

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



## **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 2015**

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 2015, together with the appropriate comparative figures as follows:

#### **CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE SIX MONTHS ENDED 30 JUNE 2015 — unaudited**

		<b>Six months ended 30 June</b>	
		<b>2015</b>	<b>2014</b>
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	6	<b>243,385</b>	274,787
Cost of sales		<u>—</u>	<u>(6,753)</u>
<b>Gross profit</b>		<b>243,385</b>	268,034
Net valuation loss on investment properties		<b>(818,869)</b>	(914,261)
(Loss)/profit on disposal of investment properties		<b>(120)</b>	2,571
Other income		<b>44,230</b>	50,928
Administrative expenses		<b>(393,140)</b>	(194,055)
Other operating expenses		<b>(93,490)</b>	(155,508)
<b>Loss from operations</b>		<b>(1,018,004)</b>	(942,291)
Finance income		<b>584,162</b>	99,153
Finance expenses		<b>(273,987)</b>	(212,441)
Net finance income/(expenses)	7(a)	<b>310,175</b>	(113,288)

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS** *(continued)*  
*FOR THE SIX MONTHS ENDED 30 JUNE 2015 — unaudited*

		<b>Six months ended 30 June</b>	
	<i>Note</i>	<b>2015</b>	<b>2014</b>
		<b>RMB'000</b>	<b>RMB'000</b>
<b>Loss before taxation</b>	7	<b>(707,829)</b>	(1,055,579)
Income tax	8	<u><b>174,177</b></u>	<u>171,925</u>
<b>Loss for the period</b>		<u><b>(533,652)</b></u>	<u>(883,654)</u>
<b>Attributable to:</b>			
Equity shareholders of the Company		<b>(519,835)</b>	(844,277)
Non-controlling interests		<u><b>(13,817)</b></u>	<u>(39,377)</u>
<b>Loss for the period</b>		<u><b>(533,652)</b></u>	<u>(883,654)</u>
			(Restated)
<b>Basic and diluted loss per share (RMB cents)</b>	10	<u><b>(1.64)</b></u>	<u>(3.81)</u>

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME**

*FOR THE SIX MONTHS ENDED 30 JUNE 2015 — unaudited*

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

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2015 — unaudited

	Note	At 30 June 2015 RMB'000	At 31 December 2014 RMB'000
<b>Non-current assets</b>			
Property and equipment		457,901	474,215
Investment properties		25,641,004	26,198,046
Intangible asset		11,119	11,123
Goodwill		363,792	363,792
Other assets		1,138,245	1,249,634
Deferred tax assets		142,282	135,262
Trade and other receivables	11	466,266	520,528
<b>Total non-current assets</b>		<b>28,220,609</b>	28,952,600
<b>Current assets</b>			
Inventories		4,686,514	4,579,443
Trade and other receivables	11	432,504	2,892,110
Cash at bank and on hand		817,292	884,493
<b>Total current assets</b>		<b>5,936,310</b>	8,356,046
<b>Current liabilities</b>			
Interest-bearing borrowings		2,311,008	3,185,101
Trade and other payables	12	2,833,153	5,534,252
Taxation		6,393	18,538
<b>Total current liabilities</b>		<b>5,150,554</b>	8,737,891
<b>Net current assets/(liabilities)</b>		<b>785,756</b>	(381,845)
<b>Total assets less current liabilities</b>		<b>29,006,365</b>	28,570,755
<b>Non-current liabilities</b>			
Interest-bearing borrowings		3,888,637	5,403,091
Deferred tax liabilities		3,891,826	4,059,703
Receipt in advance		550,423	539,617
<b>Total non-current liabilities</b>		<b>8,330,886</b>	10,002,411
<b>Net assets</b>		<b>20,675,479</b>	18,568,344
<b>Capital and reserves</b>			
Share capital		269,968	186,376
Reserves		20,279,448	18,242,088
<b>Total equity attributable to equity shareholders of the Company</b>		<b>20,549,416</b>	18,428,464
<b>Non-controlling interests</b>		<b>126,063</b>	139,880
<b>Total equity</b>		<b>20,675,479</b>	18,568,344

## **NOTES:**

### **1. INDEPENDENT REVIEW**

The interim results for the six months ended 30 June 2015 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 interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (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 2014 that is included in the interim financial report does not constitute the Company's annual financial statements under International Financial Reporting Standards ("IFRSs") for that financial year but is derived from those financial statements. The annual financial statements for the year ended 31 December 2014 are available from the Company's registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 26 March 2015.

### **3. PRINCIPAL ACCOUNTING POLICIES**

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2014 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2015 annual financial statements. Details of any changes in accounting policies are set out in note 4.

### **4. CHANGES IN ACCOUNTING POLICIES**

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

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

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

### **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

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

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

## 7. LOSS BEFORE TAXATION

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

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

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

(b) Other items

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

8. INCOME TAX

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

- (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 2015, the Group obtained all the approvals for the PRC companies which declared dividends.

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

## 9. DIVIDENDS

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

## 10. BASIC AND DILUTED LOSS PER SHARE

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

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

## 11. TRADE AND OTHER RECEIVABLES

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

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 2015, the management estimated the receivables will be recovered:

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

**(ii) Ageing analysis**

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

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

**(iii) Impairment of trade receivables**

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

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

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

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

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

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

**(v) Deposits for acquisition**

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

**12. TRADE AND OTHER PAYABLES**

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

(i) The amount of receipts in advance was expected to be recognised as income within one year.

