



RENHE

Renhe Commercial Holdings Company Limited

(incorporated in the Cayman Islands with limited liability)

Stock Code : 1387



Interim Report 2016

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Corporate Information

DIRECTORS

Executive Directors

Dai Yongge (Chairman)
Wang Hongfang (Chief Executive Officer)
Hu Yuzhou
Dai Bin
Zhou Jun

Non-Executive Directors

Hawken Xiu Li
Jiang Mei
Zhang Xingmei
Zhang Dabin
Wang Chunrong

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

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STOCK CODE

The Stock Exchange of Hong Kong Limited: 1387

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 6 months ended 30 June 2016.

In view of the difficult operating environment of the retail and commercial and property space and the imminent financial needs of the Group, earlier this year in February, we announced the proposed sale of majority of our underground shopping malls for a minimum cash consideration of not less than USD1,000 million and that the relevant bidders would be required to assume all the indebtedness, construction payables and capital expenditures related to the disposal properties. Details of which are set out in the Management Discussion and Analysis section below. The sale was completed on 8 July 2016.

OUTLOOK

With the successful disposal of the underground shopping mall assets and the subsequent full settlement of the Group's offshore debts and obligations with the proceeds from the disposal, the Group's cashflow will be significantly improved. We will put on full effort and dedication on our agriculture business. The agriculture sector in China is huge and is one of the most supported industries by the Chinese government. We are very positive and confident on its future business opportunities.

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.

Dai Yongge

Chairman

30 August 2016

Management Discussion and Analysis

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 report, 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.





Management Discussion and Analysis

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	Location
Harbin	9	168,081	83,414	4,209	beneath Dongdazhi Street, Guogeli Avenue and Shitoudao Street etc, Nangang and Daoli District, Harbin City
Shenyang	3	210,602	80,225	92,163	beneath Changjiang Street and Bitang Garden, Huanggu District; Zhong Street and Zhengyang Street, Shenhe District; Taiyuan North Street and Zhongshan Road, Heping District, Shenyang City
Guangzhou	2	89,415 <i>(note 1)</i>	11,111 <i>(note 1)</i>	35,000	beneath Zhanqian Road and Zhannan Road, Guangzhou City
Wuhan	1	69,209	44,609	–	beneath Hanzheng Street, Zhongshan Avenue, Liji Road, Duofu Road and South Youyi Road, Wuhan City
Wuxi	1	429,255 <i>(note 2)</i>	419,911 <i>(note 2)</i>	–	No. 18 Xigan Road, Wuxi City
Handan	1	68,027	62,570	4,451	beneath Lingxi Avenue, Heping Road and Huanchengxi Road, Handan City
Putian	1	55,084	43,194	–	beneath Wenxian Road, Xueyuanzhong Street and Xueyuannan Street, Putian City
Anyang	1	25,310	23,661	–	beneath Jiefang Avenue, Anyang City
Ganzhou	1	59,900 <i>(note 3)</i>	47,639 <i>(note 3)</i>	–	beneath Wengqing Road, Ganzhou City
Fushun	1	10,596	10,596	–	beneath Zhongyang Avenue and Dongyi Street, Fushun City
Yueyang	1	81,780 <i>(note 4)</i>	41,780 <i>(note 4)</i>	27,795	beneath Dongmaoling Road and Pedestrian Street, Yueyang City
Jinzhou	1	40,765	10,765	29,581	beneath Zhongyang Avenue, Luoyang Road and Shanghai Road, Jinzhou City
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.

Management Discussion and Analysis

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

Under construction ^a	Development status	Usage	Expected completion date	Total construction GFA – sq.m	Investment properties GFA – sq.m	Inventory GFA – sq.m	Location
1 Chongqing Banan Project Phase 1	Under construction	Commercial	2018	60,669	40,669	20,000	beneath Baxian Avenue, Banan District, Chongqing City
2 Chongqing Dadukou Project Phase 1	Under construction	Commercial	2018	40,379	20,379	20,000	beneath Jinxia Road, Dadukou District, Chongqing City
3 Liaoning Anshan Project Phase 2	Under construction	Commercial	2018	118,000	118,000	–	beneath Gaixin Square, Anshan City
4 Hainan Sanya Project	Under construction	Commercial	2019	135,190	100,190	35,000	beneath Yingbin Road, Sanya City
5 Liaoning Shenyang Project Phase 2	Under construction	Commercial	2018	118,058	88,058	30,000	beneath Chaoyang Street and surrounding 5 streets; beneath Minzhu Road, Shenyang City
6 Guangdong Dongguan Humen Project Phase 1*	Under construction	Commercial	2019	423,890 (note 1)	273,890 (note 1)	150,000	beneath Binhai Avenue, Dongguan City
7 Hebei Qinhuangdao Project Phase 1	Under construction	Commercial	2018	23,282	13,282	10,000	beneath Wenhua Road, Haigang District, Qinhuangdao City
8 Liaoning Anshan Project Phase 3	Under construction	Commercial	2018	18,928	–	18,928	beneath Dongshan Street, Anshan City
9 Jiangxi Yingtan Project Phase 1	Under construction	Commercial	2018	86,000 (note 2)	61,000 (note 2)	25,000	beneath Zhongxin Square, Shengji Road, Jiaotong Road and Yingtan Garden, Yingtan City
10 Guangdong Dongguan Humen Project Phase 2*	Under construction	Commercial	2019	228,000 (note 3)	178,000 (note 3)	50,000	beneath Bada Avenue, Taiping Square, Wenguang Centre and Renminzhonglu, Dongguan City
11 Shandong Yantai Project Phase 1	Under construction	Commercial	2018	30,000	5,000	25,000	beneath Xi Avenue, Yantai City
Total				1,282,396	898,468	383,928	



