

THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt about this Prospectus or as to the action to be taken, you should consult your stockbroker or other registered securities dealer, bank manager, solicitor, professional accountant or other professional advisers. Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed "Definitions" in this Prospectus.

If you have sold or transferred all your shares in Renhe Commercial Holdings Company Limited, you should at once hand this Prospectus and, if any, the accompanying PAL and EAF to the purchaser(s) or transferee(s) or bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

A copy of each of the Rights Issue Documents, together with documents specified in the paragraph headed "16. Documents delivered to the Registrar of Companies", have been registered by the Registrar of Companies in Hong Kong as required under Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Registrar of Companies in Hong Kong, The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and the Securities and Futures Commission of Hong Kong take no responsibility as to the contents of any of the documents referred to above.

Dealings in the Shares and the Rights Shares in their nil-paid and fully-paid forms may be settled through CCASS operated by Hong Kong Securities Clearing Company Limited ("HKSCC") and you should consult your stockbroker or other registered securities dealer, bank manager, solicitor, professional accountant or other professional advisers for details of those settlement arrangements and how such arrangements may affect your rights and interests. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Shareholders with registered addresses, and Beneficial Owners (as defined herein) who are resident, outside Hong Kong are referred to the important information set out in the paragraphs headed "Non-Qualifying Shareholders" under the section headed "Letter from the Board" of this Prospectus.

Hong Kong Exchanges and Clearing Limited, the Stock Exchange and HKSCC take no responsibility for the contents of this Prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Prospectus.

Distribution of this Prospectus into jurisdictions other than Hong Kong may be restricted by law. Persons into whose possession this Prospectus comes should inform themselves of and observe any such restrictions. This Prospectus is not for release, publication or distribution, directly or indirectly, in or into the United States.

This Prospectus does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to acquire, the nil-paid Rights Shares or fully-paid Rights Shares or to take up any entitlements to the nil-paid Rights Shares or fully-paid Rights Shares in any jurisdiction in which such an offer or solicitation is unlawful.



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)

RIGHTS ISSUE

**AT A SUBSCRIPTION PRICE OF HK\$0.163
EACH ON THE BASIS OF THREE RIGHTS SHARES
FOR EVERY TEN EXISTING SHARES
HELD ON THE RECORD DATE**

Underwriter of the Rights Issue

Super Brilliant Investments Limited

The latest time for acceptance of, and payment for, the Rights Shares is 4:00 p.m. on Tuesday, 10 July 2018. The procedures for acceptance and payment or transfer of the Rights Shares are set out in the section headed "Procedures for acceptance and payment or transfer" on pages 21 to 25 of this Prospectus.

It should be noted that the Underwriter may, upon giving notice in writing to the Company, terminate the Underwriting Agreement with immediate effect at any time prior to the Latest Time for Termination, upon the occurrence of certain events, including force majeure events. These events are set out in the section headed "Termination of the Underwriting Agreement" on pages 10 to 11 of this Prospectus.

If the Underwriter exercises such right, the Underwriting Agreement will not become unconditional and the Rights Issue will not proceed. Upon the giving of written notice of termination, all the obligations of the Underwriter and the Company under the Underwriting Agreement shall cease and no party shall have any claim against any other for costs, damages, compensation or otherwise (save in respect of certain rights and obligations under the Underwriting Agreement, including rights of the parties thereto in respect of any antecedent breach).

It should also be noted that the Shares have been dealt in on an ex-rights basis from Monday, 11 June 2018 and that dealings in the nil-paid Rights Shares will take place from Wednesday, 27 June 2018 to Thursday, 5 July 2018 (both days inclusive). Such dealings will take place when the conditions of the Rights Issue remain unfulfilled. If prior to the Latest Time for Termination, the Underwriter terminates the Underwriting Agreement or if any of the other conditions of the Rights Issue as set out in the paragraph headed "Conditions of the Rights Issue" under the section headed "Letter from the Board" of this Prospectus is not fulfilled, the Rights Issue will not proceed.

Any person dealing in the securities of the Company up to the date on which such conditions are fulfilled and any person dealing in the nil-paid Rights Shares from Wednesday, 27 June 2018 to Thursday, 5 July 2018 (being the first and last days of dealings in the nil-paid Rights Shares respectively) will accordingly bear the risk that the Rights Issue may not become unconditional and may not proceed. Any person dealing or contemplating any dealing in the securities of the Company, the nil-paid Rights Shares and/or the Shares during this period who is in any doubt about his/her/its position is recommended to consult his own professional advisers.

* For identification purposes only

NOTICE

The Rights Issue is conditional upon the Underwriting Agreement becoming unconditional and not being terminated in accordance with its terms. If the conditions of the Rights Issue are not fulfilled, the Rights Issue will not proceed, in which case a further announcement will be made by the Company at the relevant time.

EXCEPT AS OTHERWISE SET OUT HEREIN, THE RIGHTS ISSUE DESCRIBED IN THIS PROSPECTUS IS NOT BEING MADE TO SHAREHOLDERS, BENEFICIAL OWNERS OR INVESTORS WITH REGISTERED ADDRESS IN, LOCATED OR RESIDED IN JURISDICTIONS OUTSIDE HONG KONG, UNLESS OFFER TO SUCH JURISDICTIONS COULD LAWFULLY BE MADE WITHOUT COMPLIANCE WITH ANY REGISTRATION OR OTHER LEGAL OR REGULATORY REQUIREMENTS OR THE OFFER IS MADE IN RELIANCE ON ANY EXEMPTION OR WHERE COMPLIANCE IS NOT UNDULY BURDENSOME.

This Prospectus does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to acquire, the nil-paid Rights Shares or fully-paid Rights Shares or to take up any entitlement to the nil-paid Rights Shares or fully-paid Rights Shares in any jurisdiction in which such an offer or solicitation is unlawful. None of the nil-paid Rights Shares, the fully-paid Rights Shares, this Prospectus, the PAL and the EAF will be filed or registered under the securities laws of any jurisdictions other than in (i) Hong Kong; and (ii) the PRC, in accordance with the CSRC Notice after the approval from the Stock Exchange for the listing of the Rights Shares (in nil-paid and fully-paid forms) has been obtained, and none of the nil-paid Rights Shares, the fully-paid Rights Shares, this Prospectus, the PAL and the EAF will qualify for distribution under any of the relevant securities laws of any jurisdictions other than Hong Kong, the BVI, the Cayman Islands and the PRC (as to PRC Stock Connect Investors only) (other than pursuant to any applicable exceptions as agreed by the Company and the Underwriter). Accordingly, the nil-paid Rights Shares and the fully-paid Rights Shares may not be offered, sold, pledged, taken up, resold, transferred or delivered, directly or indirectly, into or within any jurisdictions outside Hong Kong, the BVI, the Cayman Islands and the PRC (as to PRC Stock Connect Investors only) absent registration or qualification under the respective securities laws of such jurisdictions, or exceptions or exemption from the registration or qualification requirements under applicable rules of such jurisdictions.

Shareholders with registered addresses in, investors who are located or resided in, any of the jurisdictions outside Hong Kong, the BVI, the Cayman Islands and the PRC (as to PRC Stock Connect Investors only) or who hold Shares on behalf of persons with such addresses, and Beneficial Owners who are resident outside Hong Kong, the BVI, the Cayman Islands and the PRC (as to PRC Stock Connect Investors only) should refer to the paragraph headed “Non-Qualifying Shareholders” under the section headed “Letter from the Board” of this Prospectus.

For the avoidance of doubt, the PRC Stock Connect Investors can participate in the Rights Issue through ChinaClear. ChinaClear will provide nominee services for the PRC Stock Connect Investors to (i) sell (in full or in part) their nil-paid Rights Shares on the Stock Exchange; and/or (ii) subscribe (in full or in part) for their pro rata entitlement in respect of shareholding held on the Record Date at the Subscription Price under the Rights Issue in accordance with the relevant laws and regulations. However, ChinaClear will not support applications by such PRC Stock Connect Investors for excess Rights Shares under the Rights

NOTICE

Issue through Shanghai-Hong Kong Stock Connect. The PRC Stock Connect Investors (or the relevant ChinaClear participants as the case may be) whose stock accounts in ChinaClear are credited with nil-paid Rights Shares could only sell those nil-paid Rights Shares on the Stock Exchange under Shanghai-Hong Kong Stock Connect but could not purchase any nil-paid Rights Shares nor transfer such nil-paid Rights Shares to other PRC Stock Connect Investors.

Each person acquiring the nil-paid Rights Shares and/or Rights Shares under the Rights Issue will be required to confirm, or be deemed by his/her/its acquisition of the nil-paid Rights Shares and/or Rights Shares to confirm, that he/she/it is aware of the restrictions on offers and sales of the nil-paid Rights Shares and/or Rights Shares described in this Prospectus.

FORWARD LOOKING STATEMENTS

All statements in this Prospectus other than statements of historical fact are forward-looking statements. In some cases, forward-looking statements may be identified by the use of words such as “might”, “may”, “could”, “would”, “will”, “expect”, “intend”, “estimate”, “anticipate”, “believe”, “plan”, “seek”, “continue”, “illustration”, “projection” or similar expressions and the negative thereof. Forward-looking statements in this Prospectus include, without limitation, statements in respect of the Group’s business strategies, product offerings, market position, competition, financial prospects, performance, liquidity and capital resources, as well as statements regarding trends in the relevant industries and markets in which the Group operates, technological advances, financial and economic developments, legal and regulatory changes and their interpretation and enforcement.

The forward-looking statements in this Prospectus are based on management’s present expectations about future events. Management’s present expectations reflect numerous assumptions regarding the Group’s strategy, operations, industry, developments in the credit and other financial markets and trading environment. By their nature, they are subject to known and unknown risks and uncertainties, which could cause actual results and future events to differ materially from those implied or expressed by forward-looking statements. Should one or more of these risks or uncertainties materialise, or should any assumptions underlying forward-looking statements prove to be incorrect, the Group’s actual results could differ materially from those expressed or implied by forward-looking statements. Additional risks not known to the Group or that the Group does not currently consider material could also cause the events and trends discussed in this Prospectus not to occur, and the estimates, illustrations and projections of financial performance not to be realised.

Prospective investors are cautioned that forward-looking statements speak only as at the Latest Practicable Date. Except as required by applicable law, the Group does not undertake, and expressly disclaims, any duty to revise any forward-looking statement in this Prospectus, be it as a result of new information, future events or otherwise.

CONTENTS

	<i>Page</i>
DEFINITIONS	1
EXPECTED TIMETABLE	7
SUMMARY OF THE RIGHTS ISSUE	9
TERMINATION OF THE UNDERWRITING AGREEMENT	10
LETTER FROM THE BOARD	13
APPENDIX I — FINANCIAL INFORMATION OF THE GROUP	I-1
APPENDIX II — PRO FORMA FINANCIAL INFORMATION OF THE GROUP	II-1
APPENDIX III — GENERAL INFORMATION	III-1

DEFINITIONS

In this Prospectus, unless the context otherwise requires, capitalised terms used shall have the following meanings:

“Abstained Directors”	Mr. Dai, Ms. Zhang, Mr. Dai Bin and Mrs. Hawken Xiu Li who have voluntarily abstained from voting on the relevant Board resolutions for approving the Rights Issue and the Underwriting Agreement
“Announcement”	the announcement of the Company dated 5 June 2018 in relation to, among other things, the Rights Issue
“Beneficial Owner”	any beneficial owner of Shares whose Shares are registered in the name of a Registered Owner
“Board”	the board of Directors
“Business Day”	any weekday (other than a Saturday, Sunday, any public holiday in Hong Kong or a day on which a tropical cyclone warning signal No. 8 or above or a black rainstorm warning signal is hoisted in Hong Kong at any time between 9:00 a.m. and 4:00 p.m.) on which commercial banks generally are open for business in Hong Kong
“BVI”	the British Virgin Islands
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Clearing Participant”	a person admitted by HKSCC to participate in CCASS as a direct clearing participant/broker participant or general clearing participant
“CCASS Custodian Participant”	a person admitted by HKSCC to participate in CCASS as a custodian participant
“CCASS Investor Participant”	a person admitted by HKSCC to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
“CCASS Participant”	a CCASS Clearing Participant or a CCASS Custodian Participant or a CCASS Investor Participant
“ChinaClear”	China Securities Depository and Clearing Corporation Limited
“Companies (Winding Up and Miscellaneous Provisions) Ordinance”	Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong)

DEFINITIONS

“Company”	Renhe Commercial Holdings Company Limited, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed and traded on the Stock Exchange (Stock Code: 1387)
“Convertible Bond”	has the meaning ascribed to it in the Announcement
“Controlling Shareholder”	has the meaning ascribed to it under the Listing Rules
“CSRC”	China Securities and Regulatory Commission
“CSRC Notice”	the notice of China Securities and Regulatory Commission “Filing Requirements for Hong Kong Listed Issuers Making Rights Issues to Mainland Shareholders through Shanghai-Hong Kong Stock Connect” (Announcement 2016 No. 21)
“Director(s)”	the director(s) of the Company
“EAF(s)”	the excess application form(s) issued to the Qualifying Shareholders in respect of applications for excess Rights Shares
“Enlarged Group”	the Group as enlarged upon completion of the Hada Acquisition and the Hangzhou Acquisition
“Gloss Season”	Gloss Season Limited, a company incorporated in the BVI and holds 122,400,000 Shares, representing approximately 0.28% of the total issued Shares of the Company, as at the Latest Practicable Date
“Group”	the Company and its subsidiaries
“Hada Acquisition”	has the meaning ascribed to it in the Announcement
“Hangzhou Acquisition”	has the meaning ascribed to it in the Announcement
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Intermediary”	in relation to a Beneficial Owner whose Shares are deposited in CCASS and registered in the name of HKSCC Nominees Limited, means the Beneficial Owner’s broker, custodian, nominee or other relevant person who is a CCASS Participant or who has deposited the Beneficial Owner’s Shares with a CCASS Participant

DEFINITIONS

“Independent Third Party(ies)”	third party(ies) independent of the Company and its connected persons within the meanings of the Listing Rules to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries
“Irrevocable Undertakings”	the irrevocable undertakings dated 5 June 2018 and given by the Undertaking Shareholders to the Company and the Underwriter as described in the paragraph headed “Irrevocable Undertakings of the Undertaking Shareholders” under the section headed “Letter from the Board” of this Prospectus
“Last Trading Day”	4 June 2018, being the trading day of the Shares immediately prior to the publication of the Announcement
“Latest Acceptance Date”	10 July 2018, being the last day for acceptance and payment of the Rights Shares and for application and payment for excess Rights Shares, or any such other date as the Company and the Underwriter may agree in writing in relation to which the agreement or consent of the Underwriter shall not be unreasonably withheld
“Latest Practicable Date”	19 June 2018, being the latest practicable date prior to the printing of this Prospectus for the purpose of ascertaining certain information in this Prospectus
“latest time for acceptance”	4:00 p.m. on the Latest Acceptance Date
“Latest Time for Termination”	4:00 p.m. on the next Business Day following the latest time for acceptance or such later date as the Company and the Underwriter may agree in writing
“Listing Committee”	has the meaning ascribed to it under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	31 December 2018 or such later date as the Underwriter may agree
“Mr. Dai”	Mr. Dai Yongge, the Chairman, executive Director and Controlling Shareholder of the Company
“Ms. Zhang”	Ms. Zhang Xingmei, a non-executive Director and the spouse of Mr. Dai

DEFINITIONS

“New Amuse”	New Amuse Limited, a company incorporated in the BVI and holds 6,243,902,439 Shares, representing approximately 14.20% of the total issued Shares of the Company as at the Latest Practicable Date
“Non-Qualifying Shareholder(s)”	those Overseas Shareholders or such other persons whom the Directors, after making relevant enquiries, consider that it is necessary or expedient not to offer the Rights Shares on account of either the legal restrictions under the laws of the relevant jurisdiction or the requirements of the relevant regulatory body or stock exchange in that jurisdiction, save and except for the Shareholder(s) whose address(es) as shown on the register of members of the Company is/are in the BVI or the Cayman Islands
“Overseas Shareholder(s)”	the Shareholder(s) whose name(s) appear(s) on the register of members of the Company on the Record Date and whose address(es) as shown on such register is/are outside Hong Kong
“PAL(s)”	the provisional allotment letter(s) issued to the Qualifying Shareholders in respect of their assured entitlements under the Rights Issue
“Posting Date”	25 June 2018 or such other date as the Company and the Underwriter may agree for the despatch of the Rights Issue Documents in relation to which the agreement or consent of the Underwriter shall not be unreasonably withheld
“PRC”	the People’s Republic of China which, for the purposes of this Prospectus, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“PRC Stock Connect Investor(s)”	the PRC southbound trading investor(s) through Shanghai-Hong Kong Stock Connect who hold Shares through ChinaClear as nominee
“Prospectus”	this prospectus dated 25 June 2018 being issued in connection with the Rights Issue
“Qualifying Shareholder(s)”	the Shareholder(s) whose name(s) appeared on the register of members of the Company on the Record Date, other than the Non-Qualifying Shareholders
“Record Date”	20 June 2018, being the record date to determine entitlements to the Rights Issue (or such other date as the Underwriter may agree in writing with the Company)