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

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

(iii) Other taxes payable mainly represents the payables of business tax, which is 5% of the gross revenue, and property tax which levied at original cost of investment properties or lease income.

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

## MANAGEMENT DISCUSSION AND ANALYSIS

### Review of Results and Operations

#### *Business Review*

##### *The underground shopping mall business*

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

##### *Capital market activities*

The tender offer of our senior notes (the “Tender Offer”) and the rights issue announced by our Group during the fourth quarter in 2014 was successfully completed on 7 January 2015 and 8 January 2015, respectively. The Company has purchased an aggregate principal amount of the USD221,291,000 of the senior notes due in 2015 and an aggregate principal amount of the USD438,802,000 of the senior notes due in 2016. In respect of the rights issue, the subscription rate was approximately 92% of the total number of rights shares available for subscription under the rights issue. The net proceeds raised amounted to approximately HKD3.3 billion after deduct the related expenses. Majority of the proceeds were used for the settlement of the Tender Offer and the remaining outstanding principal of the senior notes. In addition, the remaining outstanding principal of the senior notes due in 2015 which amounted to USD78,700,000 have been fully paid together with the accrued interest in mid-May 2015.

Furthermore, the Group announced on 9 June 2015 the acquisition of the very substantial acquisition and connected transaction in relation to the entire issued share capital of Yield Smart Limited (the “Target Company”) which was ultimately controlled by a connected party of the Group’s controlling shareholder (the “Acquisition”). The Target Company engages in the operation of agricultural products wholesale markets. It operates 8 markets in 6 different cities in China. The Acquisition is very meaningful to the Group’s future business strategies. It enables the Group to get into the Chinese agriculture sector quickly, and utilizing the abundant off-line resources, the Group targets to develop the largest agri-product e-commerce trading platform in China.

## *Revenue*

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

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

## *Operation Rights Transfer*

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

## *Operating Lease*

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

## *Cost of Sales*

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

### ***Gross Profit***

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

### ***Net Valuation Loss on Investment Properties***

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

### ***Other Income***

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

### ***Administrative Expenses***

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

### ***Other Operating Expenses***

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

### ***Finance Income***

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

### ***Finance Expenses***

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

### *Investment Properties*

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

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

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

### *Trade and Other Receivables*

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

### *Malls Under Management*

<b>Cities</b>	<b>Number of malls</b>	<b>GFA under management – sq.m</b>	<b>Investment properties GFA – sq.m</b>	<b>Inventory GFA – sq.m</b>
Harbin	9	168,081	72,703	4,209
Shenyang	3	210,602	80,225	92,163
Guangzhou	1	47,554	4,250	–
Wuhan	1	69,209	19,827	–
Wuxi	1	429,255	419,911	–
		<i>(note 1)</i>	<i>(note 1)</i>	
Handan	1	68,027	62,570	4,451
Putian	1	55,084	43,194	–
Anyang	1	25,310	23,501	–
Ganzhou	1	59,900	45,339	–
		<i>(note 2)</i>	<i>(note 2)</i>	
Fushun	1	10,596	10,596	–
Yueyang	1	81,780	41,780	27,895
		<i>(note 3)</i>	<i>(note 3)</i>	
Jinzhou	1	40,765	10,765	29,614
<b>Total</b>	<b>22</b>	<b>1,266,163</b>	<b>834,661</b>	<b>158,332</b>

#### *Notes:*

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

### *Project Reserves (including projects under construction)*

<b>Under construction<sup>#</sup></b>	<b>Total construction GFA – sq.m</b>	<b>Investment properties GFA – sq.m</b>	<b>Inventory GFA – sq.m</b>
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
	<i>(note 1)</i>	<i>(note 1)</i>	
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
	<i>(note 2)</i>	<i>(note 2)</i>	
10 Guangdong Dongguan Humen Project Phase 2*	228,000	178,000	50,000
	<i>(note 3)</i>	<i>(note 3)</i>	
11 Guangzhou Project Phase 2	41,861	6,861	35,000
	<i>(note 4)</i>	<i>(note 4)</i>	
12 Shandong Yantai Project Phase 1	30,000	5,000	25,000
<b>Total</b>	<b>1,324,257</b>	<b>905,329</b>	<b>418,928</b>

	<b>Approved GFA – sq.m</b>		
<b>Approved and under planning stage</b>			
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 Xibei 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		
	<hr/>		
<b>Total</b>	<b>3,487,016</b>		
	<hr/> <hr/>		
<b>Grand Total</b>	<b>4,811,273</b>	<b>905,329</b>	<b>418,928</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

*Notes:*

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

## **Outlook**

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

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

### **Liquidity and Financial Resources**

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

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

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

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

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

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

### **Foreign Exchange Rate Risk**

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

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

### **Capital Commitments**

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

### **Guarantees provided to Buyers**

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

## **Pledge of Assets**

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

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

## **Human Resources**

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

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

## **DIVIDENDS**

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

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

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

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

## **CORPORATE GOVERNANCE PRACTICES**

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

### **Code provision A.2.7**

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

### **Code provisions A.6.7 and E.1.2**

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

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

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

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its own code for directors' securities transactions. Upon specific 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 2015.

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

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

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

## AUDIT COMMITTEE

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

## 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 for their team work and commitment. On behalf of the Board, I sincerely thank various local governments for their support in the past, and contribution towards the success of our business.

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

Hong Kong, 27 August 2015

*As at the date of this announcement, the Board of the Company consists of Mr. Dai Yongge, Mr. Wang Hongfang, Mr. Hu Yuzhou, Mr. Dai Bin and Mr. Zhou Jun 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*