Renhe Commercial Holdings Company Limited

人和商業控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1387)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2017

The board of directors (the "Board") of Renhe Commercial Holdings Company Limited (the "Company") hereby announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2017, together with the appropriate comparative figures as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE SIX MONTHS ENDED 30 JUNE 2017 — unaudited

	Note	**Six months ended 30 June** **2017** ***RMB'000***	2016 *RMB'000*
Continuing operation			
Revenue	*6*	**504,838**	523,182
Gross profit		**504,838**	523,182
Other income		**58,488**	63,738
Administrative expenses		**(273,069)**	(212,131)
Other operating expenses		**(308,943)**	(299,692)
Operating (loss)/profit from continuing operation		**(18,686)**	75,097
Finance income		**2,198**	404
Finance expenses		**(120)**	(11,717)
Net finance income/(expenses)	*7(a)*	**2,078**	(11,313)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS *(continued)*
FOR THE SIX MONTHS ENDED 30 JUNE 2017 — unaudited

		Six months ended 30 June	
	Note	**2017**	2016
		RMB'000	*RMB'000*
(Loss)/profit from continuing operation before taxation	*7*	**(16,608)**	63,784
Income tax	*8*	**(49,703)**	(61,533)
(Loss)/profit from continuing operation		**(66,311)**	2,251
Discontinued operation			
Loss from discontinued operation, net of tax		**–**	(14,513,350)
Loss for the period		**(66,311)**	(14,511,099)
Attributable to:			
Equity shareholders of the Company		**(66,311)**	(14,493,380)
Non-controlling interests		**–**	(17,719)
Loss for the period		**(66,311)**	(14,511,099)
(Loss)/profit attributable to:			
Equity shareholders of the Company			
— Continuing operation		**(66,311)**	2,251
— Discontinued operation		**–**	(14,495,631)
		(66,311)	(14,493,380)
Non-controlling interests			
— Discontinued operation		**–**	(17,719)
Loss for the period		**(66,311)**	(14,511,099)
Basic and diluted (loss)/earnings per share (RMB cents)	*10*	**(0.15)**	(32.96)
From continuing operation		**(0.15)**	0.01
From discontinued operation		**–**	(32.97)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2017 — unaudited

	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
Loss for the period	**(66,311)**	(14,511,099)
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	**163,700**	(96,811)
Total comprehensive income for the period	**97,389**	(14,607,910)
Attributable to:		
Equity shareholders of the Company	**97,389**	(14,590,191)
Non-controlling interests	**–**	(17,719)
Total comprehensive income for the period	**97,389**	(14,607,910)
Total comprehensive income for the period arises from:		
Continuing operation	**97,389**	101,143
Discontinued operation	**–**	(14,709,053)
Total comprehensive income for the period	**97,389**	(14,607,910)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2017 — unaudited

	Note	**At 30 June 2017** *RMB'000*	At 31 December 2016 *RMB'000*
Non-current assets			
Property and equipment		**683,089**	683,893
Intangible assets	*11*	**5,872,008**	6,034,550
Goodwill	*12*	**386,380**	386,380
Other assets		**–**	21,682
Total non-current assets		**6,941,477**	7,126,505
Current assets			
Inventories		**42,302**	46,538
Trade receivables and other assets	*13*	**93,453**	1,852,670
Cash at bank and on hand		**1,769,759**	1,464,956
Total current assets		**1,905,514**	3,364,164
Current liabilities			
Trade and other payables	*14*	**277,349**	1,969,737
Taxation		**42,125**	50,262
Total current liabilities		**319,474**	2,019,999
Net current assets		**1,586,040**	1,344,165
Total assets less current liabilities		**8,527,517**	8,470,670

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*
AT 30 JUNE 2017 — unaudited

	Note	**At 30 June 2017** *RMB'000*	At 31 December 2016 *RMB'000*
Non-current liabilities			
Deferred tax liabilities		**1,464,942**	1,505,484
Total non-current liabilities		**1,464,942**	1,505,484
Net assets		**7,062,575**	6,965,186
Capital and reserves			
Share capital		**366,604**	366,604
Reserves		**6,695,971**	6,598,582
Total equity attributable to equity shareholders of the Company		**7,062,575**	6,965,186

NOTES:

1. **INDEPENDENT REVIEW**

The interim results for the six months ended 30 June 2017 are unaudited, but have been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants. KPMG's independent review report to the Board is included in the interim report to be sent to shareholders.

