied the consumption trends in home improvement and furnishings industry, and analyzed competitive pattern of every factory in accordance with these consumption trends and issued reports on the development of brand management, aimed at the operating status of the plant, provided recommendations on customized product innovation, market development and upgrade of terminal operating mode of the dealers in order to promote innovation in product development and the transformation and upgrading of the marketing mode. These measures have been widely recognized and praised by numerous brands that we cooperate with, and thus we have become the benchmarking enterprise that is truly able to provide value-added services in the home improvement and furnishings industry.

IV. BUSINESS REVIEW (continued)

2. Operational and Management of Shopping Malls (continued)

2.1 Tenant Sourcing Management (continued)

Developing our team of distributors for imported furnishings brands to propel the resource integration of international brands

By creating a database, we effectively managed and expanded our distributors for imported furnishings brands, who rendered great support to the introduction of imported furnishings brands and accelerated the brand integration processes in international pavilions of respective shopping malls.

2.2 Operational Management

Improving customer satisfaction through "word of mouth advertising" project

We comprehensively launched a "word of mouth advertising" project, with specific requirements on price, quality, service etc, by setting high standards for and strict requirements on shopping mall operation.

In terms of pricing, we launched the first "price control with thirty percent discount limit" in the industry to guide the factories and dealers to adjust the inflated price and rectify the "high pricing, high discount" phenomenon, promote reasonable pricing and guide valuable sales. In addition, our price comparison system has been operated successfully, achieving online searching and price monitoring search of comparable products in order to guide reasonable pricing.

In terms of quality, leveraging on the Ministry of Commerce, the General Administration of Quality Supervision, Inspection and Quarantine of the PRC, together with the China Quality Certification Center, we launched the "query platform of Chinese household certified products" in December 2015, which realized the detection of counterfeit household products. As at the end of the Reporting Period, we completed the system application training with 260 major brands, of which 33 have started their application.

In terms of services, we have launched the first "15-minute refund" service in the industry which can be completed within 15 minutes when the customers put forward the refund demand until all the refund formalities are completed. In addition, the Company has built up a unified image of national service personnel, established a unified service standard and launched at 126 pilot shopping malls.

IV. BUSINESS REVIEW (continued)

2. Operational and Management of Shopping Malls (continued)

2.2 Operational Management (continued)

In terms of operational standards, we compiled the "Environmental Quality Assessment Standards for Red Star Macalline Products" during the Reporting Period and have applied for the filing of industrial standards. Our "credit classification management of tenants" was nominated by the Publicity Department of the CPC Central Committee and recommended by the Ministry of Commerce of the People's Republic of China as one of the "100 Renowned Experiences of Cultivating and Practicing the Socialist Core Values" cases; it was selected by the Ministry of Commerce as one of the 18 "Key Propulsion Units of Business Integrity Construction" in China, and participated in the drafting of laws and regulations of "Guiding Opinions of the Ministry of Commerce on Promoting and Standardizing the Construction of Credit Rating Mechanism for Marketization". We completed the information sharing of our credit platform, which is one of the first sub platform of the Shanghai Commercial Credit Public Service Platform (上海市商務誠信公眾服務平台), in March 2016.

Continuingly launch "leading green" campaigns to promote consumers' green home life

In terms of environmental protection, we continued to promote the campaigns of "leading green" brand award, and initiated an omni-directional quality management system for pre-sales, sales and after-sales, to ensure the standard of healthy living of each consumer. During the Reporting Period, over 200 famous home furnishings brands had proactively participated in the campaign of "leading green" brand award. Our shopping malls provide "leading green brands award of home improvement and furnishings" manuals as professional guidance for consumers to buy healthy and environmental-friendly products.

Improving operational and management efficiency by means of digital space management

We consolidated the information of space and operation of shopping malls and converted complicated data into user-friendly charts by using digital space management, and we systematically managed the KPI indicators of our malls including occupation of exhibition space, rental rates, occupancy rate and collection rate with our visualised space management platform, which improved the overall operation efficiency of our malls.

IV. BUSINESS REVIEW (continued)

2. Operational and Management of Shopping Malls (continued)

2.3 Marketing Management

We are committed to improving our brand value, customer satisfaction and sales by means of brand promotion, membership management, cross-industry cooperation, digital marketing and joint marketing.

Continuingly Positioning the Company as "Home Furnishings Expert" through strengthening our brand and focusing on unifying our brand image

We leverage on the nationwide large-scale promotional campaigns such as "The Two Days" to promote the brand, and actively promote the "home furnishings expert" image and boosted the sales growth.

In addition, we actively promoted the concept of "Home Life Aesthetic" and actively communicated and interacted with young consumers by We-media platforms such as "WeChat" to promote high-quality home concepts and constantly lead the brand awareness and brand preference of consumers, thus realized the transformation to brand rejuvenation and the promotion of brand reputation.

We also place importance on the unified management to the brand image of "Red Star Macalline". Through digital technology, we developed a brand visual management system, "Brand Rubik's Cube", which not only secured the unified management of the brand image of "Red Star Macalline" throughout the country, but also secured the demonstration of the individuation and the differentiation of different malls.

Connecting online and offline system of membership management, thereby further improved the shopping experience

During the Reporting Period, we implemented the comprehensive membership system, such as connected the membership system of furnishings stores and online platforms to conduct unified management of online and offline membership accounts, rights and experiences. By collecting data and data labels, we provided customized service and marketing programs for each member, enabling our customers to enjoy a more convenient and more personalized shopping experience. As at the end of the Reporting Period, there have been more than seven million membership holders registered to participate in our membership scheme.

IV. BUSINESS REVIEW (continued)

2. Operational and Management of Shopping Malls (continued)

2.3 Marketing Management (continued)

Expanding cross-industry channel and carrying out precision marketing

During the Reporting Period, we continued to expand the marketing channels by means of cross-industry cooperation and precision marketing. We cooperated with top 100 real estate agents and agencies in different shopping malls, and applied the Social Customer Relation Management (SCRM) system for the precision understanding of customers' demands to provide our consumers with one-stop living solution. As a result, we developed a large number of potential customers, and further improved the conversion rate between potential customers and consumption customers.

We also established a platform for home improvement characterized with design, to attract and increase the consumer flow in malls by cooperation with the third-party designers, advocating experimental consumption, which realized the effect of design leading consumption, improving client's experience and thus promoting the operational results.

Continuingly upgrade digital marketing platforms

During the Reporting Period, we greatly improved the number of registered WeChat members by means of increasing the variety of WeChat activities and the number of WeChat pilot cities as well as obtaining the access to WeChat coupons in offline shopping malls based on the existing digital marketing platforms (including the online platforms of official website, WeChat subscription account and WeChat service account). As at the end of the Reporting Period, there have been 1,195,000 registered WeChat members in total.

Joint marketing

In terms of market change and demand, we integrated a variety of resources and conducts marketing linkage in many ways, in order to share resources and achieve cooperation and win-win situation in terms of joint marketing. Joint marketing team created six patterns on the basis of traditional large-scale promotion, including joint promotion, super brand day, individual demand, alliance preference, brand home shopping festival, and, high-cost-effective shopping activity. With collaboration with best brands of the industry, organization of membership-only marketing activities and initiation of large-scale regional marketing activities, we not only carried out single brand activities, but also cooperated with famous brands, explored customer demands, and helped customize marketing activities for the brand, consistently enhanced the depth and scope of cooperation and thus became the market icon.

IV. BUSINESS REVIEW (continued)

2. Operational and Management of Shopping Malls (continued)

2.4 Property Management

During the Reporting Period, we kept improving our customer experience and energy management in order to enhance our property management.

Improving the environment and safety management of shopping malls to optimise customer experience

We improved the environment of shopping malls bit by bit via installation of various infrastructures, which includes offering hot water and providing more pedals for children, in washing rooms, upgrading the indoor ventilation systems and adjustment of green plants. In addition, we installed more parking barriers as compared with last year and installation was completed in 84 shopping malls across the country in total as at the end of the Reporting Period, which solved the parking problem in weekends and holidays. We always attach great importance to the safety management of our shopping malls. Apart from conducting regular repair and maintenance for our elevators, firefighting and electrical equipment, we implement our safety management all the time and upgrade our safety levels constantly. We value the professional quality and competency of our property management staffs and have their proficiency and capability improved comprehensively by skills training so that they can better safeguard the shopping malls and provide superior customer experience.

Actively promote the management of efficient energy use in shopping malls

We actively promoted the management and technical transformation of efficient energy use in our shopping malls and we recorded a total of approximately 10.1% reduction in power consumption as at the end of the Reporting Period in 47 major shopping malls as compared with the same period in 2015.

IV. BUSINESS REVIEW (continued)

3. Extensibility Business: Robust Development

During the Reporting Period, the development of our extensive businesses flourished. We focused on our home furnishings consumption business to provide our customers with better consumption experience; improved our home furnishings financial services through cooperation with large-scale commercial banks, so as to retain and expand our consumer and tenant base; and offered comprehensive logistic service for the purpose of satisfying multiple needs on both ends of the platform and achieve resources sharing.

3.1 Focusing on our home furnishings consumption business: to provide our customers with better consumption experience

During the Reporting Period, we constructed a home furnishings consumption business platform and constructed various home furnishings consumption businesses with the concept of “home”.

Online and offline integrative business model

We are dedicated to becoming an industry leader in terms of customer experience. Establishing an online platform is an essential strategy, which will boost our communication with our consumers and enhance their satisfaction. The offline shopping malls still constitute an integral part of consumer experience and purchasing decisions. Therefore, online platform will most likely succeed only when operated hand-in-hand with the offline shopping malls. Our O2O platform focuses on the consumer experience and enhances consumer loyalty through online and offline interaction.

Home design and decoration service

Home decoration business is an extension from home improvement and furnishings retail industrial chain. In general, due to the high level of overlapping between home furnishings consumers and home decoration consumers, it is easy for us to reach potential home decoration consumers, which would then reduce the cost of customer acquisition and marketing for developing home decoration business. As the industry pioneer in transformation and upgrade, our home design and decoration business aims to integrate the upstream and downstream industrial chain in the home decoration industry by using the home furnishing shopping malls as a platform and our great brand impact. We provided full services integrating home furnishings design proposals, sale of materials and furniture and construction service for consumers, in order to improve the shopping experiences of our consumers, and drive sales in our shopping malls. As at the end of the Reporting Period, we have 32 home decoration stores across the country, which were located in our shopping malls in cities such as Beijing, Tianjin, Shanghai, Nanjing, Shenyang and Chengdu.

IV. BUSINESS REVIEW (continued)

3. Extensibility Business: Robust Development (continued)

3.1 Focusing on our home furnishings consumption business: to provide our customers with a better consumption experience (continued)

Home design and decoration service (continued)

We advocate environmental protection and carry out merchant and supplier access qualification examination system against the main and auxiliary materials and furniture for decoration. Meanwhile, we also prevent indoor air and drinking water from secondary pollution by using standard construction technology. In addition, we also provide comprehensive service and attention to our customers, so that all home decoration projects have their own project managers to coordinate and supervise the progress and quality of the construction, and fully assist customers in the delivery, collection and return of materials as well as improve the services in-sale and after sale.

3.2 Boosting furnishings financial service: so as to retain and expand our consumer and tenant base;

We built up the Shanghai Jiajinsuo Financial Information Service Co. Ltd ("HomeFax") as the financial service platform of the Group to cater for the financial demands of our shopping mall partners, furnishings manufacturers and merchants. Such platform also makes strict risk appraisal through professional risk control system, third-party credit information, central bank credit reference system and the Nebula system of our Group. As at the end of the Reporting Period, more than 60,000 users registered at HomeFax.