DEFINITIONS

“Registered Owner”	in respect of a Beneficial Owner, means a nominee, trustee, depository or any other authorised custodian or third party which is the registered holder in the register of members of the Company of the Shares in which the Beneficial Owner is beneficially interested
“Registration Date”	means the day on which the Rights Issue Documents are delivered to and registered with the Stock Exchange and the Registrar of Companies in Hong Kong, which shall be 22 June 2018 (or such later date which shall in any event be no later than the Long Stop Date as may be agreed between the Company and the Underwriter and in relation to which the agreement or consent of the Underwriter shall not be unreasonably withheld)
“Rights Issue”	the proposed issue by the Company of the Rights Shares at the Subscription Price on the basis of three Rights Shares for every ten existing Shares held on the Record Date payable in full on acceptance
“Rights Issue Documents”	this Prospectus, the PAL(s) and the EAF(s)
“Rights Share(s)”	the new Share(s) to be allotted and issued in respect of the Rights Issue
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of nominal value of HK\$0.01 each in the capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Share Registrar”	the branch share registrar of the Company in Hong Kong, being Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the subscription price of HK\$0.163 per Rights Share
“subsidiary”	has the meaning ascribed to it under the Listing Rules

DEFINITIONS

“Super Brilliant”	Super Brilliant Investments Limited, a company incorporated in the BVI and holds 15,383,738,082 Shares, representing approximately 34.99% of the total issued Shares of the Company as at the Latest Practicable Date, a Controlling Shareholder of the Company
“taken up/take up/taking up”	the taking up of those Rights Shares and/or Underwritten Shares in respect of which the relevant PALs and/or EAFs have been lodged accompanied by cheques or other remittances for the full amount payable in respect thereof
“Undertaking Shareholders”	Super Brilliant, Gloss Season, Wealthy Aim, Mr. Dai and New Amuse
“Underwriter”	Super Brilliant
“Underwriting Agreement”	the underwriting agreement dated 5 June 2018 and entered into between the Company and the Underwriter in relation to the Rights Issue
“Underwritten Shares”	the Rights Shares, other than the Rights Shares to be provisionally allotted to the Undertaking Shareholders pursuant to the Irrevocable Undertakings given by the Undertaking Shareholders, underwritten by the Underwriter pursuant to the terms of the Underwriting Agreement
“United States” or “US”	the United States of America (including its territories and dependencies, any state in the US and the District of Columbia)
“Wealthy Aim”	Wealthy Aim Holdings Limited, a company incorporated in the BVI and holds 640,762,050 Shares, representing approximately 1.46% of the total issued Shares of the Company as at the Latest Practicable Date
“%”	per cent or percentage

In this Prospectus, unless the context otherwise requires, any reference to the singular includes the plural and vice versa and any reference to a gender includes a reference to the other gender and the neuter.

EXPECTED TIMETABLE

Set out below is the expected timetable for the Rights Issue. Dates or deadlines specified below and in other parts of this Prospectus are indicative only and may be varied by agreement between the Company and the Underwriter. In the event that any special circumstances arise, the Board may extend, or make adjustment to, the timetable if it considers appropriate. The Company will notify Shareholders by way of announcement(s) of a change to the expected timetable as and when appropriate.

First day for dealings in nil-paid Rights Shares	Wednesday, 27 June 2018
Latest time for splitting of nil-paid Rights Shares	4:30 p.m. on Friday, 29 June 2018
Last day for dealings in nil-paid Rights Shares.....	Thursday, 5 July 2018
Latest time for acceptance of, and payment for, the Rights Shares and application and payment for excess Rights Shares.....	4:00 p.m. on Tuesday, 10 July 2018
Rights Issue expected to become unconditional	4:00 p.m. on Wednesday, 11 July 2018
Announcement of results of the Rights Issue to be published on the respective websites of the Stock Exchange and the Company on or before	Monday, 16 July 2018
Share certificates for fully-paid Rights Shares expected to be despatched on or around	Tuesday, 17 July 2018
Refund cheques in respect of wholly or partially unsuccessful excess applications expected to be posted on or around.....	Tuesday, 17 July 2018
Dealings in fully-paid Rights Shares commences.....	9:00 a.m. on Wednesday, 18 July 2018
Designated broker starts to stand in the market to provide matching services for the sale and purchase of odd lots Shares	9:00 a.m. on Wednesday, 18 July 2018
Designated broker ceases to stand in the market to provide matching services for the sale and purchase of odd lots Shares	4:00 p.m. on Tuesday, 7 August 2018

EXPECTED TIMETABLE

Notes:

1. All references to times and dates in this Prospectus refer to Hong Kong local times and dates.
2. Shareholders should note that the dates or deadlines specified in the above timetable and in other parts of this Prospectus are indicative only and may be varied by agreement between the Company and the Underwriter. In the event that any special circumstances arise, the Board may extend or adjust the timetable if it considers appropriate, and a further announcement will be made.
3. **Effect of bad weather on the latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares:**

The latest time for acceptance of and payment for the Rights Shares will not take place if there is a tropical cyclone warning signal no. 8 or above, or a “black” rainstorm warning:

- in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on the Latest Acceptance Date. Instead the latest time for acceptance of and payment for the Rights Shares will be extended to 5:00 p.m. on the same Business Day;
 - in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the Latest Acceptance Date. Instead the latest time for acceptance of and payment for the Rights Shares will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force in Hong Kong at any time between 9:00 a.m. and 4:00 p.m..
4. If the latest time for acceptance of and payment for the Rights Shares and for application and payment for the excess Rights Shares does not take place on the Latest Acceptance Date, the dates mentioned in the “Expected Timetable” section above may be affected. The Company will notify Shareholders by way of announcement(s) of any change to the expected timetable as soon as practicable.

SUMMARY OF THE RIGHTS ISSUE

The following information is derived from, and should be read in conjunction with, the full text of this Prospectus:

Basis of the Rights Issue	:	three Rights Shares for every ten existing Shares held on the Record Date
Number of Shares in issue as at the Latest Practicable Date	:	43,966,100,439 Shares
Number of Rights Shares	:	13,189,830,130 Rights Shares
Number of Underwritten Shares	:	All Underwritten Shares (excluding the Rights Shares that the Undertaking Shareholders have irrevocably undertaken to the Company and the Underwriter to take up by way of their respective rights entitlement under the Rights Issue), being approximately 6,426,419,360 Rights Shares
Enlarged issued share capital upon completion of the Rights Issue	:	57,155,930,569 Shares
Subscription Price	:	HK\$0.163 per Rights Share
Amount to be raised	:	Approximately HK\$2,150 million before expenses
Underwriter	:	Super Brilliant

As at the Latest Practicable Date, save and except for the Convertible Bond to be issued by the Company in favour of New Amuse upon completion of the Hada Acquisition, the Company had no outstanding options, convertible securities or warrants or other similar rights in issue which confer any right to convert into or subscribe for Shares.

The 13,189,830,130 nil-paid Rights Shares proposed to be provisionally allotted represent approximately 30% of the Company's issued share capital as at the Latest Practicable Date and approximately 23% of the Company's issued share capital as enlarged by the issue of the Rights Shares.

TERMINATION OF THE UNDERWRITING AGREEMENT

Termination of the Underwriting Agreement

If at any time prior to the Latest Time for Termination:

- (a) there comes to the notice of the Underwriter:
 - (i) any matter or any event showing any of the warranties and undertakings contained in the Underwriting Agreement was, when given, untrue or misleading or as having been breached in any material respect, or there has been a material breach by the Company of any of its obligations or undertakings under the Underwriting Agreement or the Underwriter has reasonable cause to believe that any such breach has occurred or that any matter has arisen which might reasonably be expected to give rise to such a breach or any claims, actions, litigations, proceedings or investigations (whether by governmental or regulatory bodies or otherwise), demands, judgements or awards;
 - (ii) any statement contained in the Prospectus has become or been discovered to be untrue, incorrect, incomplete or misleading in any material respect, or matters have arisen or have been discovered which would, if the Prospectus was to be issued at that time, constitute a material omission therefrom;
 - (iii) that the Company is required to produce a supplementary prospectus (the Underwriter having first consulted with the Company where practicable) in circumstances where the matter to be disclosed, in the reasonable opinion of the Underwriter, prejudicially and materially adversely affects or may prejudicially and materially adversely affect the success of the Rights Issue, or makes or may make it inadvisable or inexpedient to proceed with the Rights Issue; or
 - (iv) there is any adverse change or prospective adverse change in the business, condition, results of operations, prospects, management, shareholders' equity or in the financial or trading position of the Group as a whole which, in the reasonable opinion of the Underwriter, is or may be so material and adverse so as to make it impracticable to proceed with the Rights Issue;

then in any such case the Underwriter may, by notice in writing to the Company, terminate the Underwriting Agreement; or

- (b) there shall develop, occur, happen, come into effect, exist or come to the knowledge of the Underwriter any event, series of events or circumstances concerning or relating to or which may give rise to (whether or not foreseeable):
 - (i) any change in, any event or series of events resulting in or likely to result in any change in (whether or not permanent) local, national or international financial, political, military, industrial, economic, legal, fiscal, taxation, regulatory or securities market matters or conditions or currency exchange rates or exchange controls in the PRC, Hong Kong, the United States, the European Union (or any member thereof); or

TERMINATION OF THE UNDERWRITING AGREEMENT

- (ii) any event or circumstance in the nature of force majeure (including, without limitation, any act of government, economic sanctions, strike or lock-out (whether or not covered by insurance), riot, fire, explosion, flooding, earthquake, civil commotion, act or declaration of war, outbreak or escalation of hostilities (whether or not war is or has been declared), act of terrorism (whether or not responsibility has been claimed), act of God, pandemic, epidemic, outbreak of infectious disease, declaration of a state of emergency or calamity or crisis, in the PRC, Hong Kong, the United States or the European Union (or any member thereof)); or
- (iii) the declaration of a banking moratorium by the PRC, Hong Kong, the United States, or the European Union (or any member thereof) or authorities; or
- (iv) any moratorium, suspension or restriction on trading in shares or securities generally, or the establishment of minimum prices, on the Stock Exchange, the London Stock Exchange plc, the New York Stock Exchange, Inc. or NASDAQ National Market, or any major disruption of any securities settlement or clearing services in Hong Kong or the United States; or
- (v) any new law or regulation or any change in existing laws or regulations in or any change in the interpretation or application thereof by any court or other competent authority in Hong Kong or any other place in which any member of the Group conducts or carries on business; or
- (vi) any suspension of dealings in the Shares (other than pending publication of announcements in respect of the Rights Issue or where such suspension is for no more than three trading days);

the effect of which events and circumstances referred to above, individually or in the aggregate (in the reasonable opinion of the Underwriter after consultation with the Company): (1) is or will or is likely to have a materially adverse effect on the business or financial condition of the Group as a whole or the Rights Issue; or (2) has or will have or is likely to have a material adverse effect on the Rights Issue or the level or prospects of Rights Shares not taken up; or (3) makes or may make it inadvisable or inexpedient to proceed with the Rights Issue,

then in such case the Underwriter may by notice in writing to the Company, served prior to the Latest Time for Termination, rescind or terminate the Underwriting Agreement.

Upon such notice being given by the Underwriter, the obligations of all parties under the Underwriting Agreement shall cease and terminate immediately and no party will have any claim against any other for costs, damages, compensation or otherwise (save in respect of certain rights or obligations under the Underwriting Agreement including rights of the parties thereto in respect of any antecedent breach). If the Underwriter exercises such right, the Rights Issue will not proceed and a further announcement will be made.

TERMINATION OF THE UNDERWRITING AGREEMENT

WARNING OF THE RISKS OF DEALING IN THE SHARES AND THE NIL-PAID RIGHTS SHARES

Shareholders should note that the existing Shares have been dealt in on an ex-rights basis from 11 June 2018. The Rights Shares in their nil-paid form will be dealt in from 27 June 2018 to 5 July 2018 (both days inclusive).

The Rights Issue is conditional upon the Underwriting Agreement becoming unconditional and not being terminated in accordance with its terms. Accordingly, the Rights Issue may or may not become unconditional and may or may not proceed.

Any dealings in the Shares up to the time at which the conditions of the Rights Issue are fulfilled, which is currently expected to be 4:00 p.m., 11 July 2018, and any dealings in the Rights Shares in their nil-paid form between 27 June 2018 to 5 July 2018 (both days inclusive) are accordingly subject to the risk that the Rights Issue may not become unconditional or may not proceed. Shareholders and potential investors should therefore exercise caution when dealing in the Shares and/or the Rights Shares; and if they are in any doubt about their position, they are recommended to consult their professional advisers.

LETTER FROM THE BOARD



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)

Executive Directors:

Mr. Dai Yongge (*Chairman*)
Mr. Wang Hongfang (*Chief Executive Officer*)
Mr. Dai Bin

Non-executive Directors:

Mrs. Hawken Xiu Li
Ms. Jiang Mei
Ms. Wang Chunrong
Mr. Zhang Dabin
Ms. Zhang Xingmei

Independent non-executive Directors:

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

Registered Office:

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

Principal place of business

in Hong Kong:
Suites 1701-1703
One International Finance Centre
1 Harbour View Street
Central
Hong Kong

25 June 2018

*To the Qualifying Shareholders, and, for information only,
certain Non-Qualifying Shareholders*

Dear Sir or Madam,

**RIGHTS ISSUE
AT A SUBSCRIPTION PRICE OF HK\$0.163
EACH ON THE BASIS OF THREE RIGHTS SHARES
FOR EVERY TEN EXISTING SHARES
HELD ON THE RECORD DATE**

INTRODUCTION

On 5 June 2018, the Board announced that the Company, among other things, proposed to raise approximately HK\$2,150 million, before expenses, by way of the Rights Issue of 13,189,830,130 Right Shares at the Subscription Price of HK\$0.163 per Rights Share.

* *For identification purposes only*

LETTER FROM THE BOARD

Pursuant to the terms of the Rights Issue, the Qualifying Shareholders will be provisionally allotted three Rights Share in nil-paid form for every ten existing Shares held on the Record Date. Fractional entitlements for the nil-paid Rights Shares will not be provisionally allotted but will be aggregated (and rounded down to the nearest whole number) and sold in the market, if a premium (net of expenses) can be obtained, for the benefit of the Company. The Rights Issue is only available to the Qualifying Shareholders and will not be available to the Non-Qualifying Shareholders. For the entitlements of the PRC Stock Connect Investors in participation of the Rights Issue, please refer to the paragraph headed “PRC Stock Connect Investors” below.

Save for those Rights Shares which the Undertaking Shareholders have irrevocably undertaken to take up, the Rights Shares are fully underwritten by the Underwriter, subject to the terms and conditions set out in the Underwriting Agreement. The Rights Issue is conditional upon the Underwriting Agreement becoming unconditional and not being terminated in accordance with its terms.

The purpose of this Prospectus is to provide you with, among others, further information of the Rights Issue, including information on dealings in, and transfers and acceptances of, the Rights Shares, as well as financial information and other information of the Group.

RIGHTS ISSUE

Issue statistics

Basis of the Rights Issue:	three Rights Share for every ten existing Shares held by the Qualifying Shareholders on the Record Date
Number of existing Shares in issue as at the Latest Practicable Date:	43,966,100,439 Shares
Subscription Price:	HK\$0.163 per Rights Share
Number of Rights Shares:	13,189,830,130 Rights Shares
Underwriter:	Super Brilliant
Enlarged issued share capital upon completion of the Rights Issue:	57,155,930,569 Shares

As at the Latest Practicable Date, save and except for the Convertible Bond to be issued by the Company in favour of New Amuse upon completion of the Hada Acquisition, the Company had no outstanding convertible securities, options, warrants or other similar rights in issue which confer any right to convert into or subscribe for Shares.

The aggregate number of nil-paid Rights Shares proposed to be provisionally allotted pursuant to the terms of the Rights Issue represents approximately 30% of the Company’s issued share capital as at the Latest Practicable Date and approximately 23% of the Company’s issued share capital as enlarged by the issue of the Rights Shares.

