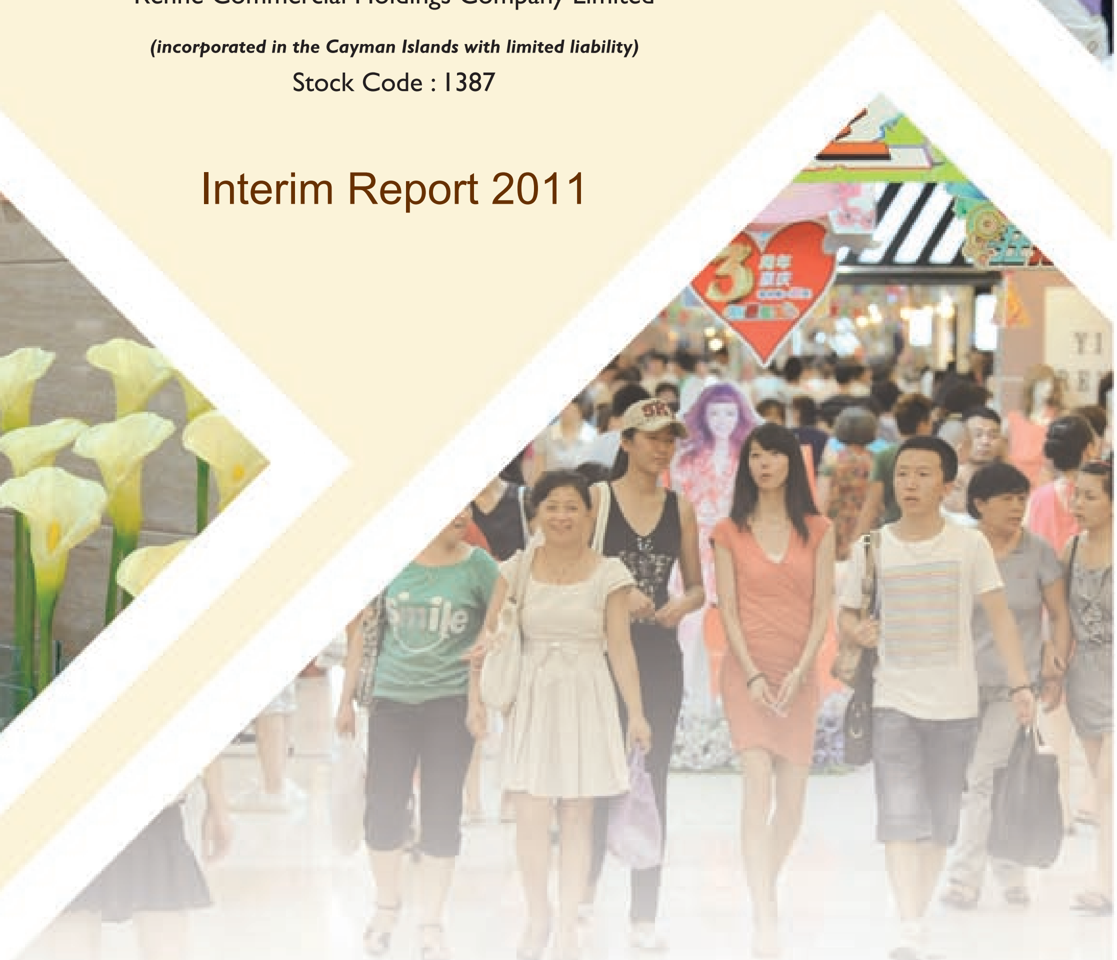

RENHE

Renhe Commercial Holdings Company Limited

(incorporated in the Cayman Islands with limited liability)

Stock Code : 1387

Interim Report 2011

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Corporate Information

DIRECTORS

Executive Directors

Dai Yongge (Chairman and Chief Executive Officer)
Zhang Dabin
Wang Hongfang
Wang Chunrong
Wang Luding
Lin Zijing

Non-Executive Directors

Hawken Xiu Li
Jiang Mei
Zhang Xingmei
Ho Gilbert Chi Hang
Chi Miao

Independent Non-Executive Directors

Fan Ren-Da, Anthony
Wang Shengli
Wang Yifu

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

Suites 603-606, One International Finance Centre
1 Harbour View Street
Central
Hong Kong

CHINA OFFICE

No. 29 Mei Shun Street
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

Company Website: www.renhebusiness.com
Email: ir@renhe.com.hk

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 am pleased to report to all shareholders on the unaudited results for the six months ended 30 June 2011.

RESULTS AND DIVIDEND

The Group's revenue and net profit increased by 119% and 358% year-on-year to RMB2,066,000,000 and RMB605,000,000 respectively, in the first half of the year. These rises during the period were attributable to an operation rights transfer of 77,205 square metres ("sq.m.") and robust lease income growth. Revenue generated from the operation rights transfer and lease income during the period under review increased by 116% and 152% year-on-year to RMB1,900,000,000 and RMB166,000,000 respectively. During the period under review, the lease income was not only substantially higher compared to the corresponding period of the previous year but actually surpassed the total lease income recorded for last full year. Meanwhile, the gross profit margin achieved for the operation rights transfer continued to be maintained at a high level of approximately 70%. Also, as of 30 June 2011, the gearing ratio was maintained at a healthy level of 30%. The Board does not recommend the payment of an interim dividend.

OPERATIONAL REVIEW

The Group had several achievements in the first half year. Firstly, end of 24 August 2011, the Group's gross floor area ("GFA") under management substantially increased by 78% year-on-year to approximately 1.34 million sq.m. These included four projects put into operation in the first half year (Hebei Handan Project – approximately 68,028 sq.m. GFA; Fujian Putian Project – approximately 52,488 sq.m. GFA; Henan Anyan Project – approximately 25,310 sq.m. GFA; and Jiangxi Ganzhou Project – approximately 48,400 sq.m. GFA) and Jiangsu Wuxi Acquisition Project (approximately 390,626 sq.m. GFA) acquired at the beginning of the year. Both the GFA and total number of the projects under construction reached new highs far surpassing the respective figures recorded for the corresponding period of the previous year. This impressive performance has further strengthened the Group to expand in other large and medium-sized cities across China. At the same time, the Group obtained six project approvals and the Group's portfolio size reached approximately to 6.43 million sq.m.

The Group currently has 14 projects under construction across 11 cities with a cumulative GFA under construction of approximately 1.76 million sq.m., representing a new record for the Group in terms of cumulative GFA under construction. During the period under review, the Group commenced construction on a total of five projects in five cities, which will yield a total GFA of 977,654 sq.m. upon completion. Moreover, the Group has now achieved 80% of its construction target for the full fiscal year, and construction commenced on Humen Project Phase 2 (approximately 228,000 sq.m. GFA) in early August. Of the Group's projects under construction, the Humen Project and the Shenyang Project Phase 2 are particularly attractive. Dongguang Humen Project (approximately 674,642 sq.m. GFA) is currently the largest civil air defense project in China. It is located within the proximity of Humen's wholesale fashion apparel and fabric market, one of China's busiest wholesale markets. The Shenyang Phase 2 consists of two projects: Zhongjie Project and Taiyuan Street Project. Zhongjie Project (approximately 203,466 sq.m. GFA) is located of Zhongjie Road and surrounding 7 streets of Shenhe district; a location considered Shenyang's oldest commercial district and cultural center. The Taiyuan Street Project (approximately 102,600 sq.m. GFA) is located underneath Taiyuan Street and between two streets of Heping district. Taiyuan Street is one of Shenyang's busiest commercial pedestrian streets and one of China's most famous pedestrian streets. Presently, all of the Group's projects under construction are on schedule with regard to their respective construction timetables.

