



RENHE

Renhe Commercial Holdings Company Limited

(incorporated in the Cayman Islands with limited liability)

Stock Code : 1387



Interim Report **2013**

Table of Contents

Corporate Information	2
Chairman’s Statement	3
Management Discussion and Analysis	5
Other Information	13
Independent Review Report	20
Unaudited Interim Financial Report	
Consolidated Statement of Profit or Loss	21
Consolidated Statement of Profit or Loss and Other Comprehensive Income	22
Consolidated Statement of Financial Position	23
Consolidated Statement of Changes in Equity	25
Condensed Consolidated Cash Flow Statement	28
Notes to the Unaudited Interim Financial Report	29



Corporate Information

DIRECTORS

Executive Directors

Dai Yongge (Chairman and Chief Executive Officer)
Zhang Dabin
Wang Hongfang
Wang Chunrong
Wang Luding
Zhou Jun
Jin Tao

Non-Executive Directors

Hawken Xiu Li
Jiang Mei
Zhang Xingmei

Independent Non-Executive Directors

Fan Ren-Da, Anthony
Wang Shengli
Wang Yifu
Leung Chung Ki
Tang Hon Man

AUDIT COMMITTEE

Fan Ren-Da, Anthony (Chairman)
Wang Shengli
Wang Yifu

REMUNERATION COMMITTEE

Wang Shengli (Chairman)
Dai Yongge
Wang Yifu

NOMINATION COMMITTEE

Wang Shengli (Chairman)
Dai Yongge
Wang Yifu

AUTHORISED REPRESENTATIVES

Wang Hongfang
Hung Fan Kwan FCPA, FCCA

COMPANY SECRETARY

Hung Fan Kwan FCPA, FCCA

AUDITORS

KPMG
Certified Public Accountants

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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Hong Kong

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Nangang District
Harbin, Heilongjiang
China 150001

HONG KONG SHARE REGISTRAR

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

STOCK CODE

The Stock Exchange of Hong Kong Limited: 1387

SENIOR NOTES

Singapore Stock Exchange Short Name:
RENHECOMMUS\$300M11.75%N150518R,
RENHECOMMUS\$300M11.75%N150518A
ISIN Code: USG75004AA24, US75972CAA71
RENHECOMMUS\$300M13%N160310R,
RENHECOMMUS\$300M13%N160310A
ISIN Code: USG75004AB07, US75972CAB54

INVESTOR RELATIONS

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Chairman's Statement

On behalf of the board of directors (the "Board") of Renhe Commercial Holdings Company Limited (the "Company", together with its subsidiaries, collectively the "Group"), I report to all shareholders on the unaudited results for the six months ended 30 June 2013.

RESULTS SUMMARY

During the period under review, the Group's recurring income recorded positive year-on-year growth. Recurring lease income increased 11% year-on-year to RMB222 million while other income which mainly comprise of revenue from property management and relevant services increased 19% year-on-year to RMB48 million. As of 30 June 2013, the Group's investment properties are valued at RMB26,644 million. Net loss attributable to equity shareholders of the Company was RMB185 million for the first half of 2013 and the Group's gearing ratio was 20% as at 30 June 2013. The Board of the Group does not recommend payment of interim dividends.

As of 30 June 2013, the Group manages 19 malls across 11 cities in China. Gross floor area ("GFA") under management is 1.12 million square meters ("sq.m") while leasable GFA is 0.77 million sq.m. The Group's current project reserve is 4.97 million sq.m of GFA. This includes 13 projects under construction; equivalent to 1.49 million sq.m of construction GFA and 19 projects approved and under planning stage; equivalent to 3.49 million sq.m of approved GFA.

BUSINESS REVIEW

During the first half of 2013, the Group remained focus on strengthening the operation of existing malls. The Group continued to manage expansion prudently and remained selective in starting construction on new projects.

The Group did not commence operation for any new malls in the first half of 2013. Nevertheless, asset enhancement works and tenants repositioning activities at selected malls continue to progress well. For example, upgrading works and tenants repositioning activities at the Group's Shenyang mall "The First Tunnel" of Shenyang is progressing well and is projected to complete soon.

During the period under review, the Group paced expansion and was prudent in terms of starting new projects. The Group started construction on Guangzhou Project Phase 2 in June 2013. This project is located underneath Zhangqian Road of Guangzhou and serves as an extension of "The First Tunnel" of Guangzhou. This project will have a GFA of approximately 41,861 sq.m and will primarily engage in wholesale apparel and accessories.

Chairman's Statement

OUTLOOK

The Group believes the macro and credit environment in China to remain challenging in the second half of 2013. Nevertheless, the Group believes that China's positive stance and support towards the consumption sector and underground shopping centers development remains intact. As such, the Group will continue to focus its resources in consolidating its existing investment properties while managing expansion prudently. The Group will be opportunistic in terms of commencing construction on new projects.

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

Dai Yongge

Chairman

28 August 2013





Management Discussion and Analysis

FINANCIAL REVIEW

Revenue

For the six months ended 30 June 2013, the Group recorded a consolidated revenue of approximately RMB261.7 million (for the six months ended 30 June 2012: RMB201.1 million), representing an increase of about 30.1% when compared with that of last corresponding period. Operating lease income increased by 10.5% to RMB222.3 million in this period as compared to RMB201.1 million last period while revenue from transfer of operation rights of RMB39.4 million was recorded this period as compared to Nil in last period.

	For the six months ended 30 June 2013 RMB'000	For the six months ended 30 June 2012 RMB'000	Change RMB'000	Change %
Operating lease	222,302	201,144	21,158	10.5
Transfer of operation rights	39,427	–	39,427	N/A
Revenue	261,729	201,144	60,585	30.1

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 2013, revenue generated from transfer of operation rights was RMB39.4 million as compared with Nil in the same period last year. During the first six months of 2013, the Group has transferred GFA of 2,061 sq.m, mainly Yueyang Project with average transfer price of RMB19,130 per sq.m.

Operating Lease

As we derive all our operating lease income from the lease of space in our shopping centres, our operating lease income for a given period depends primarily on the following factors: (i) the GFA of shops available for leasing during the period; and (ii) the average rental of shops during the period. For the six months ended 30 June 2013, operating lease income increased by 10.5% to RMB222.3 million from RMB201.1 million last corresponding period. The increase in operating lease income was mainly attributed to the opening of the malls in Yueyang, Ganzhou and Harbin in the second half of last year.

Cost of Sales

Cost of sales of the Group for the six months ended 30 June 2013 was RMB17.6 million as compared to Nil in the last corresponding period since there is no transfer of operating right in last period.

Management Discussion and Analysis

Gross Profit

Gross profit increased to RMB244.2 million for the six months ended 30 June 2013 from RMB201.1 million in the last corresponding period. The gross profit margin was 93.3%, comprising margin of rental income of 100% and margin of transfer of operation rights of 55.4%. The gross profit margin of last period of 100% solely represented the margin of rental income.

Net Valuation Gain on Investment Properties

The net valuation gain on investment properties decreased to RMB126.3 million for the six months ended 30 June 2013 from RMB1,750.6 million in the last corresponding period which was mainly due to less construction work was carried out this period as compared to last period. The net revaluation gain after deducting the related deferred tax and non-controlling interest was RMB58.8 million as compared to RMB1,223.4 million in last period.

Other Income

Other income increased to RMB47.7 million for the six months ended 30 June 2013 from RMB40.2 million in the last corresponding period which was mainly attributed to the income from providing property management services.

Administrative Expenses

Administrative expenses increased slightly by 0.8% to RMB216.4 million for the six months ended 30 June 2013 from RMB214.6 million in the last corresponding period.