During the Reporting Period, we put more efforts on promoting pre-paid card business through social network in addition to self-owned distribution channels. We established good cooperation relationship with commercial banks and consumer financing companies to jointly promote home loan business. During the process, an in-depth interaction with developers and real estate agents was established. Pre-paid card business also brought good synergies with our home design and other businesses and enhanced end customers' loyalty to us. During the Reporting Period, we issued pre-paid cards in the amount of approximately RMB1.12 billion, which brought an operating income of RMB14.3 million and boosted the sales of the shopping mall tenants' products.

In addition, to further leverage on our extensive consumer and tenant base and also appeal to the increasing need for consumer financing in the high-end home improvement and furnishings retail industry, we cooperate with large commercial banks to provide consumer loans and installment services for consumers.

IV. BUSINESS REVIEW (continued)

3. Extensibility Business: Robust Development (continued)

3.3 Providing comprehensive logistics service: to meet multiple needs on both ends of the platform and achieve resources sharing

To improve the distribution, installation and after-sale service, namely "the last kilometer", for the purpose of integrating upstream and downstream segments of the industry and enhancing customer satisfaction, we set up logistics trial centers in Shijiazhuang, Hebei Province and Nanjing, Jiangsu Province to provide one-stop professional service for customers from purchase to professional product distribution and installation. At present, over 80 tenants have commenced operation, with a storage area amounting to 11,000 sq.m in total.

We are making active attempts to further improve our business process, with which a salesman in a shopping mall can place an order with one click, make immediate query of inventory and customer feedback, and we also provide three-year warranty for products sold by us and free disassemble and cleaning services, so as to effectively enhance customer experience and our service performance.

4. Commercial usage of information technology facilitates the operation development

During the Reporting Period, in respect of our information technology infrastructure, we continued to promote the Star Cloud, which is the first comprehensive Enterprise Resource Planning system used in the home improvement and furnishings industry. At the same time, we have been actively constructing an information technology project of "Smart Shopping Malls" and made further progress on the infrastructure construction in relation to the wifi network and positioning systems in shopping malls.

5. High efficiency of human resources management policies: efficiently supports the Group's growth

During the Reporting Period, our human resources policies were strictly in line with our strategies and achieved success in a number of aspects, such as optimization in overall performance, employee incentives and talent development and support, as well as industry talent training.

To optimize performance of all employees and to promote employee incentive, we apply the "Amoeba" principle by implementing management in full, on a daily basis and systematically, which becomes an important management tool at different levels. We also implemented downsizing, improved work efficiency, continuously kept optimizing the remuneration structure and increased performance-based bonus incentives so as to release the passion and energy of our employees to perform efficiently.

IV. BUSINESS REVIEW (continued)

5. High efficiency of human resources management policies: efficiently supports the Group's growth (continued)

Regarding talent development and support, in pursuit of our strategic goal, we reserve personnel to guarantee the backup personnel's succession ability by recruiting outstanding graduates and cultivating general managers for shopping malls. We propose the plan of "New Youth" to encourage innovative awareness and reward innovative measures and to discover innovative talents so as to make great efforts to create a more dynamic management team with strong consciousness of innovation. Meanwhile, we establish "New Business Boosting Team" to set up the new business management team and core professionals' team, assisting the growth of new business.

Regarding professional talent cultivation, in addition to continuously improving the ability of general managers and reinforcing the team of internal trainers, we have also established "Lu Ban Home Design School" and carried out several training plans in order to improve the comprehensive quality of employees who engage in the home improvement and furnishings industry.

We had a total of 17,793 employees as at the end of the Reporting Period.

V. PROSPECTS

In the second half of 2016 and going forward, we will transform and pursue our development goal of growing into China's most advanced and professional "omni-channel platform service provider for the pan home improvement and furnishings industry".

1. We will continue the implementation of the two-pronged business model of Portfolio Shopping Malls and Managed Shopping Malls; consolidate the market leadership through strategic expansion of our shopping mall network and brand portfolio;

2. As an "omni-channel platform service provider for the pan home improvement and furnishings industry", we will provide our customers with a better home furnishings consumption experience as well as retain and expand the consumer and tenant base of the Group by enhancing our home furnishings financial services; offer the relevant parties comprehensive logistic service for the purpose of meeting multiple needs on both ends of the platform and achieve resources sharing; and

3. We will actively seek suitable investment and acquisition targets and enhance the integration of upstream and downstream resources of the pan home improvement and furnishings industry to realize our strategic layout; explore opportunities to cooperate with commercial real estate fund and opportunities of asset securitization in order to enlarge our scale of operation and enhance our corporate capability.

Corporate Governance and Other Information

The Group are committed to maintain high-standard corporate governance so as to protect the interest of the shareholders and promote the Company's value and accountability. H Shares of the Company were listed on The Stock Exchange of Hong Kong Limited ("Stock Exchange") on 26 June 2015.

The Company adopted the following corporate governance principles and practices:

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

During the six months ended 30 June 2016, other than deviation from code provision A.2.1 of the Corporate Governance Code, the Company has complied with the provisions of the Corporate Governance Code ("Corporate Governance Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited ("Listing Rules"), which sets out principles of good corporate governance in relation to, among other matters, the directors of the Company (the "Directors"), the chairman and chief executive officer, board composition, the appointment, re-election and removal of directors, their responsibilities and remuneration; and communications with shareholders. The Directors are satisfied that sufficient corporate governance measures have been put in place to manage conflicts of interest between the Group and the Controlling Shareholders (as defined under the Listing Rules) and/or Directors to protect the interest of the minority shareholders.

DEVIATION FROM CODE PROVISION A.2.1 OF THE CORPORATE GOVERNANCE CODE

Mr. CHE Jianxing ("Mr. CHE") is the Chairman and chief executive officer of the Company. In view of Mr. CHE's experience, personal profile and his roles in the Group as mentioned above and that Mr. CHE has assumed the role of chief executive officer and the general manager of the Group since June 2007, the board of the Company (the "Board") considers it beneficial to the business prospect and operational efficiency of the Group that Mr. CHE, in addition to acting as the Chairman of the Board, continues to act as the chief executive officer of the Company. While this will constitute a deviation from Code Provision A.2.1 of the Corporate Governance Code, the Board believes that this structure will not impair the balance of power and authority between the Board and the management of the Company, given that: (i) decision to be made by our Board requires approval by at least a majority of our Directors and that our Board comprises 4 independent non-executive Directors out of the 12 Directors, which is in compliance with the Listing Rules requirement of one-third, and we believe that there is sufficient checks and balances in the Board; (ii) Mr. CHE and the other Directors are aware of and undertake to fulfill their fiduciary duties as Directors, which require, among other things, that he acts for the benefit and in the best interests of the Company and will make decisions for the Group accordingly; and (iii) the balance of power and responsibilities is ensured by the operations of the Board which comprises experienced and high caliber individuals who meet regularly to discuss issues affecting the operations of the Company. Moreover, the overall strategic and other key business, financial, and operational policies of the Group are made collectively after thorough discussion at both Board and senior management levels.

The Board will continue to review the effectiveness of the corporate governance structure of our Group in order to assess whether separation of the roles of Chairman of the Board and general manager is necessary.

COMPLIANCE WITH MODEL CODE

The Company has adopted a code of conduct regarding Directors' and supervisors' of the Company (the "Supervisors") securities transactions on terms as required under the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 to the Listing Rules. The Company has conducted specific enquiries to the Directors and Supervisors, and all Directors and Supervisors have confirmed that they had complied with all the provisions and standards set out in the Model Code during the six months ended 30 June 2016.

AUDIT COMMITTEE AND REVIEWING INTERIM RESULTS AND INTERIM REPORT

We have established an Audit Committee ("Audit Committee") with written terms of reference in compliance with the Listing Rules, the primary duties of which are to assist the Board by providing an independent view of the effectiveness of the financial reporting process, managing internal control and risk management systems of the Group, overseeing the audit process and performing other duties and responsibilities as assigned by the Board. As at the date of this interim report, the Audit Committee consisted of three independent non-executive Directors, namely Mr. DING Yuan, Mr. LI Zhenning, Mr. QIAN Shizheng (appointed on 19 April 2016). Mr. ZHOU Qinye resigned as a member of the Audit Committee on 19 April 2016. Mr. DING Yuan, who holds the appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Listing Rules, serves as the chairman of the Audit Committee.

The Audit Committee and external auditors have reviewed and confirmed the Group's interim results announcement for the six months ended 30 June 2016, the 2016 interim report and the unaudited condensed consolidated financial statements for the six months ended 30 June 2016.

THE BOARD, THE BOARD OF SUPERVISORS AND COMMITTEES

From 1 January 2016 to the date of this interim report, save as disclosed below, no change was made to the information of the Board, Board of Supervisors, Strategy and Investment Committee, Audit Committee, Remuneration and Evaluation Committee and Nomination Committee, which was consistent with the contents as set out in the Annual Report 2015 of the Company.

On 31 January 2016, Mr. PAN Ning resigned as the chairman and member of the Supervisory Committee of the Company, and was elected as employee representative Supervisor and the chairman of the Supervisory Committee of the Company on the same day.

On 31 January 2016, Mr. CHEN Gang and Mr. ZHENG Hongtao were appointed as independent Supervisors of the Supervisory Committee.

On 19 April 2016, Mr. ZHOU Qinye resigned as an independent non-executive Director, and ceased as the member of the Audit Committee and the chairman of the Remuneration and Evaluation Committee.

On 19 April 2016, Mr. QIAN Shizheng was appointed as an independent non-executive Director, a member of the Audit Committee and a member of the Remuneration and Evaluation Committee.

From 1 January 2016 to the date of this interim report, the Board complied with the requirements of appointing at least 3 independent non-executive Directors (among whom at least one independent non-executive Director holds the appropriate professional qualifications or accounting or relevant financial management knowledge) set out in Rules 3.10(1) and 3.10(2) of the Listing Rules at any time. The Company also complied with the requirements of appointing independent non-executive Directors, accounting for one-third of the members of the Board set out in Rule 3.10A of the Listing Rules.

CHANGES IN DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVES' INFORMATION

The Directors, the Supervisors and the chief executives of the Company confirm that no information is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

The Group did not purchase, sell or redeem any listed securities of the Company during the six months ended 30 June 2016.

INTERESTS AND SHORT POSITIONS OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVES IN THE SHARES, UNDERLYING SHARES OR DEBENTURES

As at 30 June 2016, the interests or short positions of our Directors, Supervisors or chief executives in the shares, underlying shares and debentures of the Company or any Associated Corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) (a) which will have 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 they are taken or deemed to have under such provisions of the SFO) or (b) which will be required, pursuant to Section 352 of the SFO, to be recorded in the register referred to therein or (c) which will be required to be notified to the Company and the Stock Exchange pursuant to the Listing Rules were as follows:

(i) Interests in our Company

Name of shareholders	Title	Class of Shares	Nature of interest	Number of underlying shares held	Approximate percentage in relevant class of Shares[1]	Approximate percentage in total Shares[1]
CHE Jianxing (車建興)[2]	Chairman, Chief Executive Officer and Executive Director	Domestic Shares	Interest of controlled corporation	2,480,315,772 (Long position)	96.85%	68.44%
CHEN Shuhong (陳淑紅)[3]	Non-executive Director	Domestic Shares	Interest of spouse	2,480,315,772 (Long position)	96.85%	68.44%

Notes:

1. As at 30 June 2016, the Company had 3,623,917,038 issued shares in total, comprising of 2,561,103,969 domestic shares and 1,062,813,069 H shares.