Chairman's Statement

The Group's strategy to future project reserves remains prudently optimistic. Currently, the Group has project reserves with a total GFA of approximately 5.1 million sq.m.. Six new projects have been obtained year-to-date, with an approved total GFA of approximately 1.78 million sq.m.. The projects are located in Shenyang Phase 2, Liaoning Province (approximately 306,066 sq.m. approved GFA), Anshan Phase 3, Liaoning Province (approximately 18,900 sq.m. approved GFA), Dongguan Humen, Guangdong Province (approximately 727,400 sq.m. approved GFA), Zhangjiakou city, Hebei Province (approximately 150,000 sq.m. approved GFA), Yingtan City, Jiangxi Province (approximately 155,000 sq.m. approved GFA) and Guiyang Phase 1, Guizhou Province (approximately 420,000 sq.m. approved GFA). The Group has various projects across 33 cities. The Group's project portfolio will become more balanced in terms of geographic location. This will suit the group's strategy of expanding other and medium-sized cities in China in the future.

OUTLOOK

In the first half year of 2011, the Chinese Government implemented a series of austerity measures to curb the overheating real estate market. The polices included "Home Purchase Restriction" and "Mortgage Loan Limitation". This effectively curbed the rapid increase of real estate prices in major cities. The projects of the underground shopping centers, which operated and developed by the Group, are not included in this austerity measures. Therefore, the Group will not be impacted by the policies of "Home Purchase Restriction" and "Mortgage Loan Limitation". For the macroeconomic point of view, the Chinese government has implemented a series of measures, including the tightening of monetary supply, adjusting the economic structure and the counteracting of inflationary pressures, in order to mitigate challenges from the domestic and overseas markets. We believe that a series of stimulus measures will bring about the healthy and sustainable development of the Chinese economy in the future. The Group is fully confident that it will achieve the full year target.

Lastly, Renhe owes its every bit of success to members of the Board, the management and all our employees. 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 our employees wholeheartedly for their team work and commitment. On behalf of the Board, I sincerely thank local governments for their support in Renhe Commercial, and contribution towards the success of our projects.

Dai Yongge
Chairman

25 August 2011

Management Discussion and Analysis

FINANCIAL REVIEW

Revenue

For the six months ended 30 June 2011, the Group recorded a consolidated revenue of approximately RMB2,066.2 million (for the six months ended 30 June 2010: RMB944.3 million), representing an increase of about 118.8% when compared with that of last corresponding period. Lease income increased by 152.3% to RMB166.3 million in this period as compared to RMB65.9 million last period while revenue from transfer of operation rights greatly rose by 116.3% to RMB1,899.9 million from RMB878.4 million in last period.

	For the six months ended 30 June 2011 RMB'000	For the six months ended 30 June 2010 RMB'000	Change RMB'000	Change %
Lease income	**166,327**	65,922	100,405	152.3
Transfer of operation rights	**1,899,877**	878,353	1,021,524	116.3
Revenue	**2,066,204**	944,275	1,121,929	118.8

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 buyers. For the six months ended 30 June 2011, revenue generated from transfer of operation rights was RMB1,899.9 million, up by 116.3% as compared with RMB878.4 million in the same period last year. During the first six months of 2011, the Group has transferred GFA of 77,205 sq.m. in various projects as compared to 33,149 sq.m. in last period. Transfer in this period mainly comprised 30,681 sq.m. of Handan Project, 20,776 sq.m. of Putian Project and 18,588 sq.m. of Ganzhou Project. As the location of the projects were different, the average transfer price of RMB24,608 per sq.m. for this period was slightly lower than that of RMB26,497 per sq.m. in last period.

Lease Income

As we derive all our lease income from the lease of space in our shopping centres, our 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 2011, lease income significantly increased by 152.3% to RMB166.3 million from RMB65.9 million last corresponding period. The increase in lease income was mainly attributed to the contribution of RMB95.3 million lease income from the Wuxi project with GFA of 390,626 sq.m. which was acquired in January 2011. Excluding the Wuxi project, lease income increased by around 7.7%.

Cost of Sales

Cost of sales of the Group increased by 68.0% to RMB674.8 million for the six months ended 30 June 2011 from RMB401.7 million in the last corresponding period, principally due to the growth in area of operation rights transfer.

Gross Profit

Gross profit of the Group increased by 156.5% to RMB1,391.4 million for the six months ended 30 June 2011 from RMB542.5 million in the last corresponding period.

Total gross profit margin rose to 67.3% for the six months ended 30 June 2011 from 57.5% in last period as a result of the increase in gross profit margin of the transfer of operation rights from 57.2% last period to 70% this period. The improvement in the gross profit margin was attributable to the successful control in the cost of construction.

Other Income

Other income increased to RMB54.9 million for the six months ended 30 June 2011 from RMB32.0 million in the last corresponding period which mainly attributed to the increase in property management fee income.

Administrative Expenses

Administrative expenses increased by 23.9% to RMB196.4 million for the six months ended 30 June 2011 from RMB158.5 million in the last corresponding period. The increase was mainly due to the increase in directors and other management remuneration, trip and entertainment expenses.

Other Operating Expenses

Other operating expenses decreased by 5.3% to RMB121.8 million for the six months ended 30 June 2011 from RMB128.6 million in the last corresponding period. The decrease was principally due to the rise in the staff cost, utilities and maintenance cost were offset by the decrease in share option expenses.

Finance Income

Finance income increased to RMB17.0 million for the six months ended 30 June 2011 from RMB8.4 million in the last corresponding period as a result of increase in average bank balance.

Finance Expenses

Finance expenses increased to RMB250.0 million for the six months ended 30 June 2011 from RMB44.8 million in the last corresponding period. The increase was mainly comprised the non-capitalized interest expenses of RMB155.9 million arose from the issuance of senior notes with total amount of USD900,000,000 as well as the exchange losses of RMB49.8 million arising from holding and exchange of foreign currency by our subsidiaries in China.

Profit before Income Tax

Profit before income tax increased by 256.6% to RMB895.1 million for the six months ended 30 June 2011 from RMB251.0 million in the last corresponding period. As a percentage of revenue, profit before income tax increased to 43.3% in this period from 26.6% in the last corresponding period, as a result of the cumulative effect of the foregoing factors.

Income Tax

Income tax increased to RMB290.2 million for the six months ended 30 June 2011 from RMB118.8 million in the last corresponding period. As a percentage of revenue, income tax increased to 14.0% for this period as compared with 12.6% in the last corresponding period. The effective tax rate for this six months of 32.4% was lower than 47.3% of last period.

Profit for the Period

Profit for the period increased by 357.6% to RMB605.0 million for the six months ended 30 June 2011 from RMB132.2 million in the last corresponding period. As a percentage of revenue, profit for the period increased to 29.3% in this period from 14.0% in the last corresponding period, as a result of the cumulative effect of the foregoing factors.

Investment Properties

Since the Group's investment properties are accounted for at cost, unrealized profit from revaluation of investment properties is not represented in the financial statements. The increase in the net book value of the investment properties mainly arose from the addition of Wuxi Project, Dongguan Humen Phase 1 Project, Putian Project, Ganzhou Project and Anyang Project.

Trade and Other Receivables

Trade receivables amounted to RMB7,756.1 million as at 30 June 2011 as compared with RMB7,455.7 million as at 31 December 2010. This balance mainly comprised trade receivables of RMB2,552.2 million arose from the transfer of operation rights which purchasers would obtain bank loan to settle and receivables of RMB4,888.6 million from disposal of subsidiaries. Up to 21 July 2011, around RMB1,592 million of the receivables from disposal of subsidiaries has been subsequently settled. As the trade receivables are secured by pledge of the operating rights and the receivables from disposal of subsidiaries are secured by pledge of transferred shares and personal guarantee from the wealthy tycoon. The management does not expect any recoverability problem arising from the receivables.