Other Operating Expenses

Other operating expenses slightly increased by 0.4% to RMB141.3 million for the six months ended 30 June 2013 from RMB140.8 million in the last corresponding period.

Finance Income

Finance income decreased to RMB8.7 million for the six months ended 30 June 2013 from RMB10.9 million in the last corresponding period as a result of decrease in average bank balance.

Finance Expenses

Finance expenses increased to RMB215.9 million for the six months ended 30 June 2013 from RMB197.8 million in the last corresponding period which was mainly due to the recording of net foreign exchange loss of RMB10.5 million as compared to net foreign exchange gain of RMB31.5 million in the last period.





Management Discussion and Analysis

Investment Properties

Investment properties, either completed or under construction, are revalued in accordance with the valuation report prepared by CBRE Limited, a professional firm of professional surveyors. The analysis of investment properties as at 30 June 2013 and 31 December 2012 is as follows:–

Investment properties	30 June 2013 RMB'million	31 December 2012 RMB'million	Change RMB'million	Change %
Completed projects	15,131.8	15,095.8	36.0	0.2
Projects under construction	11,511.7	11,073.7	438.0	4.0
Total	26,643.5	26,169.5	474.0	1.8

The total value of investment properties increased by 1.8% to RMB26,643.5 million as at 30 June 2013 from RMB26,169.5 million as at 31 December 2012 as a result of increase in value of both completed projects and projects under construction. Completed projects increased by 0.2% to RMB15,131.8 million as at 30 June 2013 from RMB15,095.8 million as at 31 December 2012. Projects under construction increased by 4.0% to RMB11,511.7 million as at 30 June 2013 from RMB11,073.7 million as at 31 December 2012 which was mainly due to continuous construction progress in Shenyang and Dongguan Humen projects.

Trade and Other Receivables

Trade and other receivables that were recorded as current asset as at 30 June 2013 was RMB2,164.7 million as compared with RMB2,612.8 million as at 31 December 2012. This balance mainly comprised trade receivables of RMB717.4 million arose from the transfer of operating rights which purchasers would obtain bank loan or use cash to settle and receivables of RMB1,245.7 million from disposal of subsidiaries. Up to 15 August 2013, around HKD72.0 million of the receivables from disposal of subsidiaries has been subsequently settled. In addition, there were trade receivables booked as non-current assets amounting to RMB1,001.5 million as at 30 June 2013 as compared with RMB1,499.9 million as at 31 December 2012 which solely arose from the transfer of operation rights in previous years that the Group has re-negotiated repayment schedules with the buyers to settle the outstanding balance within three years.

Dividends

The Board has resolved that there was no interim dividend declared attributable to the six months ended 30 June 2013 (six months ended 30 June 2012: Nil).

Management Discussion and Analysis

Malls under management

Cities	Number of malls	GFA under management – sq.m	Leasable GFA – sq.m	Location
Harbin	9	168,081	66,542	beneath Dongdazhi Street, Guogeli Avenue and Shitoudao Street etc, Nangang and Daoli District, Harbin City
Shenyang	1	110,500	73,898	beneath Changjiang Street and Bitang Garden, Huanggu District, Shenyang City
Guangzhou	1	47,554	4,250	beneath Zhanqian Road and Zhannan Road, Guangzhou City
Wuhan	1	69,209	20,671	beneath Hanzheng Street, Zhongshan Avenue, Liji Road, Duofu Road and South Youyi Road, Wuhan City
Wuxi	1	423,289	419,266	No. 18 Xigan Road, Wuxi City
Handan	1	68,027	32,896	beneath Linxi Avenue, Heping Road and Huanchengxi Road, Handan City
Putian	1	55,084	33,305	beneath Wenxian Road, Xueyuanzhong Street and Xueyuannan Street, Putian City
Anyang	1	25,310	21,989	beneath Jiefang Avenue, Anyang City
Ganzhou	1	59,900	41,128	beneath Wenqing Road, Ganzhou City
Fushun	1	10,596	10,596	beneath Zhongyang Avenue and Dongyi Street, Fushun City
Yueyang	1	81,780	41,780	beneath Dongmaoling Road and Pedestrian Street, Yueyang City
Total	19	1,119,330	766,321	



Management Discussion and Analysis

Project reserves (including projects under construction)

	Under construction*	Development status	Usage	Expected completion date	Total		Investment		Inventory	Location
					construction GFA – sq.m	GFA – sq.m	properties GFA – sq.m	GFA – sq.m		
1	Chongqing Banan Project Phase 1	Under construction	Commercial	2013-2014	60,669	40,669	20,000	beneath Baxian Avenue, Banan District, Chongqing City		
2	Chongqing Daubukou Project Phase 1	Under construction	Commercial	2013-2014	40,380	20,380	20,000	beneath Jinxia Road, Dadukou District, Chongqing City		
3	Liaoning Jinzhou Project Phase 1	Under construction	Commercial	2013-2014	41,163	11,163	30,000	beneath Zhongyang Avenue, Luoyang Road and Shanghai Road, Jinzhou City		
4	Liaoning Anshan Project Phase 2	Under construction	Commercial	2013-2014	118,000	118,000	-	beneath Gaoxin Square, Anshan City		
5	Hainan Sanya Project	Under construction	Commercial	2013-2014	135,190	100,190	35,000	beneath Yingbin Road, Sanya City		
6	Liaoning Shenyang Project Phase 2	Under construction	Commercial	2013-2014	240,345	116,259	124,086	beneath Zhongjie and surrounding 7 streets, beneath Taiyuanbeijie and surrounding 2 streets, Shenyang City		
7	Guangdong Dongguan Humen Project Phase 1*	Under construction	Commercial	2013-2014	423,890	273,890	150,000	beneath Binhai Avenue, Dongguan City		
8	Hebei Qinhuangdao Project Phase 1	Under construction	Commercial	2013-2014	23,282	13,282	10,000	beneath Wenhua Road, Qinhuangdao City		
9	Liaoning Anshan Project Phase 3	Under construction	Commercial	2013-2014	18,928	-	18,928	beneath Dongshan Street, Anshan City		
10	Jiangxi Yingtan Project Phase 1	Under construction	Commercial	2013-2014	86,000	61,000	25,000	beneath Zhongxin Square, Shengji Road, Jiaotong Road and Yingtan Garden, Yingtan City		
11	Guangdong Dongguan Humen Project Phase 2*	Under construction	Commercial	2013-2014	228,000	178,000	50,000	beneath Bada Avenue, Tajing Square, Wenguang Centre and Renminzhonglu, Dongguan City		
12	Guangzhou Project Phase 2	Under construction	Commercial	2014	41,861	6,861	35,000	beneath Zhanqian Road, Guangzhou City		
13	Shandong Yantai Project Phase 1	Under construction	Commercial	2013-2014	30,000	5,000	25,000	beneath Xi Avenue, Yantai City		
	Total				1,487,708	944,694	543,014			

Management Discussion and Analysis

Project reserves (including projects under construction) (continued)

