Renhe Commercial Holdings Company Limited
人和商業控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1387)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2014

The board of directors (the "Board") of Renhe Commercial Holdings Company Limited (the "Company") hereby announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2014, together with the appropriate comparative figures as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE SIX MONTHS ENDED 30 JUNE 2014 – unaudited

		Six months ended 30 June	
		2014	2013
	Note	***RMB'000***	*RMB'000*
Revenue	6	**274,787**	261,729
Cost of sales		**(6,753)**	(17,568)
Gross profit		**268,034**	244,161
Net valuation (loss)/gain on investment properties		**(914,261)**	126,266
Profit on disposal of investment properties		**2,571**	24,192
Other income		**50,928**	47,678
Administrative expenses		**(194,055)**	(216,396)
Other operating expenses		**(155,508)**	(141,283)
(Loss)/profit from operations		**(942,291)**	84,618
Finance income		**99,153**	8,734
Finance expenses		**(212,441)**	(215,855)
Net finance expenses	*7(a)*	**(113,288)**	(207,121)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS *(continued)*
FOR THE SIX MONTHS ENDED 30 JUNE 2014 – unaudited

		Six months ended 30 June	
		2014	2013
	Note	***RMB'000***	*RMB'000*
Loss before taxation	*7*	**(1,055,579)**	(122,503)
Income tax	*8*	**171,925**	(59,366)
Loss for the period		**(883,654)**	(181,869)
Attributable to:			
Equity shareholders of the Company		**(844,277)**	(184,505)
Non-controlling interests		**(39,377)**	2,636
Loss for the period		**(883,654)**	(181,869)
Basic and diluted loss per share (RMB cents)	*10*	**(3.99)**	(0.87)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2014 – unaudited

	Six months ended 30 June	
	2014	2013
	RMB'000	*RMB'000*
Loss for the period	**(883,654)**	(181,869)
Other comprehensive income for the period (after tax and reclassification adjustments):		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of foreign operations	**(57,808)**	73,831
Total comprehensive income for the period	**(941,462)**	(108,038)
Attributable to:		
Equity shareholders of the Company	**(902,085)**	(110,674)
Non-controlling interests	**(39,377)**	2,636
Total comprehensive income for the period	**(941,462)**	(108,038)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2014 – unaudited

	Note	At 30 June 2014 RMB'000	At 31 December 2013 RMB'000
Non-current assets			
Property and equipment		**496,608**	512,654
Investment properties		**25,990,469**	25,748,633
Intangible asset		**11,192**	11,086
Goodwill		**363,792**	363,792
Other assets		**1,281,105**	1,590,822
Deferred tax assets		**198,618**	202,815
Trade receivables	*11*	**633,244**	1,171,880
Total non-current assets		**28,975,028**	29,601,682
Current assets			
Inventories		**4,364,605**	4,183,535
Trade and other receivables	*11*	**775,188**	893,658
Cash at bank and on hand		**1,295,138**	1,284,100
Total current assets		**6,434,931**	6,361,293
Current liabilities			
Interest-bearing borrowings		**3,183,048**	521,800
Trade and other payables	*12*	**2,956,085**	3,071,872
Taxation		**11,385**	21,442
Total current liabilities		**6,150,518**	3,615,114
Net current assets		**284,413**	2,746,179
Total assets less current liabilities		**29,259,441**	32,347,861
Non-current liabilities			
Interest-bearing borrowings		**5,265,262**	7,276,718
Deferred tax liabilities		**4,135,153**	4,333,036
Receipt in advance		**493,533**	431,152
Total non-current liabilities		**9,893,948**	12,040,906
Net assets		**19,365,493**	20,306,955
Capital and reserves			
Share capital		**186,376**	186,376
Reserves		**19,030,584**	19,932,669
Total equity attributable to equity shareholders of the Company		**19,216,960**	20,119,045
Non-controlling interests		**148,533**	187,910
Total equity		**19,365,493**	20,306,955

NOTES:

1. INDEPENDENT REVIEW

The interim results for the six months ended 30 June 2014 are unaudited, but have been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity,* issued by the Hong Kong Institute of Certified Public Accountants. KPMG's independent review report to the Board is included in the interim report to be sent to shareholders.