2. Mr. CHE Jianxing indirectly holds 68.44% of the issued shares in total of our Company through his 92% direct interest in Shanghai Red Star Macalline Investment Company Limited (上海紅星美凱龍投資有限公司) ("RSI", a company incorporated in the PRC with limited liability) and is deemed to be interested in the 2,480,315,772 domestic shares held by RSI for the purpose of the SFO.

3. Ms. CHEN Shuhong is the spouse of Mr. CHE Jianxing. Under the SFO, Ms. CHEN Shuhong is deemed to be interested in the same number of shares in which Mr. CHE Jianxing is interested.

(ii) Interests in Associated Corporation

Name of Director	Name of Associated Corporation	Nature of interest	Equity interest in the Associated Corporation	Approximate percentage of interest in the Associated Corporation[1]
CHE Jianxing (車建興)	RSI[1]	Beneficial interest	46,000,000 (Long position)	92%
CHE Jianfang (車建芳)	RSI[1]	Beneficial interest	4,000,000 (Long position)	8%

Note:

(1) RSI is the investment holding company of the Company, which is held as to 92% by Mr. CHE Jianxing and as to 8% by Mr. CHE Jianxing's sister, Ms. CHE Jianfang and therefore an "associated corporation" of the Company within the meaning of Part XV of the SFO. As at 30 June 2016, RSI held 2,480,315,772 domestic shares of the Company which accounted for approximately 68.44% of the total issued shares of the Company. Of which 135,910,236 shares held by RSI (representing approximately 3.75% of the total number of issued shares of the Company) are subject to the charge granted by RSI in favor of AVIC Capital Co., Ltd. (中航信託股份有限公司). 372,870,460 shares held by RSI (representing approximately 10.29% of the total number of issued shares of the Company) are subject to the charge granted by RSI in favor of Shanghai Pudong Development Bank Co. Ltd. Putuo Branch (上海浦東發展銀行股份有限公司普陀支行). For further details of the charges, see the section headed "Share Charges by the Controlling Shareholders" in the Prospectus.

Save as disclosed above, as at 30 June 2016, none of our Directors, Supervisors or chief executives has any interests or short positions in the shares, underlying shares and debentures of the Company or Associated Corporations (a) which will have 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 they are taken or deemed to have under such provisions of the SFO) or (b) which will be required, pursuant to Section 352 of the SFO, to be recorded in the register referred to therein or (c) which will be required to be further notified to the Company and the Stock Exchange pursuant to the Model Code.

THE INTERESTS AND SHORT POSITIONS OF OUR SUBSTANTIAL SHAREHOLDERS IN OUR SHARES AND UNDERLYING SHARES

As at 30 June 2016, the interests or short positions in the shares or underlying shares which will have to be notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO, and which will be required, pursuant to Section 336 of the SFO, to be recorded in the register referred to therein, as well as persons (other than the Directors, Supervisors or chief executive of the Company) or corporations deemed, directly and/or indirectly, to be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at our general meetings were as follows:

Name of shareholders	Class of Shares	Capacity/ nature of Interest	Number of Shares interested	Approximate percentage in relevant class of Shares[(1)]	Approximate percentage in total share capital[(1)]
RSI	Domestic Shares	Beneficial owner	2,480,315,772 (Long position)	96.85%	68.44%
Warburg Pincus & Co.[(2)]	H Shares	Interest of controlled corporation	519,225,069 (Long position)	48.85%	14.33%
Warburg Pincus Partners GP LLC[(2)]	H Shares	Interest of controlled corporation	519,225,069 (Long Position)	48.85%	14.33%
Warburg Pincus Partners, L.P.[(2)]	H Shares	Interest of controlled corporation	519,225,069 (Long Position)	48.85%	14.33%
Warburg Pincus Real Estate I GP, LLC[(2)]	H Shares	Interest of controlled corporation	519,225,069 (Long Position)	48.85%	14.33%
Candlewood Investment SRL[(2)]	H Shares	Other	338,054,924 (Long position)	31.81%	9.33%
Warburg Pincus Real Estate I, L.P.[(2)]	H Shares	Interest of controlled corporation	338,054,924 (Long position)	31.81%	9.33%
Springwood Investment SRL[(2)]	H Shares	Other	181,170,145 (Long position)	17.05%	5.00%
WPRE I Redstar Manager LLC[(2)]	H Shares	Interest of controlled corporation	181,170,145 (Long Position)	17.05%	5.00%
WPRE I Redstar, L.P.[(2)]	H Shares	Interest of controlled corporation	181,170,145 (Long Position)	17.05%	5.00%
Falcon Edge (Cayman) GP, Ltd.[(3)]	H Shares	Interest of controlled corporation	58,358,400 (Long position)	5.49%	1.61%
Falcon Edge General Partner, LP[(3)]	H Shares	Interest of controlled corporation	58,358,400 (Long position)	5.49%	1.61%
Falcon Edge Global Master Fund, LP[(3)]	H Shares	Beneficial owner	58,358,400 (Long position)	5.49%	1.61%
Gerson Richard[(3)]	H Shares	Interest of controlled corporation	58,358,400 (Long position)	5.49%	1.61%

Notes:

(1) As at 30 June 2016, the Company had 3,623,917,038 issued shares in total, comprising of 2,561,103,969 domestic shares and 1,062,813,069 H shares.

(2) Warburg Pincus Real Estate I, L.P. is the sole quota-holder of Candlewood Investment SRL ("Candlewood"). Warburg Pincus Real Estate I GP, LLC is the general partner of Warburg Pincus Real Estate I, L.P..

WPRE I Redstar, L.P. is the sole quota-holder of Springwood Investment SRL ("Springwood"). WPRE Redstar Manager LLC is the general partner of WPRE I Redstar, L.P.. Warburg Pincus Real Estate I GP, LLC is the managing member of WPRE Redstar Manager LLC.

Accordingly, Warburg Pincus Real Estate I GP, LLC is deemed to be interested in the shareholding interest of each of Warburg Pincus Real Estate I, L.P., Candlewood Investment SRL, WPRE Redstar Manager LLC, WPRE I Redstar, L.P. and Springwood Investment SRL in the Company pursuant to the disclosure requirements under the SFO.

Warburg Pincus Partners, L.P. is a member of Warburg Pincus Real Estate I GP, LLC. Warburg Pincus Partners GP LLC is a general partner of Warburg Pincus Partners, L.P.. Warburg Pincus & Co. is the managing member of Warburg Pincus Partners GP LLC.

Accordingly, Warburg Pincus & Co. is deemed to be interested in the shareholding interest of each of Warburg Pincus Partners GP LLC, Warburg Pincus Partners, L.P., Warburg Pincus Real Estate I GP, Warburg Pincus Real Estate I, L.P., Candlewood Investment SRL, WPRE Redstar Manager LLC, WPRE I Redstar, L.P. and Springwood Investment SRL in the Company pursuant to the disclosure requirements under the SFO.

338,054,924 H Shares held by Candlewood are subject to the charge granted by Candlewood in favor of Bank of China Limited Macau Branch.

181,170,145 H Shares held by Springwood are subject to the charge granted by Springwood in favor of Bank of China Limited Macau Branch.

(3) Falcon Edge Global Master Fund, LP ("Falcon Edge Fund") is an investment fund organized as an exempted limited partnership under the laws of the Cayman Islands. Each of Falcon Edge General Partner, LP, Falcon Edge (Cayman) GP, Ltd. and Richard Gerson is the shareholder of Falcon Edge Fund and is deemed to be interested in 58,358,400 H Shares, pursuant to the disclosure requirements under the SFO.

Save as disclosed above, as at the end of the Reporting Period, the Company is not aware of any other person (other than the Directors, Supervisors or chief executives of the Company) who had an interest or short position in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

DIRECTORS' AND SUPERVISORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in this interim report, at no time during the Reporting Period was the Company or any of its subsidiaries or holding company or any subsidiary of the Company's holding company, a party to any arrangement that would enable the Directors or the Supervisors to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors or the Supervisors or any of their spouses or children under the age of 18 were granted any right to subscribe for the equity or debt securities of the Company or any other body corporate or had exercised any such right.

INTERIM DIVIDENDS

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2016.

USE OF PROCEEDS FROM GLOBAL OFFERING

The net proceeds from the Company's global offering ("Global Offering") amounted to approximately RMB5,573.3 million. As at the end of the Reporting Period, the Company has utilized 73.3% of the net proceeds in total for fundraising investment projects as required, of which RMB1,589.3 million for the development of Portfolio Shopping Malls, RMB1,133.7 million for refinancing of our existing indebtedness, RMB1,362.0 million for investment or acquisition of other market participants in the home furnishings industry, development of our O2O business and information technology systems, working capital and other general corporate purposes. The Board resolved on 31 July 2015 to change the intended use of part of the net proceeds from the Global Offering. For further details, please refer to the announcement of the Company dated 31 July 2015.

EVENTS AFTER THE REPORTING PERIOD

On 14 July 2016, the Group completed the issue of the corporate bonds in the PRC with an aggregate principal amount of RMB3,000 million. The corporate bonds consisted of two categories: with a term of 5 years and 7 years and coupon rates at 3.50% and 4.29%, respectively. For further details of the corporate bonds issuance, please refer to the Company's announcements dated 8 July, 12 July and 15 July 2016, respectively.

MATERIAL LEGAL PROCEEDINGS

For the six months ended 30 June 2016, the Group did not have any material legal or arbitral proceedings. The Directors also are not aware of any material legal proceedings or claims which are pending or threatened against the Group.

Report on Review of Condensed Consolidated Financial Statements

Deloitte.
德勤

德勤 · 關黃陳方會計師行
香港金鐘道88號
太古廣場一座35樓

Deloitte Touche Tohmatsu
35/F, One Pacific Place
88 Queensway
Hong Kong

TO THE BOARD OF DIRECTORS OF RED STAR MACALLINE GROUP CORPORATION LTD.
(Incorporated in the People's Republic of China with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated financial statements of Red Star Macalline Group Corporation Ltd. (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 41 to 84, which comprise the condensed consolidated statement of financial position as at 30 June 2016 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, 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 these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

22 August 2016

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2016

	NOTES	Six months ended 30 June 2016 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited)
Revenue	4	**4,407,798**	4,280,682
Cost of sales and services		**(1,176,011)**	(1,102,887)
Gross profit		**3,231,787**	3,177,795
Other income	5	**49,955**	40,793
Changes in fair value of investment properties		**1,483,763**	1,395,938
Other gains and losses	6	**(108,249)**	(31,570)
Selling and distribution expenses		**(568,226)**	(555,452)
Administrative expenses		**(442,016)**	(426,087)
Other expenses	7	**(13,251)**	(58,963)
Share of profit of associates		**24,538**	8,474
Share of profit of joint ventures		**36,392**	26,946
Finance costs	8	**(438,808)**	(481,217)
Profit before tax	9	**3,255,885**	3,096,657
Income tax expense	10	**(835,607)**	(838,303)
Profit and total comprehensive income for the period		**2,420,278**	2,258,354
Profit and total comprehensive income for the period attributable to:			
Owners of the Company		**2,276,471**	2,134,108
Non-controlling interests		**143,807**	124,246
		2,420,278	2,258,354
EARNINGS PER SHARE			
— Basic and diluted (RMB)	12	**0.63**	0.69