Dividends

The Board has resolved that there was no interim dividend declared attributable to the six months ended 30 June 2011 (six months ended 30 June 2010: Nil).

Project Reserves

	Projects under construction	Construction GFA – sq.m.
1	Harbin Project Phase 6	60,457
2	Chongqing Banan Project Phase 1	57,600
3	Chongqing Dadukou Project Phase 1	39,068
4	Liaoning Jinzhou Project Phase 1	51,261
5	Liaoning Fushun Project Phase 1	19,388
6	Liaoning Anshan Project Phase 2	113,149
7	Hunan Yueyang Project	80,206
8	Hainan Sanya Project	132,000
9	Liaoning Shenyang Project Phase 2	306,066
10	Guangdong Dongguan Humen Project Phase 1	446,642
11	Hebei Qinhuangdao Project	120,046
12	Liaoning Anshan Project Phase 3	18,900
13	Jiangxi Yingtan Project Phase 1	86,000
14	Guangdong Dongguan Humen Project Phase 2	228,000
	Total	**1,758,783**

	Approved and under planning stage	Approved GFA – sq.m.
1	Shandong Yantai Project	86,000
2	Harbin Project Phase 4	15,738
3	Harbin Project Phase 5	10,000
4	Guangzhou Project Phase 2	48,000
5	Tianjin Project	121,220
6	Hubei Wuhan Xibeihu Project	450,000
7	Shenzhen Project	160,000
8	Shandong Qingdao Project	500,000
9	Jiangsu Wuxi Taihu Plaza Project	250,000
10	Hebei Zhangjiakou Project	150,000
11	Jiangxi Yingtan Project Phase 2	69,000
12	Henan Zhengzhou Project Phase 2	350,000
13	Henan Luoyang Project	194,840
14	Anhui Wuhu Project	150,000
15	Yunnan Kunming Project	200,000
16	Jiangxi Nanchang Bayi Tunnel Project	162,000
17	Guizhou Guiyang Project Phase 1	420,000
	Total	**3,336,798**
	Grand total	**5,095,581**

Liquidity and Financial Resources

As at 30 June 2011, total assets of the Group amounted to RMB24,032.4 million as compared with RMB21,227.4 million as at 31 December 2010. In terms of financial resources as at 30 June 2011, the Group's total cash at bank and in hand was RMB4,391.2 million (as at 31 December 2010: RMB8,819.0 million). The total restricted bank deposits as security for the bank loans of the purchasers as at 30 June 2011 was RMB184.6 million as compared to RMB151.6 million as at 31 December 2010.

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 2011, which is calculated by dividing the total interest-bearing borrowings by total assets was 30.3% as compared to 27.4% as at 31 December 2010.

The Group services its debts primarily with recurring cash flow generated from its operation and is confident that we should have adequate financial resources to meet its future debt repayment and support its working capital and future expansion requirements.

Foreign Exchange Rate risk

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

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

Capital Commitments

As at 30 June 2011, the future capital expenditure for which the Group had contracted but not provided and authorized but not contracted for amounted to approximately RMB3,178.5 million and RMB4,897.4 million respectively (as at 31 December 2010: RMB1,759.6 million and RMB2,616.9 million respectively).

Guarantees Provided to Buyers

The Group has provided guarantees and made deposits to banks to assist the buyers of operation rights to obtain bank loans. The outstanding guarantees as at 30 June 2011 and 31 December 2010 amounted to RMB1,099.1 million and RMB1,431.5 million, respectively. The guarantees and deposits will be released accordingly along with the repayment of loan principal by the buyers.

Pledge of Assets

The Group's subsidiaries in the PRC have entered into agreements with certain banks with respect to mortgage loans provided to buyers of the operation rights, and the Group's subsidiaries will make deposits as security for repayment of the loans under these agreements. The deposits will be released accordingly along with the repayment of loan principal by the buyers. As at 30 June 2011, the bank deposits for guarantees on mortgage loans amounted to RMB184.6 million (as at 31 December 2010: RMB151.6 million).

In addition, certain assets of the Wuxi project, including investment properties, land use rights and inventories, have been pledged to obtain bank loans.

Human Resources

As at 30 June 2011, the Group employed 4,725 staff (as at 30 June 2010: 3,674). 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 2011 was approximately RMB102.0 million as compared with RMB65.7 million for the six months ended 30 June 2010. 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 the Group's employees, the Company's controlling shareholders, through their wholly-owned subsidiary, Wealthy Aim Holdings Limited ("Wealthy Aim"), implemented a management incentive scheme by granting rights to selected employees and other individuals who have made contributions to the 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.

Other Information

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

As at 30 June 2011, 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	10,683,000,088	50.09%
	Interest in controlled corporations	S (note 3)	493,730,993	2.31%
Mr. Dai Yongge	Beneficial owner	L (note 4)	51,000,000	0.23%
	Interest in controlled corporation	L	51,000,000	0.23%
Mr. Zhang Dabin	Beneficial owner	L (note 4)	34,000,000	0.15%
	Interest in controlled corporation	L (note 6)	93,100,000	0.43%
Mr. Wang Hongfang	Beneficial owner	L (note 4)	17,000,000	0.07%
	Interest in controlled corporation	L (note 6)	108,050,000	0.50%
Ms. Wang Chunrong	Beneficial owner	L (note 4)	13,600,000	0.06%
	Interest in controlled corporation	L (note 6)	113,600,000	0.53%
Mr. Wang Luding	Beneficial owner	L (note 4)	34,000,000	0.15%
	Interest in controlled corporation	L (note 6)	93,000,000	0.43%
Ms. Zhang Xingmei	Interest of spouse	L (note 5)	102,000,000	0.47%
Mr. Lin Zijing	Beneficial owner	L	82,125,000	0.38%

(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%
	Interest in controlled corporations	Wealthy Aim	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 corporations including Super Brilliant and Wealthy Aim.

(3) It represents the number of shares in respect of which Wealthy Aim, a controlled corporation of Mrs. Hawken Xiu Li, has granted purchase rights to the Group's employees and other selected individuals to acquire shares of the Company subject to certain terms and conditions.

(4) These interests are interests under the purchase rights granted by Wealthy Aim as referred to in Note (3) above.

(5) Ms. Zhang Xingmei is deemed to be interested in the shares held by her spouse, Mr. Dai Yongge.

(6) 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 2011, 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 2011, 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)	48.09%
	Beneficial owner	66,556,293 (S)	0.31%
	Interest in a controlled corporation	427,174,700 (L) (note 2)	2.00%
	Interest in a controlled corporation	427,174,700 (S) (note 2)	2.00%
Shining Hill (note 3)	Interest in controlled corporations	10,683,000,088 (L)	50.09%
	Interest in controlled corporations	493,730,993 (S)	2.31%
Ms. Liu Yang (note 4)	Interest in a controlled corporation	1,298,000,000 (L)	6.08%
Atlantis Investment Management (Hong Kong) Limited (note 4)	Investment manager	1,298,000,000 (L)	6.08%
JPMorgan Chase & Co. (note 5)	Beneficial owner, investment manager and custodian corporation/approved lending agent	1,270,285,221 (L) 139,350,000 (S) 1,095,999,221 (P)	5.96% 0.65% 5.14%

Other Information

Notes:

(1) The letter "L" denotes the person's long position in such shares, the letter "S" denotes the person's short position in such shares and the letter "P" denotes interests in a leading pool.