2. **BASIS OF PREPARATION**

(i) The interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), including compliance with International Accounting Standard ("IAS") 34, *Interim financial reporting*, issued by the International Accounting Standards Board ("IASB").

The financial information relating to the financial year ended 31 December 2016 that is included in the interim financial report does not constitute the Company's annual financial statements under International Financial Reporting Standards ("IFRSs") for that financial year but is derived from those financial statements. The annual financial statements for the year ended 31 December 2016 are available from the Company's registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 28 March 2017.

(ii) Discontinued operation

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, 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.

3. **PRINCIPAL ACCOUNTING POLICIES**

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2016 annual financial statements, except for the accounting policy stated in Note 2(ii) and the accounting policy changes that are expected to be reflected in the 2017 annual financial statements. Details of any changes in accounting policies are set out in Note 4.

4. CHANGES IN ACCOUNTING POLICIES

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

None of these developments has had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented in this interim financial report.

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

5. SEGMENT REPORTING

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

In July 2016, the Group disposed the business line of development, lease and management of shopping mall, the profit or loss, assets and liabilities of continuing operation represent the single segment of operation of agriculture wholesale markets segment.

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

6. REVENUE FROM CONTINUING OPERATION

	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
Operating lease	**118,744**	115,232
Commission income	**386,094**	407,950
	504,838	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 2017 (six months ended 30 June 2016: Nil).

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

(a) Net finance income/(expenses)

	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
Finance income		
— Interest income on bank deposits	**2,198**	404
	2,198	404
Finance expenses		
— Interest on interest-bearing borrowings	**–**	(13,409)
— Net foreign exchange gain	**209**	2,149
— Bank charges and others	**(329)**	(457)
	(120)	(11,717)
	2,078	(11,313)

(b) Other items

		Six months ended 30 June	
		2017	2016
	Note	***RMB'000***	*RMB'000*
Depreciation		**23,413**	21,221
Amortization	*11*	**162,166**	162,166
Advertisement expenses		**14,220**	1,157
Repairs and maintenance		**9,667**	9,079
Utility charges		**19,342**	15,675
Operating lease charges		**68,261**	68,063
Auditors' remuneration		**1,900**	1,709

8. INCOME TAX FROM CONTINUING OPERATION

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

	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
Current tax		
PRC Enterprise Income Tax		
Provision for the period	**89,755**	101,823
Under-provision in respect of prior years	**490**	252
	90,245	102,075
Deferred tax		
Reversal and origination of temporary difference	**(40,542)**	(40,542)
	49,703	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.

9. DIVIDENDS

There was no interim dividend declared attributable to the six months ended 30 June 2017 (six months ended 30 June 2016: Nil).

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

The calculation of basic loss per share is based on the loss attributable to ordinary equity shareholders of the Company of RMB66,311,000 (six months ended 30 June 2016: loss of RMB14,493,380,000) and the weighted average of 43,966,100,000 ordinary shares (six months ended 30 June 2016: 43,966,100,000) in issue during the six months ended 30 June 2017.

During the six months ended 30 June 2017 and 2016, diluted loss per share is calculated on the same basis as basic loss per share.

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

	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
From continuing operation	**(66,311)**	2,251
From discontinued operation	**–**	(14,495,631)
Loss attributable to ordinary equity shareholders	**(66,311)**	(14,493,380)

11. INTANGIBLE ASSETS

In connection with the acquisition occurred in July 2015, the Group (as lessee) entered into 20 years lease agreements with market owners of the agriculture wholesale markets (as lessor), according to which the rent to be paid is favourable as compared with the fair value of market rent. As at the acquisition date on 27 July 2015, the Group recognized these favourable term lease agreements as an intangible asset at its fair value amounting to RMB6,486,667,000 which is amortized on a straight-line basis over the contractual life of the lease agreements. The amortization charge for the six months ended 30 June 2017 of RMB162,166,000 is included in other operating expenses in the consolidated statement of profit or loss.

12. GOODWILL

Goodwill of RMB386,380,000 relates to the acquisition of agriculture wholesale markets business which was completed on 27 July 2015. No indications of impairment has been observed during the six months ended 30 June 2017.