Management Discussion and Analysis

Project reserves (including projects under construction) as at 30 June 2016 (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 Jinchongqiao 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 Xibei Road Project**	Approved and under planning stage	TBD	TBD	450,000	beneath Jianshu Avenue, West Lake, North Lake, Fountain Garden, Jianshe Avenue and Xinhua Road, Jiangnan District, 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 Lienyungang 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, Donggan 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, Sihai 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 Jinsuidong 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 Huanchengnan Road, Dongsi 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 Ruijin Road, Yanan Road, Dananmen, Zhanqian Square and surrounding 15 streets, Guiyang City	
Total				3,487,016		
Grand Total				4,769,412	898,468	383,928

Notes:

- Includes car parking space with GFA of 30,000 sq.m
- Includes car parking space with GFA of 18,476 sq.m
- 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.

TBD to be determined

Management Discussion and Analysis

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		1,314,597	523,182

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.



Management Discussion and Analysis

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 report, 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.

Management Discussion and Analysis

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)



Management Discussion and Analysis

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.

Management Discussion and Analysis

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.



Management Discussion and Analysis

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.

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).

Other Information

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

As at 30 June 2016, 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
Mr. Dai Yongge	Beneficial owner	L	153,900,000	0.35%
	Interest in controlled corporations	L (note 2)	16,146,900,132	36.72%
	Interest of spouse	L (note 3)	12,243,902,439	27.85%
	Interest in a controlled corporation	S	66,556,293	0.15%
Mr. Wang Hongfang	Beneficial owner	L	28,050,000	0.06%
	Interest in a controlled corporation	L	7,575,000	0.02%
Ms. Zhang Xingmei	Interest in a controlled corporation	L (note 4)	12,243,902,439	27.85%
	Interest of spouse	L (note 5)	16,300,800,132	37.07%
	Interest of spouse	S	66,556,293	0.15%
Mr. Zhang Dabin	Beneficial owner	L	3,000,000	0.00%
	Interest in a controlled corporation	L	13,100,000	0.03%
Ms. Wang Chunrong	Interest in a controlled corporation	L	33,600,000	0.07%





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

Name of director	Capacity	Nature of associated corporation	Number of ordinary shares	Percentage of the issued share capital of the associated corporation
Mr. Dai Yongge	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%
Ms. Zhang Xingmei	Beneficial owner	Win Spread Limited	1	100.00%
	Interest in a controlled corporation	Dili Group Holdings Company Limited	1,351,171	100.00%
	Interest in a controlled corporation	Shouguang Dili Agri-Products Group Company Limited	1,627,160 (note 6)	67.86%
	Interest in a controlled corporation	New Amuse Limited	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) Mr. Dai Yongge is deemed to be interested in such shares held through controlled corporations, Super Brilliant, Wealthy Aim Holdings Limited and Gloss Season Limited.
- (3) Mr. Dai Yongge is deemed to be interested in the shares held by his spouse, Ms. Zhang Xingmei.
- (4) Ms. Zhang Xingmei is deemed to be interested in such shares held through a controlled corporation, New Amuse Limited.
- (5) Ms. Zhang Xingmei is deemed to be interested in the shares held by her spouse, Mr. Dai Yongge.
- (6) A total of 1,627,160 shares consist of both ordinary shares and class A preference shares with the same voting rights.

Save as disclosed above, none of the directors or chief executives of the Company or their associates had, as at 30 June 2016, any other interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO).