(2) It represents the number of shares in respect of which Wealthy Aim, a controlled corporation of Mrs. Hawken Xiu Li, a director of the Company, has granted purchase rights to the Group's employees and other selected individuals to acquire shares of the Company subject to certain terms and conditions.

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

(4) Atlantis Investment Management (Hong Kong) Limited is a controlled corporation of Ms. Liu Yang. Accordingly, Ms. Liu Yang is deemed to be interested in the same parcel of shares.

(5) According to the disclosure form filed by JPMorgan Chase & Co., the following interests in shares were held by JPMorgan Chase & Co. and corporations controlled by it the following capacities:

Capacity	**No. of Shares**
Beneficial owner	149,818,000 (Long position) 139,350,000 (Short position)
Investment manager	24,468,000 (Long position)
Custodian corporation/approved lending agent	1,095,999,221 (Long position)

These shares were held by JPMorgan Chase Bank, N.A., J.P. Morgan Investment Management Inc., JPMorgan Asset Management Holdings Inc., J.P. Morgan Whitefriars Inc., J.P. Morgan Overseas Capital Corporation, J.P. Morgan International Finance Limited, Bank One International Holdings Corporation, J.P. Morgan International Inc., J.P. Morgan Securities Ltd., J.P. Morgan Chase International Holdings, J.P. Morgan Chase (UK) Holdings Limited, J.P. Morgan Capital Holdings Limited, JPMorgan Asset Management (UK) Limited, JPMorgan Asset Management International Limited and JPMorgan Chase Bank, N.A. – London Branch, all of which are either directly or indirectly controlled corporations of JPMorgan Chase & Co..

Save as disclosed above and so far as the Directors are aware of, as at 30 June 2011, 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 2011 were as follows:

				Number of share options			
Grantee	Date of grant	Exercise Price (HK$)	As at 01.01.2011	Granted	Exercised	Lapsed	As at 30.06.2011
Directors							
Zhang Dabin	08.02.2010	1.69	–	80,000,000	–	–	80,000,000
Wang Hongfang	08.02.2010	1.69	–	80,000,000	–	–	80,000,000
Wang Chunrong	08.02.2010	1.69	–	80,000,000	–	–	80,000,000
Wang Luding	08.02.2010	1.69	–	80,000,000	–	–	80,000,000
Lin Zijing	08.02.2010	1.69	–	80,000,000	–	–	80,000,000
Others							
Employees	08.02.2010	1.69	–	700,000,000	–	–	700,000,000
Total			–	1,100,000,000	–	–	1,100,000,000

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, no share options were cancelled or lapsed.

Save as disclosed above, as at 30 June 2011, 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

During the six months ended 30 June 2011, the Company had repurchased from the market a total of 851,868,000 shares at price per share ranging from HK$1.26 to HK$1.56 with a total amount of HK$1,246,745,564 (excluding commissions and other fees). 675,978,000 shares were cancelled as of 30 June 2011 and 175,890,000 shares were subsequently cancelled on 14 July 2011.

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 2011.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company had adopted and complied with the code provisions as set out in the Code on Corporate Governance Practices (the "Code") contained in Appendix 14 to the Listing Rules except that the roles of chairman and chief executive officer of the Company have not been segregated as required by the provision A.2.1 of the Code.

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.

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 2011.

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 2011.

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 19 to 50 which comprises the consolidated balance sheet of Renhe Commercial Holdings Company Limited (the "Company") as of 30 June 2011 and the related consolidated income statement, statement of comprehensive income and statement of changes in equity and condensed consolidated statement of cash flows 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 2011 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

25 August 2011

Consolidated Income Statement

For the six months ended 30 June 2011 – unaudited
(Expressed in Renminbi)

		Six months ended 30 June	
		2011	2010
	Note	**RMB'000**	RMB'000
Revenue	*4*	**2,066,204**	944,275
Cost of sales	*5*	**(674,755)**	(401,734)
Gross profit		**1,391,449**	542,541
Other income	*6*	**54,905**	32,018
Administrative expenses		**(196,361)**	(158,522)
Other operating expenses		**(121,814)**	(128,585)
Profit from operations		**1,128,179**	287,452
Finance income		**16,985**	8,354
Finance expenses		**(250,034)**	(44,809)
Net finance expense	*8(a)*	**(233,049)**	(36,455)
Profit before income tax	*8*	**895,130**	250,997
Income tax	*9*	**(290,151)**	(118,786)
Profit for the period		**604,979**	132,211
Attributable to equity shareholders of the Company		**604,979**	132,211
Basic and diluted earnings per share (RMB cents)	*10*	**2.79**	0.60

The notes on pages 26 to 50 form part of this interim financial report.

Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2011 – unaudited
(Expressed in Renminbi)

	Six months ended 30 June	
	2011	2010
	RMB'000	RMB'000
Profit for the period	**604,979**	132,211
Other comprehensive income for the period (after tax and reclassification adjustments):		
Exchange differences on translation of financial statements of foreign operations	**20,501**	(27,226)
Total comprehensive income for the period	**625,480**	104,985
Attributable to equity shareholders of the Company	**625,480**	104,985

The notes on pages 26 to 50 form part of this interim financial report.

Consolidated Balance Sheet

At 30 June 2011 – unaudited
(Expressed in Renminbi)

	Note	**At 30 June 2011 RMB'000**	At 31 December 2010 RMB'000
Non-current assets			
Property and equipment	*11*	**257,726**	398,292
Investment properties	*12*	**8,152,165**	2,238,915
Land use rights	*13*	**111,146**	67,296
Goodwill	*7*	**363,792**	–
Other assets	*16*	**1,586,805**	1,425,320
Deferred tax assets	*20(a)*	**45,929**	26,115
Total non-current assets		**10,517,563**	4,155,938
Current assets			
Inventories	*14*	**1,367,567**	796,762
Trade and other receivables	*15*	**7,756,085**	7,455,660
Cash at bank and in hand	*17*	**4,391,207**	8,819,006
Total current assets		**13,514,859**	17,071,428
Current liabilities			
Interest-bearing borrowings	*19*	**289,800**	–
Trade and other payables	*18*	**2,202,907**	1,541,603
Taxation		**367,951**	68,294
Dividends payable		**1,522,666**	–
Total current liabilities		**4,383,324**	1,609,897
Net current assets		**9,131,535**	15,461,531
Total assets less current liabilities		**19,649,098**	19,617,469

The notes on pages 26 to 50 form part of this interim financial report.

Consolidated Balance Sheet

At 30 June 2011 – unaudited *(continued)*
(Expressed in Renminbi)

	Note	At 30 June 2011 RMB'000	At 31 December 2010 RMB'000
Non-current liabilities			
Interest-bearing borrowings	*19*	**7,003,223**	5,808,456
Deferred tax liabilities	*20(b)*	**779,865**	–
Total non-current liabilities		**7,783,088**	5,808,456
Net assets		**11,866,010**	13,809,013
Capital and reserves	*21*		
Share capital		**187,926**	193,884
Reserves		**11,678,084**	13,615,129
Total equity attributable to the equity shareholders of the Company		**11,866,010**	13,809,013

Approved and authorised for issue by the board of directors on 25 August 2011.

Dai Yongge
Chairman

Wang Chunrong
Director

The notes on pages 26 to 50 form part of this interim financial report.