2. BASIS OF PREPARATION

The consolidated interim financial statements have been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), including compliance with International Accounting Standard ("IAS") 34, *Interim financial reporting*, issued by the International Accounting Standards Board ("IASB").

The financial information relating to the financial year ended 31 December 2013 that is included in the interim financial report as being previously reported information does not constitute the Company's statutory financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 31 December 2013 are available from the Company's registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 27 March 2014.

3. PRINCIPAL ACCOUNTING POLICIES

The consolidated interim financial statements have been prepared in accordance with the same accounting policies adopted in the 2013 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2014 annual financial statements. Details of these changes in accounting policies are set out in note 4.

4. CHANGES IN ACCOUNTING POLICIES

The IASB has issued a number of amendments to International Financial Reporting Standards ("IFRSs") and one new interpretation that are first effective for the current accounting period of the Group and the Company. Of these, the following developments are relevant to the Group's financial statements:

- Amendments to IAS 32, *Offsetting financial assets and financial liabilities*
- Amendments to IAS 36, *Recoverable amount disclosures for non-financial assets*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

Amendments to IAS 32, Offsetting financial assets and financial liabilities

The amendments to IAS 32 clarify the offsetting criteria in IAS 32. The adoption of the amendments does not have an impact on the Group's interim financial report because the Group has not offset financial instruments, nor has it entered into master netting arrangement or similar agreement which is subject to the disclosures of IAS 32 during the periods presented.

Amendments to IAS 36, Recoverable amount disclosures for non-financial assets

The amendments to IAS 36 modify the disclosure requirements for impaired non-financial assets. Among them, the amendments expand the disclosures required for an impaired asset or cash-generating unit whose recoverable amount is based on fair value less costs of disposal. The Group early adopted the amendments in the annual financial statements for the year ended 31 December 2013.

5. SEGMENT REPORTING

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

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

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

6. REVENUE

	Six months ended 30 June	
	2014	2013
	RMB'000	*RMB'000*
Operating lease	**265,967**	222,302
Transfer of operation rights	**8,820**	39,427
	274,787	261,729

The Group's customer base is diversified and there is no customer with whom transactions have exceeded 10% of the Group's revenue during the six months ended 30 June 2014 (six months ended 30 June 2013: Nil).

7. LOSS BEFORE TAXATION

(a) Net finance expenses

	Six months ended 30 June	
	2014	2013
	RMB'000	*RMB'000*
Finance income		
– Interest income on bank deposits	**3,032**	1,183
– Interest income on trade receivables	**96,121**	7,551
	99,153	8,734
Finance expenses		
– Interest on interest-bearing borrowings	**(462,293)**	(432,491)
Less: interest expenses capitalised into investment properties and inventories*	**237,439**	227,459
	(224,854)	(205,032)
– Net foreign exchange gain/(loss)	**12,715**	(10,541)
– Bank charges and others	**(302)**	(282)
	(212,441)	(215,855)
	(113,288)	(207,121)

* The borrowing costs have been capitalised at rates ranging from 7.38% to 13.72% per annum (six months ended 30 June 2013: 7.68% to 13.72%).

