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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)**

### **ANNOUNCEMENT**

- (1) VERY SUBSTANTIAL ACQUISITION  
AND CONNECTED TRANSACTION;**
- (2) PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL;**
- (3) PROPOSED GRANT OF SPECIFIC MANDATE  
FOR THE CONVERSION SHARES;**
- (4) PROPOSED RIGHTS ISSUE OF RIGHTS SHARES 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;**

**AND**

- (5) CLOSURE OF REGISTER OF MEMBERS**

**Underwriter to the Rights Issue**

**Super Brilliant Investments Limited**

\* *For identification purposes only*

## **THE ACQUISITIONS**

### **(1) Hada Acquisition**

The Board is pleased to announce that on 5 June 2018, after trading hours, Yield Smart (a wholly-owned subsidiary of the Company) entered into the Hada Acquisition Agreement with New Amuse under which it conditionally agreed to acquire and New Amuse conditionally agreed to sell the entire issued share capital of the Hada Target Company. The Hada Target Group holds the land and properties on which the Markets of the Group operate.

The consideration for the Hada Acquisition is RMB5.4 billion (equivalent to approximately HK\$6.5 billion), which shall be settled by the issuance of the Convertible Bond by the Company. The initial conversion price per Share is HK\$0.163 and the Convertible Bond will mature on the 10th anniversary of the date of issue. New Amuse may exercise its conversion right under the Convertible Bond after completion of the Rights Issue, subject to certain conversion restrictions. Details of the terms and conditions of the Convertible Bond are set out in the section headed “I. The Acquisitions — (1) The Hada Acquisition — Principal Terms of the Convertible Bond” of this announcement.

### **(2) Proposed Increase in Authorised Share Capital**

The Company will propose a resolution from the Shareholders at the EGM to increase the existing authorised share capital to HK\$1,500,000,000 divided into 150,000,000,000 by the creation of an additional 70,000,000,000 Shares of HK\$0.01 each.

### **(3) Proposed Grant of Specific Mandate**

The Company will seek the grant of the Specific Mandate from the Independent Shareholders at the EGM for the purpose of the issuance of the Conversion Shares convertible from the Convertible Bond.

### **(4) Hangzhou Acquisition**

On 5 June 2018, after trading hours, Yield Smart (a wholly-owned subsidiary of the Company) entered into the Hangzhou Acquisition Agreement with the Hangzhou Vendor under which it conditionally agreed to acquire and the Hangzhou Vendor conditionally agreed to sell the entire issued share capital of the Hangzhou Target Company. The Hangzhou Target Group operates fruits, vegetables and seafood markets in Hangzhou, the PRC and owns land and properties for the operation of such markets. The consideration for the Hangzhou Acquisition is HK\$1.47 billion (equivalent to approximately RMB1.223 billion), which shall be satisfied by cash.

The Directors, excluding the independent non-executive Directors whose view will be contained in the circular to the Shareholders, and with interested Directors and their associate(s) abstaining, are of the view that the terms of the Acquisition Agreements which have been reached after arm's length negotiations among the parties, are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **PROPOSED RIGHTS ISSUE**

The Company proposes to raise approximately HK\$2.15 billion before expenses by issuing approximately 13,189,830,130 Rights Shares to the Qualifying Shareholders by way of the Rights Issue at a price of HK\$0.163 on the basis of three Rights Shares for every ten existing Shares held by the Qualifying Shareholders on the Record Date. Super Brilliant, the Controlling Shareholder will be the underwriter of the Rights Issue.

The estimated net proceeds of the Rights Issue will be approximately HK\$2.11 billion. The Company intends to apply the net proceeds of the Rights Issue 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. 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 for upgrading of infrastructure and facilities of the Markets, potential collaboration projects with upstream and downstream customers and general working capital purposes.

Pursuant to the terms of the Rights Issue, the Qualifying Shareholders will be provisionally allotted three Rights Shares in nil-paid form for every ten existing Shares held on the Record Date. The Rights Issue is only available to the Qualifying Shareholders and will not be available to the Non-Qualifying Shareholders.

Save for those Rights Shares which the Undertaking Shareholders have irrevocably undertaken to take up, the Rights Issue will be fully underwritten by the Underwriter on the terms and conditions set out in the Underwriting Agreement and summarised under the section headed "II. Proposed Rights Issue — Underwriting Arrangement — The Underwriting Agreement" of this announcement.

### **Irrevocable Undertakings Of The Undertaking Shareholders**

As at the date of this announcement, the Undertaking Shareholders hold an aggregate of 22,544,702,571 Shares, representing approximately 51.28% of the issued share capital of the Company as at the date of this announcement. Each of the Undertaking Shareholders irrevocably undertakes to the Company and the Underwriter, that, among other things, subject to the Rights Issue not being terminated, by no later than 4:00 p.m. on the third Business Day the Rights Issue is open for acceptance, it will accept the Rights Shares provisionally allotted to it under the Rights Issue and it shall lodge and procure the lodgment of the PALs together with payment therefor in accordance with the terms of the Rights Issue Documents.

## **Conditions Of The Rights Issue**

The Rights Issue is conditional upon the Underwriting Agreement becoming unconditional and not terminated in accordance with its terms. The detailed conditions to the Underwriting Agreement are set out in the section headed “II. Proposed Rights Issue — Underwriting Arrangement — Conditions of the Underwriting Agreement” of this announcement.

## **Trading Arrangements**

The last day of dealings in the Shares on a cum-rights basis is 8 June 2018. The Shares will be dealt with on an ex-rights basis from 11 June 2018, on which date the conditions of the Rights Issue will remain to be satisfied or waived (as the case may be). Nil-paid Rights Shares are expected to be dealt with from 27 June 2018 to 5 July 2018 (both days inclusive).

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms. For details of the trading arrangements, please refer to the section headed “II. Proposed Rights Issue — Rights Issue Timetable — Expected Timetable” of this announcement.

## **LISTING RULES IMPLICATIONS**

As some of the applicable percentage ratios (as defined under the Listing Rules) by aggregating the Hada Acquisition and Hangzhou Acquisition exceed 100%, the Acquisitions constitute a very substantial acquisition for the Company under the Listing Rules.

In addition, as New Amuse is a substantial shareholder of the Company and indirectly wholly-owned by Ms. Zhang, a non-executive Director, New Amuse is a connected person of the Company under the Listing Rules. Accordingly, the Hada Acquisition and transactions contemplated thereunder also constitute a connected transaction of the Company and are subject to the reporting, announcement and Independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

As the Hangzhou Acquisition and the Hada Acquisition were negotiated at around the same time, for enhanced corporate governance, the Company accepts to treat the Hangzhou Acquisition as a connected transaction on a voluntary basis. The Hangzhou Acquisition will be put forward to the EGM for Independent Shareholders’ approval.

With respect to the Rights Issue, as the Rights Issue will increase the number of issued shares of the Company by not more than 50%, under Rule 7.19(6) of the Listing Rules, the Rights Issue is not conditional upon the approval of the Shareholders at the EGM. In addition, as Super Brilliant is the Controlling Shareholder and it is indirectly wholly-owned by Mr. Dai, the transactions contemplated under the Underwriting Agreement constitute a connected transaction of the Company. Pursuant to Rule 14A.92 of the Listing Rules, as arrangements have been made in relation to excess applications in compliance with Rule 7.21 of the Listing Rules, the Underwriting Agreement and the transactions contemplated thereunder are exempt from all reporting, announcement and Independent Shareholders’ Approval requirements under the Listing Rules.

Based on the above, Mr. Dai and his associates, Ms. Zhang and New Amuse, will abstain from voting on the resolution(s) approving the Acquisitions at the EGM.

**INDEPENDENT BOARD COMMITTEE**

The Independent Board Committee comprising all of the independent non-executive Directors is established to advise the Independent Shareholders as to whether the terms and conditions of the Hada Acquisition (including the Convertible Bond) and the

Subject to the registration of the Rights Issue Documents on the Registration Date, the Rights Issue Documents containing further details of the proposed Rights Issue is currently expected to be sent to the Shareholders on the Posting Date. The Prospectus, without the PALs and EAFs, will be sent to the Non-Qualifying Shareholders for their information only.