	Approved and under planning stage	Development status	Usage	Expected completion date	Approved GFA – sq.m	Location
1	Harbin Project Phase 4	Approved and under planning stage	TBD	TBD	15,738	beneath Songhuajiang Road, Harbin City
2	Harbin Project Phase 5	Approved and under planning stage	TBD	TBD	10,000	beneath Wenjiao Street, Harbin City
3	Harbin Project Phase 6	Approved and under planning stage	TBD	TBD	31,500	beneath Shangzhi Avenue and Shierdaojie, Harbin City
4	Tianjin Project	Approved and under planning stage	TBD	TBD	121,220	beneath Jinzhongqiao Avenue, Tianjin City
5	Tianjin West Station South Plaza Project	Approved and under planning stage	TBD	TBD	100,000	beneath West Station South Plaza, Tianjin City
6	Hubei Wuhan XibeiHu Project	Approved and under planning stage	TBD	TBD	450,000	beneath Jianzhu Avenue, West lake, North lake, Fountain Garden, Jianshe Avenue and Xinhua Road, Wuhan City
7	Shenzhen Project	Approved and under planning stage	TBD	TBD	160,000	beneath Huaqiangbei Road and Hongli Road, Shenzhen City
8	Shandong Qingdao Project	Approved and under planning stage	TBD	TBD	500,000	beneath Dunhua Road and Lianyungang Road, Qingdao City
9	Jiangsu Wuxi Taihu Plaza Project	Approved and under planning stage	TBD	TBD	250,000	beneath Taihu Plaza, Wuxi City
10	Hebei Zhangjiakou Project	Approved and under planning stage	TBD	TBD	150,000	beneath Wuyi Avenue, Dongan Avenue, Shenglibei Road, Xuanhua Road and Jiefang Road, Zhangjiakou City
11	Jiangxi Yingtan Project Phase 2	Approved and under planning stage	TBD	TBD	69,000	beneath Jiaotong Road, Shaixi Road and Shaidong Road, Yingtan City
12	Shandong Yantai Project Phase 2	Approved and under planning stage	TBD	TBD	56,000	beneath Xi Avenue, Yantai City
13	Hebei Qinhuangdao Project Phase 2	Approved and under planning stage	TBD	TBD	96,718	beneath Wenhua Road, Qinhuangdao City
14	Henan Zhengzhou Project Phase 2	Approved and under planning stage	TBD	TBD	350,000	beneath Jinshuidong Road and Hengshan Road, Zhengzhou City
15	Henan Luoyang Project	Approved and under planning stage	TBD	TBD	194,840	beneath Longmen Avenue, Luoyang City
16	Anhui Wuhu Project	Approved and under planning stage	TBD	TBD	150,000	beneath Zhushan Garden and Beijingxi Road, Wuhu City
17	Yunnan Kunming Project	Approved and under planning stage	TBD	TBD	200,000	beneath Huanhengnan Road, Dongsì Street, Xichang Road and Haigeng Road, Kunming City
18	Jiangxi Nanchang Bayi Tunnel Project	Approved and under planning stage	TBD	TBD	162,000	beneath Bayi Avenue, Nanchang City
19	Guizhou Guiyang Project Phase 1	Approved and under planning stage	TBD	TBD	420,000	beneath Rujin Road, Yanan Road, Dananmen, Zhanqian Square and surrounding 15 Streets, Guiyang City
	Total				3,487,016	
	Grand Total				4,974,724	543,014

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

* held by 90% owned subsidiary

TBD to be determined



Management Discussion and Analysis

Liquidity and Financial Resources

As at 30 June 2013, total assets of the Group amounted to RMB37,231.2 million as compared with RMB37,653.2 million as at 31 December 2012. In terms of financial resources as at 30 June 2013, the Group's total cash at bank and on hand was RMB1,037.5 million (as at 31 December 2012: RMB1,233.4 million). The total restricted bank deposits as at 30 June 2013 was RMB185.8 million as compared to RMB190.4 million as at 31 December 2012.

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

The gearing ratio as at 30 June 2013, which is calculated by dividing the total interest-bearing borrowings by total assets was 19.8% as compared to 20.1% as at 31 December 2012.

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 People's Republic of China (the "PRC"), are subject to the availability of foreign currency (which depends on the foreign currency denominated earnings of the Group) and must be arranged through the PBOC with government approval.

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

Capital Commitments

As at 30 June 2013, the future capital expenditure for which the Group had contracted but not provided and authorized but not contracted for amounted to approximately RMB2,816.8 million and RMB3,444.9 million respectively (as at 31 December 2012: RMB2,628.5 million and RMB3,650.1 million respectively).

Management Discussion and Analysis

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 2013 and 31 December 2012 amounted to RMB600.3 million and RMB721.0 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 2013, the bank deposits for guarantees on buyers' bank loans amounted to RMB166.7 million (as at 31 December 2012: RMB169.3 million) and the bank deposits for guarantees on the Group's bank loans amounted to RMB19.1 million (as at 31 December 2012: RMB21.1 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 2013, the Group employed 2,765 staff (as at 30 June 2012: 4,235). The Group's employees are remunerated according to the job nature, individual performance and market trends with built-in merit components. Total remuneration (excluding share option expenses) for the six months ended 30 June 2013 was approximately RMB114.9 million as compared with RMB126.4 million for the six months ended 30 June 2012. We have established a training program that aims to support and encourage members of our management team to continue improving their management skills and develop their careers, including arranging for seminars. We provide orientation training as well as on-the-job training on a regular basis on various topics, such as internal regulations, computer and management skills, sales skills and career development. Employees in Hong Kong participate in Mandatory Provident Fund Scheme while employees in the PRC also participate in similar scheme.

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

A share option scheme of the Company was also adopted by the shareholders of the Company at the extraordinary general meeting held on 25 August 2008 to provide incentive for, amongst others, our employees to work with commitment towards enhancing the value of the Group. On 8 February 2010, the Company has granted to over 280 grantees to subscribe for, in aggregate, up to 1,100,000,000 ordinary shares of the Company. There were 408,000,000 outstanding share options as at 30 June 2013.



Other Information

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

As at 30 June 2013, the interests and short positions of each director and chief executive of the Company in the shares, underlying shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register maintained by the Company as required to be kept pursuant to Section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") were as follows:

(a) Long/short positions in shares/underlying shares of the Company:

Name of director	Capacity	Nature of interest (note 1)	Number of issued shares/ underlying shares	Approximate percentage of interest in the Company
Mrs. Hawken Xiu Li (note 2)	Interest in controlled corporations	L	10,255,825,388	48.49%
	Interest in controlled corporations	S	66,556,293	0.31%
Mr. Dai Yongge	Beneficial owner	L	81,600,000	0.38%
	Interest in a controlled corporation	L	123,000,000	0.58%
Mr. Zhang Dabin	Beneficial owner	L	37,000,000	0.17%
	Interest in a controlled corporation	L (note 4)	45,100,000	0.21%
Mr. Wang Hongfang	Beneficial owner	L	18,000,000	0.08%
	Interest in a controlled corporation	L (note 4)	37,050,000	0.17%
Ms. Wang Chunrong	Beneficial owner	L	13,600,000	0.06%
	Interest in a controlled corporation	L (note 4)	65,600,000	0.31%
Mr. Wang Luding	Beneficial owner	L	34,000,000	0.16%
	Interest in a controlled corporation	L (note 4)	45,000,000	0.21%
Mr. Zhou Jun	Beneficial owner	L	8,000,000	0.03%
Ms. Zhang Xingmei	Interest of spouse	L (note 3)	204,600,000	0.96%

Other Information

(b) Long positions in shares of associated corporations of the Company

Name of director	Capacity	Name of associated corporation	Number of ordinary shares	Percentage of the issued share capital of the associated corporation
Mrs. Hawken Xiu Li	Beneficial owner	Shining Hill Investments Limited ("Shining Hill")	1	100.00%
	Interest in a controlled corporation	Super Brilliant Investments Limited ("Super Brilliant")	1	100.00%

Notes:

- (1) The letter "L" denotes the person's long position in such shares and the letter "S" denotes the person's short position in such shares.
- (2) Mrs. Hawken Xiu Li is deemed to be interested in such shares held through controlled corporation Super Brilliant.
- (3) Ms. Zhang Xingmei is deemed to be interested in the shares held by her spouse, Mr. Dai Yongge.
- (4) This includes 80,000,000 share options granted by the Company on 8 February 2010 to each of United Magic Limited, Swift Fast Limited, Wonder Future Limited and Wisdom High Limited, the corporations which is wholly owned by Mr. Zhang Dabin, Mr. Wang Hongfang, Ms. Wang Chunrong and Mr. Wang Luding respectively.

