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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 2016

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 2016, together with the appropriate comparative figures as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE SIX MONTHS ENDED 30 JUNE 2016 — unaudited

	<i>Note</i>	Six months ended 30 June	
		2016	2015
		RMB'000	<i>RMB'000</i>
			<i>Re-presented (Note 15)</i>
Continuing operation			
Revenue	6	<u>523,182</u>	—
Gross profit		523,182	—
Other income		63,738	—
Administrative expenses		(212,131)	(176,582)
Other operating expenses		<u>(299,692)</u>	—
Operating profit/(loss) from continuing operation		75,097	(176,582)
Finance income		404	67
Finance expenses		<u>(11,717)</u>	<u>(1,030)</u>
Net finance expenses	7(a)	<u>(11,313)</u>	<u>(963)</u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS *(continued)*
FOR THE SIX MONTHS ENDED 30 JUNE 2016 — unaudited

		Six months ended 30 June	
	<i>Note</i>	2016	2015
		RMB'000	<i>RMB'000</i>
			<i>Re-presented</i>
			<i>(Note 15)</i>
Profit/(loss) from continuing operation before taxation	7	63,784	(177,545)
Income tax	8	<u>(61,533)</u>	<u>—</u>
Profit/(loss) from continuing operation		<u>2,251</u>	<u>(177,545)</u>
Discontinued operation			
Loss from discontinued operation, net of tax	15(a)	<u>(14,513,350)</u>	<u>(356,107)</u>
Loss for the period		<u>(14,511,099)</u>	<u>(533,652)</u>
Attributable to:			
Equity shareholders of the Company		<u>(14,493,380)</u>	(519,835)
Non-controlling interests		<u>(17,719)</u>	<u>(13,817)</u>
Loss for the period		<u>(14,511,099)</u>	<u>(533,652)</u>
Loss attributable to:			
Equity shareholders of the company			
— Continuing operation		2,251	(177,545)
— Discontinued operation		<u>(14,495,631)</u>	<u>(342,290)</u>
		(14,493,380)	(519,835)
Non-controlling interests			
— Discontinued operation		<u>(17,719)</u>	<u>(13,817)</u>
Loss for the period		<u>(14,511,099)</u>	<u>(533,652)</u>
Basic and diluted earnings/(loss) per share (RMB cents)			
	10	(32.96)	(1.64)
From continuing operation		0.01	(0.56)
From discontinued operation		(32.97)	(1.08)

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

FOR THE SIX MONTHS ENDED 30 JUNE 2016 — unaudited

	Six months ended 30 June	
	2016	2015
	RMB'000	<i>RMB'000</i>
		<i>Re-presented (Note 15)</i>
Loss for the period	(14,511,099)	(533,652)
Other comprehensive income for the period (after tax and reclassification adjustments):		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of foreign operation	<u>(96,811)</u>	<u>(4,305)</u>
Total comprehensive income for the period	<u>(14,607,910)</u>	<u>(537,957)</u>
Attributable to:		
Equity shareholders of the Company	<u>(14,590,191)</u>	(524,140)
Non-controlling interests	<u>(17,719)</u>	<u>(13,817)</u>
Total comprehensive income for the period	<u>(14,607,910)</u>	<u>(537,957)</u>
Total comprehensive income for the period arises from:		
Continuing operation	101,143	(111,429)
Discontinued operation	<u>(14,709,053)</u>	<u>(426,528)</u>
Total comprehensive income for the period	<u>(14,607,910)</u>	<u>(537,957)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2016 — unaudited

		At 30 June 2016	At 31 December 2015
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
Non-current assets			
Property and equipment		518,125	535,719
Investment properties		–	23,001,104
Intangible assets	11	6,196,155	6,358,083
Goodwill	12	386,380	750,172
Other assets		13,512	1,077,057
Deferred tax assets		–	137,332
Trade receivables and other assets	13	–	261,642
		<hr/>	<hr/>
Total non-current assets		7,114,172	32,121,109
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Current assets			
Inventories		41,183	4,770,016
Trade receivables and other assets	13	150,968	436,421
Cash at bank and on hand		165,766	908,400
Assets held for sale	15(b)	29,034,136	–
		<hr/>	<hr/>
Total current assets		29,392,053	6,114,837
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Current liabilities			
Interest-bearing borrowings		2,574,681	4,681,113
Trade and other payables	14	2,702,004	5,157,236
Taxation		47,752	46,821
Liabilities held for sale	15(c)	22,609,440	–
		<hr/>	<hr/>
Total current liabilities		27,933,877	9,885,170
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Net current assets/(liabilities)		1,458,176	(3,770,333)
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Total assets less current liabilities		8,572,348	28,350,776
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*
AT 30 JUNE 2016 — unaudited