Consolidated Statement of Changes in Equity

For the six months ended 30 June 2011 – unaudited
(Expressed in Renminbi)

			Reserves							
	Note	Share capital RMB'000	Share premium RMB'000	Capital redemption reserve RMB'000	Capital surplus RMB'000	Reserve fund RMB'000	Exchange reserve RMB'000	Merger reserve RMB'000	Retained earnings RMB'000	Total RMB'000
Balance at 1 January 2010		193,884	7,222,185	–	114,722	477,943	(67,933)	128,704	3,997,024	12,066,529
Changes in equity for the six months ended 30 June 2010:										
Profit for the period		–	–	–	–	–	–	–	132,211	132,211
Other comprehensive income		–	–	–	–	–	(27,226)	–	–	(27,226)
Total comprehensive income for the period		–	–	–	–	–	(27,226)	–	132,211	104,985
Equity settled share-based transactions	*21(c)*	–	–	–	69,160	–	–	–	–	69,160
Transfer to reserve fund		–	–	–	–	36,310	–	–	(36,310)	–
Dividends	*21(b)*	–	–	–	–	–	–	–	(2,019,600)	(2,019,600)
Balance at 30 June 2010 and 1 July 2010		193,884	7,222,185	–	183,882	514,253	(95,159)	128,704	2,073,325	10,221,074
Balance at 30 June 2010 and 1 July 2010		193,884	7,222,185	–	183,882	514,253	(95,159)	128,704	2,073,325	10,221,074
Changes in equity for the six months ended 31 December 2010:										
Profit for the period		–	–	–	–	–	–	–	3,711,266	3,711,266
Other comprehensive income		–	–	–	–	–	(64,142)	–	–	(64,142)
Total comprehensive income for the period		–	–	–	–	–	(64,142)	–	3,711,266	3,647,124
Equity settled share-based transactions	*21(c)*	–	–	–	(59,185)	–	–	–	–	(59,185)
Transfer to reserve fund		–	–	–	–	4,032	–	–	(4,032)	–
Balance at 31 December 2010		193,884	7,222,185	–	124,697	518,285	(159,301)	128,704	5,780,559	13,809,013

The notes on pages 26 to 50 form part of this interim financial report.

Consolidated Statement of Changes in Equity

For the six months ended 30 June 2011 – unaudited *(continued)*
(Expressed in Renminbi)

			Reserves							
	Note	**Share capital** RMB'000	**Share premium** RMB'000	**Capital redemption reserve** RMB'000	**Capital surplus** RMB'000	**Reserve fund** RMB'000	**Exchange reserve** RMB'000	**Merger reserve** RMB'000	**Retained earnings** RMB'000	**Total** RMB'000
Balance at 1 January 2011		193,884	7,222,185	–	124,697	518,285	(159,301)	128,704	5,780,559	13,809,013
Changes in equity for the six months ended 30 June 2011:										
Profit for the period		–	–	–	–	–	–	–	604,979	604,979
Other comprehensive income		–	–	–	–	–	20,501	–	–	20,501
Total comprehensive income for the period		–	–	–	–	–	20,501	–	604,979	625,480
Equity settled share-based transactions	*21(c)*	–	–	–	4,791	–	–	–	–	4,791
Transfer to reserve fund		–	–	–	–	97,607	–	–	(97,607)	–
Dividends	*21(b)*	–	–	–	–	–	–	–	(1,522,666)	(1,522,666)
Repurchase of shares	*21(a)(i)*									
– par value paid		(5,958)	–	–	–	–	–	–	(1,550)	(7,508)
– premium paid		–	(1,043,100)	–	–	–	–	–	–	(1,043,100)
– transfer between reserves		–	–	5,958	–	–	–	–	(5,958)	–
Balance at 30 June 2011		187,926	6,179,085	5,958	129,488	615,892	(138,800)	128,704	4,757,757	11,866,010

The notes on pages 26 to 50 form part of this interim financial report.

Condensed Consolidated Cash Flow Statement

For the six months ended 30 June 2011 – unaudited
(Expressed in Renminbi)

	Note	Six months ended 30 June 2011 RMB'000	2010 RMB'000
Cash generated from operations		**949,289**	1,355,857
Tax paid		**(336,780)**	(519,446)
Net cash generated from operating activities		**612,509**	836,411
Net cash used in investing activities		**(2,493,601)**	(361,516)
Net cash (used in)/generate from financing activities		**(1,335,273)**	1,988,927
Net (decrease)/increase in cash and cash equivalents		**(3,216,365)**	2,463,822
Cash and cash equivalents at 1 January		**7,115,545**	4,656,144
Effect of foreign exchange rates changes		**(49,027)**	(41,569)
Cash and cash equivalents at 30 June	*17*	**3,850,153**	7,078,397

The notes on pages 26 to 50 form part of this interim financial report.

Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi)

1 BASIS OF PREPARATION

This interim financial report of Renhe Commercial Holdings Company Limited 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 25 August 2011.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2010 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2011 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 2010 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 preformed 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 pages 17 to 18.

The financial information relating to the financial year ended 31 December 2010 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 2010 are available from the Company's registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 24 March 2011.

2 CHANGES IN ACCOUNTING POLICIES

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

- IAS 24 (revised 2009), *Related party disclosures*
- Improvements to IFRSs (2010)
- IFRIC 19, *Extinguishing financial liabilities with equity instruments*

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

The developments related primarily to clarification of certain disclosure requirements applicable to the Group's financial statements. These developments have had no material impact on the contents of this interim financial report.

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 ("PRC"), no geographic segment reporting is presented.

4 REVENUE

	Six months ended 30 June	
	2011	2010
	RMB'000	RMB'000
Lease income	**166,327**	65,922
Transfer of operation rights	**1,899,877**	878,353
	2,066,204	944,275

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 2011 (six months ended 30 June 2010: Nil).

5 COST OF SALES

Cost of sales represents mainly the amortisation of land use rights, depreciation of the investment properties and costs of construction of properties relating to the operation rights transferred out during the period.

	Six months ended 30 June	
	2011	2010
	RMB'000	RMB'000
Operating lease	**103,722**	25,930
Transfer of operation rights	**571,033**	375,804
	674,755	401,734

6 OTHER INCOME

	Six months ended 30 June	
	2011	2010
	RMB'000	RMB'000
Revenue from property management and relevant service	**46,143**	32,018
Net gain on disposal of subsidiaries *(Note11)*	**8,762**	–
	54,905	32,018

7 ACQUISITION OF SUBSIDIARIES

On 11 January 2011, the Group entered into an agreement to acquire the entire issued share capital of Fresh Ace Investment Limited, a company registered in British Virgin Islands ("BVI") which indirectly holds 80% equity interest of Wuxi Merchant City Co., Ltd. ("Wuxi Project") via a Hong Kong investment holding company, Hong Kong China One (Group) Investment Limited. On 12 January 2011, the Group acquired the remaining 20% equity interest in Wuxi Project from Wuxi City Investment Development Corporation. The acquisitions were completed on 27 January 2011. As a result, the Group acquired 100% equity interest in Wuxi Project with a total consideration of approximately RMB2,639 million. Wuxi Project is a shopping complex with shops specialised in garments, cosmetics, shoes, electrical appliances and leather products.