Save as disclosed above, none of the directors or chief executives of the Company or their associates had, as at 30 June 2013, any other interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations.



SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2013, the interests or short positions of the substantial shareholders (other than the directors or chief executives of the Company) in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Name of shareholder	Capacity	Number of issued shares/Nature of interest (note 1)	Approximate percentage of interest in the Company
Super Brilliant	Beneficial owner	10,255,825,388 (L)	48.49%
	Beneficial owner	66,556,293 (S)	0.31%
Shining Hill (note 2)	Interest in a controlled corporation	10,255,825,388 (L)	48.49%
	Interest in a controlled corporation	66,556,293 (S)	0.31%
Ms. Liu Yang (note 3)	Interest in a controlled corporation	1,483,000,000 (L)	7.01%
Atlantis Capital Holdings Limited (note 4)	Interest in controlled corporations	1,483,000,000 (L)	7.01%
China Life Insurance (Group) Company (note 5)	Interest in a controlled corporation	1,287,686,000 (L)	6.08%
China Life Insurance (Overseas) Co. Ltd	Beneficial owner	1,287,686,000 (L)	6.08%

Other Information

Notes:

- (1) The letter "L" denotes the person's long position in such shares and the letter "S" denotes the person's short position in such shares.
- (2) Mrs. Hawken Xiu Li is interested in the entire issued share capital of Shining Hill which in turn is interested in the entire issued share capital of Super Brilliant and therefore, Mrs. Hawken Xiu Li and Shining Hill are deemed or taken to be interested in the shares beneficially owned by Super Brilliant for the purposes of the SFO.
- (3) Atlantis Capital Holdings Limited is a controlled corporation of Ms. Liu Yang. Accordingly, Ms. Liu Yang is deemed to be interested in the same parcel of shares.
- (4) According to the disclosure form filed by Atlantis Capital Holdings Limited, the interests in shares were held by Atlantis Investment Management (Ireland) Limited, Atlantis Investment Management Limited and Atlantis Investment Management (Hong Kong) Limited, all of these companies are directly controlled corporations of Atlantis Capital Holdings Limited.
- (5) According to the disclosure form filed by China Life Insurance (Group) Company, the interests in shares were held by China Life Insurance (Overseas) Co. Ltd, China Life Insurance (Overseas) Co., Ltd is a directly controlled corporation of China Life Insurance (Group) Company.

Save as disclosed above and so far as the Directors are aware of, as at 30 June 2013, there was no other person, other than the directors or chief executives of the Company, who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to section 336 of the SFO, to be entered in the register referred to therein.



(c) Share Option Scheme

The Company adopted a share option scheme on 25 August 2008. Details of the grant of share options and a summary of the movements of the outstanding share options during the six months ended 30 June 2013 were as follows:

Grantee	Date of grant	Exercise Price (HK\$)	Number of share options				As at 30.06.2013
			As at 01.01.2013	Granted	Exercised	Lapsed	
Directors							
Zhang Dabin	08.02.2010	1.69	80,000,000	-	-	(48,000,000)	32,000,000
Wang Hongfang	08.02.2010	1.69	80,000,000	-	-	(48,000,000)	32,000,000
Wang Chunrong	08.02.2010	1.69	80,000,000	-	-	(48,000,000)	32,000,000
Wang Luding	08.02.2010	1.69	80,000,000	-	-	(48,000,000)	32,000,000
Zhou Jun	08.02.2010	1.69	20,000,000	-	-	(12,000,000)	8,000,000
Others							
Employees	08.02.2010	1.69	680,000,000	-	-	(408,000,000)	272,000,000
Total			1,020,000,000	-	-	(612,000,000)	408,000,000

Notes:

1. The closing price of the Company's shares immediately before the share options granted on 8 February 2010 was HK\$1.64.
2. During the period under review, no share options were exercised by any Directors of the Company.
3. During the period under review, 612,000,000 share options were lapsed.

Save as disclosed above, as at 30 June 2013, the Company had not been notified of any other interests or short positions in the shares or underlying shares of the Company.

Other Information

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

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2013.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company had adopted and complied with the code provisions as set out in the Code on Corporate Governance Code and Corporate Governance Report (the "Code") contained in Appendix 14 to the Listing Rules, save and except for the following:

Code provision A.2.1

Mr. Dai Yongge is the Chairman and Chief Executive Officer of the Company. With extensive experience in the management of underground shopping centres, Mr. Dai is responsible for the Group's overall strategic planning and the management of the Group's business. The Board considers that vesting the roles of chairman and chief executive officer in the same person is beneficial to the business prospects and management of the Group. The balance of power and authority is ensured by the operation of the senior management and the Board, which comprise experienced and high calibre individuals. However, in the spirit of corporate governance, the Board will continue to review in the current year the roles of chairman and chief executive officer and, if considered appropriate, separate the two roles in compliance with code provision A.2.1 of the Code.

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 being overseas. 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.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted 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 2013.



DISCLOSURE OF CHANGE OF INFORMATION OF DIRECTORS UNDER RULES 13.51B(1) AND 13.51(2) OF THE LISTING RULES

The monthly salary of Mr. Dai Yongge, Mr. Zhang Dabin, Mr. Wang Hongfang, Ms. Wang Chunrong, Mr. Wang Luding, Mr. Zhou Jun and Mr. Jin Tao has been changed to HKD2,000,000, HKD156,385, HKD400,000, HKD250,000, HKD131,385, HKD160,762 and HKD54,377 from HKD4,000,000, HKD312,771, HKD800,000, HKD500,000, HKD262,771, HKD321,524 and HKD108,753 respectively from 1 May 2013.

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 2013.

Independent Review Report

Review report to the board of directors of Renhe Commercial Holdings Company Limited

(Incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial report set out on pages 21 to 48 which comprises the consolidated statement of financial position of Renhe Commercial Holdings Company Limited (the "Company") as of 30 June 2013 and the related consolidated statement of profit or loss, statement of profit or loss and other comprehensive income and statement of changes in equity and condensed consolidated cash flows statement for the six month period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and International Accounting Standard 34, *Interim financial reporting*, issued by the International Accounting Standards Board. The directors are responsible for the preparation and presentation of the interim financial report in accordance with International Accounting Standard 34.

Our responsibility is to form a conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants. A review of the interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2013 is not prepared, in all material respects, in accordance with International Accounting Standard 34, *Interim financial reporting*.

KPMG

Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

28 August 2013



Consolidated Statement of Profit or Loss

For the six months ended 30 June 2013 – unaudited
(Expressed in Renminbi)

	Note	Six months ended 30 June	
		2013 RMB'000	2012 RMB'000
Revenue	4	261,729	201,144
Cost of sales		(17,568)	–
Gross profit		244,161	201,144
Net valuation gain on investment properties	10	126,266	1,750,629
Profit on disposal of investment properties	5	24,192	–
Other income	6	47,678	40,175
Administrative expenses		(216,396)	(214,640)
Other operating expenses		(141,283)	(140,764)
Profit from operations		84,618	1,636,544
Finance income		8,734	10,948
Finance expenses		(215,855)	(197,821)
Net finance expenses	7(a)	(207,121)	(186,873)
(Loss)/profit before income tax	7	(122,503)	1,449,671
Income tax	8	(59,366)	(457,058)
(Loss)/profit for the period		(181,869)	992,613
Attributable to:			
Equity shareholders of the Company		(184,505)	933,009
Non-controlling interests		2,636	59,604
(Loss)/profit for the period		(181,869)	992,613
Basic and diluted (loss)/earnings per share (RMB cents)	9	(0.87)	4.41

The notes on pages 29 to 48 form part of this interim financial report.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2013 – unaudited
(Expressed in Renminbi)

	Six months ended 30 June	
	2013 RMB'000	2012 RMB'000
(Loss)/profit for the period	(181,869)	992,613
Other comprehensive income for the period (after tax and reclassification adjustments):		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of foreign operations	73,831	(22,647)
Total comprehensive income for the period	(108,038)	969,966
Attributable to:		
Equity shareholders of the Company	(110,674)	910,362
Non-controlling interests	2,636	59,604
Total comprehensive income for the period	(108,038)	969,966



The notes on pages 29 to 48 form part of this interim financial report.