LETTER FROM THE BOARD

Subscription Price

The Subscription Price of HK\$0.163 per Rights Share is payable in full by a Qualifying Shareholder upon acceptance of his/her/its provisional allotment of the Rights Shares under the Rights Issue or, where a transferee of nil-paid Rights Shares applies for the Rights Shares.

The Subscription Price represents:

- (a) a discount of approximately 2.98% over the closing price of the Shares of HK\$0.168 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (b) a discount of approximately 0.79% over the average closing price of the Shares of HK\$0.164 per Share as quoted on the Stock Exchange for the last 10 consecutive trading days up to and including the Last Trading Day;
- (c) a premium of approximately 3.82% over the average closing price of the Shares of HK\$0.157 per Share as quoted on the Stock Exchange for the last 30 consecutive trading days up to and including the Last Trading Day;
- (d) a discount of approximately 4.29% over the average closing price of the Shares of HK\$0.170 per Share as quoted on the Stock Exchange for the last 90 consecutive trading days up to and including the Last Trading Day;
- (e) a discount of approximately 2.28% over the theoretical ex-rights price of approximately HK\$0.167 based on the closing price of HK\$0.168 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (f) a premium of approximately 10.14% over the closing price of the Shares of HK\$0.148 per Share, the dealings of which are on ex-rights basis, as quoted on the Stock Exchange on the Latest Practicable Date; and
- (g) a premium of approximately 3.16% over the Group's latest audited net asset per Share as at 31 December 2017 of HK\$0.158.

The Subscription Price was determined after arm's length negotiation between the Company and the Underwriter with reference to the closing price per Share of the Company as quoted on the Last Trading Day. When determining the Subscription Price, considerations have been given to among others (i) the market price of the Shares prior to and on the Last Trading Day; and (ii) the funding requirements for settlement of the Hangzhou Acquisition and for upgrading infrastructure facilities, systems and software of the markets in connection with the Hada Acquisition. Each Qualifying Shareholder will be entitled to subscribe for the Rights Shares at the same Subscription Price in proportion to his/her/its shareholding held on the Record Date.

Based on the considerations above, taking into account the reasons for the Rights Issue and the use of proceeds under the section headed "Reasons for the Rights Issue and Use of Proceeds" in this "Letter from the Board" and that the capital base of the Company would be enlarged as a result of the Rights Issue, the Directors (including the independent non-executive

LETTER FROM THE BOARD

Directors but excluding the Abstained Directors) consider the terms of the Rights Issue, including the Subscription Price (and the discount or premium (as the case may be) to the relative values as indicated above), to be fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Basis of provisional allotments

The basis of the provisional allotment shall be three Rights Share (in nil-paid form) for every ten existing Shares in issue and held by the Qualifying Shareholders on the Record Date. Application for all or any part of a Qualifying Shareholder's provisional allotment should be made by completing a PAL and lodging the same with a remittance for the Rights Shares being applied for with the Share Registrar on or before the latest time for acceptance.

Fractions of the Rights Shares

The entitlements of the Qualifying Shareholders will be rounded down to the nearest whole number. Fractional entitlements for the nil-paid Rights Shares will not be provisionally allotted but will be aggregated (and rounded down to the nearest whole number) and sold in the market, if a premium (net of expenses) can be obtained, for the benefit of the Company. Any unsold aggregate of fractions of nil-paid Rights Shares will be made available for excess application under the EAF(s).

Status of the Rights Shares

The Rights Shares (when allotted, issued and fully-paid) will rank *pari passu* in all respects with the then existing Shares in issue on the date of allotment of the Rights Shares. Holders of fully-paid Rights Shares will be entitled to receive any and all future dividends and distributions which may be declared, made or paid after the date of allotment and issue of the Rights Shares in their fully-paid form.

Qualifying Shareholders

The Rights Issue is only available to the Qualifying Shareholders. To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company on the Record Date and not be a Non-Qualifying Shareholder.

In order to be registered as members of the Company on the Record Date, Shareholders must have lodged all Share transfer documents (together with the relevant certificate(s)) with the Share Registrar for registration by 4:30 p.m. (Hong Kong Time) on 12 June 2018.

The Company has sent the Rights Issue Documents to the Qualifying Shareholders and this Prospectus is sent to the Non-Qualifying Shareholders (to the extent reasonably practicable and legally permitted) for information purposes only. No PAL or EAF will be sent to a Non-Qualifying Shareholder. The latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will be 4:00 p.m. on the Latest Acceptance Date.

LETTER FROM THE BOARD

Qualifying Shareholders who take up their *pro rata* entitlements in full will not suffer any dilution to their shareholding interests in the Company. **If a Qualifying Shareholder does not take up his/her/its entitlement in full under the Rights Issue, his/her/its proportionate shareholding in the Company will be diluted.**

Distribution of this Prospectus and other Rights Issue Documents

Distribution of the Rights Issue Documents into jurisdictions other than Hong Kong may be restricted by law. Persons receiving the Rights Issue Documents (including, without limitation, agents, custodians, nominees and trustees) should inform themselves of and observe any such restrictions. Any failure to comply with those restrictions may constitute a violation of the securities laws of any such jurisdictions. Any Shareholder or Beneficial Owner who is in any doubt as to his/her/its position should consult an appropriate professional adviser without delay. In particular, subject to certain exceptions as agreed between the Company and the Underwriter, the Rights Issue Documents should not be distributed, forwarded to or transmitted in, into or from any jurisdictions outside Hong Kong, the BVI and the Cayman Islands, except to ChinaClear in the PRC.

The Rights Issue Documents will not be filed or registered under the applicable securities legislations of any jurisdictions other than in (i) Hong Kong, and (ii) the PRC, in accordance with the CSRC Notice after the approval from the Stock Exchange for the listing of the Rights Shares (in nil-paid and fully-paid forms) has been obtained.

Non-Qualifying Shareholders

As at the Latest Practicable Date, there were 9 Overseas Shareholders on the register of members of the Company, whose addresses were located in the BVI and the Cayman Islands. Pursuant to Rule 13.36(2) of the Listing Rules, the Company has made enquiries regarding the legal restrictions under the applicable securities legislations of the relevant overseas jurisdictions and the requirements of the relevant regulatory bodies or stock exchanges with respect to the offer of the Rights Shares to Shareholders situated in such overseas jurisdictions.

As at the Latest Practicable Date, the aggregate shareholding of Shareholders with registered addresses in the BVI and the Cayman Islands represented approximately 39.78% of the issued share capital of the Company. On the basis of the legal advice received and taking into account the relevant percentages of the Overseas Shareholders, the Directors consider that, save in respect of the Shareholders with the registered addresses in the BVI and the Cayman Islands, it is necessary or expedient and in the interests of the Company and Shareholders as a whole not to offer the Rights Shares (in both nil-paid and fully-paid forms) to such Overseas Shareholders on account either of the legal restrictions under the laws of the relevant place or any applicable requirements of the relevant regulatory body or stock exchange in that place, the Rights Issue will not be extended to such Non-Qualifying Shareholders.

In addition, no person receiving a PAL or an EAF in any territory or jurisdiction other than Hong Kong, the BVI, the Cayman Islands and the PRC (as PRC Stock Connect Investors only) may treat it as an offer or invitation to apply for the Rights Shares, unless in a territory or jurisdiction where such an offer or invitation could lawfully be made without compliance with any registration or other legal and regulatory requirements thereof or where the offer is

LETTER FROM THE BOARD

made in reliance on any exemption or where compliance with the relevant legal or regulatory requirement will not, in the Board's judgement, be unduly burdensome. Where permitted by the laws of the relevant overseas jurisdictions, the Company will send this Prospectus to the Non-Qualifying Shareholders for their information only.

Receipt of this Prospectus and/or a PAL and/or an EAF or the crediting of nil-paid Rights Shares to any stock account (including in CCASS) does not and will not constitute an offer in any jurisdictions in which it would be illegal to make an offer and, in those circumstances, this Prospectus and/or other Rights Issue Documents must be treated as sent for information only and should not be copied or redistributed. Persons (including, without limitation, agents, custodians, nominees and trustees) who receive a copy of this Prospectus and other Rights Issue Documents or whose stock account in CCASS is credited with nil-paid Rights Shares should not, in connection with the Rights Issue, distribute or send the same in, into or from, or transfer nil-paid Rights Shares to any person in, into or from, any jurisdictions other than Hong Kong, the BVI, the Cayman Islands and the PRC (as to PRC Stock Connect Investors only), unless offer to such jurisdictions could lawfully be made without compliance with any registration or other legal or regulatory requirements or where the offer is made reliance on any exemption or where compliance with the relevant legal or regulatory requirement will not, in the Board's judgement, be unduly burdensome. If a PAL or an EAF or a credit of nil-paid Rights Shares in CCASS is received by any person in any such territory, or by his/her/its agent custodian, nominee or trustee, he/she/it should not seek to take up the rights referred to in the PAL or transfer the PAL (or apply for any excess Rights Shares under the EAF) or transfer the nil-paid Rights Shares in CCASS unless the Company, in its absolute discretion, determines that such actions would not violate applicable legal or regulatory requirements. Any person (including, without limitation, agents, custodians, nominees and trustees) who forwards this Prospectus and/or a PAL and/or an EAF in, into or from, any jurisdictions other than Hong Kong, the BVI, the Cayman Islands and the PRC (to ChinaClear and/or PRC Stock Connect Investors only) (whether under a contractual or legal obligation or otherwise) should draw the recipient's attention to the contents of this section.

Notwithstanding any other provision in the Rights Issue Documents, the Company reserves the right to permit any Shareholder (whether as a direct holder or a Beneficial Owner) to take up his/her/its nil-paid Rights Shares and/or apply for excess Rights Shares if the Company, in its absolute discretion, is satisfied that the transaction in question is exempt from or not subject to the legislations or regulations giving rise to the restrictions in question.

Arrangements have been made for the Rights Shares which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders to be sold in the market in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence on the Stock Exchange but before the last day for dealings in nil-paid Rights Shares, if a premium (net of expenses) can be obtained. The proceeds of such sales, less expenses, will be paid by the Company to the relevant Non-Qualifying Shareholders pro rata to their shareholdings in the Company on the Record Date in Hong Kong dollars if any of such Non-Qualifying Shareholders is entitled to an individual amount of HK\$100 or more. The Company will retain individual amounts less than HK\$100 for its own benefit. Any Rights Shares in respect of unsold entitlements of Non-Qualifying Shareholders, together with any Rights Shares (if any) representing unsold aggregated fractional entitlements, Rights Shares in respect of nil-paid

LETTER FROM THE BOARD

Rights Shares not taken up by the Qualifying Shareholders or otherwise not subscribed for by transferees of the nil-paid Rights Shares, will be made available for excess application on EAFs by Qualifying Shareholders or otherwise be underwritten by the Underwriter. It is expected that cheques for such proceeds of sale, if any, will be despatched to those entitled thereto by ordinary post at their own risk on or around date of refund cheque.

BVI Shareholders

The Directors have made the necessary enquires pursuant to Rule 13.36(2)(a) of the Listing Rules and have been advised that Rights Shares shall not be acquired for the account or benefit of any person who is a resident of, or who is domiciled in, the BVI, other than a business company incorporated in the BVI that is not a resident in the BVI, nor to a custodian, nominee or trustee of any such person. To the extent that those Overseas Shareholders with registered addresses in the BVI are not resident of or domiciled in the BVI by way of conducting its operation outside of the BVI nor are they custodian, nominee or trustee of any person who is a resident of or who is domiciled in the BVI, those Overseas Shareholders with registered addresses in the BVI are entitled to participate in the Rights Issue and to be sent the Rights Issue Documents solely by reasons that they are existing Shareholders.

Cayman Islands Shareholders

The Directors have made the necessary enquiries pursuant to Rule 13.36(2)(a) of the Listing Rules and have been advised that on the basis that (i) the Company does not have any physical presence in the Cayman Islands, (ii) no representatives or agents of the Company will physically visit the Cayman Islands in connection with the Rights Issue, and (iii) the Rights Issue will be communicated to those Overseas Shareholders with registered addresses in the Cayman Islands (the “**Cayman Islands Shareholders**”) according to the register of members of the Company by despatching the Rights Issue Documents from outside the Cayman Islands to the Cayman Islands Shareholders at their respective address in the register of members of the Company only, no order, consent, approval or filing with any government or public body or authority of the Cayman Islands or any sub-division thereof is required to authorise or is required in connection with extending the Rights Issue to the Cayman Islands Shareholders. Accordingly, the Cayman Islands Shareholders are entitled to participate in the Rights Issue and to be sent the Rights Issue Documents solely by reasons that they are existing Shareholders.

PRC Stock Connect Investors

According to the “CCASS Shareholding Search” available on the Stock Exchange’s website (www.hkexnews.hk), as at the Latest Practicable Date, ChinaClear holds 2,108,439,501 Shares, represent approximately 4.80% of the total issued Shares of the Company. ChinaClear is a CCASS Participant with the HKSCC Nominees Limited.

The Directors have made the relevant enquiries and they were advised that the PRC Stock Connect Investors can participate in the Rights Issue through ChinaClear. ChinaClear will provide nominee services for the PRC Stock Connect Investors to (i) sell (in full or in part) their nil-paid Rights Shares on the Stock Exchange; and/or (ii) subscribe (in full or in part) for their pro rata entitlement in respect of shareholding held on the Record Date at the

LETTER FROM THE BOARD

Subscription Price under the Rights Issue in accordance with the relevant laws and regulations. However, ChinaClear will not support applications by such PRC Stock Connect Investors for excess Rights Shares under the Rights Issue through Shanghai-Hong Kong Stock Connect. In addition, according to the PRC legal adviser of the Company, the PRC Stock Connect Investors (or the relevant ChinaClear participants as the case may be) whose stock accounts in ChinaClear are credited with nil-paid Rights Shares could only sell those nil-paid Rights Shares on the Stock Exchange under Shanghai-Hong Kong Stock Connect but could not purchase any nil-paid Rights Shares nor transfer such nil-paid Rights Shares to other PRC Stock Connect Investors.

The PRC Stock Connect Investors should seek advice from their intermediary (including broker, custodian, nominee or ChinaClear participant) and/or other professional advisers for details of the logistical arrangements as required by ChinaClear, and provide instructions with such intermediary in relation to the acceptance and/or sale of the nil-paid Rights Shares. Such instructions should be given in advance of the relevant dates stated in the section headed “Expected Timetable” of this Prospectus and otherwise in accordance with the requirements of the intermediary of the PRC Stock Connect Investors and/or ChinaClear in order to allow sufficient time to ensure that such instructions are given effect.

According to the PRC legal adviser of the Company, as the Rights Issue Documents have not been and are not intended to be filed with or approved by the CSRC other than in accordance with the CSRC Notice, the Rights Shares (in nil-paid and fully-paid forms) shall not be offered and may not be offered or sold directly or indirectly in the PRC to any person or entity, unless such person or entity is a PRC Stock Connect Investor (subject to certain limitations in relation to its rights to participate in the Rights Issue as explained in this Prospectus), or it has otherwise been exempt by or has obtained the necessary and appropriate approvals from the relevant PRC authorities in accordance with the applicable PRC laws and regulations.

As such, the Rights Issue Documents may not be distributed in or forwarded to the PRC or used in connection with any offer for subscription or sale of the Rights Shares (in nil-paid and fully-paid forms) in the PRC, except that the same may be despatched to ChinaClear in the PRC or to the extent in compliance with applicable PRC laws and regulations, and the Rights Issue Documents may not be made publicly available in the PRC.

Save and except for the PRC Stock Connect Investors, based on the legal advice of the PRC legal adviser of the Company, other Shareholders in the PRC, if any, would not be entitled to participate in the Rights Issue.

It is the responsibility of anyone (including but not limited to any agent, custodian, nominee or trustee) outside Hong Kong wishing to make an application for the Rights Shares to satisfy himself/herself/itself as to the observance of the laws and regulations of the relevant territory or jurisdiction, including the obtaining of any government or other consents, and to pay any taxes and duties required to be paid in such territory or jurisdiction in connection therewith. Any acceptance of the offer of the Rights Shares by any such person will be deemed to constitute a representation and warranty from such

LETTER FROM THE BOARD

person to the Company that these local laws and requirements have been fully complied with. If you are in doubt as to your position, you should consult your own professional advisers. For the avoidance of doubt, neither HKSCC nor HKSCC Nominees Limited is subject to the representations and warranties above.