Identifiable assets acquired and liabilities assumed at the acquisition date:

	Carrying value of the acquiree	Fair value
	RMB'000	RMB'000
Property and equipment	4,307	4,307
Investment properties	1,436,298	4,349,716
Inventories	240,639	464,000
Deferred tax assets	2,575	2,575
Cash and cash equivalent	68,217	68,217
Interest-bearing borrowings	(1,473,400)	(1,473,400)
Deferred tax liabilities	–	(790,895)
Other assets	(349,417)	(349,417)
Net identifiable assets	(70,781)	2,275,103

Goodwill

Goodwill was recognised as a result of acquisition as follows:

	RMB'000
Total consideration transferred – cash	2,638,895
Fair value of identifiable net assets	(2,275,103)
Goodwill	363,792

7 ACQUISITION OF SUBSIDIARIES *(continued)*

Analysis of net cash outflow in respect of acquisition of subsidiaries:

	2011
Cash consideration transferred	**2,638,895**
Cash and cash equivalents acquired	**(68,217)**
Net cash outflow in respect of acquisition of subsidiaries	**2,570,678**

8 PROFIT BEFORE INCOME TAX

(a) Net finance expense

	Six months ended 30 June	
	2011	2010
	RMB'000	RMB'000
Finance income		
– Interest income on bank deposits	**16,985**	8,354
Finance expenses		
– Interest on interest-bearing borrowings	**(382,389)**	(29,888)
Less: interest expenses capitalised into investment properties and inventories*	**182,798**	–
	(199,591)	(29,888)
– Net foreign exchange loss	**(49,817)**	(14,717)
– Bank charges and others	**(626)**	(204)
	(250,034)	(44,809)
	(233,049)	(36,455)

* The interest expenses have been capitalised at a rate of 12.52% ~ 13.72% per annum (six months ended 30 June 2010: Nil).

8 PROFIT BEFORE INCOME TAX *(continued)*

(b) Other items

	Six months ended 30 June	
	2011	2010
	RMB'000	RMB'000
Auditor's remuneration	**1,300**	1,000
Repairs and maintenance	**32,565**	21,410
Utility charges	**18,182**	10,875
Depreciation of property and equipment	**11,517**	9,156
Operating lease charges	**9,219**	9,125

9 INCOME TAX

(a) Income tax in the consolidated income statement represents:

	Six months ended 30 June	
	2011	2010
	RMB'000	RMB'000
Current tax		
Provision for the period		
– PRC Enterprise Income Tax	**318,420**	148,786
Deferred tax		
– Reversal and origination of temporary difference	**(28,269)**	(30,000)
	290,151	118,786

(i) According to the Tax Regulation of Foreign Investment on Aerial Defence Project, (No.121 [1997] Caishuizi), Harbin Renhe Century Public Facilities Co., Ltd. and Guangzhou Renhe New World Public Facilities Co., Ltd. are entitled to a tax holiday of full exemption of the state income tax for 2006 and 2007, and a tax holiday of 50% reduction in the state income tax rate for the years from 2008 to 2010.

(ii) According to the Corporate Income Tax Law of the People's Republic of China, from 1 January 2008, the statutory income tax rate applicable to the Group's subsidiaries in the PRC is 25%. The Group's subsidiaries in the PRC that have not fully utilised their five-year tax holiday (i.e. two-year exemption and subsequent three-year 50% reduction of the applicable tax rate), will be allowed to continue to receive the benefits of the tax holiday.

9 INCOME TAX *(continued)*

(a) Income tax in the consolidated income statement represents: *(continued)*

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

Along with the implementation of Circular of the State Administration of Taxation on How to Understand and Determine "Beneficial Owners" under Tax Conventions (Guo Shui Han [2009] No. 601), the Group's Hong Kong Holding Companies need to get approval from tax authorities for the determination of "beneficial owners" for the purpose of enjoying withholding tax rate of 5%. As at 30 June 2011, the Group is in the process of obtaining all the approvals for the PRC companies.

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

(v) 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.

10 EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB604,979,000 (six months ended 30 June 2010: RMB132,211,000) and the weighted average of 21,692,204,597 ordinary shares (six months ended 30 June 2010: 22,000,000,000 shares) in issue during the interim period.

During the period ended 30 June 2011 and 2010, diluted earnings per share are calculated on the same basis as basic earnings per share. The share options granted did not have dilutive effect as at 30 June 2011.

11 PROPERTY AND EQUIPMENT

During the six months ended 30 June 2011, the Group disposed of property and equipment with a net book value of RMB143,961,000 via disposing of subsidiaries. In June 2011, the Company disposed of 2 subsidiaries which held assets comprising of an airplane and other receivables. The net assets of these subsidiaries amounted to RMB146,556,000. The consideration amounted to USD24,000,000 (equivalent to RMB155,318,000). A gain of RMB8,762,000 is recognised (Note 6).

12 INVESTMENT PROPERTIES

	At 30 June 2011 RMB'000
Cost	
Balance at 1 January	**2,371,791**
Additions from business combinations *(Note 7)*	**4,349,716**
Additions	**2,344,991**
Transfer to inventory	**(676,667)**
Transfer of operation rights	**(1,296)**
Balance at 30 June	**8,388,535**
Accumulated depreciation	
Balance at 1 January	**132,876**
Charge for the period	**103,624**
Transfer of operation rights	**(130)**
Balance at 30 June	**236,370**
Net book value	**8,152,165**

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

According to the Property Valuation Reports issued by CB Richard Ellis Ltd, which is an independent qualified valuer in Hong Kong, on 25 August 2011 and 24 March 2011, the fair value of the Group's investment properties as at 30 June 2011 and 31 December 2010 are RMB19,503,500,000 and RMB8,737,800,000, respectively.

As at 30 June 2011, investment properties in Wuxi Project with original cost of RMB135,411,000, are in the process of obtaining property certificates (31 December 2010: Nil).

13 LAND USE RIGHTS

	At 30 June 2011 RMB'000
Cost	
Balance at 1 January	**68,351**
Addition	**43,953**
Transfer of operation rights	**(6)**
Balance at 30 June	**112,298**
Accumulated amortisation	
Balance at 1 January	**1,055**
Charge for the period	**98**
Transfer of operation rights	**(1)**
Balance at 30 June	**1,152**
Net book value	**111,146**

Land use rights represent lease prepayments for acquiring rights to use land and obtaining land use right certificates. The land is all located in the PRC, for the Group's own use properties and investment properties.

The addition of land use rights during the period mainly represents payment for the land use rights premium for a project located in Anshan, Liaoning Province of the PRC.

14 INVENTORIES

	At 30 June 2011 RMB'000	At 31 December 2010 RMB'000
Properties under development	**903,567**	796,762
Completed projects	**464,000**	–
	1,367,567	796,762

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

15 TRADE AND OTHER RECEIVABLES

	At 30 June 2011 RMB'000	At 31 December 2010 RMB'000
Trade receivables *(Note (i))*	**2,552,186**	1,654,460
Receivable from disposal of subsidiaries *(Note (iii))*	**4,888,595**	5,521,314
Bank deposits *(Note 16(i))*	**8,287**	10,085
Amount due from related parties *(Note 25(b))*	**400**	–
Others	**312,987**	276,171
	7,762,455	7,462,030
Less: allowance for doubtful debts	**6,370**	6,370
	7,756,085	7,455,660

The balance of trade and other receivables are expected to be settled or recovered within one year.

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

The Group normally requested a 30%~50% cash payment upon the purchase from buyers and the remaining balance would be settled by loans obtained by buyers from commercial banks. As at 30 June 2011, the Group is in the process of arranging loans with banks for the buyers of the shopping mall units.

15 TRADE AND OTHER RECEIVABLES *(continued)*

(ii) Ageing analysis

Included in trade and other receivables are trade receivables with the following ageing analysis as of the balance sheet date:

	At 30 June 2011 RMB'000	At 31 December 2010 RMB'000
Current	**1,159,120**	520,355
Less than 6 months past due	**466,141**	1,121,559
More than 6 months past due	**926,925**	12,546
Amounts past due	**1,393,066**	1,134,105
	2,552,186	1,654,460

Credit evaluations are performed on all customers requiring credit over a certain amount. The directors of the Company are of the opinion that the trade receivables are collectible once the loans are obtained from banks and no impairment is considered necessary.