	<i>Note</i>	At 30 June 2016 RMB'000	At 31 December 2015 RMB'000
Non-current liabilities			
Interest-bearing borrowings		–	2,067,480
Long-term rental deposits		–	17,282
Deferred tax liabilities		1,546,026	4,609,915
Receipt in advance		–	21,867
		<hr/>	<hr/>
Total non-current liabilities		1,546,026	6,716,544
		<hr/> <hr/>	<hr/> <hr/>
Net assets		7,026,322	21,634,232
		<hr/> <hr/>	<hr/> <hr/>
Capital and reserves			
Share capital		366,604	366,604
Reserves		6,638,627	21,228,818
		<hr/>	<hr/>
Total equity attributable to equity shareholders of the Company		7,005,231	21,595,422
Non-controlling interests		21,091	38,810
		<hr/>	<hr/>
Total equity		7,026,322	21,634,232
		<hr/> <hr/>	<hr/> <hr/>

NOTES:

1. INDEPENDENT REVIEW

The interim results for the six months ended 30 June 2016 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

- (i) 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 2015 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 2015 are available from the Company's registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 17 March 2016.

- (ii) **Non-current assets held for sale and discontinued operation**

Non-current assets held for sale

A non-current asset (or disposal group) is classified as held for sale if it is highly probable that its carrying amount will be recovered through a sale transaction rather than through continuing use and the asset (or disposal group) is available for sale in its present condition. A disposal group is a group of assets to be disposed of together as a group in a single transaction, and liabilities directly associated with those assets that will be transferred in the transaction.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all the assets and liabilities of that subsidiary are classified as held for sale when the above criteria for classification as held for sale are met, regardless of whether the group will retain a non-controlling interest in the subsidiary after the sale.

Immediately before classification as held for sale, the measurement of the non-current assets (and all individual assets and liabilities in a disposal group) is brought up-to-date in accordance with the accounting policies before the classification. Then, on initial classification as held for sale and until disposal, the non-current assets (except for certain assets as explained below), or disposal groups, are recognised at the lower of their carrying amount and fair value less costs to sell. The principal exceptions to this measurement policy so far as the financial statements of the Group and the Company are concerned are deferred tax assets, financial assets (other than investments in subsidiaries, associates and joint ventures) and investment properties. These assets, even if held for sale, would continue to be measured in accordance with the policies set out in the 2015 annual financial statements.

Impairment losses on initial classification as held for sale, and on subsequent remeasurement while held for sale, are recognised in profit or loss. As long as a non-current asset is classified as held for sale, or is included in a disposal group that is classified as held for sale, the non-current asset is not depreciated or amortised.

Discontinued operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which represents a separate major line of business or geographical area of operations, or is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale (see (ii) above), if earlier. It also occurs if the operation is abandoned.

Where an operation is classified as discontinued, a single amount is presented on the face of the statement of profit or loss, which comprises:

- the post-tax profit or loss of the discontinued operation; and
- the post-tax gain or loss recognised on the measurement to fair value less costs to sell, or on the disposal, of the assets or disposal group(s) constituting the discontinued operation.

Comparative amounts are re-presented so that the disclosures for discontinued operation relate to all operations that have been discontinued by the end of the current reporting period.

3. PRINCIPAL ACCOUNTING POLICIES

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2015 annual financial statements, except for the accounting policy stated in Note 2(ii) and the accounting policy changes that are expected to be reflected in the 2016 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 2012–2014 Cycle*
- Amendments to IAS 1, *Presentation of financial statements: Disclosure initiative*

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

The Group manages its businesses based on its business line, which are divided into development, lease and management of shopping mall and operation of agriculture wholesale markets. Before July 2015, the Group only has one business line, development, lease and management of shopping mall. Operation of agriculture wholesale markets business was acquired by the Group in July 2015.

Since the development, lease and management of shopping mall segment has been reclassified as discontinued operation and assets held for sale as at 30 June 2016 (Note 15), the profit or loss, assets and liabilities represent the single segment of operation of agriculture wholesale markets segment.

All of the Group's operation are located in the People's Republic of China (the "PRC"), therefore no geographical segment reporting is presented.