The Company reserves the right to treat as invalid any acceptances of or applications for the nil-paid Rights Shares where it believes that such acceptance or application would violate the applicable securities or other laws or regulations of any territory or jurisdiction. Furthermore, the Company reserves the right to treat as invalid any purported acceptance of the provisional allotment of Rights Shares comprised in a PAL and/or any application for excess Rights Shares under an EAF or to refuse to register any purported transfer of the rights represented thereby if it appears to the Company or its agents that acceptance of such provisional allotment of Rights Shares or transfer or the registration of such transfer may involve a breach of the laws or regulations of any territory or jurisdiction or if in respect thereof the Shareholder or its agent has not given the declaration set out in the PAL and/or an EAF in respect of such matters.

Procedures for acceptance and payment or transfer

General

Any person (including, without limitation, agents, nominees and trustees) wishing to take up his/her/its rights under the Rights Issue must satisfy himself/herself/itself as to the full observance of the applicable laws of any relevant territory including obtaining any requisite governmental or other consents, observing any other requisite formalities and paying any issue, transfer or other taxes due in such territories. The attention of Shareholders with registered addresses in any of the jurisdictions outside Hong Kong, the BVI and the Cayman Islands or who hold Shares on behalf of persons, and investors who are located or resided in, with such addresses is drawn to the paragraph headed “Non-Qualifying Shareholders” in this “Letter from the Board”.

Each subscriber (including, without limitation, agents, nominees and trustees) of Rights Shares being offered and sold outside the US will be deemed (by accepting delivery of this Prospectus) to have given each of the following representations and warranties to the Company and the Underwriter and to any person acting on their behalf, unless in their sole discretion the Company and the Underwriter waive such requirement expressly in writing:

- he/she/it was a Shareholder on the Record Date, or he/she/it lawfully acquired or may lawfully acquire the rights, directly or indirectly, from such a person;
- he/she/it may lawfully be offered, take up, obtain, subscribe for and receive the rights and/or the Rights Shares in the jurisdiction in which he/she/it resides or is currently located;
- he/she/it is not resident or located in, or a citizen of, the US;

LETTER FROM THE BOARD

- he/she/it is not accepting an offer to acquire or take up the rights or the Rights Shares on a non-discretionary basis for a person who is resident or located in, or a citizen of, the US at the time the instruction to accept was given;
- he/she/it is not doing so for the account of any person who is located in the US, unless:
 - (a) the instruction to purchase or take up the nil-paid Rights Shares or to subscribe for or accept the Rights Shares was received from a person outside the US, and
 - (b) the person giving such instruction has confirmed that it (i) has the authority to give such instruction and (ii) either (A) has investment discretion over such account or (B) is an investment manager or investment company that is acquiring the Rights Shares in an “offshore transaction” within the meaning of Regulation S under the US Securities Act;
- he/she/it is acquiring the rights and/or the Rights Shares in an “offshore transaction” as defined in Regulation S under the US Securities Act;
- he/she/it has not been offered the Rights Shares by means of any “directed selling efforts” as defined in Regulation S under the US Securities Act;
- he/she/it is not acquiring the rights or the Rights Shares with a view to the offer, sale, allotment, take up, exercise, resale, renouncement, pledge, transfer, delivery or distribution, directly or indirectly, of such rights or Rights Shares into the US; and
- he/she/it understands that neither the rights nor the Rights Shares have been or will be registered under the US Securities Act or with any securities regulatory authority of any state, territory, or possession of the US and the rights and the Rights Shares are being distributed and offered only outside the US in reliance on Regulation S under the US Securities Act. Consequently he/she/it understands the rights or the Rights Shares may not be offered, sold, pledged or otherwise transferred in or into the US, except in reliance on an exemption from, or in transactions not subject to, the registration requirements of the US Securities Act.

For the avoidance of doubt, neither HKSCC nor HKSCC Nominees Limited is subject to the representations and warranties above.

The Company may treat as invalid any instruction which:

- appears to the Company to have been despatched from any jurisdictions outside Hong Kong and which may involve a breach of the laws of the relevant jurisdictions; or
- otherwise appears to the Company may involve a breach of the laws of any jurisdictions; or if the Company or its agents believes the same may violate any applicable legal or regulatory requirement; or

LETTER FROM THE BOARD

- purports to exclude the representations and/or warranties required by the paragraphs above.

Action to be taken by Qualifying Shareholders

Subscription for all Rights Shares provisionally allotted

A PAL is enclosed with this Prospectus for each Qualifying Shareholder which entitles him/she/it to subscribe for the number of Rights Shares shown in the PAL. If a Qualifying Shareholder wishes to accept all Rights Shares provisionally allotted to him/her/it as specified in the PAL, he/she/it must lodge the PAL in accordance with the instructions printed thereon, together with a remittance for the full amount payable on acceptance, with the Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong by not later than 4:00 p.m. on 10 July 2018. All remittances must be made by cheque or cashier’s order in Hong Kong dollars. Cheques must be drawn on a bank account with, and cashier’s orders must be issued by, a licensed bank in Hong Kong and made payable to “**RENHE COMMERCIAL HOLDINGS COMPANY LIMITED — PAL**” and crossed “**Account Payee Only**”.

It should be noted that unless the PAL, together with the appropriate remittance, has been lodged with the Share Registrar by 4:00 p.m. on 10 July 2018, whether by the original allottee or any person in whose favour the rights have been validly transferred, that provisional allotment and all rights and entitlements thereunder will be deemed to have been declined and will be cancelled. The Company may, at its discretion, treat a PAL as valid and binding on the person(s) by whom or on whose behalf it is lodged even if not completed in accordance with the relevant instructions.

Transfer and “splitting” of nil-paid Rights Shares

If a Qualifying Shareholder wishes to accept only part of his/her/its provisional allotment or transfer a part of his/her/its rights to subscribe for the Rights Shares provisionally allotted to him/her/it under the PAL or to transfer all or part of his/her/its rights to more than one person, the original PAL must be surrendered and lodged for cancellation not later than 4:30 p.m. on 29 June 2018 with the Share Registrar, who will cancel the original PAL and issue new PALs in the denominations required which will be available for collection at the Share Registrar after 9:00 a.m. on the second Business Day after the surrender of the original PAL. This process is commonly known as “splitting” the nil-paid Rights Shares.

Having “split” the nil-paid Rights Shares, a Qualifying Shareholder who wishes to accept the provisional allotment of Rights Shares represented by a new PAL should do so in accordance with the instructions given above in relation to the subscription for the Rights Shares provisionally allotted.

If a Qualifying Shareholder wishes to transfer all of his/her/its nil-paid Rights Shares under a PAL (or a split PAL, as the case may be) to another person, he/she/it should complete and sign the registration information in the PAL and hand the PAL to the person to or through whom he/she/it is transferring his/her/its nil-paid Rights Shares. The transferee must then

LETTER FROM THE BOARD

complete and sign the registration details in the PAL and lodge the PAL intact, together with a remittance for the full amount payable on acceptance with the Share Registrar by no later than 4:00 p.m. on 10 July 2018.

The PAL contains further information regarding the procedures to be followed for acceptance and/or transfer of the whole or part of the provisional allotment of the Rights Shares by the Qualifying Shareholders.

All cheques or cashier's orders will be presented for payment immediately upon receipt and all interest earned on such monies will be retained for the benefit of the Company. Completion and lodgment of a PAL together with a cheque or cashier's order in payment for the Rights Shares applied for will constitute a warranty by the applicant that the cheque or cashier's order will be honoured on first presentation. Without prejudice to its other rights in respect thereof, the Company reserves the right to reject any PAL in respect of which the cheque or cashier's order is dishonoured on first presentation, and in that event the provisional allotment and all rights and entitlements thereunder will be deemed to have been declined and will be cancelled.

No receipt will be given in respect of any application monies received.

The Company reserves the right to refuse to register any transfer in favour of any person in respect of which the Company believes such transfer may violate applicable legal or regulatory requirements.

If any of the conditions of the Rights Issue (as set out in the paragraph headed "Conditions of the Rights Issue" in this "Letter from the Board") is not fulfilled, the monies received in respect of acceptances of the Rights Shares will be refunded to the Qualifying Shareholders (or such other persons to whom the Rights Shares in their nil-paid form have been validly transferred) without interest, by means of cheques crossed "Account Payee Only" to be despatched by ordinary post to their registered addresses, and in the case of joint applicants to the registered address of the first-mentioned person who appears on the register of members or the transfer form, at their own risk on or around 17 July 2018.

Action to be taken by Beneficial Owners whose Shares are held by a Registered Shareholder (other than through CCASS)

If you are a Beneficial Owner whose Shares are registered in the name of a Registered Shareholder and you wish to subscribe for the Rights Shares provisionally allotted to such Registered Shareholder in respect of your Shares, or sell the respective nil-paid Rights Shares or "split" those nil-paid Rights Shares and accept part of the provisional allotment and sell the remaining part, you should contact the Registered Shareholder and provide the Registered Shareholder with instructions or make arrangements with the Registered Shareholder in relation to the acceptance, transfer and/or "splitting" of the nil-paid Rights Shares.

Such instructions and/or arrangements should be given or made in advance of the relevant dates stated in the section headed "Expected Timetable" of this Prospectus and otherwise in accordance with the requirements of the Registered Shareholder in order to allow the Registered Shareholder sufficient time to ensure that your instructions are given effect.

LETTER FROM THE BOARD

Action to be taken by Beneficial Owners holding interests in Shares through CCASS

If you are a Beneficial Owner whose Shares are deposited in CCASS and registered in the name of HKSCC Nominees Limited, and you wish to subscribe for the Rights Shares provisionally allotted to HKSCC Nominees Limited in respect of your Shares, or sell the respective nil-paid Rights Shares or “split” those nil-paid Rights Shares and accept part of the provisional allotment and sell the remaining part, you should (unless you are a CCASS Participant) contact your Intermediary and provide your Intermediary with instructions or make arrangements with your Intermediary in relation to the acceptance, transfer and/or “splitting” of the nil-paid Rights Shares.

Such instructions and/or arrangements should be given or made in advance of the relevant dates stated in the section headed “Expected Timetable” of this Prospectus and otherwise in accordance with the requirements of your Intermediary in order to allow your Intermediary sufficient time to ensure that your instructions are given effect. The procedure for acceptance, transfer and/or “splitting” by CCASS Participants of the Rights Shares provisionally allotted to CCASS stock accounts in respect of the Shares registered in the name of HKSCC Nominees Limited shall be in accordance with the “General Rules of CCASS”, the “CCASS Operational Procedures” and any other requirements of CCASS.

Beneficial Owners who are CCASS Participants should contact CCASS and provide CCASS with instructions or make arrangements with CCASS in relation to the manner in which such Beneficial Owners’ interests in nil-paid Rights Shares should be dealt with.

Application for excess Rights Shares

The Qualifying Shareholders (but not the PRC Stock Connect Investors) shall be entitled to apply, by way of excess application, for:

- (a) any unsold Rights Shares which would have been allotted to the Non-Qualifying Shareholders had they been Qualifying Shareholders;
- (b) any Rights Shares provisionally allotted but not validly accepted by the Qualifying Shareholders or otherwise subscribed for by transferees of nil-paid Rights Shares; and
- (c) any unsold aggregated fractions of the Rights Shares.

Action to be taken by Qualifying Shareholders who wish to apply for excess Rights Shares

Application may be made only by the Qualifying Shareholders (but not the PRC Stock Connect Investors) and only by completing an EAF (in accordance with the instructions printed thereon) and lodging the same with a separate remittance for the excess Rights Shares being applied for with the Share Registrar by a time which is currently expected to be 4:00 p.m. on 10 July 2018 or such later time as may be agreed between the Company and the Underwriter.

LETTER FROM THE BOARD

All remittances must be made by cheque or cashier's order in Hong Kong dollars. Cheques must be drawn on a bank account with, and cashier's orders must be issued by, a licensed bank in Hong Kong and made payable to "**RENHE COMMERCIAL HOLDINGS COMPANY LIMITED — EAF**" and crossed "**Account Payee Only**".

The Directors will allocate the excess Rights Shares (if any) at their discretion on a fair and equitable basis, according to the principle that any excess Rights Shares will be allocated to Qualifying Shareholders who apply for them on a pro-rata basis, with reference only to the number of excess Rights Shares applied for. No reference will be made to Rights Shares comprising applications by PAL or the existing number of Shares held by Qualifying Shareholders. No preference will be given to topping up odd lots to whole board lots. There is no guarantee that Qualifying Shareholders with odd lots of Rights Shares will be topped up to whole board lots pursuant to their applications for excess Rights Shares.

Investors whose Shares are held by nominee(s) (or which are held in CCASS) should note that the Board will regard a nominee company (including HKSCC Nominees Limited) whose name appears on the register of members of the Company as a single Shareholder under the aforesaid arrangement in relation to the allocation of excess Rights Shares. Accordingly, the aforesaid arrangement will not be extended to the Beneficial Owners individually.

All cheques and cashier's orders will be presented for payment following receipt and all interest earned on such monies will be retained for the benefit of the Company. Completion and lodgment of an EAF together with a cheque or cashier's order in payment for the excess Rights Shares applied for will constitute a warranty by the applicant that the cheque or cashier's order will be honoured on first presentation. Any EAF in respect of which a cheque or cashier's order is dishonoured on first presentation is liable to be rejected.

No receipt will be given in respect of any application monies received.

An EAF is for use only by the person(s) to whom it is addressed and is not transferable. All documents, including cheques or cashier's orders for amounts due, will be sent at the risk of the person(s) entitled thereto to their registered addresses by the Share Registrar. The Company may, at its discretion, treat an EAF as valid and binding on the person(s) by whom or on whose behalf it is lodged even if it has not been completed in accordance with the relevant instructions.

If no excess Rights Shares are allotted and issued to a Qualifying Shareholder, the amount tendered on application is expected to be refunded to that Qualifying Shareholder in full without any interest by means of cheque(s) despatched by ordinary post and at the risk of such Shareholder on or around 17 July 2018. If the number of excess Rights Shares allotted and issued to a Qualifying Shareholder is less than that applied for, the surplus application monies are also expected to be refunded to such Shareholder without any interest by means of cheque(s) despatched by ordinary post and at the risk of such Shareholder on or before 17 July 2018.

If any of the conditions of the Rights Issue (as set out in the paragraph headed "Conditions of the Rights Issue" in this "Letter from the Board") is not fulfilled, the Rights Issue will not proceed and the monies received in respect of applications for excess Rights

LETTER FROM THE BOARD

Shares will be returned without interest to the relevant Qualifying Shareholders and, in the case of joint applicants, to the registered address of the first-mentioned person by means of cheque(s) to be despatched by ordinary post at their own risk on or around 17 July 2018.

Important notice to Beneficial Owners

Beneficial Owners whose Shares are held by a Registered Owner, or which are held in CCASS, should note that the Board will regard the Registered Owner (including HKSCC Nominees Limited) as a single Shareholder on the register of members of the Company. Accordingly, such Beneficial Owners should note that the above arrangement in relation to the allocation of the excess Rights Shares will not be extended to them individually.

Action to be taken by Beneficial Owners whose Shares are held by a Registered Owner (other than Shares deposited in CCASS) who wish to apply for excess Rights Shares

If you are a Beneficial Owner whose Shares are registered in the name of a Registered Owner and you wish to apply for excess Rights Shares, you should contact the Registered Owner and provide the Registered Owner with instructions or make arrangements with the Registered Owner in relation to such application. Such instructions and/or arrangements should be given or made in advance of the latest time for application and payment for excess Rights Shares stated in the section headed “Expected Timetable” in this Prospectus and otherwise in accordance with the requirements of the Registered Owner, in order to allow the Registered Owner sufficient time to ensure that your instructions are given effect.

Action to be taken by Beneficial Owners holding interests in Shares through CCASS who wish to apply for excess Rights Shares

If you are a Beneficial Owner whose Shares are deposited in CCASS and registered in the name of HKSCC Nominees Limited, and you wish to apply for excess Rights Shares, you should (unless you are a CCASS Investor Participant) contact your Intermediary and provide your Intermediary with instructions or make arrangements with your Intermediary in relation to the application for excess Rights Shares. Such instructions and/or arrangements should be given or made in advance of the date stated in the section headed “Expected Timetable” in this Prospectus and otherwise in accordance with the requirements of your Intermediary, in order to allow your Intermediary sufficient time to ensure that your instructions are given effect.