## **WARNING**

**Shareholders and investors should note that the Acquisition Agreements are subject to various conditions as stated in the section headed “I. The Acquisitions — (1) The Hada Acquisition — Hada Acquisition Agreement — Conditions Precedent” and “I. The Acquisitions — (2) The Hangzhou Acquisition — Hangzhou Acquisition Agreement — Conditions Precedent” and therefore the Acquisitions may or may not complete. As such, investors and Shareholders are urged to exercise caution when dealing in the Shares.**

**The Rights Issue is conditional upon the satisfaction or waiver of certain conditions, further details of which are set out in the section headed “II. Proposed Rights Issue — Conditions of the Rights Issue” in this announcement. 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 the Shares and/or the Rights Shares in their nil-paid form is advised to exercise caution when dealing in the Shares and/or the 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. Any Shareholder or other person dealing in the Shares or in the nil-paid Rights Shares up to the date on which all the conditions to which the Rights Issue is subject to 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 attention of Shareholders and investors is drawn to the section headed “Warning of the risks of dealing in the Shares and the nil-paid Rights Shares” below.**

## **I. THE ACQUISITIONS**

### **(1) THE HADA ACQUISITION**

#### **BACKGROUND**

The Group operates seven agricultural produce markets across China. These Markets are operated by PRC Operating Companies of the Group on land and properties which are currently leased from the substantial shareholder of the Company, New Amuse. New Amuse owns such land and properties indirectly through PRC Landlord Entities.

The Board is pleased to announce that on 5 June 2018, Yield Smart (a wholly-owned subsidiary of the Company) entered into the Hada Acquisition Agreement with New Amuse under which it conditionally agreed to acquire as purchaser and New Amuse

conditionally agreed to sell as vendor the entire issued share capital of the Hada Target Company. Hada Target Company controls the PRC Landlord Entities which in turn holds the land and properties on which the Markets situate.

## **HADA ACQUISITION AGREEMENT**

The principal terms of the Hada Acquisition Agreement are set out below:

Date: 5 June 2018

Parties: Yield Smart Limited, a wholly-owned subsidiary of the Company,  
as purchaser

The Company

New Amuse Limited, as vendor

Subject matter to be acquired: the entire issued share capital of the Hada Target Company

New Amuse is a substantial shareholder of the Company and indirectly wholly-owned by Ms. Zhang, a non-executive director of the Company and hence, it is a connected person of the Company.

### **Hada Consideration**

The consideration payable by the Company to New Amuse pursuant to the Hada Acquisition Agreement is RMB5.4 billion (equivalent to approximately HK\$6.5 billion), which shall be settled by the issuance of the Convertible Bond by the Company. Details of the Convertible Bond are set out in the section under the heading “I. The Acquisitions — (1) The Hada Acquisition — Principal Terms of the Convertible Bond” of this announcement.

### ***Basis of the Hada Consideration***

The Hada Consideration was determined after arm’s length negotiations between the parties to the Hada Acquisition Agreement following due consideration of, without limitation, the following factors:

- (a) the preliminary appraised value of the Markets of approximately RMB12.0 billion (equivalent to approximately HK\$14.5 billion), pursuant to a preliminary business valuation by an independent professional valuer adopting the market approach using comparable companies and taking into account (i) the combined EBITDA of the Hada Target Group and the PRC Operating Companies based on their management accounts for the year ended 31 December 2017, being approximately RMB739,858,000 and (ii) the settlement of accounts receivables and payables to New Amuse and its associates and bank borrowings of the Hada Target Group before the Hada Completion;

- (b) the intangible asset value and goodwill associated with the PRC Operating Companies previously acquired by the Company in the 2015 Transaction, being approximately RMB6.1 billion (equivalent to approximately HK\$7.3 billion) as at 31 December 2017; and
- (c) the preliminary land and property valuation of the Hada Target Group by an independent professional property valuer as at 31 March 2018, being approximately RMB6.9 billion (equivalent to approximately HK\$8.3 billion)(assuming all leases under the Framework Lease Agreement had been terminated as at the date of valuation).

The Directors consider that the valuation of Hada Target Group shall be the difference in amount between (a) and (b) above (“**Hada Target Group Valuation**”). The reason for using such difference as one of the basis of the Hada Consideration is that the intangible asset value and goodwill was generated from the acquisition of the operating rights of the Markets in the 2015 Transaction and the Hada Consideration should reflect the incremental value attributable to the land and properties of the Hada Target Group to be acquired in the Hada Acquisition. The Hada Consideration was arrived at by applying 8.5% discount to the Hada Target Group Valuation.

The re-assessed net asset value (“**RNAV**”) of Hada Target Group immediately before the Hada Completion is expected to be approximately RMB6.8 billion (equivalent to approximately HK\$8.2 billion), being the sum of (i) the expected net asset value of the Hada Target Group of approximately RMB824 million (equivalent to approximately HK\$993 million) immediately prior to the Hada Completion after taking into account of the settlement of accounts receivables and capitalization of loans; and (ii) the gain on revaluation of the land and properties of the Hada Target Group of approximately RMB5.94 billion (equivalent to approximately HK\$7.1 billion) (being the preliminary land and properties valuation of the Hada Target Group referred in (c) above of approximately RMB6.9 billion (equivalent to approximately HK\$8.3 billion), subtracting therefrom the book value of the land and properties of the Hada Target Group as at 31 December 2017 of approximately RMB930 million (equivalent to approximately HK\$1,120 million)). The Hada Consideration represents a 20% discount to the RNAV.

As stated in (a)(ii) above, the Hada Consideration was determined taking into account the settlement of accounts receivables from and payables to New Amuse and its associates and bank borrowings of the Hada Target Group before the Hada Completion. Upon settlement of such accounts receivables and payables by way of loan capitalization, it is expected that the Hada Target Group will have a net asset value of approximately RMB824 million (equivalent to approximately HK\$993 million) immediately prior to the Hada Completion. Furthermore, as referred to in (c) above, the preliminary property valuation has assumed all leases under the Framework Lease Agreement will be terminated upon the Hada Completion as no lease arrangement will be required after the integration of the Hada Target Group with the PRC Operating Companies, the historical net loss position of the Hada Target Group has not been taken into account when determining the Hada Consideration.

## Conditions Precedent

The Hada Completion is conditional on the satisfaction (or waiver, if applicable) of the following conditions precedent on or before 31 December 2018:

- (a) all necessary corporate authorisations or shareholders' approvals being obtained, including approvals being obtained from the Independent Shareholders at the EGM for, among others, (i) the Hada Acquisition Agreement and the transactions contemplated thereunder; and (ii) the proposed grant of the Specific Mandate; and from the Shareholders for the proposed increase in authorised share capital;
- (b) all necessary approvals, licenses, authorisations, consents, waivers or notifications necessary from third parties, governmental or regulatory authorities being obtained and in effect, including the approval being obtained from the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares on the Main Board of the Stock Exchange;
- (c) the settlement of all accounts receivables from and payables to New Amuse and its associates and bank borrowings of the Hada Target Group subsisting before the Hada Completion;
- (d) the representations and warranties provided by New Amuse under the Hada Acquisition Agreement remaining true, accurate and not misleading as at the Hada Completion Date and as if repeated at all times between the date of the Hada Acquisition Agreement and the Hada Completion Date;
- (e) the representations and warranties provided by Yield Smart under the Hada Acquisition Agreement remaining true, accurate and not misleading as at the Hada Completion Date and as if repeated at all times between the date of the Hada Acquisition Agreement and the Hada Completion Date;
- (f) New Amuse having performed and complied with all agreements, obligations, and conditions contained in the Hada Acquisition Agreement that are required to be performed or complied with by it on or before completion of the transactions contemplated thereunder;
- (g) the Reporting Accountants having completed the audit of and issued an unqualified opinion on the accountants' reports of the Hada Target Group the contents of which being satisfactory to the Company;
- (h) the Property Valuer having completed the valuation of properties and issued a property valuation report of the Hada Target Group in accordance with the requirements of the Listing Rules and the contents of which being satisfactory to the Company; and
- (i) the completion of the Hangzhou Acquisition.

If any of the conditions of the Hada Acquisition Agreement is not fulfilled or waived by Yield Smart or the Company (in respect of conditions (d), (f) and (i)) or by New Amuse (in respect of condition (e)) on or before 31 December 2018 (or such later date to be

agreed between the parties to the Hada Acquisition Agreement in writing), the Hada Acquisition Agreement shall lapse and no party shall have any claim against the other, except in respect of antecedent breaches. For conditions (d), (e), (f) and (i) which are waivable, Yield Smart, the Company or New Amuse (as the case may be) may waive such condition where the impact of doing so is immaterial and will not affect the substance of the Hada Acquisition. Conditions (a), (b), (c), (g) and (h) are not waivable by the parties. As at the date of this announcement, none of the conditions have been fulfilled and the parties are not aware of any circumstances which may render the conditions above not fulfilled on or before the Hada Completion Date.