Other Information

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

As at 30 June 2016, 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	15,383,738,082 (L)	34.99%
	Beneficial owner	66,556,293 (S)	0.15%
Shining Hill (note 2)	Interest in a controlled corporation	15,383,738,082 (L)	34.99%
	Interest in a controlled corporation	66,556,293 (S)	0.15%
New Amuse Limited	Beneficial owner	12,243,902,439 (L)	27.85%
Shouguang Dili Agri-Products Group Company Limited	Interest in a controlled corporation	12,243,902,439 (L)	27.85%
Dili Group Holdings Company Limited	Interest in a controlled corporation	12,243,902,439 (L)	27.85%
Win Spread Limited	Interest in a controlled corporation	12,243,902,439 (L)	27.85%

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) Mr. Dai Yongge 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, Mr. Dai Yongge and Shining Hill are deemed or taken to be interested in the shares beneficially owned by Super Brilliant for the purposes of the SFO.

Save as disclosed above and so far as the Directors are aware of, as at 30 June 2016, 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. There were no outstanding share options as at 30 June 2016. No share options have been granted, exercised, cancelled and lapsed during the six months ended 30 June 2016.

Save as disclosed above, as at 30 June 2016, the Company had not been notified of any other interests or short positions in the shares or underlying shares of the Company.

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 Listing Rules on the Stock Exchange 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") held on 18 May 2016 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.

Other Information

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 enquiries 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.





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 20 to 54 which comprises the consolidated statement of financial position of Renhe Commercial Holdings Company Limited (the "Company") as at 30 June 2016 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 flow statement for the six months 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 2016 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

30 August 2016

Consolidated Statement of Profit or Loss

For the six months ended 30 June 2016 – unaudited
(Expressed in Renminbi)

	Note	Six months ended 30 June	
		2016 RMB'000	2015 RMB'000 <i>Re-presented</i> <i>(Note 14)</i>
Continuing operation			
Revenue	3	523,182	–
Gross profit		523,182	–
Other income	4	63,738	–
Administrative expenses		(212,131)	(176,582)
Other operating expenses		(299,692)	–
Operating profit/(loss) from continuing operation		75,097	(176,582)
Finance income		404	67
Finance expenses		(11,717)	(1,030)
Net finance expenses	5(a)	(11,313)	(963)
Profit/(loss) from continuing operation before taxation	5	63,784	(177,545)
Income tax	6	(61,533)	–
Profit/(loss) from continuing operation		2,251	(177,545)
Discontinued operation			
Loss from discontinued operation, net of tax	14(a)	(14,513,350)	(356,107)
Loss for the period		(14,511,099)	(533,652)

The notes on pages 29 to 54 form part of this interim financial report.



Consolidated Statement of Profit or Loss

For the six months ended 30 June 2016 – unaudited (continued)

(Expressed in Renminbi)

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

The notes on pages 29 to 54 form part of this interim financial report.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2016 – unaudited
(Expressed in Renminbi)

	Six months ended 30 June	
	2016 RMB'000	2015 RMB'000 <i>Re-presented</i> <i>(Note 14)</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	(96,811)	(4,305)
Total comprehensive income for the period	(14,607,910)	(537,957)
Attributable to:		
Equity shareholders of the Company	(14,590,191)	(524,140)
Non-controlling interests	(17,719)	(13,817)
Total comprehensive income for the period	(14,607,910)	(537,957)
Total comprehensive income for the period arises from:		
Continuing operation	101,143	(111,429)
Discontinued operation	(14,709,053)	(426,528)
Total comprehensive income for the period	(14,607,910)	(537,957)



The notes on pages 29 to 54 form part of this interim financial report.



Consolidated Statement of Financial Position

At 30 June 2016 – unaudited
(Expressed in Renminbi)

		At 30 June 2016	At 31 December 2015
	Note	RMB'000	RMB'000
Non-current assets			
Property and equipment		518,125	535,719
Investment properties		–	23,001,104
Intangible assets	8	6,196,155	6,358,083
Goodwill	9	386,380	750,172
Other assets	12	13,512	1,077,057
Deferred tax assets		–	137,332
Trade receivables and other assets	11	–	261,642
Total non-current assets		7,114,172	32,121,109
Current assets			
Inventories	10	41,183	4,770,016
Trade receivables and other assets	11	150,968	436,421
Cash at bank and on hand	13	165,766	908,400
Assets held for sale	14(b)	29,034,136	–
Total current assets		29,392,053	6,114,837
Current liabilities			
Interest-bearing borrowings	16(b)	2,574,681	4,681,113
Trade and other payables	15	2,702,004	5,157,236
Taxation		47,752	46,821
Liabilities held for sale	14(c)	22,609,440	–
Total current liabilities		27,933,877	9,885,170
Net current assets/(liabilities)		1,458,176	(3,770,333)
Total assets less current liabilities		8,572,348	28,350,776

The notes on pages 29 to 54 form part of this interim financial report.