Condensed Consolidated Statement of Financial Position

At 30 June 2016

	NOTES	At 30 June 2016 RMB'000 (Unaudited)	At 31 December 2015 RMB'000 (Audited)
Non-current Assets			
Investment properties	13	**74,170,052**	70,593,000
Property, plant and equipment	14	**315,136**	333,293
Goodwill		**16,592**	16,592
Intangible assets		**533,479**	539,267
Interests in associates		**171,096**	159,207
Interests in joint ventures		**810,726**	749,334
Available-for-sale investments		**547,050**	402,930
Loan receivables		**223,458**	112,580
Deferred tax assets	15	**417,811**	347,444
Restricted bank deposits	18	**69,802**	71,758
Other non-current assets	16	**1,744,499**	2,003,413
		79,019,701	75,328,818
Current Assets			
Inventories		**23,666**	16,173
Loan receivables		**246,580**	160,100
Other financial assets		**38,000**	61,000
Trade and other receivables	17	**1,724,063**	1,627,561
Tax recoverable		**33,279**	41,834
Restricted bank deposits	18	**34,760**	—
Bank balances and cash	19	**5,507,939**	5,954,087
		7,608,287	7,860,755
Current Liabilities			
Trade and other payables	20	**7,276,833**	5,766,274
Rental and service fee received in advance		**1,734,330**	1,776,581
Tax liabilities		**213,332**	285,375
Bank and other borrowings	21	**2,043,920**	2,297,382
Bonds		**498,597**	497,195
		11,767,012	10,622,807
Net Current Liabilities		**(4,158,725)**	(2,762,052)
Total Assets Less Current Liabilities		**74,860,976**	72,566,766

Condensed Consolidated Statement of Financial Position

At 30 June 2016

	NOTES	At 30 June 2016 RMB'000 (Unaudited)	At 31 December 2015 RMB'000 (Audited)
Non-current liabilities			
Deferred tax liabilities	15	**11,175,963**	10,667,539
Bank and other borrowings	21	**8,289,484**	7,027,170
Bonds		**7,347,536**	7,335,011
Obligations under finance leases		**419,315**	349,065
Deferred income		**192,282**	194,354
Other non-current liabilities	22	**1,525,429**	1,725,423
		28,950,009	27,298,562
Net assets		**45,910,967**	45,268,204
Capital and reserves			
Share capital	23	**3,623,917**	3,623,917
Share premium		**5,617,001**	5,617,001
Reserves		**32,476,861**	31,903,641
Equity attributable to owners of the Company		**41,717,779**	41,144,559
Non-controlling interests		**4,193,188**	4,123,645
Total equity		**45,910,967**	45,268,204

The condensed consolidated financial statements on pages 41 to 84 were approved and authorised for issue by the board of directors on 22 August 2016.

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2016

	Share capital RMB'000	Share premium RMB'000	Statutory surplus reserve RMB'000	Merge reserve RMB'000	Share options reserve RMB'000	Other reserves RMB'000	Retained earnings RMB'000	Attributable to owners of the Company RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 1 January 2016 (Audited)	3,623,917	5,617,001	1,030,718	(182,045)	169,331	89,338	30,796,299	41,144,559	4,123,645	45,268,204
Profit and total comprehensive income for the period	–	–	–	–	–	–	2,276,471	2,276,471	143,807	2,420,278
Dividends (note 11)	–	–	–	–	–	–	(1,703,241)	(1,703,241)	–	(1,703,241)
Dividends declared to non-controlling shareholders of subsidiaries	–	–	–	–	–	–	–	–	(75,360)	(75,360)
Capital injection by a non-controlling shareholder of a subsidiary	–	–	–	–	–	–	–	–	4,000	4,000
Acquisition of additional interests in subsidiaries	–	–	–	–	–	(10)	–	(10)	10	–
Disposal of subsidiaries	–	–	–	–	–	–	–	–	(407)	(407)
Deregister of a subsidiary	–	–	–	–	–	–	–	–	(123)	(123)
Other	–	–	–	–	–	–	–	–	(2,384)	(2,384)
At 30 June 2016 (Unaudited)	3,623,917	5,617,001	1,030,718	(182,045)	169,331	89,328	31,369,529	41,717,779	4,193,188	45,910,967

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2016

	Share capital RMB'000	Share premium RMB'000	Statutory surplus reserve RMB'000	Merge reserve RMB'000	Share options reserve RMB'000	Other reserves RMB'000	Retained earnings RMB'000	Attributable to owners of the Company RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 1 January 2015 (Audited)	3,000,000	234,616	846,467	(182,045)	169,331	4,141	29,372,482	33,444,992	3,968,101	37,413,093
Profit and total comprehensive income for the period	–	–	–	–	–	–	2,134,108	2,134,108	124,246	2,258,354
Dividends (note 11)	–	–	–	–	–	–	(2,490,000)	(2,490,000)	–	(2,490,000)
Dividends declared to a non-controlling shareholder of a subsidiary	–	–	–	–	–	–	–	–	(65,500)	(65,500)
Issue of H shares (note 23)	543,588	5,029,741	–	–	–	–	–	5,573,329	–	5,573,329
Share issued (note 23)	80,329	352,644	–	–	–	–	–	432,973	–	432,973
Capital injection by non-controlling shareholders of subsidiaries	–	–	–	–	–	–	–	–	44,550	44,550
Acquisition of a subsidiary (note 24)	–	–	–	–	–	–	–	–	101,375	101,375
Acquisition of additional interests in subsidiaries	–	–	–	–	–	25,692	–	25,692	(128,563)	(102,871)
Deemed distribution to non-controlling shareholders of subsidiaries (note)	–	–	–	–	–	–	–	–	(135,477)	(135,477)
At 30 June 2015 (Unaudited)	3,623,917	5,617,001	846,467	(182,045)	169,331	29,833	29,016,590	39,121,094	3,908,732	43,029,826

Note:

In June 2015, the Group completed the repurchase of the transferred shopping mall held by 瀋陽晶森宏普房產開發有限公司 Shenyang Jingsen Hongpu Property Development Company Limited. The change of the net assets of the transferred shopping mall attributable to non-controlling interests arising from the repurchase (which mainly represented payables due to related parties) was recognised as deemed distribution to non-controlling shareholders of subsidiaries.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2016

	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
OPERATING ACTIVITIES		
Profit before tax	**3,255,885**	3,096,657
Adjustments for:		
Finance costs	**438,808**	481,217
Interest income	**(36,903)**	(27,838)
Share of profit of associates	**(24,538)**	(8,474)
Share of profit of joint ventures	**(36,392)**	(26,946)
Depreciation of property, plant and equipment	**52,997**	59,199
Amortisation of intangible assets	**10,456**	12,029
Allowance provided for doubtful debts	**109,583**	29,782
Changes in fair value of investment properties	**(1,483,763)**	(1,395,938)
Losses (gains) on disposal of property, plant and equipment	**2,817**	(3,705)
Gains on disposal of subsidiaries	**(177)**	—
Operating cash flows before movements in working capital	**2,288,773**	2,215,983
Decrease (increase) in inventories	**(8,105)**	10,929
Increase in trade and other receivables	**(194,283)**	(279,246)
Decrease (increase) in other non-current assets	**(3,675)**	2,567
Decrease in rental and service fee received in advance	**(236,832)**	(372,784)
Increase in trade and other payables	**69,596**	476,573
Increase in other non-current liabilities	**289**	33,084
Cash generated from operations	**1,915,763**	2,087,106
Income tax paid	**(463,404)**	(501,510)
NET CASH FROM OPERATING ACTIVITIES	**1,452,359**	1,585,596

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2016

	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
INVESTING ACTIVITIES		
Interest received	**37,433**	27,838
Payments for investment properties, property, plant and equipment, and intangible assets	**(1,562,198)**	(1,386,397)
Proceeds on disposal of property, plant and equipment	**3,491**	7,414
Placement of loan receivables	**(200,358)**	(100,190)
Withdrawal of loan receivables	**3,000**	—
Payments for other financial assets	**(38,000)**	—
Withdrawal of other financial assets	**61,000**	—
Net cash (outflow) inflow on acquisition of a subsidiary (note 24)	**(46,625)**	485
Payments of considerations for acquisitions of subsidiaries in prior year	**(196,840)**	—
Net cash outflow on disposal of subsidiaries (note 25)	**(3,418)**	—
Payments for establishment of joint ventures	**(25,000)**	(1,000)
Payments for available-for-sale investments	**(144,120)**	—
Payments for equity investment with fixed return	**(5,000)**	—
Proceeds on disposal of available-for-sale investments in prior year	**10,067**	—
Placement of bank deposits with original maturity over three months	**(77,695)**	(10,633)
Withdrawal of bank deposits with original maturity over three months	**93,758**	13,100
Payment of restricted bank deposits	**(33,104)**	(46,921)
Withdrawal of restricted bank deposits	**300**	300
Advance to related parties and third parties	**(241,076)**	(134,257)
Repayment from related parties and third parties	**6,710**	87,565
NET CASH USED IN INVESTING ACTIVITIES	**(2,357,675)**	(1,542,696)

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2016

	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
FINANCING ACTIVITIES		
Issue of H shares	**–**	5,782,298
Listing expense paid	**–**	(208,969)
Share issued	**–**	432,973
Proceeds from new borrowings raised	**2,190,000**	4,284,180
Repayment of borrowings	**(1,181,148)**	(1,061,040)
Capital injection by non-controlling shareholders of subsidiaries	**4,000**	44,550
Acquisition of additional interests in subsidiaries	**(13,450)**	(102,871)
Interest paid	**(298,412)**	(488,974)
Dividends paid	**–**	(2,490,000)
Dividends paid to non-controlling shareholders of subsidiaries	**(31,210)**	(14,100)
Advance from related parties and third parties	**1,824**	28,773
Repayment to related parties and third parties	**(196,373)**	(254,198)
Deposits arising from counter guarantee agreements repaid to related parties	**–**	(521,851)
NET CASH FROM FINANCING ACTIVITIES	**475,231**	5,430,771
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(430,085)**	5,473,671
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	**5,848,464**	3,592,404
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD, represented by bank balances and cash (note 19)	**5,418,379**	9,066,075

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

1. GENERAL

The Company was incorporated in the People's Republic of China (the "PRC") on 6 January 2011 as a sino-foreign joint stock limited company under the PRC laws upon the conversion of 上海紅星美凱龍企業管理有限公司 Shanghai Red Star Macalline Enterprise Management Company Limited (formerly known as 上海紅星美凱龍家居家飾品有限公司 Shanghai Red Star Macalline Home Furnishing Company Limited), a company with limited liability incorporated in the PRC. The parent and ultimate holding company of the Company is 上海紅星美凱龍投資有限公司 Shanghai Red Star Macalline Investment Company Limited ("RSI"), a company with limited liability incorporated in the PRC. The ultimate controlling shareholder is Mr. Che Jianxing.

The Company was listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 26 June 2015.

The Company and its subsidiaries (collectively referred to as the "Group") are principally engaged in operating and managing home furnishings shopping malls.

The condensed consolidated financial statements are presented in Renminbi ("RMB"), which is also the functional currency of the Group.

2. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 ("IAS 34") "Interim Financial Reporting" issued by the International Accounting Standards Board (the "IASB") as well as the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). Certain comparative figures in 2015 have been reclassified to conform to the reporting period's presentation for comparative purpose.