Beneficial Owners who are CCASS Participants should contact CCASS and provide CCASS with instructions or make arrangements with CCASS in relation to any applications for excess Rights Shares. HKSCC Nominees Limited will allocate the excess Rights Shares it receives to the relevant CCASS Participants *pro rata* to the number of excess Rights Shares each has applied for, or in such other manner as HKSCC Nominees Limited considers fair and appropriate which is pursuant to the allocation basis stipulated in Rule 8.10.4(ix) of the CCASS Operational Procedures. The procedures for application for excess Rights Shares shall be in accordance with the “General Rules of CCASS”, the “CCASS Operational Procedures” and any other requirements of CCASS.

LETTER FROM THE BOARD

Effect of bad weather on latest time for acceptance of and payment for Rights Shares and application for excess Rights Shares

The latest time for acceptance of and payment for the Rights Shares will not take place if there is a tropical cyclone warning signal no. 8 or above, or a “black” rainstorm warning:

- (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on the Latest Acceptance Date. Instead the latest time for acceptance of and payment for the Rights Shares will be extended to 5:00 p.m. on the same Business Day;
- (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the Latest Acceptance Date. Instead the latest time for acceptance of and payment for the Rights Shares will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force in Hong Kong at any time between 9:00 a.m. and 4:00 p.m..

If the latest time for acceptance of and payment for the Rights Shares and application and payment for excess Rights Shares does not take place on the Latest Acceptance Date, the dates mentioned in the section headed “Expected Timetable” above may be affected. The Company will notify the Shareholders by way of announcement(s) of any change to the expected timetable as soon as practicable.

Stamp duty and other applicable fees and charges

Dealings in the Rights Shares (in both nil-paid and fully-paid forms) will be subject to the payment of stamp duty, Stock Exchange trading fee, SFC transaction levy and any other applicable fees and charges in Hong Kong.

Certificates for the Rights Shares and refund cheques

Subject to the fulfillment of the conditions of the Rights Issue as set out below, certificates for all fully-paid Rights Shares are expected to be sent by ordinary post to those entitled thereto on or around 17 July 2018 at their own risk to their registered address.

Refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares (if any) are expected to be sent by ordinary post on or around 17 July 2018 to the applicants at their own risk to their registered address.

Odd lot matching services

In order to alleviate the difficulties arising from the existence of odd lots of Rights Shares arising from the Rights Issue, the Company has appointed Computershare Hong Kong Investor Services Limited to provide matching service for sale and purchase of odd lots of Rights Shares at the relevant market price per Rights Share, on a best effort basis, to those Shareholders who wish to acquire odd lots of the Rights Shares to make up a full board lot, or to dispose of their holding of odd lots of the Rights Shares. Shareholders who wish to utilise the service should contact Computershare Hong Kong Investor Services Limited at telephone

LETTER FROM THE BOARD

number (852) 2862 8555 or at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong during office hours (i.e. 9:00 a.m. to 6:00 p.m.) during the period from Wednesday, 18 July 2018 to Tuesday, 7 August 2018, both days inclusive.

Holders of odd lots of the Rights Shares should note that successful matching of the sale and purchase of odd lots of the Rights Shares is not guaranteed. If you are in any doubt as to the above arrangements, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

Application for listing

The Company has applied to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms to be issued and allotted pursuant to the Rights Issue.

Both nil-paid Rights Shares and fully-paid Rights Shares will be traded in board lots of 2,000 Shares.

No part of the securities of the Company in issue or for which listing or permission to deal is being or is proposed to be sought is listed or dealt in or on any other stock exchange.

It is expected that dealings in the Rights Shares in nil-paid form will commence on 27 June 2018 and will end on 5 July 2018 (both days inclusive) and dealings in the Rights Shares in fully-paid form will commence on 18 July 2018.

Rights Shares will be eligible for admission into CCASS

Subject to (i) the granting of listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms on the Stock Exchange; and (ii) compliance with the stock admission requirements of HKSCC, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Rights Shares on the Stock Exchange or such other date as determined by HKSCC.

Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Shareholders should seek advice from their licensed securities dealer or other professional adviser for details of those settlement arrangements and how such arrangements will affect their rights and interests.

CONDITIONS OF THE RIGHTS ISSUE

The Rights Issue is conditional upon the Underwriting Agreement becoming unconditional and not being terminated in accordance with its terms. If the conditions of the Rights Issue are not fulfilled, the Rights Issue will not proceed, in which case a further announcement will be made by the Company at the relevant time.

LETTER FROM THE BOARD

The conditions to the Underwriting Agreement are set out in the section headed “Conditions of the Underwriting Agreement” under the section “Letter from the Board” of this Prospectus. **Accordingly, the Rights Issue may or may not become unconditional and may or may not proceed.**

UNDERWRITING ARRANGEMENT

The Underwriting Agreement

Date:	5 June 2018
Underwriter:	Super Brilliant
Number of Underwritten Shares:	All Underwritten Shares (excluding the Rights Shares that the Undertaking Shareholders have irrevocably undertaken to the Company and the Underwriter to take up by way of their respective rights entitlement under the Rights Issue), being approximately 6,426,419,360 Rights Shares, subject to the terms and conditions of the Underwriting Agreement
The Underwriter’s Commission:	Nil

The Directors (including the independent non-executive Directors but excluding the Abstained Directors) consider the terms of the Underwriting Agreement to be on normal commercial terms which are fair and reasonable and in the interests of the Company and the Shareholders as a whole. The ordinary course of business of the Underwriter does not include underwriting. Nonetheless, the Company has appointed Super Brilliant as the Underwriter for the following reasons: (i) compared with institutional underwriters which the Company has made initial enquiries with, Super Brilliant is not entitled to any underwriting commission under the terms of the Underwriting Agreement, which term is more favourable to the Company and the Shareholders as a whole by reducing the overall costs of the Rights Issue for the Company; (ii) Super Brilliant being the Underwriter shows positive support of Mr. Dai, who is the Chairman, executive Director and the Controlling Shareholder of the Company, of the Hangzhou Acquisition and Hada Acquisition (part of the consideration of which will be settled by the proceeds of the Rights Issue), the continuous development of principal business of the Group (being the agricultural wholesale business of the Markets (as defined below), which facilities and systems will be upgraded by the proceeds of the Rights Issue) and the potential business expansion into both upstream and downstream agricultural produce businesses; and (iii) the underwriting by Super Brilliant constitutes an exempt connected transaction of the Company under Rule 14A.92 of the Listing Rules.

LETTER FROM THE BOARD

Conditions of the Underwriting Agreement

The obligations of the Underwriter under the Underwriting Agreement are conditional upon the following conditions being fulfilled:

- (a) the registration with the Stock Exchange and the Registrar of Companies in Hong Kong of, respectively, one copy of each of the Rights Issue Documents duly certified by two Directors (or by their agents duly authorised in writing) as having been approved by resolutions by the Board (and all other documents required to be attached thereto under the Companies (Winding Up and Miscellaneous Provisions) Ordinance) no later than the Posting Date and otherwise in compliance with the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance;
- (b) the posting of the Rights Issue Documents to Qualifying Shareholders and (subject to the restrictions, if any, under relevant overseas laws and regulations) the posting of the Prospectus stamped “For Information Only” to Non-Qualifying Shareholders, in each case, by no later than the Posting Date;
- (c) the Stock Exchange granting or agreeing to grant (subject to allotment), the listing of, and permission to deal in the Rights Shares in nil-paid and fully-paid forms prior to the expected date of commencement of trading of the Rights Shares in nil-paid form (or such other date as may be agreed between the Company and the Underwriter), and such listing and permission not being withdrawn or revoked prior to the Latest Time for Termination;
- (d) the Shares remaining listed on the Stock Exchange at all times prior to the Latest Time for Termination and the current listing of the Shares not having been withdrawn and no indication being received before the Latest Time for Termination from the Stock Exchange to the effect that such listing may be withdrawn or objected to (or conditions will or may be attached thereto) including but not limited to as a result of the Rights Issue or in connection with the terms of the Underwriting Agreement or for any other reason;
- (e) all relevant consents and approvals being obtained from all relevant governmental and regulatory authorities, including the Stock Exchange, by the Company, as the case may require in connection with the Rights Issue by the relevant time that each consent and approval is required;
- (f) compliance with and performance by the Company with its material obligations under the Underwriting Agreement by the times specified;
- (g) compliance with and performance by the Undertaking Shareholders of (i) their obligations to accept and pay for their respective portions of the Rights Shares under their Irrevocable Undertakings by the times specified and (ii) their non-disposal undertakings in the manner as set out in their respective Irrevocable Undertakings;

LETTER FROM THE BOARD

- (h) receipt by the Underwriter (in a form and substance satisfactory to them) of all other relevant documents by the times specified in the Underwriting Agreement; and
- (i) in respect of the warranties and the undertakings contained in the Underwriting Agreement, by the Latest Time for Termination:
 - (i) no material breach of any of such warranties or undertakings having come to the knowledge of the Underwriter;
 - (ii) the Underwriter does not have any cause to believe that any material breach of such warranties or the undertakings has occurred; and
 - (iii) a matter not having arisen which would reasonably be expected to give rise to a material breach or a claim.

As at the date of this Prospectus, conditions (a) and (b) above have been fulfilled by the Company. The Company shall procure the fulfilment of each of the above conditions by the relevant time and/or date (or if no date is specified, by the Latest Time for Termination) and to procure that each of such conditions is fulfilled on or before each of their respective specified times and in any event on or before the Long Stop Date and in particular shall furnish such information, supply such documents, pay such fees, give such undertakings and do all such acts and things as may be required by the Underwriter and the Stock Exchange in connection with the Rights Issue and the listing of the Rights Shares.

If any of the above conditions (other than conditions (a), (c) and (d) above which cannot be waived) have not been fulfilled or waived in accordance with the terms of the Underwriting Agreement by the specified time and date therein or the Latest Time for Termination occurs, or will occur, after the Long Stop Date, the Underwriting Agreement shall terminate and the obligations of all parties under the Underwriting Agreement shall terminate forthwith and no party of the Underwriting Agreement will have any claim against any other save for any antecedent breach, costs, fees, and other out-of-pocket expenses which have been reasonably incurred by the Underwriter will be borne by the Company.

The Underwriter shall have the right, in its sole discretion, having had prior consultations with the Company, and by giving notice to the Company on or before the latest time at which, or the latest day on which, any of the above conditions may be fulfilled:

- (1) to extend the deadline for the fulfilment of any such condition by such time or number of days or in such manner as the Underwriter may determine; or
- (2) to waive such condition (other than conditions (a), (c) and (d) above), and such waiver may be made subject to such terms and conditions as the Underwriter may determine.

LETTER FROM THE BOARD

Termination of the Underwriting Agreement

If at any time prior to the Latest Time for Termination:

- (a) there comes to the notice of the Underwriter:
 - (i) any matter or any event showing any of the warranties and undertakings contained in the Underwriting Agreement was, when given, untrue or misleading or as having been breached in any material respect, or there has been a material breach by the Company of any of its obligations or undertakings under the Underwriting Agreement or the Underwriter has reasonable cause to believe that any such breach has occurred or that any matter has arisen which might reasonably be expected to give rise to such a breach or any claims, actions, litigations, proceedings or investigations (whether by governmental or regulatory bodies or otherwise), demands, judgements or awards;
 - (ii) any statement contained in the Prospectus has become or been discovered to be untrue, incorrect, incomplete or misleading in any material respect, or matters have arisen or have been discovered which would, if the Prospectus was to be issued at that time, constitute a material omission therefrom;
 - (iii) that the Company is required to produce a supplementary prospectus (the Underwriter having first consulted with the Company where practicable) in circumstances where the matter to be disclosed, in the reasonable opinion of the Underwriter, prejudicially and materially adversely affects or may prejudicially and materially adversely affect the success of the Rights Issue, or makes or may make it inadvisable or inexpedient to proceed with the Rights Issue; or
 - (iv) there is any adverse change or prospective adverse change in the business, condition, results of operations, prospects, management, shareholders' equity or in the financial or trading position of the Group as a whole which, in the reasonable opinion of the Underwriter, is or may be so material and adverse so as to make it impracticable to proceed with the Rights Issue;

then in any such case the Underwriter may, by notice in writing to the Company, terminate this Agreement; or

- (b) there shall develop, occur, happen, come into effect, exist or come to the knowledge of the Underwriter any event, series of events or circumstances concerning or relating to or which may give rise to (whether or not foreseeable):
 - (i) any change in, any event or series of events resulting in or likely to result in any change in (whether or not permanent) local, national or international financial, political, military, industrial, economic, legal, fiscal, taxation, regulatory or securities market matters or conditions or currency exchange rates or exchange controls in the PRC, Hong Kong, the United States, the European Union (or any member thereof); or

LETTER FROM THE BOARD

- (ii) any event or circumstance in the nature of force majeure (including, without limitation, any act of government, economic sanctions, strike or lock-out (whether or not covered by insurance), riot, fire, explosion, flooding, earthquake, civil commotion, act or declaration of war, outbreak or escalation of hostilities (whether or not war is or has been declared), act of terrorism (whether or not responsibility has been claimed), act of God, pandemic, epidemic, outbreak of infectious disease, declaration of a state of emergency or calamity or crisis, in the PRC, Hong Kong, the United States or the European Union (or any member thereof)); or
- (iii) the declaration of a banking moratorium by the PRC, Hong Kong, the United States, or the European Union (or any member thereof) or authorities; or
- (iv) any moratorium, suspension or restriction on trading in shares or securities generally, or the establishment of minimum prices, on the Stock Exchange, the London Stock Exchange plc, the New York Stock Exchange, Inc. or NASDAQ National Market, or any major disruption of any securities settlement or clearing services in Hong Kong or the United States; or
- (v) any new law or regulation or any change in existing laws or regulations in or any change in the interpretation or application thereof by any court or other competent authority in Hong Kong or any other place in which any member of the Group conducts or carries on business; or
- (vi) any suspension of dealings in the Shares (other than pending publication of announcements in respect of the Rights Issue or where such suspension is for no more than three trading days),

the effect of which events and circumstances referred to above, individually or in the aggregate (in the reasonable opinion of the Underwriter after consultation with the Company): (1) is or will or is likely to have a materially adverse effect on the business or financial condition of the Group as a whole or the Rights Issue; or (2) has or will have or is likely to have a material adverse effect on the Rights Issue or the level or prospects of Rights Shares not taken up; or (3) makes or may make it inadvisable or inexpedient to proceed with the Rights Issue,

then in such case the Underwriter may by notice in writing to the Company, served prior to the Latest Time for Termination, rescind or terminate the Underwriting Agreement.

Upon such notice being given by the Underwriter, the obligations of all parties under the Underwriting Agreement shall cease and terminate immediately and no party will have any claim against any other for costs, damages, compensation or otherwise (save in respect of certain rights or obligations under the Underwriting Agreement including rights of the parties thereto in respect of any antecedent breach). If the Underwriter exercises such right, the Rights Issue will not proceed and a further announcement will be made.

LETTER FROM THE BOARD

IRREVOCABLE UNDERTAKINGS OF THE UNDERTAKING SHAREHOLDERS

As at the Latest Practicable Date, the Undertaking Shareholders hold an aggregate of 22,544,702,571 Shares, representing approximately 51.28% of the issued share capital of the Company.

Each of the Undertaking Shareholders has provided an irrevocable and unconditional undertaking to the Company and the Underwriter, to, among other things:

- (a) accept or procure the acceptance of the Rights Shares to be provisionally allotted to it, which under the Rights Issue in proportion to the Shares registered in its name as at the date of the undertaking; and
- (b) lodge PALs in respect of the Rights Shares provisionally allotted to it with the Share Registrar with payment therefor in accordance with the terms of the Rights Issue Documents by no later than 4:00 p.m. on the third Business Day after the Rights Issue becomes open for acceptance.

Each of the Undertaking Shareholders has also irrevocably and unconditionally undertaken to the Company and the Underwriter that it/they will not, without first having obtained the prior written consent of the Company and the Underwriter:

- (a) transfer or otherwise dispose of (including without limitation entering into an agreement to dispose of, or the creation of any option or derivative) or acquire any Share or any interest therein between the date of the Irrevocable Undertaking and the Record Date; or
- (b) transfer or otherwise dispose of (including without limitation entering into an agreement to dispose of, or the creation of any option or derivative) or acquire (except by taking up Rights Shares provisionally allotted to them pursuant to the Rights Issue) any Share or any interest therein between the Record Date and the latest time for acceptance.

Other than the Undertaking Shareholders, the Company has not received any undertakings from any other Shareholders subscribing for all or any of the Rights Shares to be provisionally allotted to them.