Consolidated Statement of Financial Position

At 30 June 2016 – unaudited (continued)

(Expressed in Renminbi)

	Note	At 30 June 2016 RMB'000	At 31 December 2015 RMB'000
Non-current liabilities			
Interest-bearing borrowings	16(a)	–	2,067,480
Long-term rental deposits		–	17,282
Deferred tax liabilities	17(b)	1,546,026	4,609,915
Receipt in advance		–	21,867
Total non-current liabilities		1,546,026	6,716,544
Net assets		7,026,322	21,634,232
Capital and reserves			
	18		
Share capital		366,604	366,604
Reserves		6,638,627	21,228,818
Total equity attributable to equity shareholders of the Company		7,005,231	21,595,422
Non-controlling interests		21,091	38,810
Total equity		7,026,322	21,634,232

Approved and authorised for issue by the board of directors on 30 August 2016.

Dai Yongge
Chairman

Wang Hongfang
Director



The notes on pages 29 to 54 form part of this interim financial report.



Consolidated Statement of Changes in Equity

For the six months ended 30 June 2016 – unaudited

(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			
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	Total RMB'000	RMB'000	RMB'000
Balance at 1 January 2015	186,376	6,179,085	7,508	129,488	635,443	(10,659)	128,704	11,172,519	18,428,464	139,880	18,568,344
Changes in equity for the six months ended 30 June 2015:											
Loss for the period	-	-	-	-	-	-	-	(519,835)	(519,835)	(13,817)	(533,652)
Other comprehensive income	-	-	-	-	-	(4,305)	-	-	(4,305)	-	(4,305)
Total comprehensive income for the period	-	-	-	-	-	(4,305)	-	(519,835)	(524,140)	(13,817)	(537,957)
Issue of shares under rights											
issue	83,592	2,561,500	-	-	-	-	-	-	2,645,092	-	2,645,092
Balance at 30 June 2015	269,968	8,740,585	7,508	129,488	635,443	(14,964)	128,704	10,652,684	20,549,416	126,063	20,675,479

The notes on pages 29 to 54 form part of this interim financial report.

Consolidated Statement of Changes in Equity

For the six months ended 30 June 2016 – 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	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 30 June 2015 and 1 July 2015	269,968	8,740,585	7,508	129,488	635,443	(14,964)	128,704	10,652,684	20,549,416	126,063	20,675,479
Changes in equity for the six months ended 31 December 2015:											
Loss for the period	-	-	-	-	-	-	-	(3,915,848)	(3,915,848)	(87,253)	(4,003,101)
Other comprehensive income	-	-	-	-	-	(256,502)	-	-	(256,502)	-	(256,502)
Total comprehensive income	-	-	-	-	-	(256,502)	-	(3,915,848)	(4,172,350)	(87,253)	(4,259,603)
Issue of shares for acquisition of business	96,636	5,121,720	-	-	-	-	-	-	5,218,356	-	5,218,356
Transfer to reserve fund	-	-	-	-	3,213	-	-	(3,213)	-	-	-
Balance at 31 December 2015	366,604	13,862,305	7,508	129,488	638,656	(271,466)	128,704	6,733,623	21,595,422	38,810	21,634,232



The notes on pages 29 to 54 form part of this interim financial report.



Consolidated Statement of Changes in Equity

For the six months ended 30 June 2016 – 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			
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
Balance at 1 January 2016	366,604	13,862,305	7,508	129,488	638,656	(271,466)	128,704	6,733,623	21,595,422	38,810	21,634,232
Changes in equity for the six months ended 30 June 2016:											
Loss for the period	-	-	-	-	-	-	-	(14,493,380)	(14,493,380)	(17,719)	(14,511,099)
Other comprehensive income	-	-	-	-	-	(96,811)	-	-	(96,811)	-	(96,811)
Total comprehensive income	-	-	-	-	-	(96,811)	-	(14,493,380)	(14,590,191)	(17,719)	(14,607,910)
Transfer to reserve fund	-	-	-	-	4,382	-	-	(4,382)	-	-	-
Balance at 30 June 2016	366,604	13,862,305	7,508	129,488	643,038	(368,277)	128,704	(7,764,139)	7,005,231	21,091	7,026,322

Note 18(b)

The notes on pages 29 to 54 form part of this interim financial report.

Condensed Consolidated Cash Flow Statement

For the six months ended 30 June 2016 – unaudited
(Expressed in Renminbi)