The Group's current liabilities exceed its current assets at the end of the reporting period. Taking into account the available facilities from bank and non-bank financial institutions, the issuance of corporate bonds subsequently to the end of the reporting period, and cash flows from operations, the directors of the Company believe that the Group will continue to operate as a going concern and consequently, the condensed consolidated financial statements has been prepared on a going concern basis.

3. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for investment properties, which are measured at fair values.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2016 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2015 which conform to International Financial Reporting Standards ("IFRSs").

In the reporting period, the Group has applied certain amendments to IFRSs issued by the IASB that are mandatorily effective for the reporting period.

The application of these amendments to IFRSs in the reporting period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

4. REVENUE AND SEGMENT INFORMATION

Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable and operating segment:

	Owned/ leased portfolio shopping malls RMB'000	Managed shopping malls RMB'000	Sales of merchandise and related services RMB'000	Other RMB'000	Total RMB'000
Period ended 30 June 2016					
Segment revenue					
— from external customers	**2,848,265**	**1,303,242**	**90,024**	**166,267**	**4,407,798**
Segment result	**1,513,077**	**688,143**	**(27,589)**	**59,782**	**2,233,413**
Period ended 30 June 2015					
Segment revenue					
— from external customers	2,576,513	1,577,864	39,740	86,565	4,280,682
Segment result	1,325,016	884,788	(49,999)	39,945	2,199,750

4. REVENUE AND SEGMENT INFORMATION (continued)

No segment assets and liabilities, and other segment information are presented as they were not regularly provided to the chief operating decision maker for the purpose of resource allocation and performance assessment.

Reconciliations of segment revenues and results

	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Revenue		
Segment revenue and consolidated revenue	**4,407,798**	4,280,682

	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Profit		
Segment result	**2,233,413**	2,199,750
Changes in fair value of investment properties	**1,483,763**	1,395,938
Other income	**49,955**	40,793
Other gains and losses	**(108,249)**	(31,570)
Central administrative expenses	**(11,868)**	(3,494)
Other expenses	**(13,251)**	(58,963)
Share of profits of associates	**24,538**	8,474
Share of results of joint ventures	**36,392**	26,946
Finance costs	**(438,808)**	(481,217)
Consolidated profit before tax	**3,255,885**	3,096,657

5. OTHER INCOME

	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Interest income on:		
— bank deposit	**28,331**	14,837
— other loans and receivables	**8,572**	13,001
Total interest income	**36,903**	27,838
Dividends from unlisted equity investments	**831**	5,965
Government grants	**9,377**	3,688
Compensation received and receivable	**2,844**	3,302
	49,955	40,793

6. OTHER GAINS AND LOSSES

	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Allowance on doubtful receivables, net	**(109,583)**	(29,782)
Net foreign exchange gains (losses)	**2**	(959)
(Losses) gains on disposal of property, plant and equipment	**(2,817)**	3,705
Gains on disposal of subsidiaries (note 25)	**177**	—
Others	**3,972**	(4,534)
	(108,249)	(31,570)

7. OTHER EXPENSES

	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Donations	**3,252**	403
Compensation paid and payable	**—**	28,557
Listing expense	**9,999**	30,003
	13,251	58,963

8. FINANCE COSTS

	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Interest on bank and other borrowings	**380,809**	495,797
Interest on finance leases	**13,526**	11,662
Interest on bonds	**177,556**	129,368
Total borrowing costs	**571,891**	636,827
Less: amount capitalised in the cost of qualifying assets	**(133,083)**	(155,610)
	438,808	481,217

9. PROFIT BEFORE TAX

Profit before tax has been arrived at after charging:

	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Depreciation of property, plant and equipment	**52,997**	59,199
Amortisation of intangible assets	**10,456**	12,029
Allowance for doubtful receivables, net	**109,583**	29,782
Cost of inventories sold recognized as expense	**60,228**	21,532

10. INCOME TAX EXPENSE

	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current tax: — PRC enterprise income tax	**401,294**	418,284
(Over) under provision in prior year: — PRC enterprise income tax	**(651)**	1,614
Deferred tax	**434,964**	418,405
	835,607	838,303

The Company and all of its subsidiaries are in the PRC. Under the Law of People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the Company and its PRC subsidiaries is 25% except for certain subsidiaries which are under the Western China Development Plan and were approved to enjoy the preferential tax rate of 15% in accordance with the EIT LAW and relevant regulations during the reporting period and the comparative period.

11. DIVIDENDS

	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Dividends recognised as distributions during the period		
— 2015 Final (RMB0.47 per share)	**1,703,241**	—
— 2014 Final (RMB0.83 per share)	**—**	2,490,000
	1,703,241	2,490,000

During the Reporting Period, the Company has declared a final dividend of RMB0.47 per share in respect of the year ended 31 December 2015 to the owners of the Company. The aggregate amount of the final dividend declared amounted to approximately RMB1,703,241,000. The board of directors of the Company does not recommend payment of any dividend in respect of the Reporting Period.

12. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share for the six months ended 30 June 2016 and 30 June 2015 is based on the following data:

	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Earning for the purpose of basic and diluted earnings per share (profit for the period attributable to owners of the Company)	**2,276,471**	2,134,108
Number of ordinary shares (2015: Weighted average number of ordinary shares) for the purpose of basic and diluted earnings per share (thousands)	**3,623,917**	3,076,705

The computation of diluted earnings per share for six months ended 30 June 2015 did not assume the exercise of the Company's over-allotment options granted pursuant to the listing of the Company's shares in the Stock Exchange as the exercise price of the options was higher than the average market price for the shares. The over-allotment options were subsequently lapsed on 19 July 2015.

The Group did not have any other dilutive potential ordinary shares in issue during the reporting period and the comparative period.

13. INVESTMENT PROPERTIES

	Completed investment properties RMB'000	Investment properties under development RMB'000	Total RMB'000
Fair Value			
At 1 January 2015 (Audited)	56,239,000	6,727,000	62,966,000
Additions	206,865	3,004,257	3,211,122
Acquisition of subsidiaries	922,302	1,111,882	2,034,184
Transfer	2,943,000	(2,943,000)	—
Change in fair value recognised in profit or loss	1,517,833	863,861	2,381,694
At 1 January 2016 (Audited)	**61,829,000**	**8,764,000**	**70,593,000**
Additions	**591,088**	**1,259,749**	**1,850,837**
Acquisition of a subsidiary (note 24)	**242,452**	**—**	**242,452**
Transfer	**1,003,000**	**(1,003,000)**	**—**
Change in fair value recognised in profit or loss	**1,080,912**	**402,851**	**1,483,763**
At 30 June 2016 (Unaudited)	**64,746,452**	**9,423,600**	**74,170,052**

The investment properties are all situated on the land under medium-term lease in the PRC. The fair values of the Group's investment properties at the end of the reporting period were valued by Jones Lang LaSalle, a firm of independent qualified professional valuers not connected with the Group, who have appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations.

The valuation of completed investment properties has been arrived at with adoption of income approach by the rental income of the property derived from the existing lease and achievable in the existing market with due allowance for the reversionary income potential of the leases, which have been then capitalized to determine the market value at an appropriate capitalization rate.

The valuation of certain investment properties at an early development stage has been arrived at by direct comparison approach assuming sale of the property interests in their existing state with the benefit of immediate vacant possession and by making reference to comparable sales transactions as available in the relevant market.

13. INVESTMENT PROPERTIES (continued)

The valuation of other investment properties under development has been arrived at with adoption of residual approach which assumed that they will be developed and completed in accordance with the latest development proposal. In arriving at the opinion of value, reference has been made to comparable evidence as available in the relevant market and the valuation also take into account the accrued construction cost and professional fees relevant to the stage of construction as at the valuation date and the remainder of the cost and fees expected to be incurred for completing the development.

In estimating the fair value of the properties, the highest and best use of the properties is their current use.

The following table gives information about how the fair values of these investment properties are determined (in particular, the valuation techniques and inputs used), as well as the fair value hierarchy into which the fair value measurements are categorized based on the degree to which the inputs to the fair value measurements is observable.

At 30 June 2016 (unaudited)

Investment properties held by the Group in the condensed consolidated statement of financial position	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Range
Completed investment properties RMB64,746,452,000	Level 3	Income approach The key inputs are: Market rent per square meter per month; Capitalization rate	Market rent per square meter per month (leased floor area)* Capitalization rate**	RMB12 to RMB335 5.5% to 8.0%
Certain investment properties at an early development stage RMB1,743,600,000	Level 3	Direct comparison approach The key input is: Price of the land per square meter	Price of the land per square meter (gross floor area)***	RMB2,162 to RMB2,620
Other investment properties under development RMB7,680,000,000	Level 3	Residual approach The key inputs are: Market rent per square meter per month; Capitalization rate	Market rent per square meter per month (leased floor area)* Capitalization rate**	RMB39 to RMB107 6.5% to 7.5%

13. INVESTMENT PROPERTIES (continued)

At 31 December 2015 (audited)

Investment properties held by the Group in the condensed consolidated statement of financial position	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Range
Completed investment properties RMB61,829,000,000	Level 3	Income approach The key inputs are: Market rent per square meter per month; Capitalization rate	Market rent per square meter per month (leased floor area)* Capitalization rate**	RMB31 to RMB327 5.5% to 8.0%
Certain investment properties at an early development stage RMB3,283,000,000	Level 3	Direct comparison approach The key input is: Price of the land per square meter	Price of the land per square meter (gross floor area)***	RMB1,323 to RMB5,110
Other investment properties under development RMB5,481,000,000	Level 3	Residual approach The key inputs are: Market rent per square meter per month; Capitalization rate	Market rent per square meter per month (leased floor area)* Capitalization rate**	RMB38 to RMB101 6.5% to 7.5%

* A slight increase in the market rent per square meter per month (leased floor area) used would result in a significant increase in the fair value measurement of the investment properties, and vice versa.

** A slight increase in the capitalization rate used would result in a significant decrease in the fair value measurement of the investment properties, and vice versa.

*** A slight increase in the price of the land per square meter (gross floor area) used would result in a significant increase in the fair value measurement of the investment properties, and vice versa.

There were no transfers into or out of Level 3 during the reporting period.

The unrealised gain on property revaluation amounting to approximately RMB1,483,763,000 and RMB1,395,938,000 was recognised in profit or loss during the reporting period and the comparative period, respectively.

13. INVESTMENT PROPERTIES (continued)

The Group has pledged investment properties of approximately RMB52,572,000,000 and RMB45,009,000,000 at 30 June 2016 and 31 December 2015 to secure bank and other borrowings granted to the Group as set out in note 21.

The Group was in the process of obtaining the relevant ownership property certificates for the investment properties under development with carrying amounts of RMB7,656,000,000 and RMB8,779,000,000 as at 30 June 2016 and 31 December 2015, respectively. In the opinion of the directors of the Company, the relevant property ownership certificates can be obtained in due time without incurring significant costs.

The Group has not obtained the relevant land use right certificates and ownership property certificates for investment properties in respect of the transferred shopping malls held by each of 雲南紅星美凱龍置業有限公司 Yunnan Red Star Macalline Property Company Limited ("Yunnan Property") and 大連紅星美凱龍投資發展有限公司 Dalian Red Star Macalline Investment Development Company Limited ("Dalian Investment"), which amounted to RMB2,230,000,000 and RMB2,223,000,000 as at 30 June 2016 and 31 December 2015, respectively. In the opinion of the directors of the Company, the relevant land use right certificates and property ownership certificates can be obtained in due time after the splits of relevant entities without incurring significant costs.