LETTER FROM THE BOARD

EFFECT OF THE RIGHTS ISSUE ON SHAREHOLDINGS IN THE COMPANY

The changes in the shareholding structure of the Company arising from the Rights Issue as at the Latest Practicable Date and immediately after the completion of the Rights Issue are as follows (assuming no Shares (other than the Rights Shares) are allotted and issued and no existing Shares are being repurchased by the Company between the Latest Practicable Date and the completion of the Rights Issue):

	As at the Latest Practicable Date		Shareholding immediately after completion of the Rights Issue			
	No. of Shares	Approximate % of the total issued Shares	Assuming 0% taken up by the Qualifying Shareholders other than the Undertaking Shareholders		Assuming 100% taken up by the Qualifying Shareholders	
No. of Shares			Approximate % of the total issued Shares	No. of Shares	Approximate % of the total issued Shares	No. of Shares
Super Brilliant (note 1)	15,383,738,082	34.99	26,425,278,866	46.23	19,998,859,506	34.99
Gloss Season (note 1)	122,400,000	0.28	159,120,000	0.28	159,120,000	0.28
Wealthy Aim (note 1)	640,762,050	1.46	832,990,665	1.46	832,990,665	1.46
Mr. Dai (note 2)	153,900,000	0.35	200,070,000	0.35	200,070,000	0.35
New Amuse (note 3)	6,243,902,439	14.20	8,117,073,170	14.20	8,117,073,170	14.20
Dai family group (being Super Brilliant, Gloss Season, Wealthy Aim, Mr. Dai and New Amuse)	22,544,702,571	51.28	35,734,532,701	62.52	29,308,113,341	51.28
Directors (excluding Mr. Dai and Ms. Zhang)	85,325,000	0.19	85,325,000	0.15	110,922,500	0.19
Independent investor (note 4)	6,000,000,000	13.65	6,000,000,000	10.50	7,800,000,000	13.65
Other public Shareholders	15,336,072,868	34.88	15,336,072,868	26.83	19,936,894,728	34.88
Total	43,966,100,439	100.00	57,155,930,569	100.00	57,155,930,569	100.00

Notes:

- (1) Super Brilliant, Wealthy Aim and Gloss Season are wholly-owned by Mr. Dai.
- (2) Mr. Dai is personally interested in 153,900,000 Shares. Together with his interest through Super Brilliant, Gloss Season and Wealthy Aim, Mr. Dai is interested in (directly and indirectly) 16,300,800,132 Shares in aggregate, amounting to approximately 37.08% of the total issued shares of the Company as at the Latest Practicable Date.
- (3) New Amuse is wholly-owned by Ms. Zhang, the spouse of Mr. Dai.
- (4) The independent investors are corporate investors and investment funds, which are Independent Third Parties.

LETTER FROM THE BOARD

WARNING OF THE RISKS OF DEALING IN THE SHARES AND THE NIL-PAID RIGHTS SHARES

Shareholders should note that the existing Shares have been dealt in on an ex-rights basis from 11 June 2018. The Rights Shares in their nil-paid form will be dealt in from 27 June 2018 to 5 July 2018 (both days inclusive). The Rights Issue is conditional upon the Underwriting Agreement becoming unconditional and not being terminated in accordance with its terms, and accordingly, the Rights Issue may or may not become unconditional and may or may not proceed.

Any Shareholder or other person contemplating transferring, selling or purchasing Shares and/or Rights Shares is advised to exercise caution when dealing in the Shares and/or Rights Shares. Any person who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional adviser(s). Any Shareholder or other person dealing in Shares or in the nil-paid Rights Shares up to the date on which all the conditions to which the Rights Issue is subject are fulfilled (and the date on which the Underwriter's right of termination of the Underwriting Agreement ceases) will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed.

THE HADA ACQUISITION AND THE HANGZHOU ACQUISITION

The Hada Acquisition

The Group operates seven agricultural wholesale markets across six cities, namely Shouguang, Guiyang, Harbin, Qiqihar, Mudanjiang and Shenyang, in the PRC (the "Markets"). The Markets are operated on land and properties which are currently leased from New Amuse, a substantial Shareholder of the Company. In order to achieve a potential expansion in space, scale and upgrading of the Markets, on 5 June 2018, Yield Smart Limited (a wholly-owned subsidiary of the Company), as purchaser, and the Company entered into a sale and purchase agreement with New Amuse, as vendor, for the acquisition of the entire issued share capital of United Progress Group Limited, which owns the land and properties on which the Markets are operated, for the consideration of RMB5.4 billion, which shall be settled by the issuance of the Convertible Bond in the principal amount of HK\$6,506,024,217 by the Company in favour of New Amuse upon completion of the Hada Acquisition. Please refer to the Announcement for further details of the Hada Acquisition.

The Hangzhou Acquisition

As part of geographical expansion of the Group, the Group proposes to expand its market reach to Hangzhou, the PRC by acquiring certain companies in Hangzhou which operates fruits, vegetables and seafood markets. On 5 June 2018, Yield Smart Limited, as purchaser, entered into a sale and purchase agreement with Vast Equity Investment Limited, as vendor, for the acquisition of the entire issued share capital of Wise Path Holdings Limited, which holds and controls certain companies in Hangzhou that operate fruits, vegetables and seafood markets, for the consideration of HK\$1.47 billion which shall be settled in cash. Completion of the Hangzhou Acquisition is conditional upon, among others, the completion of the Rights Issue. Please refer to the Announcement for further details of the Hangzhou Acquisition.

LETTER FROM THE BOARD

REASONS FOR THE RIGHTS ISSUE AND USE OF PROCEEDS

The Group is principally engaged in the operation of the Markets.

The primary purpose of the Rights Issue is to finance the Hangzhou Acquisition, with the remaining net proceeds (if any) to be applied for upgrading infrastructure facilities, developing and installing software and information systems for the Markets and general working capital purposes. The Directors believe that it is in the best interest of the Company to enlarge the capital base of the Company through the Rights Issue for the purpose of, among others, financing the Hangzhou Acquisition.

Use of Proceeds

The estimated net proceeds of the Rights Issue will be approximately HK\$2.11 billion after the deduction of all estimated expenses. The net subscription price per Rights Share upon full acceptance of the relevant provisional allotment of Rights Shares is expected to be approximately HK\$0.160. The Company intends to apply all the net proceeds of the Rights Issue to finance the Hangzhou Acquisition with the remaining balance to be applied as follows:

- (a) approximately 14% to 17%, being approximately HK\$300 million to HK\$360 million, for enlarging the trading hall and rental area of the Markets, such works are expected to commence within 12 months and paid for in stages within 18 months after the completion of the Hada Acquisition;
- (b) approximately 6% to 9%, being approximately HK\$125 million to HK\$190 million, for upgrading infrastructure facilities of the Markets, e.g. upgrade of icehouses, temperature-controlled storage facilities and other ancillary services or facilities, such works are expected to commence within 12 months and paid for in stages within 18 months after the completion of the Hada Acquisition, to better serve our customers;
- (c) approximately 3%, being approximately HK\$65 million, for developing and installing information software and data collection and analysis systems in our Markets, e.g. installation and promotion of electronic payment systems, within 12 months after the completion of the Hada Acquisition; and
- (d) the remaining balance of approximately 1% to 7%, being approximately HK\$25 million to HK\$150 million, for general working capital purposes from time to time.

In the event that the Rights Issue is completed but the Hangzhou Acquisition does not proceed for any reason, the Company intends to apply all such net proceeds of the Rights Issue as follows:

- (a) approximately 14% to 17%, being approximately HK\$300 million to HK\$360 million, for enlarging the trading hall and rental area of the Markets, such works are expected to commence within 12 months and paid for in stages within 18 months after the completion of the Hada Acquisition;

LETTER FROM THE BOARD

- (b) approximately 6% to 9%, being approximately HK\$125 million to HK\$190 million, for upgrading infrastructure facilities of the Markets, e.g. upgrade of icehouses, temperature-controlled storage facilities and other ancillary services or facilities, such works are expected to commence within 12 months and paid for in stages within 18 months after the completion of the Hada Acquisition, to better serve our customers;
- (c) approximately 3%, being approximately HK\$65 million, for developing and installing information software and data collection and analysis systems in our Markets, e.g. installation and promotion of electronic payment systems, within 12 months after the completion of the Hada Acquisition;
- (d) approximately 26% to 29%, being approximately HK\$550 million to HK\$610 million, for potential collaboration project(s) with upstream customers (including agricultural co-op agencies) to promote cultivation of fresh agriculture products with enhanced quality and value for improving and ensuring food safety, the planning, negotiations and implementation of which are expected to be carried out within 36 months after the completion of the Rights Issue;
- (e) approximately 31% to 34%, being approximately HK\$650 million to HK\$720 million, for potential collaboration project(s) with downstream customers (e.g. local and regional retailers) to diversify and tap into the downstream retail market(s) of agricultural products, the planning, negotiations and implementation of which are expected to be carried out within 36 months after the completion of the Rights Issue; and
- (f) the remaining balance of the approximately 8% to 20%, being approximately HK\$165 million to HK\$420 million, for general working capital purposes from time to time.

FUND RAISING OF THE COMPANY

The Company has not engaged in or initiated any equity fund raising exercises or any rights issue exercise during the past 12 months immediately before the Latest Practicable Date.

As of the Latest Practicable Date, the Board had no concrete plan or intention to conduct further fund raising activities, save and except for bank borrowings in its ordinary course of business or other debt financings, in the 12 months immediately following the date of this Prospectus.

APPROVAL BY THE BOARD OF SHARE CONSOLIDATION

The Board has approved (i) a proposed share consolidation on the basis that every ten (10) issued and unissued Shares of HK\$0.01 each will be consolidated into one (1) consolidated share of HK\$0.1 each; and (ii) that the details of the proposed share consolidation will be announced within three calendar months after the completion of the

LETTER FROM THE BOARD

Rights Issue. The share consolidation together will allow the value of each board lot to be increased to more than HK\$2,000. In order to facilitate the trading of odd lot holdings of Shares due to the share consolidation, odd lot matching services is expected to be provided.

TAXATION

Qualifying Shareholders are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of holding or disposal of, or dealing in the Rights Shares and as regards the Non-Qualifying Shareholders, their receipt of the net proceeds of sale of the Rights Shares in their nil-paid form otherwise falling to be issued to them under the Rights Issue. It is emphasised that none of the Company, its Directors or any other parties involved in the Rights Issue accept responsibility for any tax effects or liabilities of holders of the Rights Shares resulting from the purchase, holding or disposal of, or dealing in the Rights Shares.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this Prospectus.

Yours faithfully,
For and on behalf of
RENHE COMMERCIAL HOLDINGS COMPANY LIMITED
Dai Yongge
Chairman

1. SUMMARY OF FINANCIAL RESULTS

Financial information of the Group for each of the three years ended 31 December 2015, 2016 and 2017 are disclosed in the following documents which have been published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.renhebusiness.com>):

- annual report of the Company for the year ended 2015 published on 14 April 2016 (pages 44 to 132) (<http://www.hkexnews.hk/listedco/listconews/SEHK/2016/0414/LTN20160414456.pdf>);
- annual report of the Company for the year ended 2016 published on 27 April 2017 (pages 43 to 124) (<http://www.hkexnews.hk/listedco/listconews/SEHK/2017/0427/LTN20170427440.pdf>); and
- annual report of the Company for the year ended 2017 published on 27 April 2018 (pages 50 to 124) (<http://www.hkexnews.hk/listedco/listconews/SEHK/2018/0427/LTN201804271232.pdf>).

2. INDEBTEDNESS STATEMENT

As at the close of business on the 30 April 2018, being the latest practicable date prior to the printing of this Prospectus for the purposes of ascertaining the information contained in this indebtedness statement, the Enlarged Group had outstanding bank loans and loans from other financial institutions of RMB17,100,830,000, the details were set out as follows:

	<i>RMB'000</i>
Secured bank loans	4,603,930
Guaranteed bank loans	2,472,900
Secured and guaranteed bank loans	6,960,000
Guaranteed loans from financial institutions	1,000,000
Secured and guaranteed loans from financial institutions	<u>2,064,000</u>
	<u>17,100,830</u>

As at 30 April 2018, the outstanding guarantees provided by the Enlarged Group to third parties in respect of loans amounted to RMB3,080,000,000. Such guarantees will be released along with the repayment of loan principal by such third parties.

Save as aforesaid, and apart from intra-group liabilities and normal accounts payable in the ordinary course of the business, as at the close of business on 30 April 2018, the Enlarged Group did not have any outstanding mortgages, charges, debentures, debt securities or other loan capital, bank overdrafts or loans or other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptance or acceptance credits, guarantees or other material contingent liabilities.

3. WORKING CAPITAL SUFFICIENCY

The Directors, after due and careful enquiries, are of the opinion that, in the absence of unforeseen circumstances and after taking into account the expected completion of the Hada Acquisition, the Hangzhou Acquisition and the Rights Issue, the cash flow generated from the operating activities, the financial resources available to the Enlarged Group including internally generated funds and the available credit facilities, the Enlarged Group has sufficient working capital for at least the next twelve months from the date of this Prospectus.

4. NO MATERIAL ADVERSE CHANGE

Save as disclosed, the Directors confirm that, as at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2017, being the date to which the latest published audited consolidated financial statements of the Group were made up.

5. FINANCIAL, BUSINESS AND TRADING PROSPECTS OF THE GROUP

As at the Latest Practicable Date, the Group operates seven agriculture wholesale markets in six cities in China with a total gross floor area of approximately 1.3 million sq.m. Details of the operation area are set out in the annual report of the Company for the year ended 31 December 2017. “Agriculture Industry” (三農產業) (meaning agriculture (農業), rural communities (農村) and farmers (農民)) is of the utmost importance among the central policy stipulated by the PRC government. Despite that China’s economy has been experiencing rapid development and modernization since the economy reform proposed by President Deng Xiaoping in the late 1970s, the Group believes that agriculture wholesale market is still an important and non-replaceable segment along China’s agriculture value chain. With President Xi Jinping’s emphasis on rural revitalization made earlier this year, the Agriculture Industry will undergo a rapid development in short and medium term. The Group will continue to focus on the agriculture wholesale market business. Apart from expanding and upgrading its existing markets to better serve its customers, the Group will ride on government support from the overall rural revitalization strategy introduced by President Xi and look for investments or partnership opportunities in areas along the upstream and downstream of the agriculture value chain in China. The Group targets to become a leading agriculture group in China focusing on sales of agriculture products, with the goal to contribute to the society by shortening the value chain between the farmers and the consumers.

APPENDIX II	PRO FORMA FINANCIAL INFORMATION OF THE GROUP
--------------------	---

For illustrative purposes, the financial information prepared in accordance with Rule 4.29 of the Listing Rules is set out herein to provide prospective investors with further information about how the financial information of the Group might be affected by the completion of the Rights Issue as if the Rights Issue had been completed on 31 December 2017. The pro forma financial information has been prepared for illustrative purposes only and because of its nature, it may not give a true picture of the Group's financial position on the completion of the Rights Issue.

(A) UNAUDITED PRO FORMA ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group (the “Unaudited Pro Forma Financial Information”) has been prepared by the Directors in accordance with Rule 4.29 of the Listing Rules to illustrate the effect of the Rights Issue on the consolidated net tangible assets of the Group as if the Rights Issue had taken place on 31 December 2017.

The Unaudited Pro Forma Financial Information is prepared for illustrative purposes only, and because of its hypothetical nature, it may not reflect a true picture of the consolidated net tangible assets of the Group attributable to equity shareholders of the Company immediately after completion of the Rights Issue.

The Unaudited Pro Forma Financial Information is prepared based on the consolidated net assets of the Group attributable to equity shareholders of the Company derived from the consolidated statement of financial position of the Group as at 31 December 2017 as extracted from the published annual report of the Company, after incorporating the adjustments described in the accompanying notes.