	Note	Six months ended 30 June	
		2016 RMB'000	2015 RMB'000
Operating activities			
Cash generated from/(used in) operation		191,363	(249,554)
Tax paid		(105,506)	(12,864)
Net cash generated from/(used in) operating activities		85,857	(262,418)
Investing activities			
Additions to investment properties		(54,840)	(196,448)
Decrease in time deposits		–	51,552
Other cash flows (used in)/generated from investing activities		(78,213)	24,626
Cash and cash equivalents reclassified as asset held for sale	14(b)	(166,490)	–
Net cash used in investing activities		(299,543)	(120,270)
Financing activities			
Proceeds from new borrowings		1,249,432	2,973,682
Repayment of borrowings		(382,042)	(883,700)
Repayment of senior notes		(1,053,051)	(480,747)
Repayment of tender offers of senior notes		–	(3,471,671)
Interest paid		(333,714)	(395,651)
Proceeds from issuance of shares under rights issue		–	2,645,092
Payment of interest expense to a related party		(12,896)	–
Other cash flows used in financing activities		–	(19,722)
Net cash (used in)/generated from financing activities		(532,271)	367,283
Net decrease in cash and cash equivalents		(745,957)	(15,405)
Cash and cash equivalents at 1 January	13	908,400	832,941
Effect of foreign exchange rates changes		3,323	(244)
Cash and cash equivalents at 30 June	13	165,766	817,292

The notes on pages 29 to 54 form part of this interim financial report. Refer to Note 14(e) in respect of cash flows from the discontinued operation.



Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

1 BASIS OF PREPARATION

- (i) 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 30 August 2016.

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 1(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 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 2015 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 19.

(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.

Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

1 BASIS OF PREPARATION *(continued)*

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

Non-current assets held for sale *(continued)*

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.





Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

2 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.

3 REVENUE AND SEGMENT REPORTING

(a) 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	–
	523,182	–

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).

Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

3 REVENUE AND SEGMENT REPORTING *(continued)*

(b) 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 14), 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.

4 OTHER INCOME FROM CONTINUING OPERATION

	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
		<i>Re-presented</i>
Market services fee income	63,402	–
Net gain on disposal of property and equipment	236	–
Others	100	–
	63,738	–





Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

5 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
	404	67
Finance expenses		
— Interest on interest-bearing borrowings	(13,409)	—
— Net foreign exchange gain/(loss)	2,149	(968)
— Bank charges and others	(457)	(62)
	(11,717)	(1,030)
	(11,313)	(963)

(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	8	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

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6 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
		<i>Re-presented</i>
Current tax		
PRC Enterprise Income Tax		
Provision for the period	101,823	–
Under-provision in respect of prior years	252	–
	102,075	–
Deferred tax		
Reversal and origination of temporary difference	(40,542)	–
	61,533	–

- (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.

7 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.





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7 BASIC AND DILUTED EARNINGS/(LOSS) PER SHARE *(continued)*

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
		<i>Re-presented</i>
From continuing operation	2,251	(177,545)
From discontinued operation	(14,495,631)	(342,290)
Loss attributable to ordinary equity shareholders	(14,493,380)	(519,835)

8 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.

9 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 14(a)(ii)).

10 INVENTORIES

	At 30 June 2016 RMB'000	At 31 December 2015 RMB'000
Properties under construction	–	2,774,142
Completed properties	–	1,953,409
Trading goods	41,183	42,465
	41,183	4,770,016

As at 30 June 2016, inventories within the shopping mall segment were reclassified as assets held for sale (Note 14(b)).

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11 TRADE RECEIVABLES AND OTHER ASSETS

	Note	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	(iv)	–	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	(iii)	–	(157,537)
		150,968	698,063
Representing:			
— Non-current		–	261,642
— Current		150,968	436,421
		150,968	698,063

Trade receivables and other assets arose from shopping mall business was reclassified as assets held for sale as at 30 June 2016 (Note 14(b)).

(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.

	At 30 June 2016 RMB'000	At 31 December 2015 RMB'000
Within one year	–	68,584
Over one year	–	414,105
	–	482,689
Less: allowance for doubtful debts	–	(157,537)
	–	325,152



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11 TRADE RECEIVABLES AND OTHER ASSETS (continued)

(ii) Ageing analysis

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

	At 30 June 2016 RMB'000	At 31 December 2015 RMB'000
Within 6 months	–	390
6 months to 1 year	–	7,349
More than 1 year	–	474,950
	–	482,689

(iii) Impairment of trade receivables

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

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

	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	–	157,537

(iv) 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.

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12 OTHER ASSETS

	At 30 June 2016 RMB'000	At 31 December 2015 RMB'000
Bank deposits	–	50,841
Prepayments for construction	13,512	792,051
Prepayment for acquisition of non-controlling interests	–	234,165
	13,512	1,077,057

(i) RMB1,079,350,000 of other assets have been reclassified as assets held for sale as at 30 June 2016 (Note 14(b)).

13 CASH AT BANK AND ON HAND

	At 30 June 2016 RMB'000	At 31 December 2015 RMB'000
Cash on hand	17,656	12,917
Cash at bank	148,110	895,483
	165,766	908,400

14 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, the details of which are set out in Note 24.