## **PRINCIPAL TERMS OF THE CONVERTIBLE BOND**

Under the Hada Acquisition Agreement, the Company shall issue the Convertible Bond to satisfy the Hada Consideration. The terms of the Convertible Bond have been negotiated on an arm's length basis and the principal terms of which are set out below:

Issuer:	The Company
Aggregate principal amount:	HK\$6,506,024,217 (equivalent to approximately RMB5.4 billion)
Issue price:	100% of the principal amount of the Convertible Bond, payable in full at the Hada Completion
Conversion Right:	Holder(s) of the Convertible Bond shall have the right to convert all or part of Convertible Bond into Conversion Shares at any time after the completion of the Rights Issue (for this purpose, being the first day of dealings of fully-paid Rights Shares) and provided that:  (i) the conversion would not result in the Company not meeting the minimum public float requirement under Rule 8.08 of the Listing Rules; and  (ii) no general obligation will be triggered as a result of the conversion unless such obligation is otherwise waived by the SFC.
Conversion Price:	HK\$0.163 per Conversion Share, subject to customary adjustments
Number of Conversion Shares issuable:	39,914,259,000 Conversion Shares are issuable upon full conversion based on the initial Conversion Price of HK\$0.163
Maturity:	The Convertible Bond will mature on the 10th anniversary of the date of issue

- Lock-up period: Holder(s) of the Conversion Shares may not dispose, transfer or otherwise create any encumbrances over the Conversion Shares so converted within the first three (3) years after conversion
- Interest payment: Holder(s) of the Convertible Bond are not entitled to receive any interest payment
- Status: The Convertible Bond constitute direct, unsubordinated, unconditional and unsecured obligations of the Company and will at all times rank *pari passu* and without any preference or priority among themselves. Any payment obligations of the Company under the Convertible Bond will, save for such exceptions as may be provided by mandatory provisions of applicable law, at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations
- Voting rights: Holder(s) of the Convertible Bond are not entitled to vote at any general meetings of the Company by reason only of it being a holder of such Convertible Bond
- Listing: No listing will be sought for the Convertible Bond on the Stock Exchange or any other stock exchange. However, an application will be made by the Company to the Listing Committee for the listing of, and permission to deal in, the Conversion Shares

### **Conversion price**

The initial Conversion Price of HK\$0.163 was determined after arm's length negotiations between the Company and New Amuse, and it represents:

- a) a discount of approximately 2.98% over the closing price of the Shares of HK\$0.168 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 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 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 as quoted on the Stock Exchange for the last 90 consecutive trading days up to and including the Last Trading Day;
- e) 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.

## **Proposed Increase In Authorised Share Capital**

The Company will propose a resolution at the EGM to increase the existing authorised share capital to HK\$1,500,000,000 divided into 150,000,000,000 Shares by the creation of an additional 70,000,000,000 Shares of HK\$0.01 each.

## **Proposed Grant of the Specific Mandate**

The Company will seek the grant of the Specific Mandate from the Independent Shareholders at the EGM for the purpose of the issuance of the Conversion Shares convertible from the Convertible Bond.

## **Hada Completion**

Completion is expected to take place on the second Business Day from the date on which all conditions in the Hada Acquisition Agreement have been fulfilled or waived (as the case may be), unless otherwise agreed by the parties.

Upon the Hada Completion, the Hada Target Company will become a wholly-owned subsidiary of the Enlarged Group and each Hada Target Group Company will become a subsidiary of the Enlarged Group and the financial results of the Hada Target Group will be consolidated into the accounts of the Enlarged Group.

## **(2) THE HANGZHOU ACQUISITION**

### **BACKGROUND**

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.

The Board is pleased to announce that on 5 June 2018, Yield Smart (a wholly-owned subsidiary of the Company) entered into the Hangzhou Acquisition Agreement with the Hangzhou Vendor under which it conditionally agreed to acquire as purchaser and the Hangzhou Vendor conditionally agreed to sell as vendor the entire issued share capital of the Hangzhou Target Company.

### **THE HANGZHOU ACQUISITION AGREEMENT**

Date:	5 June 2018
Purchaser:	Yield Smart Limited, a wholly-owned subsidiary of the Company
Vendor:	Vast Equity Investment Limited, an Independent Third Party
Subject matter to be acquired:	the entire issued share capital of the Hangzhou Target Company

## **Hangzhou Consideration**

The total consideration payable by the Company to the Hangzhou Vendor pursuant to the Hangzhou Acquisition Agreement is HK\$1.47 billion (equivalent to approximately RMB1.223 billion), of which:

- (a) a refundable deposit in the total amount of HK\$700 million which should be payable on or prior to the date of the Hangzhou Acquisition Agreement (the “**Deposit**”); and
- (b) the remaining balance of HK\$770 million shall be satisfied by cash on the Hangzhou Completion Date.

The Deposit is refundable by the Hangzhou Vendor in full within seven Business Days upon being notified by Yield Smart if any of the conditions precedent of the Hangzhou Acquisition Agreement is not fulfilled or waived in accordance with the Hangzhou Acquisition Agreement or if the Hangzhou Acquisition Agreement is not completed in accordance with the provisions therein or is otherwise terminated by the parties prior to the Hangzhou Completion. As security against any default of the Hangzhou Vendor in refunding the Deposit, share charges over the entire issued share capital of the Hangzhou Target Company and its wholly-owned Hong Kong-incorporated subsidiary, Huge Surplus, have been entered into by the Hangzhou Vendor and the Hangzhou Target Company, respectively, in favour of Yield Smart.

### ***Basis of the Hangzhou Consideration***

The Hangzhou Consideration was determined after arm’s length negotiations between the parties to the Hangzhou Acquisition Agreement following due consideration of the preliminary appraised value of the Hangzhou Target Group of approximately RMB1.9 billion (equivalent to approximately HK\$2.3 billion), pursuant to a preliminary business valuation by an independent professional valuer adopting a market approach using comparable companies and considering the business development and future prospects of the Hangzhou Target Group. The Hangzhou Consideration represents a discount of 35.6% from the preliminary appraised value of Hangzhou Target Group.

### **Conditions Precedent**

The Hangzhou Completion is conditional on the satisfaction (or waiver, if applicable) of the following conditions precedent on or before 31 December 2018:

- (a) all necessary corporate authorisations or shareholders’ approvals being obtained, including approvals being obtained from the Independent Shareholders at the EGM for, among others, the Hangzhou Acquisition Agreement and the transactions contemplated thereunder;
- (b) all necessary approvals, licenses, authorisations, consents, waivers or notifications necessary from third parties, governmental or regulatory authorities being obtained and in effect;

- (c) the completion of due diligence on the Hangzhou Target Group to the satisfaction of the Company in its sole discretion;
- (d) the representations and warranties provided by the Hangzhou Vendor under the Hangzhou Acquisition Agreement remaining true, accurate and not misleading as at the Hangzhou Completion Date and as if repeated at all times between the date of the Hangzhou Acquisition Agreement and the Hangzhou Completion Date;
- (e) the representations and warranties provided by Yield Smart under the Hangzhou Acquisition Agreement remaining true, accurate and not misleading as at the Hangzhou Completion Date and as if repeated at all times between the date of the Hangzhou Acquisition Agreement and the Hangzhou Completion Date;
- (f) the Hangzhou Vendor having performed and complied with all agreements, obligations, and conditions contained in the Hangzhou Acquisition Agreement that are required to be performed or complied with by it on or before completion of the transactions contemplated thereunder;
- (g) the Reporting Accountants having completed the audit of and issued an unqualified opinion on the accountants' reports of the Hangzhou Target Group the contents of which being satisfactory to the Company;
- (h) the Property Valuer having completed the valuation of properties and issued a property valuation report of the Hangzhou Target Group in accordance with the requirements of the Listing Rules and the contents of which being satisfactory to the Company;
- (i) the completion of the Hada Acquisition; and
- (j) the completion of the Rights Issue.