6. REVENUE FROM CONTINUING OPERATION

	Six months ended 30 June	
	2016 RMB'000	2015 RMB'000 <i>Re-presented</i>
Operating lease	115,232	–
Commission income	407,950	–
	<u>523,182</u>	<u>–</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 2016 (six months ended 30 June 2015: Nil).

7. PROFIT/(LOSS) FROM CONTINUING OPERATION BEFORE TAXATION

(a) Net finance expenses

	Six months ended 30 June	
	2016 RMB'000	2015 RMB'000 <i>Re-presented</i>
Finance income		
— Interest income on bank deposits	404	67
	<u>404</u>	<u>67</u>
Finance expenses		
— Interest on interest-bearing borrowings	(13,409)	–
— Net foreign exchange gain/(loss)	2,149	(968)
— Bank charges and others	(457)	(62)
	<u>(11,717)</u>	<u>(1,030)</u>
	<u>(11,313)</u>	<u>(963)</u>

(b) Other items

	Note	Six months ended 30 June	
		2016 RMB'000	2015 RMB'000 <i>Re-presented</i>
Depreciation		21,221	15,510
Amortization	11	162,166	–
Advertisement expenses		1,157	–
Repairs and maintenance		9,079	–
Utility charges		15,675	–
Operating lease charges		68,063	3,764
Auditors' remuneration		1,709	6,800

8. INCOME TAX FROM CONTINUING OPERATION

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

	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
		Re-presented
Current tax		
PRC Enterprise Income Tax		
Provision for the period	101,823	–
Under-provision in respect of prior years	252	–
	<u>102,075</u>	–
Deferred tax		
Reversal and origination of temporary difference	(40,542)	–
	<u>61,533</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) 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.
- (iii) 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.

9. DIVIDENDS

There was no interim dividend declared attributable to the six months ended 30 June 2016 (six months ended 30 June 2015: Nil).

10. BASIC AND DILUTED EARNINGS/(LOSS) PER SHARE

The calculation of basic loss per share is based on the loss attributable to ordinary equity shareholders of the Company of RMB14,493,380,000 (six months ended 30 June 2015: loss of RMB519,835,000) and the weighted average of 43,966,100,000 ordinary shares (six months ended 30 June 2015: 31,722,198,000) in issue during the six months ended 30 June 2016.

During the six months ended 30 June 2016 and 2015, diluted loss per share is calculated on the same basis as basic loss per share.

Loss attributable to ordinary shareholders of the Company used in the basic and diluted loss per share calculations:

	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
		Re-presented
From continuing operation	2,251	(177,545)
From discontinued operation	(14,495,631)	(342,290)
Loss attributable to ordinary equity shareholders	<u>(14,493,380)</u>	<u>(519,835)</u>

11. INTANGIBLE ASSETS

In connection with the acquisition occurred in July 2015, the Group (as lessee) entered into 20 years lease agreements with market owners of the agriculture wholesale markets (as lessor), according to which the rent to be paid is favourable as compared with the fair value of market rent. As at the acquisition date on 27 July 2015, the Group recognized these favourable term lease agreements as an intangible asset at its fair value amounting to RMB6,486,667,000 which is amortized on a straight-line basis over the contractual life of the lease agreements. The amortization charge for the six months ended 30 June 2016 of RMB162,166,000 is included in other operating expenses in the consolidated statement of profit or loss.

12. GOODWILL

Goodwill of RMB386,380,000 relates to the acquisition of agriculture wholesale markets business which was completed on 27 July 2015. No indications of impairment has been observed during the six months ended 30 June 2016.

Goodwill of RMB363,792,000 that relates to the acquisition of Wuxi Merchant City Co., Ltd was fully impaired upon reclassification to assets held for sale during the six months ended 30 June 2016 (Note 15(a) (ii)).

13. TRADE RECEIVABLES AND OTHER ASSETS

	<i>Note</i>	At 30 June 2016 RMB'000	At 31 December 2015 RMB'000
Trade receivables	(i)/(ii)	–	482,689
Bank deposits		52,529	65,616
Deposits for acquisition	(iii)	–	110,000
Amounts due from related parties		57,240	32,024
Others		41,199	165,271
		150,968	855,600
Less: allowance for doubtful debts	(ii)	–	(157,537)
		150,968	698,063
Representing:			
— Non-current		–	261,642
— Current		150,968	436,421
		150,968	698,063

- (i) Trade receivables and other assets arose from shopping mall business was reclassified as assets held for sale as at 30 June 2016 (Note 15(b)).