Notes to the Unaudited Interim Financial Report

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14 DISPOSAL GROUP HELD FOR SALE AND DISCONTINUED OPERATION *(continued)*

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

	Note	Six months ended 30 June	
		2016 RMB'000	2015 RMB'000
Revenue		239,313	243,385
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		—	(120)
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		140,195	174,177
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)

Notes to the Unaudited Interim Financial Report

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14 DISPOSAL GROUP HELD FOR SALE AND DISCONTINUED OPERATION *(continued)*

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

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

	Six months ended 30 June	
	2016 RMB'000	2015 RMB'000 <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 9)) 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 (see Note 14(c)).





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14 DISPOSAL GROUP HELD FOR SALE AND DISCONTINUED OPERATION *(continued)*

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

	Note	At 30 June 2016 RMB'000
Investment properties at fair value	(i)	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

(i) Investment properties

	Completed properties RMB'000	Properties under construction RMB'000	Total RMB'000
At fair value:			
At 1 January 2016	15,564,700	7,436,404	23,001,104
Additions	27,801	1,570	29,371
Reclassification	125,683	(125,683)	–
Fair value adjustments	(397,384)	(365,701)	(763,085)
At 30 June 2016	15,320,800	6,946,590	22,267,390

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14 DISPOSAL GROUP HELD FOR SALE AND DISCONTINUED OPERATION *(continued)*

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

(i) Investment properties *(continued)*

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

In accordance with accounting policy in Note 1(ii), investment properties are exempted from the measurement policy of assets held for sale. Investment properties are stated at fair value, which represents the estimated amount for which an asset or liability would exchange on the valuation date in a transaction between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.

All investment properties of the Group, including those under construction, were revalued at 30 June 2016 by BMI Appraisals Limited ("BMI"), 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 transactions in orderly markets. 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. Further details are set out below.

- As at 30 June 2016, investment properties with original cost of RMB1,846,165,000 (31 December 2015: RMB1,846,165,000) were pledged as security for the Group's interest-bearing borrowings.





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14 DISPOSAL GROUP HELD FOR SALE AND DISCONTINUED OPERATION *(continued)*

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

(i) Investment properties *(continued)*

— Fair value measurement of investment properties

— Fair value hierarchy

The following table presents the fair value of the Group's properties measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

Level 1 valuations:	Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date
Level 2 valuations:	Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available
Level 3 valuations:	Fair value measured using significant unobservable inputs

The Group's investment properties were measured using Level 3 valuations during the year 2015 and six months ended 30 June 2016. During the six months ended 30 June 2016, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

— Information about Level 3 fair value measurements

The fair values of investment properties are determined using market comparison approach by reference to recent sales price of comparable properties on a price per square meter basis, adjusted for a premium or a discount specific to the quality of the Group's properties compared to the recent sales. Higher premium for higher quality properties will result in a higher fair value measurement.

The fair value of investment properties under construction are determined using residual method by estimating the fair value of such properties adopting above approach as if they were completed in accordance with the relevant development plan and then deducting from the estimated costs to complete the construction, financing costs, marketing and legal costs and an allowance for developer's risk and profit.

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14 DISPOSAL GROUP HELD FOR SALE AND DISCONTINUED OPERATION *(continued)*

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

(i) Investment properties *(continued)*

— Fair value measurement of investment properties *(continued)*

— Information about Level 3 fair value measurements *(continued)*

Below is a summary of the valuation techniques used and the key inputs to the valuation of completed investment properties and investment properties under construction at fair value:

	Valuation techniques	Significant unobservable inputs	At 30 June 2016	At 31 December 2015
Completed investment property	Direct comparison approach	Premium/discount on quality of the building	0% to 72%	3% to 67%
Investment properties under construction	Residual method	Discount on quality of the building	30% to 86%	35% to 78%
		Estimated cost to completion per sq.m	855 to 6,578	11 to 6,578
		Interest rate	4.75%	4.75%
		Developer's profit Margin	30%	30%





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14 DISPOSAL GROUP HELD FOR SALE AND DISCONTINUED OPERATION *(continued)*

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

	<i>Note</i>	At 30 June 2016 RMB'000
Trade and other payables		3,448,859
Interest-bearing borrowings	<i>16(a)(i)</i>	2,930,219
Deferred tax liabilities		2,873,596
Taxation		6,160
		9,258,834
Provision for loss on disposal of Disposal Group	<i>14(a)(iii)</i>	13,350,606
		22,609,440

As set out in Note 16(a), the Group failed to fulfil certain requirements under the syndicated loan agreements (the "Syndicated Loans") as at 31 December 2015 and 30 June 2016 and accordingly the majority of the lenders of the Syndicated Loans have rights at any time by notice to the Group to require the Syndicated Loans to be immediately repaid. In view of the urgency of fund raising needs in order to repay the Syndicated Loans, the potential consequential cross default in other borrowings, and the limited availability of alternative sources of finance, the Group completed the Disposal of the shopping mall segment on 8 July 2016. All the investment properties have therefore been disposed of after the end of the interim reporting period. The total consideration of the Disposal Group amounted to USD1 billion which was significantly lower than the net carrying amount of the Disposal Group before provision of RMB19,775,302,000. As 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 and 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, it has recognised a provision for the shortfall amounting to RMB13,350,606,000 as at 30 June 2016.

