Renhe Commercial Holdings Company Limited
人和商業控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1387)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2018

The board of directors (the "Board") of Renhe Commercial Holdings Company Limited (the "Company") hereby announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2018, together with the appropriate comparative figures as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE SIX MONTHS ENDED 30 JUNE 2018 — unaudited

		Six months ended 30 June	
	Note	**2018**	2017
		RMB'000	*RMB'000*
Revenue	*6*	**483,713**	504,838
Other income		**53,269**	58,488
Administrative expenses		**(249,225)**	(273,069)
Other operating expenses		**(307,791)**	(308,943)
Loss from operations		**(20,034)**	(18,686)
Finance income		**12,632**	2,407
Finance expenses		**(190)**	(329)
Net finance income	*7(a)*	**12,442**	2,078

CONSOLIDATED STATEMENT OF PROFIT OR LOSS *(continued)*
FOR THE SIX MONTHS ENDED 30 JUNE 2018 — unaudited

	Note	Six months ended 30 June	
		2018	2017
		RMB'000	*RMB'000*
Loss before taxation	*7*	**(7,592)**	(16,608)
Income tax	*8*	**(41,975)**	(49,703)
Loss attribute to equity shareholders of the Company for the period		**(49,567)**	(66,311)
Basic and diluted loss per share (RMB cents)	*10*	**(0.11)**	(0.15)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2018 — unaudited

	Six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
Loss attributable to equity shareholders of the Company for the period	**(49,567)**	(66,311)
Other comprehensive income for the period (after tax and reclassification adjustments):		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of foreign operations	**14,184**	163,700
Total comprehensive income attributable to equity shareholders of the Company for the period	**(35,383)**	97,389

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2018 — unaudited

	Note	At 30 June 2018 RMB'000	At 31 December 2017 RMB'000
Non-current assets			
Property and equipment		**690,462**	681,420
Intangible assets	*11*	**5,547,325**	5,709,390
Goodwill	*12*	**386,380**	386,380
Deferred tax assets		**714**	–
Total non-current assets		**6,624,881**	6,777,190
Current assets			
Inventories		**48,907**	44,432
Trade and other receivables	*13*	**1,387,664**	764,656
Cash at bank and on hand		**593,970**	1,222,118
Total current assets		**2,030,541**	2,031,206
Current liabilities			
Trade and other payables	*14*	**325,130**	401,502
Taxation		**39,061**	41,585
Total current liabilities		**364,191**	443,087
Net current assets		**1,666,350**	1,588,119
Total assets less current liabilities		**8,291,231**	8,365,309
Non-current liabilities			
Deferred income		**2,855**	–
Deferred tax liabilities		**1,383,858**	1,424,400
Receipt-in-advance		**3,023**	4,031
Total non-current liabilities		**1,389,736**	1,428,431
Net assets		**6,901,495**	6,936,878
Capital and reserves			
Share capital		**366,604**	366,604
Reserves		**6,534,891**	6,570,274
Total equity		**6,901,495**	6,936,878

NOTES:

1. INDEPENDENT REVIEW

The interim results for the six months ended 30 June 2018 are unaudited, but have been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants. KPMG's independent review report to the Board is included in the interim report to be sent to shareholders.

2. BASIS OF PREPARATION

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

3. PRINCIPAL ACCOUNTING POLICIES

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2017 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2018 annual financial statements. Details of any changes in accounting policies are set out in Note 4.

4. CHANGES IN ACCOUNTING POLICIES

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

- *IFRS 9, Financial instruments*
- *IFRS 15, Revenue from contracts with customers*

None of these developments has had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented in this interim financial report. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

5. SEGMENT REPORTING

The Group manages its business in a single segment, namely operation of agriculture wholesale markets. The Group's most senior executive management assesses performance and allocates resources on a group basis. Accordingly, no operating segment information is presented.

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

6. REVENUE

	Six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
Operating lease	**130,648**	118,744
Commission income	**353,065**	386,094
	483,713	504,838

The Group has initially applied IFRS 15 using the cumulative effect method. Under this method, the comparative information is not restated and was prepared in accordance with IAS 18 and IAS 11.