If any of the conditions of the Hangzhou Acquisition Agreement is not fulfilled or waived by the Yield Smart (in respect of conditions (c), (d), (f), (i) and (j)) or by the Hangzhou Vendor (in respect of condition (e)) on or before 31 December 2018 (or such later date to be agreed between the parties to the Hangzhou Acquisition Agreement in writing), the Hangzhou Acquisition Agreement shall lapse and no party shall have any claim against the other, except in respect of antecedent breaches. For conditions (c), (d), (e), (f), (i) and (j) which are waivable, Yield Smart or the Hangzhou Vendor (as the case may be) may waive such condition where the impact of doing so is immaterial and will not affect the substance of the Hangzhou Acquisition. Conditions (a), (b), (g) and (h) are not waivable by the parties. As at the date of this announcement, none of the conditions have been fulfilled and the parties are not aware of any circumstances which may render the conditions above not fulfilled on or before the Hangzhou Completion Date.

## **Hangzhou Completion**

Completion is expected to take place on the second Business Day from the date on which all conditions in the Hangzhou Acquisition Agreement have been fulfilled or waived (as the case may be), unless otherwise agreed by the parties.

Upon the Hangzhou Completion, the Hangzhou Target Company will become a wholly-owned subsidiary of the Enlarged Group and each Hangzhou Target Group Company will become a subsidiary of the Enlarged Group. The financial results of the Hangzhou Target Group will be consolidated into the accounts of the Enlarged Group.

## **INFORMATION OF THE GROUP**

The Company and its subsidiaries are principally engaged in business operations of seven agricultural produce markets in six cities in the PRC namely Shouguang, Guiyang, Harbin, Qiqihar, Mudanjiang and Shenyang. The Markets engage in the wholesaling and distribution of primarily vegetables and also fruits, seafood, meat, grain and oil and other food produce.

## **INFORMATION OF THE VENDORS**

New Amuse is an investment holding company incorporated in the BVI with limited liability, currently wholly-owned by Shouguang Dili. Shouguang Dili is in turn wholly-owned by Ms. Zhang. As New Amuse is a substantial shareholder of the Company and is indirectly wholly-owned by Ms. Zhang, a non-executive Director, it is a connected person of the Company.

The Hangzhou Vendor is an investment holding company incorporated in the BVI with limited liability, an Independent Third Party.

## **INFORMATION OF HADA TARGET GROUP**

### **Hada Target Company**

Hada Target Company is an investment holding company incorporated in the BVI with limited liability. As of the date of this announcement, it controls the PRC Landlord Entities of the seven Markets.

### **Hada Target Group**

The Hada Target Group comprises nine PRC Landlord Entities which together hold the land and properties for the operation of the seven Markets. The original acquisition and investment costs paid by New Amuse for the Hada Target Group was approximately HK\$7.4 billion.

Below set out the nature and details of the land and properties held by the Hada Target Group:

<b>Agriculture wholesale market</b>	<b>Location</b>	<b>Approximate GFA (sq.m.)</b>	<b>Approximate site Area (sq.m.)</b>	<b>Nature of land use</b>
China Shouguang Agricultural Produce Logistics Park	Shouguang City, Shandong province	530,000	1,120,000	Wholesale, retail, storage
Harbin Hada Agricultural Produce Market	Harbin City, Heilongjiang province	220,000	130,000	Commercial, storage, office etc
Shenyang Shouguang Dili Agricultural By-Products Markets	Shenyang City, Liaoning province	270,000	210,000	Wholesale, retail, storage
Qiqihar Hada Agricultural Produce Market	Qiqihar City, Heilongjiang province	40,000	70,000	Public services, storage, office
Harbin Youyi Agricultural Produce Market	Harbin City, Heilongjiang province	10,000	3,000	Commercial and storage
Muda International Agricultural Produce Logistics Park	Mudanjiang City, Heilongjiang province	170,000	170,000	Wholesale, retail, storage
Guiyang Agricultural Produce Logistics Park	Guiyang City, Guizhou province	190,000	170,000	Commercial, market, storage

Based on the unaudited management accounts of the Hada Target Group, the historical financial information of Hada Target Group for the two years ended 31 December 2017 is set out below.

	<b>For the financial year ended</b>	
	<b>31 December</b>	<b>31 December</b>
	<b>2016</b>	<b>2017</b>
	<b>(RMB' 000</b>	<b>(RMB' 000</b>
	<b>approx.)</b>	<b>approx.)</b>
Net loss before taxation	(222,610)	(23,941)
Net loss after taxation	(238,979)	(53,635)

**Note:** the net loss of the Hada Target Group represented (i) the fixed rental income from the Group under the Framework Lease Agreement, the rental rate of which was below market rent in favour of the Group; and (ii) the re-valuation losses on investment properties.

Upon completion of the Hada Acquisition, the Hada Target Group will be integrated with the PRC Operating Companies and operate as one business going forward. The combined profits for the year ended 31 December 2017 of the Hada Target Group and the PRC Operating Companies on an integrated basis is, for illustrative purpose only, approximately RMB467,236,000.

Based on the unaudited management accounts, the net liability value of the Hada Target Group as at 31 December 2017 was approximately RMB2,634,533,000. As all accounts receivables from and payables to New Amuse and its associates will be settled by way of loan capitalization prior to Hada Completion, it is expected that the Hada Target Group will have a net asset position immediately prior to Hada Completion and its net asset value is expected to be approximately RMB824 million immediately prior to the Hada Completion.

The preliminary property valuation by an independent professional property valuer of the land and properties of the Hada Target Group as at 31 March 2018 is approximately RMB6.9 billion (equivalent to approximately HK\$8.3 billion).

### **Hangzhou Target Company**

The Hangzhou Target Company is an investment holding company incorporated in the BVI with limited liability. As of the date of this announcement, it holds and controls certain companies in Hangzhou which operate fruits, vegetables and seafood markets. The original acquisition and investment costs paid by the Hangzhou Vendor for the Hangzhou Target Group was approximately RMB1.22 billion.

## Hangzhou Target Group

The Hangzhou Target Group comprises the Hangzhou Target Company, Huge Surplus, Hangzhou Zhaorong, Hangzhou Honghui and their subsidiaries and associate. The Hangzhou Target Group holds and controls:

- (i) the entire equity interest in Hangzhou Zhaorong, which in turn holds 80% equity interest in Hangzhou Fruit-products, which holds 100% in Hangzhou Fruit-wholesale, 55.91% in Hangzhou Jiaqu and 52% in Pinghu Dongxing which indirectly holds 47.09% in Pinghu Agricultural Wholesale. Hangzhou Fruit-wholesale operates a fruit market in Hangzhou, the PRC and Pinghu Agricultural Wholesale operates an agricultural produce and food market in Pinghu City, the PRC; and
- (ii) the entire equity interest in Hangzhou Honghui, which in turn holds and controls 100% equity interest in Hangzhou Vegetable and Hangzhou Vegetable Logistics, which operate a vegetable market in Hangzhou, the PRC; 42.09% in Hangzhou Jiaqu; 65% in Shanghai Tongyuan and 62.35% in Hangzhou Changhai, which operates a seafood market in Hangzhou, the PRC; 35% in Hangzhou Owl which is held by Hangzhou Changhai; and 100% in Hangzhou Dili.

Based on the unaudited management accounts of the Hangzhou Target Group, the historical combined financial information of Hangzhou Target Group for the two years ended 31 December 2017 is set out below.

	<b>For the financial year ended</b>	
	<b>31 December</b>	<b>31 December</b>
	<b>2016</b>	<b>2017</b>
	<b>(RMB' 000</b>	<b>(RMB' 000</b>
	<b>approx.)</b>	<b>approx.)</b>
Net profits before taxation	47,500	119,706
Net profits after taxation	11,498	86,714

Based on the unaudited management accounts, the net combined asset value of the Hangzhou Target Group as at 31 December 2017 was approximately RMB839,807,000. The preliminary property valuation by an independent professional property valuer of the land and properties of the Hangzhou Target Group as at 31 March 2018 is approximately RMB1.8 billion (equivalent to approximately HK\$2.2 billion).

## REASONS FOR AND BENEFITS OF THE ACQUISITIONS

The Group is principally engaged in business operation of seven agricultural produce markets in six cities in the PRC namely Shouguang, Guiyang, Harbin, Qiqihar, Mudanjiang and Shenyang, which are engaged in the wholesaling and retailing of primarily vegetables and also fruits, seafood, meat, grain and oil and other food produce.

Following the 2015 Transaction, the Group wishes to upgrade and expand the infrastructure and facilities of the Markets by bringing in the ownership of land and properties where the Markets situate and integrating operations with land and properties. By doing so, the Company will not only save rental expenses, but will be able to invest and expand the Markets without any restrictions and limitations faced as a tenant in its plan for expansion and future capital expenditure investment in the Markets. In addition, the acquisition of the land and properties would provide the Group an additional channel for future debt-financing as assets rather than merely operations rights could be used as security.