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14 DISPOSAL GROUP HELD FOR SALE AND DISCONTINUED OPERATION *(continued)*

(d) Cumulative expense recognised in other comprehensive income relating to the Disposal Group

	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
		<i>Re-presented</i>
Foreign exchange translation adjustments	(195,703)	(70,421)

(e) Cash flows used in discontinued operation

	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
Net cash used in operating cash flows	(29,968)	(71,624)
Net cash used in investing cash flows	(52,966)	(141,681)
Net cash used in financing cash flows	(133,781)	(391,290)
Net cash flows for the period	(216,715)	(604,595)





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15 TRADE AND OTHER PAYABLES

		At 30 June 2016 RMB'000	At 31 December 2015 RMB'000
Receipts in advance		97,907	999,234
Construction payables	(ii)	–	1,638,699
Other taxes payable		5,100	142,940
Deposits		–	805,312
Amounts due to related parties	(iii)	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
		2,702,004	5,157,236

(i) As at 30 June 2016, RMB3,448,859,000 of trade and other payables were reclassified to liabilities held for sale (Note 14(c)).

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

	At 30 June 2016 RMB'000	At 31 December 2015 RMB'000
Due within one year or on demand	–	1,638,699

(iii) 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.

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16 INTEREST-BEARING BORROWINGS

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

	Note	At 30 June 2016 RMB'000	At 31 December 2015 RMB'000
Senior notes			
— Senior Notes 2016		–	1,045,045
Secured bank loans	(i)	2,531,947	5,198,548
Secured loans from other financial institutions		–	500,000
		2,531,947	6,743,593
Less: current portion of long-term bank loans	(b)	(2,531,947)	(3,131,068)
current portion of long-term loans from other financial institutions		–	(500,000)
current portion of senior notes		–	(1,045,045)
		–	2,067,480

- (i) Secured bank loans represent bank loans bearing interest rates ranging from 6.99% to 8.67% per annum (31 December 2015: range from 5.15% to 8.61% per annum).

As at 30 June 2016, the balance represents Syndicated Loans of USD250 million and HKD390 million and other bank loan which are secured by investment properties, equity interest of certain PRC subsidiaries and jointly guaranteed by directors of the Company and certain PRC subsidiaries of the Group. The Group failed to fulfil certain requirements under the relevant syndicated loan agreements as at 31 December 2015 and 30 June 2016 and, accordingly, the majority of the lenders of the Syndicated Loans have rights at any time by notice to the Group to require the Syndicated Loans to be immediately repaid. As at the date of issuance of this interim financial report, the Group has completed the Disposal (Notes 14 and 24) and repaid all of the Syndicated Loans. Secured bank loans and loans from other financial institutions of RMB2,930,219,000 held by certain subsidiaries that form part of the Disposal Group were reclassified as liabilities held for sale at 30 June 2016 (Note 14(c)).





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16 INTEREST-BEARING BORROWINGS (continued)

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

		At 30 June 2016 RMB'000	At 31 December 2015 RMB'000
Unsecured government loan		–	5,000
Current portion of senior notes		–	1,045,045
Current portion of long-term bank loans	16(a)(i)	2,531,947	3,131,068
Short-term loans from other financial institutions		42,734	–
Current portion of long-term loans from other financial institutions		–	500,000
		2,574,681	4,681,113

17 DEFERRED TAX ASSETS AND LIABILITIES

(a) Deferred tax assets

Deferred tax assets mainly represent the unused tax losses of the Group's PRC companies, which has been reclassified to assets held for sale as at 30 June 2016.

(b) Deferred tax liabilities

Deferred tax liabilities mainly represent the deferred tax liabilities recognised as a result of the acquisition of agriculture wholesale markets business in July 2015.

18 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 2016 (six months ended 30 June 2015: 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 attributable to the previous financial years during the six months ended 30 June 2016 (six months ended 30 June 2015: Nil).

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18 CAPITAL, RESERVES AND DIVIDENDS (continued)

(b) Share capital

	At 30 June 2016		At 31 December 2015	
	Number of shares '000	RMB'000	Number of shares '000	RMB'000
Authorised:				
Ordinary shares of HKD0.01 each	80,000,000		80,000,000	
Issued and fully paid:				
At 1 January	43,966,100	366,604	21,148,132	186,376
Shares issued under rights issue (i)	–	–	10,574,066	83,592
Shares issued for acquisition of business (ii)	–	–	12,243,902	96,636
At 30 June/31 December	43,966,100	366,604	43,966,100	366,604

(i) Shares issued under rights issue

The Group proposed issuance of rights shares at a subscription price of HKD0.32 each on the basis of one rights share for every two existing shares on 9 December 2014. Total number of 10,574,066,000 ordinary shares with par value of HKD0.01 each, have been issued on 8 January 2015.