Consolidated Statement of Financial Position

At 30 June 2013 – unaudited
(Expressed in Renminbi)

	Note	At 30 June 2013 RMB'000	At 31 December 2012 RMB'000
Non-current assets			
Property and equipment		534,569	567,043
Investment properties	10	26,643,510	26,169,476
Intangible asset		11,231	11,433
Goodwill	11	363,792	363,792
Other assets	14	1,758,486	1,730,611
Deferred tax assets	18(a)	184,324	168,451
Trade receivables	13	1,001,509	1,499,918
Total non-current assets		30,497,421	30,510,724
Current assets			
Inventories	12	3,531,518	3,296,215
Trade and other receivables	13	2,164,741	2,612,824
Cash at bank and on hand	15	1,037,485	1,233,389
Total current assets		6,733,744	7,142,428
Current liabilities			
Interest-bearing borrowings	17(ii)	289,800	334,800
Trade and other payables	16	3,099,197	3,612,993
Taxation		7,682	30,520
Total current liabilities		3,396,679	3,978,313
Net current assets		3,337,065	3,164,115
Total assets less current liabilities		33,834,486	33,674,839

The notes on pages 29 to 48 form part of this interim financial report.

Consolidated Statement of Financial Position

At 30 June 2013 – unaudited (*continued*)
(Expressed in Renminbi)

	Note	At 30 June 2013 RMB'000	At 31 December 2012 RMB'000
Non-current liabilities			
Interest-bearing borrowings	17(i)	7,081,068	7,247,265
Deferred tax liabilities	18(b)	4,557,648	4,505,015
Receipt in advance	19	381,249	–
Total non-current liabilities		12,019,965	11,752,280
Net assets		21,814,521	21,922,559
Capital and reserves			
Share capital		186,376	186,376
Reserves		21,388,833	21,499,507
Total equity attributable to equity shareholders of the Company		21,575,209	21,685,883
Non-controlling interests		239,312	236,676
Total equity		21,814,521	21,922,559

Approved and authorised for issue by the board of directors on 28 August 2013.

Dai Yongge
Chairman

Wang Chunrong
Director



The notes on pages 29 to 48 form part of this interim financial report.



Consolidated Statement of Changes in Equity

For the six months ended 30 June 2013 – unaudited
(Expressed in Renminbi)

	Attributable to equity shareholders of the Company										
	Attributable to equity shareholders of the Company									Non-controlling interests	Total equity
	Share capital	Share premium	Capital redemption reserve	Capital surplus	Reserve fund	Exchange reserve	Merger reserves	Retained earnings	Total		
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
Balance at 1 January 2012	186,376	6,179,085	7,508	129,488	613,443	(93,663)	128,704	13,665,378	20,816,319	187,378	21,003,697
Changes in equity for the six months ended 30 June 2012:											
Profit for the period	-	-	-	-	-	-	-	933,009	933,009	59,604	992,613
Other comprehensive income	-	-	-	-	-	(22,647)	-	-	(22,647)	-	(22,647)
Total comprehensive income for the period	-	-	-	-	-	(22,647)	-	933,009	910,362	59,604	969,966
Balance at 30 June 2012	186,376	6,179,085	7,508	129,488	613,443	(116,310)	128,704	14,598,387	21,726,681	246,982	21,973,663

The notes on pages 29 to 48 form part of this interim financial report.

Consolidated Statement of Changes in Equity

For the six months ended 30 June 2013 – unaudited (continued)
(Expressed in Renminbi)

	Attributable to equity shareholders of the Company										
	Share capital	Share premium	Capital redemption		Reserve fund	Exchange reserve	Merger reserves	Retained earnings	Total	Non-controlling interests	Total equity
			reserve	surplus							
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
Balance at 30 June 2012 and 1 July 2012	186,376	6,179,085	7,508	129,488	613,443	(116,310)	128,704	14,598,387	21,726,681	246,982	21,973,663
Changes in equity for the six months ended 31 December 2012:											
Loss for the period	-	-	-	-	-	-	-	(37,751)	(37,751)	(10,306)	(48,057)
Other comprehensive income	-	-	-	-	-	(3,047)	-	-	(3,047)	-	(3,047)
Total comprehensive income for the period	-	-	-	-	-	(3,047)	-	(37,751)	(40,798)	(10,306)	(51,104)
Transfer to reserve fund	-	-	-	-	12,404	-	-	(12,404)	-	-	-
Balance at 31 December 2012	186,376	6,179,085	7,508	129,488	625,847	(119,357)	128,704	14,548,232	21,685,883	236,676	21,922,559



The notes on pages 29 to 48 form part of this interim financial report.



Consolidated Statement of Changes in Equity

For the six months ended 30 June 2013 – unaudited (*continued*)
(Expressed in Renminbi)

	Attributable to equity shareholders of the Company									Non-controlling interests	Total equity	
	Share capital	Share premium	Capital redemption reserve		Capital surplus	Reserve fund	Exchange reserve	Merger reserves	Retained earnings			Total
			RMB'000	RMB'000								
Balance at 1 January 2013	186,376	6,179,085	7,508	129,488	625,847	(119,357)	128,704	14,548,232	21,685,883	236,676	21,922,559	
Changes in equity for the six months ended 30 June 2013:												
(Loss)/profit for the period	-	-	-	-	-	-	-	(184,505)	(184,505)	2,636	(181,869)	
Other comprehensive income	-	-	-	-	-	73,831	-	-	73,831	-	73,831	
Total comprehensive income for the period	-	-	-	-	-	73,831	-	(184,505)	(110,674)	2,636	(108,038)	
Balance at 30 June 2013	186,376	6,179,085	7,508	129,488	625,847	(45,526)	128,704	14,363,727	21,575,209	239,312	21,814,521	

The notes on pages 29 to 48 form part of this interim financial report.

Condensed Consolidated Cash Flow Statement

For the six months ended 30 June 2013 – unaudited
(Expressed in Renminbi)

	<i>Note</i>	Six months ended 30 June	
		2013 RMB'000	2012 RMB'000
Cash generated from operations		38,042	159,468
Tax paid		(45,446)	(268,524)
Net cash used in operating activities		(7,404)	(109,056)
Net cash generated from/(used in) investing activities		412,584	(218,708)
Net cash used in financing activities		(551,899)	(388,077)
Net decrease in cash and cash equivalents		(146,719)	(715,841)
Cash and cash equivalents at 1 January	15	990,534	1,875,637
Effect of foreign exchange rates changes		(4,866)	5,100
Cash and cash equivalents at 30 June	15	838,949	1,164,896



The notes on pages 29 to 48 form part of this interim financial report.



Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

1 BASIS OF PREPARATION

This interim financial report of Renhe Commercial Holdings Company Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") 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, including compliance with International Accounting Standard (IAS) 34, *Interim financial reporting*, issued by the International Accounting Standards Board (IASB). It was authorised for issue on 28 August 2013.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2012 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2013 annual financial statements. Details of these changes in accounting policies are set out in Note 2.