Consolidated net assets of the Group attributable to equity shareholders of the Company as at 31 December 2017 <i>RMB'000</i> <i>(Note 2)</i>	Less: Goodwill and Intangible assets <i>RMB'000</i> <i>(Note 3)</i>	Consolidated net tangible assets of the Group attributable to equity shareholders of the Company as at 31 December 2017 <i>RMB'000</i>	Estimated net proceeds from the Rights Issue <i>RMB'000</i> <i>(Note 4)</i>	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to equity shareholders of the Company immediately after completion of the Rights Issue <i>RMB'000</i>	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to equity shareholders of the Company per share immediately after completion of the Rights Issue <i>HK\$</i> <i>(Note 5)</i>	<i>RMB</i>
Based on 13,189,830,130 Rights Shares <i>(Note 1)</i> to be issued at Subscription Price of HK\$0.163 per Rights Share						
6,936,878	(6,095,770)	841,108	1,724,962	2,566,070	0.0549	0.0449

APPENDIX II PRO FORMA FINANCIAL INFORMATION OF THE GROUP

Notes:

- (1) The number of Rights Shares of 13,189,830,130 is arrived at based on 43,966,100,439 Shares in issue as at the Record Date.
- (2) The consolidated net assets of the Group attributable to equity shareholders of the Company as at 31 December 2017 was RMB6,936,878,000 as extracted by the Directors from the published annual report of the Company for the year ended 31 December 2017.
- (3) Goodwill and intangible assets of the Group as at 31 December 2017 amounted to RMB386,380,000 and RMB5,709,390,000, respectively as extracted by the Directors from the published annual report of the Company for the year ended 31 December 2017.
- (4) The estimated net proceeds from the Rights Issue of approximately RMB1,724,962,000 (equivalent to HK\$2,109,942,000) are based on the gross proceeds of approximately RMB1,757,664,000 (equivalent to HK\$2,149,942,000) from the issue of 13,189,830,130 Rights Shares at the Subscription Price of HK\$0.163 per Rights Share after deduction of the estimated related expenses of approximately RMB32,702,000 (equivalent to HK\$40,000,000).
- (5) Assuming that the Rights Issue had been completed on 31 December 2017, the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the equity shareholders of the Company per Share immediately after completion of the Rights Issue are calculated based on 57,155,930,569 Shares, comprising 43,966,100,439 Shares in issue as at 31 December 2017 and 13,189,830,130 Rights Shares to be issued as described in Note 1.
- (6) Except for the Rights Issue, no adjustment has been made to reflect any trading results or other transactions of the Group entered into subsequent to 31 December 2017.
- (7) For the purpose of the unaudited pro forma adjusted net tangible assets of the Group attributable to equity shareholders of the Company, the balances stated in Hong Kong dollars are converted into Renminbi at a rate of HK\$1 to RMB0.81754. No representation is made that Hong Kong denominated amounts have been, could have been, or could be, converted to Renminbi, or vice versa, at the rate applied or at any other rates or at all.

(B) ACCOUNTANTS' REPORT ON THE UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP

The following is the text of a report received from the reporting accountants, KPMG, Certified Public Accountants, prepared for the purpose of incorporation in this Prospectus, in respect of the unaudited pro forma financial information of the Group.

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION

TO THE DIRECTORS OF RENHE COMMERCIAL HOLDINGS COMPANY LIMITED

We have completed our assurance engagement to report on the compilation of pro forma financial information of Renhe Commercial Holdings Company Limited (the "Company") and its subsidiaries (collectively the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group as at 31 December 2017 and related notes as set out in Part A of Appendix II to the prospectus dated 25 June 2018 (the "Prospectus") issued by the Company. The applicable criteria on the basis of which the Directors have compiled the pro forma financial information are described in Part A of Appendix II to the Prospectus.

The pro forma financial information has been compiled by the Directors to illustrate the impact of the proposed rights issue on the basis of three rights share for every ten share held on the record date (the "Proposed Rights Issue") on the Group's financial position as at 31 December 2017 as if the Proposed Rights Issue had taken place at 31 December 2017. As part of this process, information about the Group's financial position as at 31 December 2017 has been extracted by the Directors from the consolidated financial statements of the Company for the year then ended, on which an audit report has been published.

Directors' Responsibilities for the Pro Forma Financial Information

The Directors are responsible for compiling the pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies Hong Kong Standard on Quality Control 1 “Quality Control for Firms That Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements” issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants’ Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements (“HKSAE”) 3420 “Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus” issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the pro forma financial information in accordance with paragraph 4.29 of the Listing Rules, and with reference to AG 7 issued by the HKICPA.

For purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on the unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the events or transactions at 31 December 2017 would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgement, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We make no comments regarding the reasonableness of the amount of net proceeds from the Proposed Rights Issue, the application of those net proceeds, or whether such use will actually take place as described in the paragraph headed "Use of Proceeds" in the "Letter from the Board" of the Prospectus.

Opinion

In our opinion:

- a) the pro forma financial information has been properly compiled on the basis stated;
- b) such basis is consistent with the accounting policies of the Group; and
- c) the adjustments are appropriate for the purposes of the pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

KPMG

Certified Public Accountants

Hong Kong

25 June 2018

1. RESPONSIBILITY STATEMENT

This Prospectus, for which the Directors collectively and individually accept full responsibility for the information contained therein, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this Prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this Prospectus misleading.

2. SHARE CAPITAL

The authorised and issued share capital of the Company as at the Latest Practicable Date were, and immediately following completion of the Rights Issue will be, as follows:

	<i>HK\$ (Nominal Value)</i>
Authorised share capital: 80,000,000,000 Shares	800,000,000.00
Issued and fully paid share capital: 43,966,100,439 Shares in issue	439,661,004.39
13,189,830,130 Rights Shares to be issued	131,898,301.30
Issued and fully paid share capital upon completion of the Rights Issue: 57,155,930,569 Shares	571,559,305.69

The Rights Shares, when allotted and fully paid, will rank *pari passu* in all respects, including capital, dividends and voting rights with the Shares then in issue. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions which are declared, made or paid after the date of allotment of the Rights Shares in their fully-paid form.

The Company has not issued any Shares since the end of the last financial year (i.e. 31 December 2017). As at the Latest Practicable Date, save and except for the Convertible Bond to be issued by the Company in favour of New Amuse upon completion of the Hada Acquisition, the Company did not have any outstanding options, warrants or convertible securities which confer rights to subscribe for or affect the Shares. No capital of any member of the Group is under option, or agreed conditionally or unconditionally to be put under option as at the Latest Practicable Date.

3. SHARE OPTIONS

The Company adopted a share option scheme on 25 August 2008 whereby the Directors are authorised, at their discretion, to invite employees of the Group (including Directors and directors of the subsidiary of the Group) to take up options at HK\$1 consideration to subscribe for Shares of the Company, with each option giving the holder the right to subscribe for one Share.

As at 31 December 2017, there were no outstanding share options. During the year ended 31 December 2017, no share options have been granted, exercised, cancelled or lapsed.

4. DIRECTORS' INTERESTS

Save as disclosed below, as at the Latest Practicable Date, none of the Directors or the chief executive of the Company or any of their associates had or were deemed to have any interests or short positions in any Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (ii) entered in the register required to be kept pursuant to Section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors and Listed Issuers as set out in Appendix 10 of the Listing Rules (“**Model Code**”):

Directors' and chief executive's interest in Shares and underlying Shares of the Company

Name of director	Capacity	Nature of interest (note 1)	Number of issued Shares/underlying Shares	Approximate percentage of interest in the Company
Mr. Dai Yongge	Beneficial owner	L	153,900,000	0.35%
	Interest in controlled corporations	L (note 2)	22,573,319,492	51.34%
	Interest of spouse	L (note 3)	46,158,161,439	104.99%
	Interest in a controlled corporation	S	66,556,293	0.15%
Mr. Wang Hongfang	Beneficial owner	L	28,050,000	0.06%
	Interest in a controlled corporation	L (note 4)	7,575,000	0.02%
Ms. Zhang Xingmei	Interest in a controlled corporation	L (note 5)	46,158,161,439	104.99%
	Interest of spouse	L (note 6)	22,727,219,492	51.69%
	Interest of spouse	S	66,556,293	0.15%
Mr. Zhang Dabin	Beneficial owner	L	3,000,000	0.00%
	Interest in a controlled corporation	L (note 7)	13,100,000	0.03%
Ms. Wang Chunrong	Interest in a controlled corporation	L (note 8)	33,600,000	0.07%

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) Among 22,573,319,492 Shares deemed to be interested in by Mr. Dai Yongge, 122,400,000 Shares are held by Gloss Season Limited (“**Gloss Season**”); 15,383,738,082 Shares are held by Super Brilliant Investments Limited (“**Super Brilliant**”) and 6,426,419,360 are interested in by Super Brilliant pursuant to its underwriting obligation under the Underwriting Agreement; and 640,762,050 Shares are held by Wealthy Aim Holdings Limited (“**Wealthy Aim**”). Gloss Season is held as to 100% by Mr. Dai Yongge. The entire issued share capital of Super Brilliant is held by Shining Hill Investments Limited (“**Shining Hill**”), which is held as to 100% by Mr. Dai Yongge. The entire issued share capital of Wealthy Aim is held by Broad Long Limited (“**Broad Long**”), which is held as to 100% by Mr. Dai Yongge. Therefore, Mr. Dai Yongge is deemed to be interested in the Shares held by Gloss Season, Super Brilliant and Wealthy Aim.
- (3) Mr. Dai Yongge is deemed to be interested in the Shares held by his spouse, Ms. Zhang Xingmei.
- (4) These Shares are held by Swift Fast Limited, which is wholly-owned by Mr. Wang Hongfang.
- (5) Ms. Zhang Xingmei holds the entire issued share capital of Win Spread Limited (“**Win Spread**”). Win Spread holds the entire issued share capital of Dili Group Holdings Company Limited (“**Dili Group**”). Dili Group holds the entire share capital of Shouguang Dili Agri-Products Group Company Limited (“**Shouguang Dili**”). Shouguang Dili holds the entire issued share capital of New Amuse Limited (“**New Amuse**”). New Amuse in turn (i) holds 6,243,902,439 Shares; and (ii) is interested in 39,914,259,000 Shares convertible from the Convertible Bond in the aggregate principal amount of HK\$6,506,024,217, based on the initial conversion price of HK\$0.163, to be issued by the Company to New Amuse upon completion of the Hada Acquisition. Accordingly, each of Ms. Zhang Xingmei, Win Spread, Dili Group and Shouguang Dili is deemed to be interested in the 46,158,161,439 Shares interested in by New Amuse. As at the Latest Practicable Date, the Convertible Bond had not yet been issued by the Company to New Amuse, and accordingly no Shares had been converted therefrom.
- (6) Ms. Zhang Xingmei is deemed to be interested in the Shares held by her spouse, Mr. Dai Yongge.
- (7) These Shares are held by United Magic Limited, which is wholly-owned by Mr. Zhang Dabin.
- (8) These Shares are held by Wonder Future Limited, which is wholly-owned by Ms. Wang Chunrong.

5. SUBSTANTIAL SHAREHOLDERS' INTERESTS

Save as disclosed below, as at the Latest Practicable Date, the Directors and chief executive of the Company were not aware of any person (other than a Director or chief executive of the Company) who had interests or short positions in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

Name of shareholder	Capacity	Nature of interest (note 1)	Number of Shares	Approximate percentage of interest in the Company
Super Brilliant	Beneficial owner	L (note 2)	21,810,157,442	49.61%
	Beneficial owner	S	66,556,293	0.15%
Shining Hill	Interest in a controlled corporation	L (note 2)	21,810,157,442	49.61%
	Interest in a controlled corporation	S	66,556,293	0.15%
New Amuse	Beneficial owner	L (note 3)	46,158,161,439	104.99%
Shouguang Dili	Interest in a controlled corporation	L (note 3)	46,158,161,439	104.99%
Dili Group	Interest in a controlled corporation	L (note 3)	46,158,161,439	104.99%
Win Spread	Interest in a controlled corporation	L (note 3)	46,158,161,439	104.99%

Notes:

- (1) The letter "L" denotes the person's long position in such shares, and the letter "S" denotes the person's short position in such shares.
- (2) Mr. Dai Yongge is interested in the entire issued share capital of Shining Hill which in turn is interested in the entire issued share capital of Super Brilliant and therefore, Mr. Dai Yongge and Shining Hill are deemed or taken to be interested in the Shares beneficially owned or interested in by Super Brilliant for the purposes of the SFO.

- (3) Ms. Zhang Xingmei is interested in the entire issued share capital of Win Spread which in turn is interested in the entire issued share capital of Dili Group. Dili Group holds the entire issued share capital of Shouguang Dili which in turn holds the entire issued share capital of New Amuse. Therefore, each of Ms. Zhang Xingmei, Win Spread, Dili Group and Shouguang Dili is deemed or taken to be interested in the Shares beneficially owned by New Amuse for the purpose of the SFO.

6. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had an existing or a proposed service contract with the Company or any of its subsidiaries which is not terminable within one year without payment of compensation (other than statutory compensation).

7. OTHER ARRANGEMENTS INVOLVING DIRECTORS

As at the Latest Practicable Date, save for the Hada Acquisition, the Hangzhou Acquisition and the Rights Issue, (i) none of the Directors had, directly or indirectly, any interest in any assets which have since 31 December 2017 (being the date to which the latest published audited accounts of the Company were made up) been acquired or disposed of by or leased to any member of the Enlarged Group, or were proposed to be acquired or disposed of by or leased to any member of the Enlarged Group; and (ii) none of the Directors was materially interested in, whether directly or indirectly, any subsisting contract or arrangement which is significant in relation to the business of the Enlarged Group.

8. CORPORATE INFORMATION

Underwriter of the Rights Issue	Super Brilliant Investments Limited
Legal adviser to the Company	Norton Rose Fulbright Hong Kong 38th Floor, Jardine House 1 Connaught Place Central, Hong Kong
Reporting accountants	KPMG Certified Public Accountants 8th Floor, Prince's Building 10 Chater Road Central, 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
Principal banker	Bank of China (Hong Kong) Limited Bank of China Tower 1 Garden Road Hong Kong
Company secretary	Hung Fan Kwan (<i>FCPA, FCCA</i>)
Authorized representative	Wang Hongfang Hung Fan Kwan (<i>FCPA, FCCA</i>)

9. PARTICULARS OF DIRECTORS AND SENIOR MANAGEMENT

(a) Names and addresses

Name	Business/residential address
<i>Executive Directors</i>	
Mr. Dai Yongge (<i>Chairman</i>)	Suites 1701–1703, One International Finance Centre, 1 Harbour View Street, Central, Hong Kong
Mr. Wang Hongfang (<i>Chief Executive Officer</i>)	Suites 1701–1703, One International Finance Centre, 1 Harbour View Street, Central, Hong Kong
Mr. Dai Bin	Suites 1701–1703, One International Finance Centre, 1 Harbour View Street, Central, Hong Kong
<i>Non-executive Directors</i>	
Mrs. Hawken Xiu Li	Suites 1701–1703, One International Finance Centre, 1 Harbour View Street, Central, Hong Kong
Ms. Jiang Mei	Suites 1701–1703, One International Finance Centre, 1 Harbour View Street, Central, Hong Kong
Ms. Zhang Xingmei	Suites 1701–1703, One International Finance Centre, 1 Harbour View Street, Central, Hong Kong
Mr. Zhang Dabin	Suites 1701–1703, One International Finance Centre, 1 Harbour View Street, Central, Hong Kong
Ms. Wang Chunrong	Suites 1701–1703, One International Finance Centre, 1 Harbour View Street, Central, Hong Kong
<i>Independent non-executive Directors</i>	
Mr. Fan Ren-Da, Anthony	Suites 1701–1703, One International Finance Centre, 1 Harbour View Street, Central, Hong Kong
Mr. Wang Shengli	Suites 1701–1703, One International Finance Centre, 1 Harbour View Street, Central, Hong Kong
Mr. Wang Yifu	Suites 1701–1703, One International Finance Centre, 1 Harbour View Street, Central, Hong Kong
Mr. Leung Chung Ki	Suites 1701–1703, One International Finance Centre, 1 Harbour View Street, Central, Hong Kong
Mr. Tang Hon Man	Suites 1701–1703, One International Finance Centre, 1 Harbour View Street, Central, Hong Kong

Name	Business/residential address
<i>Senior management</i>	
Mr. Chu Chengfa	Suites 1701–1703, One International Finance Centre, 1 Harbour View Street, Central, Hong Kong
Mr. Hung Fan Kwan	Suites 1701–1703, One International Finance Centre, 1 Harbour View Street, Central, Hong Kong
Mr. Sun Qiwei	Suites 1701–1703, One International Finance Centre, 1 Harbour View Street, Central, Hong Kong
Mr. Geng Xiaoguo	Suites 1701–1703, One International Finance Centre, 1 Harbour View Street, Central, Hong Kong
Ms. Chan Rebecca	Suites 1701–1703, One International Finance Centre, 1 Harbour View Street, Central, Hong Kong
Mr. Li Xiang	Suites 1701–1703, One International Finance Centre, 1 Harbour View Street, Central, Hong Kong
Mr. Wang Dong	Suites 1701–1703, One International Finance Centre, 1 Harbour View Street, Central, Hong Kong

(b) Qualification and positions held

Executive Directors

Mr. Dai Yongge, aged 50, was appointed as an executive Director in December 2007 and the Chairman on 25 August 2008, and is a member of the remuneration committee and nomination committee of the Board. He was also the Chief Executive Officer between 26 February 2008 and 29 June 2014. With over 21 years of experience in the management of underground shopping centres, Mr. Dai is primarily responsible for the Group's overall strategic planning and the management of the Group's business. Mr. Dai became a director of certain of the Group's subsidiaries in 2003, 2005 and 2007 respectively and was responsible for the Group's strategic planning and management of the underground shopping centres in Harbin, Guangzhou and Zhengzhou. Mr. Dai was also involved in the management of a number of retail businesses in the PRC for over 10 years before becoming the Chairman of the Group in 1999. Mr. Dai is a younger brother of Mrs. Hawken Xiu Li, the spouse of Ms. Zhang Xingmei and the father of Mr. Dai Bin.

