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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)

INSIDE INFORMATION RELATING TO NON-FULFILMENT OF CONDITIONS OF LOAN AGREEMENT

This announcement is made by Renhe Commercial Holdings Company Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 and Rule 13.19 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 under 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**”) would like to report to the shareholders of the Company recent developments in relation to discussions with the lenders of the Group and the latest financing plan of the Group.

Fine Genius Enterprises Limited (the “**Borrower**”), a wholly-owned subsidiary of the Company, as the borrower, entered into a US\$250 million and HK\$390 million term loan (the “**Syndicated Loan**”) facility agreement with a syndicate of banks (the “**Syndicated Lenders**”) on 24 November 2014 (the “**Syndicated Loan Agreement**”). Pursuant to the Syndicated Loan Agreement, the Borrower has given an undertaking to maintain a minimum cash amount at all times (the “**Financial Covenant**”). The Borrower has also undertaken to register a mortgage over a piece of land located in Wuxi, PRC with the PRC government authorities by an agreed deadline (the “**Condition Subsequent**”). Temporary waivers have been requested in relation to each of these undertakings with an expiry scheduled for 31 December 2015. Despite all the efforts to fulfil the relevant requirements under the Syndicated Loan Agreement before 31 December 2015, it has become apparent that the Borrower will not be able to fulfil the Financial Covenant and complete the Condition Subsequent by this date. The Borrower is continuing to take action to remedy the non-fulfilment of the Financial Covenant, and is actively co-ordinating with the relevant authorities to fulfil the Condition Subsequent as early as possible. The Borrower is also continuing to seek waivers, consents and extensions

from the Syndicated Lenders for fulfilment of the Financial Covenant and Condition Subsequent.

Although the Group has not yet received any formal notice of default or acceleration of the Syndicated Loan as of the date of this announcement, if the waivers, consents and extensions sought by the Borrower are not granted, the requisite majority of the Syndicated Lenders may at any time by notice to the Borrower require the Syndicated Loan to be accelerated and immediate repayment of the Syndicated Loan to be made prior to its original repayment date. An acceleration of the Syndicated Loan may trigger a cross default of other loan(s) and/or bond(s) of the Group, and result in the Group being under an immediate repayment obligation of all such loan(s) and/or bond(s).

The Board has been exploring, and proposes to appoint professional advisers to investigate and advise, various fund raising options including equity and debt financing for the purpose of re-financing the Syndicated Loan as well as other loan(s) and/or bond(s) of the Group. Should none of these alternatives appear commercially viable in view of market conditions and the financial position of the Group, the Board will also consider other opportunities to obtain additional cash resources for the purpose of repaying the loan(s) and/or bond(s) when they fall due, including without limitation a disposal of the Group's business and assets.

The Company will issue further announcement(s) to keep its shareholders and potential investors posted for any development in this regard as and when required in accordance with the Listing Rules.

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

Hong Kong, 31 December 2015

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

** For identification purposes only*