7. LOSS BEFORE TAXATION

(a) Net finance income

	Six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
Finance income		
— Interest income on bank deposits	**2,660**	2,198
— Interest income on loans to third parties	**9,627**	–
— Net foreign exchange gain	**345**	209
	12,632	2,407
Finance expenses		
— Bank charges and others	**(190)**	(329)
	12,442	2,078

(b) Other items

		Six months ended 30 June	
		2018	2017
	Note	***RMB'000***	*RMB'000*
Depreciation		**29,611**	23,413
Amortisation	*11*	**162,166**	162,166
Advertisement expenses		**263**	14,220
Repairs and maintenance		**24,993**	9,667
Utility charges		**28,216**	19,342
Operating lease charges		**65,792**	68,261

8. INCOME TAX

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

	Six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
Current tax		
PRC Enterprise Income Tax		
Provision for the period	**82,132**	89,755
Under-provision in respect of prior years	**1,099**	490
	83,231	90,245
Deferred tax		
Reversal and origination of temporary difference	**(41,256)**	(40,542)
	41,975	49,703

(i) According to the Corporate Income Tax Law of the PRC, from 1 January 2008, the statutory income tax rate applicable to the Group's subsidiaries in the PRC is 25%.

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

(iii) No provision for Hong Kong Profits Tax has been made as the Group did not earn any income subject to Hong Kong Profits Tax during the period.

9. DIVIDENDS

There was no interim dividend declared attributable to the six months ended 30 June 2018 (six months ended 30 June 2017: Nil).

10. BASIC AND DILUTED LOSS PER SHARE

The calculation of basic loss per share is based on the loss attributable to ordinary equity shareholders of the Company of RMB49,567,000 (six months ended 30 June 2017: loss of RMB66,311,000) and the weighted average of 43,966,100,000 ordinary shares (six months ended 30 June 2017: 43,966,100,000 ordinary shares) in issue during the six months ended 30 June 2018. As described in Note 15(ii), the Company completed the rights issue in July 2018. The rights issue didn't include any bonus element without consideration. The weighted average number of shares outstanding during the periods ended 30 June 2018 and 2017 was not adjusted to reflect the issuance of shares under rights issue.

During the six months ended 30 June 2018 and 2017, diluted loss per share is calculated on the same basis as basic loss per share.

11. INTANGIBLE ASSETS

In connection with the acquisition occurred in July 2015, the Group (as lessee) entered into 20 years lease agreements with market owners of the agriculture wholesale markets (as lessor), according to which the rent to be paid is favourable as compared with the fair value of market rent. As at the acquisition date on 27 July 2015, the Group recognised these favourable term lease agreements as an intangible asset at its fair value amounting to RMB6,486,667,000 which is amortised on a straight-line basis over the contractual life of the lease agreements. The amortisation charge for the six months ended 30 June 2018 of RMB162,166,000 is included in other operating expenses in the consolidated statement of profit or loss.

12. GOODWILL

Goodwill of RMB386,380,000 relates to the acquisition of agriculture wholesale markets business which was completed on 27 July 2015.

13. TRADE AND OTHER RECEIVABLES

	Note	**At 30 June 2018** *RMB'000*	At 31 December 2017 *RMB'000*
Prepayment of consideration for Hangzhou Acquisition	*15(i)*	**590,170**	–
Amounts due from related parties		**13,928**	9,190
Loans to third parties	*i*	**332,184**	687,920
Deposits for potential acquisitions	*ii*	**377,000**	–
Others		**74,382**	67,546
		1,387,664	764,656

(i) Loans to third parties

As at 30 June 2018, loans to a third party are unsecured with principal of RMB331 million, which are subject to a fixed interest rate of 6% per annum and have been fully repaid in July and August 2018.

(ii) Deposits for potential acquisitions

The balance as at 30 June 2018 represented deposits for potential acquisitions of businesses in the PRC. The Group paid these deposits to two third party agents, who were engaged to assist in negotiation with potential vendors. Subsequent to the end of the reporting period, these negotiations were unsuccessful and all of the deposits were refunded to the Group in July and August 2018.

14. TRADE AND OTHER PAYABLES

	At 30 June 2018 *RMB'000*	At 31 December 2017 *RMB'000*
Receipts in advance	**100,016**	162,786
Construction payables	**86,697**	74,483
Other taxes payable	**1,172**	6,456
Deposits	**103,407**	121,934
Amounts due to related parties	**5,904**	3,760
Salary and welfare expenses payable	**11,075**	23,947
Professional service fee payables	**15,758**	3,800
Others	**1,101**	4,336
	325,130	401,502

15. SUBSEQUENT EVENTS

(i) Hangzhou Acquisition

On 5 June 2018, Yield Smart Limited, a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with Vast Equity Investment Limited (the "Hangzhou Vendor"), which is wholly-owned by Mr. Suen, an independent third party. Pursuant to the sale and purchase agreement, Yield Smart Limited would acquire the entire issued share capital of Wise Path Holdings Limited, a company incorporated in the BVI, in turn to acquire the fruit, vegetables and seafood wholesale markets businesses in Hangzhou, the PRC (the "Hangzhou Target Group") (the "Hangzhou Acquisition").