Upon the Hada Completion, the Company will be able to achieve a potential expansion in space, scale and upgrading of the Markets, which can only be achieved by the Company as a landlord in both the hardware and software of the Markets. Furthermore, by investing and upgrading in these land and properties, the Company can potentially generate more commission income and rental income from the lease of space in the Markets and higher commission income from the enhanced operations. The Hada Acquisition is expected to bring in the benefits of integration of land and properties with operating companies of the Markets to Shareholders.

With respect to the Hangzhou Acquisition, the Hangzhou Acquisition will allow the Enlarged Group to grow its agricultural market business and expand its geographical reach to Hangzhou in the PRC where the Group does not currently have a market presence.

In the first policy statement released by the PRC Government in 2018, a new policy on agriculture industry emphasised on “rural revitalization strategy” was proposed as one of the major aspects in developing a modernized economy. During the National People’s Congress of the PRC and the Chinese People’s Political Consultative Conference held in March 2018, the theme “rural revitalization strategy” was further emphasised and discussed widely including the modernisation of rural economy and improving the competitiveness of the agriculture industry. With the support from the PRC Government, the Board believes that the agriculture industry overall and any ancillary industries will become a hotspot for investments in the near and medium term. Given the Group’s long history and experience in the operation of agriculture wholesale markets, the Board believes that agriculture wholesale markets will continue to play an important role in the value chain of the agriculture industry in China.

In light of the above, the Directors (excluding all the independent non-executive Directors whose view will be contained in the circular), and with interested Directors and their associate(s) abstaining, are of the view that the terms of the Acquisition Agreements which have been reached after arm’s length negotiations among the parties, are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole, taking into account, among other things, the terms and conditions of the Acquisition Agreements, quality of assets being acquired. The opinion of the Independent Board Committee, after taking into account the advice from an independent financial adviser, will be contained in the circular.

## **Discontinued connected transactions**

### ***Termination of the Framework Lease Agreement and the Trademark Licensing Agreement***

Reference is made to the announcement dated 9 June 2015, the circular of the Company dated 29 June 2015 and the completion announcement dated 27 July 2015 in relation to the acquisition of the entire share capital of Yield Smart.

On 9 June 2015, New Amuse (as lessor) entered into the Framework Lease Agreement with Yield Smart (as lessee), pursuant to which Yield Smart procured the PRC Operating Companies to enter into certain leasing agreements with their relevant PRC Landlord Entities in respect of the leasing of properties (including land and buildings) in the PRC to facilitate the operation of the Markets by the PRC Operating Companies.

In connection with the acquisition of the operations of the Markets completed on 27 July 2015, Harbin Hada (as licensor) and Harbin Dili (as licensee), entered into the Trademark Licensing Agreement, pursuant to which the licensor granted to the licensee the right to use certain trademarks registered in the name of the licensor in the PRC for a term of 20 years at nil consideration.

As a result from the Hada Acquisition, the Framework Lease Agreement and all related leases entered into under the Framework Lease Agreement, and the Trademark Licensing Agreement will no longer be required and will be terminated upon Hada Completion. Accordingly, the continuing connected transactions associated with the Framework Lease Agreement and the Trademark Licensing Agreement will be discontinued.

## **LISTING RULES IMPLICATIONS**

As some of the applicable percentage ratios (as defined under the Listing Rules) by aggregating the Hada Acquisition and Hangzhou Acquisition exceed 100%, the Acquisitions constitute a very substantial acquisition for the Company under the Listing Rules.

In addition, as New Amuse is a substantial shareholder of the Company and indirectly wholly-owned by Ms. Zhang, a non-executive Director, New Amuse is a connected person of the Company under the Listing Rules. Accordingly, the Hada Acquisition and transactions contemplated thereunder also constitute a connected transaction of the Company and are subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As the Hangzhou Acquisition and the Hada Acquisition were negotiated at around the same time, for enhanced corporate governance, the Company accepts to treat the Hangzhou Acquisition as a connected transaction on a voluntary basis. The Hangzhou Acquisition will be put forward to the EGM for Independent Shareholders' approval.

Mr. Dai and his associates, Ms. Zhang and New Amuse, will abstain from voting on the resolution(s) approving the Acquisitions at the EGM.

## **GENERAL INFORMATION**

### **Independent Board Committee**

The Independent Board Committee comprising all of the independent non-executive Directors of the Company is established to advise the Independent Shareholders as to whether the terms and conditions of the Hada Acquisition (including the Convertible Bond) and the Hangzhou Acquisition are on normal commercial terms or better, fair and reasonable, in the ordinary and usual course of business of the Company and in the interests of the Company and the Shareholders as a whole, and to make a recommendation to the Independent Shareholders on how to vote, taking into account the advice from an independent financial adviser. None of the members of the Independent Board Committee is directly or indirectly interested or involved in the Acquisitions and transactions contemplated thereunder.

### **Independent Financial Adviser**

The Board announces that with the approval of the Independent Board Committee, the Company will appoint an independent financial adviser in due course to make recommendations to the Independent Board Committee and the Independent Shareholders as to whether the terms and conditions of the Hada Acquisition (including the Convertible Bond) and the Hangzhou Acquisition are on normal commercial terms or better, fair and reasonable, in the ordinary and usual course of business of the Company and in the interests of the Company and the Shareholders as a whole, and to advise the Shareholders on how to vote.

## **EGM AND DISPATCH OF CIRCULAR**

The EGM will be convened as soon as practicable at which ordinary resolution(s) will be proposed for the Independent Shareholders to consider, and, if thought fit, to approve, among others, (i) the Hada Acquisition Agreement and transactions contemplated thereunder and the proposed grant of the Specific Mandate; and (ii) the Hangzhou Acquisition Agreement and the transactions contemplated thereunder. Mr. Dai (the Controlling Shareholder and the spouse of Ms. Zhang), Ms. Zhang (who controls New Amuse) and their respective associates (including New Amuse) will abstain, and any person who has a material interest in the Hada Acquisition, the proposed grant of the Specific Mandate and the Hangzhou Acquisition is required to abstain, from voting on the relevant resolutions for approving the Acquisitions at the EGM.

None of the Directors (other than Mr. Dai, Ms. Zhang, Mr. Dai Bin, the son of Mr. Dai and Ms. Zhang, and Mrs. Hawken) was in any way materially interested in the Hada Acquisition and the proposed grant of Specific Mandate and accordingly, none of the Directors (other than Mr. Dai, Ms. Zhang, Mr. Dai Bin and Mrs. Hawken who have abstained) abstained from voting on the relevant Board resolution(s) in the Board meeting. None of the Directors was in any way materially interested in the Hangzhou Acquisition and none of the Directors (other than Mr. Dai, Ms. Zhang, Mr. Dai Bin and Mrs. Hawken who have voluntarily abstained) have abstained from voting on the relevant Board resolution in the Board meeting.

A circular containing, amongst other information, (i) further information on the

The Company has no outstanding convertible securities, options, warrants or other similar rights in issue which confer any right to convert into or subscribe for Shares as at the date of this announcement. Assuming no new Share being issued and no Share being repurchased on or before the Record Date, 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 Record Date and approximately 23% of the Company's issued share capital as enlarged by the Rights Issue as at the Record Date.

### **Qualifying Shareholders**

To qualify for the Rights Issue, a Shareholder must:

- a) be registered as a member of the Company on the Record Date; and
- b) not be a Non-Qualifying Shareholder.

In order to be registered as a member of the Company on the Record Date, all transfer documents of the Shares must be lodged (together with the relevant share certificate(s)) with the Share Registrar by 4:30 p.m. (Hong Kong time) on 12 June 2018. The last day of dealings in the Shares on a cum-rights basis is 8 June 2018. The Shares will be dealt with on an ex-rights basis from 11 June 2018. The particulars of the Share Registrar are as follows:

**Computershare Hong Kong Investor Services Limited**  
Shops 1712–1716, 17th Floor, Hopewell Centre,  
183 Queen's Road East,  
Wanchai, Hong Kong

Subject to the registration of the Rights Issue Documents on the Registration Date, the Rights Issue Documents is currently expected to be sent to the Qualifying Shareholders on the Posting Date and the latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares is expected to be 4:00 p.m. on the Latest Acceptance Date.

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

### **Closure of the register of members**

The register of members of the Company will be closed from 13 June 2018 to 20 June 2018 (both days inclusive) for determining the entitlements to the Rights Issue. No transfer of Shares will be registered during this period.