13. TRADE RECEIVABLES AND OTHER ASSETS

	Note	**At 30 June 2017** *RMB'000*	At 31 December 2016 *RMB'000*
Trade receivables	*(i)*	**5,350**	–
Deposits for acquisition	*(ii)*	**–**	400,000
Amounts due from related parties		**28,832**	1,400,060
Others		**59,271**	52,610
		93,453	1,852,670
Less: allowance for doubtful debts	*(i)*	**–**	–
		93,453	1,852,670
Representing:			
— Non-current		**–**	–
— Current		**93,453**	1,852,670
		93,453	1,852,670

(i) 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 2017 *RMB'000*	At 31 December 2016 *RMB'000*
At 1 January	**–**	157,537
Disposal of discontinued operation	**–**	(157,537)
Impairment loss recognised	**–**	–
At 30 June/31 December	**–**	–

(ii) Deposits for acquisition

The balance as at 31 December 2016 represented deposit for acquisition of new projects in the PRC. The acquisitions were not materialized and the deposits were refunded during the six months period ended 30 June 2017.

14. TRADE AND OTHER PAYABLES

	Note	**At 30 June 2017** *RMB'000*	At 31 December 2016 *RMB'000*
Receipts-in-advance		**85,179**	141,639
Construction payables		**58,022**	83,543
Other taxes payable		**4,465**	6,854
Deposits		**89,674**	133,253
Amounts due to related parties		**4,063**	1,560,243
Salary and welfare expenses payable		**9,851**	17,801
Professional service fee payables		**19,083**	12,061
Others		**7,012**	14,343
		277,349	1,969,737

15. DISCONTINUED OPERATION

During the year 2016, the Company entered into a sale agreement to dispose of 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, a provision in respect of the disposal loss has been recognised as at 30 June 2016. The Disposal was completed on 8 July 2016, the controlling shareholder of the Company acquired the Disposal Group at a consideration of RMB6.5 billion.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

During the period under review, the Group's principal business is operation of 7 agriculture wholesale markets in 6 cities in the PRC.

Below is the summary of our 7 agriculture wholesale markets:

Wholesale market	Location	GFA *(sq.m.)*	Revenue Six months ended 30 June 2017 *(RMB'million)*
China Shouguang Agricultural Produce Logistics Park	Shouguang city, Shandong province	537,003	79.1
Harbin Hada Agricultural Produce Market	Harbin city, Heilongjiang province	185,035	161.0
Shenyang Shouguang Dili Agricultural By-Products Markets	Shenyang city, Liaoning province	235,123 *(note 2)*	124.3
Qiqihar Hada Agricultural Produce Market	Qiqihar city, Heilongjiang province	49,106 *(note 3)*	45.0
Harbin Youyi Agricultural Produce Market	Harbin city, Heilongjiang province	17,952 *(note 4)*	10.9
Muda International Agricultural Produce Logistics Park	Mudanjiang city, Heilongjiang province	116,758	23.5
Guiyang Agricultural Produce Logistics Park	Guiyang city, Guizhou province	173,620	61.0
Total		1,314,597	504.8

Notes:

1. 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.

2. Among the total gross floor area ("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.

3. 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.

4. 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.

FINANCIAL REVIEW

On 8 July 2016, the Group completed the disposal of all 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.

Revenue

Our revenue comprises commission income primarily based on either value of transactions or weight of products, which we charge to traders. We also earn lease income by leasing space at the warehouse, icehouses and other facilities we have at our markets to assist traders to store and pack their products, and from renting rooms at our on-site residential areas and motel to traders.

For the six months ended 30 June 2017, the Group recorded a consolidated revenue of approximately RMB504.8 million (for the six months ended 30 June 2016: RMB523.2 million), representing a decrease of about 3.5% when compared with that of last corresponding period. The lease income slightly increased by 3.0% to RMB118.7 million in this period as compared to RMB115.2 million in last corresponding period. However, the commission income decreased by 5.4% to RMB386.1 million in this period as compared to RMB408.0 million in last corresponding period.

The drop of commission income arose from the fluctuation of vegetable prices and the increase in market competition. The lease income is relatively stable.