The total consideration for the Hangzhou Acquisition is HKD1,470,000,000 (equivalent to RMB1,223,000,000 approximately), which shall be satisfied by cash, RMB590,170,000 of which has been prepaid to the Hangzhou Vendor as at 30 June 2018.

The above Hangzhou Acquisition has completed as all the conditions have been fulfilled or waived on 24 July 2018. As a result, Wise Path Holdings Limited became a wholly-owned subsidiary of the Company.

(ii) Rights Issue

During the period ended 30 June 2018, the Group proposed the right shares at a subscription price of HKD0.163 each on the basis of three right share for every ten existing shares held on 8 June 2018 (the "Rights Issue"), which was not completed as at 30 June 2018. On 11 July 2018, all the conditions of underwriting agreement had been fulfilled and the Rights Issue became unconditional, a total number of 13,189,830,130 shares had been issued.

MANAGEMENT DISCUSSION AND ANALYSIS

Our Business

The Group operates 7 agriculture wholesale markets in 6 cities in the PRC during the period under review.

Business Review

Agriculture Wholesale Market	**Location**	**GFA** *(sq.m.)*	**Revenue Six months ended 30 June 2018** *(RMB'million)*
China Shouguang Agricultural Produce Logistics Park	Shouguang city, Shandong province	537,003	78.1
Harbin Hada Agricultural Produce Market	Harbin city, Heilongjiang province	185,035	152.3
Shenyang Shouguang Dili Agricultural By-Products Markets	Shenyang city, Liaoning province	235,123 *(note 2)*	137.7
Qiqihar Hada Agricultural Produce Market	Qiqihar city, Heilongjiang province	49,106 *(note 3)*	8.1
Harbin Youyi Agricultural Produce Market	Harbin city, Heilongjiang province	17,952 *(note 4)*	11.9
Muda International Agricultural Produce Logistics Park	Mudanjiang city, Heilongjiang province	116,758	22.7
Guiyang Agricultural Produce Logistics Park	Guiyang city, Guizhou province	173,620	72.9
Total		1,314,597	483.7

Notes:

1. The land and properties of the respective markets are not owned by the Group. Except for those specifically stated in the notes below, all such land and properties are leased by the respective owners, associated entities controlled by the Group's controlling shareholder, to the Group for the operation of the market under a framework lease agreement (the "Framework Lease Agreement") entered into between the vendor of the acquisition and the Group. Pursuant to the Framework Lease Agreement, the annual rent for all the markets listed above shall be RMB100 million per year commencing from 27 July 2015 to 31 December 2018, exclusive of operating charges, property tax and other outgoings.

2. Among the total gross floor area ("GFA") of approximately 235,123 sq.m., approximately 149,931 sq.m. are leased from the associated entity controlled by the Group's controlling shareholder and approximately 85,192 sq.m. are leased from the independent third party landlords.

3. Among the total GFA of approximately 49,106 sq.m., approximately 40,175 sq.m. are leased from the associated entity controlled by the Group's controlling shareholder and approximately 8,931 sq.m. are leased from the independent third party landlords.

4. Among the total GFA of approximately 17,952 sq.m., approximately 15,552 sq.m. are leased from the associated entity controlled by the Group's controlling shareholder and approximately 2,400 sq.m. are leased from the independent third party landlords.

Hangzhou Acquisition, Hada Acquisition and the Rights Issue

Unless otherwise defined, terms used in the section headed "Management Discussion and Analysis" shall have the same meaning as defined in the announcement dated 5 June 2018 (the "Announcement"), prospectus in respect of the Rights Issue dated 25 June 2018 (the "Rights Issue Prospectus"); and the shareholders' circular in respect of the acquisitions dated 29 June 2018 (the "Circular").

On 5 June 2018, the Company announced the Hangzhou Acquisition, the Hada Acquisition, as well as the Rights Issue to fund the Hangzhou Acquisition and for future capital use.