## **Rights of Non-Qualifying Shareholders**

Overseas Shareholders on the Record Date, if any, may not be eligible to take part in the Rights Issue as explained below.

The Company will make enquiries pursuant to Rule 13.36(2)(a) of the Listing Rules as to the feasibility of extending the Rights Issue to the Overseas Shareholders (if any). If, having made the enquiries, the Directors consider that it is necessary or expedient not to offer the Rights Shares to the Overseas Shareholders, on account either of the legal restrictions under the laws of the relevant place(s) or the requirements of the relevant regulatory body or stock exchange in that/those place(s), the Rights Issue will not be available to such Overseas Shareholders and no provisional allotment of nil-paid Rights Shares or allotment of Rights Shares will be made to them. Further information in this connection will be set out in the Prospectus.

The Company will, to the extent reasonably practicable, send the Prospectus to the Non-Qualifying Shareholders for their information only on the Posting Date but will not send the PALs or the EAFs to them. The Rights Issue Documents are not intended to be, and will not be, registered or filed under the applicable securities legislation of any jurisdiction.

Arrangements will be 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 date for dealings in nil-paid Rights Shares, if a premium (net of expenses) can be obtained. The net proceeds of such sale of individual amounts of more than HK\$100 will be paid pro-rata to the relevant Non-Qualifying Shareholder(s). The Company will retain individual amounts of less than HK\$100 for the benefit of the Company. Any unsold entitlements of the Non-Qualifying Shareholders will be made available to meet excess applications on EAFs by the Qualifying Shareholders or otherwise be underwritten by the Underwriter.

**Overseas Shareholders and beneficial holders of Shares held in CCASS and who are resident outside Hong Kong should note that they may or may not be entitled to the Rights Issue subject to the results of the enquiries made by the Directors pursuant to Rule 13.36(2)(a) of the Listing Rules. The Company reserves the right to permit any Shareholder (whether as a direct holder or beneficial holder) whose registered address is in, or who otherwise resides in, a jurisdiction other than Hong Kong to take up Rights Shares if the Company, in its absolute discretion, is satisfied that the transaction in question is exempted from or not subject to the legislation or regulations in that jurisdiction which would otherwise give rise to restrictions upon the offer or take-up of Rights Shares in that jurisdiction and to treat as invalid any acceptances of or applications for the 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. Accordingly, such Overseas Shareholders and beneficial holders of Shares should exercise caution when dealing in the Shares.**

## **Subscription Price**

The Subscription Price of HK\$0.163 per Rights Share is payable in full upon acceptance of the relevant provisional allotment of the Rights Shares 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 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 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 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 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 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. 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.

The Directors (including the independent non-executive Directors but excluding Mr. Dai, Ms. Zhang, Mr. Dai Bin and Mrs. Hawken who have abstained) consider the terms of the Rights Issue, including the Subscription Price (and the discounts/premium 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 allotment**

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 on or before the Latest Acceptance Date.

## **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 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. The 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.

## **Application for excess Rights Shares**

The Qualifying Shareholders 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 renounees or transferees of nil-paid Rights Shares; and
- c) any unsold aggregated fractions of the Rights Shares.

Application may be made only by the Qualifying Shareholders 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. Notwithstanding the above, the Company reserves the right to permit any Shareholder (whether as a direct holder or beneficial owner) whose registered address is in, or who is otherwise resident in, a jurisdiction other than Hong Kong to apply for and take up 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 legislation or regulations in that jurisdiction which would otherwise give rise to restrictions upon the offer or take-up of excess Rights Shares in that jurisdictions.

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. Beneficial owners who hold Shares through a nominee company are advised to consider whether they would like to arrange for registration of their Shares in their own names on or before the latest time for lodging transfer documents of the Shares in order to qualify for the Rights Issue.

Investors whose Shares are held by nominee(s) (or which are held in CCASS) and who would like to have their names registered on the register of members of the Company on the Record Date must lodge all necessary documents with the Share Registrar for completion of the relevant registration by 4:30 p.m. on 12 June 2018 (the register of members of the Company will be closed from 13 June 2018 to 20 June 2018, both days inclusive).

### **Certificates for the Rights Shares and Refund Cheques**

Subject to the fulfillment of the conditions of the Rights Issue as set out in this announcement, 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 to their registered addresses at their own risk. 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 to their registered addresses at their own risk.

### **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 (852) 2862 8555, Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong during the period from 18 July 2018 to 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 will apply 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 allotted and issued 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.

## **Rights Shares will be eligible for admission into CCASS**

Subject to 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 as well as 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 their respective commencement dates of dealings on the Stock Exchange or such other dates 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 settlement 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.

## **Stamp duty and other applicable fees**

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

## **CONDITIONS OF THE RIGHTS ISSUE**

The Rights Issue is conditional upon the Underwriting Agreement becoming unconditional and not terminated in accordance with its terms. The conditions to the Underwriting Agreement are set out in the section headed “II. Proposed Rights Issue — Underwriting Arrangement — Conditions of the Underwriting Agreement” of this announcement.

## **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 (assuming no new Shares other than the Rights Shares are issued or repurchased on or before the Record Date), subject to the terms and conditions of the Underwriting Agreement.
The Underwriter's Commission:	Nil.

Super Brilliant is a company indirectly wholly-owned by Mr. Dai and the Controlling Shareholder of the Company. Accordingly, the transactions contemplated under the Underwriting Agreement constitute a connected transaction of the Company. Pursuant to Rule 14A.92 of the Listing Rules, as arrangements have been made in relation to excess applications in compliance with Rule 7.21 of the Listing Rules, the Underwriting Agreement and the transactions contemplated thereunder are exempt from all reporting, announcement and independent shareholders' approval requirements under the Listing Rules.

The Directors (including the independent non-executive Directors but excluding Mr. Dai, Ms. Zhang, Mr. Dai Bin and Mrs. Hawken who have abstained) 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.

### **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 time specified and (ii) their non-disposal undertakings in the manner as set out in their respective Irrevocable Undertakings;
- 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.

The Company shall procure the fulfillment 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 have not been fulfilled or waived (other than condition (a), (c) and (d) above which cannot be 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:

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

### **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
  - (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); or

the effect of which events and circumstances referred to, 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.**

**RIGHTS ISSUE TIMETABLE**

Last day for dealings in the Shares on a cum-rights basis..... Friday, 8 June 2018

First day of dealings in the Shares on an ex-rights basis ..... Monday, 11 June 2018

Latest time for lodging transfer documents of the  
Shares in order to qualify for the Rights Issue ..... 4:30 p.m. on Tuesday,  
12 June 2018

Register of members closes for determining  
entitlements under the Rights Issue  
(both dates inclusive)..... Wednesday, 13 June 2018 to  
Wednesday, 20 June 2018

Record Date for determining entitlements under the Rights Issue .....	Wednesday, 20 June 2018
Register of members re-opens .....	Thursday, 21 June 2018
Despatch of the Rights Issue Documents* .....	Monday, 25 June 2018
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
Latest time for termination of Underwriting Agreement* .....	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

**Note**

- (\*) these events will only take place subject to and after the registration of the Rights Issue Documents and are currently expected to take place on the dates specified above, or such later date(s) as the Company may agree with the Underwriter and subsequently announce or notify the Shareholders and the Stock Exchange, provided that in any event, the latest time for the Rights Issue to become unconditional shall be no later than the Long Stop Date.

All times and dates in this announcement refer to Hong Kong local times and dates. Shareholders should note that the dates or deadlines specified in the expected timetable of the Rights Issue as set out above, and in other parts of this announcement, 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. Any such extension or adjustment to the expected timetable will be published or notified to the Shareholders and the Stock Exchange as and when appropriate.

**IRREVOCABLE UNDERTAKINGS OF THE UNDERTAKING SHAREHOLDERS**

As at the date of this announcement, 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 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.

**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 of acceptance 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 Latest Acceptance Date. Instead the latest time of 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 Latest Acceptance Date. Instead the latest time of 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 for application and payment for 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 the Shareholders by way of announcement(s) of any change to the expected timetable as soon as practicable.



- (5) This scenario is set out for illustrative purpose only. The conversion rights of New Amuse under the Convertible Bond are subject to, inter alia, the Company complying the minimum public float requirement under the Listing Rules and that no general offer obligation is triggered or such obligation is otherwise waived by the SFC. Hence, only partial conversion rights may be exercised in practice upon completion of the Hada Acquisition and the Rights Issue.
- (6) This scenario is set out for illustrative purpose only. In practice, New Amuse is bound by the conversion conditions under the terms of the Convertible Bond and may only partially convert the Convertible Bond into such number of conversion shares that no general offer obligation is triggered, beyond which, it may not convert any further without first obtaining a waiver from the SFC.