(b) Other items

	Six months ended 30 June	
	2014	2013
	RMB'000	*RMB'000*
Repairs and maintenance	**51,217**	41,467
Utility charges	**27,342**	22,109
Depreciation of property and equipment	**21,688**	24,073
Operating lease charges	**13,431**	11,565
Impairment loss on other receivables	**–**	15,914

8. INCOME TAX

	Six months ended 30 June	
	2014	2013
	RMB'000	*RMB'000*
Current tax – Provision for the period		
– PRC Enterprise Income Tax	**21,171**	21,226
– Land Appreciation Tax	**590**	1,380
Deferred tax		
– Reversal and origination of temporary difference	**(193,686)**	36,760
	(171,925)	59,366

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

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

Along with the implementation of Circular of the State Administration of Taxation on How to Understand and Determine "Beneficial Owners" under Tax Conventions (Guo Shui Han [2009] No. 601), the Group's Hong Kong Holding Companies need to get approval from tax authorities for the determination of "beneficial owners" for the purpose of enjoying withholding tax rate of 5%. As at 30 June 2014, the Group obtained all the approvals for the PRC companies which declared dividends.

(iii) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands (the "BVI"), the Group is not subject to any income tax in the Cayman Islands and the BVI.

(iv) No provision for Hong Kong Profits Tax has been made as the Group did not earn any income subject to Hong Kong Profits Tax during the period.

(v) In accordance with the Land Appreciation Tax Law of the PRC, Land Appreciation Tax is levied at the properties developed with legal title by the Group for sale in the PRC. Land Appreciation Tax is charged on the appreciated amount at progressive rates ranged from 30% to 60%.

9. DIVIDENDS

There was no interim dividend declared attributable to the six months ended 30 June 2014 (six months ended 30 June 2013: Nil).

10. LOSS PER SHARE

The calculation of basic loss per share is based on the loss attributable to ordinary equity shareholders of the Company of RMB844,277,000 (six months ended 30 June 2013: loss of RMB184,505,000) and the weighted average of 21,148,132,000 ordinary shares (six months ended 30 June 2013: 21,148,132,000 ordinary shares) in issue during the interim period.

During the six months ended 30 June 2014 and 2013, diluted loss per share is calculated on the same basis as basic loss per share. The share options granted did not have dilutive effect as at 30 June 2014.

11. TRADE AND OTHER RECEIVABLES

	At 30 June 2014 *RMB'000*	At 31 December 2013 *RMB'000*
Trade receivables (i)/(ii)	**1,042,668**	1,522,564
Receivables from disposal of subsidiaries (v)	**–**	260,190
Bank deposits	**84,794**	4,944
Deposits for acquisition (vi)	**110,000**	110,000
Others	**177,340**	174,210
	1,414,802	2,071,908
Less: allowance for doubtful debts	**(6,370)**	(6,370)
	1,408,432	2,065,538
Representing:		
– Non-current	**633,244**	1,171,880
– Current	**775,188**	893,658
	1,408,432	2,065,538

Except as disclosed in Note 11(i) below, the balance of trade and other receivables are expected to be settled or recovered within one year.

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

The Group normally requested a 30%-50% cash payment upon the purchase from buyers and the remaining balance would be mainly settled by loans obtained by buyers from commercial banks or by cash. As at 30 June 2014, the management estimated the receivables will be recovered:

	At 30 June 2014 *RMB'000*	At 31 December 2013 *RMB'000*
Within one year	**409,424**	350,684
Over one year	**633,244**	1,171,880
	1,042,668	1,522,564

(ii) **Ageing analysis**

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

	At 30 June 2014 *RMB'000*	At 31 December 2013 *RMB'000*
Within 6 months	**8,195**	20,107
6 months to 1 year	**20,107**	4,209
More than 1 year	**1,014,366**	1,498,248
	1,042,668	1,522,564

(iii) **Impairment of trade receivables**

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

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

All of the trade receivables are neither individually nor collectively considered to be impaired.

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

(v) Receivables from disposal of subsidiaries

In 2010, the Group disposed of 100% equity interest of five wholly-owned subsidiaries registered in the BVI at a total consideration of HKD4,666,838,000. Up to 30 June 2014, all the consideration has been settled. The receivables as at 31 December 2013 represent the receivables due from certain disposed subsidiaries, which have been received during the six months ended 30 June 2014.