The preparation of an interim financial report in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2012 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with International Financial Reporting Standards (IFRSs) promulgated by the IASB.

The interim financial report is unaudited, but has 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 of Directors is included on page 20.

The financial information relating to the financial year ended 31 December 2012 that is included in the interim financial report as being previously reported information does not constitute the Company's statutory financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 31 December 2012 are available from the Company's registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 28 March 2013.

Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

2 CHANGES IN ACCOUNTING POLICIES

The IASB has issued a number of new IFRSs and amendments to IFRSs that are first effective for the current accounting period of the Group and the Company. Of these, the following developments are relevant to the Group's financial statements:

- Amendments to IAS 1, *Presentation of financial statements – Presentation of items of other comprehensive income*
- IFRS 10, *Consolidated financial statements*
- IFRS 12, *Disclosure of interests in other entities*
- IFRS 13, *Fair value measurement*
- *Annual Improvements to IFRSs 2009-2011 Cycle*
- Amendments to IFRS 7 – *Disclosures – Offsetting financial assets and financial liabilities*

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

Amendments to IAS 1, Presentation of financial statements – Presentation of items of other comprehensive income

The amendments to IAS 1 require entities to present the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met separately from those that would never be reclassified to profit or loss. The Group's presentation of other comprehensive income in these financial statements has been modified accordingly.

IFRS 10, Consolidated financial statements

IFRS 10 replaces the requirements in IAS 27, *Consolidated and separate financial statements* relating to the preparation of consolidated financial statements and SIC12 *Consolidation – Special purpose entities*. It introduces a single control model to determine whether an investee should be consolidated, by focusing on whether the entity has power over the investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power to affect the amount of those returns.

As a result of the adoption of IFRS 10, the Group has changed its accounting policy with respect to determining whether it has control over an investee. The adoption does not change any of the control conclusions reached by the Group in respect of its involvement with other entities as at 1 January 2013.





Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

2 CHANGES IN ACCOUNTING POLICIES *(continued)*

IFRS 12, Disclosure of interests in other entities

IFRS 12 brings together into a single standard all the disclosure requirements relevant to an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. The disclosures required by IFRS 12 are generally more extensive than those previously required by the respective standards. Since those disclosure requirements only apply to a full set of financial statements, the Group has not made additional disclosures in this interim financial report as a result of adopting IFRS 12.

IFRS 13, Fair value measurement

IFRS 13 replaces existing guidance in individual IFRSs with a single source of fair value measurement guidance. IFRS 13 also contains extensive disclosure requirements about fair value measurements for both financial instruments and non-financial instruments. Some of the disclosures are specifically required for financial instruments in the interim financial reports. The Group has provided those disclosures in Note 25. The adoption of IFRS 13 does not have any material impact on the fair value measurements of the Group's assets and liabilities.

Annual Improvements to IFRSs 2009-2011 Cycle

This cycle of annual improvements contains amendments to five standards with consequential amendments to other standards and interpretations. Among them, IAS 34 has been amended to clarify that total assets for a particular reportable segment are required to be disclosed only if the amounts are regularly provided to the chief operating decision maker and only if there has been a material change in the total assets for that segment from the amount disclosed in the last annual financial statements. The amendment also requires the disclosure of segment liabilities if the amounts are regularly provided to the chief operating decision maker and there has been a material change in the amounts compared with the last annual financial statements. The amendment does not have any impact on the segment disclosure of the Group because the Group does not present any segment information (see Note 3).

Amendments to IFRS 7 – Disclosures – Offsetting financial assets and financial liabilities

The amendments introduce new disclosures in respect of offsetting financial assets and financial liabilities. Those new disclosures are required for all recognised financial instruments that are set off in accordance with IAS 32, *Financial instruments: Presentation* and those that are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments and transactions, irrespective of whether the financial instruments are set off in accordance with IAS 32.

The adoption of the amendments does not have an impact on the Group's interim financial report because the Group has not offset financial instruments, nor has it entered into master netting arrangement or similar agreement which is subject to the disclosures of IFRS 7.

Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

3 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.

4 REVENUE

	Six months ended 30 June	
	2013 RMB'000	2012 RMB'000
Operating lease	222,302	201,144
Transfer of operation rights	39,427	–
	261,729	201,144

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 period ended 30 June 2013 (six months ended 30 June 2012: Nil).

5 PROFIT ON DISPOSAL OF INVESTMENT PROPERTIES

The Group disposed certain shopping mall units which were previously held as investment properties during the period. The disposals were achieved by transferring the operation rights of these shopping mall units to buyers.

6 OTHER INCOME

	Six months ended 30 June	
	2013 RMB'000	2012 RMB'000
Revenue from property management and relevant service	47,211	39,660
Net gain/(loss) on disposal of property and equipment	467	(253)
Others	–	768
	47,678	40,175



Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

7 (LOSS)/PROFIT BEFORE TAXATION

(a) Net finance expenses

	Six months ended 30 June	
	2013 RMB'000	2012 RMB'000
Finance income		
– Interest income on bank deposits	1,183	8,414
– Interest income on trade receivables	7,551	–
– Interest income from loan receivable	–	2,534
	8,734	10,948
Finance expenses		
– Interest on interest-bearing borrowings	(432,491)	(442,292)
Less: interest expenses capitalised into investment properties and inventories *	227,459	218,812
	(205,032)	(223,480)
– Net foreign exchange (loss)/gain	(10,541)	31,491
– Bank charges and others	(282)	(5,832)
	(215,855)	(197,821)
	(207,121)	(186,873)

* The borrowing costs have been capitalised at rates ranging from 7.68% to 13.72% per annum (six months ended 30 June 2012: 6.56% to 13.72%).

Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

7 (LOSS)/PROFIT BEFORE TAXATION (continued)

(b) Other items

	Six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
Repairs and maintenance	41,467	41,149
Utility charges	22,109	20,051
Depreciation of property and equipment	24,073	24,957
Operating lease charges	11,565	12,212
Impairment loss on other receivables	15,914	–

8 INCOME TAX

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

	Six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
Current tax – Provision for the period		
PRC Enterprise Income Tax	21,226	16,391
Land Appreciation Tax	1,380	–
Deferred tax		
Reversal and origination of temporary difference	36,760	440,667
	59,366	457,058

- (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%.





Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

8 INCOME TAX *(continued)*

- (ii) According to the Implementation Rules of the Corporate Income Tax Law, the overseas investor to 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 2013, 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 (LOSS)/EARNINGS PER SHARE

The calculation of basic (loss)/earnings per share is based on the loss attributable to ordinary equity shareholders of the Company of RMB184,505,000 (six months ended 30 June 2012: profit of RMB933,009,000) and the weighted average of 21,148,132,000 ordinary shares (six months ended 30 June 2012: 21,148,132,000 shares) in issue during the interim period.

During the six months ended 30 June 2013 and 2012, diluted (loss)/earnings per share are calculated on the same basis as basic (loss)/earnings per share. The share options granted did not have dilutive effect as at 30 June 2013.

Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

10 INVESTMENT PROPERTIES

	Completed properties RMB'000	Properties under construction RMB'000	Total RMB'000
At fair value:			
At 1 January 2013	15,095,800	11,073,676	26,169,476
Additions	24,350	344,729	369,079
Disposals	(21,311)	–	(21,311)
Fair value adjustment	32,961	93,305	126,266
At 30 June 2013	15,131,800	11,511,710	26,643,510

All of the investment properties owned by the Group are located in the PRC.