(ii) Shares issued for acquisition of business

On 27 July 2015, 12,243,902,439 consideration shares with par value of HKD0.01 per share were issued and allotted to Yield Smart Limited as part of the acquisition's consideration for the acquisition of the agriculture wholesale markets business in 2015.

19 CONTINGENCIES

(a) Guarantees

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 amounted to RMB164,402,000 (31 December 2015: RMB195,797,000). The guarantees and deposits will be released along with the repayment of loan principal by the buyers.





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20 OPERATING LEASE

(a) Leases as lessor

The future minimum lease payments under non-cancellable operating leases for continuing operation are receivable as follows:

	At 30 June 2016 RMB'000	At 31 December 2015 RMB'000 <i>Re-presented</i>
Less than one year	97,908	148,387
Between one and five years	–	9,142
	97,908	157,529

(b) Leases as lessee

Non-cancellable operating lease rentals of continuing operation are payable as follows:

	At 30 June 2016 RMB'000	At 31 December 2015 RMB'000 <i>Re-presented</i>
Less than one year	131,320	126,292
Between one and five years	487,332	471,384
More than five years	1,812,192	1,855,013
	2,430,844	2,452,689

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21 CAPITAL COMMITMENTS

As at 30 June 2016 and 31 December 2015, the Group has the following commitments in respect of continuing operation not provided for in the financial statements:

	At 30 June 2016 RMB'000	At 31 December 2015 RMB'000 <i>Re-presented</i>
Contracted for	3,305	–

22 MATERIAL RELATED PARTY TRANSACTIONS

(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	
	2016 RMB'000	2015 RMB'000
Salaries and other emoluments	43,212	62,935
Retirement plan contributions	145	117
	43,357	63,052





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22 MATERIAL RELATED PARTY TRANSACTIONS (continued)

(b) Material related party transactions

	Six months ended 30 June	
	2016 RMB'000	2015 RMB'000
Operating lease from related parties	49,749	–
Interest expense	13,143	–
Advances from a director (i)	1,155,475	–
Repayment to a director	–	19,722
Working capital received from a related party	–	100,000
Repayment to a related party	–	100,000
Guarantee received from directors (ii)	–	2,858,000
Guarantee revoked from directors (ii)	163,280	–
Guarantee revoked from key management personnel	7,500	–

- (i) During the six months ended 30 June 2016, Mr. Dai Yongge, the chairman of the Company repaid a loan amounting to RMB1,155,475,000 on behalf of the Group.
- (ii) Mr. Dai Yongge revoked guarantee for the bank loans obtained by certain PRC subsidiaries with amount of RMB163,280,000 along with repayment of the loans (six months ended 30 June 2015: guarantee provided RMB2,858,000,000). The period of these loans is from 25 July 2014 to 28 December 2026 (31 December 2015: 25 July 2014 to 28 December 2026).

(c) Related party balances

	Note	At	At
		30 June 2016 RMB'000	31 December 2015 RMB'000
Amounts due to relate parties			
— A director		(1,156,359)	(884)
— Entities under control of Ms. Zhang Xingmei		(1,267,418)	(1,240,797)
	15	(2,423,777)	(1,241,681)
Amounts due from related parties			
— Entities under control of Ms. Zhang Xingmei	11	57,240	32,024
— Entities under control of Mr. Dai Yongge		320	–
		57,560	32,024

Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

23 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 were not materially different from their fair values as at 31 December 2015 and 30 June 2016 except for the following financial instruments, for which their carrying amounts and fair values are disclosed below:

	At 30 June 2016		At 31 December 2015	
	Carrying amount RMB'000	Fair value RMB'000	Carrying amount RMB'000	Fair value RMB'000
Senior notes	–	–	1,045,045	1,027,129
Fixed rate long-term loans	1,250,000	1,306,130	1,350,000	1,427,659
	1,250,000	1,306,130	2,395,045	2,454,788

24 SUBSEQUENT EVENTS

As announced by the Company on 25 February 2016 and 29 April 2016, the Group proposed to dispose of the shopping mall segment by way of tender to address the financial needs of the Group. The tender was closed on 20 April 2016. Since no letter of interest was received, as a standby arrangement, and as approved by the Company's independent shareholders on 18 May 2016, the controlling shareholder of the Company acquired the Disposal Group at a consideration of USD1 billion (Note 14).

The Company completed the Disposal on 8 July 2016. All outstanding Syndicated Loans and other loans have been repaid on that date. A provision in respect of the estimated disposal loss has been recognised as at 30 June 2016 (Note 14).