(ii) 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:

	At 30 June 2016 RMB'000	At 31 December 2015 RMB'000
At 1 January	157,537	22,117
Attributable to assets reclassified as held for sale	(157,537)	–
Impairment loss recognised	–	135,420
At 30 June/31 December	<u>–</u>	<u>157,537</u>

(iii) Deposits for acquisition

The balance as at 31 December 2015 represented deposits made as a security for acquisition of a new project in the PRC, which has been reclassified to assets held for sale as at 30 June 2016.

14. TRADE AND OTHER PAYABLES

	<i>Note</i>	At 30 June 2016 RMB'000	At 31 December 2015 RMB'000
Receipts in advance		97,907	999,234
Construction payables		–	1,638,699
Other taxes payable		5,100	142,940
Deposits		–	805,312
Amounts due to related parties	<i>(ii)</i>	2,423,777	1,241,681
Salary and welfare expenses payable		5,636	26,137
Professional service fee payables		9,671	19,835
Interest payable		38,164	105,268
Others		121,749	178,130
		<u>2,702,004</u>	<u>5,157,236</u>

- (i) As at 30 June 2016, RMB3,448,859,000 of trade and other payables were reclassified to liabilities held for sale (Note 15(c)).
- (ii) The amounts due to related parties mainly represent the payable of HKD1.48 billion due to New Amuse Limited for the bank loan assumed during the acquisition of the agriculture wholesale markets business in 2015 (due in July and October 2016) and the payable of RMB1,155,475,000 due to Mr. Dai Yongge, the Chairman of the Company, who repaid a loan on behalf of the Group.

15. DISPOSAL GROUP HELD FOR SALE AND DISCONTINUED OPERATION

During the six months ended 30 June 2016, the Company entered into a sale agreement to sell its shopping mall segment (the “Disposal”), which comprises 23 completed shopping malls, 11 shopping malls under construction and 10 shopping malls at the planning stage with relevant construction approvals obtained (collectively the “Disposal Group”). The Disposal contemplated under the sale agreement had been approved by the independent shareholders of the Company at the Extraordinary General Meeting held on 18 May 2016. As a result, all the legal obstacles for the completion of the Disposal had been cleared and majority of the condition precedents to the sale agreement had been fulfilled by both parties as at 30 June 2016. Consequently, the Disposal Group has been classified as held for sale in this interim financial report. Further, as the Disposal Group represents a separate major line of business of the Group, it has been presented as a discontinued operation, and the comparative consolidated statement of profit or loss and other comprehensive income has been re-presented to show the discontinued operation separately from continuing operations. The Disposal was completed on 8 July 2016.

(a) The results of the discontinued operation are as follows:

	<i>Note</i>	Six months ended 30 June	
		2016	2015
		RMB'000	RMB'000
Revenue		<u>239,313</u>	<u>243,385</u>
Gross profit		239,313	243,385
Other income		64,042	44,230
Administrative expenses		(84,601)	(216,558)
Other operating expenses		(103,490)	(93,490)
Net valuation loss on investment property		(763,085)	(818,869)
Loss on disposal of investment property		<u>–</u>	<u>(120)</u>
Operating loss		(647,821)	(841,422)
Finance income		5,632	584,095
Finance expenses		(284,746)	(272,957)
Net finance (expenses)/income		(279,114)	311,138
Loss before taxation	(i)	(926,935)	(530,284)
Income tax		<u>140,195</u>	<u>174,177</u>
Net operating loss for the period from discontinued operation, net of tax		(786,740)	(356,107)
Impairment loss	(ii)	(376,004)	–
Provision for loss on disposal of Disposal Group	(iii)	(13,350,606)	–
Loss from discontinued operation, net of tax		(14,513,350)	(356,107)
Loss for the period from discontinued operation attributable to:			
— Equity shareholders of the Company		(14,495,631)	(342,290)
— Non-controlling interests		(17,719)	(13,817)
Loss for the period from discontinued operation		(14,513,350)	(356,107)

- (i) Loss before taxation from discontinued operation has been arrived at after charging/(crediting):

	Six months ended 30 June	
	2016 <i>RMB'000</i>	2015 <i>RMB'000</i> <i>Re-presented</i>
Depreciation	2,800	4,205
Advertisement expenses	6,992	4,390
Repairs and maintenance	32,869	34,243
Utility charges	21,219	19,778
Operating lease charges	4,966	7,358
Auditors' remuneration		
— audit services	3,741	2,850
— tax services	78	42
Rentals receivable from investment properties less direct outgoings of RMB14,716,397 (2015: RMB12,554,114)	(224,597)	(230,831)
Impairment loss on receivables	—	135,420

- (ii) An impairment loss of RMB376,004,000 (including an amount of RMB363,792,000 related to goodwill (Note 12)) has been recognised upon classification of the Disposal Group as held for sale.