Hangzhou Acquisition

Pursuant to the Hangzhou Acquisition, the Company acquired from the Hangzhou Vendor, an independent third party of various companies which control and operate fruits, vegetables and seafood markets in Hangzhou, the PRC. The consideration was RMB1.223 billion. Completion of the Hangzhou Acquisition had taken place on 24 July 2018 and the consideration was settled in cash with proceeds received from the Rights Issue.

The Hangzhou Acquisition was the Company's first acquisition of agriculture wholesale markets from a third party. The acquisition enables the Group to extend its geographical reach to Hangzhou where the Group had no presence before.

The Hangzhou Acquisition comprises 3 major wholesale markets, including 1 fruit wholesale market (杭州果品批發市場), 1 vegetable market (杭州蔬菜批發市場) and 1 seafood wholesale market (杭州水產市場). The 3 wholesale markets together form the largest agriculture wholesale market in the Hangzhou area in terms of both trading volume and turnover, and each of them is the largest wholesale market in its own product category, namely fruits, vegetables and seafood, respectively. As disclosed in the Circular, the combined revenue of the Hangzhou Target Group amounted to approximately RMB341.7 million for the year ended 31 December 2017 and the net profit after tax amounted to approximately RMB84.3 million during the same period.

Hada Acquisition

Since the acquisition of the business operation of the existing 7 markets in 2015, the Group has been operating the 7 markets as a tenant on the land and properties owned by the PRC Landlord Entities which are ultimately controlled by an associate of the Group's controlling shareholder. During the years, the Group encountered various limitations of in respect of business expansion of the markets which hinder the Group's growth potential. After careful consideration, the Group decided to acquire the PRC Landlord Entities from the associate of the controlling shareholder. By doing so, it enables the Group to consolidate the land and properties with the operations and assuming the "landlord" role so that the Group is able to make further investment into both hardware and software of the Markets without any restrictions and limitations.

The consideration for the Hada Acquisition is RMB5.4 billion and it will be settled through issue of interest-free convertible bonds to the Hada Vendor, namely New Amuse, an entity controlled by our non-executive Director, Ms. Zhang Xingmei.

As at the date of this announcement, completion of the Hada Acquisition has not yet taken place.

Rights Issue

The Company announced on 5 June 2018 the Rights Issue of a total of 13,189,830,130 rights shares at the price of HKD 0.163 per share on the basis of 3 rights shares for every 10 existing shares. The Rights Issue became unconditional on 11 July 2018, while the issuance of the rights shares was completed on 17 July 2018. Based on the acceptance results, the Rights Issue have received approximately 99.1% subscription rate. The net proceeds of the Rights Issue amounted to approximately HKD2.11 billion, part of it have been utilized as settlement for the Hangzhou Acquisition as at the date of this announcement.

FINANCIAL REVIEW

Revenue

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

For the six months ended 30 June 2018, the Group recorded a consolidated revenue of approximately RMB483.7 million (for the six months ended 30 June 2017: RMB504.8 million), representing a decrease of about 4.2% when compared with that of last corresponding period. The lease income increased by 10.0% to RMB130.6 million in this period as compared to RMB118.7 million in last corresponding period. However, the commission income decreased by 8.6% to RMB353.1 million in this period as compared to RMB386.1 million in last corresponding period.

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

	Six months ended 30 June 2018 RMB'million	2017 RMB'million	Change RMB'million	Change %
Commission income	**353.1**	386.1	(33.0)	(8.6)
Lease income	**130.6**	118.7	11.9	10.0
Total	**483.7**	504.8	(21.1)	(4.2)

The analysis by each agriculture wholesales market:

	Note	Six months ended 30 June 2018 RMB'million	2017 RMB'million	Change RMB'million	Change %
China Shouguang Agricultural Produce Logistic Park		**78.1**	79.1	(1.0)	(1.3)
Harbin Hada Agricultural Produce Market		**152.3**	161.0	(8.7)	(5.5)
Shenyang Shouguang Dili Agricultural By-Products Market		**137.7**	124.3	13.4	10.8
Qiqihar Hada Agricultural Produce Market	*i*	**8.1**	45.0	(36.9)	(82.1)
Harbin Youyi Agricultural Produce Market		**11.9**	10.9	1.0	9.9
Muda International Agricultural Produce Logistics Park		**22.7**	23.5	(0.8)	(3.1)
Guiyang Agricultural Produce Logistic Park	*ii*	**72.9**	61.0	11.9	19.6
Total		**483.7**	504.8	(21.1)	(4.2)

Notes:

i. The drop of revenue was due to keen market competition in Qiqihar city in this period.

ii. The rise in revenue was due to increase in leased areas and hence higher trading volume of fruits and various produce.