Save the transferred shopping malls as disclosed above, the Group has not obtained relevant land use right certificates and ownership property certificates for certain investment properties, of which the relevant certificates are held by 上海紅星美凱龍企業發展有限公司 Shanghai Red Star Macalline Enterprise Development Company Limited ("RSM Enterprise Development") and its subsidiaries, joint ventures and associates (collectively refer to as "RSM Enterprise Development Group"), amounting to RMB1,119,000,000 and RMB1,118,000,000 as at 30 June 2016 and 31 December 2015, respectively. In the opinion of the directors of the Company, the relevant certificates can be obtained in due time without incurring significant costs.

One shopping mall was situated on the land which is for scientific research and design use. The carrying amount of the investment property in respect of this shopping mall was RMB1,667,000,000 and RMB1,675,000,000 as at 30 June 2016 and 31 December 2015, respectively.

14. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2016, the Group acquired equipment at an aggregate cost of RMB41,923,000 (six months ended 30 June 2015: RMB41,686,000).

15. DEFERRED TAX ASSETS

The following are the major deferred tax assets (liabilities) recognised and movements thereon during the reporting period:

	Debt restructure within the Group RMB'000	Investment properties RMB'000	Unpaid staff welfare and other expenses RMB'000	Allowance for bad debts RMB'000	Deferred income RMB'000	Unrealised profit RMB'000	Tax losses RMB'000	Other RMB'000	Total RMB'000
At 1 January 2015 (audited)	55,451	(9,865,513)	209,538	36,439	36,310	19,232	89,436	22,808	(9,396,299)
Credit (charge) to profit or loss	51,268	(874,761)	(69,893)	43,469	(1,036)	(3,907)	7,607	730	(846,523)
Acquisition of a subsidiary	–	(79,706)	–	–	–	–	–	6,005	(73,701)
Disposal of a subsidiary	–	–	(707)	–	–	–	(2,865)	–	(3,572)
At 31 December 2015 (audited)	106,719	(10,819,980)	138,938	79,908	35,274	15,325	94,178	29,543	(10,320,095)
Credit (charge) to profit or loss	10,033	(521,982)	26,019	29,400	12,797	7,137	72	1,560	(434,964)
Acquisition of a subsidiary	–	–	–	–	–	–	–	(2,408)	(2,408)
Disposal of subsidiaries	–	–	(685)	–	–	–	–	–	(685)
At 30 June 2016 (unaudited)	**116,752**	**(11,341,962)**	**164,272**	**109,308**	**48,071**	**22,462**	**94,250**	**28,695**	**(10,758,152)**

For the purpose of presentation in the condensed consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purpose:

	At 30 June 2016 RMB'000 (Unaudited)	At 31 December 2015 RMB'000 (Audited)
Deferred tax assets	**417,811**	347,444
Deferred tax liabilities	**(11,175,963)**	(10,667,539)
	(10,758,152)	(10,320,095)

16. OTHER NON-CURRENT ASSETS

	At 30 June 2016 RMB'000 (Unaudited)	At 31 December 2015 RMB'000 (Audited)
Prepayment for acquisition of land use rights	**152,693**	242,319
Prepayment for construction of investment properties, and property, plant and equipment	**511,667**	468,910
Prepayment for acquisition of investment properties (note a)	**42,027**	304,454
Amounts due from non-controlling shareholders of subsidiaries (note b)	**131,109**	121,324
Prepayment to a related party for repurchase interests in a transferred shopping mall (note c)	**247,705**	247,705
Amount due from a related party (note 28)	**77,092**	42,092
Deposits paid for construction of investment properties	**129,154**	135,252
Deposits paid under medium term operating lease	**61,532**	55,278
Preliminary development cost (note d)	**141,842**	141,562
Equity investment with fixed return (note e)	**224,400**	219,400
Others	**25,278**	25,117
	1,744,499	2,003,413

Notes:

(a) The amounts represented entrusted loans to third parties for development of shopping malls on land parcel held by them. Pursuant to the respective agreement entered into between the Group and these third parties, the Group will acquire the shopping malls under development with the land use rights of these land parcel and the consideration will be partially settled by the entrusted loans. The directors of the Company recognised the entrusted loans as deemed prepayment for acquisition of investment properties in other non-current assets.

(b) The amounts were unsecured, interest free and repayable on demand. In the opinion of the directors of the Company, the amounts are to be settled after twelve months from the end of the reporting period and were therefore classified as non-current assets.

(c) In October 2015, the Company entered into a repurchase agreement with 成都紅星美凱龍置業有限公司 Chengdu Red Star Macalline Property Company Limited ("Chengdu Property"), a subsidiary of RSM Enterprise Development, pursuant to which Chengdu Property has agreed to sell and the Company has agreed to repurchase 50% of the interests in the transferred shopping mall held by 上海綠地集團成都金牛房地產開發有限公司 Greenland Group Chengdu Jinniu Real Estate Development Co., Ltd. for a consideration of not more than RMB495,410,000. As at 30 June 2016 and 31 December 2015, the Company has paid RMB247,705,000, approximately 50% of the consideration.

(d) The amounts represented the preliminary development cost incurred for the project situated on one parcel of land, of which the relevant land use right certificate is held by a non-controlling shareholder of a subsidiary. Pursuant to the agreement entered into between the Group and this non-controlling shareholder, the relevant land use right certificate would be transferred to the Group as the capital contribution by the non-controlling shareholder.

(e) The amounts represented investments held by the Group. Under agreements with other shareholders of these investees, the Group has contractual rights to receive annual payments equal to stated interest rates applied to principal amounts and withdraw principal amounts upon the expiry of the pre-agreed periods. In the opinion of the directors of the Company, these equity investments are financial assets classified as "loans and receivables" in substance.

17. TRADE AND OTHER RECEIVABLES

	At 30 June 2016 RMB'000 (Unaudited)	At 31 December 2015 RMB'000 (Audited)
Trade receivables		
— due from third parties	**1,355,183**	1,214,667
— due from related parties (note 28)	**2,579**	9,711
Less: allowance for doubtful debts	**(360,877)**	(257,813)
	996,885	966,565
Bills receivable	**2,400**	2,200
	999,285	968,765
Prepayments to third parties	**147,251**	92,877
Other taxes recoverable	**17,037**	29,978
Amounts due from third parties (note a)	**277,157**	258,472
Amounts due from non-controlling shareholders of subsidiaries (note a)	**35,721**	27,324
Amounts due from related parties (note 28)	**154,632**	143,842
Deposits	**96,108**	81,890
Proceeds to be collected on behalf of the tenants (note b)	**54,415**	72,636
Other	**34,812**	23,956
Less: allowance for doubtful debts	**(92,355)**	(72,179)
	724,778	658,796
	1,724,063	1,627,561

Notes:

(a) The amounts are unsecured, interest free and repayable on demand.

(b) The Group collects the proceeds from the sale of merchandise by the tenants and remit the proceeds within settlement periods (normally seven days) as pre-agreed with the tenants. The amounts represent the proceeds to be collected on behalf of the tenants from certain banks in the PRC as the customers pay through credit card.

17. TRADE AND OTHER RECEIVABLES (continued)

The following is an aged analysis of bills receivables and trade receivables net of allowance for doubtful debts presented based on the date of recognition of revenue at the end of each reporting period:

	At 30 June 2016 RMB'000 (Unaudited)	At 31 December 2015 RMB'000 (Audited)
Less than 1 year	**668,212**	715,619
1–2 years	**264,902**	207,786
2–3 years	**62,032**	37,996
Over 3 years	**4,139**	7,364
	999,285	968,765

The Group has not granted any credit period to its customers. Before accepting any new customers, the Group uses past experience to assess the potential customers' credit quality and defines credit limits for the customers. Limits attributed to customers are reviewed regularly. The Group recognise allowance for doubtful debts based on estimated irrecoverable amounts determined by reference to past default experience of the counterparty and an analysis of the counterparty's current financial position.

18. RESTRICTED BANK DEPOSITS

	At 30 June 2016 RMB'000 (Unaudited)	At 31 December 2015 RMB'000 (Audited)
Deposits pledged for banking facilities (including bank borrowings) granted to the Group (note a)	**69,802**	69,126
Other restricted bank deposits	**34,760**	2,632
Analysed for reporting purposes as:		
Non-current (note b)	**69,802**	71,758
Current	**34,760**	—
	104,562	71,758

18. RESTRICTED BANK DEPOSITS (continued)

Notes:

(a) The amounts represent bank deposits denominated in RMB pledged to banks as securities for certain banking facilities (including bank borrowings) granted to the Group.

(b) Deposits pledged as securities for bank borrowings granted to the Group that are not expected to be released within twelve months after the end of the reporting period are classified as non-current assets.

The restricted bank deposits carry prevailing market interest rates as follows:

	At 30 June 2016 % (Unaudited)	At 31 December 2015 % (Audited)
Range of interest rate per annum	**2.85–3.08**	2.85–3.25

19. BANK BALANCES AND CASH

	At 30 June 2016 RMB'000 (Unaudited)	At 31 December 2015 RMB'000 (Audited)
Cash	**8,332**	14,882
Bank deposits with original maturity within three months or less	**5,410,047**	5,833,582
Cash and cash equivalents	**5,418,379**	5,848,464
Bank deposits with original maturity over three months	**89,560**	105,623
Bank balances and cash	**5,507,939**	5,954,087

The bank balances carry prevailing market interest rates as follows:

	At 30 June 2016 % (Unaudited)	At 31 December 2015 % (Audited)
Range of interest rate per annum	**0.35–3.08**	0.35–3.25

19. BANK BALANCES AND CASH (continued)

Bank balances and cash as at 30 June 2016 and 31 December 2015 were mainly denominated in RMB which is not a freely convertible currency in the international market. The exchange rate of RMB is determined by the government of the PRC and the remittance of these funds out of the PRC is subject to exchange restrictions imposed by the government of the PRC.

20. TRADE AND OTHER PAYABLES

	At 30 June 2016 RMB'000 (Unaudited)	At 31 December 2015 RMB'000 (Audited)
Trade payables (note a)	**312,525**	279,541
Other payables:		
Staff cost payables	**213,376**	389,088
Dividends payable	**1,703,241**	—
Dividends payable to non-controlling shareholders of subsidiaries	**73,000**	28,850
Other tax payables	**168,262**	213,035
Interests payables	**305,092**	83,467
Amounts due to third parties (note b)	**239,925**	216,979
Amounts due to non-controlling shareholders of subsidiaries (note b)	**162,955**	137,918
Amounts due to related parties (note 28)	**23,409**	228,842
Consideration payable to a related party for acquisition of subsidiaries (note 28)	**32,040**	175,572
Consideration payable to a third party for acquisition of a subsidiary	**—**	53,308
Consideration payable for acquisition of additional interests in subsidiaries	**—**	13,450
Construction costs payables	**522,910**	732,925
Proceeds collected on behalf of the tenants (note c)	**959,757**	809,945
Deposit received from the tenants	**1,698,674**	1,489,485
Received in advance arising from pre-paid cards (note d)	**81,113**	139,693
Intention deposit received (note e)	**300,400**	390,890
Accrued rental and other expenses	**325,381**	269,178
Other	**154,773**	114,108
	6,964,308	5,486,733
	7,276,833	5,766,274

20. TRADE AND OTHER PAYABLES (continued)

Notes:

(a) The following is an analysis of trade payables by aging presented based on the invoice date at the end of each reporting period:

	At 30 June 2016 RMB'000 (Unaudited)	At 31 December 2015 RMB'000 (Audited)
Less than 1 year	**308,513**	268,677
1–2 years	**3,272**	5,731
2–3 years	**735**	5,034
Above 3 years	**5**	99
	312,525	279,541

(b) The amounts are unsecured, interest free and repayable on demand.