If a buyer fails to repay the bank loans, the bank may demand the Group to repay the outstanding amount of the loans and any unpaid interest thereon. Under such circumstances, the Group is entitled to indemnification from the buyers which includes to transfer the operation rights to other buyers to recover any amounts paid by the Group to the bank but there can be no assurance that the price of the transfer of operation rights can be equal to or greater than the amount of loan principals and interests requested by the bank.

(iii) Receivable from disposal of subsidiaries

The Company disposed certain subsidiaries in 2010 and 2 subsidiaries in 2011. The receivable from disposal of subsidiaries mainly represent the outstanding consideration (RMB2.7 billion) unpaid by the buyers which are not due and the amounts due from the subsidiaries disposed of. The Group received RMB1,592 million in July 2011.

15 TRADE AND OTHER RECEIVABLES *(continued)*

(iv) 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.

(v) 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. Based on the assessment of these buyers' credit quality and the indemnification the Group is entitled, management believes that no impairment allowance is necessary in respect of the balances.

16 OTHER ASSETS

	At 30 June 2011 RMB'000	At 31 December 2010 RMB'000
Bank deposits *(i)*	**176,263**	141,473
Prepayments for construction	**1,410,542**	1,283,847
	1,586,805	1,425,320

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

	At 30 June 2011 RMB'000	At 31 December 2010 RMB'000
Repayable within one year *(Note 15)*	**8,287**	10,085
Repayable after more than one year	**176,263**	141,473
	184,550	151,558

The Group's subsidiaries in PRC have entered into agreements with certain banks with respect to mortgage loans provided to buyers of the operation rights and the Group makes 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.

17 CASH AT BANK AND IN HAND

	At 30 June 2011 RMB'000	At 31 December 2010 RMB'000
Cash in hand	**5,056**	3,384
Cash at bank	**4,386,151**	8,815,622
	4,391,207	8,819,006
Representing:		
– Cash and cash equivalents	**3,850,153**	7,115,545
– Time deposits with original maturity over three months	**541,054**	1,703,461
	4,391,207	8,819,006

18 TRADE AND OTHER PAYABLES

	Note	**At 30 June 2011 RMB'000**	At 31 December 2010 RMB'000
Receipts in advance	*(i)*	**337,922**	134,709
Construction payables	*(ii)*	**941,639**	500,029
Other taxes payable	*(iii)*	**103,281**	10,818
Deposits	*(iv)*	**467,250**	408,908
Salary and welfare expenses payable		**7,013**	61,677
Professional service fee payables		**10,230**	15,673
Interest payable		**186,319**	232,282
Others		**149,253**	177,507
		2,202,907	1,541,603

18 TRADE AND OTHER PAYABLES *(continued)*

(i) As at 30 June 2011 and 31 December 2010, the amount of receipts in advance expected to be recognised as income after more than one year are RMB64,742,000 and RMB8,596,000 respectively.

(ii) The aging analysis of construction payables at each balance sheet date is as follows:

	At 30 June 2011 RMB'000	At 31 December 2010 RMB'000
Due within one year	**933,273**	497,081
Overdue	**8,366**	2,948
	941,639	500,029

During the six months ended 30 June 2011, there were revenue amounting to RMB162 million (six months ended 30 June 2010: Nil) derived from the transfer of operation rights of shopping units to certain of the Group's suppliers and constructors. The considerations of these transfers of operation rights are not settled in cash. They are firstly set off against construction payables due to each of these suppliers and constructors at the time of the completion of the transfer. Where there are excess balances after such setting off, the remaining amounts are included under prepayments for construction to be settled with future construction payables to these suppliers and constructors for construction projects in progress.

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

(iv) These mainly represent rental deposits paid by tenants for the privilege to renew the operating lease contracts upon expiry and to sign new operating lease 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.

19 INTEREST-BEARING BORROWINGS

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

	Note	**At 30 June 2011 RMB'000**	At 31 December 2010 RMB'000
Senior notes	*(a)*		
– Senior Notes 2015		**1,896,334**	1,936,133
– Senior Notes 2016		**3,790,689**	3,872,323
Secured bank loans	*(b)*	**1,446,000**	–
		7,133,023	5,808,456
Less: current portion of long-term bank loans		**(129,800)**	–
		7,003,223	5,808,456

(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 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.

19 INTEREST-BEARING BORROWINGS *(continued)*

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

(b) Secured bank loans mainly represent bank loans borrowed by Wuxi Project bearing interest at 5.94% to 7.41% per annum.

These bank loans are secured by certain of the Group's assets. Details of the original cost of those assets are set out below:

	At 30 June 2011 RMB'000
Investment properties	**962,581**
Land use rights	**237,605**
Inventories	**133,031**
	1,333,217

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

	At 30 June 2011 RMB'000	At 31 December 2010 RMB'000
Unsecured bank loan	**160,000**	–
Current portion of long-term bank loans	**129,800**	–
	289,800	–

Unsecured bank loan represents bank loan borrowed from China CITIC Bank, Harbin branch. The principal of the loan is RMB160,000,000, bearing interest at 6.94% per annum. The loan is guaranteed by Heilongjiang Renhe Spring Public Facilities Co., Ltd., one of the Group's PRC subsidiaries.

19 INTEREST-BEARING BORROWINGS *(continued)*

(iii) The bank loans are repayable as follows:

	At 30 June 2011 RMB'000	At 31 December 2010 RMB'000
Within one year	**289,800**	–
Between one and two years	**166,800**	–
Between two and five years	**550,900**	–
After five years	**598,500**	–
	1,606,000	–

20 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 on the increase in carrying amount of assets due to fair value adjustments in the business combination of Wuxi Project.

21 CAPITAL AND RESERVES

(a) Share capital

	2011 Number of shares ('000)	RMB'000
Authorised:		
Ordinary shares of HKD0.01 each	**40,000,000**	
Issued and fully paid:		
At 1 January	**22,000,000**	**193,884**
Share repurchased *(i)*	**(675,978)**	**(5,958)**
At 30 June	**21,324,022**	**187,926**

(i) Repurchase of shares

During the period, the Company repurchased its own ordinary shares on The Stock Exchange of Hong Kong Limited as follows:

Month/year	Number of shares repurchased '000	Highest price paid per share HKD	Lowest price paid per share HKD	Average price paid HKD'000
March 2011	102,970	1.31	1.26	133,894
April 2011	537,008	1.56	1.32	799,639
June 2011	211,890	1.55	1.31	317,248
	851,868			1,250,781

As at 30 June 2011, 675,978,000 shares out of total repurchased shares were cancelled and accordingly the issued share capital of the Company was reduced by the nominal value of these shares. Pursuant to section 37 of the Cayman Islands Companies Law, an amount equivalent to the nominal value of the shares cancelled of HKD6,760,000 (equivalent to RMB5,958,000) was transferred from the retained earnings to capital redemption reserve. The remaining 175,890,000 shares repurchased were cancelled on 14 July 2011. The premium paid on the repurchase of the shares of HKD1,242,262,000 (equivalent to RMB1,043,100,000) was charged to the share premium.

21 CAPITAL AND RESERVES *(continued)*

(b) 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 2011 (six months ended 30 June 2010: Nil).