	Six months ended 30 June			
	2017	2016	**Change**	**Change**
	RMB'million	*RMB'million*	*RMB'million*	*%*
Commission income	**386.1**	408.0	(21.9)	(5.4)
Lease income	**118.7**	115.2	3.5	3.0
Total	**504.8**	523.2	(18.4)	(3.5)

The analysis by agriculture wholesales market:

		Six months ended 30 June			
		2017	2016	**Change**	**Change**
	Note	***RMB'million***	*RMB'million*	*RMB'million*	*%*
China Shouguang Agricultural Produce Logistic Park	*i*	**79.1**	96.7	(17.6)	(18.2)
Harbin Hada Agricultural Produce Market		**161.0**	166.7	(5.7)	(3.4)
Shenyang Shouguang Dili Agricultural By-Products Market	*ii*	**124.3**	112.3	12.0	10.7
Qiqihar Hada Agricultural Produce Market	*iii*	**45.0**	40.6	4.4	10.8
Harbin Youyi Agricultural Produce Market		**10.9**	10.9	(–)	(–)
Muda International Agricultural Produce Logistics Park		**23.5**	22.5	1.0	4.4
Guiyang Agricultural Produce Logistic Park	*iv*	**61.0**	73.5	(12.5)	(17.0)
Total		**504.8**	523.2	(18.4)	(3.5)

Notes:

i. With the relative high price of vegetables in early 2016, farmers shifted more resources in planting vegetables. The over-supply of vegetables in the first half of 2017 resulted in the decrease in vegetable prices and our corresponding commission income.

ii. The increase of revenue was due to the improvement of sales mix which arose from the sales of more high end products.

iii. The increase of revenue was due to the upward adjustment in commission rate in this period.

iv. The drop of revenue was due to the keen market competition in Guiyang city in this period.

Gross Profit

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

Other Income

Other income mainly comprised market service fee income of RMB58.3 million (for the six months ended 30 June 2016: RMB63.4 million).

Administration expenses

Administration expenses mainly comprised staff cost, depreciation and trip expenses. The increase was mainly due to the increase in trip expenses taken by management to explore new business opportunities.

Other operating expenses

Other operating expenses mainly consisted of amortization of intangible assets of RMB162.2 million (for the six months ended 30 June 2016: RMB162.2 million) arose from the acquisition of the agriculture business and the operating lease expenses of RMB49.9 million (for the six months ended 30 June 2016: 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. The increase was mainly due to improvement of cash flow and increase in bank balance during the period.

Finance expenses

Finance expenses mainly represented bank interest and charges. The drop was mainly because the loans were fully repaid in 2016.

Liquidity and Financial Resources

The Group has net cash position and has strong financial resources to support its working capital and future expansion.

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 authorized 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. 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 Commitment

As at 30 June 2017, the future capital expenditure for which the Group had contracted but not provided in respect of continuing operation amounted to approximately RMB15.0 million (as at 31 December 2016: amounted to RMB11.7 million) while the future capital expenditure for which the Group had authorized but not contracted for in respect of continuing operation amounted to approximately nil (as at 31 December 2016: amounted to RMB8.0 million).

Human Resources

As at 30 June 2017, the Group employed 2,153 staff (as at 30 June 2016: 3,724 staff). 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 2017 was approximately RMB116.4 million as compared with RMB185.7 million for the six months ended 30 June 2016. 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.

Dividend

The Board has resolved that there was no interim dividend declared attributable to the six months ended 30 June 2017 (for the six months ended 30 June 2016: Nil).

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

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2017.

CORPORATE GOVERNANCE PRACTICES

The Company has complied with the code provisions in the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), throughout the six months ended 30 June 2017, save and except for the following:

Under the Code provision E.1.2, the chairman of the board should attend the annual general meeting ("AGM"). The Chairman of the Board was unable to attend the AGM of the Company held on 22 June 2017 due to other business commitments. In absence of the Chairman, Mr. Wang Hongfang, an executive director of the Company, acted as the Chairman of the AGM. The Board will finalise and inform the date of the AGM as earliest as possible to make sure that the directors would attend the AGM of the Company in the future.

Save as disclosed above, there has been no deviation from the code provisions of the CG Code for the six months ended 30 June 2017.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its own code for directors' securities transactions. Upon specific enquiry made by the Company, all directors of the Company have confirmed that they have complied with the required standard set out in the Model Code throughout the six months ended 30 June 2017.

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 2017.

APPRECIATION

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

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

Hong Kong, 29 August 2017

As at the date of this announcement, the Board of the Company consists of Mr. Dai Yongge, Mr. Wang Hongfang and Mr. Dai Bin as executive directors; Mrs. Hawken Xiu Li, Ms. Jiang Mei, Ms. Zhang Xingmei, Mr. Zhang Dabin and Ms. Wang Chunrong as non-executive directors; and Mr. Fan Ren-Da, Anthony, Mr. Wang Shengli, Mr. Wang Yifu, Mr. Leung Chung Ki and Mr. Tang Hon Man as independent non-executive directors.

* *For identification purpose only*