Other Income

Other income mainly comprised market service fee income of RMB53.2 million (for the six months ended 30 June 2017: RMB58.3 million). The drop of market service fee is consistent with the drop of the revenue.

Administration expenses

Administration expenses mainly comprised staff cost, depreciation and trip expenses. The slight decrease of administration expenses was because of the decrease in trip expenses.

Other operating expenses

Other operating expenses mainly consisted of amortization of intangible assets of RMB162.2 million (for the six months ended 30 June 2017: RMB162.2 million) arose from the acquisition of the agriculture business and the operating lease expenses of RMB49.6 million (for the six months ended 30 June 2017: RMB49.9 million) for leasing the properties (including land and buildings) to facilitate the on-going operations of the agriculture business in accordance with the Framework Lease Agreement entered during the acquisition of the agriculture business.

Finance income

Finance income mainly represented the interest income earned from bank deposits and loans to third parties. The increase was mainly due to improvement of cash flow and there is excess funding for the Group.

Finance expenses

Finance expenses mainly represented bank charges.

Liquidity and Financial Resources

The Group has net cash position and has strong financial resources to support its working capital and future expansion. Subsequent to the six months ended 30 June 2018, the Company completed the Rights Issue of 13,189,830,130 new shares of the Company at the subscription price of HKD0.163 per share on 17 July 2018. The net proceeds, after deducting all estimated expenses, raised from the Rights Issue were approximately HKD2.11 billion, which all the net proceeds of the Rights Issue to finance the Hangzhou Acquisition and purposes as stated in the Rights Issue Prospectus.

Foreign Exchange Rate Risk

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

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

Capital Commitment

As at 30 June 2018, the future capital expenditure for which the Group had contracted but not provided amounted to approximately RMB5.1 million (as at 31 December 2017: amounted to RMB16.6 million).

Human Resources

As at 30 June 2018, the Group employed 2,074 staff (as at 30 June 2017: 2,153 staff). The Group's employees are remunerated according to the job nature, individual performance and market trends with built-in merit components. Total remuneration for the six months ended 30 June 2018 was approximately RMB117.9 million as compared with RMB116.4 million for the six months ended 30 June 2017. We have established a training program that aims to support and encourage members of our management team to continue improving their management skills and develop their careers, including arranging for seminars. We provide orientation training as well as on-the-job training on a regular basis on various topics, such as internal regulations, computer and management skills, sales skills and career development. Employees in Hong Kong participate in Mandatory Provident Fund Scheme while employees in the PRC also participate in similar scheme.

Dividends

The Board has resolved that there was no interim dividend declared attributable to the six months ended 30 June 2018 (for the six months ended 30 June 2017: Nil).

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

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2018.

CORPORATE GOVERNANCE PRACTICES

The Company has complied with the code provisions in the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), throughout the six months ended 30 June 2018, save and except for the following:

Under the Code provision E.1.2, the chairman of the board should attend the annual general meeting ("AGM"). The Chairman of the Board was unable to attend the AGM of the Company held on 27 June 2018 due to other business commitments. In absence of the Chairman, Mr. Wang Hongfang, an executive director of the Company, acted as the Chairman of the AGM. The Board will finalise and inform the date of the AGM as earliest as possible to make sure that the directors would attend the AGM of the Company in the future.

Save as disclosed above, there has been no deviation from the code provisions of the CG Code for the six months ended 30 June 2018.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its own code for directors' securities transactions. Upon specific enquiry made by the Company, all directors of the Company have confirmed that they have complied with the required standard set out in the Model Code throughout the six months ended 30 June 2018.

AUDIT COMMITTEE

The Company has established an audit committee in accordance with the requirements of the Listing Rules and the CG Code. The primary duty of the audit committee is to review and supervise the financial reporting process, risk management and internal control systems of the Group. The audit committee comprises three independent non-executive directors. The audit committee has reviewed the unaudited interim results of the Group for the six months ended 30 June 2018.

APPRECIATION

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

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

Hong Kong, 28 August 2018

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

* *For identification purpose only*