(vi) Deposits for acquisition

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

12. TRADE AND OTHER PAYABLES

	At 30 June 2014 *RMB'000*	At 31 December 2013 *RMB'000*
Receipt in advance (i)	**340,908**	512,203
Construction payables (ii)	**1,675,276**	1,602,729
Other taxes payable (iii)	**96,671**	89,322
Deposits (iv)	**562,417**	600,985
Amounts due to a related party	**5,203**	2,006
Salary and welfare expenses payable	**9,282**	14,153
Professional service fee payables	**8,574**	14,151
Interest payable	**177,303**	175,623
Others	**80,451**	60,700
	2,956,085	3,071,872

(i) As at 30 June 2014, the amount of receipt in advance expected to be recognised as income after more than one year is RMB Nil (31 December 2013: RMB11,722,000).

(ii) The ageing analysis of construction payables at the end of the reporting period is as follows:

	At 30 June 2014 *RMB'000*	At 31 December 2013 *RMB'000*
Due within one year or on demand	**1,675,276**	1,602,729

(iii) Other taxes payable mainly represents the payables of business tax, which is 5% of the gross revenue.

(iv) These mainly represent deposits paid by tenants for the privilege to renew the operating lease contracts upon expiry, to sign new operating lease contracts and to sign operation rights transfer contracts for the units of the Group's shopping malls to be opened in the future and deposits collected from customers to secure the execution of the lease agreements.

MANAGEMENT DISCUSSION AND ANALYSIS

Review of Results and Operations

Business Review

Under the macro backdrop of intensifying competition in the commercial property sector and impact from new business models, the Group continues to be prudent in terms of commencing new projects for development, we did not commence operation for any new malls in the first half of 2014. However, the Group recorded moderate growth in recurring income through enhancing the operating condition of existing malls and refined management.

Revenue

For the six months ended 30 June 2014, the Group recorded a consolidated revenue of approximately RMB274.8 million (for the six months ended 30 June 2013: RMB261.7 million), representing an increase of about 5.0% when compared with that of last corresponding period. Operating lease income increased by 19.6% to RMB266.0 million in this period as compared to RMB222.3 million last period while revenue from transfer of operation rights dropped by 77.6% to RMB8.8 million from RMB39.4 million in last corresponding period.

	For the six months ended 30 June 2014	For the six months ended 30 June 2013	Change	Change
	RMB'000	*RMB'000*	*RMB'000*	*%*
Operating lease	**265,967**	222,302	43,665	19.6
Transfer of operation rights	**8,820**	39,427	(30,607)	(77.6)
Revenue	**274,787**	261,729	13,058	5.0

Operation Rights Transfer

Revenue generated from transfer of operation rights was recognized when the significant risks and rewards of the operation rights have been transferred to the buyers. For the six months ended 30 June 2014, revenue generated from transfer of operation rights was RMB8.8 million as compared to RMB39.4 million in the same period last year. During the first six months of 2014, the Group has transferred gross floor area ("GFA") of 444 square meters ("sq.m") in two projects as compared to 2,061 sq.m in last corresponding period. Transfer in this period comprised 386 sq.m of Jinzhou Project and 58 sq.m of Harbin Phase 6 Project. The average transfer price of RMB19,865 per sq.m for this period was slightly higher than that of RMB19,130 per sq.m for last period.

Operating Lease

As we derive all our operating lease income from the lease of space in our shopping centres, our operating lease income for a given period depends primarily on the following factors: (i) the GFA of shops available for leasing during the period; and (ii) the average rental of shops during the period. For the six months ended 30 June 2014, operating lease income increased by 19.6% to RMB266.0 million from RMB222.3 million last corresponding period. The increase in operating lease income was mainly attributed to the opening of the malls in Shenyang and Jinzhou in the second half of last year.