(c) The amounts represented the proceeds (from the sale of merchandise by the tenants) collected on behalf of the tenants and will be remitted within settlement periods (normally seven days) as pre-agreed with the tenants.

(d) In 2013, the Group were approved by Shanghai Municipal Commission of Commerce to issue single-purpose pre-paid cards. The proceeds of pre-paid cards will be transferred to the tenants within settlement periods (normally seven days) once the customers purchase merchandise in the shopping malls.

(e) The amounts represented the intention deposits received from customers before the formal contract management arrangements were entered into. The amounts will be deemed as initiation and entrance fees received in advance upon the formal arrangements are entered into, or remitted upon the termination of the collaboration.

21. BANK AND OTHER BORROWINGS

	At 30 June 2016 RMB'000 (Unaudited)	At 31 December 2015 RMB'000 (Audited)
Bank loans, secured (note a)	**9,759,339**	8,349,819
Bank loans, unsecured (note b)	**154,400**	535,000
Other loans, secured (note a)	**419,665**	439,733
	10,333,404	9,324,552

Notes:

(a) Bank and other loans were secured by certain investment properties and restricted bank deposits of the Group, details of which are set out in notes 13 and 18, respectively.

As at 30 June 2016 and 31 December 2015, certain bank and other loans were also guaranteed by certain related parties, details of which are set out in note 28(c).

(b) The balances as at 30 June 2016 and 31 December 2015 are not guaranteed.

21. BANK AND OTHER BORROWINGS (continued)

	At 30 June 2016 RMB'000 (Unaudited)	At 31 December 2015 RMB'000 (Audited)
Fixed-rate borrowings	**419,664**	839,733
Variable-rate borrowings	**9,913,740**	8,484,819
	10,333,404	9,324,552
The borrowings are repayable:		
Within one year or on demand	**2,043,920**	2,297,382
More than one year, but not exceeding two years	**2,577,650**	2,192,768
More than two years, but not exceeding five years	**3,830,276**	3,339,116
More than five years	**1,881,558**	1,495,286
	10,333,404	9,324,552
Less: Amount due within one year shown under current liabilities	**2,043,920**	2,297,382
Amount due after one year	**8,289,484**	7,027,170

The ranges of effective interest rates (which are also equal to contracted interest rates) on the Group's borrowings are as follows:

	At 30 June 2016 % (Unaudited)	At 31 December 2015 % (Audited)
Fixed rate bank borrowings	**6.90–7.59**	6.15–7.80
Floating rate bank borrowings	**5.89–8.64**	5.15–8.00

The floating rate bank borrowings are arranged at the interest rate based on benchmark interest rates of the People's Bank of China.

The Group's bank and other borrowings are denominated in RMB.

22. OTHER NON-CURRENT LIABILITIES

	At 30 June 2016 RMB'000 (Unaudited)	At 31 December 2015 RMB'000 (Audited)
Initiation and entrance fees received in advance	**497,821**	696,821
Rental payable (note a)	**334,608**	330,307
Amounts due to non-controlling shareholders of subsidiaries (note b)	**693,000**	698,295
	1,525,429	1,725,423

Notes:

(a) Lease payments under an operating lease is recognised as an expense on a straight-line basis over the lease term. For operating leases with increased annual payments, the differences between the rental expenses recognised on a straight-line basis and the actual annual payments are recognized as liabilities.

(b) The amounts are unsecured, interest free and repayable on demand after the subsidiaries become profitable. In the opinion of the directors of the Company, the amounts are to be settled after twelve months from the end of the reporting period and are therefore classified as non-current liabilities.

23. SHARE CAPITAL

	Domestic shares		Foreign shares		Listed H shares		Total	
	Number of share '000	Amount RMB'000	Number of share '000	Amount RMB'000	Number of share '000	Amount RMB'000	Number of share '000	Amount RMB'000
Registered, issued and fully paid at RMB1.0 per share:								
At 1 January 2015 (audited)	2,561,104	2,561,104	438,896	438,896	–	–	3,000,000	3,000,000
Share issued (note a)	–	–	80,329	80,329	–	–	80,329	80,329
Issuance of H shares (note b)	–	–	–	–	543,588	543,588	543,588	543,588
Conversion into H shares (note b)	–	–	(519,225)	(519,225)	519,225	519,225	–	–
At 31 December 2015 (audited) and 30 June 2016 (unaudited) (note c)	**2,561,104**	**2,561,104**	**–**	**–**	**1,062,813**	**1,062,813**	**3,623,917**	**3,623,917**

Notes:

(a) On 4 January 2015, Candlewood Investment SRL ("Candlewood") and Springwood Investment SRL ("Springwood") entered into a capital increase and subscription agreement with the Company, RSI and other shareholders of the Company, pursuant to which Candlewood and Springwood further subscribed for 60,917,952 shares and 19,411,086 shares of the Company for RMB5.39 each. The total consideration amounted to approximately RMB432,973,000, out of which approximately RMB80,329,000 was paid up as registered share capital and approximately RMB352,644,000 as the share premium of the Company. The capital contribution was fully completed on 12 February 2015. After the capital contribution, the registered capital of the Company increased from RMB3,000,000,000 to RMB3,080,329,038.

(b) On 26 June 2015, upon the approval of the Stock Exchange, the Company has completed its initial public offering of 543,588,000 H shares, which are listed on the Main Board of the Stock Exchange. Moreover, the 519,225,069 foreign shares held by Candlewood and Springwood were converted into H shares upon completion of the initial public offering.

(c) Except for the currency in which dividends are paid, H shares and domestic shares rank pari passu in all respects with each other.

24. ACQUSITION OF A SUBSIDIARY

On 30 June 2016, the Group acquired 100% equity interest in 安徽騰輝物流有限公司 Anhui Tenghui Logistics Company Limited ("Anhui Tenghui") for a cash consideration of RMB50,000,000 from a third party. The acquisition has been accounted for using the acquisition method. Anhui Tenghui is principally engaged to lease its warehouses to customers and provide relevant deliver and logistic service and was acquired so as to expand the Group's business range of home improvement and furnishings services, including delivery and logistics.

Assets acquired and liabilities recognised at the date of acquisition are as follows:

	RMB'000
Cash and cash equivalents	3,375
Trade and other receivables	15,026
Investment properties	242,452
Property, plant and equipment	93
Rental and service fee received in advance	(1,929)
Trade and other payables	(206,599)
Tax liabilities	(10)
Deferred tax liabilities	(2,408)
	50,000

	RMB'000
Total consideration paid in cash	50,000

Net cash inflow arising on acquisition during the reporting period:	RMB'000
Cash and cash equivalent balances acquired	3,375
Less: consideration paid in cash	50,000
	(46,625)

Had the acquisition of Anhui Tenghui been completed on 1 January 2016, the revenue of the Group would have been RMB4,440,629,000, and the profit for the period would have been RMB2,432,297,000.

25. DISPOSAL OF SUBSIDIARIES

Disposal of 武漢星典裝飾工程有限責任公司 Wuhan Xingdian Home Decorating Company Limited ("Wuhan Xingdian")

In January 2016, the Group disposed 60% equity interest in its subsidiary, Wuhan Xingdian, to a third party for a cash consideration of RMB96,000.

Disposal of 河南星時代裝飾設計工程有限公司 Henan Xingshidai Home Decorating Company Limited ("Henan Xingshidai")

In January 2016, the Group disposed 60% equity interest in its subsidiary, Henan Xingshidai, to a third party for a cash consideration of RMB150,000.

Disposal of 上海津麗龍裝飾設計工程有限公司 Shanghai Jinlilong Home Decorating Design Company Limited ("Shanghai Jinlilong")

In January 2016, the Group disposed 80% equity interest in its subsidiary, Shanghai Jinlilong, to a third party for a cash consideration of RMB926,000.

Disposal of 成都尚鼎居裝飾工程有限公司 Chengdu Shangding Home Decorating Design Company Limited ("Chengdu Shangding")

In January 2016, the Group disposed 70% equity interest in its subsidiary, Chengdu Shangding, to a third party for a cash consideration of RMB320,000.

25. DISPOSAL OF SUBSIDIARIES (continued)

	Wuhan Xingdian RMB'000	Henan Xingshidai RMB'000	Shanghai Jinlilong RMB'000	Chengdu i Shangding RMB'000	Total RMB'000
Cash and cash equivalents	955	928	1,852	1,175	4,910
Inventories	17	41	294	260	612
Trade and other receivables	230	158	1,251	705	2,344
Property, plant and equipment	33	209	395	231	868
Intangible assets	—	—	3	—	3
Deferred tax assets	—	—	516	169	685
Rental and service fee received in advance	(1,020)	(312)	(3,165)	(1,851)	(6,348)
Trade and other payables	(167)	(147)	(506)	(532)	(1,352)
Non-controlling interests	119	(351)	(128)	(47)	(407)
	167	526	512	110	1,315
Gain (loss) on disposal of subsidiary:					
Consideration received and receivable	96	150	926	320	1,492
Less: net assets disposed	(167)	(526)	(512)	(110)	(1,315)
	(71)	(376)	414	210	177
Net cash inflow (outflow) arising on acquisition:					
Consideration received	96	150	926	320	1,492
Less: bank balances and cash disposed of	(955)	(928)	(1,852)	(1,175)	(4,910)
	(859)	(778)	(926)	(855)	(3,418)

26. CAPITAL COMMITMENTS

	At 30 June 2016 RMB'000 (Unaudited)	At 31 December 2015 RMB'000 (Audited)
Contracted but not provided for:		
— Capital expenditure in respect of acquisition and construction of investment properties (including through acquisition of subsidiaries)	**2,526,479**	2,483,600

In addition, the Group has entered into agreements with its partners, pursuant to which the Group's commitment to contribute funds for development of investment properties jointly with the partners amounted to RMB497,950,000 as at 30 June 2016 (31 December 2015: RMB1,342,613,000).

27. CONTINGENT LIABILITIES

a) The Group issued financial guarantees with partners to a bank in respect of a loan in the amount up to RMB400,000,000 granted to a joint venture. As at 30 June 2016, the loan in the amount of RMB100,000,000 has been utilised by the joint venture (31 December 2015: RMB178,000,000). In the opinion of the directors of the Company, the fair value of the financial guarantee provided by the Group is not significant as the joint venture is at a good financial position.

b) 海爾消費金融有限公司 Haier Consume Financing Company Limited ("Haier Financing"), the associate of the Group was granted a loan in the amount up to RMB1,500,000,000 and the Group provided guarantees up to the Group's proportion, 25%, which is up to RMB375,000,000, to secure this loan:

   i. the Group pledged its equity interest in Haier Financing to secure 15% of this loan, which is up to RMB225,000,000; and

   ii. the Group issued financial guarantee to 10% of this loan, which is up to RMB150,000,000.

As at 30 June 2016, RMB1,300,000,000 of this loan has been utilized by Haier Financing (31 December 2015: RMB1,000,000,000). In the opinion of the directors of the Company, the fair value of the financial guarantee provided by the Group is not significant as Haier Financing is at a good financial position.

28. RELATED PARTY TRANSACTIONS

The Group has the following related party balances and transactions.

