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Renhe Commercial Holdings Company Limited

人和商業控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1387)

CLARIFICATION ANNOUNCEMENT IN RELATION TO THE ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

Reference is made to the announcement of Renhe Commercial Holdings Company Limited (the “**Company**”) on 9 June 2015 (the “**Announcement**”) in relation to the acquisition of Yield Smart Limited and its subsidiaries (the “**Target Group**”) and the annual report of the Company for the year ended 31 December 2015 (the “**Annual Report**”) published on 14 April 2016. Unless defined otherwise, capitalized terms used in this announcement shall have the same meanings as those defined in the Announcement and the Annual Report.

In addition to the information disclosed in the Annual Report, the Company would like to provide the Shareholders and the market with additional information below:

Acquisition of the Target Group and Profit Guarantee

On 9 June 2015, the Company entered into the Acquisition Agreement with the Vendor, pursuant to which the Company agreed to acquire the Target Group at a total consideration of HK\$6.5 billion. Pursuant to the Acquisition Agreement, the Vendor has warranted and guaranteed to the Company that the net profit before amortization of intangible assets and after tax of the Target Group as shown in the management accounts (the “**Subsequent Net Profit**”) (i) for the financial year ending 31 December 2015 will not be less than RMB500 million (the “**2015 Profit Guarantee**”); and (ii) for the financial year ending 31 December 2016 will not be less than RMB600 million. The amounts as shown in the management accounts representing the Subsequent Net Profit in each of the two financial years ending 31 December 2016 as reviewed or confirmed by an independent audit firm shall be final and binding on the parties for the purpose of Profit Guarantee. Further, should the aggregated Subsequent Net Profit for the two years ending 31 December 2016 be less than RMB1,100 million, the Vendor shall indemnify the Company an amount in cash equal to the shortfall between such

aggregate Subsequent Net Profit and RMB1,100 million multiplied by 8.66 times of the price-earnings ratio in Renminbi, which was the same price-earnings ratio upon which the consideration of HK\$6.5 billion was determined.

The Board would like to inform the Shareholders and the market that, according to the management account of the Target Group for the financial year ended 31 December 2015 which was prepared in accordance with International Financial Reporting Standards and reviewed by an independent audit firm in accordance with the Hong Kong Standard on Review Engagements 2400 (Revised) “Engagements to Review Historical Financial Statements”, the net profit before amortization of intangible assets and after tax of the Target Group for the financial year ended 31 December 2015 amounted to approximately RMB539.7 million and therefore the 2015 Profit Guarantee has been met and fulfilled.

The additional information provided above does not affect other information contained in the Annual Report, and the contents of the Annual Report remain unchanged.

For and on behalf of the Board
Renhe Commercial Holdings Company Limited
Hung Fan Kwan
Company Secretary

Hong Kong, 16 August 2016

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

** For identification purposes only*