Cost of Sales

Cost of sales mainly comprise the cost for the transfer of operation rights amounting to RMB6.8 million which represent either costs of construction of properties or carrying amount of properties relating to the operation rights transferred during the period. Cost for the transfer of operation rights decreased to RMB6.8 million this period from RMB17.6 million last corresponding period which was mainly due to the decrease in the area of transfer to 444 sq.m this period from 2,061 sq.m last corresponding period.

Gross Profit

Gross profit increased to RMB268.0 million this period from RMB244.2 million last corresponding period.

Gross profit margin for the transfer of operation rights decreased to 23.4% this period from 55.4% last corresponding period which was mainly due to the higher cost of construction for the two projects transferred during this period.

Net Valuation (Loss)/Gain on Investment Properties

The net valuation loss on investment properties was RMB914.3 million as compared to net gain of RMB126.3 million last corresponding period. The Company incurred net valuation loss which was mainly due to the drop in valuation of the Dongguan project as a result of the change of around 17,322 sq.m construction areas from shopping mall to car park space. The net valuation loss after deducting the related deferred tax and non-controlling interest was RMB679.6 million as compared to net gain of RMB58.8 million last corresponding period.

Other Income

Other income increased to RMB50.9 million for the six months ended 30 June 2014 from RMB47.7 million in the last corresponding period which was mainly attributed to the increase in income from providing property management services.

Administrative Expenses

Administrative expenses decreased by 10.3% to RMB194.1 million for the six months ended 30 June 2014 from RMB216.4 million in the last corresponding period which was mainly due to the decrease in staff cost and entertainment expenses.

Other Operating Expenses

Other operating expenses increased by 10.1% to RMB155.5 million for the six months ended 30 June 2014 from RMB141.3 million in the last corresponding period which was mainly due to the increase in repair and maintenance expenses.

Finance Income

Finance income increased to RMB99.2 million for the six months ended 30 June 2014 from RMB8.7 million in the last corresponding period as a result of increase in interest income on trade receivables.

Finance Expenses

Finance expenses decreased slightly by 1.6% to RMB212.4 million for the six months ended 30 June 2014 from RMB215.9 million in the last corresponding period.

Investment Properties

Investment properties, either completed or under construction, are revalued in accordance with the valuation report prepared by BMI Appraisals Limited, a professional firm of professional surveyors. The analysis of investment properties as at 30 June 2014 and 31 December 2013 is as follows:–

Investment properties	**30 June 2014** *RMB'million*	31 December 2013 *RMB'million*	Change *RMB'million*	Change *%*
Completed projects	**15,928.3**	15,436.0	492.3	3.2
Projects under construction	**10,062.2**	10,312.6	(250.4)	(2.4)
Total	**25,990.5**	25,748.6	241.9	0.9

The total value of investment properties increased by 0.9% to RMB25,990.5 million as at 30 June 2014 from RMB25,748.6 million as at 31 December 2013 as a result of increase in value of completed projects. Completed projects increased by 3.2% to RMB15,928.3 million as at 30 June 2014 from RMB15,436.0 million as at 31 December 2013. Projects under construction decreased by 2.4% to RMB10,062.2 million as at 30 June 2014 from RMB10,312.6 million as at 31 December 2013 which was mainly due to delayed construction period and the change of 17,322 sq.m construction area from shopping mall to car park space in Donguan Humen Project.

Trade and Other Receivables

Trade and other receivables that were recorded as current asset as at 30 June 2014 was RMB775.2 million as compared with RMB893.7 million as at 31 December 2013. This balance mainly comprised trade receivables of RMB409.4 million (RMB350.7 million as at 31 December 2013) arose from the transfer of operating rights which purchasers would obtain bank loan or use cash to settle. The balance as at 31 December 2013 also comprised receivables of RMB260.2 million from disposed subsidiaries which was subsequently settled in this period. In addition, there were trade receivables booked as non-current asset amounted to RMB633.2 million as at 30 June 2014 as compared with RMB1,171.9 million as at 31 December 2013 which solely arose from the transfer of operation rights in previous years that the Group has re-negotiated repayment schedules with the buyers to settle the outstanding balance within three years. To facilitate the Company's plan of repositioning certain shopping malls, the Company has acquired certain shop units from buyers at market value. Under these arrangements, trade receivables of around RMB435.8 million has been offset during this period.