Mr. Wang Hongfang, aged 58, was appointed as the Chief Executive Officer in June 2014. He was also appointed as an executive Director in December 2007 and as the executive president (investments and financing) of the Company on 26 February 2008. Mr. Wang joined the Group in 2003 and has over 23 years of management experience. He is primarily responsible for the management of the Group's investments and financing. In 2003, he was appointed as the vice president of the Group and became the executive president in 2006. Prior to joining the Group, he was assigned management positions in a number of companies in the PRC during the period from 1994 to 2000. From 2001 to 2003, Mr. Wang was the president of Harbin Jurong New Power Co., Ltd. in which he was responsible for the overall

planning and management of its business. Mr. Wang graduated from Harbin Institute of Technology with a bachelor's degree in automatic control mechanics in 1982 and a master's degree in politics and economics in 1991.

Mr. Dai Bin, aged 27, was appointed as an executive Director in June 2014, and is primarily involved in the operation and management of the Company. He graduated from University of New South Wales, Australia, with a bachelor's degree of commerce, major in finance in 2012. Mr. Dai Bin is the son of Mr. Dai Yongge (the Chairman and an executive Director) and Ms. Zhang Xingmei (a non-executive Director). He is also the nephew of Mrs. Hawken Xiu Li (a non-executive Director).

Non-executive Directors

Mrs. Hawken Xiu Li, aged 55, was appointed as a non-executive Director in November 2007. Mrs. Hawken joined the Group in 1996 and is responsible for assisting the executive Directors in formulating the Company's business strategies. She was appointed as a director of certain subsidiaries of the Group since 1996. Mrs. Hawken graduated from Heilongjiang University with a bachelor's degree in Chinese Literature in 1986. She is an elder sister of Mr. Dai Yongge, a sister-in-law of Ms. Zhang Xingmei and an aunt of Mr. Dai Bin.

Ms. Jiang Mei, aged 46, was appointed as a non-executive Director in December 2007. Ms. Jiang joined the Group in 2002 and is responsible for assisting the executive Directors in formulating our Group's business strategies. Since 2002, she has been a director of certain subsidiaries of the Group. Prior to joining the Group, she was the deputy general manager of an advertising company in the PRC from 1993 to 2000. Ms. Jiang graduated from Beijing Dance Academy (北京舞蹈學院) in 1991.

Ms. Zhang Xingmei, aged 49, was appointed as a non-executive Director in December 2007. Ms. Zhang joined the Group in 1996 and has over 21 years of management experience of the underground shopping centres in the PRC. Since 1996, Ms. Zhang has been appointed as a director of certain subsidiaries of the Group. She has also been the chairperson of a subsidiary of the Group since 2002, being primarily responsible for overseeing the operation of underground shopping mall projects. Ms. Zhang graduated from Heilongjiang Institute of Economic Management with a college degree in business administration in 1992. Ms. Zhang is the spouse of Mr. Dai Yongge, the mother of Mr. Dai Bin and a sister-in-law of Mrs. Hawken Xiu Li.

Mr. Zhang Dabin, aged 60, was re-designated as a non-executive Director in June 2014, prior to which he had been an executive Director since December 2007. He was also appointed as the executive president (project construction) of the Company in 2008. Mr. Zhang joined the Group in 1999 and has more than 24 years of experience in real estate planning related businesses. From 1999 to 2007, he was a director of certain subsidiaries of the Group, in which he was in charge of the overall strategic planning and construction of the Group's projects. Prior to joining the Group, Mr. Zhang worked at Heilongjiang Province Urban Real Estate Development

Company as an assistant general manager from 1990 to 1992 and a deputy general manager from 1992 to 1999 and was responsible for overseeing the development of the real estate projects. Mr. Zhang was one of the members of the National Defense General Staff Corps of Engineers Construction Engineering Design in 2007.

Ms. Wang Chunrong, aged 49, was re-designated as a non-executive Director since June 2014, prior to which she had been an executive Director since December 2007. She was also appointed as a vice president (finance) of the Company on 26 February 2008. Ms. Wang joined the Group in 1996 and has over 27 years of experience in financial management. Ms. Wang is primarily responsible for overseeing the finance function of the Group. She worked as a manager and a director of certain subsidiaries of the Group since 1996. Prior to joining the Group, she worked at the accounting department of Heilongjiang Province Technology Information Research Office from 1990 to 1996. She was appointed as the vice president of the Group in 2003. Ms. Wang graduated from Harbin Radio and TV University in 1990.

Independent non-executive Directors

Mr. Fan Ren-Da, Anthony, aged 58, joined in 2007 as an independent non-executive Director and is the chairman of the audit committee of the Board. He holds a master's degree in business administration from the USA. He is the chairman and managing director of AsiaLink Capital Limited. Prior to that, he held senior positions with various international financial institutions and was the managing director of a company listed on the Stock Exchange. Mr. Fan is an independent non-executive director of CITIC Resources Holdings Limited (Stock Code: 1205), Raymond Industrial Limited (Stock Code: 229), Uni-President China Holdings Limited (Stock Code: 220), CGN New Energy Holdings Co., Ltd. (Stock Code: 1811), China Development Bank International Investment Limited (Stock Code: 1062), NeoNeon Holdings Ltd. (Stock Code: 1868), Shanghai Industrial Urban Development Group Limited (Stock Code: 563), Technovator International Limited (Stock Code: 1206), Tenfu (Cayman) Holdings Company Limited (Stock Code: 6868) and Hong Kong Resources Holdings Company Limited (Stock Code: 2882), all listed on the Main Board of the Stock Exchange.

Mr. Wang Shengli, aged 68, was appointed as an independent non-executive Director since August 2008. He is the chairman of the remuneration committee and the nomination committee, and a member of the audit committee, of the Board. Mr. Wang is a retired PRC military officer with over 42 years of experience in the national defense force. Mr. Wang is currently the vice president of the China Commercial Real Estate Association, a national association for the PRC commercial real estate industry which has a very close working relationship with the Ministry of Commerce of the PRC, Ministry of Construction of the PRC and similar government agencies. Mr. Wang is also currently the vice chairman of the civil air defense subdivision of China Civil Engineering Society, the consultant of Beijing Civil Defense Association and the consultant of Shandong Province Civil Defense

Association. From 1985 to 2005, he was an officer of the Civil Air Defense Department of the PRC. Mr. Wang graduated from Liaoning University (遼寧大學) in 1985 with a bachelor's degree in Chinese Literature and politics.

Mr. Wang Yifu, aged 67, was appointed as an independent non-executive Director since August 2008. He is also a member of each of the audit committee, remuneration committee and nomination committee of the Board. Mr. Wang has over 35 years of experience in the banking and finance industry. He worked at the accounting and investment divisions of several branches of the China People's Construction Bank in Harbin from 1975 to 1993. He was appointed as the director of the marketing division and the senior economist of Harbin main branch of the China People's Construction Bank in 1991 and 1993, respectively. In 1996, Mr. Wang was appointed as the supervisor of the internal auditing department of Harbin Commercial Bank and was promoted to vice-governorship in 1999. Since 2004, Mr. Wang has been the inspector of Harbin Commercial Bank. Mr. Wang graduated from Northeast Heavy Machinery College with a college degree in mechanical engineering in 1975.

Mr. Leung Chung Ki, aged 61, was appointed as an independent non-executive Director since 2012. Mr. Leung graduated with bachelor degree in business administration in the Chinese University of Hong Kong and a master degree in business administration in the De Paul University in the United States. Mr. Leung has over 20 years of banking experience and holds directorships in various companies engaging in investment since 2000. Mr. Leung currently is an independent non-executive director of PYI Corporation Limited (Stock Code: 498), which is listed on the Main Board of the Stock Exchange.

Mr. Tang Hon Man, aged 59, was appointed as an independent non-executive Director since 2012. Mr. Tang graduated with a bachelor degree in business administration in the Chinese University of Hong Kong. Mr. Tang has over 30 years of working experience and has been appointed as the director of supply chain management division of an international electronic product distribution group since 2006 and a director of supply chain management division of a global 3D printing technology company listed in the United States of America since April 2013.

Senior management

Mr. Chu Chengfa, aged 50, is the vice president of the Company, and is responsible for the management of the Group's administration and legal affairs. Mr. Chu joined the Group in 1999 and has almost 26 years of experience in the legal compliance field. Mr. Chu was appointed as the head of the legal affairs department of the Group in 1999 and vice president of the Group in 2003, advising on the overall legal compliance of all the Group's projects. Prior to joining the Group, Mr. Chu worked at Heilongjiang Province Hongsheng Trade Co. as the head of the legal department and the deputy general manager from 1991 to 1999. Mr. Chu graduated from Heilongjiang University with a bachelor's degree in law in 1991.

Mr. Hung Fan Kwan, FCPA, FCCA, aged 54, is the vice president, chief financial officer, qualified accountant and company secretary of the Company. Mr. Hung is primarily responsible for overseeing the Group's financial reporting and compliance with the requirements under the Listing Rules with regard to financial reporting and other accounting-related issues. Mr. Hung joined the Group in March 2008 and has over 30 years of experience in accounting, finance and treasury functions. Prior to joining the Group, Mr. Hung was appointed to a number of senior accounting and financial positions with various listed and private companies in Hong Kong, including as an executive director, a chief financial officer and a qualified accountant of Modern Beauty Salon Holdings Limited, a company listed on the Main Board of the Stock Exchange (Stock Code: 919), and was previously a vice audit manager at Coopers & Lybrand (currently known as PricewaterhouseCoopers). Mr. Hung graduated with a professional diploma in accountancy from the Hong Kong Polytechnic University and is a fellow member of the Chartered Association of Certified Accountants, a fellow member of the Hong Kong Institute of Certified Public Accountants and an associate of the Institute of Chartered Accountants in England and Wales.

Mr. Sun Qiwei, aged 58, is a deputy general manager of the project construction department of the Company. Mr. Sun joined the Group in 1996 and has over 21 years of experience in business administration and management of underground construction projects. He was the office head of a subsidiary of the Group from 1996 to 1999. From 1999 to 2003, he was appointed as an assistant general manager and head of the office of the Group. Since 2006, Mr. Sun has been appointed as a general manager, a deputy general manager and the vice general commander of the construction command office of various subsidiaries of the Group. Mr. Sun graduated from Harbin Radio and TV University with a college degree in Chinese journalism in 1988.

Mr. Geng Xiaoguo, aged 53, is a vice president and deputy general manager of the project construction department of the Company. Mr. Geng joined the Group in 2001 and has over 16 years of experience in project construction, mainly involved in the application process of the construction projects when they first commenced. Since 2006, Mr. Geng has been appointed as a director of a subsidiary of the Group. Mr. Geng graduated from Heilongjiang University with a bachelor's degree in law in 1987.

Ms. Chan Rebecca, aged 43, is a vice president of the Company, responsible for the Company's capital market operations. Ms. Chan joined the Group in July 2014. Ms. Chan has over 15 years of experience in corporate finance and capital market transactions. Before joining the Group, Ms. Chan was trained as a solicitor in Hong Kong and subsequently switched to investment banking in 2005 and had been working for various investment banks since then, including UBS AG and J.P. Morgan Asia. Her last position before joining the Group was an executive director with J.P. Morgan Asia's equity capital markets department. Ms. Chan holds a laws degree (LL. B) from University of Sheffield, United Kingdom. Ms. Chan is also a qualified solicitor of the HKSAR.

Mr. Li Xiang, aged 36, is a vice president of the Company. Mr. Li joined the Group in August 2014 with over 9 years of experience in investment banking. Prior to joining the Group, Mr. Li was a vice president with J.P. Morgan Asia's equity capital markets department. He has a master degree from the University of Oxford.

Mr. Wang Dong, aged 45, was appointed as a vice president (finance) of the Company. Mr. Wang joined the Group in August 2015 and has over 22 years of experience in the field of finance, investment and auditing. Mr. Wang is primarily responsible for overseeing the finance function of the Group. Prior to joining the Group, he worked as project manager in Orient Group Financial Company and financial controller in Mid Tai Investment Company. Mr. Wang graduated from Harbin Institute of Technology with a master's degree in business administration. He is a member of the Chinese Institute of Certified Public Accountants. Mr. Wang was qualified as a senior accountant by Heilongjiang Province Government.

10. LITIGATION

As at the Latest Practicable Date, the Enlarged Group was not engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened against the members of the Enlarged Group.

11. MATERIAL CONTRACTS

During the two years immediately preceding the Latest Practicable Date, the following contracts, not being contracts entered into in the ordinary course of business carried on or intended to be carried on by the Company or any of its subsidiaries, have been entered into by the Group and are or may be material:

- (a) a sale and purchase agreement dated 5 June 2018 and entered into between Yield Smart Limited (a wholly-owned subsidiary of the Company), the Company and New Amuse in respect of the acquisition of the entire issued share capital of United Progress Group Limited for a consideration of RMB5.4 billion;
- (b) a sale and purchase agreement dated 5 June 2018 and entered into between Yield Smart Limited (a wholly-owned subsidiary of the Company) and Vast Equity Investment Limited in respect of the acquisition of the entire issued share capital of Wise Path Holdings Limited for a consideration of HK\$1.47 billion; and
- (c) the Underwriting Agreement.

12. EXPENSES

The expenses in connection with the Rights Issue, including financial, legal and other professional advisory fees, printing and translation expenses are estimated to be approximately HK\$40 million and will be payable by the Company.

13. EXPERT'S QUALIFICATION AND CONSENT

The following is the qualification of the expert who has provided its advice for inclusion in this Prospectus:

Name	Qualification
KPMG	Certified Public Accountants

The above expert has given and has not withdrawn its written consent to the issue of this Prospectus with the inclusion of its letter and/or reference to its name or opinion in the form and context in which it is included.

As at the Latest Practicable Date, the above experts were not beneficially interested in the share capital of any member of the Group nor did they have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, the above expert did not have any direct or indirect interest in any assets which had since 31 December 2017 (being the date to which the latest published audited financial statements of the Group were made up) been acquired or disposed of by or leased to any member of the Enlarged Group, or were proposed to be acquired or disposed of by or leased to any member of the Enlarged Group.

14. GENERAL

- (a) The registered office of the Company is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The correspondence address of the Company is at Suites 1701–1703, One International Finance Centre, 1 Harbour View Street, Central, Hong Kong.
- (b) The English text of this document shall prevail over the Chinese text for the purposes of interpretation.

15. LEGAL EFFECT

The Rights Issue Documents and all acceptances of any offer or application contained in such documents are governed by and shall be construed in accordance with the laws of Hong Kong. Where an application is made in pursuance of any such documents, the relevant document(s) shall have the effect of rendering all persons concerned bound by the provisions, other than the penal provisions, of Sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, so far as applicable.

16. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

A copy of this Prospectus, together with copies of the PAL and the EAF and the written consent referred to in the paragraphs headed “Expert’s Qualification and Consent” in this Appendix III to this Prospectus have been delivered to the Registrar of Companies in Hong Kong for registration as required by Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

17. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours (i.e. from 10:00 a.m. to 1:00 p.m. and from 2:00 p.m. to 5:30 p.m.) on Monday to Friday unless (i) a tropic cyclone warning signal number 8 or above is hoisted, or (ii) a black rainstorm warning signal is issued, except public holidays, from the date of this Prospectus up to and including 8 July 2018 at the Company’s registered office in Hong Kong:

- (a) the memorandum and articles of association of the Company;
- (b) the material contracts referred to in the paragraph headed “Material Contracts” in this Appendix III to this Prospectus;
- (c) the report issued by KPMG regarding the unaudited pro forma statement of consolidated net tangible assets of the Group, the text of which is set out in Appendix II to this Prospectus;
- (d) the written consent referred to in the paragraphs headed “Expert’s Qualification and Consent” in this Appendix III to this Prospectus;
- (e) the annual reports of the Company for each of the three years ended 31 December 2016 and 2017; and
- (f) this Prospectus.