Any discrepancies in the above table between totals and sums of figures are due to rounding.

## **REASONS FOR THE RIGHTS ISSUE AND USE OF PROCEEDS**

### **Reasons for the Rights Issue**

The Group is principally engaged in the operation of seven agriculture wholesale markets in the PRC across six cities.

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 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 (assuming that no new Shares are allotted or issued on or before the Record Date and no repurchase of Shares on or before the Record Date. 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:

- approximately 14% to 17% for enlarging the trading hall and rental area of the Markets;
- approximately 6% to 9% for upgrading infrastructure facilities of the Markets, e.g. upgrade of icehouses, temperature-controlled storage facilities and other ancillary services or facilities to better serve our customers;
- approximately 3% for developing and installing information software and data collection and analysis systems in our Markets, e.g. installation and promotion of electronic payment systems; and
- the remaining for general working capital purposes.

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:

**Issue Documents on the Registration Date, dealings in the Rights Shares in nil-paid form are expected to take place from 27 June 2018 to 5 July 2018 (both days inclusive). Any Shareholder or other person contemplating transferring, selling or purchasing the Shares and/or Rights Shares in their nil-paid form is advised to exercise caution when dealing in the Shares and/or the nil-paid 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 the Shares or in the nil-paid Rights Shares up to the date on which all the conditions to which the Rights Issue is subject to 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.**

## **GENERAL**

The Prospectus containing, among others, further details of the proposed Rights Issue is currently expected to be sent to the Shareholders on or around the Posting Date. A copy of the Prospectus will also be published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.renhebusiness.com>).

## **DEFINITIONS**

In this announcement, the following expressions have the meanings set out below unless the context otherwise requires:

“Acquisitions”	the Hada Acquisition and the Hangzhou Acquisition
“Acquisition Agreements”	the Hada Acquisition Agreement and the Hangzhou Acquisition Agreement
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday or a 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 banks generally are open for business in Hong Kong
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Companies (Winding Up and Miscellaneous Provisions) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), including its amendments from time to time
“Controlling Shareholder”	has the same meaning ascribed to it under the Listing Rules

“BVI”	the British Virgin Islands
“Company”	Renhe Commercial Holdings Company Limited (Stock Code: 1387), a company incorporated in the Cayman Islands with limited liability, the shares of which is listed on the Stock Exchange
“Conversion Shares”	new Shares to be issued upon conversion of the Convertible Bond
“Convertible Bond”	the unsecured HK\$ settled convertible bond for the principal amount of HK\$6,506,024,217 to be issued by the Company in favour of New Amuse, with terms and conditions set out under the section headed “Principal Terms of the Convertible Bond” of this announcement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Dai Family Group”	Mr. Dai and his associates (including Super Brilliant, Gloss Season, Wealthy Aim, Ms. Zhang and New Amuse)
“Director(s)”	the director(s) of the Company
“EAF(s)”	the excess application form(s) to be issued to the Qualifying Shareholders in respect of applications for excess Rights Shares
“EBITDA”	earnings before interest, taxes, depreciation and amortization in accordance with International Financial Reporting Standards or other applicable financial reporting standard as agreed by the parties to the Hada Acquisition
“EGM”	the extraordinary general meeting of the Company to be convened on or about 10 July 2018 at which, among others, the Acquisitions and transactions contemplated thereunder together with the terms of the Hada Acquisition Agreement (including the Convertible Bond and the proposed grant of the Specific Mandate) and the Hangzhou Acquisition Agreement, will be considered, and if thought fit, approved by the Independent Shareholders
“Enlarged Group”	the Group as enlarged by the Hada Target Group and the Hangzhou Target Group upon completion of the respective Acquisition
“Framework Lease Agreement”	the framework lease agreement entered into between the New Amuse (as lessor) and Yield Smart (as lessee) dated 9 June 2015 which took effect on 27 July 2015

“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 date of this announcement
“Group”	the Company and its subsidiaries from time to time
“Hada Acquisition”	the acquisition of the entire issued share capital of the Hada Target Company pursuant to the terms and conditions of the Hada Acquisition Agreement
“Hada Acquisition Agreement”	the sale and purchase agreement dated 5 June 2018 entered into between Yield Smart and New Amuse in respect of the Hada Acquisition
“Hada Completion”	the completion of the Hada Acquisition
“Hada Completion Date”	the date of Hada Completion
“Hada Consideration”	the consideration of HK\$5.4 billion for the Hada Acquisition under the Hada Acquisition Agreement, which will be settled by the issuance of the Convertible Bond
“Hada Target Company”	United Progress Group Limited, a company incorporated in the BVI which is wholly-owned by New Amuse
“Hada Target Group”	The Hada Target Company and its subsidiaries, including the PRC Landlord Entities (each a <b>Hada Target Group Company</b> )
“Hangzhou Acquisition”	the acquisition of the entire issued share capital of the Hangzhou Target Company pursuant to the terms and conditions of the Hangzhou Acquisition Agreement
“Hangzhou Acquisition Agreement”	the sale and purchase agreement dated 5 June 2018 entered into between Yield Smart and the Hangzhou Vendor in respect of the Hangzhou Acquisition
“Hangzhou Changhai”	杭州昌海實業有限公司 (Hangzhou Changhai Industrial Company Limited**), a company incorporated in the PRC, which operates a seafood market in Hangzhou, the PRC and holds 35% interest in Hangzhou Owl
“Hangzhou Completion”	the completion of the Hangzhou Acquisition
“Hangzhou Completion Date”	the date of Hangzhou Completion

“Hangzhou Consideration”	the consideration of HK\$1.47 billion (equivalent to approximately RMB1.223 billion) for the Hangzhou Acquisition under the Hangzhou Acquisition Agreement
“Hangzhou Dili”	杭州地利投資管理有限公司 (Hangzhou Dili Investment Management Company Limited**), an investment holding company incorporated in the PRC
“Hangzhou Fruit-products”	杭州果品集團有限公司 (Hangzhou Fruit-products Group Company Limited**), an investment holding company incorporated in the PRC which holds 100% interest in Hangzhou Fruit-wholesale
“Hangzhou Fruit-wholesale”	杭州果品批發有限公司 (Hangzhou Fruit-wholesale Company Limited**), a company incorporated in the PRC which mainly operates a fruit market in Hangzhou, the PRC
“Hangzhou Honghui”	杭州鴻輝農產品有限公司 (Hangzhou Honghui Agri-products Company Limited**), an investment holding company incorporated in the PRC, which directly holds 62.35% interest in Hangzhou Changhai
“Hangzhou Jiaqu”	杭州嘉取投資管理有限公司 (Hangzhou Jiaqu Investments Management Company Limited**), an investment holding company incorporated in the PRC
“Hangzhou Owl”	杭州貓頭鷹典當有限責任公司 (Hangzhou Owl Pawn Company Limited**), a company incorporated in the PRC, mainly engages in pawn loan business
“Hangzhou Target Company”	Wise Path Holdings Limited, a company incorporated in the BVI and is wholly-owned by Hangzhou Vendor
“Hangzhou Target Group”	The Hangzhou Target Company, its wholly-owned subsidiaries of Huge Surplus, Hangzhou Zhaorong, Hangzhou Honghui, Hangzhou Vegetable, Hangzhou Vegetable Logistics, and its majority-controlled subsidiaries of Hangzhou Fruit-products (as to 80%), Hangzhou Jiaqu (as to 98%), Hangzhou Changhai (as to 62.35%), Shanghai Tongyuan (as to 65%), Hangzhou Fruit-wholesale (as to 100% held by Hangzhou Fruit-products) and minority interests in Pinghu Dongxing, Pinghu Agricultural Wholesale and Hangzhou Owl (each a <b>Hangzhou Target Grou977-25.3545(o)-26.1202(m)-23.4226(0)-31.2687</b>