Malls Under Management

Cities	Number of malls	GFA under management – sq.m	Leasable GFA – sq.m
Harbin	9	168,081	66,541
Shenyang	3	210,602	80,281
Guangzhou	1	47,554	4,250
Wuhan	1	69,209	20,596
Wuxi	1	423,289	414,407
Handan	1	68,027	57,542
Putian	1	55,084	34,886
Anyang	1	25,310	21,989
Ganzhou	1	59,900	45,410
Fushun	1	10,596	10,596
Yueyang	1	81,780	41,780
Jinzhou	1	40,765	10,765
Total	**22**	**1,260,197**	**809,043**

Project Reserves (including projects under construction)

	Under construction#	Total construction GFA – sq.m	Investment properties GFA – sq.m	Inventory GFA – sq.m
1	Chongqing Banan Project Phase 1	60,669	40,669	20,000
2	Chongqing Dadukou Project Phase 1	40,379	20,379	20,000
3	Liaoning Anshan Project Phase 2	118,000	118,000	–
4	Hainan Sanya Project	135,190	100,190	35,000
5	Liaoning Shenyang Project Phase 2	118,058	88,058	30,000
6	Guangdong Dongguan Humen Project Phase 1*	423,890	273,890	150,000
7	Hebei Qinhuangdao Project Phase 1	23,282	13,282	10,000
8	Liaoning Anshan Project Phase 3	18,928	–	18,928
9	Jiangxi Yingtan Project Phase 1	86,000	61,000	25,000
10	Guangdong Dongguan Humen Project Phase 2*	228,000	178,000	50,000
11	Guangzhou Project Phase 2	41,861	6,861	35,000
12	Shandong Yantai Project Phase 1	30,000	5,000	25,000
	Total	**1,324,257**	**905,329**	**418,928**

	Approved and under planning stage	Approved GFA – sq.m		
1	Harbin Project Phase 4	15,738		
2	Harbin Project Phase 5	10,000		
3	Harbin Project Phase 6	31,500		
4	Tianjin Project	121,220		
5	Tianjin West Station South Plaza Project	100,000		
6	Hubei Wuhan Xibeihu Project	450,000		
7	Shenzhen Project	160,000		
8	Shandong Qingdao Project	500,000		
9	Jiangsu Wuxi Taihu Plaza Project	250,000		
10	Hebei Zhangjiakou Project	150,000		
11	Jiangxi Yingtan Project Phase 2	69,000		
12	Shandong Yantai Project Phase 2	56,000		
13	Hebei Qinhuangdao Project Phase 2	96,718		
14	Henan Zhengzhou Project Phase 2	350,000		
15	Henan Luoyang Project	194,840		
16	Anhui Wuhu Project	150,000		
17	Yunnan Kunming Project	200,000		
18	Jiangxi Nanchang Bayi Tunnel Project	162,000		
19	Guizhou Guiyang Project Phase 1	420,000		
	Total	**3,487,016**		
	Grand Total	**4,811,273**	**905,329**	**418,928**

all properties under construction are 100% owned by the PRC subsidiaries
* held by 90% owned subsidiary

Outlook

The Group believes that China's positive stance and support towards the consumption sector and underground shopping centers development remains intact. Looking ahead to the second half of 2014, the Group will continue to optimize management structure, enhance the efficiency of existing assets through refined management and be both selective and opportunistic in terms of commencing construction on new projects. The Group will endeavor to create value for our shareholders, customers and employees.

Liquidity and Financial Resources

As at 30 June 2014, total assets of the Group amounted to RMB35,410.0 million as compared with RMB35,963.0 million as at 31 December 2013. In terms of financial resources as at 30 June 2014, the Group's total cash at bank and on hand was RMB1,295.1 million (as at 31 December 2013: RMB1,284.1 million). The total restricted bank deposits as at 30 June 2014 was RMB177.7 million as compared to RMB185.9 million as at 31 December 2013.