- (iii) A provision for loss on disposal of the Disposal Group of RMB13,350,606,000 has been recognised with respect to the Disposal. (Note 15(c)).

(b) Assets of the Disposal Group classified as held for sale

	At 30 June 2016 <i>RMB'000</i>
Investment properties at fair value	22,267,390
Inventories	4,745,898
Other assets	1,079,350
Deferred tax assets	137,818
Trade receivables and other assets	637,190
Cash at bank and on hand	166,490
	29,034,136

(c) Liabilities of the Disposal Group classified as held for sale

	<i>Note</i>	At 30 June 2016 <i>RMB'000</i>
Trade and other payables		3,448,859
Interest-bearing borrowings		2,930,219
Deferred tax liabilities		2,873,596
Taxation		6,160
		9,258,834
Provision for loss on disposal of Disposal Group	<i>15(a)(iii)</i>	13,350,606
		22,609,440

MANAGEMENT DISCUSSION AND ANALYSIS

Review of Results and Operations

BUSINESS REVIEW

The Group operates two businesses as at 30 June 2016, namely the underground shopping mall business and the agriculture business.

The underground shopping mall business

As at 30 June 2016, the Group manages 23 malls across 12 cities with total gross floor area (“GFA”) under management amounts to approximately 1.3 million square metres (“sq.m”), and leasable GFA amounts to approximately 0.9 million sq.m.

Subsequent very substantial disposal

The Company announced on 25 February 2016 that DTZ Cushman & Wakefield (“DTZ”) was appointed as the sole agent for the proposed sale of majority of the Group’s underground shopping malls by way of a tender (the “Tender”). The assets subject to the tender sale comprised of (i) all 23 completed shopping malls; (ii) 11 shopping malls under construction; and (iii) 10 shopping malls at the planning stage with relevant construction approvals obtained (the “Disposal Properties”). The total GFA of the Disposal Properties amounted to approximately 4.1 million sq.m. and the total GFA of the completed Disposal Properties managed by the Group amounted to approximately 1.3 million sq.m. 9 projects which are at the planning stage with construction approvals obtained will remain in the Group subsequent to the completion of the above-mentioned disposal.

Details of the Tender and the related arrangements are set out in the “Financial Review — Liquidity and Financial Resources” section below.

As at the date of this announcement, the Group still holds 9 projects which have received approvals for construction with total GFA of 1.8 million sq.m. Details of which are indicated in the notes to the table below.

Malls Under Management as at 30 June 2016

Cities	Number of malls	GFA under management — sq.m	Investment properties GFA — sq.m	Inventory GFA — sq.m
Harbin	9	168,081	83,414	4,209
Shenyang	3	210,602	80,225	92,163
Guangzhou	2	89,415	11,111	35,000
		<i>(note 1)</i>	<i>(note 1)</i>	
Wuhan	1	69,209	44,609	—
Wuxi	1	429,255	419,911	—
		<i>(note 2)</i>	<i>(note 2)</i>	
Handan	1	68,027	62,570	4,451
Putian	1	55,084	43,194	—
Anyang	1	25,310	23,661	—
Ganzhou	1	59,900	47,639	—
		<i>(note 3)</i>	<i>(note 3)</i>	
Fushun	1	10,596	10,596	—
Yueyang	1	81,780	41,780	27,795
		<i>(note 4)</i>	<i>(note 4)</i>	
Jinzhou	1	40,765	10,765	29,581
Total	23	1,308,024	879,475	193,199

Notes

1. Includes car parking space of 5,587 sq.m
2. Includes car parking space of 56,507 sq.m
3. Includes car parking space of 25,040 sq.m
4. Includes car parking space of 9,908 sq.m

All the above projects had been disposed pursuant to the Disposal (as described in the “Financial Review — Liquidity and Financial Resources” section) on 8 July 2016.