All completed and under development investment properties of the Group were revalued at 30 June 2013 by CBRE Limited ("CBRE"), an independent firm of professional surveyors who have among their staff Fellows of the Hong Kong Institute of Surveyors with recent experience in the location and category of property being valued. The Group's completed investment properties were valued in their existing states by reference to comparable market transactions. The Group's investment properties under construction were valued by estimating the fair value of such properties as if they were completed in accordance with the relevant development plan and then deducting from that amount the estimated costs to complete the construction, financing costs, marketing and legal costs and an allowance for developer's risk and profit.

As at 30 June 2013, investment properties with original cost of RMB1,577,443,000 (31 December 2012: RMB1,742,096,000) were pledged as security for the Group's interest-bearing borrowings (Note 17).

11 GOODWILL

Goodwill relates to the acquisition of Wuxi Merchant City Co., Ltd. ("Wuxi Project"), which is identified to be a cash-generating unit ("CGU"). The recoverable amount of the CGU is determined based on value-in-use calculations. These calculations use cash flow projection based on financial budgets approved by management covering a 10-year period. Cash flows beyond the 10-year period are extrapolated using an estimated weighted average growth rate of 4%. The cash flows are discounted using a discount rate of 7.7%. The discount rate used is pre-tax and reflect specific risks relating to the business.



Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

12 INVENTORIES

	At 30 June 2013 RMB'000	At 31 December 2012 RMB'000
Properties under construction	3,156,519	2,901,771
Completed properties	334,854	349,019
Trading goods	40,145	45,425
	3,531,518	3,296,215

The Group constructs shopping malls and transfers the operating rights of certain units of the shopping malls to buyers. Inventories balance of properties under construction and completed properties represents the cost of the units of the shopping malls of which the operation rights will be transferred to buyers subsequently.

13 TRADE AND OTHER RECEIVABLES

	At 30 June 2013 RMB'000	At 31 December 2012 RMB'000
Trade receivables (i)/(ii)	1,718,933	1,896,589
Receivables from disposal of subsidiaries (v)	1,245,656	1,589,224
Bank deposits (Note 14(i))	1,918	5,835
Deposits for acquisition (vi)	–	310,000
Others	206,113	317,464
	3,172,620	4,119,112
Less: allowance for doubtful debts	(6,370)	(6,370)
	3,166,250	4,112,742
Representing:		
– Non-current	1,001,509	1,499,918
– Current	2,164,741	2,612,824
	3,166,250	4,112,742

Except as disclosed in Note 13(i) below, the balance of trade and other receivables are expected to be settled or recovered within one year.

Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

13 TRADE AND OTHER RECEIVABLES (continued)

(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. During the six months ended 30 June 2013, the Group has negotiated the cash payment schedule with the buyers or arranged loans with banks for the buyers of the shopping mall units. As at 30 June 2013, the management estimated the receivables will be recovered:

	At 30 June 2013 RMB'000	At 31 December 2012 RMB'000
Within one year	717,424	396,671
Over one year	1,001,509	1,499,918
	1,718,933	1,896,589

(ii) Ageing analysis

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

	At 30 June 2013 RMB'000	At 31 December 2012 RMB'000
Within 6 months	14,593	65,281
6 months to 1 year	51,660	–
More than 1 year	1,652,680	1,831,308
	1,718,933	1,896,589

(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.





Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

13 TRADE AND OTHER RECEIVABLES *(continued)*

(iv) Trade receivables that are not impaired

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

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

(v) Receivables from disposal of subsidiaries

In 2010, the Group disposed of 100% equity interest of five wholly-owned subsidiaries registered in the BVI at a total consideration of HKD4,666,838,000. Up to 30 June 2013, all the consideration has been settled. Other receivables represent the amounts due from the subsidiaries disposed of at the date of disposal. The directors of the buyers provided guarantee to the Group in respect of the repayment. However, some buyers have requested for the negotiation of the amount to be paid due to some issues noted in the disposed subsidiaries. The directors of the Company believe the Group has no legal obligation to fulfil the buyers' request and is entitled to enforce its rights under the share pledge agreement and personal guarantee to secure the collection of the receivables. However, the directors of the Company are considering all factors such as legal and commercial in arriving at the plan to deal with these requests.

(vi) Deposits for acquisition

The balance represents deposit made as a security for acquisition of a new project in Mainland China. The acquisition plan has been cancelled by the Group and the deposit has been received by the Group in January 2013.

14 OTHER ASSETS

	At 30 June 2013 RMB'000	At 31 December 2012 RMB'000
Bank deposits <i>(i)</i>	183,888	184,571
Prepayments for construction <i>(ii)</i>	1,356,291	1,327,733
Prepayment for acquisition of non-controlling interests <i>(iii)</i>	218,307	218,307
	1,758,486	1,730,611

Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

14 OTHER ASSETS (continued)

- (i) Bank deposits represent deposits for guarantees for loans:

	At 30 June 2013 RMB'000	At 31 December 2012 RMB'000
Repayable within one year (Note 13)		
– guarantees for buyers' bank loans (a)	1,918	5,835
Repayable after more than one year		
– guarantees for buyers' bank loans (a)	164,754	163,448
– security for bank loans (b)	19,134	21,123
	183,888	184,571
	185,806	190,406

(a) The Group's subsidiaries in the PRC have entered into agreements with certain banks with respect to loans provided to buyers of the operation rights. The Group makes deposits as security for repayment of the loans under these agreements. The deposits will be released along with the repayment of loan principal by the buyers.

(b) The amounts of the Group represent deposits made as security to obtain the bank loans from certain PRC banks (Note 17(i)(b)). The deposit will be released along with the Group's repayment of such related bank loans.

- (ii) Prepayments for construction mainly include prepayments for purchase of steel amounting to RMB306,930,000 (31 December 2012: RMB326,930,000) and prepayments to constructors amounting to RMB1,049,361,000 (31 December 2012: RMB1,000,803,000).

- (iii) Prepayment for acquisition of non-controlling interests represents prepayment for the acquisition of the entire issued share capital of Wise Track Group Limited which holds 10% equity interest in Dongguan New World, one of the Group's PRC subsidiaries. The Group has not completed the above acquisition as at 30 June 2013.





Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

15 CASH AT BANK AND ON HAND

	At 30 June 2013 RMB'000	At 31 December 2012 RMB'000
Cash on hand	20,062	16,721
Cash at bank	1,017,423	1,216,668
	1,037,485	1,233,389
Representing:		
– Cash and cash equivalents	838,949	990,534
– Time deposits with original maturity over three months	198,536	242,855
	1,037,485	1,233,389

16 TRADE AND OTHER PAYABLES

	At 30 June 2013 RMB'000	At 31 December 2012 RMB'000
Receipt in advance (i)	460,810	945,028
Construction payables (ii)	1,751,668	1,802,342
Other taxes payable (iii)	20,923	19,957
Deposits (iv)	608,728	575,914
Amounts due to a related party (Note 24(c))	920	936
Salary and welfare expenses payable	3,671	7,757
Professional service fee payables	15,599	14,652
Interest payable	177,929	181,123
Others	58,949	65,284
	3,099,197	3,612,993

- (i) As at 30 June 2013, the amount of receipt in advance expected to be recognised as income after more than one year is RMB61,314,000 (31 December 2012: RMB63,745,000).

Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

16 TRADE AND OTHER PAYABLES (continued)

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

	At 30 June 2013 RMB'000	At 31 December 2012 RMB'000
Due within one year or on demand	1,751,668	1,802,342

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

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

17 INTEREST-BEARING BORROWINGS

(i) Non-current interest-bearing borrowings comprise:

	At 30 June 2013 RMB'000	At 31 December 2012 RMB'000
Senior notes (a)		
– Senior Notes 2015	1,829,998	1,856,213
– Senior Notes 2016	3,649,470	3,704,052
Secured bank and other loans (b)	1,861,400	1,986,800
	7,340,868	7,547,065
Less: current portion of long-term bank loans (Note 17(ii))	(259,800)	(299,800)
	7,081,068	7,247,265





Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

17 INTEREST-BEARING BORROWINGS *(continued)*

(i) Non-current interest-bearing borrowings comprise: *(continued)*

(a) The Company issued senior notes of aggregate amount of USD900,000,000 in 2010, which will be due in 2015 and 2016 respectively.