Our capital base has been strengthened as a result of net proceeds of RMB5,801.7 million through issuing Senior Notes 2015 of USD300 million on 18 May 2010 and Senior Notes 2016 totaling USD600 million on 10 September 2010 and 15 November 2010. The Senior Notes 2015 bear interest at 11.75% per annum, payable semi-annually in arrears, and will be due in 2015 while the Senior Notes 2016 bear interest at 13% per annum, payable semi-annually in arrears, and will be due in 2016.

The gearing ratio as at 30 June 2014, which is calculated by dividing the total interest-bearing borrowings by total assets was 23.9% as compared to 21.7% as at 31 December 2013.

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

Foreign Exchange Rate Risk

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

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

Capital Commitments

As at 30 June 2014, the future capital expenditure for which the Group had contracted but not provided and authorized but not contracted for amounted to approximately RMB2,641.1 million and RMB2,502.0 million respectively (as at 31 December 2013: RMB2,684.8 million and RMB2,836.9 million respectively).

Guarantees Provided to Buyers

The Group has provided guarantees and made deposits to banks to assist the buyers of operation rights to obtain bank loans. The outstanding guarantees as at 30 June 2014 and 31 December 2013 amounted to RMB389.1 million and RMB490.4 million, respectively. The guarantees and deposits will be released accordingly along with the repayment of loan principal by the buyers.

Pledge of Assets

The Group's subsidiaries in the PRC have entered into agreements with certain banks with respect to mortgage loans provided to buyers of the operation rights, and the Group's subsidiaries will make deposits as security for repayment of the loans under these agreements. The deposits will be released accordingly along with the repayment of loan principal by the buyers. As at 30 June 2014, the bank deposits for guarantees on buyers' bank loans amounted to RMB162.6 million (as at 31 December 2013: RMB169.7 million) and the bank deposits for guarantees on the Group's bank loans amounted to RMB15.1 million (as at 31 December 2013: RMB16.2 million).

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

Human Resources

As at 30 June 2014, the Group employed 2,130 staff (as at 30 June 2013: 2,765). The Group's employees are remunerated according to the job nature, individual performance and market trends with built-in merit components. Total remuneration (excluding share option expenses) for the six months ended 30 June 2014 was approximately RMB103.4 million as compared with RMB114.9 million for the six months ended 30 June 2013. We have established a training program that aims to support and encourage members of our management team to continue improving their management skills and develop their careers, including arranging for seminars. We provide orientation training as well as on-the-job training on a regular basis on various topics, such as internal regulations, computer and management skills, sales skills and career development. Employees in Hong Kong participate in Mandatory Provident Fund Scheme while employees in the PRC also participate in similar scheme.

In order to reward and motivate our employees, Wealthy Aim Holdings Limited which is previously owned by the Company's controlling shareholder and total shareholdings subsequently transferred to Broad Long Limited, a private company incorporated in the BVI which is in turn wholly-owned by an employee of the Company to streamline the administration and the management of the pre-IPO option scheme, implemented a management incentive scheme by granting rights to selected employees and other individuals who have made contributions to our Group.

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

DIVIDENDS

The Board has resolved that there was no interim dividend declared attributable to the six months ended 30 June 2014 (six months ended 30 June 2013: Nil).

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

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2014.