Project Reserves (including projects under construction) as at 30 June 2016

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 (note 1)	273,890 (note 1)	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 (note 2)	61,000 (note 2)	25,000
10 Guangdong Dongguan Humen Project Phase 2*	228,000 (note 3)	178,000 (note 3)	50,000
11 Shandong Yantai Project Phase 1	30,000	5,000	25,000
Total	1,282,396	898,468	383,928

	Approved GFA — sq.m		
Approved and under planning stage			
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		
	<u>3,487,016</u>		
Total	3,487,016		
	<u>4,769,412</u>	<u>898,468</u>	<u>383,928</u>

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

all properties under construction are 100% owned by the PRC subsidiaries

* held by 90% owned subsidiary

** All the above projects had been disposed pursuant to the Disposal (as defined in the “Financial Review — Liquidity and Financial Resources” section) on 8 July 2016 except the 9 projects marked with “***”. Those 9 projects remain being held by the Group subsequent to the Very Substantial Disposal.

The agriculture business

The Group currently operates 8 agriculture wholesale markets in 6 cities in China.

Agriculture wholesale markets under operation

Agriculture wholesale market	Location	GFA (sq.m) (note 1)	Revenue for the six months ended 30 June 2016 RMB'000
China Shouguang Agricultural Produce Logistics Park	Shouguang city, Shandong province	537,003	96,708
Guiyang Agricultural Produce Logistics Park	Guiyang city, Guizhou province	173,620	73,491
Harbin Hada Agricultural Produce Market	Harbin city, Heilongjiang province	185,035	166,724
Harbin Youyi Agricultural Produce Market	Harbin city, Heilongjiang province	17,952 (note 2)	10,889
Qiqihar Hada Agricultural Produce Market	Qiqihar city, Heilongjiang province	49,106 (note 3)	40,585
Muda International Agricultural Produce Logistics Park	Mudanjiang city, Heilongjiang province	116,758	22,490
Shenyang Shouguang Dili Agricultural By-Products Markets	Shenyang city, Liaoning province	235,123 (note 4)	112,295
Total		<u>1,314,597</u>	<u>523,182</u>

Notes:

- The land and properties of the respective markets are not owned by the Group. Except for those specifically stated in the notes below, all such land and properties are leased by the respective owners, associated entities controlled by the Group's controlling shareholder, to the Group for the operation of the market under a framework lease agreement (the "Framework Lease Agreement") entered into between the vendor of the acquisition and the Group. Pursuant to the Framework Lease Agreement, the annual rent for all the markets listed above shall be RMB100 million per year commencing from 27 July 2015 to 31 December 2018, exclusive of operating charges, property tax and other outgoings.
- Among the total GFA of approximately 17,952 sq.m, approximately 15,552 sq.m are leased from the associated entity controlled by the Group's controlling shareholder and approximately 2,400 sq.m are leased from the independent third party landlords.
- Among the total GFA of approximately 49,106 sq.m, approximately 40,175 sq.m are leased from the associated entity controlled by the Group's controlling shareholder and approximately 8,931 sq.m are leased from the independent third party landlords.
- Among the total GFA of approximately 235,123 sq.m, approximately 149,931 sq.m are leased from the associated entity controlled by the Group's controlling shareholder and approximately 85,192 sq.m are leased from the independent third party landlords.

Major Events

Very substantial disposal

The Group had disposed the Disposal Properties to an entity controlled by the Chairman and substantial shareholder of the Company, Mr. Dai Yongge, for a cash consideration of USD1,000 million on 8 July 2016. Details of which are set out in the “Financial Review — Liquidity and Financial Resources” section below.

Repayment of offshore loans

Subsequent to the completion of the Disposal and the receipt the consideration of USD1,000 million from the Purchaser, as at the date of this announcement, the Group has utilized USD637 million for the repayment of the following offshore loans:

- (i) full repayment of the USD250 million and HKD390 million term loan facility with a syndicate of banks as the lenders on 8 July 2016;
- (ii) full repayment of the USD100 million bilateral term loan facility on 25 July 2016;
- (iii) full repayment of HKD1,300 million loan on 8 July 2016 due to Mr. Dai Yongge who on behalf of the Group repaid a short-term bridge loan of the same amount on 21 June 2016; and
- (iv) partial repayment of USD71 million debt obligation on 8 July 2016 assumed by the Company in connection with the acquisition of the agricultural market business completed in July 2015.