On 18 May 2010, the Company issued senior notes of USD300,000,000 ("Senior Notes 2015"). The Senior Notes 2015 bear interest at 11.75% per annum, payable semi-annually in arrears, and will be due in 2015.

On 10 September 2010 and 15 November 2010, the Company issued in aggregation of USD600,000,000 senior notes ("Senior Notes 2016"). The Senior Notes 2016 bear interest at 13% per annum, payable semi-annually in arrears, and will be due in 2016.

The Group's certain subsidiaries registered in Hong Kong and the BVI have provided guarantee to the Senior Notes 2015 and Senior Notes 2016 issued in 2010. The guarantee will be released upon the full and final payments of Senior Notes.

(b) Secured bank and other loans represent bank and other loans borrowed by the PRC subsidiaries bearing interest rates ranging from 5.895% to 7.691% per annum (31 December 2012: 6.345% to 8.32% per annum).

(ii) The short-term loans and borrowing comprise:

	At 30 June 2013 RMB'000	At 31 December 2012 RMB'000
Secured bank loans (a)	30,000	35,000
Current portion of long-term bank loans <i>(Note 17(i))</i>	259,800	299,800
	289,800	334,800

(a) Secured bank loans represent bank loans borrowed by a PRC subsidiary with principal amount of RMB30,000,000 (31 December 2012: RMB35,000,000) bearing interest rate at 7.2% (31 December 2012: 7.89%) per annum. The loan is secured by investment properties and guaranteed by certain PRC subsidiaries of the Group (31 December 2012: secured by investment properties).

Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

17 INTEREST-BEARING BORROWINGS (continued)

(iii) The bank and other loans are repayable as follows:

	At 30 June 2013 RMB'000	At 31 December 2012 RMB'000
Within one year	289,800	334,800
Between one and two years	831,100	361,800
Between two and five years	423,000	974,700
After five years	347,500	350,500
	1,891,400	2,021,800

18 DEFERRED TAX ASSETS AND LIABILITIES

(a) Deferred tax assets

Deferred tax assets mainly represent the unused tax losses of the Group's PRC companies.

(b) Deferred tax liabilities

Deferred tax liabilities mainly represent the deferred tax liabilities recognised as a result of fair value adjustments of the investment properties.

19 NON-CURRENT RECEIPT IN ADVANCE

The amounts represent the payments received by the Group from the buyers before the transfer of the operation rights of the shop units. The operation rights of the shop units are expected to be transferred to the buyers after three years from the date of commencement of operation of the relevant shopping mall according to the operation rights transfer agreement. The carrying value of the inventory to be transferred under these contracts amount to RMB132,304,000 at 30 June 2013.





Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

20 CAPITAL, RESERVES AND DIVIDENDS

(a) Dividends

- (i) Dividends payable to equity shareholders attributable to the interim period

There was no interim dividend declared attributable to the six months ended 30 June 2013 (six months ended 30 June 2012: Nil).

- (ii) Dividends payable to equity shareholders attributable to the previous financial year, approved and paid during the interim period

The directors of the Company did not recommend the payment of a final dividend for the year ended 31 December 2012 during the six month ended 30 June 2013 (six months ended 30 June 2012: Nil).

(b) Equity settled share-based transactions

No share options were granted during the six months ended 30 June 2013 (six months ended 30 June 2012: Nil).

612,000,000 share options (representing 612,000,000 new shares of the Company upon full exercise) previously granted to certain directors of the Company and certain employees of the Group were lapsed as certain vesting conditions had not been fulfilled during the six months ended 30 June 2013 (six months ended 30 June 2012: Nil).

No share options previously granted to directors of the Company and employees of the Group have been forfeited during the six months ended 30 June 2013 (six months ended 30 June 2012: 80,000,000).

No share options were exercised during the six months ended 30 June 2013 (six months ended 30 June 2012: Nil).

21 CONTINGENCIES

(a) Guarantees

The Group has provided guarantees and made deposits to banks to assist the buyers of operation rights to obtain bank loans (Note 14(i)). The outstanding guarantees as at 30 June 2013 amounted to RMB600,297,000 (31 December 2012: RMB721,045,000). The guarantees and deposits will be released along with the repayment of loan principal by the buyers.

Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

22 OPERATING LEASE

(a) Leases as lesser

The Group leases out its investment properties under operating leases. The future minimum lease payments under non-cancellable leases are receivable as follows:

	At 30 June 2013 RMB'000	At 31 December 2012 RMB'000
Less than one year	374,230	361,287
Between one and five years	60,449	45,028
More than five years	49,455	28,378
	484,134	434,693

(b) Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

	At 30 June 2013 RMB'000	At 31 December 2012 RMB'000
Less than one year	21,489	18,487
Between one and five years	8,358	10,870
	29,847	29,357

23 CAPITAL COMMITMENTS

As at 30 June 2013 and 31 December 2012, the Group has the following commitments in respect of the construction of shopping mall not provided for in the financial statements:

	At 30 June 2013 RMB'000	At 31 December 2012 RMB'000
Contracted for	2,816,782	2,628,549
Authorised but not contracted for	3,444,865	3,650,096
	6,261,647	6,278,645



Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

24 MATERIAL RELATED PARTY TRANSACTIONS AND BALANCE

(a) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors and certain of the highest paid employees, is as follows:

	Six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
Salaries and other emoluments	35,695	41,125
Retirement plan contributions	159	147
Equity settled share-based payment	–	–
	35,854	41,272

(b) Material related party transactions

	Six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
Operating lease to		
– Directors	23	11
– Other related parties	108	52
Operating lease from		
– Other related parties	400	400
Repayment to a director	–	10,071
Payment on behalf of a director (i)	–	1,260
Payment payable to a director (ii)	–	7,694
Guarantee received from a director (iii)	475,000	287,000

(i) During the six months ended 30 June 2012, the Group made payment on behalf of Mr. Dai Yongge, the Chairman of the Company as an indirect repayment of debt due to Mr. Dai Yongge.

(ii) During the six months ended 30 June 2012, Mr. Dai Yongge made payment for purchasing goods on behalf of the Group.

(iii) Mr. Dai Yongge provided guarantee for the bank loans obtained by certain PRC subsidiaries of the Group with a total amount of RMB475,000,000 (six months ended 30 June 2012: RMB287,000,000) during the six months ended 30 June 2013. The period of these loans is from 27 June 2013 to 26 June 2015 (six months ended 30 June 2012: from 22 Jun 2011 to 31 December 2012).

Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

24 MATERIAL RELATED PARTY TRANSACTIONS AND BALANCE *(continued)*

(c) Related party balances

	At 30 June 2013 RMB'000	At 31 December 2012 RMB'000
Amounts due to a related party <i>(Note 16)</i>		
– Director	920	936

25 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

The Group does not have any financial instruments measured at fair value at the end of the reporting period.

The carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 31 December 2012 and 30 June 2013 except for the following financial instruments, for which their carrying amounts and fair values are disclosed below:

	At 30 June 2013		At 31 December 2012	
	Carrying amount RMB'000	Fair value RMB'000	Carrying amount RMB'000	Fair value RMB'000
Non-current interest bearing borrowings	7,081,068	5,007,884	7,247,265	5,853,112

