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Renhe Commercial Holdings Company Limited

人和商業控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1387)

PROFIT WARNING AND UPDATES ON THE CHENGDU PROJECT AND ANSHAN PROJECT

Profit Warning

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The Board wishes to inform the shareholders of the Company and potential investors that based on the information currently available to the Board, the Group expects to record a loss for the year ended 31 December 2013, as compared to the profit recorded for the year ended 31 December 2012 due to (i) a net valuation loss on investment properties and (ii) the impairment loss as a result of the settlement of outstanding receivables for the Chengdu Project and Anshan Project on a discounted basis.

The information contained in this announcement is only based on the draft unaudited management accounts of the Group for the year ended 31 December 2013 and the information currently available and is not based on any figures or information audited or reviewed by the Company's auditors.

Updates on the Chengdu Project and Anshan Project

On 5 March 2014, the Group entered into the Chengdu Deed with the buyer, where the buyer has agreed to pay to the Group, the Chengdu Settlement Amount, subject to the full payment of which the buyer shall no longer have any unpaid or undischarged indebtedness and obligations in relation to the purchase of the Chengdu Project and the Chengdu Personal Guarantee shall also be released. All payments received from the buyer in relation to the sale of the Chengdu Project prior to the entering of the Chengdu Deed and payment to be received from the buyer pursuant to the Chengdu Deed will together represent approximately 81.12% of the Chengdu Total Payable.

On 5 March 2014, the Group also entered into of the Anshan Deed with the buyer, where the buyer has agreed to pay to the Group, the Anshan Settlement Amount, subject to the full payment of which the buyer shall no longer have any unpaid or undischarged indebtedness and obligations in relation to the purchase of the Anshan Project and the Anshan Personal Guarantee shall also be released. All payments received from the buyer in relation to the sale of the Anshan Project prior to the entering of the Anshan Deed, and payment to be received from the buyer pursuant to the Anshan Deed will together represent approximately 83.25% of the Anshan Total Payable.

Shareholders of the Company and potential investors are advised to exercise caution in dealing in the shares of the Company.

Profit Warning

This announcement is made by Renhe Commercial Holdings Company Limited (the “Company”, together with its subsidiaries, the “Group”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors of the Company (the “Board”) wishes to inform the shareholders of the Company and the potential investors that the Group expects to record a loss for the year ended 31 December 2013, as compared to the profit recorded for the year ended 31 December 2012. Such expected loss is (i) mainly attributable to a net valuation loss on investment properties as compared to the net valuation gain in 2012 and (ii) partly due to the impairment loss as a result of the settlement of outstanding receivables for the Chengdu Project and Anshan Project on a discounted basis as described below.

The Company is in the process of finalising the Group’s annual results for the year ended 31 December 2013. The information contained in this announcement is only based on the draft unaudited management accounts of the Group for the year ended 31 December 2013 and the information currently available and is not based on any figures or information audited or reviewed by the Company’s auditors. Detailed financial information of the Group for the year ended 31 December 2013 will be published in due course in accordance with the requirements of the Listing Rules.

Updates on the Chengdu Project and Anshan Project

Reference is made to the Company’s announcement dated 9 December 2011 (“Announcement”). Unless otherwise defined, terms and expressions used in this announcement shall have the same meanings as those defined in the Announcement. The Group agreed to sell the Chengdu Project to the buyer in relation to which, the buyer is obligated to pay a total amount of HK\$2,371,847,158.19 (“Chengdu Total Payable”), of which an amount of HK\$637,983,058.19 remained outstanding as at the date of the Chengdu Deed (“Chengdu Outstanding Amount”). The Group has secured a share charge over all the issued capital of the holding companies of the Chengdu Project and also a personal guarantee (“Chengdu Personal Guarantee”). As of the date of this announcement, the Chengdu Outstanding Amount consisted of all outstanding indebtedness, balances and amounts owed to the Group by the buyer.

On 5 March 2014, the Group entered into a deed with the buyer (the “Chengdu Deed”), where the buyer has agreed to pay to the Group an amount of HK\$190,177,702.04 to settle any and all outstanding amount (“Chengdu Settlement Amount”), and subject to the full payment of the Chengdu Settlement Amount, the buyer shall no longer have any unpaid or undischarged indebtedness and obligations in relation to the purchase of the Chengdu Project and the Chengdu Personal Guarantee shall be released. All payments received from the buyer in relation to the sale of the Chengdu Project prior to the entering of the Chengdu Deed, together with the Chengdu Settlement Amount represent approximately 81.12% of the Chengdu Total Payable. The Chengdu Settlement Amount constitutes a final payment by the buyer in respect of the purchase of the Chengdu Project.

The Group has agreed to sell a project in Anshan, Liaoning Province, the People’s Republic of China (“Anshan Project”) to a buyer in 13 November 2010, in respect of which the buyer is obligated to pay a total amount of HK\$1,305,182,050.00 (“Anshan Total Payable”), of which an amount of HK\$345,382,050.00 remained outstanding as at the date of the Anshan Deed (“Anshan Outstanding Amount”). The Group has secured a share charge over all the issued capital of the holding companies of the Anshan Project and also a personal guarantee (“Anshan Personal Guarantee”). As of the date of this announcement, the Anshan Outstanding Amount consisted of outstanding indebtedness, balances and amounts owed to the Group by the buyer.

On 5 March 2014, the Group entered into a deed with the buyer (the “Anshan Deed”), where the buyer has agreed to pay the Group an amount of HK\$126,785,134.70 to settle any and all outstanding amount (“Anshan Settlement Amount”), and subject to the full payment of the Anshan Settlement Amount, the buyer shall no longer have any unpaid or undischarged indebtedness and obligations in relation to the purchase of the Anshan Project and the Anshan Personal Guarantee shall be released. All payments received from the buyer in relation to the sale of the Anshan Project prior to the entering of the Anshan Deed, together with the Anshan Settlement Amount represent approximately 83.25 % of the Anshan Total Payable. The Anshan Settlement Amount constitutes a final payment by the buyer in respect of the purchase of the Anshan Project.

Reasons for the settlement

The Company has been negotiating with the respective buyer in the Chengdu Project and Anshan Project in relation to the outstanding payments over the past few years. The Group has secured a share charge over all the issued capital of the holding companies of the Chengdu Project and Anshan Project, and also obtained the Chengdu Personal Guarantee and Anshan Personal Guarantee. The Company has sought legal advice on its right to pursue legal action to recover the outstanding payments in relation to the Chengdu Project and Anshan Project but consider that any such legal action may be costly and time-consuming.

Based on the following factors: (i) the outstanding payment in relation to the Chengdu Project and Anshan Project has been outstanding for a while; (ii) pursuing legal actions may be costly and time-consuming; (iii) the entering of the Chengdu Deed and Anshan Deed will facilitate the payment of outstanding payment, and enable the Group to maintain the on-going business relationship with the buyer of Chengdu Project and Anshan Project respectively; and (iv) enhance the cash flow position of the Group. The Board considers the entering of the Chengdu Deed and Anshan Deed to be in the interest of the Company as a whole.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

By order of the Board
Renhe Commercial Holdings Company Limited
Dai Yongge
Chairman

Hong Kong, 5 March 2014

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

** For identification purpose only*