FINANCIAL REVIEW

On 8 July 2016, the Group completed the disposal of all the 23 completed shopping malls, all the 11 shopping malls under construction and 10 shopping malls at the planning stage. As such, all the operation relating to the shopping mall business will be classified as discontinued operation and the operation relating to the agriculture business will be classified as continuing operation.

Since the Group only acquired the agriculture business on 27 July 2015, there were no comparative figures for the consolidated statement of profit or loss for the corresponding half year from 1 January 2015 to 30 June 2015.

Continuing Operation — agriculture business

Revenue

Revenue from agriculture business comprised lease income of RMB115.2 million and commission income of RMB408.0 million

Gross Profit

Gross profit margin of agriculture business was 100% this period as both lease income and commission income does not incur any cost of sales.

Other income

Other income mainly comprised market service fee income of RMB63.4 million earned from the agriculture business.

Administrative expenses

Administrative expenses mainly comprised of staff cost, depreciation and trip expenses. The increase was mainly due to the acquired agriculture business operation.

Other operating expenses

Other operating expenses mainly comprised amortization of intangible assets of RMB162.2 million arose from the acquisition of the agriculture business and the operating lease expenses of RMB49.8 million for leasing the properties (including land and buildings) to facilitate the on-going operations of the agriculture business in accordance with the Framework Lease Agreement entered during the acquisition of the agriculture business.

Finance income

Finance income mainly represented the bank interest income earned from agriculture business operation.

Finance expenses

Finance expenses mainly arose from assumption of the loan of the vendor during the acquisition of the agriculture business in July 2015.

Loss from discontinued operation

The loss from discontinued operation arose from the disposal of all the 23 completed shopping malls, all the 11 shopping malls under construction and 10 shopping malls at the planning stage at a consideration of USD1 billion (around RMB6.5 billion).

Liquidity and Financial Resources

As at 30 June 2016, total assets of the Group amounted to RMB36,506.2 million as compared with RMB38,235.9 million as at 31 December 2015. With the completion of the disposal of the shopping mall business on 8 July 2016, the total assets of the Group are expected to reduce significantly after then.

In terms of financial resources as at 30 June 2016, the Group's total cash at bank and on hand was RMB332.3 million (as at 31 December 2015: RMB908.4 million).

The Company made an announcement on 31 December 2015 and made a further announcement on 25 February 2016 that the Group failed to fulfil certain requirements under the Syndicated Loan as of 31 December 2015. Although the Group has not yet received any formal notice of default or acceleration of the Syndicated Loan, if the waivers, consents and extensions sought by the Group are not being granted, the requisite majority of the lenders of the Syndicated Loan may at any time by notice to the Group require the Syndicated Loan to be accelerated and immediate repayment of the Syndicated Loan to be made prior to its original repayment date. As a result, the Company assessed and explored the feasibility of disposing certain underground shopping malls projects held by the Group by way of tender and DTZ Cushman & Wakefield had been appointed as the sole agent to explore the market interest and to advise the Company on the intended sale of the shopping mall projects and the tender. (Please refer to the Company's announcements dated 31 December 2015 and 25 February 2016 for details and definition of terms)

On 18 March 2016, the Company announced the commencement of the Tender for the sale of the Disposal Properties to potential bidder(s) which was expected to close on or around 20 April 2016. Details of the Disposal Properties are set out in the "Business Review" section above. As a standby arrangement for the Company in the event of unsuccessful tender, on 18 March 2016, Apex Assure Limited ("Apex"), a company wholly-owned by Mr. Dai Yongge (the director and substantial shareholder of the Company), had entered into the Option Deed with the Company, pursuant to which the Company was granted a Put Option to sell all the Disposal Properties to Apex and Apex should assume all Disposal Properties Payable accrued up to and including the date of Completion (amounted to approximately RMB9,640 million as at 31 December 2015) for a cash consideration of USD1,000 million (approximately RMB6,500 million), which is equivalent to the Complete Disposal Minimum Price under the Tender. On 18 March 2016, the Company exercised the Put Option and the Completion contemplated thereunder was subject to the conditions precedent stated in the Option Deed had been occurred, fulfilled or waived (as appropriate) which included, among others, the occurrence of the Unsuccessful Tender. (Please refer to the Company's announcement on 18 March 2016 for details and definition of terms)