(a) During the reporting period and the comparative period, the following parties are identified as related parties to the Group and the respective relationships are set out below:

Name of related party	Relationship
Mr. Che Jianxing	Ultimate holding shareholder
Ms. Chen Shuhong	Wife of Mr. Che Jianxing
Mr. Che Guoxing	Brother of Mr. Che Jianxing
Ms. Che Jianfang	Sister of Mr. Che Jianxing
Ms. Qian Yumei	Close family member of Mr. Che Jianxing
紅星傢俱集團有限公司 Red Star Furniture Group Limited ("Red Star Furniture")	Controlled by Mr. Che Jianxing
常州市紅星裝飾城 Changzhou Red Star Furnishing City ("Changzhou Furnishing City")	Controlled by Mr. Che Jianxing
揚州紅星美凱龍全球家居生活廣場置業有限公司 Yangzhou Red Star Macalline Global Home Furnishing Plaza Company Limited ("Yangzhou Global")	Controlled by close family member of Mr. Che Jianxing
濟寧鴻瑞置業有限公司 Jining Hongrui Real Estate Company Limited ("Jining Hongrui")	Controlled by close family member of Mr. Che Jianxing
陝西鴻瑞家居生活廣場有限公司 Shaanxi Hongrui Home Furnishing Plaza Company Limited ("Shaanxi Hongrui")	Controlled by close family member of Mr. Che Jianxing

28. RELATED PARTY TRANSACTIONS (continued)

(a) (continued)

Name of related party	Relationship
徐州紅星美凱龍國際傢俱裝飾城有限公司 Xuzhou Red Star Macalline International Home Furnishing City Company Limited ("Xuzhou International")	Controlled by close family member of Mr. Che Jianxing
徐州紅星美凱龍全球家居生活廣場有限公司 Xuzhou Red Star Macalline Global Home Furnishing Plaza Company Limited ("Xuzhou Global")	Controlled by close family member of Mr. Che Jianxing
興化市星凱家居生活廣場有限公司 Xinghua Xingkai Home Furnishing Plaza Company Limited ("Xinghua Xingkai")	Significantly influenced by close family member of Mr. Che Jianxing
RSI	Ultimate holding company
RSM Enterprise Development Group	Under common control with RSI
上海名藝商業企業發展有限公司及其子公司 Shanghai Mingyi Enterprise Development Company Limited and its subsidiary (collectively "Shanghai Mingyi")	a joint venture of the Group
成都東泰商城有限公司 Chengdu Dongtai Shopping Mall Company Limited ("Chengdu Dongtai")	a joint venture of the Group
西安紅星佳鑫家居有限責任公司 Xi'an Red Star Jiaxin Home Furnishing Company Limitid ("Xi'an Jiaxin")	a joint venture of the Group
廈門寶象紅星美凱龍家居生活廣場有限公司 Xiamen Baoxiang Red Star Macalline Home Furnishing Plaza Company Limited ("Xiamen Baoxiang")	a joint venture of the Group

28. RELATED PARTY TRANSACTIONS (continued)

(a) (continued)

Name of related party	Relationship
深圳紅星美凱龍世紀中心家居生活廣場有限公司 Shenzhen Red Star Macalline Century Center Home Furnishing Plaza Company Limited ("Shenzhen Red Star")	an associate of the Group
武漢紅星美凱龍正達物流有限公司 Wuhan Zhengda Logistics Company Limited ("Wuhan Zhengda")	an associate of the Group
Haier Financing	an associate of the Group
寧波隆凱家居生活購物有限公司 Ningbo Longkai Home Furnishing Plaza Company Limited ("Ningbo Longkai")	Significantly influenced by key management personnel of the Company
寧波澳洋家居購物廣場有限公司 Ningbo Aoyang Home Furnishing Plaza Company Limited ("Ningbo Aoyang")	Significantly influenced by key management personnel of the Company
蚌埠紅星美凱龍家居生活博覽中心有限公司 Bengbu Red Star Macalline Home Furnishing Expo Company Limited ("Bengbu Expo")	Significantly influenced by key management personnel of the Company
金科地產集團股份有限公司 Jinke Property Group Company Limited ("Jinke Property")	Significantly influenced by key management personnel of the Company

28. RELATED PARTY TRANSACTIONS (continued)

(b) During the reporting period and the comparative period, the Group has the transactions with following related parties and the details are set out below:

	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Initiation and entrance fees and annual management fee received and receivable from following related parties:		
RSM Enterprise Development Group	**1,962**	17,515
Yangzhou Global	**981**	1,000
Jining Hongrui	**1,473**	1,500
Shaanxi Hongrui	**1,472**	1,500
Xuzhou International	**486**	950
Xuzhou Global	**1,177**	1,550
Shanghai Mingyi	**1,472**	1,500
Xinghua Xingkai	**438**	1,750
Bengbu Expo	**245**	250
Ningbo Aoyang	**1,709**	1,361
Ningbo Longkai	**1,472**	467
	12,887	29,343
Rental income from:		
Ms. Qian Yumei	**822**	564
Rental expenses paid and payable to:		
Changzhou Furnishing City	**7,926**	7,704
Mr. Che Guoxing	**168**	168
Jinke Property	**—**	19,843
RSM Enterprise Development Group	**4,495**	—
	12,589	27,715

28. RELATED PARTY TRANSACTIONS (continued)

(c) At the end of the reporting period, the Group has provided guarantees or assets pledge to, or obtained guarantees provided by the following related parties and the details are set out below:

(i) Guarantees provided to following related parties for banking facilities granted:

	At 30 June 2016 RMB'000 (Unaudited)	At 31 December 2015 RMB'000 (Audited)
Chengdu Dongtai (note 27)	**100,000**	178,000
Haier Financing (note 27)	**130,000**	100,000
	230,000	278,000

(ii) Assets pledged in respect of the loans provided by the banks to related parties:

Equity interest pledged

As at 31 December 2015, the Group has pledged its equity interest in Haier Financing to secure 15% of the loan granted to Haier Financing in the amount up to RMB225,000,000, details of which are set out in note 27.

(iii) Guarantees provided by related parties for banking facilities granted to the Group:

	At 30 June 2016 RMB'000 (Unaudited)	At 31 December 2015 RMB'000 (Audited)
Mr. Che Jianxing	**730,000**	350,000
Mr. Che Jianxing, Red Star Furniture and RSI	**904,459**	956,418
Red Star Furniture	**338,000**	385,000
RSI	**—**	110,000
	1,972,459	1,801,418

28. RELATED PARTY TRANSACTIONS (continued)

(c) (continued)

(iii) (continued)

These banking facilities were also secured by certain properties and restricted bank deposits of the Group, details of which are set out in notes 13 and 18, respectively.

(d) At the end of the reporting period, the Group has the balances with following related parties and the details are set out below:

	At 30 June 2016 RMB'000 (Unaudited)	At 31 December 2015 RMB'000 (Audited)
Accounts receivable: trade nature		
— Shaanxi Hongrui	**1,500**	—
— Xinghua Xingkai	**350**	191
— Ningbo Longkai	**729**	—
— Xuzhou International	**—**	20
	2,579	211
Other receivables: non-trade nature		
— Shanghai Mingyi (note)	**94,400**	88,400
— Ningbo Longkai (note)	**24,000**	24,248
— Ningbo Aoyang (note)	**19,000**	19,000
— Xiamen Baoxiang (note)	**11,500**	—
— Shaanxi Hongrui (note)	**5,672**	12,134
— Xi'an Jiaxin (note)	**50**	50
— Wuhan Zhengda (note)	**10**	10
	154,632	143,842

Note: The amounts are unsecured, interest free and repayable on demand.

28. RELATED PARTY TRANSACTIONS (continued)

(d) (continued)

	At 30 June 2016 RMB'000 (Unaudited)	At 31 December 2015 RMB'000 (Audited)
Other non-current assets:		
— Wuhan Zhengda (note)	**77,092**	42,092
— RSM Enterprise Development Group (note 16(c))	**247,705**	247,705
	324,797	289,797

Note: The amounts are non-trade in nature, unsecured, interest free and repayable on demand. In the opinion of the directors of the Company, the amounts are to be settled after twelve months from the end of the reporting period and are therefore classified as non-current assets.

28. RELATED PARTY TRANSACTIONS (continued)

(d) (continued)

	At 30 June 2016 RMB'000 (Unaudited)	At 31 December 2015 RMB'000 (Audited)
Rental and service fee received in advance: trade nature		
RSM Enterprise Development Group	**610**	2,610
Yangzhou Global	**1,000**	—
Jining Hongrui	**496**	998
Xuzhou Global	**1,187**	387
Xuzhou International	**480**	—
Shanghai Mingyi	**2,184**	684
Ningbo Longkai	**—**	771
Ningbo Aoyang	**378**	803
Ms. Qian Yumei	**62**	22
	6,397	6,275
Other payables: non-trade nature		
RSM Enterprise Development Group		
— acquisition related (note i)	**32,040**	175,572
RSM Enterprise Development Group — other (note ii)	**9,719**	204,230
Shenzhen Red Star (note ii)	**11,549**	24,246
Ningbo Aoyang (note ii)	**892**	366
Ningbo Longkai (note ii)	**1,249**	—
	55,449	404,414

Note i: The amount as at 31 December 2015 represented the consideration payable to RSM Enterprise Development for acquisition of 蘇州凱潤置業有限公司 Suzhou Kairun Properties Company Limited ("Suzhou Kairun") and 上海紅星美凱龍實業有限公司 Shanghai Red Star Macalline Industrial Company Limited ("RSM Industrial"). As at 30 June 2016, the Group has fully paid the consideration for acquisition of RSM Industrial, while the consideration for acquisition of Suzhou Kairun was still outstanding.

Note ii: The amounts are non-trade in nature, unsecured, interest free and repayable on demand.

28. RELATED PARTY TRANSACTIONS (continued)

(e) Key management personnel emoluments

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including directors of the Company and other key management of the Group. The key management personnel compensation are as follows:

	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Short-term employee benefits	**20,321**	19,444
Retirement benefit contributions	**307**	591
	20,628	20,035

29. FAIR VALUE

Except as detailed in the following table, the directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at cost or amortized cost in the condensed consolidated financial statements approximate their fair values at the end of the reporting period.

	30 June 2016	
	Carrying amount	**Fair value**
	RMB'000	**RMB'000**
	(Unaudited)	**(Unaudited)**
Bonds — unguaranteed medium term note	**1,887,188**	**1,969,284**
Bonds — corporate bonds	**4,967,062**	**5,110,000**

29. FAIR VALUE (continued)

	Fair value hierarchy at 30 June 2016	
	Level 2	Total
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Bonds — unguaranteed medium term note	**1,969,284**	**1,969,284**
Bonds — corporate bonds	**5,110,000**	**5,110,000**

30. EVENTS AFTER THE REPORTING PERIOD

On 14 July 2016, the Group completed the issue of the Second Tranche Corporate Bonds (the "Second Tranche Corporate Bonds") to qualified investors in the PRC. The Second Tranche Corporate Bonds consist of two categories: bonds in the first category bear a term of 5 years (subject to the put-back option) ("Category I Bonds") and bonds in the second category bear a term of 7 years (subject to the put-back option) ("Category II Bonds"). Issue size of the Second Tranche Corporate Bonds is RMB3,000,000,000, with the coupon rates of Category I Bonds and Category II Bonds at 3.50% and 4.29%, respectively, and issue price at 100% of the principal value. The Company has option to adjust the coupon rates of the Category I Bonds and Category II Bonds at the end of the first three-year period and at the end of the first five-year-period, respectively. The holders of the Second Tranche Corporate Bonds also have a right to put all or part of the Second Tranche Corporate Bonds back to the Company at its principal value in accordance with the terms of the Second Tranche Corporate Bonds.