“Hangzhou Vegetable Logistics”	杭州蔬菜物流有限公司 (Hangzhou Vegetable Logistics Company Limited**), a company incorporated in the PRC, which mainly engages in the logistic services for a vegetable market in Hangzhou, the PRC
“Hangzhou Vendor”	Vast Equity Investment Limited, a company incorporated in the BVI and is wholly-owned by Mr. Suen, an Independent third Party
“Hangzhou Zhaorong”	杭州昭融農產品有限公司 (Hangzhou Zhaorong Agri-products Company Limited**), a company incorporated in the PRC, which holds 80% interest in Hangzhou Fruit-products
“Harbin Dili”	哈爾濱地利農副產品有限公司 (Harbin Dili Agricultural By-Products Company Limited**), a company incorporated in the PRC and one of the PRC Operating Companies which operates a Market in Harbin
“Harbin Hada”	哈爾濱哈達農副產品股份有限公司 (Harbin Hada Agricultural and Sideline Products Joint Stock Company Limited**), a company incorporated in the PRC, and one of the PRC Landlord Entities which holds the land and properties for the operation of a Market in Harbin
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Huge Surplus”	Huge Surplus Holdings Limited (灝盈控股有限公司), a company incorporated in Hong Kong, which is directly wholly-owned by the Hangzhou Target Company and indirectly wholly-owned by Mr. Suen as at the date of this announcement
“Independent Board Committee”	independent board committee established by the Company consisting of all the independent non-executive Directors to advise the Independent Shareholders as to whether the terms and conditions of the Hada Acquisition (including the Convertible Bond) and the Hangzhou Acquisition are fair and reasonable, on normal commercial terms or better, in the ordinary and usual course of business of the Company and in the interests of the Company and the Shareholders as a whole and to advise the Independent Shareholders on how to vote in the EGM, taking into account the recommendations of the Independent Financial Adviser

“Independent Shareholder(s)”	Shareholders other than Super Brilliant Investments Limited, New Amuse, Mr. Dai and its associates and any person who is involved in, or interested in the Acquisition Agreements, who are entitled to attend and vote at the relevant shareholders’ meeting of the Company under the applicable laws and regulations and the articles of association of the Company
“Independent Third Party(ies)”	(to the best of the Directors’ knowledge, information and belief having made all reasonable enquiry) third parties independent of the Company and its connected person within the meanings of the Listing Rules
“Irrevocable Undertakings”	the irrevocable undertakings dated 5 June 2018 and given by the Undertaking Shareholders to the Company and the Underwriter agreeing to subscribe or procure the subscription of his/its full entitlement of Rights Shares pursuant to the Rights Issue
“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 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 same 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
“Last Trading Day”	4 June 2018, being the trading day of the Shares immediately prior to the publication of this announcement

- “Market(s)” the existing seven market(s) for wholesaling and retailing of agricultural produce currently operated by the PRC Operating Companies (namely Shouguang, Guiyang, Harbin (comprising two markets), Qiqihar, Mudanjiang and Shenyang) on the land and properties owned by the PRC Landlord Entities
- “Ms. Zhang” Ms. Zhang Xingmei, a non-executive Director of the Company and the spouse of Mr. Dai, a connected person of the Company. As at the date of this announcement, Ms. Zhang indirectly wholly-owned New Amuse
- “Mr. Dai” Mr. Dai Yongge, the chairman, executive Director and a Controlling Shareholder and hence, a connected person of the Company. As at the date of this announcement, Mr. Dai (together with his associates) is interested in

“PAL(s)”	the provisional allotment letter(s) to be issued to the Qualifying Shareholders in respect of their assured entitlements under the Rights Issue
“Pinghu Dongxing”	平湖市東興副食品有限公司 (Pinghu City Dongxing Food By-Products Co., Ltd**), a company incorporated in the PRC, which holds 47.09% interest in Pinghu Agricultural Wholesale
“Pinghu Agricultural Wholesale”	平湖市農副產品綜合批發市場有限公司 (Pinghu City Agricultural By-Products Wholesale Market Co., Ltd**), a company incorporated in the PRC, which mainly operates an agricultural produce and food market in Pinghu City, the PRC
“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 purpose of this announcement, excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“PRC Operating Company(ies)”	any or all of 壽光地利農產品物流園有限公司 (Shouguang Dili Agricultural Product Logistics Park Company Limited**); 瀋陽壽光地利農副產品有限公司 (Shenyang Shouguang Dili Agricultural By-Products Company Limited**); 貴陽聚正潤農產品市場管理有限公司 (Guiyang Juzhengrun Agricultural Products Market Management Company Limited**); 齊齊哈爾地利農產品市場管理有限公司 (Qiqihar Dili Agricultural Products Market Management Company Limited**); 哈爾濱地利農副產品有限公司 (Harbin Dili Agricultural By-Products Company Limited**); 牡丹江地利農副產品有限公司 (Mudanjiang Dili Agricultural By-Products Company Limited**); and 哈爾濱達利凱農副產品有限公司 (Harbin Dalikai Agricultural By-Products Company Limited**), each of which is an existing operating subsidiary of the Company which operates the corresponding Markets

“PRC Landlord Entity(ies)”	any or all of 壽光農產品物流園有限公司 (Shouguang Agri-Products Logistics Park Company Limited**); 貴陽地利農產品物流園有限公司 (Guiyang Dili Agri-Products Logistics Park Company Limited**); 哈爾濱哈達農副產品股份有限公司 (Harbin Hada Agricultural and Sideline Products Joint Stock Company Limited**); 哈爾濱友誼倉儲有限責任公司 (Harbin Youyi Warehouse Company Limited**); 齊齊哈爾哈達農副產品有限責任公司 (Qiqihar Hada Agricultural and Sideline Products Company Limited**); 牡丹江牡達農副產品有限公司 (Mudanjiang Muda Agricultural and Sideline Products Company Limited**); 瀋陽地利農副產品有限公司 (Shenyang Dili Agricultural and Sideline Products Company Limited**); 瀋陽金東貿置業有限公司 (Shenyang Jindongmao Property Company Limited**) and 遼寧銀達利置業投資有限公司 (Liaoning Yindali Property Investment Company Limited**), each of which is an existing operating subsidiary of the New Amuse which holds the land and properties for the operation of the Markets
“Property Valuer”	An independent professional property valuer engaged by the Company for the purpose of the Acquisitions
“Prospectus”	the prospectus to be issued by the Company in relation to the Rights Issue
“Qualifying Shareholders”	the Shareholders whose names appear on the register of members of the Company as 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)
“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)
“Renminbi or RMB”	Renminbi, the lawful currency of the PRC
“Reporting Accountants”	A big-four accounting firm engaged by the Company for the purpose of the Acquisitions

“Rights Issue”	the proposed issue by the Company of the Rights Shares at the Subscription Price on the basis of three Rights Share for every ten existing Shares held on the Record Date payable in full on acceptance
“Rights Issue Documents”	the 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)
“Shanghai Tongyuan”	上海桐源投資管理有限公司 (Shanghai Tongyuan Investments Management Company Limited**), a company incorporated in the PRC
“Shareholders”	holders of the Shares
“Shares”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“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
“Shouguang Dili”	Shouguang Dili Agri-Products Group Company Limited, a company incorporated in the Cayman Islands with limited liability and the holding company of New Amuse
“Specific Mandate”	a specific mandate to be granted to by the Independent Shareholders to the Directors at the EGM for the purpose of allot and issue the Conversion Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the subscription price of HK\$0.163 per Rights Share
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“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 date of this announcement, a Controlling Shareholder of the Company

“taken up/take up/taking up”	the taking up of those Rights Shares and/or the Underwritten Shares in respect of which the relevant PALs and/or EAFs have been lodged and accompanied by cheques or other remittances for the full amount payable in respect thereof
“Takeovers Code”	The Codes on Takeovers and Mergers
“Trademark Licensing Agreement”	the trademark licensing agreement entered into between Harbin Hada (as licensor) and Harbin Dili (as licensee) which took effect on 27 July 2015
“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
“Vendors”	New Amuse and the Hangzhou Vendor
“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 date of this announcement
“Yield Smart”	Yield Smart Limited (利駿有限公司), a company incorporated in the BVI and is wholly-owned by the Company, which in turn owns the entire equity interest of the Harbin Dili
“%”	per cent.

“2015 Transaction”

the acquisition by the Company from New Amuse of the entire issued share capital in Yield Smart which held and controlled the business operations of the seven Markets. The acquisition was completed on 27 July 2015. Please refer to the announcements of the Company dated 9 June 2015 and 27 July 2015 and the circular of the Company dated 29 June 2015 for more details

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

Hong Kong, 5 June 2018

*As at the date of this announcement, the Board comprises 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.*

*The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement the omission of which would make any statement in this announcement misleading.*

*For the purpose of this announcement only, the conversion of Hong Kong dollars to Renminbi is based on the exchange rate of HK\$1.00 to RMB0.83.*

\* *For identification purposes only*

\*\* *English names are direct translation of the Chinese name and for reference only*