On 21 April 2016, the Company announced that the Tender was closed on 20 April 2016. During the period of the Tender, DTZ had marketed the Disposal Properties extensively and approached a wide range of sizable institutional investors including asset management companies, insurance companies, private equity real estate funds and property developers to solicit their interests on the Disposal Properties. Despite the effort, the Company did not receive any letter of interest under the Tender. As such, the Unsuccessful Tender occurred and

the Company proceeded to fulfill other conditions of the Put Option Deed. The Disposal contemplated under the Option Deed constituted a very substantial disposal and connected transaction of the Company under the Listing Rules and was subject to, among others, the Independent Shareholders' Approval being obtained in the Extraordinary General Meeting (the "EGM"). (Please refer to the Company's announcement on 21 April 2016 for details and definition of terms)

On 29 April 2016, the Company dispatched the Circular regarding (1) Very Substantial Disposal and Connected Transaction and (2) Notice of EGM. (Please refer to the Company's announcement on 29 April 2016 for details and definition of terms)

On 18 May 2016, the Company announced that the ordinary resolution as set out in the EGM Notice contained in the Circular was duly passed by the Independent Shareholders by way of poll at the EGM held on 18 May 2016. (Please refer to the Company's announcement on 18 May 2016 for details and definition of terms)

On 11 July 2016, the Company announced that all the conditions precedent for the Completion have occurred, fulfilled or waived (as appropriate) and the Completion took place on 8 July 2016 and all the outstanding balance of the Syndicated Loan, together with the accrued interests, had been fully repaid. (Please refer to the Company's announcement on 11 July 2016 for details and definition of terms)

As the transaction was completed on 8 July 2016 and the total consideration of USD1 billion have been received. In addition to settle the outstanding balance of the syndicated loan, some of other outstanding bank loans and short term advance have also been settled. The liquidity and financial position of the Company improved significantly since then.

The gearing ratio as at 30 June 2016, which is calculated by dividing the total interest-bearing borrowings by total assets was 15.1% as compared to 17.6% as at 31 December 2015.

The Group services its debts primarily with recurring cash flow generated from its operation. Together with the proceeds raised from disposal of the shopping mall business, 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 2016, the future capital expenditure for which the Group had contracted but not provided in respect of continuing operation amounted to approximately RMB3.3 million (as at 31 December 2015: contracted but not provided amounted to RMB2,561.3 million and authorized but not contracted for amounted to RMB2,286.4 million).

Guarantees provided to Buyers

Certain subsidiaries of the Disposal Group have 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 2016 and 31 December 2015 amounted to RMB164.4 million and RMB195.8 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 2016, the bank deposits for guarantees on buyers' bank loans amounted to RMB50.1 million (as at 31 December 2015: RMB58.3 million) and the bank deposits for guarantees on the Group's bank loans amounted to RMB59.2 million (as at 31 December 2015: RMB58.2 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 2016, the Group employed 3,724 staff (as at 30 June 2015: 1,343). 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 2016 was approximately RMB185.7 million as compared with RMB120.1 million for the six months ended 30 June 2015. 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.

OUTLOOK

After applying part of the proceeds received from the Disposal for full settlement of the Group's offshore debts and obligations, the remaining balance of the proceeds amounts to approximately RMB1,560 million.

Subsequent to the Disposal and with the significant improvement on liquidity, the Group will focus its resources on the agricultural product business. The Group is very positive and confident on the China agriculture sector.

DIVIDENDS

The Board has resolved that there was no interim dividend declared attributable to the six months ended 30 June 2016 (six months ended 30 June 2015: Nil).

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

On 24 November 2014, the Company tendered to purchase its outstanding 13% senior notes due in 2016 with an aggregate principal amount of USD600,000,000 which the Company issued on 10 September 2010 and 15 November 2010. On 7 January 2015, the Company completed the tender offer to purchase an aggregate principal amount of the USD438,802,000 of the senior notes due in 2016, representing approximately 73.1% of the total aggregate principal amount of the outstanding senior notes.

For the period under review, the Company redeemed the remaining 13% senior notes due in 2016, which were listed on the Singapore Exchange Securities Trading Limited, on maturity date.

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 2016.

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 2016, 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”) and the extraordinary general meeting (“EGM”) 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 and the EGM. The Board will finalize and inform the dates of the AGM and the EGM as earliest as possible to make sure that the Chairman and other non-executive directors (including independent non-executive directors) would attend the AGM and the EGM 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 2016.

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 2016.

AUDIT COMMITTEE

The Company has established an audit committee in accordance with the requirements of the Listing Rules and the CG Code. The primary duty of the audit committee is to review and supervise the financial reporting process, risk management 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 2016.

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, 30 August 2016

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*