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

	Six months ended 30 June	
	2011	2010
	RMB'000	RMB'000
Final dividend in respect of the previous financial year, approved during the following interim period, of RMB7.20 cents per share (six months ended 30 June 2010: RMB9.18 cents per share)	**1,522,666**	2,019,600

(c) Equity settled share-based transactions

(i) Options granted on 15 April 2008

Wealthy Aim, which is wholly-owned by the Company's immediate holding company, Super Brilliant, adopted a share option scheme on 15 April 2008 whereby Wealthy Aim invited employees of the Group, to take up options at HKD1 consideration to acquire shares of the Company from Wealthy Aim. Each option gives the holder the right to acquire ordinary shares in the Company.

21 CAPITAL AND RESERVES *(continued)*

(c) Equity settled share-based transactions *(continued)*

(i) ***Options granted on 15 April 2008*** *(continued)*

(1) The terms and conditions of the grants are as follows:

	Number of instruments '000	Vesting conditions	Contractual life of options
Options granted to directors on:			
– 15 April 2008	195,500	15 April 2008 to 22 April 2009	15 April 2008 to 31 December 2013
– 15 April 2008	117,300	15 April 2008 to 22 April 2010	15 April 2008 to 31 December 2013
– 15 April 2008	78,200	15 April 2008 to 22 April 2011	15 April 2008 to 31 December 2013
Options granted to employees on:			
– 15 April 2008	272,000	15 April 2008 to 22 April 2009	15 April 2008 to 31 December 2013
– 15 April 2008	163,200	15 April 2008 to 22 April 2010	15 April 2008 to 31 December 2013
– 15 April 2008	108,800	15 April 2008 to 22 April 2011	15 April 2008 to 31 December 2013
	935,000		

(2) The number and weighted average exercise prices of share options are as follows:

	Weighted average exercise price HKD	Number of options '000
Outstanding at 1 January 2011	1.34	427,175
Exercised during the period	1.34	–
Outstanding at 30 June 2011	1.34	427,175
Exercisable at 30 June 2011	1.34	427,175

The options outstanding at 30 June 2011 had an exercise price of HKD1.34 and a weighted average remaining contractual life of 30 months.

(Expressed in Renminbi)

21 CAPITAL AND RESERVES *(continued)*

(c) Equity settled share-based transactions *(continued)*

(i) Options granted on 15 April 2008 (continued)

(3) Fair value of share options and assumptions

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The estimate of the fair value of the share options granted is measured based on a Black-Scholes Model. The contractual life of the share options is used as an input into this model. Expectations of early exercise are incorporated into the Black-Scholes Model.

Fair value at measurement date	RMB0.095
Share price	RMB0.577
Exercise price	HKD1.340
Expected volatility (expressed as weighted average volatility used in the modelling under Black-Scholes Model)	43.40%
Option life (expressed as weighted average life used in the modelling under Black-Scholes Model)	3.68 years
Expected dividends	0.69%
Risk-free interest rate (based on Exchange Fund Notes)	1.788%

The expected volatility is based on the historic volatility of the share price over the most recent period, adjusted for any expected changes to future volatility based on publicly available information. Expected dividends are based on the dividends policies of the Company.

Share options were granted under a service condition. This condition has not been taken into account in the grant date fair value measurement for the services received. There were no market conditions associated with the share option grants.

(ii) Options granted on 8 February 2010

The Company has a share option scheme which was adopted on 25 August 2008 whereby the directors of the Company are authorised, at their discretion, to invite employees of the Group, including directors of the Company and its subsidiaries, to take up options at HKD1 consideration to subscribe for shares of the Company. Each option gives the holder the right to subscribe for one ordinary share in the Company.

21 CAPITAL AND RESERVES *(continued)*

(c) Equity settled share-based transactions *(continued)*

(ii) Options granted on 8 February 2010 *(continued)*

(1) The terms and conditions of the grants are as follows:

	Number of instruments '000	Vesting conditions	Contractual life of options
Options granted to directors on:			
– 8 February 2010	120,000	8 February 2010 to 8 February 2011	8 February 2010 to 7 February 2020
– 8 February 2010	120,000	8 February 2010 to 8 February 2012	8 February 2010 to 7 February 2020
– 8 February 2010	160,000	8 February 2010 to 8 February 2013	8 February 2010 to 7 February 2020
Options granted to employees on:			
– 8 February 2010	210,000	8 February 2010 to 8 February 2011	8 February 2010 to 7 February 2020
– 8 February 2010	210,000	8 February 2010 to 8 February 2012	8 February 2010 to 7 February 2020
– 8 February 2010	280,000	8 February 2010 to 8 February 2013	8 February 2010 to 7 February 2020
	1,100,000		

(2) The number and weighted average exercise prices of share options are as follows:

	Weighted average exercise price HKD	Number of options '000
Outstanding at 1 January 2011	1.69	1,100,000
Exercised during the period	1.69	–
Outstanding at 30 June 2011	1.69	1,100,000
Exercisable at 30 June 2011	1.69	–

The options outstanding at 30 June 2011 had an exercise price of HKD1.69 and a weighted average remaining contractual life of approximately 105 months.

21 CAPITAL AND RESERVES *(continued)*

(c) Equity settled share-based transactions *(continued)*

(ii) ***Options granted on 8 February 2010*** *(continued)*

(3) Fair value of share options and assumptions

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The estimate of the fair value of the share options granted is measured based on a Binomial Option Pricing Model. The contractual life of the share options is used as an input into this model. Expectations of early exercise are incorporated into the Binomial Option Pricing Model.

Fair value at measurement date	HKD0.424
Share price	HKD1.640
Exercise price	HKD1.690
Expected volatility (expressed as weighted average volatility used in the modelling under Binomial Option Pricing Model)	53.905%
Option life (expressed as weighted average life used in the modelling under Binomial Option Pricing Model)	10 years
Dividend yield	6.43%
Risk-free interest rate (based on Exchange Fund Notes)	2.83%

The expected volatility is based on the historic volatility of the share price over the most recent period, adjusted for any expected changes to future volatility based on publicly available information. Dividend yield is based on the dividends policies of the Company.

Share options were granted under a service condition and a non-market performance condition. These conditions have not been taken into account in the grant date fair value measurement for the services received. There were no market conditions associated with the share option grants.

22 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 16(i)). The outstanding guarantees as at 30 June 2011 and 31 December 2010 amounted to RMB1,099,053,000 and RMB1,431,532,000, respectively. The guarantees and deposits will be released accordingly along with the repayment of loan principal by the buyers.

23 OPERATING LEASE

(a) Leases as lessor

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

	At 30 June 2011 RMB'000	At 31 December 2010 RMB'000
Less than one year	**165,081**	105,799
Between one and five years	**59,215**	10,730
More than five years	**13,442**	2,000
	237,738	118,529

(b) Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

	At 30 June 2011 RMB'000	At 31 December 2010 RMB'000
Less than one year	**20,300**	15,176
Between one and five years	**30,348**	29,243
More than five years	**2,100**	2,788
	52,748	47,207

24 CAPITAL COMMITMENTS

As at 30 June 2011 and 31 December 2010, the Group has the following commitments in respect of the construction of shopping mall not provided for in the financial statements:

	At 30 June 2011 RMB'000	At 31 December 2010 RMB'000
Contracted for	**3,178,523**	1,759,561
Authorised but not contracted for	**4,897,440**	2,616,932
	8,075,963	4,376,493

25 MATERIAL RELATED PARTY TRANSACTIONS AND BALANCE

(a) Material related party transactions

	Six months ended 30 June	
	2011 RMB'000	2010 RMB'000
Operating lease to		
– Directors	**11**	11
– Other related parties	**25**	25
Operating lease from		
– Other related parties	**400**	400

(b) Amount due from related parties

	At 30 June 2011 RMB'000	At 31 December 2010 RMB'000
Prepaid rental fee to other related parties –		
Harbin Jurong New Power Co., Ltd.	**400**	–