CORPORATE GOVERNANCE PRACTICES

The Company has complied with the code provisions in the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), throughout the six months ended 30 June 2014, save and except for the following:

Code Provision A.2.1

Mr. Dai Yongge is the Chairman and Chief Executive Officer of the Company. With extensive experience in the management of underground shopping centres, Mr. Dai is responsible for the Group's overall strategic planning and the management of the Group's business. The Board considers that vesting the roles of chairman and chief executive officer in the same person is beneficial to the business prospects and management of the Group. The balance of power and authority is ensured by the operation of the senior management and the Board, which comprise experienced and high calibre individuals. However, in the spirit of corporate governance, the roles of chairman and chief executive officer of the Company have been segregated in compliance with the code provision A.2.1 of the CG Code since 30 June 2014. Mr. Dai Yongge has resigned from his position as Chief Executive Officer with effect from 30 June 2014, but remains as the Chairman of the Company and an executive director. Mr. Wang Hongfang has been appointed as the Chief Executive Officer with effect from 30 June 2014.

Code Provision A.2.7

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

Code Provisions A.6.7 and E.1.2

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

Save as disclosed above, there has been no deviation from the code provisions of the CG Code for the six months ended 30 June 2014.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its own code for directors' securities transactions. Upon specific enquiry made by the Company, all directors of the Company have confirmed that they have complied with the required standard set out in the Model Code throughout the six months ended 30 June 2014.

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

The changes in the information of Directors of the Company subsequent to the publication of the 2013 annual report of the Company are set out below pursuant to Rule 13.51B(1) of the Listing Rules:

Mr. Dai Yongge resigned from his position as Chief Executive Officer of the Company with effect from 30 June 2014, but has remained as the Chairman of the Company and an executive director.

Mr. Wang Hongfang was appointed as Chief Executive Officer of the Company with effect from 30 June 2014. His monthly salary was HKD400,000 as at 31 May 2014 and had been changed to HKD800,000 from 1 June 2014, then had been further revised to HKD1,300,000 with effect from 1 July 2014.

The monthly salary package of Mr. Zhou Jun was revised from approximately HKD160,000 as at 31 May 2014 to approximately HKD320,952 with effect from 1 June 2014.

Mr. Dai Bin was appointed as an executive director of the Company with effect from 30 June 2014. He is the son of Mr. Dai Yongge and Ms. Zhang Xingmei. He is also the nephew of Mrs. Hawken Xiu Li.

Mr. Zhang Dabin ceased to be an executive director and an executive president of the Company and was re-designated as a non-executive director of the Company with effect from 30 June 2014. His monthly salary has been revised from HKD156,385 to HKD100,000 starting from 30 June 2014.

Ms. Wang Chunrong ceased to be an executive director and a vice president of the Company and was re-designated as a non-executive director of the Company with effect from 30 June 2014. Her monthly salary has been revised from HKD250,000 to HKD100,000 starting from 30 June 2014.

Mr. Wang Luding resigned as an executive director of the Company and a vice president of the Company with effect from 30 June 2014.

Mr. Jin Tao resigned as an executive director of the Company with effect from 30 June 2014.

The monthly salary of Mr. Fan Ren-Da, Anthony has been revised from HKD30,000 to HKD40,000 starting from 1 July 2014.

AUDIT COMMITTEE

The Company has established an audit committee in accordance with the requirements of the Listing Rules and the Code. The primary duty of the audit committee is to review and supervise the financial reporting process and internal control systems of the Group. The audit committee comprises three independent non-executive directors. The audit committee has reviewed the unaudited interim results of the Group for the six months ended 30 June 2014.

APPRECIATION

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

On behalf of the Board
Renhe Commercial Holdings Company Limited
Dai Yongge
Chairman

Hong Kong, 19 August 2014

As at the date of this announcement, the Board of the Company consists of Mr. Dai Yongge, Mr. Wang Hongfang, Mr. Zhou Jun and Mr. Dai Bin as executive directors; Mrs. Hawken Xiu Li, Ms. Jiang Mei, Ms. Zhang Xingmei, Mr. Zhang Dabin and Ms. Wang Chunrong as non-executive directors; and Mr. Fan Ren-Da, Anthony, Mr. Wang Shengli, Mr. Wang Yifu, Mr. Leung Chung Ki and Mr. Tang Hon Man as independent non-executive directors.

* *For identification purpose only*